

FOR IMMEDIATE RELEASE
14 MARCH 2024



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

Capital (LSE: CAPD), a leading mining services company, today provides its full year financial results for the year ended 31 December 2023.

FULL YEAR FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023*

	FY 2023	FY 2022	vs FY 2022
Revenue (\$ m)	318.4	290.3	9.7%
EBITDA (adjusted for IFRS 16 leases) ^{1,2} (\$ m)	91.8	86.4	6.3%
Operating profit (\$ m)	60.3	59.7	1.0%
Investment gain / (loss) (\$ m)	3.0	(19.8)	N/A
Net Profit After Tax (NPAT) (\$ m)	38.5	22.7	69.6%
NPAT (Adjusted for investment gain/(loss) (\$ m)	35.5	42.5	(16.4%)
Earnings per share			
Basic EPS (cents)	19.1	11.1	72.1%
Basic EPS (adjusted for investment gain/(loss) (cents)	17.5	21.5	(18.5%)
Final Dividend per Share (cents)			
	2.6	2.6	
Cash from Operations (adjusted for IFRS 16 leases) ² (\$ m)	84.3	69.8	20.8%
Capex ³ (\$ m)	69.0	57.5	20.0%
Net Debt ¹ (\$ m)	69.8	47.2	47.9%
Investments (\$ m)	47.2	38.7	22.0%
Margins and returns			
EBITDA Margin (adjusted for IFRS 16 leases) ^{1,2}	28.8%	29.8%	
Operating profit Margin	18.9%	20.6%	
NPAT Margin (adjusted for investment gain/(loss))	11.2%	14.6%	

**All amounts are in US dollars unless otherwise stated*

⁽¹⁾ EBITDA, and Net Debt are non-IFRS financial measures and should not be used in isolation or as a substitute for Capital Limited financial results presented in accordance with IFRS. Alternative performance measures as detailed on pages 27 - 28 of this results announcement

⁽²⁾ Adjustment for the cash cost of the IFRS 16 leases which amounts to \$8.2 million in 2023 and \$3.7 million in 2022.

⁽³⁾ Capital expenditure (Capex) consists of purchase of PPE for cash, prepayments for PPE and assets purchased during the year and financed by OEM.

FY 2023 Financial Overview

- FY 2023 revenue of \$318.4 million, up 9.7% on FY 2022 (\$290.3 million);
- Revenue came in marginally below our guidance of \$320 – 340 million given a number of headwinds namely subdued activity in West Africa, particularly in Mali, and operations suspended in Sudan with Perseus. In addition MSALABS revenues fell slightly behind its aggressive growth target for 2023, with utilisation across commercial laboratories deployed through the year slightly behind schedule as we drive adoption of the new PhotonAssay™ technology.

- FY 2023 EBITDA (adjusted for IFRS16 leases) of \$91.8 million, up 6.3% on FY 2022 (\$86.4 million);
- FY 2023 EBITDA margin (adjusted for IFRS16 leases) remained strong at 28.8% (FY 2022: 29.8%);
 - Group margins were strong through 2023 especially considering the heavy cost loadings required in the ramp up of MSALABS;
- Value of the Group's strategic investment portfolio as of 31 December 2023 increased to \$47.2 million (FY 2022: \$38.7 million) including net cash investment of \$4.6 million;
- Net profit after tax (NPAT) of \$38.5 million, up 69.6% on FY 2022 (\$22.7 million). Excluding the impact of investment losses/ gains, adjusted NPAT is \$35.5 million for FY 2023, down 16.4% on FY 2022 (\$42.5 million);
- Basic earnings per share (EPS) of 19.1 cents, up 72.1% on FY 2022 (11.1 cents). Excluding the impact of investment losses/ gains, basic EPS (adjusted) is 17.5 cents, down 18.5% on FY 2022 (21.5 cents);
- Cash from operations (adjusted for IFRS 16 leases) of \$84.3 million, an increase of 20.8% on FY 2022 (\$69.8 million);
- Total capex of \$69.0 million, up 20.0% on FY 2022 (\$57.5 million). Total capex consisted of cash capex of \$47.9 million (2022: \$43.0 million), prepayments of \$5.3 million (2022: \$5.5 million) and financed capex of \$15.8 million (2022: \$9.0 million);
- Net debt of \$69.8 million an increase of 47.9% on FY22 (\$47.2 million); and
 - Net debt excludes the investment holdings of \$47.2 million.
- Declared a final dividend of US\$2.6 cents per share, to be paid on 15 May 2024 which, together with the interim dividend of US\$1.3 cents per share brings the total dividends declared for 2023 to US\$3.9 cents per share (2022: US\$3.9 cents per share).

Operational and Strategic Highlights

- Safety performance remained best in class on a global scale with the 2023 Total Recordable Injury Frequency Rate ("TRIFR") of 0.75 per 1,000,000 hours worked, a significant improvement (38%) on FY 2022 (1.2).
- **Capital Drilling: Further contract wins and major contract long-term renewal**
 - **New contract win:**
 - A letter of intent from Allied Gold Corporation for a grade control drilling services contract across its Cote d'Ivoire complex.
 - **FY 2023 major anchoring contract wins with significant growth potential (previously announced):**
 - A three-year comprehensive drilling services contract with Nevada Gold Mines, USA. The contract includes a wide array of drilling services including underground reverse circulation and diamond, both surface and underground. NGM operates the single largest gold-mining complex globally;
 - A three-year reverse circulation and diamond drilling services contract with Fortescue Metals Group at the Belinga iron ore project, Gabon. This is one of the world's largest undeveloped, high-grade hematite iron ore deposits; and
 - A two-year diamond drilling services contract with Barrick at the Reko Diq copper-gold project, Pakistan. This is amongst the largest undeveloped copper-gold projects globally.
 - **Other recent contract awards (previously announced):**
 - Centamin's Sukari Gold Mine in Egypt has issued Capital with a letter of intent to award a 5-year open pit drilling services contract extension, starting from January 1, 2025. Subject to concluding a contract, which will include both blast hole and grade control drilling, this will extend our activities on site out to the end of 2029, 25 years after we commenced operations in 2005;

- A two-year grade control drilling services contract with Perseus Mining at the Sissingué gold mine in Côte d'Ivoire. This expands our relationship with Perseus from existing contracts in Sudan and the Yaouré mine, Côte d'Ivoire; and
- Expanded rig count at Belinga, Gabon, under our existing three-year reverse circulation and diamond drilling services contract.
- Fleet utilisation for FY 2023 was 73%, compared to 79% in FY 2022;
- Average monthly revenue per operating rig ("ARPOR") was US\$186,000 in FY 2023, up 3.3% on FY 2022 (US\$180,000); and
- Rig count decreased from 129 to 127 through FY 2023, net of depletion.

	FY 2023	FY 2022	FY 2023 vs FY 2022
Closing fleet size	127	129	-1.6%
Average Fleet	125	118	5.9%
Fleet utilisation (%)	73	79	-7.6%
Average utilised rigs	92	93	-1.1%
ARPOR*(\$)	186,000	180,000	3.3%
Drilling revenue (\$m)	204.2	200.5	1.8%
Surveying revenue (\$m)	3.7	4.7	-21.3%
Other Associated revenue ¹ (\$m)	7.4	8.0	-8.6%
Total Drilling and associated revenue (\$m)	215.3	213.2	1.0%

*Average revenue per month per operating rig

¹Associated revenue refers to revenue generated from complementary services tied to our drilling operations.

All amounts are in USD unless otherwise stated

- **Capital Mining: Second material mining services contract win:**
 - Capital secured its second high-quality mining services contract with Ivindo Iron SA (Gabon), developing Belinga, one of the world's largest undeveloped, high-grade hematite iron deposits. This contract has a term of up to 5 years and will generate approximately \$30 million of revenue per annum once fully operational; and
 - Sukari Gold Mine (Egypt) waste mining contract saw consistent operations through FY 2023.
- **MSALABS: Furthering on its growth trajectory and initiated strategic global partnership, breaking into the USA market with largest contract in MSALABS history:**
 - The deployment of Chrysos PhotonAssay™ units remains on track:
 - MSALABS possesses the largest international network of Chrysos PhotonAssay™ technology; and
 - MSALABS relationship with Chrysos remains strong and will see the deployment of 21 units.
 - MSALABS was awarded a five-year comprehensive laboratory services contract with Nevada Gold Mines (NGM) in the United States of America (USA).
 - MSALABS will operate a state-of-the-art hybrid laboratory incorporating Chrysos PhotonAssay™ units as well as traditional fire assay methods and full multi-element assaying capabilities;
 - MSALABS will deploy three PhotonAssay™ units in Nevada; and

- The contract is anticipated to generate ~\$140 million over the five-year term, with annual revenues of ~\$30 million once fully operational, making it the largest award of new business in the history of MSALABS. Capital expenditure for the project is expected of ~\$7 million.
- MSALABS has forged a global partnership with Barrick and Chrysos Corporation to deliver PhotonAssay™ technology across Barrick mine sites:
 - The three PhotonAssay™ units in Nevada mark the start of this broader partnership agreement, with trials underway for a possible ten further PhotonAssay™ units by the end of 2025 across multiple of Barrick's other operations.
- **Commercial laboratory focus in 2023:** Capitalising on our early mover advantage, we focused on deploying PhotonAssay™ units in a number of commercial locations of strategic importance. As opposed to mine site laboratories, commercial laboratories have longer lead times to ramp utilisation which in turn impacts margins given the upfront cost loading required. 2024 will benefit from an increase in utilisation at these sites, as well as the business's greater leaning towards mine site laboratories through this coming year.
- **Capital Investments: Year on year portfolio growth:**
 - The total value of investments (listed and unlisted) was \$47.2 million as at 31 December 2023 (\$38.7 million as at 31 December 2022) including net cash investments of \$4.6 million; and
 - The portfolio continues to be focused on a select few key holdings with our holdings in Predictive Discovery, Allied Gold Corp and WIA Gold comprising the majority (~85%) of our investments.

Outlook

- Revenue guidance for 2024 of \$355 - \$375 million driven by an improved contract portfolio, ramp ups of new drilling and mining contracts and a continued expansion of MSALABS;
- Capital Drilling is poised for additional growth in 2024, primarily fuelled by the scale up of operations with Nevada Gold Mines in the USA, alongside promising growth prospects across several of our current operations – Belinga, Gabon and Reko Diq, Pakistan, in particular;
- Capital Mining will continue to embed operations at the Belinga site in Gabon. The Sukari earth moving contract is anticipated to sustain its steady-state performance until the contract concludes (mid 2024);
- MSALABS continues to drive forward its multi-year expansion strategy, with a strong emphasis on the deployment of Chrysos PhotonAssay™ units. The pipeline remains robust, reinforced by the recent partnership forged with Barrick Gold and Chrysos Corporation. The business is expected to deliver revenues of \$50-60 million in 2024, another significant YoY increase from 2023 (FY 2023 \$38.4 million);
- Capital expenditure is expected to be \$70-80 million in 2024. This will fund typical sustaining and replacement capex across the drilling and mining fleet to ensure ongoing youth and productivity, newly purchased rigs to drive growth in the USA and the expansion of MSALABS. This year we will also fund non-recurring expenditures primarily a major workshop facility in Nevada as a hub for our operations in the region; and
- Tendering activity remains robust across the Group with a number of high-quality opportunities progressing.

Commenting on the results, Peter Stokes, Chief Executive, said:

"The past year has been another great year for Capital, achieving growth for the fourth year in a row despite a challenging market environment, all while maintaining an exemplary safety record. We continue to strengthen our portfolio across drilling and mining, with a strategic focus on tier one assets made possible by the longstanding relationships we have built over the years with some of the world's leading miners. Capital has also achieved a number of strategic landmarks through the year, positioning itself for a strong 2024 and beyond.

Our drilling business had another strong year achieving growth despite difficult global market conditions. We have stayed committed to our strategy of focusing on tier one clients with world class assets. This dedicated commitment has seen us add world class assets to our contract portfolio, most notably Barrick's copper project at Reko Diq

(Pakistan), FMG's majority owned iron-ore project at Belinga (Gabon) and the major gold-mining complex in the USA, with Nevada Gold Mines, marking our first entry into the North American market.

Our mining business was awarded its second high-quality mining services mining contract with Ivindo, Gabon, which mobilised successfully through the year. Operations at Sukari were also very consistent through 2023, and we are on track to complete the contract by mid-2024, six months ahead of contracted requirements. We have now demonstrated our expertise in both rapid mobilisation and excellent performance in load and haul operations. These milestones underscore our position as a trusted partner for tier-1 clients and provide a robust foundation for future growth.

MSALABS has once again achieved remarkable growth over the past year, driven particularly by the successful rollout of the revolutionary Chrysos PhotoAssay™ technology. MSALABS is quickly becoming a major component of the group as recently highlighted by its largest contract to date with Nevada Gold Mines. It is set to operate PhotonAssay™ units as well as traditional fire assay methods, complemented by extensive multi-element assaying capabilities, all within a state-of-the-art hybrid laboratory—the first of its kind in the USA. Moreover, the business continues to strategically lay the foundations for further growth through its recent global partnership with Chrysos and Barrick.

Our investment portfolio remained focused on a select key few holdings through the year. Growth in key investments saw our portfolio grow to \$47.2 million, a significant return from the net investment to date of ~\$17.1 million. In addition, our portfolio has been a key business development tool for the Group, with contracts from investee companies generating over \$140 million in revenue since we formally launched our investment strategy in 2019 and remains a core pillar of our business model.

We are excited for the year ahead and are confident in maintaining the growth momentum of previous years. In addition we will retain our steadfast focus on maintaining peer leading margins, returns and safety performance in parallel to this growth. We will continue to pursue our key strategic priorities during 2024 and expect revenues to reach \$355-375 million for the year."

Capital Limited will be hosting a live webcast presentation at 09:00 London time on Thursday 14 March 2024, where questions can be submitted through the platform.

The webcast presentation link:

[Issuer Services | London Stock Exchange | Capital Limited FY 2023 Results \(lsegissuerservices.com\)](https://www.lsegissuerservices.com)

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

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

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Capital Limited is a leading mining services company providing a complete range of drilling, mining, maintenance and geochemical laboratory solutions to customers within the global minerals industry. The Company's services include: exploration, delineation and production drilling; load and haul services; maintenance; and geochemical analysis. The Group's corporate headquarters are in the United Kingdom and it has established operations in Côte d'Ivoire, Canada, Democratic Republic of Congo, Egypt, Gabon, Ghana, Guinea, Kenya, Mali, Mauritania, Nigeria, Pakistan, Saudi Arabia, Tanzania and the United States of America.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		2023	2022
		US\$'000	US\$'000
Revenue		318,424	290,284
Cost of sales		(171,524)	(155,852)
Gross profit		146,900	134,432
Administration expenses	4	(46,852)	(44,331)
Depreciation, amortisation and impairments		(39,766)	(30,416)
Profit from operations	5	60,282	59,685
Interest income		65	35
Finance costs	6	(13,002)	(7,356)
Fair value gain / (loss) on financial assets		2,989	(19,798)
Profit before tax		50,334	32,566
Taxation	7	(11,804)	(9,836)
Profit and total comprehensive income for the year		38,530	22,730
Profit and total comprehensive income for the year attributable to:			
Owners of the parent		36,737	20,990
Non-controlling interest		1,793	1,740
		38,530	22,730
Earnings per share:			
Basic earnings per share (cents per share)	8	19.09	11.07
Diluted earnings per share (cents per share)	8	18.82	10.71

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2023 US\$'000	2022 US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	208,657	172,658
Right-of-use assets		29,684	16,652
Goodwill		1,296	1,296
Intangible assets		572	1,916
Other receivables		9,789	6,460
Total non-current assets		249,998	198,982
Current assets			
Inventory	11	61,922	58,695
Trade receivables	12	49,567	41,542
Other receivables		24,055	20,073
Investments at fair value		47,154	38,727
Current tax receivable		686	400
Cash and cash equivalents		34,366	28,380
Total current assets		217,750	187,817
Total assets		467,748	386,799
EQUITY AND LIABILITIES			
Equity			
Share capital	13	19	19
Share premium	13	62,390	62,390
Treasury shares	14	-	(2,475)
Equity-settled employee benefits reserve		5,763	4,469
Other reserve		190	190
Retained earnings		195,515	168,726
		263,877	233,319
Non-controlling interest		9,270	5,573
Total equity		273,147	238,892
Non-current liabilities			
Loans and Borrowings	15	75,521	56,865
Lease liabilities		21,109	12,127
Deferred tax		34	34
Trade and other payables		2,057	1,485
Total non-current liabilities		98,721	70,511

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

		2023	2022
		US\$'000	US\$'000
Current liabilities			
Trade and other payables		50,685	43,453
Provisions		487	2,637
Current tax payable		9,315	9,130
Loans and Borrowings	15	27,052	18,037
Lease liabilities		8,341	4,139
Total current liabilities		95,880	77,396
Total liabilities		194,601	147,907
Total equity and liabilities		467,748	386,799

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares	Total share capital	Other reserve	Equity- settled employee benefits reserve	Total reserves	Retained income	Total attributable to the equity holders of the Group / Company	Non- controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at January 1, 2023	19	62,390	(2,475)	59,934	190	4,469	4,659	168,726	233,319	5,573	238,892
Profit for the year	-	-	-	-	-	-	-	36,737	36,737	1,793	38,530
Total comprehensive income for the year	-	-	-	-	-	-	-	36,737	36,737	1,793	38,530
Issue of shares	-	-	2,475	2,475	-	(2,246)	(2,246)	(229)	-	-	-
Recognition of share-based payments	-	-	-	-	-	3,540	3,540	-	3,540	-	3,540
Adjustment arising from change in non-controlling interest	-	-	-	-	-	-	-	(2,100)	(2,100)	1,923	(177)
Dividends	-	-	-	-	-	-	-	(7,619)	(7,619)	(18)	(7,637)
Total contributions by and distributions recognised directly in equity	-	-	2,475	2,475	-	1,294	1,294	(9,948)	(6,179)	1,905	(4,274)
Balance at December 31, 2023	19	62,390	-	62,409	190	5,763	5,953	195,515	263,877	9,270	273,147

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital US\$'000	Share premium US\$'000	Treasury shares US\$'000	Total share capital US\$'000	Other reserve US\$'000	Equity- settled employee benefits reserve US\$'000	Total reserves US\$'000	Retained income US\$'000	Total attributable to the equity holders of the Group / Company US\$'000	Non- controlling interest US\$'000	Total equity US\$'000
Balance at January 1, 2022	19	60,900	-	60,919	190	3,186	3,376	154,880	219,175	3,768	222,943
Profit for the year	-	-	-	-	-	-	-	20,990	20,990	1,740	22,730
Total comprehensive income for the year	-	-	-	-	-	-	-	20,990	20,990	1,740	22,730
Issue of shares	-	1,490	-	1,490	-	(1,490)	(1,490)	-	-	-	-
Recognition of share-based payments	-	-	-	-	-	2,773	2,773	-	2,773	-	2,773
Repurchase of own shares	-	-	(2,475)	(2,475)	-	-	-	-	(2,475)	-	(2,475)
Adjustment arising from change in non-controlling interest	-	-	-	-	-	-	-	(55)	(55)	55	-
Impact of acquisition of subsidiary	-	-	-	-	-	-	-	-	-	10	10
Dividends	-	-	-	-	-	-	-	(7,089)	(7,089)	-	(7,089)
Total contributions by and distributions recognised directly in equity	-	1,490	(2,475)	(985)	-	1,283	1,283	(7,144)	(6,846)	65	(6,780)
Balance at December 31, 2022	19	62,390	(2,475)	59,934	190	4,470	4,660	168,725	233,319	5,573	238,892

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2023 US\$'000	2022 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	16	92,532	73,533
Interest income received		65	35
Finance costs paid		(9,441)	(6,407)
Interest paid on lease liabilities		(2,081)	(818)
Tax paid		(11,905)	(10,585)
Net cash from operating activities		69,170	55,758
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(47,876)	(42,974)
Proceeds from sale of property, plant and equipment		69	19
Purchase of intangible assets and cloud computing arrangements		(1,777)	(634)
Purchase of investments at fair value		(9,258)	(9,010)
Proceeds from sale of investments at fair value		4,668	10,637
Cash paid in advance for property, plant and equipment		(5,318)	(5,542)
Net cash from investing activities		(59,492)	(47,504)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings		38,000	20,717
Repayment of loans and borrowings		(26,732)	(16,666)
Repayment of principle on leases liabilities		(6,152)	(2,916)
Advance payment on leases		(1,205)	(667)
Dividends paid	9	(7,637)	(7,089)
Repurchase of own shares		-	(2,475)
Proceeds from issuance of equity to non-controlling interests		1,193	-
Purchase of shares from non-controlling interest		(1,404)	-
Net cash used in financing activities		(3,937)	(9,095)
Total cash movement for the year		5,741	(842)
Cash at the beginning of the year		28,380	30,577
Effect of exchange rate movement on cash balances		245	(1,355)
Total cash at end of the year		34,366	28,380

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023

1. General information

Capital Limited (the “Company”) is incorporated in Bermuda. The Company and its subsidiaries (the “Group”) provide drilling, mining (load and haul), crushing, mineral assaying and surveying services. The Group also has a portfolio of investments in listed and unlisted exploration and mining companies.

During the year ended 31 December 2023, the Group provided drilling services in Côte d'Ivoire, Guinea, Gabon, Egypt, Mali, Saudi Arabia, Pakistan, Sudan and Tanzania. Mining services are provided in Egypt and Gabon and mineral analysis services are provided in Canada, Guyana, Mauritania, Nigeria, Côte d'Ivoire, Mali, Tanzania, Kenya, Ghana, Egypt and Democratic Republic of the Congo. The Group’s administrative office are located in the United Kingdom and Mauritius.

2. Basis of preparation

The condensed consolidated financial statements are prepared on the going concern basis under the historical cost convention, except for certain financial instruments which are measured at fair value. The directors are responsible for the preparation of the results announcement.

The condensed consolidated financial statements included in this results announcement has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Whilst the financial information included in this results announcement has been prepared in accordance with IFRS, this announcement does not itself contain sufficient information to comply with the disclosure requirements of IFRS. The Group's 2023 Annual Consolidated Financial Statements have been prepared in accordance with IFRS. The results announcement does not constitute a dissemination of the annual financial reports. A separate dissemination announcement in accordance with Disclosure and Transparency Rules (DTR) 6.3 will be made when the Annual Report and audited consolidated Financial Statements are available on the Company’s website. The accounting policies are in terms of IFRS and consistent with those of the prior year.

The financial information for the years ended 31 December 2023 and 2022 does not constitute the annual financial statements. The annual consolidated financial statements for the year ended 31 December 2022 and 2023 were completed and received an unmodified audit report from the Company’s Auditors.

Going concern

As at 31 December 2023, the Group had a robust balance sheet with a low debt gearing with equity of US\$273.1 million and loans and borrowings of US\$102.6 million. Cash as at 31 December 2023 was US\$34.4 million, with net debt of US\$68.2 million. Investments in listed entities at the end of December 2023 amounted to US\$44.8 million which provided additional flexibility as these investments could be converted into cash.

This robustness is underpinned by stable cash flows generated by a diversified service offering and diversified contract portfolio. Revenues continued to perform strongly in 2023 with increased revenue of 10% compared to 2022. Commercially, the Group secured two long-term major contracts with high-quality customers in 2023: Ivindo Iron in Gabon which is majority owned by major mining company Fortescue Metals Group for drilling, mining and crushing services and Nevada Gold Mines in USA, a JV between Barrick Gold Corporation and Newmont Corporation for comprehensive drilling and laboratory services. The contract with Nevada Gold Mines had not started generating revenue as at 31 December 2023.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023

2. Basis of preparation (continued)

Going concern (continued)

In determining the going concern status of the business, the Board has reviewed the Group's forecasts for the 18 months to June 2025, including both forecast liquidity and covenant measurements. In the assessment, management took into consideration the principal risks of the business that are most relevant to the going concern assessment and reverse stressed the forecast model to identify the magnitude of sensitivity required to cause a breach in covenants or risk the going concern of the business, alongside the Group's capacity to mitigate. The most relevant sensitivity was considered to be a decrease in EBITDA through loss of contracts, with no redeployment of equipment. EBITDA would need to fall over 40% during the period of assessment for going concern to breach the covenant test. Given the strong market demand from existing high-quality clients and across a large tendering pipeline, the Group's increased service diversification and the limited contract expiries due during the year, management considers the risk of a deep demand reduction to be low.

Given the Group's exposure to high-quality mine site operations, we consider a decrease of such magnitude to be remote. Based on its assessment of the forecasts, principal risks and uncertainties and mitigating actions considered available to the Group (holding back dividends, sale of investments, capex deferment) in the event of downside scenarios, the Board confirms that it is satisfied the Group will be able to continue to operate and meet its liabilities as they fall due over the going concern period to June 2025. Accordingly, the Board has concluded that the going concern basis in the preparation of the Financial Statements is appropriate and that there are no material uncertainties that would cast doubt on that basis of preparation.

3. Segment analysis

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

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

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023

3. Segment analysis (continued)

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

	Africa US\$'000	Rest of world US\$'000	Consolidated US\$'000
2023			
External revenue			
Drilling services	199,496	12,056	211,552
Mining services	64,721	-	64,721
Laboratory services	19,743	18,662	38,405
Surveying services	3,659	87	3,746
Total external revenue	287,619	30,805	318,424
Segment profit (loss)	108,359	(17,771)	90,588
Central administration costs and depreciation			(30,306)
Profit from operations			60,282
Interest income			65
Finance charges			(13,002)
Fair value gain on financial assets			2,989
Profit before tax			50,334
2022			
External revenue			
- Drilling services	202,201	6,361	208,562
- Mining services	49,763	-	49,763
- Laboratory services	13,804	13,501	27,305
- Surveying services	4,333	321	4,654
Total external revenue	270,101	20,183	290,284
Segment profit (loss)	91,428	(6,554)	84,874
Central administration costs and depreciation			(25,189)
Profit from operations			59,685
Interest income			35
Finance charges			(7,356)
Fair value loss on financial assets			(19,798)
Profit before tax			32,566

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023

3. Segment analysis (continued)

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

	2023	2022
	%	%
Customer A	16	15
Customer B	33	39

Segment assets and liabilities:

The following is an analysis of the Group's assets and liabilities by reportable segment:

	2023	2022
	US\$'000	US\$'000
<u>Segment assets:</u>		
Africa	567,699	506,043
Rest of world	92,454	59,642
Total segment assets	660,153	565,685
Head office companies	338,507	280,828
	998,660	846,513
Eliminations	(530,912)	(459,714)
Total Assets	467,748	386,799
<u>Segment liabilities:</u>		
Africa	257,526	239,013
Rest of world	61,173	31,752
Total segment assets	318,699	270,765
Head office companies	373,103	315,695
	691,802	586,460
Eliminations	(497,201)	(438,553)
Total Liabilities	194,601	147,907

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023

4. Administrative expenses

	2023	2022
	US\$'000	US\$'000
Employee costs	19,809	16,324
Professional fees	3,813	3,848
Insurance	1,986	1,886
Rental cost	1,605	1,549
Share based payment expenses	3,540	2,774
Bad debts written off	218	1,458
Increase in net expected credit loss provision	1,717	2,981
Travel & Accommodation	3,211	2,499
Bank charges	1,382	1,277
Foreign exchange (gain)/loss	(151)	1,711
Software costs	1,933	1,104
Other expenses	7,789	6,920
Total administration expenses	46,852	44,331

5. Profit from operations

The following items have been recognised as expenses in determining profit from operations:

Depreciation and amortisation

	2023	2022
	US\$'000	US\$'000
Rights of use assets	7,510	3,458
Computer software	7	4
Drilling rigs	10,521	10,373
Associated drilling equipment	4,900	3,134
Vehicles and trucks	4,493	3,180
Camp and associated equipment	2,594	1,390
Mining equipment	9,302	8,877
Total depreciation and amortisation	39,327	30,416

Impairment:

Vehicles and trucks	389	-
Camp and associated equipment	50	-
Total impairment	439	-

Total depreciation, amortisation and impairments

39,766	30,416
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Operating lease expense

Short term equipment rental	3,786	3,335
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Employee costs

Salaries, wages, bonuses and other benefits	90,673	79,560
Share based compensation expense	3,540	2,774
Total employee costs	94,213	82,334

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023

5. Profit from operations

	2023	2022
	US\$'000	US\$'000
Other		
Loss on disposal of property, plant and equipment	946	669
Legal and professional fees	3,813	3,848
Stock write-off	691	200
Provision for inventory obsolescence	574	745
Increase in expected credit loss provision	1,716	2,981
Bad debts written off	218	1,458
Other taxes	558	333
Increase / (decrease) in provisions for other taxes	136	(288)

6. Finance costs

	2023	2022
	US\$'000	US\$'000
Interest on lease liabilities	2,081	818
Interest on bank loans	7,705	4,220
Interest on supplier credit facilities	1,943	1,005
Amortised debt arrangement costs	1,240	439
Other interest paid	33	874
Total finance charges	13,002	7,356

7. Taxation

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

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023

8. Earnings per share

	2023	2022
<u>Basic earnings per share</u>		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Earnings for the year, used in the calculation of basic earnings per share (US\$'000)	36,737	20,990
Adjusted for:		
Fair value (gain)/loss on financial assets (US\$'000)	(2,989)	19,798
Earnings for the year, used in the calculation of basic earnings per share (adjusted) (US\$'000)	33,748	40,788
Weighted average number of ordinary shares for the purposes of basic earnings per share	192,451,358	189,653,369
Basic earnings per share (US\$ c)	19.09	11.07
Basic earnings per share (adjusted) (US\$ c)	17.54	21.51
	2023	2022
<u>Diluted earnings per share</u>		
The earnings used in the calculations of all diluted earnings per share measures are the same as those used in the equivalent basic earnings per share measures, as outlined above.		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	192,451,358	189,653,369
Shares deemed to be issued for no consideration in respect of:		
– Effect of STIP and LTIP shares	2,801,729	6,263,799
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	195,253,087	195,917,168
Diluted earnings per share (US\$ c)	18.82	10.71
Diluted earnings per share (adjusted) (US\$ c)	17.28	20.82

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023

9. Dividends

	2023	2022
	US\$'000	US\$'000
Dividends	7,637	7,089

During the 12 months ended 31 December 2023, a dividend of 2.6 cents (2022: 2.4 cents) per ordinary share, totalling to US\$5.0 million (2022: US\$4.6 million) was declared as the final dividend for 2022. This dividend was paid to the shareholders on 9 May 2023 (2022: 10 May 2022), followed by a further dividend of 1.3 cents (2022: 1.3 cents) per share which was declared as interim dividend for 2023 totalling US\$2.5 million (2022: US\$2.5 million) and paid on 3 October 2023 (2022: 3 October 2022). The total dividend paid is US\$7.6 million (2022: US\$7.1 million).

In respect of the year ended 31 December 2023, the Directors propose that a final dividend of 2.6 cents (2022: 2.6 cents) per share be paid to shareholders on 15 May 2024 (2022: 9 May 2023). This final dividend has not been included as a liability in these Consolidated Financial Statements. The proposed final dividend is payable to all shareholders on the Register of Members on 19 April 2024 (2022: 14 April 2023). The total estimated final dividend to be paid is US\$5.0 million (2022: US\$5.0 million). The payment of this final dividend will not have any tax consequences for the Group.

10. Property, plant and equipment

The net movement in property, plant and equipment in the year is an increase of US\$36.0 million (2022: US\$29.1 million). This is primarily as a result of:

- additions in the year of US\$69.3 million (2022: US\$56.7 million) on drilling rigs, heavy mining equipment and other assets to expand its operations and replace existing assets;
- disposals of property, plant and equipment with a net book value of US\$1.0 million (2022: US\$0.7 million) during the year; and
- Depreciation charge of US\$31.8 million (2022: US\$27.0 million).
- Impairment of US\$0.4 million (2022: US\$ Nil)

The Group's property plant and equipment includes assets not yet commissioned totalling US\$41.8 million (2022: US\$24.6 million). The assets will be depreciated once commissioned and available for use. A loss of US\$1.0 million (2022: US\$0.7 million) was incurred on the disposal of property, plant and equipment. Not reflected in the Cash Flow is a US\$15.8 million (2022: US\$ 9.0 million) asset finance facility obtained from Epiroc Financial Solutions and Caterpillar for the purchase of Rigs.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023

11. Inventory

	2023	2022
	US\$'000	US\$'000
Gross carrying value of inventory	63,724	59,955
Less: provision for inventory obsolescence	(1,802)	(1,260)
	61,922	58,695

The cost of inventories recognised as an expense in the current year amounts to US\$21.3 million (2022: US\$18.3 million). During the year, the Group wrote off US\$0.7 million (2022: US\$0.2 million) of inventory. A provision of US\$0.6 million (2022: US\$0.7 million) was made during the year, resulting in an increase in the carrying amount of the provision.

12. Trade receivables

	2023	2022
	US\$'000	US\$'000
Trade receivables	54,264	44,523
Less: allowance for credit losses	(4,697)	(2,981)
Total trade receivables	49,567	41,542

As the Group does not have historical credit losses, the expected loss rates have been based on current and forward-looking information on micro macroeconomic factors affecting the Group's customers. The Group has identified the metals and mining sector's credit loss probability rates as the key macroeconomic factor in countries where the Group operates.

The lifetime expected loss provision for trade receivables is as follows:

31 December 2023	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Expected loss rate	0.2%	1.7%	0.1%	52.4%	8.7%
Gross carrying amount	26,139	6,583	12,913	8,629	54,264
Loss provision	49	113	14	4,521	4,697

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023

12. Trade receivables (continued)

Movements in the impairment allowance for trade receivables are as follows:

	2023	2022
	US\$'000	US\$'000
Opening provision for impairment of trade receivables	2,981	-
Increase during the year	1,934	4,438
Receivables written off during the year as uncollectible	(218)	(1,457)
At 31 December	4,697	2,981

13. Share capital and Share premium

	2023	2022
	US\$'000	US\$'000
<u>Authorised</u>		
2,000,000,000 (2022: 2,000,000,000) ordinary shares of US\$0.0001 (2022: US\$0.0001) each	<u>200</u>	<u>200</u>
Issued share capital		
193,696,920 (2022: 192,864,738) ordinary shares of US\$0.0001 (2022: US\$0.0001) each	19	19
Share premium	2023	2022
	US\$'000	US\$'000
Balance at beginning of period	62,390	60,900
Share issue	-	1,490
Balance at end of period	62,390	62,390

In April 2023, the Group issued 832,182 new common shares pursuant to the Group's employee short- and long-term incentive plans. The shares rank *pari passu* with the existing ordinary shares. Fully paid ordinary shares which have a par value of 0.01 cents, carry one vote per share and carry rights to dividends.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023

14. Treasury shares

	2023 US\$'000	2022 US\$'000
Balance at 1 January	2,475	-
(Reissued)/acquired in the year	(2,475)	2,475
Balance at 31 December 2023	-	2,475

The treasury shares reserve represents the cost of shares in Capital Limited purchased in the market and held by the Company to satisfy options under the Group's share incentive plans. The number of ordinary shares held by the Company at 31 December 2023 was nil (2022: 1,973,551).

During the year, the treasury shares were reissued to employees against the LTIPs and STIPs that vested during the year.

15. Loans and borrowings

	2023 US\$'000	2022 US\$'000
Bank loans	78,385	57,945
Supplier credit facilities	25,813	17,674
	104,198	75,619
Less: Unamortised debt arrangement costs	(1,625)	(717)
Total loans and borrowings	102,573	74,902
Current	27,052	18,037
Non-current	75,521	56,865
Total loans and borrowings	102,573	74,902

(a) US\$50 million revolving credit facility (RCF) provided by Standard Bank (Mauritius) Limited and Nedbank Limited

The Company entered into a revolving credit facility agreement on 28 March 2023 as borrower together with Standard Bank (Mauritius) Limited and Nedbank Limited (acting through its Nedbank Corporate and Investment banking division) as lenders and arrangers, with Nedbank acting as agent and security agent to borrow a revolving credit facility for an aggregate amount of US\$50 million with the Company being able to exercise an accordion option to request an increase of the facility under the terms and conditions of the Facility Agreement. The interest rate on the RCF is the prevailing three-month Secured Overnight Financing Rate (SOFR) (payable in arrears) plus a margin of 5.5%, and an annual commitment fee of 1.75% per annum is charged on any undrawn balances. The amount utilised on the RCF was US\$45 million as at 31 December 2023 (2022: US\$25 million).

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

- Interest Cover Ratio
- Debt EBITDA Ratio
- Debt Equity Ratio
- Total Tangible Net Worth

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023

15. Loans and borrowings (continued)

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

Security for the RCF comprises various pledges over the shares and claims of the Group's entities in Tanzania together with a debenture over the rigs in Tanzania and the assignment of material contracts and their collection accounts in each of Egypt, Tanzania and Mali.

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

(b) US\$40.5 million term loan provided by Macquarie Bank Limited (London Branch)

On 15 September 2022, the Group refinanced the senior secured, asset backed term loan facility with Macquarie Bank Limited. The term of the loan is three years repayable in quarterly instalments with an interest rate on the facility of the prevailing three-month SOFR plus a margin of 6.5% per annum (payable quarterly in arrears). The loan is secured over certain assets owned by the Group and currently located in Egypt together with guarantees provided by Capital Limited, Capital Drilling Egypt LLC. The Group drew an additional US\$8 million in 2023. As at 31 December 2023, the amount outstanding on the term loan was US\$32 million (2022: US\$33 million).

During the year under review, the Group has complied with all covenants attached to the term loan.

(c) Epiroc Financial Solutions AB credit agreements

The Group has a number of credit agreements with Epiroc, drawn down against the purchase of rigs. The term of the agreements is four years repayable in 46 monthly instalments. The rate of interest on most of the agreements is three-month SOFR plus a margin of 4.8%, with a fixed rate of interest of the remaining agreements of 8.5%. As at 31 December 2023, the total drawn under these credit agreements was US\$16.5 million (2022: US\$11.7 million).

No covenants are attached to this facility.

(d) US\$8.5 million term loan facility with Sandvik Financial Services AB (PUBL)

The Group has term loan facility agreement with Sandvik Financial Services AB (PUBL). The facility is for the purchase of equipment from Sandvik AB, available in not more than four tranches. Interest is payable quarterly in arrears at 5.45% per annum on the drawn amount. The facility is no longer available to drawn on and as at 31 December 2023 the balance outstanding was US\$4.2 million (2022: US\$5.9 million).

Additionally, the Group entered into a further US\$10 million facility agreement on 23 October 2023. The rate of interest on this agreement is fixed at 8.15%. As at 31 December 2023, the facility was undrawn.

No covenants are attached to this facility.

(e) US\$5 million facility with Caterpillar Financial Services

The Group entered into a US\$5 million facility agreement with Caterpillar Financial Services Corporation on 25 July 2023. The rate of interest on this agreement is three-month SOFR plus a margin of 5.25%. The term of the agreement is 2 years repayable in 8 quarterly instalments. All repayments can be subsequently redrawn. As at 31 December 2023, the facility was fully drawn at US\$5 million.

During the year under review, the Group has complied with all covenants attached to the facility.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023

16. Cash generated from operations

	2023	2022
	US\$'000	US\$'000
Profit before taxation	50,334	32,566
Adjustments for:		
Depreciation, amortisation and impairments	32,256	26,959
Loss on disposals	946	669
Depreciation of Right of use assets	7,510	3,457
Share-based payment	3,540	2,774
Fair value (gain)/ loss on financial assets	(2,914)	19,798
Interest income	(65)	(35)
Finance costs	13,002	7,356
Other non-cash items	34	-
Unrealised foreign exchange (gain) / loss on foreign cash held	(246)	1,355
Increase in expected credit loss provision	1,716	2,981
Bad debts written off	218	1,458
Changes in working capital:		
Increase in inventories	(3,227)	(20,760)
Increase in trade and other receivables	(15,568)	(4,885)
Increase / (decrease) in trade and other payables	7,146	(2,797)
(Decrease) / increase in provisions	(2,150)	2,637
Cash generated from operations	92,532	73,533

17. Commitments

The Group has the following commitments:

	2023	2022
	US\$'000	US\$'000
Committed capital expenditure	36,083	18,686

The Group had outstanding purchase orders amounting to US\$39.5 million (2022: US\$29.7 million) at the end of the reporting period of which US\$36.1 million (2022: US\$18.7 million) were for capital expenditure.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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18. Contingencies

As a result of the multiple jurisdictions in which the Group operates, there are a number of ongoing tax audits. In the opinion of Management none of these ongoing audits represent a reasonable possibility of a material settlement and as such, no contingent liability disclosure is required.

19. Events after the reporting period

There have been no significant events affecting the Group since the year end.

GLOSSARY

A description of various acronyms is detailed below:

ARPOR	Average Revenue Per Operating Rig
CAPEX	Capital Expenditure
EBIT	Earnings Before Interest and Taxes and fair value gain/loss on investments
EBITDA	Earnings Before Interest, Taxes, Depreciation, Amortisation and fair value gain/loss on investments
EBITDA (adjusted for IFRS 16 leases)	EBITDA pre fair value gain/ loss on investments, net of cash cost of the IFRS 16 leases
Cash from operations (adjusted for IFRS 16 leases)	Cash generated from operations net of cash cost of IFRS 16 leases
Basic EPS	Basic Earnings Per Share
Basic EPS (adjusted)	Basic Earnings Per Share adjusted for fair value gain/loss on investments
ETR	Effective Tax Rate
HSSE	Health, Safety, Social and Environment
KPI	Key Performance Indicator
LTI	Lost Time Injury
LTM	Last Twelve Months
PBT	Profit Before Tax
NPAT	Net Profit After Tax
Adjusted NPAT	NPAT pre fair value gain/ loss on investments
YOY	Year-On-Year
Return on capital employed	EBIT / Average capital employed
Average capital employed	Average yearly capital employed pre investments at fair value and goodwill.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES TO THE FINANCIAL RESULTS:

ARPOR can be reconciled from the financial statements as per the below:

	2023	2022
Revenue per financial statements (US\$'000)	318,424	290,284
Non-drilling revenue (US\$'000)	(114,249)	(89,793)
Revenue used in the calculation of ARPOR (US\$'000)	204,175	200,491
Monthly Average active operating Rigs	92	93
Monthly Average operating Rigs	125	118
ARPOR (US\$'000 per Rig)	186	180

EBITDA can be reconciled from the financial statements as per the below:

	2023 US\$'000	2022 US\$'000
Profit for the year	38,530	22,730
Depreciation	39,766	30,416
Taxation	11,804	9,836
Interest income	(65)	(35)
Finance charges	13,002	7,356
Fair value adjustments on financial assets	(2,989)	19,798
EBITDA	100,048	90,101

EBITDA can be reconciled from the financial statements as per the below:

	2023	2022
	US\$'000	US\$'000
Operating profit (EBIT)	60,282	59,685
Depreciation, amortisation and impairments	39,766	30,416
EBITDA	100,048	90,101
<hr/>		
Gross profit	146,900	134,432
Administration expenses	(46,852)	(44,331)
EBITDA	100,048	90,101
<hr/>		
EBITDA Margin	31.4%	31.0%

Adjusted EBITDA can be reconciled from the financial statements as per the below:

	2023	2022
	US\$'000	US\$'000
Operating profit (EBIT)	60,282	59,685
Depreciation, amortisation and impairments	39,766	30,416
Cash cost of IFRS 16 leases	(8,234)	(3,733)
Adjusted EBITDA	91,814	86,368
Adjusted EBITDA Margin	28.8%	29.8%

Adjusted cash from operations can be reconciled from the financial statements as per the below:

	2023	2022
	US\$'000	US\$'000
Cash generated from operations	92,532	73,533
Cash cost of IFRS 16 leases	(8,234)	(3,733)
Adjusted Cash from operations	84,298	69,800

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

	2023	2022
	US\$'000	US\$'000
Cash and cash equivalents	34,366	28,380
Long-term borrowings	(76,273)	(57,154)
Short-term borrowings	(27,925)	(18,465)
Net (debt)/ cash	(69,832)	(47,239)

The Adjusted EBIT used in the Adjusted ROCE can be reconciled from the financial statements as per the below:

Operating profit (EBIT)	60,282	59,685
Depreciation on IFRS 16 leases	7,510	3,457
Cash cost of IFRS 16 leases	(8,234)	(3,733)
Adjusted EBIT	59,558	59,409