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RA International Group PLC
25 May 2023

RA INTERNATIONAL GROUP PLC

("RA International", "RA", the "Group" or the "Company")

Results for the year ended 31 December 2022

RA International Group plc (AIM: RAI), a specialist provider of complex and integrated remote site services to organisations globally, announces its audited full year results in respect of the 12 months ended 31 December 2022.

HIGHLIGHTS

- Revenue of USD 62.9m (2021: USD 54.6m) and underlying EBITDA of USD 0.6m (2021: USD 6.7m), is in line with market expectations for the financial year.
- Revenue growth of 15% year over year driven by strong increases in Construction and Supply Chain revenues, more than offsetting the anticipated and temporary short-term decline in IFM revenue.
- Lower underlying EBITDA margin for FY22 reflective of inflationary pressure impacting the business since the second half of 2021. This margin pressure is expected to reduce over time with newly awarded contracts generating improved margins and other mitigating actions reducing exposure to higher costs.
- Closing year-end order book of USD 83m has been broadly maintained in 2023, and we are in the process of finalising the value of a major contract award which would result in a current order book in excess of USD 100m. In addition, the Company holds high value framework agreements which are currently not included in the order book.
- Good progress in strengthening our position with Government clients; the Company is actively securing and delivering contracts for US Government departments complementing contract momentum with the UK MoD and Foreign, Commonwealth and Development Office.
- Liquidity strengthened in FY22 with the loan note programme refinanced out to late 2024. Measures targeting improved liquidity have led to cash increasing to USD 11.0m at 31 March 2023 from the year-end position of USD 7.5m, with an equivalent improvement being seen in net debt. Further value recovery from the disposal of camp assets is expected in the current financial year.

	2022	*2021*
	USD'm	*USD'm*
Revenue	62.9	54.6
Gross profit	5.2	12.0
Gross profit margin	8.2%	22.0%
Underlying EBITDA[1]	0.6	6.7
Underlying EBITDA margin	1.0%	12.3%
Loss before tax	(13.2)	(32.2)
Basic EPS (cents)	(7.6)	(18.7)
Underlying EPS, basic (cents) [2]	(5.2)	0.1
Net debt (end of period) [3]	(6.5)	(1.5)

Soraya Narfeldt, CEO of RA International, commented:

"Our performance for FY22 was in-line with our cautious expectations for the year, with profitability significantly impacted by the prevailing input cost headwinds. The results also reflect successful implementation of our initiatives to stabilise the business and strengthen liquidity supporting our position to fund existing and visible project activity. We remain cautious on the financial performance of the business for the current financial year and expect the business to remain broadly breakeven at the underlying EBITDA level. We have strengthened the liquidity position of the Group in the current financial year and this is highlighted by an improvement in net debt to USD 3.0m at 31 March 2023 from USD 6.5m as at 31 December 2022.

We continue to focus on internal initiatives including cost control, efficiency and cash discipline to restore profitability alongside growing the business in-line with our strategic priorities. Our order book of USD 78m as at end March 2023 gives us good forward visibility, and we are in the process of finalising the value of a major contract award which would result in a current order book in excess of USD 100m. New contract awards over recent years have been weighted to construction projects and we are now seeing more longer term contracts in the pipeline being converted to order book. Whilst we remain cautious on the timing of these awards and project starts, we are very much encouraged by this trend which is important in restoring the levels of profitability the business has delivered previously."

Notes to summary table of financial results:

[1] Underlying EBITDA is calculated by adding depreciation, non-underlying items, and share based payment expense to operating profit.

[2] Underlying EPS reflects underlying operating profit after deducting net finance costs and taxation, divided by the weighted average number of ordinary shares outstanding during the period.

[3] Net cash/debt represents cash less overdraft balances, term loans and notes outstanding.

Enquiries:

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Background to the Company

RA International is a leading provider of services to remote locations. The Company offers its services through three channels: construction, integrated facilities management and supply chain, and services two main client groups: humanitarian and aid agencies and western government organisations focusing on overseas projects. It has a strong customer base, largely comprising UN agencies, UK and US government departments and global corporations.

The Company provides comprehensive, flexible, mission critical support to its clients enabling them to focus on the delivery of their respective businesses and services. Focusing on integrity and values alongside making on-going investment in its people, locations and operations has over time created a reliable and trusted brand within its sector.

CHAIR'S STATEMENT

2022 was a testing year for the business. The results for the year are in line with our expectations, but the year hasn't been without its trials. Whilst some of these challenges have been external in nature, and some reflect temporary factors that we expect to see reversed, it is important as a Board that we learn from these events and strengthen the underlying business where we have the opportunity to do so.

As a Board, we have looked to use this approach to guide the short-term and strategic priorities of the business. The main objectives set for the business are to restore profitability, improve the Company's liquidity position, and to build a stronger pipeline, in particular by leveraging the significant opportunity we have with UK and US Government clients.

We have allocated greater resources to target opportunities in the government space. We have a track record of securing work with these type of customers, but we are now looking to do this on a more equal footing, for example as a prime contractor and by securing seats directly on multi-year framework agreements. We are confident this is the right strategy, but we will only be successful if we execute on the opportunity with discipline and focus, identifying and securing contracts that are in our "sweet spot". This is the time for restoring stability to the business, focusing on what we do well and on opportunities where we have the strongest likelihood of success.

The award of new humanitarian contracts, typically multi- year Integrated Facilities Management ("IFM") contracts at attractive margins, has slowed and this has impacted our order book.

Whilst we expect the humanitarian side of our business to normalise, the lull is putting pressure on the near-term financial performance of the business. This highlights the importance of securing profitable work to mitigate this pressure and also makes us cautious on the outlook for the business for the year ahead.

Our commitment to sustainability and to doing business the right way remains fundamental to our approach. We are ahead of the curve with respect to this, and will continue to strengthen our leadership credentials in this space. Despite the near-term financial outlook, we are not going to cut corners or compromise our standards. It is an important differentiator for our employees and, over time, it will continue to build as an increasingly important differentiator for the types of customers we are looking to work with. RA as a business has made a widespread and significant social impact on disadvantaged people and communities since the business was founded by Soraya and Lars in 2004. They are pioneers in their approach and do it to drive lasting change.

I was delighted to welcome Paul Jaques to the Board in November 2022. Paul brings extensive and highly relevant experience across the government space, including through his distinguished service with the British Army. Together with the pedigree we have on the Board of RA Federal Services in the US, Paul's appointment strengthens our capability to build on our existing track record as a trusted partner with government clients. We look forward to drawing on our strengthened pool of governmental expertise as we deepen and broaden these relationships, in line with our refreshed growth strategy.

I would like to pay tribute to RA's people for their contribution to the business. It is evident on a daily basis how much you care about the business, the work that you do and the communities that we support. The Board is in a privileged position to be able to count on your professionalism, integrity, and tireless commitment, and on behalf of the Board, we thank you for this. I would also like to extend our thanks to Ian Henderson who retired from the Board in November 2022, having provided valuable counsel, including through the Company's IPO in 2018.

The business is undergoing transition as we look to build a stronger organisation that can realise the ambition we share for RA. We are confident in our strategy, but we caution that it is likely to take time for this strategy to feed through to sustained profitability. We recognise shareholders have been patient and we do not take this for granted. We are working hard to move the business forward and we appreciate their continued patience as we do this.

Sangita Shah

Non-Executive Chair

25 May 2023

CHIEF EXECUTIVE OFFICER'S REVIEW

Our performance for FY22 was in-line with expectations for the year.

Overview

The last two years have been hugely challenging for the business with an unforeseen series of events starting from COVID creating economic contraction worldwide, followed by the unexpected and devastating insurgency in Mozambique combined with the unprecedented rise in logistics and materials costs which was further exasperated by the Ukrainian war and its inflationary impact on commodity pricing. While shareholder value has been impacted, RA has a strong leadership position in its principal services, both with government clients from the UK and in the US, as well as with UN peacekeeping operations around the world which have been built over the past 20 years. For this reason, the Board maintains its belief that shareholder value will recover and grow again in the future.

RA's skills have proved to be transferable from country to country as our know-how and a track record of successful delivery is relevant and required. Going forward, in pursuit of the strategy set out later in this report, RA will focus on growing its business within those areas where it has sustainable competitive advantage, whilst at the same time reducing costs by simplifying our organisational design and sharing common services across the Group. All this will be developed within a pragmatic framework, supported by focused, timely performance information that highlights unplanned exceptions at an early stage.

Our financial performance for FY22 is consistent with market expectations, with revenue of USD 63m and underlying EBITDA of USD 0.6m in line with the key themes we set out in the interim accounts in September 2022. This reflects a similar performance in the first and second halves of the year. We remain cautious on the near-term financial outlook for the business, given the timing of project awards and starts remains uncertain and ongoing gross margin pressure.

Despite this caution, our order book gives us good forward visibility and we have achieved significant milestones in winning long-term work with US and UK Government departments, a key focus of our growth strategy. We are building our pipeline, investing in our capability as a differentiated service provider to government and humanitarian clients and remain focused on restoring profitability, improving liquidity, and delivering sustained growth as these efforts bear fruit.

Summary of financial performance

Revenue grew by 15% year over year, with strong increases in Construction and Supply Chain more than offsetting an anticipated and temporary decline in IFM revenue. Construction revenue of USD 14.9m represents a particularly strong second half, with a number of construction contracts commencing in the third quarter of the year and scheduled to complete in the second quarter of the current financial year. Supply Chain revenue moderated to USD 4.7m in H2, a more typical run-rate after a strong first half bolstered by USD 4.5m of sales relating to camp assets. As expected, IFM revenue picked up in the second half and overall continues to be resilient and long-term in nature. Construction is linked to our activity with government clients, as our initial engagement is often to provide construction related services to these clients. Our Supply Chain activity has also been increasingly linked to supplying clients in the Government sector.

Gross profit for the year reflects the fixed price nature of the majority of contracts we undertake, particularly for the Humanitarian sector. In the past these have allowed for efficiencies to be realised over the long-term nature of the contracts but more recently has exposed the business to significant inflationary pressure. As we work more with government customers, we anticipate cost plus contracts to be more prevalent.

A key short-term priority remains improving our liquidity and we continue to make progress in recovering value from the disposal of camp assets, including in relation to our operations in Palma, Mozambique, which were curtailed due to the 2021 terrorist insurgency in the region. In FY22, USD 4.5m of cash was realised from the sale of pre-fabricated camp assets held in inventory. This transaction will also significantly reduce future storage costs.

Overall, from a balance sheet perspective, the Company remains in a comfortable position to bid for and execute large projects, and opportunities remain to increase liquidity through further asset sales.

Contract awards, order book, and building the pipeline

During the year, we were awarded new contracts, uplifts, and extensions to existing contracts of USD 45m. IFM projects represent 47% of order book, with Construction 50% and Supply Chain 3%. New contract activity has been weighted to Construction projects with many anticipated to be the first phase of much larger contracts. The order book remains weighted to Humanitarian projects, albeit we expect the share of government activity to continue to increase over time. New contracts are being negotiated at improved rates which we expect will improve margins going forward.

In terms of recent contracts secured, we were delighted to be awarded the OSCC Framework Agreement with the UK MoD, announced in September 2022. The contract appoints RA as the sole contractor to provide operational support capability to the MoD as their global "problem solver." The contract has a ceiling of GBP 35m and is for five years with two additional option years. This is excluded from our order book, until such time as specific task orders are awarded, but is clearly an important marker that the UK Government recognises our global capability. We were also delighted to close the year by securing landmark contract wins with the FCDO and to be awarded our first task orders with respect to our JV in Diego Garcia.

The award of the Botswana High Commission contract highlights how our operational capability is valued the FCDO. The strength of our technical proposal was our key differentiator, and this positions us well for further awards across the FCDO network.

Task orders were secured for work at the US Navy's base on Diego Garcia for an aggregate value of USD 8.2m. These contracts were awarded under the USD 249m framework agreement announced in September 2021, which sees RA International and our partner ECC compete for individual task orders with four other awardees. Whilst it has taken some time for the first contracts to be secured, these orders represent an important milestone for our partnership with ECC. Additional contracts have been awarded in 2023.

Framework agreements, such as the OSCC and Diego Garcia contracts, are a mechanism favoured by governments. A major focus of our business development activity going forward is securing RA's participation in these types of contract vehicles, which is consistent with building our platform as a prime contractor and recognised partner competing for large and multi-year government contracts. It is worth noting that whilst securing these contracts does not lead to an immediate uplift in our contract order book, they are important markers of the success of our strategic partnership approach with government clients and demonstrate the capability and value they see in working with us.

We are up and running with RA FS, our US subsidiary focused on securing work with US federal government clients worldwide, delivering contracts as a prime contractor. This builds on our track record and past performance with the main overseas federal agencies including the DoD, DoS, OBO, and USAID, which manage budgets in the billions of Dollars. Key opportunities in our "sweet spot" we are targeting include winning seats on Indefinite Delivery, Indefinite Quantity ("IDIQ") contracts, such as with Diego Garcia, winning contracts for smaller embassy or consulate construction work, and winning a seat on a DoD or DoS logistics contracts. We are also looking to develop our partnerships with the likes of small disadvantaged businesses ("SDBs"), to whom the US Government allocates between 5% and 10% of government spend. The visible pipeline with US projects is healthy and we are optimistic we will secure material contracts in the year ahead.

Contract order book:

	USD'm
Opening order book	100
New contracts, contract uplifts and extensions	45
Contracted revenue delivered	(62)
Closing order book as at 31 December 2022	83

We continue to experience a slowdown in project tendering and awards in the Humanitarian sector. The timeline of awards is very uncertain with the default position remaining contract extensions rather than new awards. The challenges in this sector are short term and we remain committed to supporting Humanitarian projects. Humanitarian agencies overall do a good job helping hundreds of millions of people a year and certainly save lives. The job they do will always be needed and we are confident that our support and unique deliverables will translate into contract awards over the course of the year.

Sustainability

Our commitment to sustainability and to doing business the right way remains fundamental to our approach and is an increasingly important competitive differentiator. We continue to be focused on the social value we can bring to communities, and champion the employment of local people to provide opportunities for personal growth and skills development. We were pleased to see an increase in the percentage of local staff we employ rebuild to 51% from 42% the previous year.

We continued to expand our environmental activities and our efforts are being recognised as having wider benefits to our customers' own sustainability goals, which are themselves increasingly being directed by legislation and bid requirements.

Having refreshed our material topics in 2021, last year we focused on setting KPIs against which we can begin to measure our progress. Some of these require new SOPs in order to gather data and to establish baselines against which we can set targets for the future.

The newly established ESG Committee has added additional oversight to our sustainability activities and has highlighted the need to bring greater focus to the mental wellbeing of our staff. Whilst we already do a lot of work in the area through our employment practices and occupational health and safety systems, we are looking at ways to enhance our provision in this area.

Summary and Outlook

Our performance for FY22 was in-line with market expectations for the year.

We have been through a very difficult period since 2021, which has had a major impact on the Group: reducing profitability, diverting management focus, and adding costs to dispose of assets relating to suspended or cancelled projects. We have now been able to assess the combined direct and indirect impacts of Covid and the Palma incident on clients, contract awards and the business as a whole to guide our short-term and strategic priorities. We are refocusing our resources on strengthening our value proposition for western Government clients, and are now in a stronger position to compete and grow our business across the relevant overseas government budgets. Both the UK and US markets remain attractive in size and have significant future growth potential. RA has the capabilities, relationships, and global reputation for delivering complex projects and to bid for what are very specialised contracts.

We have taken significant steps in 2022 to stabilise the business and implement organisational change which we believe will drive business growth and enhance operational resilience.

We continue to focus on internal initiatives including cost control, efficiency and cash discipline to restore profitability alongside growing the business in-line with our strategic priorities. We expect to dispose of the majority of the Palma assets, eliminating storage costs, and reduce operating costs through business reorganisation. We have also repriced contracts to take into consideration rising prices. These initiatives should support higher margins going forward.

We have significantly strengthened the liquidity position of the Group in the current financial year and this is highlighted by the improvement in net debt to USD 3.0m as at 31 March 2023 from the USD 6.5m reported as at 31 December 2022. The improvement in our cash position is being driven by the unwinding of working capital balances and further recovery from the sale of previously impaired assets.

Our order book of USD 78m as at end March 2023 (which is broadly consistent with the December 2022 value) gives us good forward visibility. We have made good progress in the current financial year in securing notable high-quality contracts with blue-chip clients, albeit these can be in the form of framework agreements which are not included in the order book until task orders are issued. In addition, we are in the process of finalising the value of a major contract award which would result in a current order book in excess of USD 100m. New contract awards over recent years have been weighted to construction projects and we are now seeing more client confidence in awarding longer term IFM contracts which is driving our confidence in the outlook for order book growth. Whilst the timing of these awards and project starts remains difficult to judge, we are encouraged by this trend.

We remain cautious on the financial performance of the business for the current financial year and expect the business to remain broadly breakeven at the underlying EBITDA level. Overall, the business improvement measures outlined above, the improving confidence of our clients translating to a stronger run-rate of contract awards and the work we are doing to strengthen our position with government clients are important drivers in restoring the levels of profitability the business has delivered previously.

Soraya Narfeldt

Chief Executive Officer

25 May 2023

FINANCIAL REVIEW

Revenue of USD 62.9m for the year ended 31 December 2022 and underlying EBITDA of USD 0.6m are consistent with the cautious view outlined at the time of our interim results in September 2022.

Profitability for the year was impacted significantly by inflationary cost pressure and related issues such as material shortages, impacting gross margin. Administrative expenses increased by USD 1.0m year over year, primarily a reflection of the full year cost impact of RA FS.

Stabilising the financial position of the business through increasing liquidity was a focus for the Group in 2022 and this continues into 2023. We completed a USD 14.0m debt refinancing in the year, with the notes being extended to the fourth quarter of 2024. Working capital movements returned to more normalised patterns in the second half of the year, with significant receivable balances unwinding in 2023. Additionally, capital expenditure incurred during the year of USD 0.6m (2021: USD 3.5m) was lower than expectations communicated mid- year, reflecting the modest ongoing maintenance requirements of the business. Overall, the current cash headroom and ongoing access to facilities, supports our liquidity position to fund existing and visible project activity.

Highlights:

	2022 USD'm	2021 USD'm
Revenue	**62.9**	54.6
Gross profit	**5.2**	12.0
Gross profit margin	**8.2%**	22.0%
Underlying EBITDA	**0.6**	6.7
Underlying EBITDA margin	**0.9%**	12.3%
Loss before tax	**(13.0)**	(32.2)
Loss before tax margin	**(20.7)%**	(59.0)%
EPS, basic (cents)	**(7.6)**	(18.7)
Underlying EPS, basic (cents)	**(5.2)**	0.1
Net debt (end of period)	**(6.5)**	(1.5)

Revenue

Reported revenue for 2022 of USD 62.9m (2021: USD 54.6m) represents a USD 8.3m or 15% year-on-year increase. RA FS generated USD 5.7m in revenue from new contracts signed during the year and USD 4.5m was generated from the sale of prefabricated camp assets which had been purchased in 2020 and held in Mersin, Turkey.

Construction revenue increased by USD 7.1m to USD 21.3m (2021: USD 14.2m) with the majority of the positive variance relating to USD 4.4m of construction revenue generated by RA FS. Additionally, as our clients' staff returned to working at their overseas facilities, we received increased requests for renovation and expansion works of over USD 2.0m.

IFM revenue decreased by USD 3.8m to USD 27.4m (2021: USD 31.2m) and reflects the impact of lower occupancy from our hotel facility in Somalia. During the COVID-19 pandemic, many long-term tenancy contracts came to an end and were not renewed. While steady growth in occupancy has been seen since the start of 2022, it could take a number of years before levels seen pre-pandemic are achieved. This said, a recovery in IFM revenue is expected in 2023 resulting from increased IFM services performed for humanitarian clients, and improving hotel occupancy.

Revenue from supply chain services was USD 14.2m (2021: USD 9.2m). The USD 5.0m increase year on year is reflective of USD 4.5m earned from the sale of camp assets which were held in inventory as at the end of 2021.

Revenue by service channel:

	2022 USD'm	2021 USD'm
Integrated facilities management	**27.4**	31.2
Construction	**21.3**	14.2
Supply chain	**14.2**	9.2
	62.9	54.6

Profit margin

Gross margin in 2022 was 8.3% (2021: 22.0%) reflecting continued inflationary pressure which has been affecting the business since the second half of 2021, impacting our main non-staff cost categories: food and beverage, fuel, logistics, construction materials, and consumables. While newly awarded contracts are generating improved margins, the effect of inflation on legacy projects worsened throughout 2022, further depressing these project margins and leading to losses generated on some long-term fixed price contracts. Decreased hotel occupancy also negatively affected gross margin during the year.

We continue to work with suppliers to reduce the impact of increasing cost of supplies, and with customers to agree contract uplifts where possible. With some customers we have been successful in agreeing rate increases during the contract term, and in other cases we are in the process of agreeing rate increases on contract renewal.

Reconciliation of loss to underlying EBITDA:

	2022 USD'm	2021 USD'm
Loss	**(13.2)**	(32.1)
Tax expense (credit)	**0.2**	(0.1)
Loss before tax	**(13.0)**	(32.2)
Finance costs	**2.5**	1.3
Investment income	**(0.2)**	(0.1)
Operating loss	**(10.7)**	(30.9)
Non-underlying items	**4.2**	32.2
Underlying operating (loss)/profit	**(6.5)**	1.3
Share based payments	**0.5**	0.5
Depreciation	**6.6**	4.9
Underlying EBITDA	**0.6**	6.7

Underlying EBITDA margin was 0.9% in 2022 (2021: 12.3%), reflecting lower gross margin and a USD 1.0m increase in administrative expenses driven by a full year of costs relating to RA FS, established during 2021.

During the year, the Company incurred non-underlying costs of USD 4.2m (2021: USD 32.2m).

Non-underlying items:

	2022 USD'm	2021 USD'm
COVID-19 costs	**-**	0.8
Restructuring costs	**3.5**	-
Palma Project, Mozambique	**0.7**	31.5
	4.2	32.2

Restructuring costs relate to the strategic decision to redirect resources and investment towards growing our government and humanitarian business, as described in our 2021 Annual Report. These costs primarily arose from recording provisions against certain asset balances deemed unrecoverable as a result of this strategic shift.

Non-underlying expenses relating to the Palma Project consist of an incremental USD 1.1m of additional unavoidable costs which are expected to be incurred while the Group disposes of camp assets currently located in storage. This balance is offset by the recovery of impairment recognised in 2021. Recovery was generated both through the sale of assets and insurance proceeds.

Finance costs net of investment revenue increased to USD 2.3m (2021: USD 1.3m) due to fees relating to the refinancing undertaken during the year and interest charges. The average loan balance during the year was USD 11.5m (2021: USD 7.1m). The notes carry an annual fixed interest rate of 7.5% (2021: 7.0%) for GBP denominated notes and 8.0% (2021: 7.5%) for USD denominated notes with principal to be repaid as a bullet payment upon maturity in November 2024. Interest is paid on a quarterly basis.

Earnings per share

Basic loss per share was 7.6 cents in the current period (2021: 18.7 cents). Adjusting for non-underlying items, underlying loss per share was 5.2 cents (2021: earnings per share 0.1 cents).

Cash flow

Cash decreased by USD 1.1m during the year (2021: USD 9.1m).

Summary cash flows:

	2022 USD'm	2021 USD'm
Operating Profit	**(10.7)**	(30.9)
Asset impairment	**3.9**	28.0
Depreciation	**5.1**	4.9
Other non-cash items pre-working capital adjustments	**1.9**	1.0
	0.2	3.0
Working capital adjustments	**(1.6)**	(7.8)
Tax & end of service benefits paid	**(0.3)**	(0.2)
Net cash flows used in operating activities	**(1.7)**	(5.1)
Investing activities (excluding Capital Expenditure)	**0.6**	0.9
Capital Expenditure	**(0.6)**	(3.5)
Net cash flows used in investing activities	**-**	(2.6)
Financing activities (excluding borrowings)	**(3.3)**	(5.2)
Net proceeds from borrowing	**4.0**	3.9
Net cash flows from/(used in) financing activities	**0.7**	(1.3)
Net change in cash during the period	**(1.0)**	(9.1)

Net cash outflows from operations were USD 1.7m (2021: USD 5.1m), primarily a result of working capital adjustments of USD 1.6m (2021: USD 7.8m). While a USD 2.1m cash benefit was realised from inventory levels decreasing, this benefit was more than offset by a decrease in trade payables.

Capex for the period was USD 0.6m (2021: USD 3.5m), lower than our previous expectations, and reflects the relatively low maintenance spend requirements of the business. Management plans to continue to exercise restraint in undertaking any significant capital expenditure not directly related to, and recoverable from, new contracts. During the year a nearly equivalent value of cash was raised through the sale of fixed assets, a trend which has continued into 2023.

Balance sheet and liquidity

Net assets at 31 December 2022 were USD 24.9 (2021: USD 37.3m).

Breakdown of net assets:

	2022 USD'm	2021 USD'm
Cash and cash equivalents	**7.5**	8.5
Loan notes	**(14.0)**	(10.0)
Net cash	**(6.5)**	(1.5)
Net working capital	**13.5**	13.8
Non-current assets	**24.0**	30.9
Tangible owned assets	**19.6**	25.5
Right-to-use assets	**4.4**	5.4
Goodwill	**-**	-
Lease liabilities and end of service benefit	**(6.1)**	(5.9)
Net assets	**24.9**	37.3

During the year the Group raised USD 14.0m of debt under a new Medium-Term Note ("MTN") programme. The fundraising was undertaken in two tranches with USD 12.0m raised in the first half, and USD 2.0m raised in the second half of 2022. This debt was raised to refinance previously issued notes, and maintain adequate liquidity so as to comfortably bid for and execute certain large projects in the pipeline. The notes mature in November 2024.

We saw progress during the year in reducing our inventory and trade receivables balances which has continued into 2023. As at 31 December 2022, we continue to hold a provision against inventory originally purchased for the Palma Project. Whilst there has been discussions ongoing, the assets are yet to be disposed of.

Dividend

The Board is not recommending the payment of a final dividend in connection with the year ended 2022, however it is the Board's intention to reinstate the dividend as soon as is practicable, taking into consideration the financial strength of RA and confidence in its future performance.

Andrew Bolter

Chief Financial Officer

25 May 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	**2022** USD'000	2021 USD'000
Revenue	7	**62,917**	54,595
Cost of sales	9	**(57,717)**	(42,050)
Credit provision	20	**-**	(505)
Gross profit		**5,200**	12,040
Administrative expenses	9	**(11,695)**	(10,719)
Underlying operating (loss)/profit		**(6,495)**	1,321
Non-underlying items	9	**(4,217)**	(32,222)
Operating loss		**(10,712)**	(30,901)
Investment revenue		**206**	55
Finance costs		**(2,491)**	(1,314)
Loss before tax		**(12,997)**	(32,160)
Tax (expense)/credit	11	**(169)**	80
Loss and total comprehensive income for the year		**(13,166)**	(32,080)
Basic earnings per share (cents)	12	**(7.6)**	(18.7)
Diluted earnings per share (cents)	12	**(7.6)**	(18.5)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	**2022 USD'000**	2021 USD'000
Assets			
Non-current assets			
Property, plant, and equipment	16	**19,590**	25,512
Right-of-use assets	17	**4,421**	5,374
Goodwill	18	**-**	-
		24,011	30,886
Current assets			
Inventories	19	**5,154**	9,397
Trade and other receivables	20	**16,389**	16,522
Cash and cash equivalents	21	**7,514**	8,532
		29,057	34,451
Total assets		**53,068**	65,337
Equity and liabilities			
Equity			
Share capital	22	**24,300**	24,300
Share premium		**18,254**	18,254
Merger reserve		**(17,803)**	(17,803)
Treasury shares	23	**-**	(1,199)
Share based payment reserve		**574**	534
Retained earnings		**(457)**	13,223
Total equity		[illegible]	[illegible]

Total equity		**24,868**	37,309
Non-current liabilities			
Loan notes	24	**14,000**	-
Lease liabilities	25	**4,556**	5,206
Employees' end of service benefits	26	**928**	731
		19,484	5,937
Current liabilities			
Loan notes	24	**-**	10,000
Lease liabilities	25	**650**	834
Trade and other payables	27	**6,974**	9,835
Provisions	28	**1,092**	1,422
		8,716	22,091
Total liabilities		**28,200**	28,028
Total equity and liabilities		**53,068**	65,337

CONSOLIDATED STATEMENT IN CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital USD'000	**Share premium USD'000**	**Merger reserve USD'000**	**Treasury shares USD'000**	**Share based payment reserve USD'000**	**Retained earnings USD'000**	**Total USD'000**
As at 1 January 2021	24,300	18,254	(17,803)	(1,363)	177	48,509	72,074
Total comprehensive income for the period	-	-	-	-	-	(32,080)	(32,080)
Share based payments (note 13)	-	-	-	-	487	-	487
Dividends declared and paid (note 14)	-	-	-	-	-	(3,206)	(3,206)
Issuance of treasury shares (note 23)	-	-	-	164	(130)	-	34
As at 31 December 2021	24,300	18,254	(17,803)	(1,199)	534	13,223	37,309
Total comprehensive income for the period	-	-	-	-	-	(13,166)	(13,166)
Share based payments (note 13)	-	-	-	-	311	-	311
Non-cash employee compensation (note 13)	-	-	-	981	-	(608)	373
Lapsed share options (note 13)	-	-	-	-	(94)	94	-
Issuance of treasury shares (note 23)	-	-	-	218	(177)	-	41
As at 31 December 2022	24,300	18,254	(17,803)	-	574	(457)	24,868

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	**2022 USD'000**	**2021 USD'000**
Operating activities			
Operating (loss)/profit		**(10,712)**	(30,901)
Adjustments for non-cash and other items:			
Depreciation on property, plant, and equipment	16, 17	**6,566**	4,855
Profit on disposal of property, plant, and equipment	16	**(3)**	(16)
Unrealised differences on translation of foreign balances		**(35)**	133
Provision for employees' end of service benefits	26	**526**	433
Share based payments	13	**489**	487
Non-underlying items - Palma Project, Mozambique	9	**3,334**	28,035
		165	3,026
Working capital adjustments:			
Inventories		**2,067**	(5,071)

Trade and other receivables		**(257)**	(4,284)
Trade and other payables		**(3,362)**	1,513
Cash flows (used in)/generated from operations		**(1,387)**	(4,816)
Tax paid	11	**-**	(20)
Employees' end of service benefits paid	26	**(329)**	(219)
Net cash flows used in operating activities		**(1,716)**	(5,055)
Investing activities			
Investment revenue received		**206**	55
Purchase of property, plant, and equipment	16	**(618)**	(3,478)
Proceeds from disposal of property, plant, and equipment	16	**359**	823
Net cash flows used in investing activities		**(53)**	(2,600)
Financing activities			
Repayment of borrowings	24	**(11,500)**	-
Proceeds from borrowings	24	**15,500**	3,916
Repayment of lease liabilities	25	**(834)**	(742)
Finance costs paid		**(2,491)**	(1,314)
Dividends paid	14	**-**	(3,206)
Proceeds from share options exercised		**41**	34
Net cash flows generated from/(used in) financing activities		**716**	(1,312)
Net decrease in cash and cash equivalents		**(1,053)**	(8,967)
Cash and cash equivalents as at start of the period	21	**8,532**	17,632
Effect of foreign exchange on cash and cash equivalents		**35**	(133)
Cash and cash equivalents as at end of the period	21	**7,514**	8,532

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2022

1 CORPORATE INFORMATION

The principal activity of RA International Group plc ("RAI" or the "Company") and its subsidiaries (together the "Group") is providing services in demanding and remote areas. These services include construction, integrated facilities management, and supply chain services.

RAI was incorporated on 13 March 2018 as a public company in England and Wales under registration number 11252957. The address of its registered office is One Fleet Place, London, EC4M 7WS.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with UK adopted international accounting standards. They have been prepared under the historical cost basis and have been presented in United States Dollars ("USD"). All values are rounded to the nearest thousand (USD'000), except where otherwise indicated.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2022 or 2021 but is derived from those accounts. Statutory accounts for the year ended 31 December 2021 have been delivered to the Registrar of companies and those for 2022 will be delivered in due course. The auditor has reported on both sets of accounts; its reports were unqualified, did not contain an emphasis of matter reference and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

Going concern

In assessing the basis of preparation of the financial statements the Board has undertaken a rigorous assessment of going concern, considering financial forecasts covering a period to 30 June 2024 (the going concern period) and utilising scenario analysis to test the adequacy of the Group's liquidity. As consistent with prior year, the primary uncertainties facing the business at present are related to the timing and success of contract awards, as well as the time frame and value at which unutilised fixed assets and inventory can be used or sold.

In addition to a Base Case scenario, additional downside scenarios were prepared which reflect the primary uncertainties facing the business. One assumes that the Group is unable to sell any unutilised assets and continues to incur the related storage costs until 30 September 2023. Another scenario forecasts a 25% decrease in the probability of the award of new contracts, a 10% reduction in gross margin earned from these contracts, and that the Group is unable to sell any unutilised assets and continues to incur the related storage costs until 30 September 2023. Under the most pessimistic downside scenario, Group revenue is approximately 96% of that reported in 2022 and underlying EBITDA margin is negative 1.8%.

Under all scenarios, the Group has concluded that it has sufficient cash reserves to fund trading, capital investment, and interest repayments associated with loan notes during the going concern period. If for any reason further liquidity is required during the going concern period, the Group could decline new project awards, or alter its cost base. These are considered controllable mitigating options that management could implement and would lead to an increase in liquidity.

A further Reverse Stress Test was also undertaken to determine what trading conditions would lead to the Group exhausting its available cash reserves during the going concern period. It was determined that under a scenario whereby the Group is awarded no future contracts, and solely generates revenue from work that is currently contracted, the Group would not exhaust its available liquidity until October 2024 (which falls outside of the going concern period). This trading scenario is considered remote given the value of the current pipeline.

During the year, the Group completed a refinancing and fundraising exercise. The purpose of the exercise was to synchronise and extend the maturity of the USD 10.0m of loan notes issued by the Group during 2020 and 2021, which were due to mature in the second half of 2022. The original USD 10.0m of loan notes were replaced with USD 14.0m in new loan notes which mature in November of 2024. The Group also has access to a GBP 10.0m long-term debt facility which is not expected to be utilised under any scenarios modelled. The amount that can be drawn from this facility at any given time is dependant on the value of the Company's market capitalisation and other non financial covenants.

Under all scenarios reviewed by the Board the Group continues to have sufficient cash reserves to operate throughout the going concern period. Any scenario whereby trading performance is worse than those modelled is considered to be remote given the level of committed contracted work in place. Additionally, controllable mitigations exist, as are noted above, which could be utilised to increase liquidity. On this basis, the Board is satisfied that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Climate change

In preparing the financial statements, the management has considered the impact of the physical and transition risks of climate change and identified this as an emerging risk but have concluded that it does not have a material impact on the recognition and measurement of the assets and liabilities in these financial statements as at 31 December 2022.

3 BASIS OF CONSOLIDATION

The financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of a subsidiary to bring their accounting

When necessary, adjustments are made to the financial statements of a subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity while any resultant gain or loss is recognised in the profit or loss. Any investment retained is recognised at fair value.

Business combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the fair value on the acquisition date. The net identifiable assets acquired, and liabilities assumed are recorded at their respective fair values on the acquisition date. Acquisition-related costs are expensed as incurred and included in acquisition costs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

4 SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is acting as a principal in all its revenue arrangements.

Sale of goods (supply chain)
Revenue from the sale of goods and the related logistics services is recognised when control of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Construction
Typically, revenue from construction contracts is recognised at a point in time when performance obligations have been met. Generally, this is the same time at which client acceptance has been received. Dependant on the nature of the contracts, in some cases revenue is recognised over time using the percentage of completion method on the basis that the performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments are recognised only to the extent that it is highly probable that they will result in revenue, and they are capable of being reliably measured.

Services (integrated facilities management)
Revenue from providing services is recognised over time, applying the time elapsed method for accommodation and similar services to measure progress towards complete satisfaction of the service, as the customers simultaneously receive and consume the benefits provided by the Group.

Cost of sales
Cost of sales represent costs directly incurred or related to the revenue generating activities of the Group, including staff costs, materials and depreciation.

Contract balances
Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional, meaning only the passage of time is required before payment of the consideration is due.

Accrued revenue
Accrued revenue represents the right to consideration in exchange for goods or services transferred to a customer in connection with fulfilling contractual performance obligations. If the Group performs by transferring goods or services to a customer before invoicing, accrued revenue is recognised in an amount equal to the earned consideration that is conditional on invoicing. Once an invoice has been accepted by the customer accrued revenue is reclassified as a trade receivable.

Customer advances
If a customer pays consideration before the Group transfers goods or services to the customer, a customer advance is recognised when the payment is received by the Group. Customer advances are recognised as revenue when the Group meets its obligations to the customer.

Borrowing costs
Borrowing costs directly attributable to the construction of an asset are capitalised as part of the cost of the asset. Capitalisation commences when the Group incurs costs for the asset, incurs borrowing costs and undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation ceases when the asset is ready for use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that are incurred in connection with the borrowing of funds.

Tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Property, plant, and equipment
Property, plant, and equipment are stated at cost less accumulated depreciation and any impairment in value. Capital work-in-progress is not depreciated until the asset is ready for use. Depreciation is calculated on a straight-line basis over the estimated useful lives. At the end of the useful life, assets are deemed to have no residual value. Contract specific assets are depreciated over the lesser of the length of the project, or the useful life of the asset. The useful life of general property, plant and equipment is as follows:

Buildings	Lesser of 5 to 20 years and term of land lease
Machinery, motor vehicles, furniture and equipment	2 to 10 years
Leasehold improvements	Lesser of 10 years and term of lease

The carrying values of property, plant, and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down, with the write down recorded in profit or loss to their recoverable amount, being the greater of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant, and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant, and equipment. All other expenditure is recognised in profit or loss as the expense is incurred.
An item of property, plant, and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

Assets' residual values, useful lives, and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Goodwill
Goodwill is stated as cost less accumulated impairment losses. Cost is calculated as the total consideration transferred less net assets acquired.

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs include those expenses incurred in bringing each product to its present location and condition. Cost is calculated using the weighted average method. Net realisable value is based on estimated selling price less any further costs expected to be incurred in disposal.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and balances with banks, which are readily convertible to known amounts of cash and have a maturity of three months or less from the date of acquisition. This definition is also used for the consolidated cash flow statement.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use. An asset's recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used maximising the use of observable inputs. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecasts generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Financial instruments
i) Financial assets

Initial recognition and measurement
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Subsequent measurement
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.
Other receivables are subsequently measured at amortised cost.

Derecognition of financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset has expired.

Impairment of financial assets
The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next twelve-months (a twelve-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. When arriving at the ECL we consider historical credit loss experience including any adjustments for forward-looking factors specific to the debtors and the economic environment.

A financial asset is deemed to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Income from financial assets
Investment revenue relates to interest income accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated

future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are initially recognised at fair value and subsequently classified at fair value through profit or loss, loans and borrowings, or payables. Loans and borrowings and payables are recognised net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loan notes.

Subsequent measurement
The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as held at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Loans and payables
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Leases
Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognised and initial direct costs incurred. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payment made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease

term or a change in the lease payments.

Short-term leases and leases on low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of twelve months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Employees' end of service benefits
The Group provides end of service benefits to its employees in accordance with local labour laws. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The Group accounts for these benefits as a defined contribution plan under IAS 19.

Treasury shares
Treasury shares are held as a deduction from equity and are held at cost price.

Share based payments
Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are provided in note 13.

That cost is recognised in employee benefits expense, included in administrative expenses, together with a corresponding increase in equity (share based payment reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/ or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Contingencies
Contingent liabilities are not recognised in the financial statements, they are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Foreign currencies
The Group's financial statements are presented in USD, which is the functional currency of all Group companies. Items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange prevailing at the reporting date. All differences are taken to profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency share capital (including any related share premium or additional paid-in capital) is translated using the exchange rates as at the dates of the initial transaction. The value is not remeasured.

5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations
Amendments and interpretations that apply for the first time in 2022 do not have a significant impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the reported amount of assets and liabilities, revenue, expenses, disclosure of contingent liabilities, and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

a) Judgements

Use of Alternative Performance Measures

IAS1 requires material items to be disclosed separately in a way that enables users to assess the quality of a company's profitability. In practice, these are commonly referred to as "exceptional" items, but this is not a concept defined by IFRS and therefore there is a level of judgement involved in arriving at an Alternative Performance Measure ("APM") which excludes such exceptional items. The Group refers to these as non-underlying items and considers items suitable for separate presentation that are outside normal operations and are material to the results of the Group either by virtue of size or nature. See note 9 for further details on specific balances which are classified as non-underlying items.

b) Estimates and assumptions

Percentage of completion
The Group primarily uses the output percentage-of-completion method when accounting for contract revenue on its long-term construction contracts. Use of the percentage-of-completion method requires the Group to estimate the progress of contracts based on surveys of work performed. The Group has determined this basis of revenue recognition is the best available measure on such contracts.

The accuracy of percentage-of-completion estimates has a material impact on the amount of revenue and related profit recognised. As at 31 December 2022, USD 2,031,000 of accrued revenue had been calculated using the percentage-of-completion method (2021: USD 3,837,000).

Revisions to profit or loss arising from changes in estimates are accounted for in the period when the changes occur.

IFRS 16 - interest rate
In some jurisdictions where the Group holds long-term leases, the incremental borrowing rate is not readily determinable. As a result, the incremental borrowing rate is estimated with reference to risk adjusted rates in other jurisdictions where a market rate is determinable, and the Group's cost of funding.

Provision for asset impairment

In March 2021, insurgents attacked the town of Palma, Mozambique. This led to Total Energies ("Total") suspending their development works in the region and declaring force majeure. As a result, the Group's contract to build and operate a 1,800-person camp was suspended (the Palma Project). At the time of the attack, RA had purchased substantially all of the assets required to complete the project and was approximately two weeks from commencing revenue generating activities.

As a result of this catastrophic event and the lack of evidence to conclude on the fair value of these assets at 31 December 2021, the Group impaired the full carrying value of assets which are associated with the Palma Project. Further details of this impairment charge can be found in note 9.

Provision for unavoidable costs

Following the March 2021 attack on Palma, Mozambique the Group began incurring unavoidable costs relating to the Offsite Assets. It was expected that these assets were to be fully disposed of by December 2022, however it is now expected that this will extend to September 2023. Given the limited market for these assets the exact timing of disposal is considered uncertain.

7 SEGMENTAL INFORMATION

For management purposes, the Group is organised into one segment based on its products and services, which is the provision of services in demanding and remote areas. Accordingly, the Group only has one reportable segment. The Group's Chief Operating Decision Maker ("CODM") monitors the operating results of the business as a single unit for the purpose of making decisions about resource allocation and assessing performance. The CODM is considered to be the Board of Directors.

Operating segments

Revenue, operating results, assets, and liabilities presented in the financial statements relate to the provision of services in demanding and remote areas.

Revenue by service channel:

	2022	*2021*
	USD'000	*USD'000*
Integrated facilities management	**27,411**	31,162
Construction	**21,276**	14,221
Supply chain services	**14,230**	9,212
	62,917	54,595

Revenue by recognition timing:

	2022	*2021*
	USD'000	*USD'000*
Revenue recognised over time	**48,160**	41,320
Revenue recognised at a point in time	**14,757**	13,275
	62,917	54,595

Geographic segment

The Group primarily operates in Africa and as such the CODM considers Africa and Other locations to be the only geographic segments of the Group. The below geography split is based on the location of project implementation.

Revenue by geographic area of project implementation:

	2022	*2021*
	USD'000	*USD'000*
Africa	**61,012**	52,357
Other	**1,905**	2,238
	62,917	54,595

Non-current assets by geographic area:

	2022	2021
	USD'000	USD'000
Africa	**22,223**	28,448
Other	**1,788**	2,438
	24,011	30,886

Revenue split by customer:

	2022	2021
	%	%
Customer A	**19**	25
Customer F	**12**	11
Customer E	**10**	14
Customer B	**10**	6
Customer D	**9**	10
Customer H	**8**	4
Customer I	**7**	-
Other	**25**	30
	100	100

8 GROUP INFORMATION

The Company operates through its subsidiaries, listed below, which are legally or beneficially, directly or indirectly owned and controlled by the Company.

The extent of the Company's beneficial ownership and the principal activities of the subsidiaries are as follows:

Name of the entity	*Country of incorporation*	*Beneficial ownership*	*Registered address*
RA Africa Holdings Limited	British Virgin Islands	**100%**	3rd floor, J&C Building, PO Box 362, Road Town, Torola Virgin Islands (British) VG110
RA International Commercial Services Limited	British Virgin Islands	**100%**	3th floor, J&C Building, PO Box 362, Road Town, Torola Virgin Islands (British) VG110
RASB Holdings Limited	British Virgin Islands	**100%**	3th floor, J&C Building, PO Box 362, Road Town, Torola Virgin Islands (British) VG110
RA International Limited	Cameroon	**100%**	537 Rue Njo-Njo, Bonaprisi, PO Box 1245, Douala, Cameroon
RA International RCA	Central African Republic	**100%**	Avenue des Martyrs, Bangui, Central African Republic
RA International Chad	Chad	**100%**	N'djamena, Chad
RA International DRC SARL	Democratic Republic of Congo	**100%**	Kinshasa, Sis No106, Boulvevard Du 30 Juin, Dans La Commune De La Gombe EN RD, Congo
RA International Guyana Inc.	Guyana	**100%**	210 New Market Street, Geoegetown, Guyana
Raints Kenya Limited	Kenya	**100%**	770 Faith Ave, Runda Estate, Nairobi City (North), Nairobi, Kenya
RA International SARL	Lebanon	**100%**	Beirut Souks, Souk El Dahab, section no 1144, plot no 1479, Beirut, Lebanon
Al Mutaheda Al-Alamia Ltd.	Libya	**100%**	Suq El Jumah- Tripoli Libya
RA International Limited	Malawi	**100%**	Hanover House, Hanover Avenue, Independence Drive, Blantyre, Malawi
Raints Mali	Mali	**100%**	Bamako-Niarela Immeuble Sodies Appartement C/7, Mali
RA International Limitada	Mozambique	**100%**	Distrito KAMPFUMO, Bairro Sommarchield, Rua. Jose Graverinha, no 198, R/C, Maputo, Mozambique
RA Facilities Services S.A*	Mozambique	**100%**	Distrito Urbano 1, Bairro Central, Rua do Sol, 23 Maputo, Mozambique

RA International Niger	Niger	**100%**	Niamey, Quartier Cite Piudriere, Avenue du Damergou, CI-48, Niger
RA International Poland	Poland	**100%**	UL. MŁYŃSKA, numer 16, lokal 8 PIĘTRO, kod poczt. 61-730, poczta POZNAŃ
RA Contracting and Facility Management LLC	Qatar	**100%**	63 Aniza, Doustor St. 905, Salam International, Qatar
RA International**	Somalia	**100%**	Mogadishu, Somalia
RA International FZCO	South Sudan	**100%**	Plot no. 705, Block 3-K South, , Airport Road, Hai Matar South Sudan
Reconstruction and Assistance Company Ltd	Sudan	**100%**	115 First Quarter Graif west-Khartoum, Kharthoum, Republic of Sudan
RA International Limited	Tanzania	**100%**	369 Toure Drive, Oysterbay, PO Box 62, Dar Es Salaam, Tanzania
RA International FZCO	UAE	**100%**	Office Number S101221O39, Jebel Ali Free Zone, Dubai, United Arab Emirates
RA International General Trading LLC	UAE	**100%**	Building 41, 3B Street, Al Quoz Industrial Area 1, PO Box 115774, Dubai, United Arab Emirates
RA International Global Operations Limited	UK	**100%**	1 Fleet Place, London, EC4M 7WS, United Kingdom
RA International Limited	Uganda	**100%**	4th Floor, Acacia Mall, Plot 14-18, Cooper Road, Kololo, Kampala, Uganda
RA Federal Services LLC	United States of America	**100%**	3411 Silverside Road, Tatnall Building #104, Wilmington, DE 19810
Berkshire General Insurance Limited	United States of America	**100%**	1 Church Street, 5th Floor, Burlington, Chittenden, Vermont, 05401, United States of America

* During the year, Royal Food Solutions S.A was renamed as RA Facilities Services S.A

** RA International in Somalia is not an incorporated legal entity.

RA International Global Operations Limited, registered number 12672019 is exempt from the requirements of Company Act 2006 relating to the audit of individual accounts by virtue of section 479A

9 LOSS FOR THE PERIOD

Loss for the period is stated after charging:

	2022	*2021*
	USD'000	*USD'000*
Staff costs	**24,382**	22,088
Materials	**24,079**	12,887
Depreciation of property, plant, and equipment	**5,110**	4,855
Impairment of property, plant, and equipment	**1,456**	-

Staff costs relate to wages and salaries plus directly attributable expenses.

Non-underlying items

	2022	*2021*
	USD'000	*USD'000*
COVID-19 costs	**-**	765
Restructuring costs	**3,502**	-
Palma Project, Mozambique	**715**	31,457
Total non-underlying items	**4,217**	32,222

COVID-19 costs

These costs were incurred due to the COVID-19 pandemic and primarily comprise of incremental staff costs and PPE. Incremental staff costs relate to staff salaries paid to employees unable to work due to local lockdowns or international travel restrictions preventing their access to worksites (2022: USD nil; 2021: USD 374,000). All payments made were non-contracted and at the discretion of executive management. Incremental project costs associated with PPE consumption and COVID-19 testing are also included in this balance (2022: USD nil; 2021: USD 391,000). General inefficiencies experienced

COVID-19 testing are also included in this balance (2022: USD nil; 2021: USD [illegible]). General inefficiencies experienced as a result of COVID-19 have not been included given the high level of judgement inherent in undertaking this exercise and as a result, continue to be included within cost of sales.

In 2022, the Company chose not to classify COVID-19 costs as a non-underlying item, instead treating these expenses as consistent with costs arising from other incidences of disease and illness.

Restructuring costs

In 2022, the CODM made a decision to significantly alter Group Strategy, choosing to focus corporate efforts and resources towards growing revenue from western government customers. This was a fundamental and significant change that has a material effect on the nature and focus of the entity's operations and led to a number of initiatives which resulted in costs being incurred to restructure the organisation.

These expenses include USD 3,139,000 relating to a provision recorded against assets purchased and held for projects which were to be executed for Commercial customers and that are no longer deemed recoverable. Additionally, USD 363,000 relates to staff restructuring costs.

Palma Project, Mozambique

In March 2021, insurgents attacked the town of Palma, Mozambique. This led to Total suspending their development works in the region and declaring force majeure. As a result, the Group's contract to build and operate a 1800-person camp was suspended (the "Palma Project"). At the time of the attack, RA had purchased substantially all of the assets required to complete the project and was approximately two weeks from commencing revenue generating activities.

As a result of this catastrophic event, in the prior year the Group incurred significant incremental costs and impaired assets which are associated with the Palma Project.

	2022	*2021*
	USD'000	*USD'000*
Provision for asset impairment	**-**	*23,410*
Permanent asset impairment	**-**	*2,145*
Incremental costs incurred but unpaid	**-**	*1,058*
Provision for unavoidable costs	***1,092***	*1,422*
	1,092	*28,035*
Incremental costs incurred and paid	***237***	*3,422*
	1,329	*31,457*
Reversal of asset impairment	***(614)***	*-*
	715	*31,457*

Provision for asset impairment

As at the date of the prior year accounts, the force majeure was still in place and development work has not recommenced. While the security situation had improved, and commercial activity was returning to the Palma area, Total had recently indicated that while they are committed to restarting works in the region, they are not undertaking any works at present, and they will re-evaluate the situation so as to assess if there are conditions to return. These conditions include a sustained level of security in the region, and the return of the local population to normal living conditions.

Following a number of conversations with a wide range of third parties directly or indirectly involved in returning security to the Cabo Delgado region, it was determined that there remained significant uncertainty as to when the force majeure will be lifted and what RA's role will be in the recommenced development works.

Given this uncertainty, and in accordance with IAS 36, after a significant amount of deliberation both as a board and with third-party advisers, the CODM decided to recognise a provision to impair the full value of assets relating to the Palma Project in the prior year. The provision for impairment is still held as at the date of these accounts [given that the force majeure has not been lifted].

The CODM will continue to undertake regular assessments to establish if there is a basis for reversal of the impairment provision (recovery). These assessments will be made at least every six months or when an event transpires which may indicate a material change in the value of the Palma Project assets.

The Palma Project assets can be divided into three separate groups:

1. Palma Assets

The Palma Assets relate to the land, infrastructure, and other assets located within the RA Camp facility near the town of Palma, Mozambique. As at the time these accounts were published, the security situation in Cabo Delgado province remains volatile and significant security measures must be taken to access the camp facility. Given the assets are not currently generating a commercial return, the uncertainty regarding the future commercial returns from these assets, and the lack of a ready market for the Palma Assets, an impairment provision has been established equal to their carrying value.

2. Offsite Assets

These consist of equipment and material located within various secure storage locations in Africa and the Middle East. Although the best use of the Offsite Assets is on the Palma Project, given the uncertainty as to when Total will recommence development activities, the CODM believe it to be in the best interest of stakeholders that the Group dispose of these assets in the short term so as to cease incurring unavoidable costs.

Given the nature, location and customs status of the Offsite Assets, a limited market exists for these items. As a result, an impairment provision has been established for the full carrying value of the assets.

3. Other Assets

These consist of non-tangible assets such as tax and receivable balances. The Group has recorded an impairment provision in relation to the full value of tax assets and other balances that have been deemed unrecoverable as a result of the March 2021 attack.

The below table provides a breakup of these balances by asset class:

	Fixed Assets	***Inventory***	***Other Assets***	***Total***
	USD'000	***USD'000***	***USD'000***	***USD'000***
Palma Assets	15,257	137	-	15,394
Offsite Assets	4,050	3,177	-	7,227
Other Assets	-	-	789	789
	19,307	3,314	789	23,410

Permanent asset impairment

While the Group's camp facility near Palma Mozambique was not directly attacked, at the time of the attack the Group incurred impairment losses resulting from the theft or vandalism of its assets. The Group has also incurred losses when disposing of assets which were originally purchased for use on the Palma Project. These losses, incurred during 2021, are permanent and as a result, there is no need to reassess the value of these assets in the future. Permanent impairment losses relating to the Palma Project totalled USD 2,145,000 as at 31 December 2021. Included in this balance is USD 138,000 relating to the impairment of goodwill. There was no permanent asset impairment relating to the Palma Project in the year ended 31 December 2022.

Incremental costs

As at 31 December 2021, the Group had incurred USD 4,480,000 in incremental costs directly related to the March 2021 attack on Palma, Mozambique and the resulting suspension of development activities by Total. These expenses primarily relate to logistics, storage, and security costs, but also include costs such as staff evacuation and mental health counselling provided to staff. At the time of the attack, a significant value of assets were on-route to Palma and post attack, it was no longer possible to safely offload goods in the Palma area. As a result, goods had to be stored in their current locations in Europe, the Middle East, and East Africa, or where possible, shipped to more economical storage locations. Of these incremental costs USD 3,422,000 were paid for during 2021 and USD 1,058,000 were accrued but unpaid as at 31 December 2021.

In 2022, storage and other related incremental costs increased significantly due to inflation. As a result, additional costs of USD 237,000 were incurred during the year.

Provision for unavoidable costs

In the prior year, the Group recorded a provision of USD 1,422,000 relating to unavoidable costs associated with the Offsite Assets. The provision was utilised in full during the year and an additional USD 1,092,000 has been recognised as a provision in 2022 which is expected to be utilised in 2023.

Reversal of asset impairment

During the year, a number of Palma Project assets were disposed of, generating proceeds of USD 114,000. These assets had been fully impaired in 2021 and as a result, the disposal resulted in a recovery of USD 114,000 which has been recorded in the current year. In addition, property insurance proceeds of USD 500,000 were confirmed as being payable to the Company from its insurers. This amount relates to a claim filed by the Company in 2021 relating to the theft and vandalism of its assets in Palma, Mozambique. These assets were indicated as being permanently impaired in 2021.

The Group reassessed the recoverable amount of all impaired assets and deemed there was no further reversals necessary.

Auditor Compensation

Auditor Compensation

Amounts paid or payable by the Group in respect of audit and non-audit services to the Auditor are shown below.

	2022 USD'000	*2021 USD'000*
Fees for the audit of the Company annual accounts	**188**	164
Fees for the audit of the subsidiary annual accounts	**75**	74
Additional fee for the prior year audit of the Group annual accounts	**25**	-
Total audit fees	**288**	238
Non-audit related services	**-**	-

10 EMPLOYEE EXPENSES

The average number of employees (including directors) employed during the period was:

	2022	*2021*
Directors	**7**	7
Executive management	**5**	5
Staff	**1,356**	1,157
	1,368	1,169

The aggregate remuneration of the above employees was:

	2022 USD'000	*2021 USD'000*
Wages and salaries	**19,820**	17,804
Social security costs	**148**	153
Share based payments	**684**	487
	20,652	18,444

The remuneration of the Directors and other key management personnel of the Group are detailed in note 32.

11 TAX

The tax charge on the profit for the year is as follows:

	2022 USD'000	*2021 USD'000*
Current tax:		
UK corporation tax on profit for the year	**-**	-
Non-UK corporation tax	**169**	80
Adjustment for prior years	**-**	(160)
Tax charge for the year	**169**	(80)

Factors affecting the tax expense/(credit)

The tax assessed for the year varies from the standard rate of corporation tax in the UK. The difference is explained below:

	2022 USD'000	*2021 USD'000*
Loss before tax	**(12,997)**	(32,160)
Expected tax charge based on the standard average rate of corporation tax in the UK of 19% (2021: 19%)	**(2,469)**	(6,110)
Effects of:		
Deferred tax asset not recognised	**115**	105
Exemptions and foreign tax rate difference	**2,523**	6,085
Adjustment for prior years	**-**	(160)
Tax expense/(credit) for the year	**169**	(80)

The Group benefits from tax exemptions granted to its customers who are predominantly governments and large intragovernmental organisations. The CODM is not aware of any factors that tax exemptions granted will no longer be available to the Group.

The main rate of UK corporation tax is 19% and will increase to 25% on 1 April 2023. The expected impact as a result of this change is not considered material for the Group.

The Group has USD 3,463,000 of unused tax losses, available indefinitely, for which no deferred tax asset has been recognised.

12 EARNINGS PER SHARE

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2022	*2021*
Loss for the period (USD'000)	**(13,166)**	(32,080)
Basic weighted average number of ordinary shares	**172,601,934**	171,660,947
Effect of employee share options	**728,394**	1,447,842
Diluted weighted average number of shares	**173,330,328**	173,108,789
Basic earnings per share (cents)	**(7.6)**	(18.7)
Diluted earnings per share (cents)	**(7.6)**	(18.5)

13 SHARE BASED PAYMENT EXPENSE

The Group recognised the following expenses related to equity-settled payment transactions:

	2022 USD'000	*2021 USD'000*
Performance share plan	**-**	16
Employee retention share plan	**311**	471
Other share based payments	**178**	-
Other share based payments - non-underlying	**195**	-
	684	487

Performance Share Plan

On Admission, the Company introduced a Performance Share Plan ("PSP") whereby options may be granted to eligible employees. Awards vested after a performance period of 4 years subject to continuous employment and the achievement of a hurdle total shareholder return ("TSR") as at the end of the performance period. The TSR was not achieved, resulting in the shares lapsing in the period.

Employee Retention Share Plan

In October 2020, the Company introduced an Employee Retention Share Plan ("ERSP") and granted share options to a number of senior employees. Awards vest annually subject to continuous employment. There are no TSR linked vesting conditions associated with these options.

At 31 December, the following unexercised share options to acquire ordinary shares under the PSP and ERSP were outstanding:

Year of Grant	***Share Plan***	***Vesting Date***	***Exercise price GBP***	***Number of options 2022***	*Number of options 2021*
2018	PSP	29 June 2022	0.10	-	2,065,216
2020	ERSP	1 May 2021	0.10	-	31,280

	ERSP	1 May 2022	0.10	229,710	549,869
	ERSP	1 May 2023	0.10	671,510	824,800
2021	ERSP	1 May 2021	0.10	17,212	17,212
	ERSP	1 May 2022	0.10	47,776	84,520
	ERSP	1 May 2023	0.10	107,243	151,830
	ERSP	1 May 2024	0.10	83,413	150,292
2022	ERSP	1 Dec 2022	0.22	741,457	-
	ERSP	1 Dec 2023	0.22	741,457	-
	ERSP	1 Dec 2024	0.22	741,457	-
	ERSP	1 May 2023	0.10	130,920	-
	ERSP	1 May 2024	0.10	261,840	-
	ERSP	1 May 2025	0.10	392,760	-
				4,166,755	3,875,019

The weighted average remaining contractual life for the shares options outstanding as at 31 December 2022 is 0.9 years (2021: 1 year).

	Number of options 2022	**Weighted average exercise price 2022 GBP**	*Number of options 2021*	*Weighted average exercise price 2021 GBP*
Outstanding at 1 January	3,875,019	0.10	3,811,540	0.10
Granted during the year	3,009,891	0.18	458,348	0.10
Exercised during the year	(324,463)	0.10	(243,653)	0.10
Forfeited during the year	(328,476)	0.10	(151,216)	0.10
Lapsed during the year	(2,065,216)	0.10	-	0.10
Outstanding at 31 December	4,166,755	0.16	3,875,019	0.10

Options issued under the PSP were valued using the Monte Carlo Simulation model using the following inputs:

	Weighted average share price	***Expected volatility***	***Risk free rate***
2018	56p (USD 0.74)	10.10%	1.24%

This method is considered to be the most appropriate for valuing options granted under schemes where there are changes in performance conditions by which the options are measured, such as for TSR based awards. The fair value of the options at the grant date was USD 96,000 and a charge of USD nil (2021: USD 16,000) was recognised in administrative expenses for the fiscal year ended 2022.

Options issued under the ERSP were valued using the Black Scholes model using the following inputs:

	Weighted average Share price	**Expected volatility**	**Risk free rate**
2020	49p (USD 0.64)	49.70%	0.00%
2021	49p (USD 0.68)	48.60%	0.00%
2022	22p (USD 0.28)	46.80%	1.69%

The total fair value of the options at the grant date was USD 1,100,000. A charge of USD 66,000 (2021: USD 117,000) was recognised in cost of sales and USD 245,000 (2021: USD 369,000) was recognised in administrative expenses for the fiscal year ended 2022. The expected volatility input utilised represents the historic volatility of the share price of the Company since Admission.

Other Share Based Payments

On 26 July 2022, the Company agreed to issue a total of 1,459,435 Ordinary Shares to senior members of staff, including certain persons discharging managerial responsibilities. Ordinary Shares issued pursuant to the award were satisfied from the pool of Ordinary Shares held in Treasury. The fair value of the shares on the grant date was GBP 0.21 (USD 0.25) per share. A total charge of USD 373,000 was recognised, with USD 178,000 recognised as an administrative expense and USD 195,000 recognised as a non-underlying restructuring cost given the non-reoccurring nature of the transaction.

Warrants

On Admission, in exchange for brokerage services provided to the Company during its IPO, the Company issued a warrant instrument granting its primary broker the right to subscribe for 671,514 ordinary shares of the Company. The warrants are exercisable for five years from the date of Admission at a subscription price of GBP 0.728 (USD 0.923) per ordinary share. They are non-transferrable and are subject to typical anti-dilution rights to adjust on a proportional basis for share consolidations, share splits and stock dividends. The Company used the Black-Scholes model to value the warrants at the grant date. The fair value of the warrants is USD nil (2021: USD nil).

14 DIVIDENDS

During the period, no dividend was declared and paid (2021: 1.35 pence (USD 0.02) per share (171,662,973 shares) totalling GBP 2,317,000 (USD 3,206,000)).

15 ALTERNATIVE PERFORMANCE MEASURES

APMs used by the Group are defined below along with a reconciliation from each APM to its IFRS equivalent, and an explanation of the purpose and usefulness of each APM. APMs are non-IFRS measures.

In general, APMs are presented externally to meet investors' requirements for further clarity and transparency of the Group's financial performance. APMs are also used internally by management to evaluate business performance and for budgeting and forecasting purposes.

	2022 **USD'000**	2021 USD'000
Loss	**(13,166)**	(32,080)
Tax expense/(credit)	**169**	(80)
Loss before tax	**(12,997)**	(32,160)
Finance costs	**2,491**	1,314
Investment income	**(206)**	(55)
Operating loss	**(10,712)**	(30,901)
Non-underlying items	**4,217**	32,222
Underlying operating (loss)/profit	**(6,495)**	1,321
Share based payment expense	**489**	487
Depreciation	**5,110**	4,855
Impairment	**1,456**	-
Underlying EBITDA	**560**	6,663

Underlying Operating Profit ("UOP")

The Group uses UOP as an alternative measure to Operating Profit to allow comparison of the profitability of its operations across financial periods. UOP is calculated as Operating Profit adjusted for costs which are considered to be unrelated to the Group's underlying trading performance.

Underlying Operating Margin is calculated as UOP divided by revenue.

Underlying EBITDA

Management defines Underlying EBITDA as Operating Profit adjusted for depreciation, share based payments, and costs which are considered to be unrelated to the Group's underlying trading performance. Underlying EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures, tax positions, and the age and booked depreciation on assets.

Underlying EPS

Underlying EPS reflects underlying operating profit after deducting net finance costs and taxation, divided by the weighted average number of ordinary shares outstanding during the period. This alternative measure of EPS enables shareholder return from the underlying business operations to be better evaluated across periods.

	2022 ***cents***	*2021* *cents*
Reported EPS, basic	**(7.6)**	(18.7)
Impact of non-underlying items	**2.4**	18.8
Underlying EPS, basic	**(5.2)**	0.1
Reported EPS, diluted	**(7.6)**	(18.5)
Impact of non-underlying items	**2.4**	18.6

Underlying EPS, diluted	**(5.2)**	0.1

Net Cash

Net cash represents cash less overdraft balances, term loans, and notes outstanding. This is a commonly used metric, helpful to stakeholders when analysing the business. Negative net cash is referred to a net debt position.

16 PROPERTY, PLANT, AND EQUIPMENT

	Land and buildings USD'000	*Machinery, motor vehicles, furniture and equipment USD'000*	*Leasehold improvements USD'000*	*Total USD'000*
Cost:				
At 1 January 2022	39,919	14,115	1,370	55,404
Additions	194	424	-	618
Disposals	(788)	(856)	-	(1,644)
At 31 December 2022	39,325	13,683	1,370	54,378
Depreciation:				
At 1 January 2022	21,438	8,089	365	29,892
Charge for the year	2,040	1,893	237	4,170
Relating to disposals	(226)	(491)	-	(717)
Provision for impairment	528	915	-	1,443
At 31 December 2022	23,780	10,406	602	34,788
Net carrying amount:				
At 31 December 2022	15,545	3,277	768	19,590

	Land and buildings USD'000	*Machinery, motor vehicles, furniture and equipment USD'000*	*Leasehold improvements USD'000*	*Total USD'000*
Cost:				
At 1 January 2021	38,973	15,497	1,192	55,662
Additions	2,526	774	178	3,478
Disposals	(1,580)	(2,156)	-	(3,736)
At 31 December 2021	**39,919**	**14,115**	**1,370**	55,404
Depreciation:				
At 1 January 2021	2,432	5,754	118	8,304
Charge for the year	1,416	2,294	247	3,957
Relating to disposals	(125)	(1,747)	-	(1,872)
Provision for impairment	17,715	1,788	-	19,503
At 31 December 2021	**21,438**	**8,089**	**365**	29,892
Net carrying amount:				
At 31 December 2021	**18,481**	**6,026**	**1,005**	**25,512**

During the year, capitalised interest of USD nil was included in Land and Buildings (2021: USD 114,000), representing 0% of borrowing costs (2021: 22%). From 1 April 2021, upon the suspension of construction activities in Palma, Mozambique, the Group ceased capitalising interest relating to the Palma Camp development.

A provision for impairment of USD 1,443,000 was recorded during 2022 (2021: nil). This balance resulted from the value of certain assets, located in one location, being deemed unrecoverable as at 31 December 2022. In determining this provision, the CODM reviewed both the likelihood of recovery through continued use, and the recoverable value through sale.

17 RIGHT-OF-USE ASSETS

	2022	2021
	USD'000	*USD'000*
Cost:		
At 1 January	**7,887**	5,143
Additions	**-**	2,744
At 31 December	**7,887**	7,887
Depreciation:		
At 1 January	**2,513**	1,615
Charge for the year	**940**	898
Provision for impairment	**13**	-
At 31 December	**3,466**	2,513
Net carrying amount:		
At 31 December	**4,421**	5,374

Information related to lease liabilities is available in note 25.

The table below indicates the rents resulting from lease contracts which are not capitalised and are therefore expensed in the year.

	2022	2021
	USD'000	*USD'000*
Short-term leases	**715**	1,308

Short-term leases include amounts paid for vehicles and heavy equipment rental, as well as short-term property leases.

18 GOODWILL

	2022	2021
	USD'000	*USD'000*
As at 1 January	**-**	138
Acquisitions	**-**	(138)
As at 31 December	**-**	-

19 INVENTORIES

	2022	2021

	2022	2021
	USD'000	*USD'000*
Materials and consumables	**4,442**	8,123
Goods-in-transit	**712**	1,274
	5,154	9,397

A provision of USD 3,139,000 was recognised during the year relating to the write-off of assets purchased and held for projects which were to be executed for Commercial customers and that are no longer deemed recoverable (2021: USD nil).

20 TRADE AND OTHER RECEIVABLES

	2022	*2021*
	USD'000	*USD'000*
Trade receivables	**10,697**	8,942
Accrued revenue	**3,765**	5,281
Deposits	**112**	112
Prepayments	**514**	1,039
Other receivables	**1,301**	1,148
	16,389	16,522

Invoices are generally raised on a monthly basis, upon completion, or part completion of performance obligations as agreed with the customer on a contract by contract basis.

During the year 100% of accrued revenue was subsequently billed and transferred to trade receivables from the opening unbilled balance in the period (2021: 100%).

As at 31 December the transaction price allocated to remaining performance obligations was USD 83,000,000 (2021: USD 100,000,000). This represents revenue expected to be recognised in subsequent periods arising on existing contractual arrangements. The Group has not taken the practical expedient in IFRS 15.121 not to disclose information about performance obligations that have original expected durations of one year or less and therefore no consideration from contracts with customers is excluded from these amounts. All revenue is expected to be recognised within the next five years.

As at 31 December the ageing of trade receivables was as follows:

	2022	*2021*
	USD'000	*USD'000*
Not past due	**5,609**	5,855
Overdue by less than 30 days	**3,705**	1,509
Overdue by between 30 and 60 days	**831**	294
Overdue by more than 60 days	**552**	1,284
	10,697	8,942

Trade receivables are non-interest bearing and generally have payment terms of 30 days. An ECL of USD nil was recorded as at 31 December 2022 (2021: USD 505,000). All other receivables are expected, on the basis of past experience, to be fully recoverable.

21 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of financial position comprised of cash at bank of USD 7,514,000 (2021: USD 8,532,000).

22 SHARE CAPITAL

	2022	*2021*
	USD'000	*USD'000*

Authorised, issued and fully paid

173,575,741 shares (2021: 173,575,741 shares) of GBP

173,575,741 shares (2021: 173,575,741 shares) of GBP 0.10 (2021: GBP 0.10) each	**24,300**	24,300

23 TREASURY SHARES

	2022 Number	*2022 USD'000*	*2021 Number*	*2021 USD'000*
As at 1 January	**1,783,898**	**1,199**	2,027,551	1,363
Issued in the period (note 13)	**-(1,783,898)**	**(1,199)**	(243,653)	(164)
As at 31 December	**-**	**-**	1,783,898	1,199

24 LOAN NOTES

The table below summarises the loan notes:

	2022 USD'000	*2021 USD'000*
As at 1 January	**10,000**	6,471
Additions	**15,500**	3,529
Repayments	**(11,500)**	-
As at 31 December	**14,000**	10,000
Current	-	10,000
Non-current	**14,000**	-

During the year, the Group completed a refinancing and fundraising exercise. The purpose of the exercise was to synchronise and extend the maturity of the USD 10,000,000 of loan notes issued by the Group during 2020 and 2021, which were due to mature in the second half of 2022. The original USD 10,000,000 of loan notes were replaced with USD 14,000,000 in new loan notes issued to retail investors. These notes carry an annual fixed interest rate of 7.50% (2021: 7.00%) for GBP denominated notes and 8.00% (2021:7.50%) for USD denominated notes. The term of the note issuance is up to 30 months with principal to be repaid as a bullet payment upon maturity in November 2024. Interest is paid on a quarterly basis.

25 LEASE LIABILITIES

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2022 USD'000	*2021 USD'000*
As at 1 January	**6,040**	4,038
Additions	-	2,744
Interest	**476**	527
Payments	**(1,310)**	(1,269)
As at 31 December	**5,206**	6,040
Current	**650**	834
Non-current	**4,556**	5,206

Interest of USD 476,000 (2021: USD 527,000) relating to the above lease liabilities has been included in Finance Costs for the year.

As at 31 December the maturity profile of lease liabilities was as follows:

	2022 USD'000	*2021 USD'000*
3 months or less	**124**	102

3 to 12 months	**526**	732
1 to 5 years	**1,746**	2,125
Over 5 years	**2,810**	3,081
	5,206	6,040

The Group had total cash outflows relating to leases of USD 2,025,000 in 2022 (2021: USD 2,577,000). This is the total of short-term lease payments from note 17 and payments from note 25.

26 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2022 USD'000	*2021 USD'000*
As at 1 January	**731**	517
Provided during the year	**526**	433
End of service benefits paid	**(329)**	(219)
As at 31 December	**928**	731

27 TRADE AND OTHER PAYABLES

	2022 USD'000	*2021 USD'000*
Trade payables	**3,744**	6,478
Accrued expenses	**2,309**	2,702
Accrued tax expense	**388**	161
Customer advances	**533**	494
	6,974	9,835

All customer advances recorded at 31 December 2021 were subsequently recognised as revenue in 2022 and all customer advances held at 31 December 2022 were subsequently recognised as revenue in 2023.

28 PROVISIONS

	2022 USD'000	*2021 USD'000*
As at 1 January	**1,422**	-
Provided during the year	**1,092**	1,422
Utilised during the year	**(1,422)**	-
As at 31 December	**1,092**	1,422

Following the March 2021 attack on Palma, Mozambique the Group began incurring unavoidable costs relating to the Offsite Assets. All assets are expected to be disposed of in 2023.

A USD 1,092,000 (2021: USD 1,422,000) provision relating to these costs was recorded in 2022, with the full charge being reflected in the consolidated statement of comprehensive income.

29 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2022 USD'000	*Cash flows USD'000*	*New leases USD'000*	*Other USD'000*	*31 December 2022 USD'000*
Non-current liabilities					
Loan notes	-	14,000	-	-	14,000

Lease liabilities	5,206	-	-	(650)	4,556
Current liabilities					
Loan notes	10,000	(10,000)	-	-	-
Lease liabilities	834	(1,310)	-	1,126	650
	16,040	2,690	-	476	19,206

	1 January 2021 USD'000	*Cash flows USD'000*	*New leases USD'000*	*Other USD'000*	*31 December 2021 USD'000*
Non-current liabilities					
Loan notes	6,471	3,529	-	(10,000)	-
Lease liabilities	3,720	-	2,184	(698)	5,206
Current liabilities					
Loan notes	-	-	-	10,000	10,000
Lease liabilities	318	(1,269)	560	1,225	834
	10,509	**2,260**	**2,744**	**527**	**16,040**

The 'Other' column includes the effect of reclassification of non-current portion of leases to current due to the passage of time, the effect of contracted loan note amounts not yet received, and the effect of accrued interest not yet paid.

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group was not exposed to any significant interest rate risk on its interest-bearing liabilities.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenue or expenses are denominated in a different currency from the Group's functional currency, as well as cash and cash equivalents held in foreign currency accounts.

At 31 December 2022, the Group held foreign cash and cash equivalents of GBP 364,000 (USD 440,000). Additionally, the Group held GBP denominated loans of GBP 1,970,000 (USD 2,382,000). UK pound sterling is primarily held by the Group to settle payment obligations denominated in GBP. As at 31 December 2021, the Group held GBP 1,067,000 (USD 1,441,000) and GBP denominated loans of GBP 1,354,000 (USD 1,787,000).

The Group's exposure to foreign currency variances for all other currencies is not material.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances and receivables.

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable financial institutions as determined by the CODM and with respect to customers by only dealing with creditworthy customers and continuously monitoring outstanding receivables. The Company's 5 largest customers account for 61% of outstanding trade receivables at 31 December 2022 (2021: 63%).

Receivables split by customer

	2022 %	*2021 %*
Customer B	**22**	17
Customer A	**19**	5
Customer D	**14**	21

Customer H	**11**	-
Customer C	**7**	8
Customer I	**7**	4
Customer E	**-**	14
Customer F	**-**	6
Other	**20**	25
	100	100

No material credit risk is deemed to exist due to the nature of the Group's customers, who are predominantly governments and large intragovernmental organisations.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group limits its liquidity risk by ensuring bank facilities are available.

The Group's terms of sale generally require amounts to be paid within 30 days of the date of sale. Trade payables are settled depending on the supplier credit terms, which are generally 30 days from the date of delivery of goods or services.

As at 31 December the maturity profile of trade payables and loan notes was as follows:

As at 31 December 2022

	Less than 3 months USD'000	***3 to 12 Months USD'000***	***6 to 12 Months USD'000***	***12 to 24 Months USD'000***	***Total USD'000***
Loan notes	-	-	-	14,000	14,000
Trade payable	3,744	-	-	-	3,744
	3,744	-	-	14,000	17,744

As at 31 December 2021

	Less than 3 months USD'000	*3 to 12 Months USD'000*	*6 to 12 Months USD'000*	*12 to 24 Months USD'000*	*Total USD'000*
Loan notes	-	-	10,000	-	**10,000**
Trade payable	**6,478**	-	-	-	**6,478**
	6,478	-	10,000	-	**16,478**

Liabilities falling due within twelve months are recognised as current on the consolidated statement of financial position. Liabilities falling due after twelve months are recognised as non-current.

The unutilised bank overdraft facilities at 31 December 2022 amounted to USD 10,000,000 (2021: USD 10,000,000) and carry interest of 1m Term SOFR +3.50% per annum (2021: 1m LIBOR +3.50%). The facilities require a 100% cash margin guarantee to be paid upfront.

The Group manages its liquidity risk by maintaining significant cash reserves.

The Group's cash and cash equivalents balance is substantially all held in institutions holding a Moody's long-term deposit rating of Aa3 or above.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in business conditions.

No changes were made in the objectives, policies or processes during the year ended 31 December 2022.

Capital comprises share capital, share premium, merger reserve, treasury shares, share based payment reserve and retained earnings and is measured at USD 24,868,000 as at 31 December 2022 (2021: USD 37,309,000).

31 RELATED PARTY DISCLOSURES

Related parties represent shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

There were no transactions with related parties during the year (2021: USD nil). No outstanding balances with related parties are included in the consolidated statement of financial position at 31 December 2022 (2021: USD nil).

32 COMPENSATION

Compensation of key management personnel

The remuneration of key management during the year was as follows:

	2022 ***USD'000***	*2021* *USD'000*
Short-term benefits	**1,379**	1,874
Stock based compensation	**373**	16
	1,752	1,890

The key management personnel comprise of 3 (2021: 5) individuals. Included in key management personnel are 3 (2021: 3) Directors.

Compensation of directors

The remuneration of directors during the year was as follows:

	2022 ***USD'000***	*2021* *USD'000*
Short-term benefits	**1,574**	1,611
Stock based compensation	**178**	9
	1,752	1,620

Highest paid director

The remuneration of the highest paid director during the year was as follows:

	2022 ***USD'000***	*2021* *USD'000*
Short-term benefits	**393**	490
Stock based compensation	**178**	-
	571	490

The amount disclosed in the tables is the amount recognised as an expense during the reporting year related to key management personnel and directors of the Group.

33 STANDARDS ISSUED BUT NOT YET EFFECTIVE

No other standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are expected to have a material impact on the Group.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	**2022 USD'000**	2021 USD'000
Assets			
Non-current assets			
Investments	4	**28,606**	50,047
Loan to subsidiary	5	**1,000**	-
		29,606	50,047
Current assets			
Trade and other receivables	6	**5,984**	5,754
Cash and cash equivalents		**157**	113
		6,141	5,867
Total assets		**35,747**	55,914
Equity and liabilities			
Equity			
Share capital	7	**24,300**	24,300
Share premium		**18,254**	18,254
Merger reserve		**-**	9,897
Treasury shares	8	**-**	(1,199)
Share based payment reserve		**574**	534
Retained earnings		**(8,680)**	3,819
Total equity		**34,448**	55,605
Non-current liabilities			
Loan from subsidiary	9	**1,000**	-
Current liabilities			
Trade and other payables	10	**299**	309
Total liabilities		**1,299**	309
Total equity and liabilities		**35,747**	55,914

The Company has taken the exemption conferred by section 408 of the Companies Act 2006 not to publish the profit and loss of the parent company within these accounts. The result for the Company for the year was a loss of USD 22,396,351 (2021: USD 553,000).

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share Capital USD'000	*Share Premium USD'000*	*Merger Reserve USD'000*	*Treasury Shares USD'000*	*Share Based Payment Reserve USD'000*	*Retained Earnings USD'000*	*Total USD'000*
As at 1 January 2021	24,300	18,254	9,897	(1,363)	177	7,578	58,843
Total comprehensive income for the period	-	-	-	-	-	(553)	(553)
Share based payments	-	-	-	-	487	-	487
Dividends							

Dividends declared and paid	-	-	-	-	-	(3,206)	(3,206)
Issuance of treasury shares (note 8)	-	-	-	164	(130)	-	34
As at 31 December 2021	**24,300**	**18,254**	**9,897**	**(1,199)**	534	**3,819**	**55,605**
Total comprehensive income for the period	-	-	-	-	-	(22,396)	(22,396)
Share based payments					311	-	311
Issuance of treasury shares (note 8)	-	-	-	218	(177)	-	41
Lapsed share options					(94)	-	(94)
Non-cash employee compensation				981			981
Transfer of reserve			(9,897)			9,897	
As at 31 December 2022	**24,300**	**18,254**	-	-	**574**	**(8,680)**	**34,448**

The attached notes 1 to 12 form part of the Financial Statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and the Companies Act 2006), including Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS101") under the historical cost basis and have been presented in USD, being the functional currency of the Company.

The Company has applied a number of exemptions available under FRS 101. Specifically, the requirement(s) of:

(a) paragraphs 91-99 of IFRS 13 "Fair Value Measurement";
(b) paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
(c) paragraphs 10(d), 10(f), and 134-136 of IAS 1 "Presentation of Financial Statements";
(d) IAS 7 "Statement of Cash Flows";
(e) paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";
(f) paragraph 17 of IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
(g) paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 "Impairment of Assets".

2 SIGNIFICANT ACCOUNTING POLICIES

Except noted below, all accounting policies applied to the Company are consistent with that of the Group.

Investments

Investments held by the company are stated at cost less provision for diminution in value.

Merger Reserve

A merger reserve is a non-distributable reserve often arising from a share for share exchange transaction, such as that undertaken by the Company in 2018. The merger reserve is held at carrying value and may be transferred to distributable reserves upon the disposal, write-down, depreciation, amortisation, or diminution in value or impairment of the related asset.

3 EMPLOYEE EXPENSES

The average number of employees employed during the period was:

	2022	*2021*
Directors	**7**	7

The aggregate remuneration of the above employees was:

	2022	*2021*
	USD'000	*USD'000*
Wages and salaries	**447**	469
Social security costs	**53**	53
	500	522

4 INVESTMENTS

	2022	*2021*
	USD'000	*USD'000*
As at 1 January	**50,047**	50,047
Additions	**350**	-
Diminution in value	**(21,791)**	-
As at 31 December	**28,606**	50,047

During the year, the Company established a provision of USD 21,791,000 relating to diminution in value of the investment as at 31 December 2022. The impairment has been calculated with reference to the company's market capitalisation at the yearend date, adjusted to reflect cost of disposal in order to determine the recoverable amount of the investments on a fair value less cost to sell basis. No adjustment has been made to reflect control premium however a 10 percent increase/decrease in the share price would result in a $2.8 million decrease/increase to the impairment provision.

Additionally, the Company invested USD 350,000 in RA Federal Services LLC, a 100% owned subsidiary.

5 LOAN TO SUBSIDIARY

	2022	*2021*
	USD'000	*USD'000*
As at 1 January	**-**	-
Additions	**1,000**	-
As at 31 December	**1,000**	-

During the year, the Company advanced a loan of USD 1,000,000 to a subsidiary. This note carries an annual fixed interest rate of 9.56%. The term of the note issuance is 30 months with principal to be repaid as a bullet payment upon maturity in November 2024. Interest is to be received on an annual basis.

6 TRADE AND OTHER RECEIVABLES

6 TRADE AND OTHER RECEIVABLES

	2022 ***USD'000***	*2021* *USD'000*
Prepayments	**67**	18
Due from subsidiary	**5,879**	5,703
VAT recoverable	**38**	33
	5,984	5,754

Amounts due from subsidiary represent amounts due from RA International FZCO, an immediate subsidiary, and are non-interest bearing and payable on demand.

7 SHARE CAPITAL

	2022 ***Number***	***2022*** ***USD'000***	*2021* *Number*	*2021* *USD'000*
Authorised, issued, and fully paid: Ordinary shares of GBP 0.10 each	**173,575,741**	**24,300**	173,575,741	24,300

8 TREASURY SHARES

	2022 ***Number***	***2022*** ***USD'000***	*2021* *Number*	*2021* *USD'000*
As at 1 January	**2,027,501**	**1,363**	2,027,551	1,363
Issued in the period	**(2,027,501)**	**(1,363)**	(243,653)	(164)
As at 31 December	-	-	1,783,898	1,199

9 LOAN FROM SUBSIDIARY

	2022 ***USD'000***	*2021* *USD'000*
As at 1 January	**-**	**-**
Additions	**1,000**	**-**
As at 31 December	**1,000**	**-**

During the year, the Company subscribed to a loan from a subsidiary for USD 1,000,000. This note carries an annual fixed interest rate 9.56%. The term of the note issuance is 30 months with principal to be repaid as a bullet payment upon maturity in November 2024. Interest is paid on an annual basis.

10 TRADE AND OTHER PAYABLES

	2022 ***USD'000***	*2021* *USD'000*
Trade payables	**176**	**146**
Accruals	**123**	**163**
	299	**309**

11 RELATED PARTY TRANSACTIONS

The Directors have taken advantage of the exemption under paragraph 8(j) and 8(k) of FRS101 and have not disclosed transactions with other wholly owned Group undertakings. There are no other related party transactions.

12 SUBSEQUENT EVENTS

In May 2023, the Board of Directors agreed to commence the process to convert the USD 18,254,000 balance of share premium to distributable reserves. This conversion is subject to requisite shareholder and statutory approvals being granted. If these approvals are received, it is anticipated this process will be completed by 31 December 2023.

granted. If these approvals are received, it is anticipated this process will be completed by 31 December 2023.

END

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