

ÅRSREDOVISNING

2022-01-01--2022-12-31

för

Master Drilling Europe AB
556251-6772

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Master Drilling Europe AB
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ÅRSREDOVISNING FÖR MASTER DRILLING EUROPE AB

Styrelsen och verkställande direktören för Master Drilling Europe AB avger härmed årsredovisning för räkenskapsåret 2022-01-01--2022-12-31.

FÖRVALTNINGSBERÄTTELSE

Verksamhetens art och inriktning

Bolaget, som har sitt säte i Boliden, utför borrningar på entreprenad inom gruv- och anläggningsindustrin samt för infrastrukturella projekt. Bolaget ska huvudsakligen verka på den europeiska marknaden.

Väsentliga händelser under räkenskapsåret

Första halvåret 2022 var aningen trögt efter sviterna av Covid. Även om vi började se fler förfrågningar i slutet av 2021 så tog det en bit in på 2022 innan det började märkas på sysselsättningen och omsättningen. Andra halvan av 2022 har vi haft full beläggning då samtliga av våra operatörer har varit ute på projekt. Det för oss viktiga projektet TELT i Frankrike påbörjades till slut i oktober 2022 efter lång väntan. Uppstarten av projektet har gått enligt förväntan och bidragit till en positiv resultatutveckling under andra halvan av 2022. Vi lyckades också skriva till ett kontrakt i Spanien med både raiseborrning och betongsprutning. Denna order föranledde att vi tog ett ytterligare steg framåt med vår satsning på Iberiahalvön och vi rekryterade en projektledare och två lokala operatörer till vår spanska filial, i vilken vi i dagsläget har vi fyra anställda.

Ägarförhållanden

Bolaget är ett helägt dotterbolag till Master Drilling International Limited, registreringsnummer C57905, med säte Swatar, Malta. Moderbolaget i hela koncernen är Master Drilling Group Limited, registreringsnummer 2011/008265/06, med säte i Sydafrika. Koncernredovisning upprättas av Master Drilling Group Limited.

Omsättning, resultat och ställning (Tkr)

	2022	2021	2020	2019
Nettoomsättning	131 482	101 799	141 046	126 739
Resultat e. finansiella poster	28 719	6 289	17 836	10 104
Balansomslutning	195 828	126 880	134 979	138 035
Soliditet (1)	59,7%	74,4%	66,3%	54,9%
Avkastning på eget kapital (2)	21,6%	5,4%	17,0%	11,1%
Avkastning på totalt kapital (3)	18,1%	5,2%	13,4%	8,1%
Medelantal anställda	44	40	49	49

(1) Justerat eget kapital* / Balansomslutning

(2) (Nettoresultat före bokslutsdispositioner x 79,4%**) / Genomsnittligt justerat eget kapital

(3) (Resultat efter finansiella intäkter och kostnader + räntekostnader) / Genomsnittlig balansomslutning

*) Eget kapital inklusive 79,4%** av obeskattade reserver

**) 78,6% 2019 och 2020

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Väsentliga händelser på nya året och förväntad framtida utveckling

Precis som avslutningen på 2022 så har inledningen av 2023 varit mycket stark. Projektet TELT i Frankrike rullar på enligt plan och bidrar till stor del till den goda utvecklingen. Vi har fortfarande full beläggning på operatörerna och det ser ut att vara så fram till tidig höst och vi förväntar oss ett starkt första halvår. Under våren kommer vi att starta upp ytterligare projekt i Kittilä i Finland samt ett projekt inom infrastruktur i Stockholm och vi förväntar oss också en förlängning av vårt kontrakt på slot-borrning i Björkdalsgruvan. Under början av Q2 skrevs ett kontrakt med Boliden om att borra ett 1000 m schakt i Taragruvan på Irland. Om detta schakt blir framgångsrikt kommer vi att borra ytterligare ett schakt i direkt anslutning till det första till samma djup. Projektet i Tara förväntas starta under hösten 2023. Utsikten för året är god och vi ser fortsatt stor efterfrågan på våra tjänster.

Filialer och dotterbolag

Bolaget har fem stycken utländska filialer; Master Drilling Europe AB, filial Norge, orgnummer: 816 676 622, Bergteamet Raiseboring Europe AB, filial Finland, FO-nummer 2733333-1, Master Drilling Europe AB, filial Irland, reference No 3407952GH, Master Drilling Europe AB, filial Frankrike SIREN 912221884 samt Master Drilling Europe, filial Spanien, numero de identification W0094499A. Bolaget har också ett utländskt dotterbolag; Master Drilling Madencilik ve tiacaret limited Sirketi, dotterbolag i Turkiet, orgnummer: 146004-5.

Förändring i eget kapital

	Aktie- kapital	Reserv- fond	Fritt eget kapital	Årets resultat
Belopp vid årets ingång	2 000	400	87 057	4 907
Resultatdisposition enligt beslut vid årets bolagsstämma			4 907	-4 907
Årets resultat			0	22 532
Utgående balans	2 000	400	91 964	22 532

Förslag till vinstdisposition (Tkr)

Till bolagsstämmans förfogande står följande vinstmedel

Balanserade vinstmedel från föregående år	91 964
Årets resultat	22 532
	<u>114 496</u>

Styrelsen och verkställande direktören föreslår att

till aktieägarna utdelas	10 000
i ny räkning balanseras	104 496
	<u>114 496</u>

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Förslag till beslut om vinstutdelning

Styrelsen föreslår att utdelning lämnas med 10 000 000 kr, vilket motsvarar 500,00 kr per aktie.

Styrelsen föreslår att utbetalning av utdelningen ska ske i omedelbar anslutning till årsstämman.

Styrelsen anser att den föreslagna vinstutdelningen är försvarlig med hänsyn till de krav som verksamhetens art, omfattning och riskor ställer på storleken av det egna kapitalet samt bolagets konsolideringsbehov, likviditet och ställning i övrigt.

Yttrandet ska ses mot bakgrund av den information som framgår av årsredovisningen. Företagsledningen planerar inga väsentliga förändringar av befintlig verksamhet så som väsentliga investeringar, föräljningar eller avveckling.

Beträffande bolagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar, kassaflödesanalys samt tilläggsupplysningar. Alla belopp uttrycks i tusentals kronor där ej annat anges.

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Two handwritten signatures in black ink, one appearing to be 'JR' and the other a stylized 'D'.

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RESULTATRÄKNING

	Not	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Rörelsens intäkter			
Nettoomsättning	1	131 482	101 799
Övriga rörelseintäkter	2	14 331	6 928
		145 813	108 727
Rörelsens kostnader			
Råvaror och förnödenheter		-24 487	-22 476
Övriga externa kostnader	3,4	-24 973	-24 441
Personalkostnader	5	-43 931	-41 500
Avskrivningar av materiella anläggningstillgångar		-14 562	-12 029
Övriga rörelsekostnader		-9 550	-2 389
		28 310	5 892
Rörelseresultat			
	6	28 310	5 892
Resultat från finansiella poster			
Övriga ränteintäkter från koncernföretag		857	895
Räntekostnader och liknande resultatposter		-448	-498
		28 719	6 289
Resultat efter finansiella poster			
		28 719	6 289
Skatt på årets resultat	7	-6 905	-2 418
Uppskjuten skatt		718	1 036
		22 532	4 907
ÅRETS RESULTAT		22 532	4 907

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BALANSRÄKNING

	Not	2022-12-31	2021-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Materiella anläggningstillgångar			
Maskiner och andra tekniska anläggningar	8	77 675	35 892
Inventarier, verktyg och installationer	9	83	1 150
		77 758	37 042
Finansiella anläggningstillgångar			
Andelar i koncernföretag	10	36	36
Fordringar hos koncernföretag	11	1 177	1 217
		1 213	1 253
Summa anläggningstillgångar		78 971	38 295
Omsättningstillgångar			
Varulager m m			
Råvaror och förnödenheter		34 739	37 031
		34 739	37 031
Kortfristiga fordringar			
Kundfordringar		33 456	13 030
Fordringar hos koncernföretag		21 596	22 559
Skattefordran		668	215
Övriga fordringar		1 628	4 146
Förutbetalda kostnader och upplupna intäkter	12	2 013	607
		59 361	40 557
Kassa och bank	13	22 757	10 997
Summa omsättningstillgångar		116 857	88 585
SUMMA TILLGÅNGAR		195 828	126 880

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BALANSRÄKNING

	Not	2022-12-31	2021-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital	14		
Bundet eget kapital			
Aktiekapital		2 000	2 000
Reservfond		400	400
		2 400	2 400
Fritt eget kapital			
Balanserad vinst eller förlust		91 964	87 057
Årets resultat		22 532	4 907
	15	114 496	91 964
Summa eget kapital		116 896	94 364
Avsättningar			
Uppskjuten skatteskuld	16	1 604	2 322
		1 604	2 322
Långfristiga skulder			
Skulder till kreditinstitut	17	582	1 222
Övriga långfristiga skulder		16 640	0
		17 222	1 222
Kortfristiga skulder			
Skulder till kreditinstitut		650	3 009
Förskott från kunder		6 547	0
Leverantörsskulder		6 653	8 505
Skulder till koncernföretag		21 595	564
Övriga kortfristiga skulder		14 841	8 038
Upplupna kostnader och förutbetalda intäkter	18	9 820	8 856
		60 106	28 972
SUMMA EGET KAPITAL OCH SKULDER		195 828	126 880

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KASSAFLÖDESANALYS

	Not	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Den löpande verksamheten			
Rörelseresultat		28 310	5 892
Justeringar för poster som inte ingår i kassaflödet	19	14 562	12 028
		42 872	17 920
Erhållen ränta		857	895
Erlagd ränta		-448	-498
Betald inkomstskatt		-7 358	-2 559
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		35 923	15 758
Kassaflöde från förändringar i rörelsekapital			
Minskning(+)/ökning(-) av varulager/pågående arbeten		2 292	-581
Minskning(+)/ökning(-) av kundfordringar		-19 463	-8 075
Minskning(+)/ökning(-) av fordringar		1 112	-9 151
Minskning(-)/ökning(+) leverantörsskulder		19 179	2 846
Minskning(-)/ökning(+) av kortfristiga skulder		14 314	-7 885
Kassaflöde från den löpande verksamheten		53 357	-7 088
Investeringsverksamheten			
Förvärv av finansiella anläggningstillgångar		40	1 090
Förvärv av materiella anläggningstillgångar		-56 539	-3 160
Försäljning av materiella anläggningstillgångar		1 261	0
Kassaflöde från investeringsverksamheten		-55 238	-2 070
Finansieringsverksamheten			
Upptagna lån		16 675	873
Amortering av skuld		-3 034	-7 877
Kassaflöde från finansieringsverksamheten		13 641	-7 004
Årets kassaflöde		11 760	-16 162
Likvida medel vid årets början		10 997	27 159
Likvida medel vid årets slut	13	22 757	10 997

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TILLÄGGSUPPLYSNINGAR

Redovisningsprinciper

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 årsredovisning och koncernredovisning (K3).

Koncernförhållanden

Bolaget är ett moderbolag men med hänvisning till undantagsreglerna i ÅRL 7:2 upprättar Master Drilling Europe AB ingen koncernredovisning. Det överordnade moderbolaget Master Drilling Group Limited, registreringsnummer 2011/008265/06 med säte i Sydafrika, upprättar koncernens årsredovisning som finns tillgänglig på Master Drilling Group limiteds hemsida www.masterdrilling.com

Intäktsredovisning

Fakturerad försäljning omfattar försäljning av borrh- och reparationstjänster. För tjänsteuppdrag till fast pris redovisas de inkomster och utgifter som är hänförliga till ett utfört uppdrag som intäkt respektive kostnad i förhållande till uppdragets färdigställandegrad på balansdagen (successiv vinstavräkning). Ett uppdrags färdigställandegrad bestäms genom jämförelse av nedlagda utgifter i förhållande till beräknade totala utgifter. Om utfallet av ett uppdrag inte kan beräknas på ett tillförlitligt sätt redovisas intäkter endast i den utsträckning som motsvaras av de uppkomna uppdragsutgifter som sannolikt kommer att ersättas av beställaren. En befarad förlust på ett uppdrag redovisas omgående som kostnad.

För tjänsteuppdrag på löpande räkning redovisas inkomsten som är hänförlig till ett utfört tjänsteuppdrag som intäkt i takt med att arbete utförs och material levereras eller förbrukas.

Leasing

Leasingavtal som innebär att de ekonomiska riskerna och fördelarna med att äga en tillgång i allt väsentligt överförs från leasegivaren till bolaget, klassificeras i bolagets redovisning som finansiella leasingavtal. Finansiella leasingavtal medför att rättigheter och skyldigheter redovisas som tillgång respektive skuld i balansräkningen. Tillgången och skulden värderas till det lägsta av tillgångens verkliga värde och nuvärdet av minimileaseavgifterna. Utgifter som direkt kan hänföras till leasingavtalet läggs till tillgångens värde. Leasingavgifterna fördelas på ränta och amortering enligt effektivräntemetoden. Variabla avgifter redovisas som kostnad i den period de uppkommer. Den leasade tillgången skrivs av linjärt över leasingperioden.

Materiella anläggningstillgångar

Anläggningstillgångarna är redovisade till anskaffningskostnad med avdrag för planmässiga avskrivningar baserade på en bedömning av tillgångarnas ekonomiska livslängd. I anskaffningsvärdet ingår utgifter som direkt kan hänföras till förvärvet av tillgången.

Följande avskrivningstider tillämpas:

Maskiner och andra tekniska anläggningar
Inventarier, verktyg och installationer

5-12 år
3-10 år

Utgifter för löpande reparation och underhåll redovisas som kostnader.

Varulager

Varulagrets anskaffningsvärde fastställs genom tillämpning av först-in-först-ut-metoden (FIFU). Alla utgifter som är direkt hänförliga till anskaffningen av varorna ingår i anskaffningsvärdet.

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Fordringar

Fordringar är redovisade till det belopp varmed de beräknas inflyta efter avdrag för individuellt bedömda osäkra fordringar.

Fordringar och skulder i utländsk valuta

Monetära poster i utländsk valuta har värderats till balansdagens kurs och orealiserade kursvinster och kursförluster ingår i resultatet.

Finansiella instrument

Finansiella instrument som redovisas i balansräkningen inkluderar kundfordringar och övriga fordringar, leverantörsskulder och låneskulder. Instrumenten redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor. Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumenten har löpt ut eller överförs och bolaget har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten. Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

Kundfordringar och övriga fordringar: Fordringar redovisas som omsättningstillgångar med undantag för poster med förfallodag mer än 12 månader efter balansdagen, vilka klassificeras som anläggningstillgångar. Fordringar tas upp till det belopp som förväntas bli inbetalt efter avdrag för individuellt bedömda osäkra fordringar. Fordringar som är räntefria eller som löper med ränta som avviker från marknadsräntan och har en löptid överstigande 12 månader redovisas till ett diskonterat nuvärde och tidsvärdeförändringen redovisas som ränteintäkt i resultaträkningen.

Låneskulder och leverantörsskulder: Låneskulder och leverantörsskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader. Skiljer sig det redovisade beloppet från det belopp som ska återbetalas vid förfallotidpunkten periodiseras mellanskillnaden som räntekostnad över lånets löptid med hjälp av instrumentets effektivränta. Härigenom överensstämmer vid förfallotidpunkten det redovisade beloppet och det belopp som ska återbetalas.

Kvittning av finansiell fordran och finansiell skuld: En finansiell tillgång och en finansiell skuld kvittas och redovisas med ett nettobelopp i balansräkningen endast då legal kvittningsrätt föreligger samt då en reglering med ett nettobelopp avses ske eller då en samtida avyttring av tillgången och reglering av skulden avses ske.

Skatter

Aktuella skatter värderas utifrån de skattesatser och skatteregler som gäller på balansdagen. Uppskjutna skatter värderas utifrån de skattesatser och skatteregler som är beslutade före balansdagen. Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den utsträckning det är sannolikt att avdraget kan avräknas mot överskott vid framtida beskattning. Skattefordringar och skatteskulder netto redovisas endast när det finns en legal rätt till kvittning.

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Ersättningar till anställda

Kortfristiga ersättningar: Kortfristiga ersättningar utgörs av lön, sociala avgifter, betald semester, betald sjukfrånvaro och sjukvård. Kortfristiga ersättningar redovisas som en kostnad och en skuld då det finns en legal eller informell förpliktelse att betala ut en ersättning.

Ersättningar efter avslutad anställning: Bolagets anställda omfattas endast av avgiftsbestämda pensionsplaner. Bolaget betalar fastställda avgifter till ett annat företag och har inte någon legal eller informell förpliktelse att betala något ytterligare även om det andra företaget inte kan uppfylla sitt åtagande. Bolagets resultat belastas för kostnader i takt med att de anställdas tjänster utförs.

Ersättningar vid uppsägning: Ersättningar vid uppsägning utgår då beslut fattas att avsluta en anställning före den normala tidpunkten för anställningens upphörande eller då en anställd accepterar ett erbjudande om frivillig avgång i utbyte mot sådan ersättning. Om ersättningen inte ger företaget någon framtida ekonomisk fördel redovisas en skuld och en kostnad när företaget har en legal eller informell förpliktelse att lämna sådan ersättning. Ersättningen värderas till den bästa uppskattningen av den ersättning som skulle krävas för att reglera förpliktelsen på balansdagen.

Avsättningar

Avsättningar redovisas när företaget har ett befintligt åtagande hänförligt till en inträffad händelse och som troligt kommer att resultera i ett utflöde av resurser som kan uppskattas på ett tillförlitligt sätt. Företaget nuvärdesberäknar förpliktelser som väntas regleras efter mer än tolv månader. Eventuell ökning av avsättning som beror på att tid förflyter redovisas som räntekostnad.

Avsättningar för omstruktureringskostnader redovisas när koncernen har en fastställd detaljerad omstruktureringsplan som har meddelats berörda parter.

Kassaflödesanalys

Kassaflödesanalysen upprättas enligt indirekt metod. Det redovisade kassaflödet omfattar endast transaktioner som medfört in- eller utbetalningar. Som likvida medel klassificerar företaget, förutom kassamedel, disponibla tillgodohavanden hos banker och andra kreditinstitut. Förändringar i spärrade medel redovisas i investeringsverksamheten.

Noter

Not 1 Nettoomsättning per rörelsegren och geografisk marknad

Rörelsegren	2022	2021
Entreprenaduppdrag	131 482	101 244
Pumpreparation	0	555
Summa	131 482	101 799
Geografisk marknad	2022	2021
Norden	56 649	93 312
Europa exkl nord	56 368	1 328
Övriga marknader	18 465	7 159
Summa	131 482	101 799

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Not 2 Övriga rörelseintäkter	2022	2021
Valutakursvinst	8 708	1 404
Erhållna bidrag	1 847	2 395
Övriga ersättningar	3 776	3 129
Summa	14 331	6 928

Not 3 Uppllysning om revisorns arvode och kostnadsersättning	2022	2021
BDO Norr AB		
revisionsuppdrag	166	179
övriga uppdrag	0	0
EY		
revisionsuppdrag	0	0
övriga uppdrag	72	245
BHL DA (Norsk Filial)		
revisionsuppdrag	22	3
Summa	260	427

Med revisionsuppdrag avses granskning av årsredovisningen och bokföringen samt styrelsens och verkställande direktörens förvaltning, övriga arbetsuppgifter som det ankommer på bolagets revisorer att utföra samt rådgivning eller annat biträde som föranleds av iakttagelser vid sådan granskning eller genomförande av sådana övriga arbetsuppgifter. Allt annat är övriga uppdrag.

Not 4 Leasingavtal	2022	2021
Akkumulerade anskaffningsvärden	88 410	88 726
Akkumulerade avskrivningar	-78 330	-72 716
Utgående redovisat värde	10 080	16 010

Finansiell leasing avser främst vingar, stammar och bashuvuden.

Not 5 Antal anställda, löner och andra ersättningar	2022	2021
Medelantalet anställda med fördelning på kvinnor och män		
Kvinnor	6	5
Män	38	35
Totalt	44	40

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	2022-12-31	2021-12-31
Fördelning ledande befattningshavare per balansdagen		
Kvinnor:		
andra personer i företags ledning inkl VD	2	2
Män:		
styrelseledamöter	2	2
andra personer i företags ledning inkl VD	1	2
Totalt	5	6

	2022	2021
Löner och andra ersättningar		
Styrelsen och VD	1 129	517
Övriga anställda	26 842	25 596
Totala löner och ersättningar	25 713	26 113
Pensionskostnader styrelse och VD	740	159
Pensionskostnader övriga anställda	2 898	3 782
Sociala avgifter enligt lag och avtal	8 534	8 963
Totala löner, ersättningar, sociala kostnader och pensionskostnader	36 405	39 017

Not 6 Inköp och försäljningar mellan koncernföretag	2022	2021
Andel av årets totala inköp som skett från andra företag i koncernen	10,2%	10,1%
Andel av årets totala försäljningar som skett från andra företag i koncernen	15,9%	7,0%

Not 7 Skatt på årets resultat	2022	2021
Följande komponenter ingår i skattekostnaden:		
Aktuell skatt	-6 905	-2 418
Uppskjuten skatt avseende:		
Skillnad mellan bokförings- och skattemässiga avskrivningar	718	1 036
Redovisad skatt	-6 187	-1 382
Avstämning av effektiv skatt		
Redovisat resultat före skatt	28 719	6 289
Skatt enligt gällande skattesats*	-5 916	-1 296
Skatteeffekt av:		
Justering av skatt tidigare år		0
Ej avdragsgilla kostnader	1	-19
Ej skattepliktiga intäkter	1	-2
Ej redovisade leasingkostnader avseende finansiell leasing	-991	-1 101
Redovisad effektiv skatt	-6 905	-2 418

*20,6% 2022 & 2021

Master Drilling Europe AB
556251-6772

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Not 8 Maskiner och andra tekniska anläggningar	2022-12-31	2021-12-31
Ingående anskaffningsvärde	121 622	118 461
Inköp	56 454	3 161
Försäljningar/utrangeringar	-1 055	0
Utgående ackumulerade anskaffningsvärden	177 021	121 622
Ingående avskrivningar enligt plan	-85 730	-73 702
Försäljningar/utrangeringar	944	0
Årets avskrivningar enligt plan	-14 560	-12 028
Utgående ackumulerade avskrivningar	-99 346	-85 730
Utgående planenligt restvärde	77 675	35 892

Not 9 Inventarier, verktyg och installationer	2022-12-31	2021-12-31
Ingående anskaffningsvärde	1 378	1 643
Inköp	84	0
Omklassificeringar	-1 150	-265
Utgående ackumulerade anskaffningsvärden	312	1 378
Ingående avskrivningar enligt plan	-228	-228
Årets avskrivningar enligt plan	-1	0
Utgående ackumulerade avskrivningar	-229	-228
Utgående planenligt restvärde	83	1 150

Not 10 Andelar i koncernföretag	2022	2021
Ingående anskaffningsvärde	36	36
Utgående anskaffningsvärde	36	36

Företagets namn	Rösträttsandel %	Kapitalandel %	Bokfört värde
Master Drilling Madencilik ve tiacaret limited Sirketi	100%	100%	36
Summa			36

Företagets namn	Org.nr	Säte	Eget kapital	Resultat
Master Drilling Madencilik ve tiacaret limited Sirketi	146004-5	Maecidiyeköy	804	-160

Not 11 Fordringar hos koncernföretag	2022-12-31	2021-12-31
Ingående anskaffningsvärde	1 217	2 307
Avgående fordringar	-40	-1 090
Utgående ackumulerade anskaffningsvärden	1 177	1 217

^N Avser lån till dotterföretag

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Not 12 Förutbetalda kostnader och upplupna intäkter	2022-12-31	2021-12-31
Förutbetalda hyror	261	274
Upparbetad ej fakturerad intäkt	629	112
Övriga poster	1 123	221
Summa	2 013	607

Not 13 Likvida medel	2022-12-31	2021-12-31
Banktillgodohavanden	22 757	10 997
Summa	22 757	10 997

Limit avseende checkräkningskredit uppgår till 15 000 tkr.

Not 14 Antal aktier och kvotvärde	Antal aktier	Kvotvärde
A-aktier	20 000	100
	20 000	

Not 15 Disposition av vinst eller förlust	2022-12-31
Till bolagsstämmans förfogande står följande vinstmedel	
Balanserade vinstmedel från föregående år	91 964
Årets resultat	22 532
Summa	114 496

Styrelsen och verkställande direktören föreslår att

till aktieägarna utdelas	10 000
i ny räkning balanseras	104 496
	114 496

Not 16 Uppskjuten skatteskuld	2022-12-31	2021-12-31
Belopp vid årets ingång	2 322	3 357
Förändring av uppskjuten skatt på finansiell leasing	-718	-1 035
Summa	1 604	2 322

Not 17 Långfristiga skulder	2022-12-31	2021-12-31
Förfaller till betalning senare än fem år efter balansdagen:		
Skulder till kreditinstitut	0	0
Summa	0	0

N

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Not 18 Upplupna kostnader och förutbetalda intäkter	2022-12-31	2021-12-31
Upplupna räntekostnader	0	3
Upplupna löner	483	440
Upplupna semesterlöner	4 023	4 716
Upplupna sociala avgifter	1 880	2 301
Övriga poster	3 434	1 396
Summa	9 820	8 856

Not 19 Justeringar för poster som inte ingår i kassaflödet	2022-12-31	2021-12-31
Avskrivningar	14 562	12 028
Summa	14 562	12 028

Not 20 Ställda säkerheter	2022-12-31	2021-12-31
Skulder till kreditinstitut		
Företagsinteckningar	40 760	40 760
Övriga långfristiga skulder		
Maskiner som innehas enligt finansiellt leasingavtal	5 224	6 628
Summa	45 984	47 388

Master Drilling Europe AB
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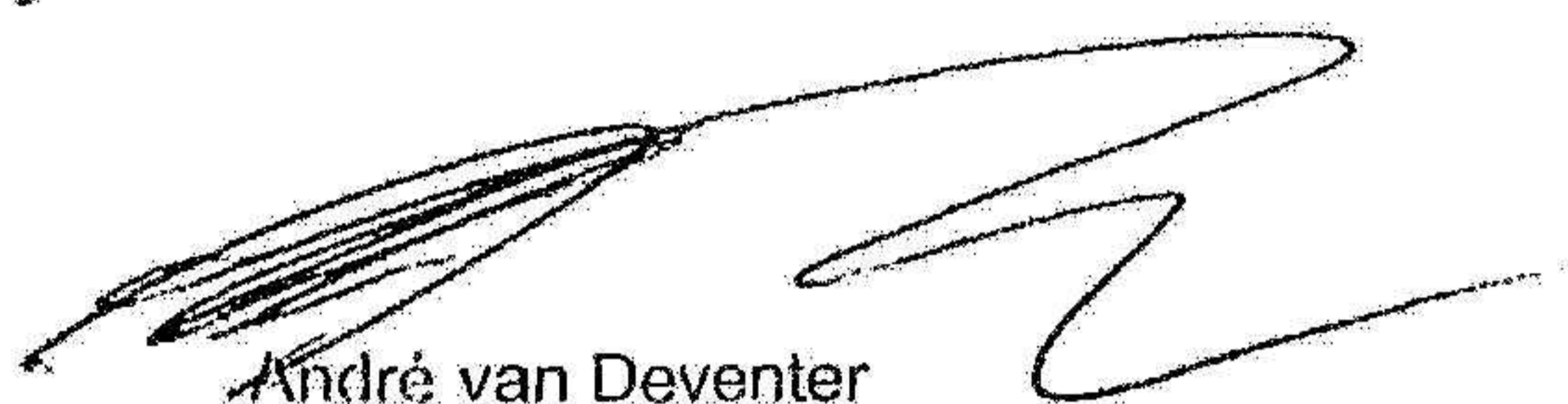
Not 21 Väsentliga händelser på nya året

Precis som avslutningen på 2022 så har inledningen av 2023 varit mycket stark. Projektet TELT i Frankrike rullar på enligt plan och bidrar till stor del till den goda utvecklingen. Vi har fortfarande full beläggning på operatörerna och det ser ut att vara så fram till tidig höst och vi förväntar oss ett starkt första halvår. Under våren kommer vi att starta upp ytterligare projekt i Kittilä i Finland samt ett projekt inom infrastruktur i Stockholm och vi förväntar oss också en förlängning av vårt kontrakt på slot-borring i Björkdalsgruvan. Under början av Q2 skrevs ett kontrakt med Boliden om att borra ett 1000 m schakt i Taragruvan på Irland. Om detta schakt blir framgångsrikt kommer vi att borra ytterligare ett schakt i direkt anslutning till det första till samma djup. Projektet i Tara förväntas starta under hösten 2023. Utsikten för året är god och vi ser fortsatt stor efterfrågan på våra tjänster.

Fochville, Sydafrika 2023-05-04



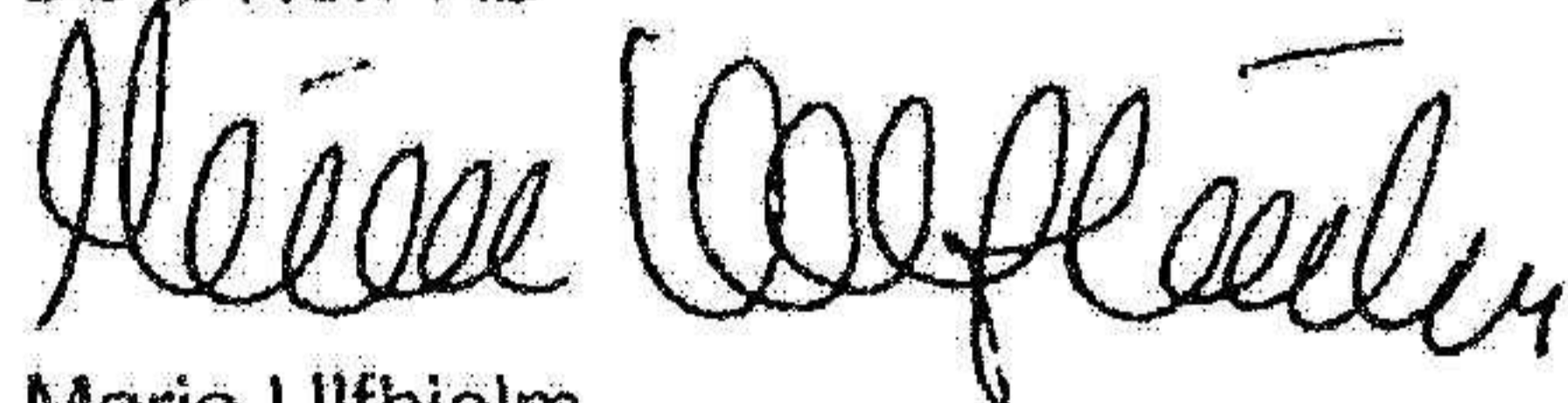
Joakim Furtenback
Verkställande Direktör



André van Deventer

Vår revisionsberättelse har avgivits den 2023-05-16

BDO Norr AB



Maria Ulfhielm
Auktoriserad revisor

REVISIONSBERÄTTELSE

Till bolagsstämman i Master Drilling Europe AB
Org.nr. 556251-6772

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Master Drilling Europe AB för år 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Master Drilling Europe ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Master Drilling Europe AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risker

för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.

- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.

- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.

- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.

- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar**Uttalanden**

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Master Drilling Europe AB för år 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionsred i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Master Drilling Europe AB enligt god revisorsred i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionsred i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionsred i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är

relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat styrelsens motiverade yttrande samt ett urval av underlagen för detta för att kunna bedöma om förslaget är förenligt med aktiebolagslagen.

Umeå den 16 maj 2023

BDO Norr AB



Maria Ulfhielm

Auktoriserad revisor



Fastställelseintyg

Undertecknad styrelseledamot och VD i Master Drilling Europe AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämman den 16 Maj 2023. Årsstämman beslutade att godkänna styrelsens förslag till hur vinsten ska disponeras.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Skellefteå den 16/5 2023



Joakim Furtenback

5. CONSOLIDATED ANNUAL FINANCIAL STATEMENTS



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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors of Master Drilling Group Limited and its subsidiaries (the Group) are required in terms of the South African Companies Act (Act 71 of 2008) (Companies Act), to maintain adequate accounting records and are responsible for the preparation, the content and integrity of the Group's annual financial statements and related financial information included in this report. It is their responsibility to ensure that the Group's annual financial statements fairly present the state of affairs of the Group at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS), the Companies Act and the Johannesburg Stock Exchange Limited (JSE) Listings Requirements. The external auditor is engaged to express an independent opinion on the Group's financial statements.

The Group's annual financial statements are prepared in accordance with IFRS, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements and are based upon appropriate accounting policies and the requirements of the Companies Act consistently applied and supported by reasonable and prudent judgements and estimates.

The audited financial statements have been prepared by the corporate reporting staff, headed by Willem Lignhlm CA(SA), André van Deventer CA(SA), the Group's Chief Financial Officer. The directors of Master Drilling Group Limited acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances, is above reproach. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Based on the information and explanations provided by management, the directors of Master Drilling Group Limited are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.


The directors of Master Drilling Group Limited have reviewed the Group's cash flow forecast for the year to 31 December 2023 and, in the light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future. The directors are responsible for the financial affairs of the Group.


The external auditor is responsible for independently auditing and reporting on the Group's financial statements. In accordance with section 29(1)(e)(ii) of the Companies Act, the financial statements of the Group, for the year ended 31 December 2022, have been audited by BDO South Africa Incorporated, the Group's independent external auditor, whose unqualified audit report can be found on www.masterdrilling.com.

Each of the directors, whose names are stated below, hereby confirm that:

- The annual financial statements as available on www.masterdrilling.com fairly present, in all material respects, the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the issuer;
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements having fulfilled our role and function as executive directors with primary responsibility for the implementation and execution of controls;
- Where we are not satisfied, we have disclosed to the Audit Committee and the auditor any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- We are not aware of any fraud involving directors.

The Group's audited annual financial statements as approved on 28 March 2023, which have been prepared on the going concern basis, were signed by the Chief Executive Officer and Chief Financial Officer on behalf of the Board of Directors.


Danie Pretorius
Chief Executive Officer


André van Deventer
Chief Financial Officer

While the directors are aware of their responsibility to communicate fraud incidents to the Audit Committee and auditor, no incidents of such fraud were identified for communication during the period under review.

AUDIT COMMITTEE REPORT

for the year ended 31 December 2022

This report is provided by the Audit Committee in respect of the 2022 financial period of the Group. The Group's Audit Committee was established as a statutory committee in terms of section 94(2) of the Companies Act and oversees Audit Committee matters for all of the South African subsidiaries within the Group, as permitted by section 94(2)(a) of the Companies Act.

The Audit Committee's operation is guided by detailed terms of reference, a copy of which can be found on the Group's website www.masterdrilling.com. The Audit Committee terms of reference are informed by the Companies Act, the JSE Listings Requirements as well as the corporate governance principles under the King IV Report on Corporate Governance principles South Africa, 2016™ and approved by the directors. The Audit Committee terms of reference are reviewed on an annual basis.

MEMBERSHIP

The Audit Committee consisted of four non-executive directors of whom three were independent at all times during the year. The members at the date of this report comprise Andries Brink (Chairman), Akhter Deshmukh, Shane Ferguson and Mamokete Ramathe. In addition, the Chief Executive Officer, Chief Financial Officer, the Group's Risk and Assurance Manager as well as the internal and external auditors are permanent invitees to the Audit Committee meetings. The Audit Committee meets at least four times a year and details of attendance are disclosed later in this report.

DUTIES AND RESPONSIBILITIES

The Audit Committee has executed its duties and responsibilities during the period in accordance with its terms of reference as they relate to the Group's accounting, internal auditing, internal control and financial reporting practices.

During the period under review, the committee engaged on the following:

In respect of the external auditor and the external audit, the Audit Committee, among other matters:

- Nominated BDO South Africa Incorporated as the external auditor for both the holding and subsidiary companies for the financial period ended 31 December 2023;
- Ensured that the appointment of the external auditor complied with all applicable legal and regulatory requirements for the appointment of an auditor. The Audit Committee confirms that the auditor is accredited by the JSE;

- Approved the external audit engagement letter, the audit plan and the budgeted audit fees payable to the external auditor for 2022;
- Obtained an annual written statement from the auditor that its independence was not impaired;
- Determined the nature and extent of all non-audit services provided by the external auditor and approved the applicable non-audit services undertaken;
- Considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, 2005, and determined that there were none; and
- Satisfied itself that the external auditor has been the auditor of the Group and its subsidiaries for eleven years. This includes a period of six years before a merger with its predecessor audit firm. The Audit Committee further satisfied itself that the current external audit partner are still within the prescribed period of seven years.

In respect of the annual financial statements, the Audit Committee, among other matters:

- Confirmed the going concern as the basis of preparation of the annual financial statements;
- Considered whether any complex taxation areas exist that could have a material impact on the financial statements and determined that matters identified are being addressed by management;
- Examined and reviewed the annual financial statements, as well as all financial information disclosed to the public prior to submission and approval by the directors;
- Ensured that the annual financial statements fairly present the financial position of the Group as at the end of the financial period;
- Considered the appropriateness of the accounting policies adopted and changes thereto;
- Reviewed the external auditor's audit report;
- Reviewed the representation letter relating to the annual financial statements which was signed by management;
- Considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the annual financial statements; and
- Considered the 2022 proactive monitoring report and other various JSE communications, where applicable.

AUDIT COMMITTEE REPORT continued

In respect of internal financial control and internal audit, the Audit Committee, among other matters:

- Established an independent in-house internal audit department along with existing external internal auditor with the necessary international presence and experience and was satisfied that it effectively provided objective and relevant assurance on the areas covered during the year;
- Reviewed internal audit reports and deliberated on the audit findings of the internal auditor as part of the internal audit work programme;
- Considered the Group's system of internal financial control, during the year under review, with input and reports from the independent internal auditor; and
- Considered the extended scope of the internal audit activities and actions taken by management to address identified control deficiencies.

In respect of legal and regulatory requirements, to the extent that these may have an impact on the annual financial statements, the Audit Committee:

- Reviewed with management legal matters that could have a material effect on the Group; and
 - Considered reports provided by management and the external auditor regarding compliance with legal and regulatory requirements.
- In respect of risk management and governance, the Audit Committee, among other matters:
- Reviewed the Group's enterprise risk management implementation and improvement initiatives and the combined assurance framework;
 - Reviewed the Group's combined assurance policy and framework; and
 - Formed an integral part of the risk management process and oversaw the Risk Committee functions.

In respect of the co-ordination of assurance activities, the Audit Committee reviewed the plans and outcomes as outlined in the combined assurance plan. Although the COVID-19 pandemic had an impact on the execution of audit plans, assurance activities were focused to address all significant financial and other risks facing the business.

In respect of the Company's Integrated Report, the Audit Committee collaborated with the Risk, Social, Ethics and Sustainability, Remuneration and Governance Committees to ensure the accuracy and completeness of the report.

- In addition, the Audit Committee:
- Considered the expertise, resources and experience of the finance function and concluded that these were appropriate;
 - Considered the experience and expertise of the Chief Financial Officer and concluded that these were appropriate;
 - Considered the key audit matters as determined by BDO South Africa Incorporated and as described in the independent auditor's report;
 - Reviewed sections 3, 8, 13, 15 and 22 and schedule 8 of the JSE Listings Requirements and confirmed that based on the amended requirements for the JSE-accreditation of auditors, effective 15 October 2017, the Audit Committee was satisfied that:
 - The audit firm has met all the criteria stipulated in the requirements, including that the audit regulator has completed a firm-wide independent quality control (ISQC 1) inspection on the audit firm during its previous inspection cycle;
 - The auditor has provided to the Audit Committee the required International Regulatory Board for Auditors inspection decision letters, findings report and the proposed remedial action to address the findings, both at the audit firm and the individual auditor levels; and
 - Both the audit firm and the individual auditor understand their roles and have the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities.

INDEPENDENCE AND SUITABILITY OF THE EXTERNAL AUDITOR

The Audit Committee is satisfied that BDO South Africa Incorporated is independent and suitable for the Group after taking the following factors into account:

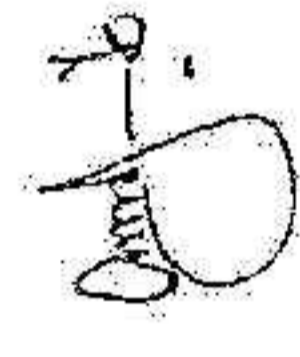
- Representations made by BDO South Africa Incorporated to the Audit Committee;
- The auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from the Group;
- The external auditor's independence was not impaired by any consultancy, advisory or other work undertaken by the external auditor;
- The external auditor's independence was not prejudiced as a result of any previous appointment as external auditor; and
- The criteria specified for independence by the Independent Regulatory Board for Auditors and International regulatory bodies.

ANNUAL FINANCIAL STATEMENTS

Following the review by the Audit Committee of the annual financial statements of the Group for the period ended 31 December 2022, the Audit Committee is of the view that, in all material aspects, they comply with the relevant provisions of the Companies Act, IFRS and the JSE Listings Requirements and fairly present the consolidated position at that date and the results of operations and cash flows for the period then ended.

Having satisfied itself in all respects, the Audit Committee has recommended the financial statements, for the period ended 31 December 2022, for approval to the directors. The directors have subsequently approved the financial statements, which will be open for consideration at the forthcoming Annual General Meeting.

On behalf of the Audit Committee



Andries Brink
Chairman of the Audit Committee

26 April 2023

MEMBERSHIP AND ATTENDANCE AT MEETINGS

The Audit Committee's members attended the following meetings:

Members	14 March 2022	16 March 2022 Special	2 June 2022	15 August 2022	17 November 2022
Andries Willem Brink	✓	✓	✓	✓	✓
Akhter Ali Deshmukh	✓	✓	✓	✓	✓
Shane Trevor Ferguson	✓	✓	✓	✓	✓
Mamokete Ramathe	✓	✓	✓	✓	✓

✓ Attended



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2022

	Audited 2022 USD	Audited 2021 USD	Notes	Audited 2022 USD	Audited 2021 USD
ASSETS					
Non-current assets					
Property, plant and equipment	152 274 557	151 329 760	3	41 411 477	143 909
Intangibles and goodwill	15 921 053	5 242 991	4	5 773 563	4 507 689
Financial assets	5 084 173	5 112 298		514 055	477 810
Deferred tax asset	2 860 120	1 308 218	14	3 270 349	3 932 115
Related party loans	1 577 056	101 900		500 182	-
Investment in joint venture	4 382 221	4 027 024	13	1 568 072	-
Investment in associates	790 777	5 693 903	11	-	1 195 290
	182 889 957	172 816 094		9 622 678	-
Current assets					
Inventories	46 529 294	33 553 420	10.3	9 956 970	8 636 487
Related party loans	729 641	-		72 617 346	18 893 300
Trade and other receivables	79 359 647	54 469 805		4 702 628	32 024 901
Current tax receivable	4 034 447	4 125 018	5	610 876	292 543
Call option asset	-	2 322 360	12	1 158 671	563 173
Derivative financial instruments	248 648	54 604		2 030 367	357 292
Cash and cash equivalents	30 669 450	22 789 752		7 344 355	5 435 563
	161 571 127	117 314 959		-	314 675
Total assets	344 461 084	290 131 053		57 335 004	35 516 720
EQUITY AND LIABILITIES					
Equity					
Share capital	149 365 330	149 259 486		424 288	195 422
Reserves	(124 051 438)	(110 319 177)		1 073 806	2 314 809
Retained income	145 107 125	137 593 905		5 626 167	4 726 181
	170 421 017	176 534 214		-	1 725 210
Non-controlling interest	18 710 890	9 834 821	10.3	2 405 669	-
	189 131 907	186 369 035		-	1 402 229
				82 711 831	84 868 718
				155 329 177	103 762 018
				344 461 084	290 131 053
LIABILITIES					
Non-current liabilities					
Interest-bearing borrowings				4 702 628	32 024 901
Lease liabilities				610 876	292 543
Instalment sales liabilities				1 158 671	563 173
Contract liability			14	2 030 367	357 292
Provisions				7 344 355	5 435 563
Contingent consideration				-	314 675
Contingent consideration				57 335 004	35 516 720
Put option liability for non-controlling interest			15	424 288	195 422
Deferred tax liability			10.3	1 073 806	2 314 809
				5 626 167	4 726 181
				-	1 725 210
				2 405 669	-
				-	1 402 229
				82 711 831	84 868 718
				155 329 177	103 762 018
				344 461 084	290 131 053
Current liabilities					
Interest-bearing borrowings				4 702 628	32 024 901
Lease liabilities				610 876	292 543
Instalment sales liabilities				1 158 671	563 173
Related party loans				2 030 367	357 292
Current tax payable				7 344 355	5 435 563
Put option liability			12	-	314 675
Trade and other payables			6	57 335 004	35 516 720
Derivative financial instruments				424 288	195 422
Provisions				1 073 806	2 314 809
Contract liability			14	5 626 167	4 726 181
Contingent consideration				-	1 725 210
Put option liability for non-controlling interest			15	-	-
Cash and cash equivalents			10.3	2 405 669	-
				-	1 402 229
				82 711 831	84 868 718
				155 329 177	103 762 018
				344 461 084	290 131 053

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022

	2022 USD	2021 USD
Revenue	226 393 741	171 836 530
Cost of sales	(161 478 511)	(123 198 088)
Gross profit	64 915 230	48 638 442
Other operating income	2 138 087	4 160 714
Other operating expenses	(31 933 529)	(23 994 766)
Movement of expected credit loss allowances	(22 614)	(1 032 149)
Operating profit	35 097 174	27 772 241
Investment income	893 544	518 961
Finance costs	(4 470 312)	(2 558 208)
Fair value adjustment	(167 929)	1 885 826
Share of profit from equity-accounted investments	1 376 748	521 402
Profit before taxation	32 729 225	28 140 222
Taxation	(10 412 013)	(8 225 912)
Profit for the year	22 317 212	19 914 310
Other comprehensive income that will subsequently be classified to profit or loss:		
Exchange differences on translating foreign operations	(13 686 597)	(9 678 052)
Other comprehensive loss for the year net of taxation	(13 686 597)	(9 678 052)
Total comprehensive income	8 630 615	10 236 258
Profit/(loss) attributable to:	22 317 212	19 914 310
Owners of the Parent	21 532 239	20 026 271
Non-controlling interest	784 973	(111 961)
Total comprehensive income/(loss) attributable to:	8 630 615	10 236 258
Owners of the Parent	7 845 642	10 348 219
Non-controlling interest	784 973	(111 961)
Earnings per share (USD)	14.2	13.2
Basic earnings per share (cents)		
Diluted earnings per share (USD)	14.2	13.2
Diluted basic earnings per share (cents)		
Earnings per share (ZAR)	232.5	195.3
Basic earnings per share (cents)		
Diluted earnings per share (ZAR)	232.5	195.3
Diluted basic earnings per share (cents)		

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	2022 USD	2021 USD
Cash flows from operating activities	35 282 480	42 952 024
Cash generated from operations	577 554	246 494
Interest received	1 763	—
Dividends received	(3 326 260)	(1 674 018)
Finance costs paid	(7 577 569)	(9 008 759)
Tax paid	24 957 968	32 515 741
Net cash inflow from operating activities	(21 369 195)	(17 533 557)
Cash flows from investing activities	—	(1 292 702)
Purchase of property, plant and equipment	1 919 155	927 792
Purchase of intangibles	(164 006)	(4 530)
Sale of property, plant and equipment	234 221	—
Advances to related parties	(1 196 968)	—
Proceeds from related parties	(349 350)	—
Payment of consideration for joint venture	—	(5 053 615)
Loss of control in subsidiary	—	(1 225 411)
Additional investment in associate	—	—
Acquisition of joint venture	(4 025 435)	—
Acquisition of business	(24 951 578)	(24 182 023)
Net cash outflow from investing activities	20 953 706	138 848
Cash flows from financing activities	(4 726 500)	(9 780 589)
Advance from financial liabilities	(355 167)	(502 810)
Repayment of financial liabilities	(734 616)	(565 495)
Repayment of capital portion of lease liabilities	(365 543)	—
Repayment of capital portion of instalment sale agreements	178 213	188 194
Advances received from related parties	(3 051 413)	—
Dividends paid to shareholders	(973 062)	(1 661)
Dividends paid to non-controlling interest	10 925 618	(10 523 513)
Net cash from financing activities	10 932 008	(2 189 795)
Total cash for the period	21 387 523	24 790 077
Cash at the beginning of the period	(1 650 081)	(1 212 759)
Effect of exchange rate movement on cash balances	30 669 450	21 387 523
Total cash at the end of the period	30 669 450	21 387 523

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Share capital		Equity arising on formation of the Group ¹		Foreign currency translation reserve ²		Transactions between equity holders ³		Share-based payments reserve		Total reserves		Retained income		Attributable to owners of the Parent		Non-controlling interest		Total shareholders' equity	
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Balance as at 31 December 2020	149 259 486	(58 264 013)	(44 123 128)	1 611 385	134 631	(100 641 125)	117 773 867	166 392 228	9 757 161	176 149 389										
Dividends declared by subsidiaries	-	-	-	-	-	-	-	-	-	(16 612)	-	-	-	-	-	-	-	-	-	(16 612)
Sale of interest in subsidiary	-	-	-	-	-	-	(206 233)	(206 233)	-	206 233	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	(9 678 052)	-	-	(9 678 052)	20 026 271	10 348 219	(111 961)	10 236 258										
Total changes	-	-	(9 678 052)	-	-	(9 678 052)	19 820 038	10 141 986	77 660	10 219 646										
Balance as at 31 December 2021	149 259 486	(58 264 013)	(53 801 180)	1 611 385	134 631	(110 319 177)	137 593 905	176 534 214	9 834 821	186 369 035										
Dividends declared by subsidiaries	-	-	-	-	-	-	-	-	(973 062)	(973 062)	-	-	-	-	-	-	-	-	-	(973 062)
Non-controlling equity contribution	-	-	-	-	-	-	559 560	559 560	537 616	1 097 176										
Change in control of subsidiary	-	-	-	-	-	-	-	-	8 526 542	8 526 542										
Put option liability for non-controlling interest	-	-	-	-	-	-	(11 527 166)	(11 527 166)	-	(11 527 166)										(11 527 166)
Issue of share capital for options exercised	105 844	-	-	-	(45 664)	(45 664)	-	60 180	-	60 180										60 180
Dividends to shareholders	-	-	-	-	-	-	(3 051 413)	(3 051 413)	-	(3 051 413)										(3 051 413)
Total comprehensive income for the year	-	-	(13 686 597)	-	-	(13 686 597)	21 532 239	7 845 642	784 973	8 630 615										
Total changes	105 844	-	(13 686 597)	-	-	(13 686 597)	7 513 220	(6 113 197)	8 876 069	2 762 872										
Balance as at 31 December 2022	149 365 330	(58 264 013)	(67 487 777)	1 611 385	88 967	(124 051 438)	145 107 125	170 421 017	18 710 890	189 131 907										

¹ Equity arising on formation of the Group – Equity that arose with the formation of the Group on the initial JSE listing.

² Foreign currency translation reserve – Equity that arose as a result of the consolidation of subsidiaries that have a different currency to that of the Group's reporting currency.

³ Transactions between equity holders – Equity that arose due to transactions between different equity holders on formation of the Group.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. ACCOUNTING POLICIES

Basis of presentation

The abridged audited financial results have been prepared in accordance with IAS 34: *Interim Financial Reporting*, IFRS, the requirements of the Companies Act, as amended, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements. The audited consolidated annual financial statements have been prepared on the historical cost basis, except for certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in United States Dollar (USD).

The significant accounting policies are consistent in all material respects with those applied in the previous year.

The consolidated annual financial statements for Master Drilling Group Limited (Registration number: 2011/008265/06), for the period ended 31 December 2022, have been audited by BDO South Africa Incorporated, the Company's independent external auditor, whose unmodified audit report, including the key audit matters, can be found on pages 6 to 10 of the consolidated annual financial statements 2022, which are available at www.masterdrilling.com.

These abridged financial results were extracted from the audited consolidated financial statements that have been prepared by the corporate reporting staff of Master Drilling, headed by William Ligthelm CA(SA), the Group's Financial Manager. This process was supervised by André van Deventer CA(SA), the Group's Chief Financial Officer.

The auditor's report does not necessarily report on all of the information contained in these abridged audited consolidated financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Group annual financial statements incorporate all entities which are controlled by the Group.

At inception, the Group's annual financial statements had been accounted for under the pooling of interest method as acquisition of entities under common control is excluded from IFRS 3. The entities had been accounted for at historical carrying values for the period presented.

Property, plant and equipment and intangibles assets

Property, plant and equipment are initially measured at cost and subsequently at cost less any accumulated depreciation and accumulated impairment losses.

Patents are acquired by the Group and have an indefinite useful life as the Group's plan and ability is to renew and maintain the patent indefinitely. It is expected that the patent will generate revenue for the Group for an unlimited period of time. Patents are carried at cost less accumulated impairment losses. Patents are assessed annually for possible impairment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment. Costs associated with equipment upgrades that result in increased capabilities or performance enhancements of property and equipment are capitalised. If a replacement part is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

An asset under construction will be reclassified to the relevant asset category as soon as it is available for use. Assets under construction are not depreciated.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Investment in associate

The results, assets and liabilities are incorporated in these consolidated annual financial statements using the equity method of accounting. An investment in associate is initially recognised in the consolidated statement of financial position at cost and adjusted for thereafter to recognise the Group's share of the profit or loss in associate and other comprehensive income of the associate.

Contingent consideration on investments in associates is included in the cost at its fair value on the acquisition date. Contingent consideration is classified as a financial liability and any subsequent remeasurement is capitalised to the cost of the investment.

Investment in joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

For all joint arrangements structured in separate vehicles, the Group assessed the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment required the Group to consider among others, the following factors to determine whether it has rights to the joint arrangement's net assets or rights to and obligations for specific assets, liabilities, expenses, and revenues:

- Structure;
- Legal form;
- Contractual agreement; and
- Other facts and circumstances.

Upon consideration of these factors, the Group's management has determined that all of its joint arrangements give it rights to and obligations for net assets and have therefore been classified as joint ventures.

Contingent consideration on investments in joint arrangements is included in the cost at its fair value on the acquisition date. Contingent consideration is classified as a financial liability and any subsequent remeasurement is capitalised to the cost of the investment.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary environment in which the entity operates, i.e. "functional currency". The consolidated annual financial statements are presented in USD (the "presentation currency"). Management believes that USD is more useful to the users of the consolidated financial statements, as this currency most reliably reflects the global business performance of the Group as a whole.

Going concern

The annual financial statements have been prepared on the going concern basis. This basis presumes that funds will be available to finance future operations for the next 12-month period and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Operating segments

Changes were made to the operating segments from those disclosed at 31 December 2021. These changes are aligned with the Group's strategic pillars and will enable the chief decision-maker, under direct supervision of the resident boards, to improve the management of performances and decisions on allocation of resources to the different segments. The comparative reporting periods were adjusted accordingly as the information was available.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

Changes to the Board

There were no changes to the Board since the previous reporting period except for Gary Sheppard who has, with effect from 24 March 2023, resigned as an executive director of the Company. He has been appointed as an alternate director to Danie Pretorius on the Board.

Annual General Meeting

The Annual General Meeting of Master Drilling Group Limited will be held at the BDO South Africa Incorporated offices, Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg, on Tuesday, 13 June 2023 at 09h00. More details on arrangements around the Annual General Meeting will be disclosed in the notice and proxy that will be available no later than 30 April 2023.

Subsequent events

The Board approved a dividend on 27 March 2023 of ZAR47,5 cents per share payable to shareholders recorded in the Company's share register on 19 May 2023. The dividend declared is not reflected in the financial statements for the year ended 31 December 2022.

The directors are not aware of any other matters or circumstances arising since the reporting date to the date of this report, not otherwise dealt with in this report.

Outlook and prospects

Despite the global uncertainty, we are confident that Master Drilling will perform well because of its long-term contracts, diversified footprint, proactive capital management and service orientation. The fleet utilisation is now moving towards the required benchmark of 75%. Capital management remains a top priority. The Group's diversification across regions, commodities, currencies and industries proved to be a key factor in this and will remain a key part of Master Drilling's strategy.

The Group remains committed to ensuring the safety of its people and will continue using innovative mechanised equipment in its operations. This is also the future of the industry, with an increased focus on mechanisation and remote operations, which is the space in which Master Drilling likes to operate and is well placed to compete. Opportunities to diversify outside of the traditional drilling business into areas such as artificial intelligence will also continue to be pursued.

The pipeline as at 31 December 2022 totalled USD567.9 million, while the committed order book totalled USD265.4 million for 2023 and beyond. In the short to medium term, the sales pipeline is expected to stabilise and increase with further tactical acquisitions and joint ventures supporting performance.

We will continue to invest in our people, and we have started to employ best practice in a number of areas within human capital that will ensure that we are an employer of choice and attract the best of the best in the industry.

There is an evolving commitment and enhanced contribution to all matters relating to environmental, social and governance. This is not just the right thing to do, it will also support industry objectives and ensure that Master Drilling remains sustainable into the future.

Master Drilling's technology and experience put the Group in a strong position to continue to support its clients' drive to improve productivity and efficiencies while reducing operational risk.

Ultimately, our strategic focus remains the same. We want to make a difference in the lives of our employees and our clients. We challenge the status quo and want to ensure we address the challenges of safety, cost and productivity in the way we work. Our 2023 focus will be on building a sustainable, diversified and scalable business through organic and acquisitive growth as well as formal partnerships and alliances.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost USD	Accumulated depreciation and impairment losses USD	Carrying value USD
2022			
Land and buildings	3 436 696	(323 563)	3 113 133
Right-of-use assets: Land and buildings	6 868 057	(1 400 888)	5 467 169
Instalment sale: Plant and machinery	5 686 422	(3 290 312)	2 396 110
Plant and machinery	194 311 636	(60 232 647)	134 078 989
Assets under construction	4 655 583	(2 567)	4 653 016
Furniture and fittings	1 567 821	(1 250 980)	316 841
Motor vehicles	6 868 527	(5 101 995)	1 766 532
Right-of-use assets: Motor vehicles	103 519	(18 440)	85 079
Information technology (IT) equipment	1 125 641	(727 953)	397 688
Total	224 623 902	(72 349 345)	152 274 557
2021			
Land and buildings	2 911 343	(808 832)	2 102 511
Right-of-use assets: Land and buildings	5 996 500	(2 014 106)	3 982 394
Instalment sale: Plant and machinery	5 696 718	(2 679 064)	3 017 654
Plant and machinery	190 255 715	(52 706 031)	137 549 684
Assets under construction	755 922	(2 567)	753 355
Furniture and fittings	1 439 757	(271 116)	1 168 641
Motor vehicles	5 769 745	(3 286 080)	2 483 665
Right-of-use assets: Motor vehicles	—	—	—
IT equipment	686 305	(414 449)	271 856
Total	213 512 005	(62 182 245)	151 329 760

Borrowing costs

No borrowing costs were capitalised to the cost of property, plant and equipment during 2022. (2021: USDnil).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

3. PROPERTY, PLANT AND EQUIPMENT continued
3.1 Reconciliation of property, plant and equipment

	Opening balance USD	Additions USD	Exchange difference on consolidation of foreign subsidiaries USD	Assets acquired through business combination USD	Reclassifications and transfers (to)/from intangibles USD	Disposals USD	Depreciation USD	Impairment/scrapping USD	Derecognition on loss of control USD	Re-measurement of right-of-use asset USD	Total USD
2022											
Land and buildings	2 102 511	848 782	243 348	36 905	-	(4 766)	(113 647)	-	-	-	3 113 133
Right-of-use assets: Land and buildings	3 982 394	1 619 746	(34 010)	526 626	-	-	(627 587)	-	-	-	5 467 169
Instalment sale: Plant and machinery	3 017 654	264 125	(130 314)	-	-	(449 756)	(305 599)	-	-	-	2 396 110
Plant and machinery	137 549 684	16 293 266	(5 696 847)	807 022	-	(567 183)	(11 885 613)	(658 265)	(1 763 075)	-	134 078 989
Assets under construction	753 355	3 934 548	(30 779)	-	-	(4 108)	-	-	-	-	4 653 016
Furniture and fittings	1 168 641	20 122	(280 863)	85 231	-	(43 241)	(633 049)	-	-	-	316 841
Motor vehicles	2 483 665	1 070 744	(517 463)	253 690	-	(72 112)	(1 451 992)	-	-	-	1 766 532
Right-of-use assets: Motor vehicles	-	107 708	(3 443)	-	-	-	(19 186)	-	-	-	85 079
IT equipment	271 856	242 098	47 441	13 401	-	(27 322)	(149 786)	-	-	-	397 688
	151 329 760	24 401 139	(6 402 930)	1 722 875	-	(1 168 488)	(15 186 459)	(658 265)	(1 763 075)	-	152 274 557
2021											
Land and buildings	2 085 861	291 869	(242 205)	-	-	-	(33 014)	-	-	-	2 102 511
Right-of-use assets: Land and buildings	3 703 062	-	(412 022)	-	-	-	(478 678)	-	-	1 170 032	3 982 394
Instalment sale: Plant and machinery	5 700 146	587 693	(381 874)	-	(2 158 071)	(3 941)	(726 299)	-	-	-	3 017 654
Plant and machinery	140 279 999	15 807 090	(13 002 276)	-	3 811 563	(188 169)	(9 158 523)	-	-	-	137 549 684
Assets under construction	942 741	179 712	(233 560)	-	(135 538)	-	-	-	-	-	753 355
Furniture and fittings	1 254 129	68 105	(2 281)	-	-	-	(151 312)	-	-	-	1 168 641
Motor vehicles	1 955 209	1 171 541	(49 312)	-	-	(32 881)	(560 892)	-	-	-	2 483 665
Right-of-use assets: Motor vehicles	-	-	-	-	-	-	-	-	-	-	-
IT equipment	360 729	29 347	(17 176)	-	-	(4 268)	(96 776)	-	-	-	271 856
	156 281 876	18 135 357	(14 340 706)	-	1 517 954	(229 259)	(11 205 494)	-	-	1 170 032	151 329 760

Security

Moveable assets to the value of ZAR1,8 billion (USD105,4 million at the closing spot rate) of the South African subsidiaries have been bonded to Absa Capital as security for an interest-bearing loan. Property, plant and equipment to the value of SEK40,8 million (USD4,0 million at the closing rate) of the European entity have been pledged to Swedbank as security for an interest-bearing loan.

Impairment

During the year, the businesses within the African region recognised impairment/scrapping of USD658 265. The future cash flows of these particular rigs were negatively affected by the type of drilling they were initially designed and built for, resulting in these becoming obsolete in the industry. There were no impairments of property, plant and equipment during the previous year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

4. INTANGIBLE ASSETS AND GOODWILL

	Notes	2022 USD	2021 USD
Intangible assets	4.1	8 152 825	2 446 297
Goodwill	4.2	7 768 228	2 796 694
Total		15 921 053	5 242 991

4.1 Intangible assets

	Cost USD	Accumulated amortisation and impairment losses USD	Carrying value USD
2022			
Computer software	1 661 465	(1 414 872)	246 593
Software licence agreements	6 942 368	-	6 942 368
Patents	963 864	-	963 864
Total	9 567 697	(1 414 872)	8 152 825
2021			
Computer software	1 619 577	(1 337 855)	281 722
Software licence agreements	1 196 447	-	1 196 447
Patents	968 128	-	968 128
Total	3 784 152	(1 337 855)	2 446 297

	Opening balance USD	Additions USD	Exchange difference on consolidation of foreign subsidiaries USD	Assets acquired through business combination USD	Reclassifi- cations and transfers (to)/from intangibles USD	Deemed disposal on obtaining control USD	Amortisation USD	Impairment of intangible assets USD	Total USD
2022									
Computer software	281 722	-	37 212	1 120	-	-	(51 839)	(21 622)	246 593
Software licence agreements	1 196 447	-	(51 062)	6 911 133	-	(1 114 150)	-	-	6 942 368
Patents	968 128	-	(4 264)	-	-	-	-	-	963 864
Total	2 446 297	-	(18 114)	6 912 253	-	(1 114 150)	(51 839)	(21 622)	8 152 825
2021									
Computer software	384 878	3 697	1 403	-	-	-	(108 256)	-	281 722
Software licence agreements	-	1 289 005	(92 558)	-	-	-	-	-	1 196 447
Patents	202 482	-	(16 218)	-	781 864	-	-	-	968 128
Total	587 360	1 292 702	(107 373)	-	781 864	-	(108 256)	-	2 446 297

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

4. INTANGIBLE ASSETS AND GOODWILL continued

4.1 Intangible assets continued

Software licence agreement

The Group is a co-licensor of software licence agreements and acquired on additional stake during the current year. This software licence agreement provides a fully integrated solution to clients for monitoring and tracking of plant and human resources on mines to ensure compliance with policies, practices and procedures in force in the mines. It also promotes and enhances safety and productivity on the mines and provides intelligence to management of mines for the development of future resource strategies.

In July 2021, the Group acquired an approximate 25% in software licence agreements as part of the transaction related to the investment in associate of A&R Engineering and Mining Services Proprietary Limited and related companies (A&R Group) and Lamproom Solutions and Consulting. As part of the option exercised during the year (refer to note 12), the Group acquired an approximate 26% additional stake holding in software licence agreements. The software licence agreements have been identified as a separate identifiable intangible asset related to the A&R Group business combination. Refer to note 10.3 for more information.

Patents

The Group owns a patent it acquired from an external party when the drawings and design for its Shaft Boring System (SBS) were approved. The patent relates to the specific design and functioning of the SBS that is currently being manufactured and tested by the Group.

Impairment testing

For the purpose of annual impairment testing, patents are allocated to plant and machinery within the Group which are expected to benefit from the use of the patent while software licence agreements are assessed for the royalties they could potentially earn over a forecast period of seven years discounted by a suitable rate. The period of seven years deviates from the suggested five years due to the fact that the project for which the patent will be used will have a slow start-up, as the concept, even though tested before being put into working condition, might still have some aspects that need to be modified to be fully operational as intended.

The recoverable amount of the software licence agreements and patents was determined based on a value-in-use calculation covering a five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using the growth rates determined by management. The present value of the expected cash flows of the cash-generating unit is determined by applying a suitable discount rate. Discount and growth rates used are based on industry-linked market conditions and are not reasonably expected to change significantly that it could result in impairment.

The recoverable amount for the individual cash-generating units utilising the software licence agreements and patents exceeds the carrying value by USD2,709,170 (2021: USDnil) and USD539,830 (2021: USD2,475,460), respectively.

	Growth rate 2022 %	Discount rate 2022 %	Growth rate 2021 %	Discount rate 2021 %
Software licence agreements	4.50	32.59	0.00	16.00
Patents	4.50	24.73	3.40	16.00

Growth rates

The growth rates reflect the long-term average growth rates for the cash-generating units. Growth rates are based on the average inflation rates forecast for regions that the intangible assets will operate in.

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors for the region within which the intangible assets are expected to operate.

Cash flow assumptions

Management's key assumptions include the present value of the cash flows expected to be generated by utilisation of the intangible assets, discounted at the applicable market indicative rates. Five-year cash flow projections reflect these benefits to be realised.

4.2 Goodwill

	2022 USD	2021 USD
Goodwill recognised from value chain business combinations	2,162,370	2,341,256
Goodwill recognised from raise bore business combinations	445,038	455,439
Goodwill recognised from software support services	5,160,820	—
Goodwill recognised from business combinations	7,768,228	2,796,694

	Opening balance USD	Additions USD	Exchange difference on consolidation of foreign subsidiaries USD	Total USD
2022				
Goodwill recognised from value chain business combinations	2,341,256	—	(178,886)	2,162,370
Goodwill recognised from raise bore business combinations	455,439	—	(10,401)	445,038
Goodwill recognised from software support services	—	5,107,039	53,781	5,160,820
Goodwill recognised from business combinations	2,796,695	5,107,039	(135,506)	7,768,228
2021				
Goodwill recognised from value chain business combinations	2,324,063	—	17,193	2,341,256
Goodwill recognised from raise bore business combinations	537,499	—	(82,060)	455,439
Goodwill recognised from software support services	—	—	—	—
Goodwill recognised from business combinations	2,861,562	—	(64,867)	2,796,695

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the cash-generating units which are expected to benefit from the synergies of the business combination in which the goodwill arose.

The recoverable amount was determined based on a value-in-use calculation covering a five-year forecast, followed by an extrapolation of expected cash flows for the remaining forecast period using the growth rates determined by management. The present value of the expected cash flows of the cash-generating unit is determined by applying a suitable discount rate. Discount and growth rates used are based on industry-linked market conditions and are not reasonably expected to change significantly that it could result in impairment.

The recoverable amount for the raise bore cash-generating unit exceeds the carrying value by USD1,989,211 (2021: USD1,138,638). The recoverable amount of the value chain cash-generating unit exceeds the carrying value by USD7,577,550 (2021: USD4,391,414), while the recoverable amount of the software support services exceeds the carrying amount by USD1,026,301 (2021: USDnil).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

4. INTANGIBLE ASSETS AND GOODWILL continued

4.2 Goodwill continued

	Growth rate 2022 %	Discount rate 2022 %	Growth rate 2021 %	Discount rate 2021 %
Value chain business combination	3.00	12.51	4.00	11.55
Software support services	4.50	25.65	N/A	N/A
Raise bore business combination	2.45	23.88	2.45	13.38

Growth rates

the growth rates reflect the long-term average growth rates for the cash-generating units.

Discount rates

the discount rates reflect appropriate adjustments relating to market risk and specific risk factors related to the industries and markets within which the businesses attracting goodwill operate.

Cash flow assumptions

Management's key assumptions include the present value of the cash flows expected to be generated by utilisation of the intangible assets discounted at the applicable market indicative rates. Five-year cash flow projections reflect these benefits to be realised.

5. TRADE AND OTHER RECEIVABLES

	2022 USD	2021 USD
Trade receivables	59 973 365	42 254 945
Trade receivables – Normal (gross)	63 566 215	46 584 592
Trade receivables – Retention (gross)	1 213 210	471 184
Expected credit loss allowance of trade receivables	(4 806 060)	(4 800 831)
Contract asset	5 794 169	–
Loans to employees	270 735	117 181
Prepaid expenses	7 808 828	4 637 430
Deposits	291 886	941 917
Indirect taxes	4 083 177	5 106 153
Other receivables	1 137 487	1 412 179
Total	79 359 647	54 469 805

Trade receivables of South African subsidiaries have been ceded to Absa Capital as security for an interest-bearing loan. Retention receivables are collectable within a period of 12 months.

Trade receivables are assessed for recoverability using the expected credit losses matrix. The matrix is determined based on the underlying economic factors of each of the countries that the subsidiaries operate within.

The Group's policy does not allow for loans to employees to exceed the monetary value of earnings due to the employee in the notice period. As a result, no expected credit loss allowances have been recognised.

Deposits represent deposits held as security for rentals and utilities across the world where the Group operates. Deposits are generally a month's rental and/or payment in advance, and no expected credit losses have been recognised as one would expect to still receive the service for the month that notice is given by the supplier.

Retention trade receivables are considered for expected credit losses based on the same assumptions as for normal trade receivables. The expected credit losses remained fairly consistent year-on-year. This is due to the mix of the specific risk factors across the various jurisdictions the Group operates within.

The Group assesses the recoverability of its other receivables based on the underlying economic factors of each of the countries that the subsidiaries operate within.

The movement in expected credit losses is presented below:

	2022 USD	2021 USD
Balance 1 January	4 800 831	3 731 677
Exchange differences on translation of foreign operations	(106 682)	37 005
Expected credit loss adjustment on business combination	89 297	–
Amounts written off	–	–
Allowance for credit losses recognised	22 614	1 032 149
	4 806 060	4 800 831
Gross trade receivables per region		
Africa	25 899 131	17 038 685
Central and North America	9 671 893	6 526 545
Rest of the world	7 817 418	7 430 734
South America	21 390 983	16 059 811
Expected credit losses matrix	64 779 425	47 055 776

Africa		
Current	4.05% to 4.55%	3.15% to 3.96%
30 days	4.15% to 4.65%	3.25% to 4.06%
31 to 60 days	4.40% to 4.90%	3.50% to 4.31%
61 to 90 days	4.90% to 5.40%	4.00% to 4.81%
90+ days	5.90% to 6.40%	4.50% to 5.21%
Rest of the world		
Current	0.10% to 4.05%	0.15% to 3.15%
30 days	0.15% to 4.15%	0.10% to 3.25%
31 to 60 days	0.35% to 4.40%	3.00% to 3.50%
61 to 90 days	0.55% to 4.90%	3.55% to 4.00%
90+ days	0.70% to 5.15%	4.10% to 4.50%
Central and North America		
Current	2.17% to 2.47%	2.21% to 2.52%
30 days	2.57% to 2.67%	2.55% to 2.69%
31 to 60 days	2.82% to 2.99%	2.88% to 3.03%
61 to 90 days	3.32% to 3.46%	3.43% to 3.66%
90+ days	3.69% to 3.94%	3.77% to 3.99%
South America		
Current	3.31% to 3.51%	3.41% to 3.71%
30 days	3.41% to 3.65%	3.51% to 3.75%
31 to 60 days	3.66% to 3.99%	3.76% to 4.09%
61 to 90 days	4.16% to 4.31%	4.06% to 4.44%
90+ days	4.33% to 4.58%	4.19% to 4.85%

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

5. TRADE AND OTHER RECEIVABLES continued

	2022 USD	2021 USD
The carrying amount in USD of trade and other receivables is denominated in the following currencies:		
United States Dollar (USD)	25 870 621	15 932 427
South African Rand (ZAR)	19 901 000	11 978 717
Brazilian Real (BRL)	6 120 217	5 043 442
Chilean Peso (CLP)	13 481 684	7 559 807
Peruvian Nuevo Sol (PEN)	1 421 086	1 357 156
Chinese Yuan Renminbi (CNY)	280 618	449 573
Guatemalan Quetzal (GTQ)	91 004	8 677
Zambian Kwacha (ZMW)	8 010	577 135
Colombian Peso (COP)	1 242	3 867
Swedish Krona (SEK)	3 532 451	1 971 939
Australian Dollar (AUD)	140 962	1 585 708
Canadian Dollar (CAD)	3 180 354	3 291 519
Indian Rupee (INR)	5 330 398	4 709 838
	79 359 647	54 469 805

6. TRADE AND OTHER PAYABLES

	2022 USD	2021 USD
Trade payables	24 254 945	21 466 659
Accruals	13 993 467	—
Indirect taxes	5 872 703	3 591 463
Leave pay accruals	3 465 954	2 579 363
Consideration payable*	2 665 460	1 077 444
Employee-related	5 550 939	5 299 258
Other payables	1 531 536	1 502 533
	57 335 004	35 516 720

* Included in consideration payable is an amount of USD 568 072, the short-term portion, payable to Newham Proprietary Limited which is also disclosed as a joint venture partner.

7. REVENUE

	2022 USD	2021 USD
Revenue from contracts with clients	212 948 610	171 836 530
Rendering of services	13 445 131	—
Sale of goods	226 393 741	171 836 530
Disaggregation of revenue from contracts with clients		
The Group disaggregates revenue from clients as follows:		
Rendering of services	212 948 610	171 836 530
Sale of goods	13 445 131	—
	226 393 741	171 836 530
Timing of revenue recognition		
Over time	212 948 610	171 836 530
Rendering of services	—	—
At a point in time	13 445 131	—
Sale of goods	—	—

8. TAXATION

8.1 Taxation

	2022 USD	2021 USD
Current		
Normal taxation	9 610 429	8 110 512
Current taxation	11 039 947	7 329 220
(Over)/under provision	(1 429 518)	781 292
Deferred taxation	707 972	115 400
Deferred taxation: Temporary differences	743 198	115 400
Deferred taxation: Change in taxation rate	(35 226)	—
Dividend withholding taxation	93 612	—
	10 412 013	8 225 912
Reconciliation of the tax expense		
Accounting profit	32 729 225	28 140 222
Tax at the applicable tax rate — Average rate 34% (2021: 29%)	10 974 214	8 186 804
Over provision	(1 429 518)	(781 292)
Change in taxation rate	(35 226)	—
Interest accrued in respect of taxes	—	72 924
Imputed tax on controlled foreign companies	—	1 773 591
Exempt income — Dividends and royalties received	(375 709)	(7 197)
Non-deductible expenses — Fines and penalties	374 178	201 759
Estimated loss not recognised	1 092 122	183 057
Utilisation of estimated loss previously not recognised	(188 048)	(1 403 734)
Taxation per statement of profit or loss and other comprehensive income	10 412 013	8 225 912

Deferred taxation assets have been recognised in respect of tax losses and temporary differences where, having reviewed the financial projections of the Group, the directors are of the opinion that it is probable that these assets will be recoverable.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

8. TAXATION continued

8.1 Taxation continued

The applicable tax rate has increased compared to the prior year. This is due to no deferred taxation raised on certain estimated tax losses due to the different profit mixes between the different tax jurisdictions with different tax rates.

The total unrecognised assessed loss at 31 December 2022 is USD5 107 581 (2021: USD3 589 869).

	2022 USD	2021 USD
Normal taxation charge/(benefit) per entity within the Group		
MD Drilling Services Tanzania Limited	42 595	-
Master Drilling Europe AB	682 070	302 349
Drilling Technical Services Proprietary Limited	(226 675)	622 665
Drilling Technical Services SAC	324 181	21
Master Drilling Proprietary Limited	152 846	380 124
Master Drilling Changzhou Co Limited	750 989	116 219
Master Drilling do Brasil Limitada	331 003	513 597
MDG Shared Services Proprietary Limited	73 186	-
Master Drilling Ghana Limited	-	473 236
Master Drilling Mining Services Proprietary Limited	92 615	107 858
Master Drilling Mali SRL	101 659	64 725
MDX Masterdrill Exploracoes E Sondagens Limitada	222 190	70 711
Master Drilling Group Limited	(484 661)	1 820 515
Master Drilling India Limited	1 809 494	998 445
Master Drilling International Limited	295 358	604 306
Master Drilling Madencilik Ve Ticaret Limited Sirketi	(5 364)	-
Master Drilling Malta Limited	915 382	652 150
Consorsio Master Drilling Besalco SA	396 499	349 307
Master Drilling Peru SAC	6 482	-
Master Drilling RDC sprl	-	766 378
Master Mining Proprietary Limited	101 485	-
Master Drilling USA LLC	155 410	-
Master Drilling Zambia Limited	45 710	(649 892)
MD Botswana Proprietary Limited	-	112 975
Master Drilling Services Ecuador SA	-	262 855
MD Katanga Drilling Company SAS	938 588	539 436
A&R Engineering and Mining Services Proprietary Limited and related companies	357 407	-
Embedded IQ Proprietary Limited	283 075	-
Embedded Works Proprietary Limited	54 444	-
Lamproom Solutions and Consulting Proprietary Limited	87 132	-
Moxie Digital Proprietary Limited	58	-
Master Drilling Mexico SA	1 195 581	-
Master Drilling Chile SA	863 818	-
Drilling Admin Services SAC	43 126	-
MD Training Services Proprietary Limited	4 746	2 532
	9 610 429	8 110 512

There were no changes in normal income tax rates within the Group during 2022. The Group, however, accrued deferred taxation on the South African subsidiaries with the change in tax rate from 28% to 27% effective 31 March 2023.

9. EARNINGS PER SHARE

	2022 USD	2021 USD
Reconciliation between earnings and headline earnings		
Basic earnings for the year	22 317 212	19 914 310
<i>Deduct:</i>		
Non-controlling interest	(784 973)	111 961
Attributable to owners of the Parent	21 532 239	20 026 271
Gain on disposal of property, plant and equipment	(750 665)	(698 533)
Loss/(gain) on disposal of property, plant and equipment from equity-accounted investments	5 715	(7 105)
Impairment of property, plant and equipment	658 265	-
Impairment of intangibles	21 622	-
Impairment of property, plant and equipment from non-controlling interest	(171 149)	-
Fair value adjustment on step-up acquisition	213 367	-
Gain on loss of control of subsidiary	(109 599)	-
Loss on disposal of property, plant and equipment from non-controlling interest	64 321	8 068
Tax effect on gain on disposal of property, plant and equipment and impairments	35 553	197 848
Tax effect on gain on disposal of property, plant and equipment and impairments from equity-accounted investments	(1 600)	1 989
Tax effect on gain on disposal of property, plant and equipment and impairments from non-controlling interest	29 912	-
Headline earnings for the year	21 527 981	19 528 538
Earnings per share (cents)	14.2	13.2
Diluted earnings per share (cents)	14.2	13.2
Headline earnings per share (cents)	14.2	12.9
Diluted headline earnings per share (cents)	14.2	12.9
Dividends per share (cents)	32.5	-
Weighted average number of ordinary shares at the end of the year for the purpose of basic earnings per share and headline earnings per share	151 319 215	151 262 777
Effect of dilutive potential ordinary shares – employee share options*	50 198	-
Weighted average number of ordinary shares at the end of the year for the purpose of diluted basic earnings per share and diluted headline earnings per share	151 369 413	151 262 777

* None of the share options were considered dilutive in the current year. The total number of share options in issue is disclosed in note 34 to the full consolidated annual financial statements.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

10. CASH GENERATED FROM OPERATIONS

10.1 Cash generated from operations

	2022 USD	2021 USD
Profit before taxation	32 729 225	28 140 222
Adjustments for:		
Depreciation and amortisation	15 238 298	11 313 750
Fair value adjustment on derivatives	34 822	140 818
Fair value adjustment for options	(45 438)	(2 007 685)
Impairment of property, plant and equipment	679 887	-
Profit from equity-accounted investments	(1 376 748)	(521 402)
Unrealised foreign exchange movements	1 880 083	1 159 237
Fair value adjustment for previously held interest in associate	213 367	-
Put option for non-controlling interest expense	501 181	-
Gain on loss of control of subsidiary	(219 200)	-
Gain on disposal of fixed assets	(750 667)	(698 532)
Movement in expected credit loss allowance	22 614	1 032 149
Movement in allowance for obsolete inventory	366 416	170 052
Dividends received	(315 990)	(272 467)
Interest received	(577 554)	(246 494)
Movement in provisions	(440 530)	2 314 810
Derivative financial instrument settled in cash	-	18 959
Finance costs	4 470 312	2 558 208
Changes in working capital		
Inventories	(6 880 592)	(12 167 408)
Trade and other receivables	(25 418 721)	(13 402 969)
Trade and other payables	14 810 593	16 762 480
Contract liability	361 122	8 658 296
	35 282 480	42 952 024

10.2 Tax paid

	2022 USD	2021 USD
Reported as at 1 January	1 310 545	2 927 676
Acquired through business combination	196 833	-
Current tax for the period recognised in profit or loss	9 610 429	8 110 512
Interest accrued in respect of taxation	-	260 194
Exchange effect on consolidation of foreign subsidiaries	(230 330)	(979 079)
Balance at the end of the period	(3 309 908)	(1 310 544)
	7 577 569	9 008 759

10.3 Net cash flow on business combination
During August 2021, the Group purchased an approximate 25% equity interest in A&R Group, incorporated in South Africa, for ZAR67,0 million (USD4,3 million). These companies specialise in data-driven mine fleet management solutions and are currently primarily operating within the African segment of the Group. These companies are currently the leading operators in the underground rail bound and trackless equipment hardware environment in terms of management systems and intelligent devices installed across various mining operations. The investment is aligned with the strategic intent of Master Drilling to diversify its range of services to include services that are not necessarily drilling-related but focused on technology that can improve the safety and operational performance of miners globally. This transaction will better diversify overall market exposure and add additional revenue streams to the Group. As at 31 December 2021, the Group had a contingent consideration payable that amounted to ZAR8,4 million (USD0,5 million). The contingent consideration was finalised during the year, adjusted upwards by ZAR17,8 million (USD1,0 million) and settled when control was obtained. Refer to note 11.2.

During August 2022, the Group exercised its option to acquire an approximate additional 26% shareholding in A&R Group. As a result, the Group obtained control of these companies and consolidated accordingly.

The accounting for the business combination has been accounted for provisionally. Amounts recognised are subject to change in accordance with the requirements of IFRS 3, which permits the acquirer to use provisional amounts for the items for which the accounting is incomplete. A detailed purchase price allocation is being performed and the directors currently anticipate that there will be a possible fair value revaluation of underlying assets, including intangible assets and liabilities. The purchase price allocation will be finalised by 28 August 2023.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

10. CASH GENERATED FROM OPERATIONS continued

10.3 Net cash flow on business combination continued

The provisional carrying amounts of assets and liabilities assumed at the date of acquisition were:

	2022 USD	2021 USD
Assets		
Property, plant and equipment*	1 722 875	-
Intangibles*	6 912 253	-
Deferred taxation asset*	71 911	-
Liabilities		
Lease liabilities*	(526 626)	-
Related party balances acquired	(3 201 631)	-
Current tax payable	(196 833)	-
Working capital		
Trade receivables	4 230 084	-
Trade receivables -- normal (gross)	4 405 233	-
Expected credit loss allowance of trade receivables	(175 149)	-
Inventory	9 532 509	-
Cash and cash equivalents on hand	4 636 654	-
Trade and other payables	(5 699 729)	-
Total assets and liabilities acquired	17 481 467	-
Less: Non-controlling interests' portion of assets and liabilities acquired	(8 526 542)	-
Group's share of total assets and liabilities acquired	8 954 925	-
Goodwill at acquisition	5 107 039	-
Total consideration	14 061 964	-
Cash and cash equivalents on hand at acquisition	(4 636 654)	-
Consideration still payable	(89 119)	-
Sales claims acquired	999 418	-
Provisional fair value of intangibles previously held*	(1 114 150)	-
Split out historical sales claims	980 223	-
Settlement of prior year consideration	1 533 555	-
Fair value of options exercised	(1 913 555)	-
Fair value of previously held equity interest	(5 796 246)	-
Net cash on acquisition of subsidiaries	4 025 435	-

* Provisional accounting.

11. INVESTMENT IN ASSOCIATES

11.1 Investment in associate -- Applied Vehicle Analysis Proprietary Limited

During January 2021, the Group purchased a 40% equity interest in Applied Vehicle Analysis Proprietary Limited (AVA), incorporated in South Africa and Applied Vehicle Analysis IoT Limited, incorporated in Ireland, for ZAR19.1 million (USD1.3 million). AVA is a specialist in data-driven mine fleet management solutions and is currently primarily operating within the African segment of the Group. Currently, AVA's unique digital platform analyses and tracks vehicles across 28 different sites in five countries for a range of blue-chip companies. This investment is aligned with the Group's strategy to diversify its services and invest in businesses that help meet clients' demand for increased mechanisation and digitisation.

The Group performed an assessment of control and concluded that it does not have control of AVA as the definition of control has not been satisfied.

The financial year-end of AVA is 28 February. This was the reporting date established when that company was incorporated, and a change of reporting date is not possible at this stage. For the purpose of applying the equity method of accounting, the financial information of AVA up to 31 December has been used in preparing the Group's consolidated annual financial statements. Appropriate adjustments were made for fair value adjustments at acquisition and differences in accounting policies and effects of significant transactions up to 31 December 2021.

	2022 USD	2021 USD
Profit after tax since acquisition date included in the consolidated results for the year	1 985 707	-
Turnover since acquisition date included in the consolidated results for the year	11 532 989	-
Group's hypothetical profit after tax assuming acquiree had been included in the consolidated results for the full year	24 616 127	-
Group's hypothetical revenue assuming acquiree had been included in the consolidated results for the full year	245 629 209	-
Put option liability for non-controlling interest		
The put option liability represents the approximate 49% remaining to be purchased from the minority interest of A&R Group.		
The amount was determined using a contractual agreement indicating 5.00 to 6.50 times cover of the average profit after taxation and royalties, respectively, for the three years ended 31 December 2022. The contractual agreement indicates that the shareholders need to be employed for a period of 36 months from the original contract date, 31 July 2021, and that if these employees are no longer employed, the Group is obligated to take up the equity and software licence agreements. The amounts owed can be repaid over 60 equal instalments.		
Put option liability for non-controlling interest	12 028 347	-
Non-current liabilities	9 622 678	-
Current liabilities	2 405 669	-

11. INVESTMENT IN ASSOCIATES

	2022 USD	2021 USD
Investment in associate -- Applied Vehicle Analysis Proprietary Limited	790 777	957 710
Investment in associate -- A&R Engineering and Mining Services Proprietary Limited and related companies	-	4 736 193
	790 777	5 693 903

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

11. INVESTMENT IN ASSOCIATES continued

11.1 Investment in associate – Applied Vehicle Analysis Proprietary Limited continued

The table below summarises and also reconciles the statement of comprehensive income's financial information as at 31 December.

	2022 USD	2021 USD
Cumulative reconciliation		
Investment at cost	1 293 975	1 293 975
Foreign exchange differences	(57 592)	–
Share of loss from associate	(445 606)	(336 265)
Total investment	790 777	957 710
Carrying amount of the investment is as follows:		
Carrying amount as at 1 January	957 710	–
Additions	–	1 293 975
Foreign exchange differences	(57 592)	–
Share of loss from associate	(109 341)	(336 265)
Carrying amount as at 31 December	790 777	957 710
Loan to associate	164 006	–
Revenue	2 008 635	2 259 052
Loss from continuing operations	(273 353)	(840 664)
Total comprehensive loss	(273 353)	(840 664)
Group's share of total comprehensive loss	(109 341)	(336 265)
Dividends received from associate	–	–
Non-current assets	97 507	43 596
Current assets	448 522	455 238
Non-current liabilities	(844 739)	(160 467)
Current liabilities	(593 829)	(965 425)
Net assets	(892 539)	(627 058)
Group's share of net assets	(357 015)	(250 823)
Goodwill	1 257 133	1 544 798
Share of loss from associate	(109 341)	(336 265)
Investment in associate	790 777	957 710

11.2 Investment in associate – A&R Engineering and Mining Services Proprietary Limited and related companies

During August 2021, the Group purchased an approximate 25% equity interest in A&R Group, incorporated in South Africa, for ZAR67.0 million (USD4.3 million). These companies specialise in data-driven mine fleet management solutions and are currently primarily operating within the African segment of the Group. These companies are currently the leading operators in the underground rail bound and trackless equipment hardware environment in terms of management systems and intelligent devices installed across various mining operations. The investment is aligned with the strategic intent of Master Drilling to diversify its range of services to include services that are not necessarily drilling-related but focused on technology that can improve the safety and operational performance of miners globally. This transaction will better diversify overall market exposure and add additional revenue streams to the Group. As at 31 December 2021, the Group still had a contingent consideration payable that amounted to ZAR8.4 million (USD0.5 million) – refer to note 15 for more information. The contingent consideration was finalised during the year, adjusted upwards by ZAR17.8 million (USD1.0 million) and settled when control was obtained.

As at 31 December 2021, the Group did not have control of A&R Group via the call option it had for the remainder of the shares. The call option did not give rise to the substantive control until such time as the Group exercised the call option which expires due to within three years or the put option due to expire towards the end of 2022. The put option provided the option to put the current 25% owned by the Group back to the sellers at the original purchase price thus effectively cancelling the transaction. Management considered the valuation of the call and put option. At 31 December 2021, the mark-to-market valuation indicated a value of ZAR37.0 million (USD2.3 million) and ZAR5.0 million (USD0.3 million) for the call and put options, respectively – refer to note 12 for more information on the options.

During August 2022, the Group exercised its option to acquire an approximate additional 26% shareholding in A&R Group. As a result, the Group obtained control of these companies and consolidated accordingly. Refer to note 10.3 for more information on the purchase price allocation.

The financial year-end of A&R Group is 28 February. This was the reporting date established when that company was incorporated, and a change of reporting date is not possible at this stage. For the purpose of applying the equity method of accounting, the financial information of A&R Group up to the date of control has been used in preparing the Group's consolidated annual financial statements. Appropriate adjustments were made for fair value adjustments at acquisition and differences in accounting policies and effects of significant transactions up to the date of obtaining control.

	2022 USD	2021 USD
Cumulative reconciliation		
Investment at cost	5 329 517	3 759 639
Contingent consideration	–	529 920
Fair value adjustment	(213 367)	–
Foreign exchange difference	(341 267)	–
Share of profit from associate	1 021 363	446 634
Total investment	5 796 246	4 736 193
Derecognition on obtaining control	(5 796 246)	–
Total investment	–	4 736 193
The carrying amount of the investment is as follows:		
Carrying amount as at 1 January	4 736 193	–
Additions	–	3 759 639
Share of profit from associate	574 729	446 634
Fair value adjustment	(213 367)	–
Contingent consideration adjustment	1 039 958	529 920
Foreign exchange difference	(341 267)	–
Derecognition on obtaining control	(5 796 246)	–
Carrying amount as at 31 December	–	4 736 193
Revenue	19 235 468	12 068 035
Profit from continuing operations	2 298 915	1 786 535
Total comprehensive profit	2 298 915	1 786 535
Group's share of total comprehensive profit	574 729	446 634
Royalties received from associate	419 950	388 256

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

11. INVESTMENT IN ASSOCIATES continued
11.2 Investment in associate – A&R Engineering and Mining Services Proprietary Limited and related companies continued

	2022 USD	2021 USD
Non-current assets	-	1 470 330
Current assets	-	13 339 543
Non-current liabilities	-	(1 332 799)
Current liabilities	-	(2 521 981)
Net assets	-	10 955 093
Group's share of net assets	-	2 765 071
Goodwill	-	1 524 488
Share of loss from associate	-	446 634
Investment in associate	-	4 736 193

12. OPTION INSTRUMENT

	2022 USD	2021 USD
Call option asset*	-	2 322 360
Put option liability*	-	(314 675)
Fair value option instrument recognised through profit or loss	-	2 007 685

* Refer to note 11.2 for more information on option instruments.

During 2021, a ZAR32,0 million (USD2,0 million) fair value adjustment was recognised on the Group's option to acquire an additional interest in A&R Group. The options to acquire additional shares have been accounted for as a derivative financial asset measured at fair value through profit or loss up until 31 December 2021.

During August 2022, the Group exercised its option to acquire an approximate additional 26% shareholding in A&R Group. The Group revalued the option on the date of valuation and accounted for a fair value adjustment of ZAR7,7 million (USD0,5 million) through profit or loss.

Refer to note 10.3 for more information on the business combination.

	Call option asset USD	Put option liability USD	Net USD
Opening balance	2 322 360	(314 675)	2 007 685
Fair value option instrument recognised through profit or loss	668 030	(622 592)	45 438
Foreign exchange differences	(187 894)	48 326	(139 568)
Derecognition on exercising options	(2 802 496)	888 941	(1 913 555)
Closing balance	-	-	-

In calculating the fair value of the options, management used significant judgement in estimating unobservable inputs, which contain elements of estimation uncertainty. The options fall into level 3 of the fair value hierarchy.

The following assumptions were applied in valuing the options:

Valuation method	2022	2021
Implied volatility	Black-Scholes method 39,52%	Black-Scholes method 39,00%
Risk-free rates	6,76%	4,84%
Dividend yield	Ranges between 0% and 23,82%	Ranges between 0% and 1,87%
Strike price	Ranges between ZAR47 161 and ZAR1 619 271	Ranges between ZAR47 161 and ZAR1 619 271

13. INVESTMENT IN JOINT VENTURE – HALL CORE HOLDINGS PROPRIETARY LIMITED

Investment in joint venture – Hall Core Holdings Proprietary Limited.

Master Drilling Exploration Proprietary Limited, a subsidiary within the Group, is a 50% partner in Hall Core Holdings Proprietary Limited (Hall Core), incorporated in South Africa. It is a joint venture formed within the exploration drilling industry. Hall Core's principal place of business is in the African segment. Under IFRS 11, this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements by recognising its share of profit in the joint venture. As at 31 December, in terms of the contractual agreement between the parties, the Group still had consideration payable that amounted to ZAR53,4 million (USD3,1 million), payable in two equal instalments during 2023 and 2024 (2021: USDnil) – after making a payment of USD1,2 million during the year. The amount outstanding bears interest at the South African prime lending rate.

The financial year-end of Hall Core is 28 February. This was the reporting date established when that company was incorporated, and a change of reporting date is not possible at this stage. For the purpose of applying the equity method of accounting, the financial information of Hall Core has been used in preparing the Group's consolidated annual financial statements. Appropriate adjustments were made for fair value adjustments at acquisition and differences in accounting policies and effects of significant transactions up to 31 December.

The table below summarises and also reconciles the statement of comprehensive income's financial information as at 31 December.

	2022 USD	2021 USD
Cumulative reconciliation		
Investment at cost	3 344 775	1 225 411
Contingent consideration	-	2 390 580
Foreign exchange differences	(284 947)	-
Share of profit from joint venture	1 322 393	411 033
Total investment	4 382 221	4 027 024
The carrying amount of the investment is as follows:		
Carrying amount as at 1 January	4 027 024	-
Additions	-	3 615 991
Contingent consideration fair value adjustment	2 008 459	-
Sales claims acquired	(2 279 675)	-
Foreign exchange differences	(284 947)	-
Share of profit from joint venture	911 360	411 033
Carrying amount as at 31 December	4 382 221	4 027 024
Loan to joint venture	1 779 434	-
Consideration payable to joint venture partner:		
Non-current liabilities	1 568 072	-
Current liabilities	1 568 072	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

13. INVESTMENT IN JOINT VENTURE – HALL CORE HOLDINGS PROPRIETARY LIMITED continued

	2022 USD	2021 USD
Revenue	19 068 318	6 666 209
Depreciation and amortisation	(585 812)	(648 066)
Interest income and expenses	(262 395)	–
Profit from continuing operations	1 822 720	822 067
Total comprehensive profit	1 822 720	822 067
Group's share of total comprehensive profit	911 360	411 033
Non-current assets	4 739 864	2 392 436
Current assets*	8 160 636	2 244 395
Non-current liabilities	(2 627 362)	(1 666)
Current liabilities	(5 497 433)	(3 569 425)
Net assets	4 775 705	1 065 740
Group's share of net assets	2 387 853	532 870
Goodwill	1 083 008	3 083 121
Share of profit from associate	911 360	411 033
Investment in associate	4 382 221	4 027 024

* Includes an amount of USD194 750 for cash and cash equivalents.

14. CONTRACT LIABILITY

During the previous year, a company within the African segment entered into agreements where it received amounts upfront as part of a contract with clients that is expected to be realised, aligned with the performance obligations in terms of the contract with the clients. During the current year, the company also entered into an additional agreement where it received an amount upfront as part of a contract with a client that is expected to be realised, aligned with the performance obligations in terms of the contract with the client. Unwinding of revenue and interest is realised in profit or loss, respectively.

	2022 USD	2021 USD
Balance on 1 January	8 658 296	–
Contract with client	4 515 571	8 658 296
Interest on unwinding of contract liability	429 306	–
Recognised as revenue	(4 154 449)	–
Foreign exchange differences	(552 208)	–
Closing balance on 31 December	8 896 516	8 658 296
Non-current liabilities	3 270 349	3 932 115
Current liabilities	5 626 167	4 726 181

15. CONTINGENT CONSIDERATION

	2022 USD	2021 USD
Contingent consideration – A&R Engineering and Mining Services Proprietary Limited and related companies	–	529 920
As at 31 December 2021, the Group had contingent consideration payable to the shareholders of A&R Group as part of the approximate 25% investment in associate. The consideration payable was calculated based on a multiple between 4.50 and 5.85 of the company's audited profit after taxation for FY22 that ends 28 February and is payable upon the completion of each year's audited financial information. The consideration payable amount was based and calculated on the best information available as at 31 December 2021.		
All contingent consideration related to A&R Group was settled during the year as part of the Group exercising its option to gain control by gaining another approximate 26% shareholding. Refer to note 10.3 for more information.		
Contingent consideration – Hall Core Holdings Proprietary Limited		2 390 580
As at 31 December 2021, the Group had contingent consideration payable to the shareholders of Hall Core Holdings Proprietary Limited as part of the 50% investment in joint venture. The consideration payable was calculated based on a 3.80 multiple of the company's EBITDA for the FY22 that ends 28 February and is payable in two equal instalments. The consideration payable amount was based and calculated on the best information available as at 31 December 2021.		
The business combination consideration payable was finalised during the year.		
Non-current liabilities	–	2 920 500
Current liabilities	–	1 195 290
	–	1 725 210

16. DERECOGNITION ON LOSS OF CONTROL

During 2021, the Group established a subsidiary, Master Detra LLC, incorporated in Russia. With the outbreak of the war during 2022 between Russia and Ukraine, the Board resolved in March 2022 that the Group had to withdraw its control of the subsidiary so as not to put the wider Group at risk due to the sanctions that were imposed on Russia. As a result, the Group effectively lost control over the investment and unconsolidated the investment.

The Group included the following amounts in the consolidated financial statements until loss of control (31 March 2022):

	2022 USD	2021 USD
Revenue	648 979	–
Profit/(loss)	(11 758)	–
Total comprehensive income/(loss)	(11 758)	–
The Group lost control of the following assets and liabilities:		
Non-current assets	1 860 603	–
Property, plant and equipment	1 763 075	–
Deferred tax	97 528	–
Current assets	3 124 470	–
Trade and other receivables	1 205 359	–
Cash and cash equivalents	349 350	–
Inventory	1 569 761	–
Current liabilities	(5 204 273)	–
Trade and other payables	(5 204 273)	–
Net equity	(219 200)	–
Non-controlling interest	(109 600)	–

The Group accounts for the investment in Master Detra LLC as an IFRS 9 instrument. A related party loan of USD1 545 944 was credit-impaired on initial recognition.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

17. SEGMENT REPORTING

17.1 Mining activity

The following table shows the distribution of the Group's combined sales by mining activity, regardless of where the goods were produced:

	2022 USD	2021 USD
Sales revenue by activity		
Sale of industrial products	13 445 131	—
Raise boring	180 261 596	148 380 152
Support services	9 249 892	6 114 991
Slim drilling	11 197 473	12 124 795
New rock boring technology	12 239 649	5 216 592
	226 393 741	171 836 530
Gross profit by activity		
Sale of industrial products	4 072 065	—
Raise boring	57 366 860	47 286 002
Support services	3 715 530	(2 258 728)
Slim drilling	(4 524 158)	1 948 737
New rock boring technology	4 284 933	1 662 431
	64 915 230	48 638 442

The Chief Operating Decision-maker of the Group is the Chief Executive Officer. Information reported to the Group's Chief Operating Decision-maker for purposes of resource allocation and assessment of segment performance is focused on geographical areas. Each reportable segment derives its revenues from services rendered. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Changes were made to the operating segments from those disclosed at 31 December 2021. These changes are aligned with the Group's strategic pillars and will enable the Chief Operating Decision-maker, under direct supervision of the resident boards, to improve the management of performance and decisions on allocation of resources to the different segments. The comparative reporting periods were adjusted accordingly as the information was available.

17.2 Geographical segments

Although the Group's major operating divisions are managed on a geographical area basis, they operate in four principal geographical areas of the world.

	2022 USD	2021 USD
Sales revenue by geographical market		
Africa	91 501 620	64 348 625
Central and North America	26 201 504	19 308 704
Rest of the world	37 820 595	33 234 859
South America	70 870 022	54 944 342
	226 393 741	171 836 530
Gross profit by geographical market		
Africa	31 520 829	19 166 684
Central and North America	7 756 373	4 905 188
Rest of the world	7 524 282	10 128 755
South America	18 113 746	14 437 815
	64 915 230	48 638 442

The gross profit percentages vary based on drilling ground conditions, competition in the markets and the mix of in-country and foreign cost.

Assets and liabilities are relocated among operating segments based on the project requirements of these different segments. Transactions within the operating segments occur at arm's length.

	2022 USD	2021 USD
Depreciation and amortisation by geographical market		
Africa	7 868 304	4 807 315
Central and North America	1 914 503	1 811 332
Rest of the world	3 179 389	2 485 304
South America	2 276 102	2 209 799
	15 238 298	11 313 750
Investment income by geographical market		
Africa	709 956	272 467
Central and North America	—	—
Rest of the world	29 274	75 856
South America	154 314	170 638
	893 544	518 961
Finance cost by geographical market		
Africa	3 118 136	1 440 475
Central and North America	459 152	338 033
Rest of the world	67 049	174 384
South America	825 975	605 316
	4 470 312	2 558 208
Taxation by geographical market		
Africa	5 531 351	3 643 773
Central and North America	1 611 555	61 537
Rest of the world	2 235 134	3 136 341
South America	1 033 973	1 384 261
	10 412 013	8 225 912

18. SUBSEQUENT EVENTS

The Board approved a dividend on 27 March 2023 of ZAR47,5 cents per share payable to shareholders recorded in the Company's share register on 19 May 2023. The dividend declared is not reflected in the financial statements for the year ended 31 December 2022.

The directors are not aware of any other matters or circumstances arising since the reporting date to the date of this report, not otherwise dealt with in this report.

19. GOING CONCERN

The annual financial statements have been prepared on the going concern basis. This basis presumes that funds will be available to finance future operations for the next 12-month period and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

20. CAPITAL COMMITMENTS

	2022 USD	2021 USD
Capital expenditure for plant and machinery authorised by the directors and contracted for within 12 months. Capital expenditure will be funded through cash generated from operations.	4 843 883	1 764 300

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

21. DIRECTORS' REMUNERATION

	Basic salary USD	Bonus USD	Fringe benefits USD	Provident/ pension fund contributions USD	Directors' fees USD	Consulting and legal fees USD	Total USD
2022							
Executive directors							
Danie Pretorius*	679 743	--	19 979	--	--	--	699 722
André van Deventer**	407 467	274 463	15 361	--	--	--	697 291
Gary Sheppard*	348 349	22 784	12 732	--	--	--	383 865
Koos Jordaan*	276 288	456 544	18 735	--	--	--	751 567
Sub-total	1 711 847	753 791	66 807	--	--	--	2 532 445
Non-executive directors							
Hennie van der Merwe*	--	--	--	--	60 266	--	60 266
Shane Ferguson*	--	--	--	--	33 904	79 392	113 296
Andries Brink*	--	--	--	--	34 708	--	34 708
Hendrik Faul*	--	--	--	--	23 585	--	23 585
Mamokete Ramathe*	--	--	--	--	25 729	--	25 729
Akhter Deshmukh†	--	--	--	--	40 896	--	40 896
Sub-total	--	--	--	--	219 088	79 392	298 480
Alternate director							
Eddie Dixon‡	164 851	--	11 423	18 347	--	--	194 621
Sub-total	164 851	--	11 423	18 347	--	--	194 621
Prescribed officer							
Roelof Swanepoel*	154 848	174 177	6 244	12 678	--	--	347 947
Sub-total	154 848	174 177	6 244	12 678	--	--	347 947
Total	2 031 546	927 968	84 474	31 025	219 088	79 392	3 373 493

* Paid by Drilling Technical Services Proprietary Limited.

† Paid by Master Drilling New Technology Holdings Proprietary Limited.

‡ Paid by Drilling Technical Services Proprietary Limited and Master Drilling Malta Limited.

§ Paid by Master Drilling USA LLC.

¶ Paid by Master Drilling Group Limited.

‡ Paid by Master Drilling Exploration Proprietary Limited.

A prescribed officer is defined as having general executive control over and management of a significant portion of the Group or regularly participates therein to a material degree, and is not a director of the Group. Director emoluments are paid for by subsidiaries within the Group. The amounts in this table represent the actual amounts paid to directors during the current year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

21. DIRECTORS' REMUNERATION continued

	Basic salary USD	Bonus USD	Fringe benefits USD	Provident/ Pension fund contributions USD	Directors' fees USD	Consulting and legal fees USD	Total USD
2021							
Executive directors							
Danie Pretorius*	344 880	-	45 042	-	-	-	389 922
André van Deventer [†]	340 294	-	30 351	-	-	-	370 645
Gary Sheppard*	354 657	-	-	-	-	-	354 657
Koos Jordaan [‡]	251 018	-	30 966	-	-	-	281 984
Sub-total	1 290 849	-	106 359	-	-	-	1 397 208
Non-executive directors							
Hennie van der Merwe*	-	-	-	-	66 277	-	66 277
Shane Ferguson*	-	-	-	-	30 131	117 454	147 585
Octavia Matloa [†]	-	-	-	-	13 490	-	13 490
Andries Brink*	-	-	-	-	36 676	-	36 676
Hendrik Faul [‡]	-	-	-	-	24 509	-	24 509
Mamokete Ramathe*	-	-	-	-	13 266	-	13 266
Akhter Deshmukh [‡]	-	-	-	-	43 108	-	43 108
Sub-total	-	-	-	-	227 457	117 454	344 911
Alternate director							
Eddie Dixon [‡]	154 465	-	28 213	18 752	-	-	201 430
Sub-total	154 465	-	28 213	18 752	-	-	201 430
Prescribed officer							
Roelof Swanepoel*	131 479	-	20 641	12 469	-	-	164 589
Sub-total	285 944	-	48 854	31 221	-	-	366 019
Total	1 576 793	-	155 213	31 221	227 457	117 454	2 108 138

* Paid by Drilling Technical Services Proprietary Limited.

† Paid by Master Drilling New Technology Holdings Proprietary Limited.

‡ Paid by Drilling Technical Services Proprietary Limited and Master Drilling Malta Limited.

* Paid by Master Drilling USA, LLC.

† Paid by Master Drilling Group Limited.

‡ Paid by Master Drilling Exploration Proprietary Limited.