

**FORACO INTERNATIONAL S.A.**

**Unaudited Condensed Interim Consolidated Financial  
Statements**

**Three-month and nine-month periods ended  
September 30, 2020**



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**Foraco International S.A.**  
**Unaudited condensed interim consolidated financial statements as of September 30, 2020**

**Unaudited condensed interim consolidated balance sheet - Assets**

<b>in thousands of US\$</b>	<b>Note</b>	<b>September 30, 2020</b>	<b>December 31, 2019</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(5)	31,879	35,197
Goodwill	(6)	64,224	75,936
Deferred income tax assets		24,399	27,677
Other non-current assets		883	1,147
		<b>121,385</b>	<b>139,957</b>
<b>Current assets</b>			
Inventories, net	(7)	28,902	32,873
Trade receivables, net		35,492	31,189
Other current assets		9,030	10,270
Cash and cash equivalents		19,931	16,053
		<b>93,355</b>	<b>90,385</b>
<b>Total assets</b>		<b>214,740</b>	<b>230,342</b>

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**Unaudited condensed interim consolidated balance sheet – Equity and Liabilities**

in thousands of US\$	Note	September 30, 2020	December 31, 2019
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		1,772	1,772
Share premium and retained earnings		154,191	151,559
Other reserves		(147,500)	(122,335)
		<b>8,463</b>	<b>30,996</b>
Non-controlling interests		4,582	5,682
<b>Total equity</b>		<b>13,045</b>	<b>36,678</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings - Non-current portion of long term debt	(8)	144,804	133,961
Lease obligations - Non current portion	(8)	2,803	2,910
Deferred income tax liabilities		3,806	3,457
Provisions for other liabilities and charges	(9)	448	405
<b>Current liabilities</b>			
Trade payables		18,059	20,301
Other payables		23,795	19,012
Current income tax liabilities		677	1,084
Borrowings - Current portion of long term debt	(8)	1,756	2,817
Borrowings - Current portion of drawn credit lines	(8)	3,896	8,149
Lease obligations - Current portion	(8)	1,415	1,241
Provisions for other liabilities and charges	(9)	237	328
<b>Total liabilities</b>		<b>201,696</b>	<b>193,665</b>
<b>Total equity and liabilities</b>		<b>214,740</b>	<b>230,342</b>
Net debt excluding operating lease obligations under IFRS 16		130,525	128,874

*Net debt excluding operating lease obligations is a non IFRS measure and corresponds to the current and non-current portion of borrowings, net of cash and cash equivalents*

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**Unaudited condensed interim consolidated income statement**

In thousands of US\$	Note	Three-month period ended September 30,		Nine-month period ended September 30,	
		2020	2019	2020	2019
Revenue	(4)	55,924	57,771	152,945	157,066
Cost of sales	(11)	(43,088)	(47,293)	(123,683)	(133,885)
<b>Gross profit</b>		<b>12,836</b>	<b>10,478</b>	<b>29,262</b>	<b>23,181</b>
Selling, general and administrative expenses	(11)	(5,213)	(5,163)	(15,454)	(15,813)
Other operating income / (expense), net		-	-	-	-
<b>Operating profit / (loss)</b>		<b>7,623</b>	<b>5,315</b>	<b>13,808</b>	<b>7,368</b>
Finance costs		(1,951)	(2,125)	(6,446)	(6,327)
<b>Profit / (loss) before income tax</b>		<b>5,672</b>	<b>3,190</b>	<b>7,362</b>	<b>1,041</b>
Income tax (expense) / profit	(12)	(1,425)	(186)	(1,903)	(679)
<b>Profit / (loss) for the period</b>		<b>4,247</b>	<b>3,004</b>	<b>5,459</b>	<b>362</b>
Attributable to:					
Equity holders of the Company		2,949	2,451	2,633	(885)
Non-controlling interests		1,298	553	2,827	1,247
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in US cents per share):					
- basic	(15)	3.28	2.73	2.93	(0.99)
- diluted	(15)	3.19	2.66	2.86	(0.99)

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**Unaudited condensed interim consolidated statement of changes in equity**

in thousands of US\$	Attributable to equity holders of the Company				Non-controlling interests	Total Equity
	Share Capital	Share Premium and Retained Earnings	Other Reserves	Total		
<b>Balance at January 1, 2019</b>	<b>1,772</b>	<b>150,474</b>	<b>(114,478)</b>	<b>37,768</b>	<b>3,026</b>	<b>40,794</b>
Profit / (loss) for the period	-	(886)	-	(886)	1,247	361
Currency translation differences	-	-	(5,081)	(5,081)	1,547	(3,534)
Employee share-based compensation	-	-	135	135	-	135
Exercise of share-based compensation	-	-	-	-	-	-
Treasury shares purchased (see Note 10)	-	-	(19)	(19)	-	(19)
Dividend paid to non controlling interests	-	-	-	-	(558)	(558)
<b>Balance at September 30, 2019</b>	<b>1,772</b>	<b>149,588</b>	<b>(119,443)</b>	<b>31,917</b>	<b>5,262</b>	<b>37,179</b>
<b>Balance at January 1, 2020</b>	<b>1,772</b>	<b>151,558</b>	<b>(122,335)</b>	<b>30,996</b>	<b>5,682</b>	<b>36,678</b>
Profit / (loss) for the period	-	2,633	-	2,633	2,827	5,459
Currency translation differences	-	-	(25,274)	(25,274)	(1,949)	(27,223)
Employee share-based compensation	-	-	135	135	-	135
Treasury shares purchased (see Note 10)	-	-	(27)	(27)	-	(27)
Dividend paid to non controlling interests	-	-	-	-	(1,978)	(1,978)
<b>Balance at September 30, 2020</b>	<b>1,772</b>	<b>154,191</b>	<b>(147,501)</b>	<b>8,463</b>	<b>4,582</b>	<b>13,045</b>

**Unaudited statement of comprehensive income**

in thousands of US\$	September 30, 2020	September 30, 2019
Net profit / (loss) for the period	5,459	361
Currency translation differences	(27,223)	(3,534)
<b>Total comprehensive loss for the period</b>	<b>(21,764)</b>	<b>(3,173)</b>
<i>Attributable to:</i>		
<i>Equity holders of the Company</i>	878	(5,967)
<i>Non-controlling interests</i>	(22,642)	2,794

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**Unaudited condensed interim consolidated cash flow statement**

in thousands of US\$	Nine month ended September 30,	
	2020	2019
<b>Profit / (loss) for the period</b>	<b>5,459</b>	<b>362</b>
Adjustments for:		
- Depreciation, amortization and impairment (see Note 11)	12,264	13,518
- Non-cash changes in provisions and considerations payable	-	-
- (Gain) / loss on sale and disposal of assets	-	-
- Share-based compensation expenses (see Note 11)	135	135
- Income tax expenses / (profit) (see Note 12)	1,903	678
- Finance costs, net	6,446	6,328
<b>Cash generated from operations before changes in operating assets and liabilities</b>	<b>26,207</b>	<b>21,021</b>
Changes in operating assets and liabilities:		
- Inventories	1,062	(399)
- Trade accounts receivable and other receivables	(6,592)	(3,612)
- Trade accounts payable and other payables	3,882	1,613
<b>Cash generated from / (used in) operations</b>	<b>24,559</b>	<b>18,623</b>
- Interest paid, net	(2,237)	(2,550)
- Income tax paid	(1,664)	(3,204)
<b>Net cash flow from / (used in) operating activities</b>	<b>20,658</b>	<b>12,869</b>
Purchase of property, plant and equipment (*)	(7,313)	(9,379)
<b>Net cash generated from / (used in) investing activities</b>	<b>(7,313)</b>	<b>(9,379)</b>
Proceeds from issuance of borrowings, net of issuance costs	417	641
Proceeds from issuance of bonds, net of issuance costs	-	-
Repayments of borrowings	(1,474)	(1,930)
Repayments of lease obligations	(1,086)	(616)
Proceeds from / (repayment of) short term credit facilities	(4,621)	2,046
Acquisition of treasury shares (see Note 10)	(27)	(19)
Dividends paid to non-controlling interests	(1,978)	(558)
<b>Net cash generated from / (used in) financing activities</b>	<b>(8,769)</b>	<b>(436)</b>
Exchange differences on cash and cash equivalents	(698)	(871)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>3,878</b>	<b>2,183</b>
Cash and cash equivalents at beginning of the period	16,053	11,089
<b>Cash and cash equivalents at end of the period</b>	<b>19,931</b>	<b>13,272</b>
(*) Excluding acquisition financed through leases	116	None

## **Selected notes to the unaudited condensed interim consolidated financial statements**

### **1. Basis of preparation**

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. All material intercompany balances have been eliminated. Because all the disclosures required by IFRS are not included, these interim statements should be read in conjunction with the audited financial statements of Foraco International S.A. and its subsidiaries (“Foraco” or the “Company”) for the year ended December 31, 2019.

Except when otherwise stated, all amounts are presented in thousands of US\$, which is the presentation currency of the Company.

### **2. Selected notes on critical accounting policies and new accounting pronouncements**

#### **2.1. Accounting policies**

The accounting policies have been consistently applied with those of the annual financial statements for the year ended December 31, 2019 except for the following: during the year, the income tax expense is recognized based on Management’s best estimate of the average annual income tax rate expected for the full financial year on a tax jurisdiction by tax jurisdiction basis. In the last quarter of each fiscal year, Management determines the effective income tax rate for the full year based on the anticipated actual tax returns to be filed and the effective contribution of each tax jurisdiction to the consolidated financial statements.

#### **2.2. Seasonal fluctuations**

The worldwide presence of the Company reduces its overall exposure to seasonality and its influence on business activity, the first quarter being the weakest. In West Africa, most of the Company’s operations are suspended between July and October due to the rainy season. In Canada, seasonal slow periods occur during the winter freeze and spring thaw or break-up periods. Depending on the latitude, this can occur anytime from October until late December (freezing) and from mid-April through to mid-June (break-up). Operations at mining sites continue throughout the year. Russia is also affected by the winter period during which operations are suspended. In Asia Pacific and in South America, where the Company operates exclusively in the Mining segment, a seasonal slowdown in activity occurs around year-end during the vacation period. Certain contracts are also affected in Chile in July and August when the winter season peaks.



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### **2.3. Going concern**

After a stand-by period, due to the Covid-19 pandemic which slowed down Foraco activity in a number of countries during the first semester of 2020, most clients progressively resumed their program. The Company managed to remobilize its resources and continued to record positive cash flows during the period.

Despite the current economic environment, and assuming that the health crisis does not deteriorate further, the Company believes that it will have adequate financial resources to continue in operation for a period of at least twelve months.

As at September 30, 2020, the Company met its financial covenants.

### **2.4. Impairment testing**

As at December 31, 2019, the Company conducted impairment testing for goodwill at the level of each geographic region using the expected discounted cash flows method. Based on the internal forecasts and projections made, the expected discounted future cash flows generally exceeded, and sometimes significantly, the goodwill carrying amounts. As at March 31, 2020, given the uncertainties regarding the business impacts of the Covid-19 pandemic the Company reperformed an impairment testing for the regions which presented a lower headroom. No impairment charge was required. Based on the current financial performance, the information available including customers' feedback and the Company's backlog, there is no triggering event for conducting impairment tests as at September 30, 2020.

### **2.5. Deferred tax valuation allowance**

The Company's policy is to recognize deferred tax assets only when they can be recovered within a reasonable timeframe. As a general rule, the Company recognizes deferred tax assets only when they can be used against taxable profit generally within five years or when available tax opportunities exist. On this basis, the Company has adopted a partial recognition based approach and has recorded certain valuation allowances. During the period, the Company did not recognize or use any deferred tax asset.

### **2.6. New accounting pronouncements**

The consolidated interim financial statements have been prepared using the same accounting policies and methods of evaluation as in the December 31, 2019 annual financial statements.

***Standards, amendments and interpretations to existing standards that were adopted by the Company during the period***

- Update of references to the Conceptual Framework
- Amendment to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"
- Amendments to IFRS 3 "Revision of the Definition of a Business"

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Annual improvements to IFRS include:

- IFRS 3 “Business Combinations”
- IFRS 11 “Joint Arrangements”
- IAS 12 “Income Taxes”
- IAS 23 “Borrowing Costs”

The application of these standards, amendments and improvements has not had any material impact on the consolidated financial statements of the Company.

*Standards, amendments and interpretations to existing standards that are applicable by anticipation from January 1, 2020.*

No new standards or interpretations have been adopted as at September 30, 2020.

### **3. Financial risk management**

The Company is exposed to a variety of financial risks through its activity, including: liquidity risk, currency risk, cash transfer restriction, interest rate / re-investment risk, financial counter-party risk and credit risk.

A significant portion of the cash flows of the Company are denominated in Canadian Dollars, Euros, Australian Dollars, Brazilian Real, Chilean Pesos, Russian Rubbles and US Dollars. The financial performance and position as reported in US\$ are dependent on the fluctuations of the US\$ against the other mentioned currencies of the Group.

### **4. Segment information**

The long-standing presence of the Company in the water segment enabled it to develop unique applications for the mining sector. These applications which require the use of certain specific assets and which now represent a growing part of the Company’s revenue led the chief operating decision makers to assess the performance of these activities separately from the mining sector. These activities which include the mining dewatering are now classified in the water segment. The historical figures presented in the table above have been restated to present comparative data in a homogeneous manner.

The business segment information for the three-month periods ended September 30, 2020 and September 30, 2019 is as follows:

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Three-month period ended	Mining		Water		Group	
	September 30,		September 30,		September 30,	
	2020	2019	2020	2019	2020	2019
Revenue	43,790	52,591	12,134	5,180	55,924	57,771
Gross profit / (loss)	9,773	9,271	3,063	1,207	12,836	10,478
Operating profit / (loss)	5,691	4,636	1,932	679	7,623	5,315
Finance costs	n/a	n/a	n/a	n/a	(1,951)	(2,125)
<b>Profit / (Loss) before income tax</b>	n/a	n/a	n/a	n/a	<b>5,672</b>	<b>3,190</b>
Income tax profit / (expense)	n/a	n/a	n/a	n/a	(1,425)	(186)
<b>Profit / (Loss) for the period</b>	n/a	n/a	n/a	n/a	<b>4,247</b>	<b>3,004</b>

The business segment information for the nine-month periods ended September 30, 2020 and September 30, 2019 is as follows:

Nine-month period ended	Mining		Water		Group	
	September 30,		September 30,		September 30,	
	2020	2019	2020	2019	2020	2019
Revenue	124,298	142,915	28,647	14,151	152,945	157,066
Gross profit / (loss)	21,941	20,656	7,321	2,525	29,262	23,181
Operating profit / (loss)	9,357	6,289	4,451	1,079	13,808	7,368
Finance costs	n/a	n/a	n/a	n/a	(6,446)	(6,327)
<b>Profit / (Loss) before income tax</b>	n/a	n/a	n/a	n/a	<b>7,362</b>	<b>1,041</b>
Income tax profit / (expense)	n/a	n/a	n/a	n/a	(1,903)	(679)
<b>Profit / (Loss) for the period</b>	n/a	n/a	n/a	n/a	<b>5,459</b>	<b>362</b>

The following is a summary of sales to external customers by geographic area for the three-month periods ended September 30, 2020 and September 30, 2019:

Three-month period ended	September 30, 2020	September 30, 2019
Europe, Middle East and Africa	17,118	14,321
South America	8,228	13,610
North America	20,423	19,792
Asia Pacific	10,155	10,048
<b>Net sales</b>	<b>55,924</b>	<b>57,771</b>

During the second quarter 2020, the Covid-19 pandemic significantly impacted the exchange rates between currencies. The evolution of sales by region presented above is largely driven by the impact of exchange rate fluctuations. The Company mitigates its net exposure to foreign currency fluctuations by balancing its costs, revenues and financing in local currencies, resulting in a natural hedge.

The following is a summary of sales to external customers by geographic area for the nine-month periods ended September 30, 2020 and September 30, 2019:

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<b>Nine-month period ended</b>	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Europe, Middle East and Africa	49,981	39,454
South America	24,031	36,259
North America	50,269	54,255
Asia Pacific	28,664	27,098
<b>Net sales</b>	<b>152,945</b>	<b>157,066</b>

**5. Property, plant and equipment**

Property, plant and equipment (PP&amp;E) consists of the following:

	<b>Land &amp; Buildings</b>	<b>Drilling equipment &amp; tools</b>	<b>Automotive equipment</b>	<b>Office furniture &amp; other equipment</b>	<b>Rights of use</b>	<b>Total</b>
<b>Year ended December 31, 2019</b>						
Opening net book amount	1,790	27,926	1,817	286	-	31,821
First-time adoption of IFRS 16	-	-	-	-	4,389	4,389
Additions	13	12,862	898	260	861	14,894
Exchange differences	10	2,555	47	1	(9)	2,604
Disposals or retirements	-	(379)	(17)	-	-	(396)
Depreciation expense	(173)	(15,802)	(931)	(142)	(1,065)	(18,113)
<b>Closing net book value</b>	<b>1,640</b>	<b>27,162</b>	<b>1,814</b>	<b>405</b>	<b>4,176</b>	<b>35,197</b>
<b>Period ended September 30, 2020</b>						
Opening net book amount	1,640	27,162	1,814	405	4,176	35,197
Additions	2	7,070	1,260	97	623	9,052
Exchange differences	2	295	(43)	(60)	1	195
Disposals or retirements	-	(302)	(38)	-	-	(340)
Depreciation expense	(85)	(10,629)	(478)	(125)	(908)	(12,225)
<b>Closing net book value</b>	<b>1,559</b>	<b>23,596</b>	<b>2,515</b>	<b>317</b>	<b>3,892</b>	<b>31,879</b>

The PP&amp;E depreciation expense and the intangible asset amortization expense have been charged to the income statement as follows:

<b>Period ended</b>	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Cost of sales	11,641	13,186
Selling, general and administrative expenses	623	332
<b>Total depreciation and amortization</b>	<b>12,264</b>	<b>13,518</b>

**6. Goodwill**

Goodwill can be analyzed as follows:

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	<b>September 30, 2020</b>	<b>December 31, 2019</b>
<b>Goodwill at beginning of period</b>	<b>75,936</b>	<b>78,229</b>
Exchange differences	(11,712)	(2,293)
<b>Goodwill at end of the period</b>	<b>64,224</b>	<b>75,936</b>

Goodwill is denominated in the functional currency of its primary economic environment and is allocated to the following geographic regions: South America (US\$ 43.0 million), North America (US\$ 8.5 million), Asia Pacific (US\$ 7.2 million) and Europe, Middle East and Africa (US\$ 5.5 million).

The significant variations in currency exchange rates during the period resulted in the recognition of unfavorable exchange rates differences mainly in South America (US\$ 10.9 million for YTD Q3 2020).

**7. Inventories**

Inventories break down as follows:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Spare parts and consumables, gross	28,902	32,873
Less inventory allowance	-	-
<b>Inventories, net</b>	<b>28,902</b>	<b>32,873</b>

The Company continually assesses spare parts and consumables and writes off obsolete inventories as soon as they are identified.

**8. Financial debt and lease obligations**

As at September 30, 2020, the maturity of financial debt can be analyzed as presented in the table below:

	<b>September 30, 2020</b>
Credit lines	3,896
Long-term debt	
Within one year	1,756
Between 1 and 2 years	144,147
Between 2 and 3 years	512
Between 3 and 4 years	145
Between 4 and 5 years	-
<b>Total</b>	<b>150,456</b>

The borrowing above is mainly denominated in Euros.

As part of the implementation of IFRS 16, the Company recognized lease obligations amounting to US\$ 4,389 thousand as at January 1<sup>st</sup>, 2019. As at September, 2020, the corresponding amount is US\$ 4,218 thousand.

## 9. Provisions

Provisions comprise the following elements:

	<b>Pension and retirement indemnities</b>	<b>Provision for tax uncertainty</b>	<b>Claims</b>	<b>Total</b>
<b>As at January 1, 2020</b>	<b>406</b>	-	<b>327</b>	<b>733</b>
Charged to consolidated income statement				
- Addition to provisions	33	-	-	33
- Used amounts reversed	-	-	(60)	(60)
- Unused amounts reversed	-	-	-	-
- Exchange differences	10	-	(31)	(21)
<b>As at September 30, 2020</b>	<b>449</b>	-	<b>236</b>	<b>685</b>

A certain number of claims have been filed by former employees of the Brazilian subsidiary. These claims may result in a cash outflow for the Company. Given the uncertainty surrounding such claims, an amount of US\$ 236 thousand has been provided for as at September 30, 2020.

The Company operates in various countries and may be subject to tax audits and employee related risks. The Company is currently facing such risks in certain countries. The Company regularly reassesses its exposure and accounts for provisions accordingly.

## 10. Share capital and change in equity

### Number of shares outstanding

As at September 30, 2020, the total common shares of the Company are distributed as follows:

	<b>Number of shares</b>
Common shares held directly or indirectly by principal shareholders	37,594,498
Common shares held directly or indirectly by individuals in their capacity as members of the Board of Directors	1,164,754
Common shares held by the Company	156,977
Common shares held by the public	51,035,569
<b>Total shares issued and outstanding</b>	<b>89,951,798</b>
Common shares held by the Company	(156,977)
<b>Total common shares issued and outstanding</b>	<b>89,794,821</b>

### Treasury shares

The Company filed a notice on June 17, 2020, in respect of an additional NCIB with the TSX. The Company was entitled to purchase up to 1,000,000 additional common shares. As at September 30, 2020, the Company had purchased 82,208 of its own shares at an average purchase price of Can\$ 0.44.

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As at September 30, 2020, the Company owns 156,977 of its own shares (74,769 as at December 31, 2019).

The common shares held by the Company can be used for potential future free share plans, bonus schemes and for other general purposes.

## 11. Expenses by nature

Operating expenses / (income), net by nature are as follows:

	Three-month period ended		Nine-month period ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Depreciation and amortization	(3,914)	(4,873)	(12,264)	(13,518)
Accruals increases / (reversals)	(1)	(9)	(111)	54
Raw materials, consumables used and external charges	(24,406)	(25,644)	(71,596)	(73,737)
Employee benefit expense	(19,419)	(20,771)	(53,900)	(60,606)
Taxes other than on income	(478)	(396)	(1,200)	(1,244)
Other operating (expenses) / profit, net	(83)	(763)	(65)	(646)
<b>Total operating expenses</b>	<b>(48,301)</b>	<b>(52,456)</b>	<b>(139,136)</b>	<b>(149,697)</b>

The US\$ 2.0 million net profit corresponding to the successful conclusion of a contract has been allocated to the related expenses for the purpose of the table above.

Share-based compensation expenses recognized within Employee benefit expense for the period ended September 30, 2020 amount to US\$ 135 thousand (US\$ 135 thousand in 2019).

## 12. Income tax expense

During the three-month period ended September 30, 2020, the Company recognized an income tax expense amounting to US\$ 1,425 thousand. The income tax is recognized based on Management's best estimate of the average annual income tax rate expected for the full financial year on a tax jurisdiction by tax jurisdiction basis.

## 13. Commitments and contingencies

Guarantees given are as follows:

	September 30,	December 31,
	2020	2019
Bid bonds	231	530
Advance payment guarantees	5,836	3,537
Performance guarantees	1,957	2,091
Retention guarantees	193	181
Financial guarantees	162	155
<b>Total</b>	<b>8,379</b>	<b>6,494</b>

## **Foraco International S.A.**

### **Unaudited condensed interim consolidated financial statements as of September 30, 2020**

The Company benefits from a contract guarantee line confirmed until May 2022 of €12.7 million (US\$ 14.9 million) of which €4.2 million (US\$ 4.6 million) was used as at September 30, 2020.

As part of the debt reorganization in 2017, the Company granted in favor of its lenders a pledge (i) on 100% of the shares held by Foraco International in certain of its subsidiaries in France, Chile, Canada, Brazil and Australia, (ii) on certain intercompany receivables, (iii) over certain bank accounts, (iv) over materials and equipment for the subsidiaries in Australia, Chile and Brazil and (v) over inventories of subsidiaries in Australia and Chile.

#### **14. Related-party transactions**

The Company accounted for certain related party transactions including lease of facility and equipment amounting to US\$ 641 thousand for the period ended September 30, 2020 (US\$ 190 thousand for the period ended September 30, 2019).

Compensation paid to key management for the period ended September 30, 2020 amounted to US\$ 1,133 thousand (US\$ 1,098 thousand for the period ended September 30, 2019).

#### **15. Earnings per share calculation**

For the three-month period ended September 30, 2020, the weighted basic average number of shares was 89,827,280 (89,882,111 in 2019) and the weighted diluted average number of shares was 92,361,601 (92,272,916 in 2019).

For the nine-month period ended September 30, 2020, the weighted basic average number of shares was 89,854,936 (89,739,725 in 2019) and the weighted diluted average number of shares was 92,205,833 (92,264,180 in 2019).

#### *Diluted earnings per share*

The dilutive earning per share calculation includes the impact of the Company's free share plan as if the related new shares were issued. Dilutive instruments cannot have an anti-dilutive effect in case of a net loss attributable to the equity holders of the Company. Therefore, the basic and diluted earnings per share are the same for loss making periods.

#### **16. Post balance sheet events**

There are no significant post balance sheet events.