

# **FORACO INTERNATIONAL**

Société anonyme

26 Plage de l'Estaque  
13016 Marseille

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## **Independent auditor's report on the consolidated financial statements**

For the years ended December 31, 2023, 2022 and 2021

## FORACO INTERNATIONAL

Société anonyme

26 Plage de l'Estaque  
13016 Marseille

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### Independent auditor's report on the consolidated financial statements

For the years ended December 31, 2023, 2022 and 2021

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To the Shareholders of Foraco International,

#### Opinion

We have audited the consolidated financial statements of Foraco International and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2023, 2022 and 2021, and the consolidated statement of profit or loss, consolidated statement of changes in equity, consolidated statement of comprehensive income and consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in France, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, prepared under the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of goodwill</b>  <i>(See Notes 2.6 and 4.3 to the consolidated financial statements for the years ended December 31, 2023, 2022 and 2021)</i></p>	
<p>The Group’s evaluation of goodwill for impairment involves the comparison of the fair value of each reporting unit to its carrying value. The Group used the discounted cash flow model to estimate fair value, which requires management to make significant estimates and assumptions mainly related to forecasts of future revenues and operating margins, and discount rates. Changes in these assumptions could have a significant impact on either the fair value, the amount of any goodwill impairment charge, or both.</p> <p>The Group carries out impairment tests on goodwill, annually or when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill amounts to \$65.6M as of December 31, 2023.</p> <p>We considered the valuation of goodwill to be a key audit matter due to:</p> <ol style="list-style-type: none"> <li>(1) the materiality of the balance of this account (goodwill representing 24% of total assets of \$279.7M),</li> <li>(2) the material judgements made by management to determine the assumptions and estimates underlying the calculations of recoverable amounts.</li> </ol>	<p>We tested management’s impairment analysis of goodwill, as well as their assessment of impairment triggers.</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• assessing the consistency of the model used by management in performing the impairment test as compared to prior years,</li> <li>• assessing the reasonableness of the assumptions used in performing impairment testing on the basis of (i) the Group’s budget, (ii) historical performance and (iii) evidence of the intended use of the assets,</li> <li>• challenging key assumptions, including the growth rate and the terminal value derived from the Group business plan as well as the discount rate,</li> <li>• performing a sensitivity analysis over the key assumptions used in the model in order to assess the potential impact of a range of possible outcomes.</li> </ul>

## **Other Information**

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

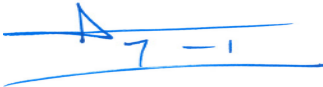
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Hugues DESGRANGES.

Marseille, March 7, 2024

The Auditor

Deloitte & Associés



Hugues DESGRANGES

**FORACO INTERNATIONAL**

**Consolidated Financial Statements**

**Year ended December 31, 2023**



**FORACO INTERNATIONAL**  
**Consolidated financial statements as at December 31, 2023**

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**FORACO INTERNATIONAL**  
**Consolidated financial statements as at December 31, 2023**

**CONSOLIDATED BALANCE SHEET**

In thousands of US\$		As at December 31,		
	<u>Note</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment .....	(6)	51,456	39,536	39,681
Goodwill.....	(7)	65,618	64,055	63,504
Deferred income tax assets .....	(16)	19,462	18,791	20,356
Other non-current assets .....	(8)	916	1,053	854
		<b><u>137,451</u></b>	<b><u>123,435</u></b>	<b><u>124,395</u></b>
<b>Current assets</b>				
Inventories, net .....	(9)	45,583	44,030	37,057
Trade receivables, net .....	(10)	51,601	42,439	32,237
Other current receivables .....	(11)	10,804	10,232	11,179
Cash and cash equivalents .....	(12)	34,289	29,409	23,924
		<b><u>142,277</u></b>	<b><u>126,110</u></b>	<b><u>104,397</u></b>
<b>Total assets</b> .....		<b><u>279,729</u></b>	<b><u>249,545</u></b>	<b><u>228,792</u></b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to the Company's equity holders</b>				
Share capital .....	(13)	2,499	2,499	2,499
Share premium, reserves and retained earnings .....	(13)	83,424	62,688	53,480
		<b><u>85,923</u></b>	<b><u>65,187</u></b>	<b><u>55,979</u></b>
Non-controlling interests .....		12,136	10,305	6,549
<b>Total equity</b> .....		<b><u>98,059</u></b>	<b><u>75,492</u></b>	<b><u>62,528</u></b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings – Non-current portion of long-term debt.....	(14)	79,056	84,771	94,101
Lease obligations – Non current portion .....	(14)	4,139	3,276	4,684
Deferred income tax liabilities .....	(16)	2,365	2,292	2,485
Provisions for other liabilities and charges.....	(17)	815	563	568
		<b><u>86,375</u></b>	<b><u>90,902</u></b>	<b><u>101,838</u></b>
<b>Current liabilities</b>				
Trade payables .....	(19)	34,513	28,717	26,401
Other payables .....	(19)	35,818	30,243	23,830
Current income tax liabilities .....		8,415	6,524	3,182
Borrowings –Current portion of long-term debt .....	(14)	13,317	13,166	7,584
Borrowings –Current portion of drawn credit lines .....	(14)	244	2,323	1,913
Lease obligations – Current portion .....	(14)	2,731	2,032	1,382
Provisions for other liabilities and charges.....	(17)	257	144	135
<b>Total current liabilities</b> .....		<b><u>95,295</u></b>	<b><u>83,149</u></b>	<b><u>64,426</u></b>
<b>Total equity and liabilities</b> .....		<b><u>279,729</u></b>	<b><u>249,545</u></b>	<b><u>228,792</u></b>

**FORACO INTERNATIONAL**  
**Consolidated financial statements as at December 31, 2023**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

In thousands of US\$		For years ended December 31,		
	<u>Note</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue .....	(5)	370,093	330,555	269,689
Cost of sales .....	(20)	(276,231)	(259,283)	(222,869)
<b>Gross profit</b> .....		<b><u>93,862</u></b>	<b><u>71,272</u></b>	<b><u>46,820</u></b>
Selling, general and administrative expenses .....	(20)	(27,154)	(24,888)	(22,693)
Other operating income / (expense), net.....	(21)	-	-	-
<b>Operating profit</b> .....		<b><u>66,708</u></b>	<b><u>46,384</u></b>	<b><u>24,127</u></b>
Finance income .....	(23)	1,678	870	34,818
Finance expense .....	(23)	(21,806)	(12,670)	(9,952)
<b>Profit before income tax</b> .....		<b><u>46,581</u></b>	<b><u>34,585</u></b>	<b><u>48,992</u></b>
Income tax expense .....	(24)	(12,665)	(8,805)	(9,982)
<b>Profit / (loss) for the year</b> .....		<b><u>33,916</u></b>	<b><u>25,780</u></b>	<b><u>39,010</u></b>
Attributable to:				
Equity holders of the Company .....	(25)	28,714	19,761	35,487
Non-controlling interests .....		5,202	6,019	3,523
		<b><u>33,916</u></b>	<b><u>25,780</u></b>	<b><u>39,010</u></b>
Earnings per share for profit / (loss) attributable to the equity holders of the Company during the year (expressed in US cents per share)				
— basic .....	(25)	29.07	20.01	37.65
— diluted .....	(25)	28.57	19.59	36.71

**FORACO INTERNATIONAL**  
**Consolidated financial statements as at December 31, 2023**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

In thousands of US\$	Attributable to Equity Holders of the Company				
	<u>Share Capital</u>	<u>Share Premium, reserves and Retained Earnings</u>	<u>Total</u>	<u>Non- controlling Interests</u>	<u>Total Equity</u>
<b>Balance at January 1, 2021 .....</b>	<b><u>1,772</u></b>	<b><u>11,154</u></b>	<b><u>12,927</u></b>	<b><u>4,875</u></b>	<b><u>17,802</u></b>
Profit / (loss) for the period	-	35,486	35,486	3,523	39,010
Currency translation differences	-	(9,165)	(9,165)	(72)	(9,237)
Employee share-based compensation (Note 22)	-	233	233	-	233
Impact in modification of share par value	507	(507)	-	-	-
Share capital increase (See Note 16)	220	16,831	17,051	-	17,051
Treasury shares purchased (see Note 13)	-	(552)	(552)	-	(552)
Dividend paid to non controlling interests	-	-	-	(1,778)	(1,778)
<b>Balance at December 31, 2021 .....</b>	<b><u>2,499</u></b>	<b><u>53,480</u></b>	<b><u>55,979</u></b>	<b><u>6,549</u></b>	<b><u>62,528</u></b>
<b>Balance at January 1, 2022 .....</b>	<b><u>2,499</u></b>	<b><u>53,480</u></b>	<b><u>55,979</u></b>	<b><u>6,549</u></b>	<b><u>62,528</u></b>
Profit / (loss) for the period	-	19,761	19,761	6,019	25,780
Currency translation differences	-	(9,850)	(9,850)	(549)	(10,399)
Employee share-based compensation (Note 22)	-	330	330	-	330
Treasury shares purchased (see Note 13)	-	(1,032)	(1,032)	-	(1,032)
Dividend paid to non controlling interests	-	-	-	(1,714)	(1,714)
<b>Balance at December 31, 2022 .....</b>	<b><u>2,499</u></b>	<b><u>62,688</u></b>	<b><u>65,188</u></b>	<b><u>10,305</u></b>	<b><u>75,492</u></b>
<b>Balance at January 1, 2023 .....</b>	<b><u>2,499</u></b>	<b><u>62,688</u></b>	<b><u>65,188</u></b>	<b><u>10,305</u></b>	<b><u>75,492</u></b>
Profit / (loss) for the period	-	28,714	28,714	5,202	33,916
Currency translation differences	-	(6,875)	(6,875)	(1,057)	(7,932)
Employee share-based compensation (Note 22)	-	372	372	-	372
Treasury shares purchased (see Note 13)	-	(1,475)	(1,475)	-	(1,475)
Dividend paid to non controlling interests	-	-	-	(2,314)	(2,314)
<b>Balance at December 31, 2023 .....</b>	<b><u>2,499</u></b>	<b><u>83,424</u></b>	<b><u>85,923</u></b>	<b><u>12,136</u></b>	<b><u>98,059</u></b>

**FORACO INTERNATIONAL**  
**Consolidated financial statements as at December 31, 2023**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

In thousands of US\$	For years ended December 31,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Profit/ (loss) for the year .....</b>	<b>33,916</b>	<b>25,780</b>	<b>39,010</b>
<b>Items that may be subsequently reclassified to earnings:</b>			
Foreign currency translation adjustments	(7,932)	(10,399)	(9,237)
<b>Total comprehensive (loss) / income for the year .....</b>	<b><u>25,984</u></b>	<b><u>15,381</u></b>	<b><u>29,773</u></b>
Attributable to:			
Equity holders of the Company .....	21,839	9,911	26,321
Non-controlling interests .....	4,415	5,470	3,451

**FORACO INTERNATIONAL**  
**Consolidated financial statements as at December 31, 2023**

**CONSOLIDATED STATEMENT OF CASH FLOW**

In thousands of US\$	For years ended December 31,			
	Note	2023	2022	2021
<b>Cash flows from operating activities</b>				
<b>Profit / (loss) for the year</b> .....		<b>33,916</b>	<b>25,780</b>	<b>39,010</b>
Adjustments for:				
Depreciation, amortization and impairment.....	(20)	19,591	19,830	18,681
Non-cash share-based compensation expenses .....	(22)	372	330	233
Income tax expense.....	(24)	12,665	8,805	9,981
Finance (income) / expenses, net .....	(23)	20,128	11,800	(24,865)
<b>Cash generated from operations before changes in operating assets and liabilities</b> .....		<b>86,671</b>	<b>66,543</b>	<b>43,041</b>
Changes in operating assets and liabilities:				
Inventories .....		(1,661)	(7,762)	(6,985)
Trade accounts receivable and other receivable .....		(9,668)	(8,539)	(5,628)
Trade accounts payable and other payable .....		6,291	6,555	8,565
<b>Cash generated from operations</b> .....		<b>81,633</b>	<b>56,799</b>	<b>38,992</b>
Interest received/(paid) .....		(14,224)	(10,068)	(3,210)
Income tax paid .....		(12,194)	(9,302)	(6,764)
<b>Net cash flow from operating activities</b> .....		<b>55,215</b>	<b>37,429</b>	<b>29,018</b>
<b>Cash flows from investing activities</b>				
Purchase of Property and equipment and intangible assets (*).....	(6)	(26,135)	(20,042)	(18,586)
<b>Net cash used in investing activities</b> .....		<b>(26,135)</b>	<b>(20,042)</b>	<b>(18,586)</b>
<b>Cash flows from financing activities</b>				
Acquisition of treasury shares.....	(13)	(1,475)	(1,032)	(552)
Repayment of borrowings.....	(14)	(3,274)	(1,447)	(3,674)
Proceeds from issuance of borrowings, net of issuance costs .....	(14)	86,169	-	187
Repayment of lease obligations.....	(14)	(2,570)	(2,620)	(1,534)
Net increase/(decrease) in bank overdrafts and short-term loans .....	(14)	(2,059)	1,135	114
Proceeds from issuance of bonds, net of issuance costs .....	(14)	-	-	95,564
Repayments of bonds including transaction costs paid.....	(14)	(98,700)	(5,000)	(96,125)
Dividends paid to Company's shareholders .....	(26)	-	-	-
Dividends paid to non-controlling interests .....	(26)	(2,035)	(1,714)	(1,778)
<b>Net cash generated by / (used in) financing activities</b> .....		<b>(23,944)</b>	<b>(10,678)</b>	<b>(7,798)</b>
Exchange differences in cash and cash equivalents.....		(256)	(1,224)	328
<b>Net increase/ (decrease) in cash and cash equivalents</b> .....		<b>4,880</b>	<b>5,485</b>	<b>2,963</b>
Cash and cash equivalents at beginning of the year .....	(12)	29,409	23,924	20,960
<b>Cash and cash equivalents at the end of the year</b> .....	(12)	<b>34,289</b>	<b>29,409</b>	<b>23,924</b>
(*) Excluding purchases financed through finance leases and right of use.....		3,503	1,234	3,210

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

Foraco International SA (the “Company”) and its subsidiaries (together, the “Group” or “Foraco Group”) is a market leader in the drilling industry, expanding its services in the sectors of energy transition, gold, and water management services. This strategic choice targets areas with high demand and growth potential. Additionally, Foraco prioritizes operations in geopolitically stable regions to minimize risks and ensure reliable service delivery.

The principal sources of revenue consist of drilling contracts for companies primarily involved in the sector of drilling for energy transition and gold which is defined as a key segment of the mining industry and water management services. The Group has operations in North America, South America, Asia Pacific, Africa and Europe.

The Company is a “société anonyme” incorporated in France. The address of its registered office is 26, Plage de l’Estaque, 13016 Marseille, France.

These consolidated financial statements were authorized for issue by the Board of Directors on March 7, 2024.

The Company is listed on the Toronto Stock Exchange (TSX) under the symbol “FAR”.

### **2. MATERIAL ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

#### **2.1 Basis of Preparation**

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (“IASB”).

The consolidated financial statements have been prepared under the historical cost convention except for certain financial assets recognized at fair value through profit and loss.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Except otherwise stated, all amounts are presented in thousands of US\$.

The Group is a drilling service provider and as such IFRS 6, ‘Exploration for and evaluation of mineral resources’ is not applicable to its operations.

IFRS Standards and New Pronouncements

Standards, Amendments, and Interpretations Adopted in 2023

**FORACO INTERNATIONAL**  
**Consolidated financial statements as at December 31, 2023**

The Company has adopted the following standards, amendments, and interpretations to existing standards, which were mandatory for the current reporting period:

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to IAS 12 Income Taxes— International Tax Reform — Pillar Two Model Rules

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

These amendments did not have a material impact on the Company's consolidated financial statements.

Standards, Amendments, and Interpretations Not Yet Effective and Not Early Adopted

The Company has reviewed standards, amendments, and interpretations that have been issued and are mandatory for accounting periods beginning on or after January 1, 2024, but have not been early adopted:

Amendments to IAS 1 and IFRS 7: Regarding the disclosure of accounting policies and liquidity risk, aiming to enhance the clarity and relevance of financial statement disclosures.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, addressing the recognition and measurement of such transactions.

Amendment to IAS 1: Classification of Liabilities as Current or Non-current, refining the criteria for classifying liabilities based on contractual arrangements.

Amendment to IFRS 16: Lease Liability in a Sale and Leaseback, detailing the measurement of lease liabilities in specific sale and leaseback transactions.

The Company anticipates that the adoption of these standards, amendments, and interpretations in future periods might not have a material impact on the consolidated financial statements. However, the Company will continue to assess the potential impact as more information becomes available and as the adoption dates approach.

## **2.2 Consolidation**

### **(a) Subsidiaries**

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has the right to variable returns from its involvement with the entity. It also has the ability to affect those returns through its involvement with the entity and through its power over the entity. In addition, the Group assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business acquisitions. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred by the former owners of the acquiree and the equity interests issued. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

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Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on a case by case basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed (Note 7).

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A cash generating unit "CGU" is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

**(b) Transactions with non-controlling interests**

The effects of all transactions with non-controlling interests have to be recorded in equity if there is no change in control and these transactions no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

**2.3 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the senior management team.

The Group reports its financial performance based on its business segments. Segment reporting disclosures are provided in Note 5.

**2.4 Foreign Currency translation**

**(a) Functional and Presentation Currency**

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). In accordance with IAS 21.38, the Group has elected to report its consolidated financial statements using the US Dollar as its presentation currency.

**(b) Transactions and Balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions' valuation where items are re-measured. The exchange rates prevailing at the dates of the transactions are approximated by a single rate per currency for each month (unless these rates are not reasonable approximations of the cumulative effect of the rates prevailing on the transaction dates). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of profit and loss except when deferred in other comprehensive income as qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statements of profit and loss within finance income or expense. All other foreign exchange gains and



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losses are presented in the consolidated statements of profit and loss within other operating income / (expense), net.

**(c) Group Companies**

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each statement of income are translated at a monthly average exchange rate (unless this rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognized in other comprehensive income and as a separate component of equity within "Other reserves".

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are recorded in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are recognized in the consolidated statements of profit and loss as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

**2.5 Property, plant and Equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and amortization losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Major refurbishment work and improvements are capitalized with the carrying amount of the replaced part derecognized. All other repairs and maintenance are charged to the consolidated statements of profit and loss during the financial period in which they are incurred. Borrowing costs are capitalized as part of the cost of property and equipment. There was no significant borrowing cost capitalized over the periods presented.

Depreciation of property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful life (Note 6).

The useful lives are as follows:

Buildings .....	10 years
Drills .....	3 to 10 years
Other drilling equipment .....	1 to 5 years
Automotive equipment.....	3 to 5 years
Office equipment and furniture .....	2 to 5 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

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When the Group leases assets under the terms of a long-term contract or other agreements that substantially transfer all of the risks and rewards of ownership to the Group, the value of the leased property is capitalized and depreciated (over the shorter of useful lives or lease term) and the corresponding obligation is recorded as a liability within borrowings.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating income / (expense), net in the consolidated statements of profit and loss.

## **2.6 Intangible Assets**

### **Goodwill**

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired, is recorded as goodwill. Goodwill on acquisitions of subsidiaries is presented on the consolidated balance sheet under the line item "Goodwill".

Goodwill is tested annually for impairment (or when events or changes in circumstances indicate a potential impairment) and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment (see Note 5).

## **2.7 Impairment of Non-financial Assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## **2.8 Financial Assets**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables originated by the Group are included in trade and other current receivables in the consolidated balance sheet.

## **2.9 Derivative Financial Instruments and Hedging Activities**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The Group does not enter into hedging activities.

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**2.10 Leases**

The adoption of IFRS 16 since January 1<sup>st</sup>, 2019 resulted in the recognition of rights-of-use assets and lease obligations amounting to US\$ US\$ 6.9 million, US\$ 5.3 million and US\$ 6.1 million respectively as at December 31, 2023, 2022 and 2021)

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value (less than US\$ 5 thousand commitment). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate corresponding to the Group's incremental borrowing rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

**2.11 Inventories**

The Group maintains an inventory of operating supplies and drill consumables such as bits, additives and chunks.

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the average weighted unit cost method. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. If the net realizable value is lower than cost, then a write down is recognized.

**2.12 Revenue Recognition**

Revenue from services rendered is recognized in the consolidated statements of profit and loss over time. The revenue is generated through contracts in the mining and water industries. A typical drilling contract for Foraco specifies the depth of drilling required, the duration of the project and the scope and conditions of work to be undertaken. Customers are typically charged on a rate per-meter drilled basis, which is the Company's principal measure of performance in both mining and water contracts. Drilling work is periodically approved by customers. The amount of revenue is not considered to be reliably measurable until all contingencies relating to services rendered have been resolved. Accordingly, variable consideration is recognized when approved. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Contracts in progress at the closing date are accounted for using the percentage of completion method whereby revenues and directly attributable costs are recognized in each period based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs including the cost for mobilizing and demobilizing drilling equipment.

When the global income from a contract cannot be reliably estimated, no gross profit is recognized during the period.

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Under either of the policies mentioned above, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. This loss is equal to the total estimated loss on the project minus the loss already accounted for and is first applied against the project's receivables. Any excess is then credited to provisions.

**2.13 Trade Receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, less provision for impairment. Contractual payment terms span generally below three months. A provision for impairment of trade receivables is established on a case by case basis when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the consolidated statements of profit and loss.

The Group transfers certain receivables to banks as collateral under an assignment of receivables program. As risks and rewards related to the trade receivables have been retained by the Group, accounts receivable are not derecognized and a financial liability is accounted for against the consideration received from the lenders.

**2.14 Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities up to six months or provided that these investments are held to meet short term cash needs and there is no significant risks of change in value as a result of an early withdraw. Bank overdrafts are shown within current liabilities on the consolidated balance sheet.

The Group owns certain highly liquid securities. These investments are classified as financial assets at fair value through profit or loss.

**2.15 Share Capital**

Ordinary shares are classified as equity. The Group has not issued any preference shares.

Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or re-issued. When such shares are subsequently re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, are included in equity attributable to the Company's equity holders.

Dividend to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

**2.16 Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

## **2.17 Income Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statements of profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax liabilities are determined for the withholding tax due on the reserves of the subsidiaries, when distributions are probable.

## **2.18 Provisions**

Provisions for restructuring costs and legal claims are recognized when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

No restructuring of the Group occurred in the periods presented.

The Group evaluates outflows of resources expected to be required to settle the obligation based on facts and events known at the closing date, from its past experience and to the best of its knowledge. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passing of time is recognized as interest expense.

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The Group does not provide for future operating losses, except when such losses result from loss making contracts in accordance with the policy described in note 2.12. The Group had no significant loss making contracts over the periods presented.

**2.19 Employee Benefits**

**(a) Pension Obligations**

The Group mainly provides defined contribution plans to its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan, such as the mandatory retirement plan in France, is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets (if any). The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise. Changes in amounts recognized in other comprehensive income are detailed in Note 13.

Changes in laws and regulations that affect the amount of the Group's obligations are accounted for as change in actuarial assumptions. There was no such change that materially affected amounts reported over the periods presented.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group does not provide other post-employment benefits.

**(b) Bonuses**

The Group recognizes a liability and an expense for bonuses based on a formula that takes into consideration the Group financial performance. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**(c) Share-based compensation**

The Group operates a limited number of equity-settled, share-based compensation plans under which the Group receives services from its employees as consideration for equity instruments (free shares see note 22). The total amount to be expensed is determined by reference to the fair value of the shares granted determined at grant date.

Non-market vesting conditions, including service conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognized over the vesting period, which is the period over

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which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statements of profit and loss, with a corresponding adjustment to equity.

**2.20 Trade Payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

The trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**2.21 Earnings Per Share**

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share are computed by dividing net income attributable to equity holders of the Company by the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

A reconciliation of the weighted average number of ordinary shares outstanding during the period and the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, is presented in Note 25.

**3. FINANCIAL RISK MANAGEMENT**

The Group's activity exposes it to a variety of financial risks through its activity: currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group did not enter into derivative financial instruments to cover its exposure over the periods presented.

The Group's cash investment strategy aims to avoid capital risks and reach a global performance level equivalent to the reference risk-free interest rate. In order to achieve this objective, the Group contracts certain short term deposits offering guaranteed capital with or without guaranteed interest rate yields.

**3.1 Company's Risk Exposure**

(a) Liquidity linked to financing and refinancing risks

Until November 8, 2023, a substantial part of the Group's financing involved a balloon payment approaching its maturity date and introducing specific risks. Primarily, a liquidity risk, necessitating the Group to secure sufficient funds for the lump-sum payment. Additionally, a refinancing risk as attempting to refinance a balloon payment could lead to unfavorable conditions or the possibility of being unable to refinance, influenced by volatile credit markets, interest rate fluctuations, or alterations in the Group's financial health.

On November 8, 2023, the Company undertook an early redemption of its US-dollar-denominated senior bonds, which were originally issued in 2021 and set to mature in December 2025. In conjunction with this redemption, the Company entered into two separate financing agreements (i) with Desjardins in Canada, securing C\$76 million at a 10% annual repayment rate, with a maturity of 3.5 years and an option to reschedule over an additional six years and (ii) with Caisse d'Epargne (Natixis Group) in France, obtaining €30 million, of which €22.5 million will be amortized over the next four years and a balloon payment of €7.5 million due in 2028.

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**(a) Currency risks**

The Group operates internationally and is therefore exposed to foreign exchange risk on its commercial transactions. A foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Foraco presents its consolidated financial statements in US dollars. The main currencies used by the Group are Canadian Dollars, Australian Dollars, Brazilian Reals, Euros, Chilean Pesos, Argentinian Pesos, and US Dollars.

The Group mitigates its exposure to foreign currency fluctuations by balancing its costs, revenues and financing in local currencies, resulting in a natural hedge.

The exchange rates for the periods under review are as follows against the US\$:

	Closing 2023	Closing 2022	Closing 2021	Average 2023	Average 2022	Average 2021
Euro (€)	0.91	0.94	0.88	0.92	0.95	0.85
Canadian Dollar (Can\$)	1.32	1.35	1.28	1.35	1.30	1.25
Australian Dollar (AUD)	1.47	1.47	1.38	1.51	1.44	1.33
Chilean Peso (CLP)	879	853	849	839	873	759
Brazilian Real (BRL)	4.85	5.28	5.64	4.99	5.16	5.39
Russian Ruble (RUB)	89.03	73.11	74.47	85.34	69.73	74.43

The sensitivity to foreign currencies against US\$ fluctuations of the consolidated revenue for the year presented in US\$ is summarized as follows (in thousands of US\$):

	<b>As at December 31, 2023</b>	
<b>Effect on revenue of a change .....</b>	<b>+5%</b>	<b>-5%</b>
Can\$ / US\$ .....	5,959	(5,959)
BRL / US\$ .....	3,375	(3,375)
AUD / US\$ .....	3,269	(3,269)
€ / US\$ .....	1,362	(1,362)
CLP / US\$ .....	1,040	(1,040)
RUB / US\$ .....	871	(871)

**(b) Interest rate risk**

Volatility in interest rates can affect the Company financial position, operational results, and cash flows impacting the debt servicing costs and investment income.

As part of the refinancing, in February 2024, the Company entered into a Euro-Australian Dollar currency swap, applying a fixed interest and exchange rate to 60% of its Euro-denominated debt including installments. This hedging contract enables the exchange of Euro debt for Australian Dollar equivalents at a specified rate, effectively mitigating exchange rate risks and stabilizing interest cost.

**(c) Credit risk**

All significant cash and cash equivalents and deposits with banks and financial institutions are spread amongst major financial institutions with investment grade ratings.

The Group assesses the credit quality of the customer, taking into account its financial position, past experience



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and other factors. Individual risk limits are set for each subsidiary. The utilization of credit limits is regularly monitored.

The Group's broad geographical and customer distribution limits the concentration of credit risk. Three customers accounted for more than 10% of the Group's sales during the year ended December 31, 2023 (Two customers accounted for more than 10% of the Group's sales during the year ended December 31, 2022 and during the year ended December 31, 2021).

**(d) Liquidity risk linked to operations**

Prudent liquidity risk management involves maintaining sufficient cash and cash equivalents and short term deposits, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the cyclical nature of the underlying businesses, management maintains funding flexibility by maintaining availability under committed credit lines.

The maturity analysis for financial liabilities is presented in Note 14.

**(e) Geopolitical risk**

The Group's strategy is to focus on stable jurisdictions. However, it remains exposed to certain countries experiencing political or social instability, such as Russia and Africa. There is a risk that operations, assets, employees or income repatriation could be compromised by factors specific to the regions in which the Group operates. The Group manages its country risk through a number of risk measures and limits, the most important being the regular review of geopolitical conditions and an effective monitoring of liquidity, inventories and equipment potential exposure.

The Company was present in Russia in 2023 through its 50% stake in Eastern Drilling Company (EDC). Since the start of the conflict in Ukraine in February 2022, the Company has strictly complied with the sanctions imposed on Russia. On April 5, 2023, the Company entered into a preliminary agreement to sell its 50% stake in EDC to its Russian partners. On February 2, 2024, the Company received authorization from the Russian Authorities to proceed with the sale of its shareholding in its subsidiary, EDC Russia. A sale agreement has been finalized with a net cash transaction of US\$2.1 million expected in the first half of 2024, which is lower than the entity's carrying amount as of December 31, 2023. In accordance with IAS 36, the Company conducted an impairment review as of December 31, 2023, and determined that no impairment needed to be recorded. The disposal, reflecting the Company's strategy to divest from Russia, is expected to generate no significant impact on net income when completed.

**(f) Capital risk management**

The primary objective of the Group's capital management is to ensure that it maintains a prudent liquidity ratio in order to support its growth strategy and maximize shareholders' value. The Group monitors financial measures presented in Note 5 on an ongoing basis as well as its net cash level (cash and cash equivalents less borrowings) presented in Notes 12 and 14.

**3.2 Estimation of fair value of financial assets and liabilities**

IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

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The Group does not hold any financial assets at fair value through profit or loss, derivatives or available-for-sale financial assets over the years presented. As at December 31, 2023, the Group holds US\$ 2,333 thousand of assets at amortized cost (US\$ 5,376 thousand in 2022 and US\$ 4,705 thousand in 2021). These assets correspond to term deposits and are classified as cash equivalents.

The carrying amounts of trade receivables less the impairment provision and trade payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments (see note 14).

**Financial instruments by category**

	<u>Trade receivables and cash</u>	<u>Assets at fair value through the profit and loss</u>	<u>Derivatives used for hedging</u>	<u>Available- for-sale</u>	<u>Total</u>
<b><u>December 31, 2023</u></b>					
<b>Assets as per balance sheet</b>					
Trade and other receivables.....	62,405	—	—	—	<u>62,405</u>
Cash and cash equivalents.....	34,289	—	—	—	<u>34,289</u>
<b>Total</b> .....	<u>96,694</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>96,694</u>
		<u>Liabilities at fair value through the profit and loss</u>	<u>Derivatives used for hedging</u>	<u>Other financial liabilities</u>	<u>Total</u>
<b>Liabilities as per balance sheet</b>					
Borrowings .....		—	—	99,487	<u>99,487</u>
Trade and other payables.....		—	—	70,331	<u>58,960</u>
<b>Total</b> .....		<u>—</u>	<u>—</u>	<u>169,818</u>	<u>169,818</u>
<b><u>December 31, 2022</u></b>					
<b>Assets as per balance sheet</b>					
Trade and other receivables.....	52,671	—	—	—	<u>52,671</u>
Cash and cash equivalents.....	29,408	—	—	—	<u>29,408</u>
<b>Total</b> .....	<u>82,079</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>82,079</u>
		<u>Liabilities at fair value through the profit and loss</u>	<u>Derivatives used for hedging</u>	<u>Other financial liabilities</u>	<u>Total</u>
<b>Liabilities as per balance sheet</b>					
Borrowings .....		—	—	105,568	<u>105,568</u>
Trade and other payables.....		—	—	58,960	<u>58,960</u>
<b>Total</b> .....		<u>—</u>	<u>—</u>	<u>164,528</u>	<u>164,528</u>
	<u>Trade receivables and cash</u>	<u>Assets at fair value through the profit and loss</u>	<u>Derivatives used for hedging</u>	<u>Available- for-sale</u>	<u>Total</u>
<b><u>December 31, 2021</u></b>					
<b>Assets as per balance sheet</b>					
Trade and other receivables.....	43,416	—	—	—	<u>43,416</u>
Cash and cash equivalents.....	23,924	—	—	—	<u>23,924</u>
<b>Total</b> .....	<u>67,340</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>67,340</u>

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	<u>Liabilities at fair value through the profit and loss</u>	<u>Derivatives used for hedging</u>	<u>Other financial liabilities</u>	<u>Total</u>
<b>Liabilities as per balance sheet</b>				
Borrowings .....	—	—	109,664	<b><u>109,664</u></b>
Trade and other payables.....	—	—	50,231	<b><u>50,231</u></b>
<b>Total .....</b>	—	—	<b><u>159,895</u></b>	<b><u>159,895</u></b>

#### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### **4.1 Seasonal fluctuations**

The worldwide presence of the Company reduces its overall exposure to seasonality and the influence this can have on the business activity. 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. 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.

For accounting purpose, revenues that are received seasonally or cyclically within the year are not anticipated or deferred at the end of the financial year.

##### **4.2 Deferred tax**

The current economic conditions also impact the timing of the recognition of deferred tax assets. The Group's policy is to recognize deferred tax assets only when they can be recovered within a reasonable timeframe. Based on internal forecasts and projections, management has considered that the potential recovery timeframe for deferred tax assets in certain countries would be longer than previously estimated, thus creating a risk that deferred tax assets may be unused. As a general rule, the Group recognizes deferred tax assets only when they can be used against taxable profit within a timeframe of five years. On this basis, the Group has adopted a partial recognition based approach. As at December 31, 2023, the Group has unrecognized deferred assets amounting to US\$ 7,712 thousand in countries in which the Group operates. Most of the corresponding tax losses can be carried forward indefinitely.

##### **4.3 Estimated impairment of goodwill**

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Value in use determination is sensitive to changes in the operating profit assumption and discount rate applied. No impairment charge has been recognized over the periods presented.

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As at December 31, 2023, the goodwill is allocated to cash generating units corresponding to the following operating / geographical segments:

Mining activity - Africa.....	653
Water activity - Africa.....	1,673
Mining activity - North America. ....	8,593
Mining activity - Asia-Pacific.....	6,933
Mining activity - South America. ....	45,065
Mining activity - Europe .....	2,702
<b>Total goodwill as at December 31, 2023.....</b>	<b><u>65,618</u></b>

The assumptions used involve a considerable degree of estimation on the part of management. Actual conditions may differ from the assumptions and thus actual cash flows may be different to those expected with a material effect on the recoverability of each cash generating unit. The most significant assumptions made for the determination of expected discounted cash flows covering the next 5 years are:

- 2024 to 2028 management's business plan
- A discount rate of 10.5% applied for each region on the projected cashflows converted into US dollars (11.6% for 2022 and 8.6% for 2021).
- A 1% long term growth applied to the terminal value.

Management believes that the assumptions used to evaluate potential impairment are reasonable. However, such assumptions are inherently subjective.

Based on the assumptions made, the expected discounted future cash flows exceeded each of the long lived asset's carrying amount for each geographic region and accordingly no impairment was recognized. An increase in the discount rate of 1% or a reduction of the long term growth to 0% would not change the outcome of the impairment testing.

#### **4.4 Depreciation of property and equipment**

Equipment is often used in a hostile environment and may be subject to accelerated depreciation. Management considers the reasonableness of useful lives and whether known factors reduce or extend the lives of certain assets. This is accomplished by assessing the changing business conditions, examining the level of expenditures required for additional improvements, observing the pattern of gains or losses on disposition, and considering the various components of the assets.

#### **4.5 Inventory allowance on spare parts and slow moving items**

Spare parts relate to equipment which may be used in a hostile environment. Management assesses the level of provision for spare parts together with its review of the equipment as described above.

#### **4.6 Revenue recognition**

Revenue from services rendered is recognized in the consolidated statements of profit and loss over time. The revenue is generated through contracts in the mining and water industries. A typical drilling contract for Foraco specifies the depth of drilling required, the duration of the project and the scope and conditions of work to be undertaken. Customers are typically charged on a rate per-meter drilled basis, which is the Company's principal measure of performance in both mining and water contracts. Drilling work is periodically approved by customers. The amount of revenue is not considered to be reliably measurable until all contingencies relating to services rendered have been resolved. Accordingly, variable consideration is recognized when approved. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

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Contracts in progress at the closing date are accounted for using the percentage of completion method whereby revenues and directly attributable costs are recognized in each period based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs including the cost for mobilizing and demobilizing drilling equipment.

When the global income from a contract cannot be reliably estimated, no gross profit is recognized during the period.

Under either of the policies mentioned above, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. This loss is equal to the total estimated loss on the project minus the loss already accounted for and is first applied against the project's receivables. Any excess is then credited to provisions.

#### **4.7 Income taxes**

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax assets and liabilities in the period in which such determination is made.

#### **4.8 Share-based payment transactions**

The fair value of share-based payment transactions is based on certain assumptions from management. The main area of estimates relates to the determination of the fair value of free shares. The main assumption used in the determination of the share-based payment expense is the turnover assumption retained to assess the number of equity instruments that are expected to vest. In 2023, the Group used a 10% turnover assumption (in 2022 10% and 10% and 2021) which is consistent with the Group's experience of employee departures.

Details of share-based compensation are disclosed in Note 22.

### **5. SEGMENT INFORMATION**

The chief operating decision makers make decisions about resources to be allocated to segments and assess their performance by analyzing revenues and operating profits for business segments and revenues for geographic segments. The Group does not identify or allocate assets, liabilities or cash flows to group segments nor does management evaluate the segments on these criteria on a regular basis.

#### **5.1 Business Segments**

The Group is organized on a worldwide basis with two main business segments.

The "Mining" segment covers drilling services primarily for energy transition and gold, a key segment of the mining industry.

The "Water" segment covers all activities linked to the construction of water wells leading to the supply of drinking water, the collection of mineral water, as well as the control, maintenance and renovation of the existing installations. This segment also includes drilling services offered to the environmental and construction industry such as geological exploration and geotechnical drilling.

The accounting policies for segment information are the same as those described in the summary of significant

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accounting policies as discussed in Note 2.

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 classified in the water segment.

The business segment information for the years ended December 31, 2023, 2022 and 2021 was as follows:

<u>Year ended December 31, 2023</u>	<u>Mining</u>	<u>Water</u>	<u>Group</u>
Revenue .....	321,697	48,395	370,093
Gross profit .....	81,221	12,642	93,863
Operating profit .....	57,830	8,879	66,709
Finance (expense) / income .....	—	—	(20,128)
<b>Profit before income tax .....</b>	<b>—</b>	<b>—</b>	<b><u>46,581</u></b>
Income tax (expense) / profit.....	—	—	(12,665)
<b>Profit for the year.....</b>	<b>—</b>	<b>—</b>	<b><u>33,916</u></b>

<u>Year ended December 31, 2022</u>	<u>Mining</u>	<u>Water</u>	<u>Group</u>
Revenue .....	286,065	44,490	330,555
Gross profit .....	59,963	11,309	71,272
Operating profit .....	38,409	7,975	46,384
Finance (expense) / income .....	—	—	(11,800)
<b>Profit before income tax .....</b>	<b>—</b>	<b>—</b>	<b><u>34,585</u></b>
Income tax (expense) / profit.....	—	—	(8,805)
<b>Profit for the year.....</b>	<b>—</b>	<b>—</b>	<b><u>25,780</u></b>

<u>Year ended December 31, 2021</u>	<u>Mining</u>	<u>Water</u>	<u>Group</u>
Revenue .....	232,356	37,333	269,689
Gross profit .....	39,342	7,478	46,820
Operating profit .....	19,851	4,276	24,127
Finance (expense) / income .....	—	—	24,865
<b>Profit before income tax .....</b>	<b>—</b>	<b>—</b>	<b><u>48,992</u></b>
Income tax (expense) / profit.....	—	—	(9,982)
<b>Profit for the year.....</b>	<b>—</b>	<b>—</b>	<b><u>39,010</u></b>

There is no inter-segment revenue.

Corporate costs and overheads are allocated to each business segment based on their revenue. Management considers this approach to be a reasonable basis for determining the costs attributable to the respective segments.

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**5.2 Geographical information**

The Group operates in four main geographical areas, even though the business is managed on a worldwide basis.

The following is a summary of revenue from external customers by geographic area for the years ended December 31, 2023, 2022 and 2021:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
North America .....	119,188	104,345	92,261
Europe, Middle East and Africa .....	50,582	68,275	81,875
South America .....	131,884	104,640	52,797
Asia Pacific .....	68,439	53,295	42,756
<b>Revenue.....</b>	<b><u>370,093</u></b>	<b><u>330,555</u></b>	<b><u>269,689</u></b>

Revenue from external customers is based on the customers' billing location. Accordingly, there are no sale transactions between operating segments. The Group does not allocate non-current assets by location for each geographical area.

**6. PROPERTY PLANT AND EQUIPMENT**

Property, plant and equipment consists of the following:

	<u>Land and Buildings</u>	<u>Drilling Equipment and Tools</u>	<u>Automotive Equipment</u>	<u>Office Furniture and Other Equipment</u>	<u>Rights of use</u>	<u>Total</u>
<b>Year ended December 31, 2021</b>						
Opening net book amount.....	1,803	25,426	3,102	348	5,411	36,090
Additions.....	90	17,785	1,351	210	3,210	22,646
Exchange differences .....	(90)	(10)	(83)	(23)	(143)	(345)
Disposals or retirements .....	-	(32)	(1)	-	-	(33)
Depreciation charge.....	(107)	(15,522)	(986)	(148)	(1,914)	(18,676)
<b>Closing net book amount at December 31, 2021 ....</b>	<b><u>1,696</u></b>	<b><u>27,647</u></b>	<b><u>3,384</u></b>	<b><u>388</u></b>	<b><u>6,564</u></b>	<b><u>39,681</u></b>
<b>Year ended December 31, 2022</b>						
Opening net book amount.....	1,696	27,647	3,384	388	6,564	39,681
Additions.....	205	17,222	2,579	536	1,234	21,776
Exchange differences .....	(74)	(800)	(207)	12	(288)	(1,357)
Disposals or retirements .....	-	(587)	(134)	(1)	(28)	(750)
Depreciation charge.....	(124)	(16,129)	(1,179)	(176)	(2,206)	(19,814)
<b>Closing net book amount at December 31, 2022 ....</b>	<b><u>1,703</u></b>	<b><u>27,353</u></b>	<b><u>4,443</u></b>	<b><u>759</u></b>	<b><u>5,276</u></b>	<b><u>39,536</u></b>
<b>Year ended December 31, 2023</b>						
Opening net book amount .....	1,703	27,353	4,443	759	5,276	39,536
Additions.....	120	22,286	4,084	250	3,504	30,244
Exchange differences.....	22	591	1	142	170	926
Disposals or retirements.....	-	(38)	(3)	-	-	(41)
Depreciation charge .....	(131)	(15,422)	(1,233)	(210)	(2,214)	(19,210)
<b>Closing net book amount at December 31, 2023...</b>	<b><u>1,714</u></b>	<b><u>34,808</u></b>	<b><u>7,257</u></b>	<b><u>938</u></b>	<b><u>6,736</u></b>	<b><u>51,456</u></b>

Most of the equipment located in Canada and Australia are pledged as part of the Group financing agreements entered with its lenders which represents a net book value of US\$ 12.4 million and US\$19.4 million respectively.

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The depreciation and amortization expense has been charged to the statement of income as follows:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cost of sales.....	17,453	18,050	17,311
General and administrative expenses .....	2,048	1,780	1,370
<b>Total depreciation and amortization .....</b>	<b><u>19,591</u></b>	<b><u>19,830</u></b>	<b><u>18,681</u></b>

In 2023, 2022 and 2021 the Group did not record any impairment charge on property, plant and equipment.

**7. GOODWILL**

Goodwill can be analyzed as follows:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>As at January 1,</b> .....	<b>64,055</b>	<b>63,504</b>	<b>69,482</b>
Exchange differences .....	1,563	552	(5,978)
<b>As at December 31,</b> .....	<b><u>65,618</u></b>	<b><u>64,055</u></b>	<b><u>63,504</u></b>

In 2023, 2022 and 2021 the Group did not record any impairment charge. The main estimates used for the purpose of the goodwill impairment testing are presented in note 4.3.

**8. OTHER NON-CURRENT ASSETS**

Other non-current assets consist of the following:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Loans .....	31	50	55
Software.....	507	471	333
Investment in unconsolidated affiliates .....	114	111	103
Deposits and guarantees.....	228	393	352
Other non-current receivables.....	37	28	11
<b>Other non-current assets</b>	<b><u>916</u></b>	<b><u>1,053</u></b>	<b><u>854</u></b>

The investment in unconsolidated affiliates corresponds to the company "Minera Chimù" (Peru).

**9. INVENTORIES**

Inventories consist of the following:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Spare parts, .....	23,351	20,262	17,831
Consumables, .....	22,232	23,768	19,226
<b>Inventories, net</b> .....	<b><u>45,583</u></b>	<b><u>44,030</u></b>	<b><u>37,057</u></b>

Spare parts mainly include motors, wire lines and heads. Spare parts are charged to the statement of income when used on equipment. Consumables mainly include destructive tools, hammers, muds and casing. Consumables are



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charged to the statement of income when delivered to the field. The Group reviews impairment loss on inventories on a regular and item by item basis.

Inventories write-down expense / (reversal) recognized in 2023 in the statement of income under the line item "Cost of sales" amounts to US\$ 597 thousand (US\$ 343 thousand in 2022 and US\$ 242 thousand in 2021).

**10. TRADE RECEIVABLES**

Trade receivables, net, consist of the following:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Trade receivable, gross.....	51,765	43,351	32,400
Less provision for impairment.....	(164)	(163)	(163)
<b>Trade receivables, net.....</b>	<b><u>51,601</u></b>	<b><u>42,439</u></b>	<b><u>32,237</u></b>

Impairment expense / (reversal) recognized in 2023 in the statement of income is nil (nil in 2022 and nil in 2021) under the line item "Selling, general and administrative expenses".

Movements in the provision for impairment of trade receivables are as follows:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Provision for impairment at January 1, .....	(163)	(163)	(177)
Provision for receivables impairment.....	—	—	—
Receivables written off during the year .....	—	—	—
Unused amounts reversed during the year following collection of the receivable.....	—	—	—
Exchange differences .....	(1)	—	(14)
<b>Provision for impairment at December 31, .....</b>	<b><u>(164)</u></b>	<b><u>(163)</u></b>	<b><u>(163)</u></b>

Trade receivables, net, are broken down per location as follows:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Europe.....	5,069	2,224	4,684
New Caledonia.....	344	666	368
Africa .....	5,961	2,956	4,265
South America.....	23,069	18,876	7,176
Australia .....	1,158	2,250	3,080
Canada .....	16,001	15,466	12,663
<b>Trade receivables, net.....</b>	<b><u>51,601</u></b>	<b><u>42,439</u></b>	<b><u>32,237</u></b>

The geographical allocation of a receivable is based on the location of the project to which the receivable relates and not to the country where the client is incorporated.

The fair value of trade accounts receivable based on discounted cash flows does not differ from the net book value as the Group does not have trade accounts receivable with payment terms exceeding one year.

The impairment of receivables relates to various customers in both of the Group's operating segments on which a collectability risk was identified.

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The maximum exposure to credit risk at the reporting date is the carrying value of each class of trade receivables mentioned above.

As at December 31, 2023, trade receivables of US\$ 6,531 thousand (US\$ 1,349 thousand in 2022 and US\$ 2,756 thousand in 2021) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default or with established practices of long payment terms such as States bodies in the Water segment.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
€, CFA Francs or CFP Francs (1) .....	6,773	3,325	4,804
Canadian dollars .....	16,001	15,466	12,663
Australian dollars .....	1,158	2,250	3,080
US dollars .....	890	709	596
Chilean Pesos .....	4,533	4,544	1,799
Brazilian Reals .....	7,393	8,073	4,304
Russian Rubles .....	3,868	1,813	3,917
Argentinian Pesos .....	<u>10,985</u>	<u>6,260</u>	<u>1,073</u>
<b>Trade receivables, net</b> .....	<b><u>51,601</u></b>	<b><u>42,439</u></b>	<b><u>32,237</u></b>

(1) CFA Francs and CFP Francs have a fixed exchange rate with €

Certain receivables are provided as collateral under financing agreements (see Note 14).

## 11. OTHER CURRENT RECEIVABLES

Other current receivables consist of the following:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
VAT / GST and other recoverable taxes .....	6,790	5,558	5,297
Prepaid expenses .....	2,043	1,743	2,579
Down payments / credit notes receivable .....	1,623	2,339	2,062
Other receivables .....	348	593	1,242
<b>Other current receivables</b> .....	<b><u>10,804</u></b>	<b><u>10,232</u></b>	<b><u>11,179</u></b>

Provisions for impairment of other current receivables is nil as at December 2023 (nil in 2022 and nil in 2021).

Value Added Tax (VAT) and Goods and Services Tax (GST) and other recoverable taxes mainly comprise tax receivables in African countries and Brazil. There is no indication that these amounts will not be recovered.

The fair value of other current receivables based on discounted cash flows does not differ from the net book value as the Group does not have other current receivables with payment terms exceeding one year.

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The carrying amounts of the Group's other receivables are denominated in the following currencies:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
€, CFA Francs or CFP Francs (1) .....	3,688	4,123	4,209
Canadian dollars .....	1,679	1,093	1,151
Australian dollars .....	597	465	375
Chilean Pesos .....	531	599	469
Russian Rubles .....	999	756	2,187
Brazilian Reals .....	1,838	1,745	1,934
Other currencies .....	1,472	1,450	854
<b>Other current receivables, gross</b> .....	<b><u>10,804</u></b>	<b><u>10,232</u></b>	<b><u>11,179</u></b>

(1) CFA Francs and CFP Francs have a fixed exchange rate with €

**12. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash at bank and in hand .....	31,956	24,033	19,164
Short-term bank deposits .....	2,333	5,376	4,760
<b>Cash and cash equivalents</b> .....	<b><u>34,289</u></b>	<b><u>29,409</u></b>	<b><u>23,924</u></b>

**13. EQUITY ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS**

Consolidated reserves, including net income for the period and other reserves, can be analyzed as follows:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Foraco International share premium and retained earnings .....	119,254	105,241	121,995
Reserves of consolidated subsidiaries and other reserves .....	(35,830)	(42,553)	(68,515)
<b>Total consolidated reserves</b> .....	<b><u>83,424</u></b>	<b><u>62,688</u></b>	<b><u>53,480</u></b>

Under French law, dividends can be paid only from the reserves of the parent company (Foraco International). As at December 31, 2023, the value of distributable reserves amounted to € 108,059 thousand (€ 107,521 thousand as at December 31, 2022 and €107,731 thousands as at December 31, 2021).

All shares issued by the Company have a par value of € 0.02 and are fully paid.

***Treasury shares transactions over the periods presented***

On September 16, 2021, the Company issued a notice with the Toronto Stock Exchange ("TSX") in respect of a Normal Course Issuer Bid ("NCIB"). The Company was entitled to purchase up to 1,000,000 additional common shares. As at December 31, 2022, the Company purchased 685,472 of its own shares at an average purchase price of Can\$2.02.

On September 30, 2022, the Company issued a notice with the Toronto Stock Exchange ("TSX") in respect of a Normal Course Issuer Bid ("NCIB"). The Company was entitled to purchase up to 1,000,000 additional common shares. As at September 30, 2023, the Company purchased 935,340 of its own shares at an average purchase

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price of Can\$1.72.

On September 29, 2023, the Company issued a notice with the Toronto Stock Exchange (“TSX”) in respect of a Normal Course Issuer Bid (“NCIB”). The Company was entitled to purchase up to 1,000,000 additional common shares. As at December 31, 2023, the Company purchased 284,012 of its own shares at an average purchase price of Can\$1.80.

As at December 31, 2023, the Company owns 626,481 of its own shares (265,573 as at December 31, 2022).

***Equity incentive plan (“Free share plan”)***

Since 2007, the Group implemented free share plans every 3 years. Between 2007 and 2023, 11,170,000 free shares were granted of which 6,897,000 were vested and 1,358,000 were forfeited.

***Reconciliation of the share capital and premium***

The reconciliation of the share capital and share premium at the beginning and end of the year presented is summarized as follows:

	<u>Number of shares</u>	<u>Ordinary shares in thousand US\$</u>	<u>Share Premium in thousand US\$</u>
<b>As at December 31, 2020</b> .....	<b><u>89,653,589</u></b>	<b><u>1,772</u></b>	<b><u>95,345</u></b>
Acquisition of treasury shares	(617,251)	—	—
Impact in modification of share value	—	507	(507)
Share capital increase	9,300,000	220	16,831
Treasury shares transferred in connection with equity incentive plan (vested shares)	537,000	—	—
<b>As at December 31, 2021</b> .....	<b><u>98,873,338</u></b>	<b><u>2,499</u></b>	<b><u>111,669</u></b>
Acquisition of treasury shares	(598,113)	—	—
Treasury shares transferred in connection with equity incentive plan (vested shares)	711,000	—	—
<b>As at December 31, 2022</b> .....	<b><u>98,986,225</u></b>	<b><u>2,499</u></b>	<b><u>111,669</u></b>
Acquisition of treasury shares	(1,116,908)	—	—
Treasury shares transferred in connection with equity incentive plan (vested shares)	756,000	—	—
<b>As at December 31, 2023</b> .....	<b><u>98,625,317</u></b>	<b><u>2,499</u></b>	<b><u>111,669</u></b>

In FY 2021, as part of the financing reorganization 9,300,000 shares have been issued to the benefit of the former bond holders. The transaction has been accounted for using the fair value approach. For the purpose of the financial information, the fair value per share has been determined using a commonly accepted valuation methodology taking into account the adjusted net debt as it appeared post refinancing. The fair value attributed to the 9,300,000 shares amounting to US\$ 16,851 thousand is allocated to par value for US\$ 220 thousand and to share premium for US\$ 16,831 thousand.

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As at December 31, 2023, the capital stock of the Company amounted to US\$ 2,499 thousand, divided into 99,251,798 common shares. The total common shares and warrants of the Company are distributed as follows:

	<u>Number of shares</u>
Common shares held directly or indirectly by principal shareholders .....	34,155,191
Common shares held directly or indirectly by individuals in their capacity as members of the Board of Directors and executive officer * .....	1,399,863
Common shares held by the Company .....	626,481
Common shares held by the public .....	63,070,263
<b>Total common shares issued and outstanding .....</b>	<b><u>99,251,798</u></b>
Common shares held by the Company .....	(626,481)
<b>Total common shares issued and outstanding net of treasury shares.....</b>	<b><u>98,625,317</u></b>

*\*In the table above, the shares owned indirectly are presented for an amount corresponding to the prorata of the ownership interest*

**14. BORROWINGS**

Financial debt consists of the following as at year-end:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Non-current</b>			
Other bank financings .....	77,187	84,251	93,991
Finance lease obligations .....	1,869	521	110
Lease Obligations (IFRS 16) .....	4,139	3,276	4,684
	<b><u>83,195</u></b>	<b><u>88,047</u></b>	<b><u>98,786</u></b>
<b>Current</b>			
Bank overdrafts .....	244	1,482	754
Obligation under assignment of trade receivables .....	-	841	628
Other bank financings .....	12,344	12,545	7,493
Lease obligations (IFRS 16).....	2,731	2,032	1,913
Finance lease obligations .....	974	622	91
	<b><u>16,293</u></b>	<b><u>17,521</u></b>	<b><u>10,879</u></b>

As at December 31, 2023 the maturity of financial debt, excluding IFRS 16 obligations, can be analyzed as presented in the table below:

	<u>December 31, 2023</u>
Credit lines	244
Long-term debt	
Within one year	13,317
Between 1 and 2 years	12,471
Between 2 and 3 years	12,014
Between 3 and 4 years	46,291
Between 4 and 5 years	8,280
<b>Total</b>	<b><u>92,618</u></b>

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As at December 31<sup>st</sup>, 2023, the lease obligations amount to US\$ 6,869 thousand (US\$ 5,308 thousand as at December 31<sup>st</sup>, 2022 and US\$ 6,597 thousand as at December 31<sup>st</sup>, 2021).

During FY 2021, the Company finalized its financial reorganization related to the early redemption of its euro-denominated bonds amounting to US\$145,871 thousand as at June 30, 2021, raised in 2017 and maturing in May 2022. The early redemption of these bonds has been completed by way of a repayment of US\$ 90,997 thousand in cash and the issuance of 9,300,000 ordinary shares of the Company. The Company raised US\$ 100 million of new bonds for the purpose of financing the transaction.

On November 8, 2023, the Company undertook an early redemption of its US-dollar-denominated senior bonds, which were originally issued in 2021 and set to mature in December 2025. In conjunction with this redemption, the Company entered into two separate financing agreements (i) with Desjardins in Canada, securing C\$76 million at a 10% annual repayment rate, with a maturity of 3.5 years and an option to reschedule over an additional six years and (ii) with Caisse d'Epargne (Natixis Group) in France, obtaining €30 million, of which €22.5 million will be amortized over the next four years and a balloon payment of €7.5 million due in 2028. This refinancing strategy is aimed at reducing the Company's interest expenses, modifying its debt maturity profile, and implementing a back-ended amortization schedule. Concurrently, an additional liquidity line of C\$15 million has been secured with Desjardins.

As at December 31, 2023 receivable balances transferred to banks in exchange for cash was nil (US\$ 841 thousands as at December 31, 2022 and US\$ 628 thousands as at December 31, 2021). These transactions were accounted for as an assignment of trade receivables with recourse (or collateralized borrowing). In the event that the entities default under the assignment agreement, the banks have the right to receive the cash flows from the receivables transferred. Without default, the entities will collect the receivables and allocate new receivables as collateral.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
€ .....	32,782	1,726	1,760
Canadian dollars.....	58,641	1,356	4,342
Australian dollars .....	807	458	1,222
US dollars.....	-	95,069	100,723
Chilean Pesos .....	-	841	628
Russian Rubles.....	324	285	-
Brazilian Real .....	244	526	989
<b>Total financial debt (excluding IFRS 16 obligations) .....</b>	<b><u>92,618</u></b>	<b><u>100,261</u></b>	<b><u>109,665</u></b>

**15. CONSIDERATION PAYABLE RELATED TO ACQUISITIONS**

As at December 31, 2021, 2022 and 2023, there was no consideration payable related to acquisitions.

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**16. DEFERRED INCOME TAX**

The French companies of the Group fall under the French consolidation tax regime.

The components of the deferred tax assets and liabilities recorded as at December 31, 2023, 2022 and 2021 are as follows:

	<b>December 31,</b>		
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Assets</b>			
Pension obligations.....	396	329	278
Property and equipment depreciation differences.....	62	275	419
Losses carried forward.....	14,435	17,177	18,485
Tax deductible goodwill.....	—	—	—
Other tax temporary differences.....	4,569	1,010	1,174
<b>Total</b> .....	<b><u>19,462</u></b>	<b><u>18,791</u></b>	<b><u>20,356</u></b>
<i>To be recovered after 12 months</i> .....	<i>12,114</i>	<i>9,941</i>	<i>15,156</i>
<i>To be recovered within 12 months</i> .....	<i>7,348</i>	<i>8,850</i>	<i>5,200</i>
<b>Liabilities</b>			
Finance leases.....	-	-	-
Property and equipment depreciation differences.....	(867)	(892)	(955)
Revenue recognition.....	(419)	(409)	(684)
Other tax temporary differences.....	(1,079)	(992)	(846)
<b>Total</b> .....	<b><u>(2,365)</u></b>	<b><u>(2,292)</u></b>	<b><u>(2,485)</u></b>
<i>To be reversed after 12 months</i> .....	<i>(1,450)</i>	<i>(1,449)</i>	<i>(1,861)</i>
<i>To be reversed within 12 months</i> .....	<i>(919)</i>	<i>(843)</i>	<i>(624)</i>

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through the future taxable profits is probable. As at December 31, 2023, US\$ 7,712 thousand (2022 – US\$ 15,300 thousand and 2021 – US\$ 19,349 thousand) in tax losses carried forward are not recognized.

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**17. PROVISIONS**

Provisions comprise the following elements:

	<u>Pension &amp; Retirement Indemnities Provision</u>	<u>Provision for tax uncertainty</u>	<u>Claims and other Provisions</u>	<u>Total</u>
<b>At January 1, 2021</b> .....	<b><u>518</u></b>	—	<b><u>148</u></b>	<b><u>666</u></b>
Charged to consolidated statements of profit and loss:				
— Additional provisions .....	77	—	—	77
— Unused amounts reversed .....	—	—	—	—
Used during year .....	—	—	(18)	(18)
Exchange differences .....	(27)	—	5	(22)
<b>At December 31, 2021</b> .....	<b><u>568</u></b>	<u>—</u>	<b><u>135</u></b>	<b><u>703</u></b>
<b>At January 1, 2022</b> .....	<b><u>568</u></b>	—	<b><u>135</u></b>	<b><u>703</u></b>
Charged to consolidated statements of profit and loss:				
— Additional provisions .....	38	—	—	38
— Unused amounts reversed .....	—	—	—	—
Used during year .....	(16)	—	—	(16)
Exchange differences .....	(27)	—	9	(18)
<b>At December 31, 2022</b> .....	<b><u>563</u></b>	<u>—</u>	<b><u>144</u></b>	<b><u>707</u></b>
<b>At January 1, 2023</b> .....	<b><u>563</u></b>	—	<b><u>144</u></b>	<b><u>707</u></b>
Charged to consolidated statements of profit and loss:				
— Additional provisions .....	232	—	229	461
— Unused amounts reversed .....	—	—	—	—
Used during year .....	—	—	(131)	(131)
Exchange differences .....	19	—	15	34
<b>At December 31, 2023</b> .....	<b><u>815</u></b>	<u>—</u>	<b><u>257</u></b>	<b><u>1,072</u></b>

The analysis of total provisions is as follows:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current .....	257	144	135
Non-current (retirement and litigation) .....	815	563	568
<b>Provisions</b> .....	<b><u>1,072</u></b>	<b><u>707</u></b>	<b><u>703</u></b>

The Group faces various forms of litigation and legal proceedings throughout the normal course of business. The Group records a provision for these risks based on its past experience and on facts and circumstances known at the balance sheet date. The Group's Management is of the opinion that the expenses to be incurred in resolving such affairs will not have a significant additional impact on its consolidated financial situation, income or cash flows.

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.



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**18. RETIREMENT BENEFIT OBLIGATIONS**

Substantially all of the Group's employees, with the exception of those in France, are covered under Government-sponsored health and life insurance benefit plans. Accordingly, the Group has no significant liability to its employees in terms of post-retirement benefits other than pensions and therefore no provision is made.

In France, the Group contributes to the national pension system whereby its obligations to employees in terms of pensions are restricted to a lump-sum length of service award payable at the date the employee reaches retirement age, such an award being determined for each individual based upon years of service provided and projected final salary.

The pension obligation has been estimated on the basis of actuarial assumptions and retirement ages conforming with the law applicable in France, including:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Discount rate.....	3.33%	3.65%	2.25%
Inflation rate.....	2.25%	2.00%	0.70%

These retirement indemnities are not funded or covered by pension plan assets. Except in France, the Group does not maintain defined benefit obligations in any country where it operates.

Payments made by the Group for defined contribution plans are accounted for as expenses in the consolidated statements of profit and loss during the period in which they were incurred.

**19. TRADE AND OTHER PAYABLES**

Trade and other payables consist of the following:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Trade payables .....	34,513	28,717	26,401
Wages, Salaries, and other employee benefits.....	24,691	20,551	14,536
VAT / GST and other tax payable.....	8,038	7,494	5,284
Down payments from customers.....	2,527	1,349	2,685
Deferred income .....	110	197	274
Other miscellaneous payable .....	451	653	1,051
<b>Trade and other payables .....</b>	<b><u>70,331</u></b>	<b><u>58,961</u></b>	<b><u>50,231</u></b>

Trade and other payables are denominated in the following currencies:

	<u>December 31,</u>		
	<u>2023</u>	<u>2023</u>	<u>2021</u>
€, CFA Francs or CFP Francs (1).....	23,216	15,129	10,693
Canadian dollars .....	14,341	10,686	11,217
Australian dollars.....	8,976	6,802	5,550
US dollars.....	22	20	19
Chilean Pesos & UF.....	3,798	3,266	3,224
Russian Rubles .....	5,345	5,298	9,904
Argentinian Pesos.....	7,393	9,668	2,553
Brazilian Reals.....	7,110	7,578	6,531
Other currencies.....	130	514	241
<b>Trade and other payables .....</b>	<b><u>70,331</u></b>	<b><u>58,961</u></b>	<b><u>50,231</u></b>

(1) CFA Francs and CFP Francs have a fixed exchange rate with €

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**20. EXPENSES BY NATURE**

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

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Depreciation, amortization and impairment charges.....	19,591	19,830	18,681
Provision increase/(reversal) .....	117	74	116
Raw materials, consumables used, and other external costs.....	146,957	139,563	120,645
Employee benefit expense.....	132,706	121,519	104,868
Other tax expense .....	4,015	2,451	1,916
Other operating expense/(income), net.....	-	735	-
<b>Total of operating expenses.....</b>	<b><u>303,386</u></b>	<b><u>284,171</u></b>	<b><u>246,227</u></b>
<i>Number of employees (unaudited) .....</i>	<i>2,756</i>	<i>2,789</i>	<i>2,891</i>

**21. OTHER OPERATING INCOME (EXPENSE), NET**

There is no other operating income or expenses during the last three year.

**22. SHARE-BASED COMPENSATION**

The effect on the consolidated statements of profit and loss of equity instruments awarded as part of the IPO and the Group's Equity Incentive Plan are as follows:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
947,000 free common shares in 2017 .....	—	—	24
823,000 free common shares in 2018 .....	—	15	30
892,000 free common shares in 2019 .....	20	32	43
908,000 free common shares in 2020 .....	37	60	55
580,000 free common shares in 2021 .....	130	152	81
482,500 free common shares in 2022 .....	121	70	—
615,500 free common shares in 2023 .....	63	—	—
<b>Total of non-cash share-based compensation expenses .....</b>	<b><u>372</u></b>	<b><u>330</u></b>	<b><u>233</u></b>

Movements in the number of free shares and warrants outstanding are as follows:

	<u>Free shares</u>	<u>Warrants</u>
Number of free shares and warrants outstanding as at January 1st, 2020	3,720,000	
Granted in 2020 .....	908,000	—
Vested in 2020. ....	(1,173,000)	—
Forfeited in 2020. ....	(18,000)	—
Granted in 2021 .....	580,000	—
Vested in 2021. ....	(537,000)	—
Forfeited in 2021. ....	(20,000)	—
Granted in 2022 .....	482,500	—
Vested in 2022. ....	(752,000)	—
Forfeited in 2022. ....	(12,000)	—
Granted in 2023 .....	615,500	—
Vested in 2023. ....	(819,000)	—
Forfeited in 2023. ....	(60,000)	—
	<b><u>2,915,000</u></b>	<b><u>—</u></b>

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Considering the vesting conditions described below, free shares outstanding at year end have the following expiry dates:

	<u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>2021</u>
2021 .....	—	—	418,000
2022 .....	—	450,000	754,000
2023 .....	406,000	810,000	810,000
2024 .....	882,000	890,000	898,000
2025 .....	574,500	576,000	580,000
2026 .....	461,000	482,500	—
2027 .....	<u>591,500</u>	<u>—</u>	<u>—</u>
<b>Free shares outstanding.....</b>	<b><u>2,915,000</u></b>	<b><u>3,208,500</u></b>	<b><u>3,460,000</u></b>

***Other share-based payment transactions with employees (see Note 13)***

Awards under the Group's free share plan are within the scope of IFRS 2, Share-based payment as they are issued at a price that is less than the fair value of those equity instruments. From the grant date, the Group will amortize over the corresponding vesting period the fair value of the free common shares granted to employees. There are no performance conditions under the Group's equity incentive plan.

The main provisions of these share plans are as follows:

**Fifth Free Share plan**

**First tranche awarded in 2019**

• Grant date	August 2019
• Number of free shares issued	892,000
• Vesting period for the French plan	4 years
• Vesting period for the international plan	4 years
• Fair value of common shares at grant date	Can\$ 0.37
• Anticipated turnover	10%
• Total fair value of the plan	Can\$ 267 thousand

**Second tranche awarded in 2020**

• Grant date	August 2020
• Number of free shares issued	908,000
• Vesting period for the French plan	4 years
• Vesting period for the international plan	4 years
• Fair value of common shares at grant date	Can\$ 0.51
• Anticipated turnover	10%
• Total fair value of the plan	Can\$ 321 thousand

**Third tranche awarded in 2021**

• Grant date	August 2021
• Number of free shares issued	580,000
• Vesting period for the French plan	4 years
• Vesting period for the international plan	4 years
• Fair value of common shares at grant date	Can\$ 1.88
• Anticipated turnover	10%
• Total fair value of the plan	Can\$ 772 thousand

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**Sixth Free Share plan**

**First tranche awarded in 2022**

• Grant date	August 2022
• Number of free shares issued	482,500
• Vesting period for the French plan	4 years
• Vesting period for the international plan	4 years
• Fair value of common shares at grant date	Can\$ 1.89
• Anticipated turnover	10%
• Total fair value of the plan	Can\$ 620 thousand

**Second tranche awarded in 2023**

• Grant date	August 2023
• Number of free shares issued	615,500
• Vesting period for the French plan	4 years
• Vesting period for the international plan	4 years
• Fair value of common shares at grant date	Can\$ 1.74
• Anticipated turnover	10%
• Total fair value of the plan	Can\$ 507 thousand

(3) Plus an additional 2-year lock up period following the vesting date.

The impact of this non-cash share-based compensation is presented within “Cost of sales” or “General and administrative expenses” depending on the employee benefiting from the award. The dilutive effect of these awards, if any, is taken into account in the calculation of the diluted earnings per share (see Note 25).

**23. FINANCE INCOME AND FINANCIAL EXPENSE**

Financial income and expense consist of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Interest expense.....	(14,463)	(11,826)	(9,847)
One-off refinancing costs (See note 14).....	(6,400)	-	-
Gains on short term deposits .....	215	300	109
Gain on refinancing (See note 14).....	-	-	34,233
Other .....	520	(274)	370
<b>Finance costs.....</b>	<b><u>(20,128)</u></b>	<b><u>(11,800)</u></b>	<b><u>24,865</u></b>

**24. INCOME TAX EXPENSE**

The income tax rate applicable in France is 25.0% in 2023 (25.0% in 2022 and 26.5% in 2021) excluding the impact of certain additional considerations or reductions depending upon the size of the company. The Group also operates in certain countries in which effective rates of tax may be different.

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Income tax expense is presented as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current tax .....	(9,795)	(10,806)	(4,698)
Deferred tax .....	(2,869)	2,001	(5,234)
<b>Total</b> .....	<b><u>(12,665)</u></b>	<b><u>(8,805)</u></b>	<b><u>(9,982)</u></b>

The reconciliation between the income tax expense using the French statutory rate and the Group's effective tax rate can be analyzed as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Income / (loss) before taxes and share of profit from associates</b> .....	<b>46,580</b>	<b>34,584</b>	<b>48,992</b>
Tax calculated at French tax rate (25% for 2023) .....	11,645	8,646	12,983
Effect of different tax rates in different countries .....	705	(237)	(88)
Share-based payment expense .....	93	83	62
Expenses not deductible for tax purposes .....	180	225	150
Unrecognized tax assets / (Recognition of previously unrecognized deferred tax assets) .....	42	88	(3,125)
<b>Total</b> .....	<b><u>12,665</u></b>	<b><u>8,805</u></b>	<b><u>9,982</u></b>

**25. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares issued during the year excluding shares purchased by the Group and held as treasury shares. The Group has also issued certain dilutive equity instruments under its free share plans (see Note 13 and 22).

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Profit / (loss) attributable to equity holders of the Company in thousands of US\$</b> .....	<b>28,714</b>	<b>19,761</b>	<b>35,487</b>
Weighted average number of ordinary shares in issue before dilution .....	98,776,996	98,721,125	94,252,613
<b>Basic earnings per share (US cents per share)</b> .....	<b><u>29.07</u></b>	<b><u>20.01</u></b>	<b><u>37.65</u></b>
Weighted average number of ordinary shares in issue after dilution (1) .....	100,509,742	100,862,425	96,666,257
<b>Diluted earnings per share (US cents per share)</b> .....	<b><u>28.57</u></b>	<b><u>19.59</u></b>	<b><u>36.71</u></b>

(1) Reflect the effect of free shares issued and outstanding at each reporting period end (see Note 22). A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value attached to outstanding free shares. The number of shares calculated as above is compared with the number of shares that would have been issued. Only free shares have a dilutive effect over the periods presented.

Dilutive instruments cannot have an anti-dilutive effect in case of a net loss attributable to the equity holders of the Company.

**26. DIVIDENDS PER SHARE**

On March 7, 2024, the Board of Directors proposed a dividend payment of CAD \$0.06 per common share to be approved by shareholders at the Company's Annual General Meeting on April 12, 2024 (nil in 2022 and 2021).

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**27. COMMITMENTS AND CONTINGENCIES**

The guarantees given are the following:

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Bid bonds.....	18	85	13
Advance payment guarantees and performance guarantees.....	7,238	9,189	8,879
Retention guarantees .....	-	39	42
Financial guarantees .....	153	148	157
<b>Total .....</b>	<b><u>7,408</u></b>	<b><u>9,372</u></b>	<b><u>9,048</u></b>

Generally, the Group is subject to legal proceedings, claims and legal actions arising in the ordinary course of business. The Group's management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on the Group's consolidated financial position, results of operations or cash flows.

**28. RELATED-PARTY TRANSACTIONS**

As at December 31, 2023, the companies under the control of management hold 35.8% of the shares. 63.5% of the shares are listed on the Toronto Stock Exchange (excluding treasury shares owned by the Company).

Key management compensation is as follows:

<u>In thousand €</u>	<u>Wages, attendance fees and bonuses</u>	<u>Share- awarded</u>	<u>Other benefits</u>	<u>Total</u>
Key management	3,353	191	48	3,592
Board of Directors members other than key management	160	—	—	160
<b>Year ended December 31, 2023</b>	<b><u>3,957</u></b>	<b><u>191</u></b>	<b><u>90</u></b>	<b><u>4,232</u></b>
Key management	2,092	—	—	2,092
Board of Directors members other than key management	60	—	—	60
<b>Year ended December 31, 2022</b>	<b><u>2,152</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>2,152</u></b>
Key management	2,092	—	—	2,092
Board of Directors members other than key management	60	—	—	60
<b>Year ended December 31, 2021</b>	<b><u>2,152</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>2,152</u></b>

The Company accounted for certain related party transactions including lease of facility and equipment amounting to US\$ 2,127 thousand for the period ended December 31, 2023 (US\$ 1,656 thousand for the year ended December 31, 2022 and US\$ 1,337 thousand for the period ended December 31, 2021).

The Group has not carried out any other transactions with related parties.

**29. EVENTS AFTER THE BALANCE SHEET DATE**

On February 2, 2024, the Company received authorization from the Russian Authorities to proceed with the sale of its shareholding in its subsidiary, EDC Russia. A sale agreement has been finalized with a net cash transaction of US\$2.1 million expected in the first half of 2024, which is lower than the entity's carrying amount as of December 31, 2023. In accordance with IAS 36, the Company conducted an impairment review as of December 31, 2023, and determined that no impairment needed to be recorded. The disposal, reflecting the Company's strategy to divest

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from Russia, is expected to generate no significant impact on net income when completed.

On March 7, 2024, the Board of Directors proposed a dividend payment of CAD \$0.06 per common share to be approved by shareholders at the Company's Annual General Meeting scheduled for April 12, 2024.

**30. CONSOLIDATED SUBSIDIARIES**

As at December 31, 2023, consolidated subsidiaries are as follows:

Subsidiaries	Country of incorporation	Direct and indirect percentage of shareholdings
Foraco International S.A.	France	n.a.
Foraco SASU	France	100%
Géode International SASU	France	100%
Foraco Management SASU	France	100%
Foraco Germany	Germany	100%
Foraco Canada Ltd.	Canada	100%
I3DDS	Canada	100%
Innu Innuït Foraco GP Inc.	Canada	49%
Foraco Corp	USA	100%
Foraco Pacifique SASU	New Caledonia	100%
Foraco Australia Pty Ltd	Australia	100%
John Nitschke Drilling Pty Ltd	Australia	100%
Foraco CI S.A	Ivory Coast	100%
Foremi S.A.	Ivory Coast	51%
Foraco Subsahara	Chad	100%
Foraco Senegal	Senegal	100%
Foraco Niger S.A.	Niger	100%
Foraco Sahel Sarl	Mali	100%
Foraco Guinée Sarl	Guinea	100%
Foraco Ghana Ltd	Ghana	100%
Foraco Burkina Faso	Burkina Faso	100%
Foraco Peru SAC	Peru	100%
Foraco Chile SA	Chile	100%
Foraco Argentina SA	Argentina	100%
Foraco Salta	Argentina	100%
Foraco San Juan	Argentina	100%
Foraco Mexico SA	Mexico	100%
Eastern Drilling Company Llc	Russia	50%
EDC Kazakhstan	Kazakhstan	50%
Foraco Kazakhstan	Kazakhstan	100%
Foraco Brazil S.A.	Brazil	73%
Foraco Holding Participações Ltda	Brazil	100%
Foraco UK	England	100%
Foraco Singapore	Singapore	100%