



ANNUAL REPORT 2019

**We deliver. Regardless.**





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# HIGHLIGHTS

RA International Group PLC is a leading provider of services in remote and challenging locations around the world.

## Sustainable Growth

USD 69.1m  
REVENUE **+26%**



USD 141m  
ORDER BOOK AT YEAR END **+18%**



4.3 years  
AVERAGE CONTRACT LENGTH **-2%**



11 countries  
NUMBER OF OPERATING COUNTRIES **+2**



## Shareholder Returns

USD 13.3m  
UNDERLYING PROFIT **+4%**



USD cents 7.4  
EARNINGS PER SHARE **+17%**



GBP 1.25p  
DIVIDEND **+25%**



## Social Responsibility

61%  
LOCAL LABOUR PARTICIPATION **-12%**



117  
LOST TIME INCIDENT RATE **-22%**



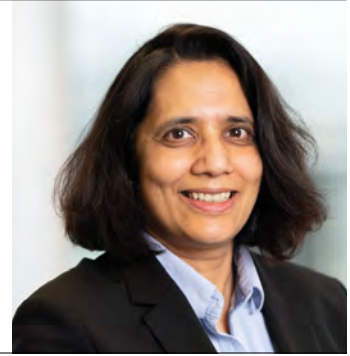
\*The Company applied IFRS 16 Leases for the first time in 2019, using a fully retrospective approach. The nature and effect of the changes as a result of the adoption of this new accounting standard are described in note 5 of the Notes to the Consolidated Financial Statements and have resulted in the restatement of the statutory accounts for the fiscal year ended 31 December 2018.



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# CHAIR'S STATEMENT

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**Sangita Shah**  
Non-Executive Chair

I am pleased to report a year of significant progress in the delivery of our strategic objectives. The Company continued to broaden its customer base as well as its geographic presence, whilst delivering larger and longer-term contracts.

In terms of the impact of the unprecedented challenges of COVID-19 on the Company, further commentary is provided at the end of this statement but suffice to say, as a company that is accustomed to operating and planning in crisis, I believe we have both the resilience and reserves to withstand the significant global adverse consequences.

Until recently, we have focused solely on the needs of clients undertaking projects in African and Middle Eastern countries, but our extensive experience working in remote and challenging environments has equipped us to manage complex projects almost anywhere.

Although RA International had a slower start to the year than anticipated due to a delay in the commencement of one contract in the first half of the year, the heightened level of activity in the second half resulted in the Company reporting higher than expected revenue for the full year of USD 69.1m. As a result, underlying profit increased marginally to USD 13.3m.

During the year, we won contracts with new clients and expanded the range of services offered to existing clients. Our entry point into new customers is often to provide lower value supply chain and construction services, which can lead to a short-term impact on underlying profitability. In time we look to cross-sell our other services, moving towards a one-supplier model being, we believe, the most efficient and cost-effective way for customers to deliver on their own objectives.

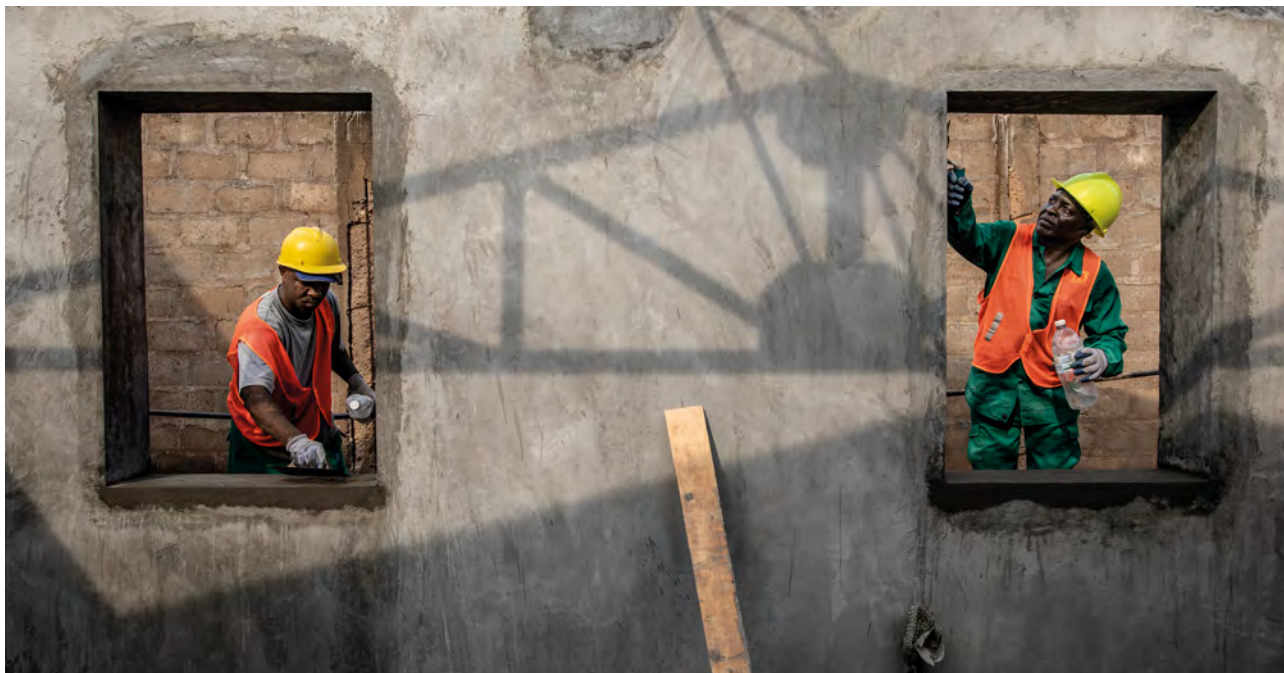
We are encouraged by a significant order book of USD 141m as at 31 December 2019, compared to USD 119m at the end of 2018, and by our success in converting short-term business won in 2019 into more valuable recurring revenue and as a means of attracting new customers.

## GOVERNANCE AND CORPORATE CULTURE

As a service provider to UN agencies, western governments, and global companies, we have in place a range of policies and procedures to ensure the necessary high standards are maintained. We are a signatory, participant and contributor to the United Nations Global Compact. International and local compliance and regulations play a vital role in our ability to bid for and execute contracts.

Since RA International's formation in 2004, our founders Soraya and Lars Narfeldt have instilled and ingrained a Company-wide belief that running a sustainable business should benefit everyone, including our customers, employees and the host communities in locations where we operate. Accordingly, we cooperate respectfully with people on the ground, building trust and goodwill not only with our staff but also communities in and around our operations. We continue to align our corporate social responsibility strategy to the UN's Sustainable Development Goals (SDGs).

I am pleased to report that we have published our second Sustainability Report, which can be found on our website at <https://rainternationalservices.com/sustainability-report-2019>. Our sustainability strategy focuses on three areas: People & Skills Development, Labour Rights, and Resource Management. These correlate strongly with three of the UN's SDGs: SDG 4 Quality Education, SDG 7 Affordable & Clean Energy, and SDG 8 Decent Work & Economic Growth. I would encourage our stakeholders to read our Sustainability Report alongside this Annual Report in order to understand the scope and range of work we carry out as part of our contractual obligations. The Sustainability Report also helps to explain how in supporting communities we are able to foster strong relationships that are integral to working effectively and efficiently to the benefit of our clients.



## PEOPLE

As a result of the increased level of activity in the business, during the year the Company added to the number of people it employs. Together both local and international staff total over 2,000. We are ultimately a people business and ensuring that our staff have the right skills is a key priority, so that we can provide services efficiently and effectively for our clients and help build strong sustainable communities. In particular, during the current ongoing COVID-19 crisis, our first priority is the health, safety, and well-being of our people and to that end, we have established robust procedures and processes particularly to address the challenges of this crisis. On behalf of the Board, I would like to thank the highly capable Executive Management Team and all our staff for their commitment, tremendous hard work, and unstinting dedication to the Company.

## DIVIDEND

The Board is recommending a final dividend of GBP 1.25p per share to be paid on 9 July 2020 to shareholders on the register as of 29 May 2020. The ex-dividend date is 28 May 2020. The Board's intention continues to be, where possible, to maintain or increase the dividend in future years while retaining sufficient working capital to meet the needs of the business and to fund continued growth. The Board believes the continued growth in our customer base and the pursuit of a one-supplier model will provide a basis for continued earnings growth in the future.

## OUTLOOK AND COVID-19 UPDATE

As an organisation that operates in challenging environments, including areas with ongoing conflict and social unrest, the Company has a wealth of experience in both planning and operating during crises. The Board continues to monitor the COVID-19 situation closely and has taken several actions to mitigate the potential risk to the Company's employees and customers by implementing a comprehensive business continuity plan.

Our priority is the health and safety of our employees, customers, suppliers, and other partners. In connection with safeguarding their well-being during this unprecedented situation, the Company has, among other initiatives:

- 1) Similar to those in past crisis situations, created a COVID-19 Response Team and established a comprehensive COVID-19 Database capturing all information pertaining to the Company's handling and preparedness of the pandemic;
- 2) Adopted WHO recommended guidelines to reduce exposure and transmission of COVID-19, including social distancing, disinfection, and temperature testing;
- 3) Administered WHO recommended training with respect to sanitisation and disinfection, quarantine procedures, and medical testing;
- 4) Distributed and delivered medical PPE and COVID-19 test kits;
- 5) Established quarantine centres where deemed required, along with risk mitigation procedures for handling and administering support services to these centres;
- 6) Increased food stock to over 90 days' supply at operating locations reliant on imported goods; and
- 7) Undertaken a full risk assessment and action plan within the framework of the Group business continuity plan.

The Board recognises that COVID-19 will have a material effect on the Company's 2020 financial results. Some contracts have been suspended to ensure social distancing is maintained, and some contracts have been modified whereby the Group will undertake a reduced service offering. Additionally, some contracts forecast to commence in H2 2020 are now likely to start in 2021.

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## CHAIR'S STATEMENT

### CONTINUED

Despite the impact COVID-19 is expected to have on the Company's 2020 trading, the Board is confident in the Company's ability to trade as a going concern. With significant cash on hand, high-quality receivables, no debt, and no capital commitments, the Company is well placed to manage a period of reduced activity. Further details are shown in note 2 of the Notes to the Consolidated Financial Statements.

It is at present difficult to predict when the various lockdowns and social distancing directives will cease, however in forming its opinion on the future financial viability of the Company, the Board has assumed that most contracts affected by the current pandemic will return to normal operating circumstances within a three to six-month period. These expectations are primarily based on feedback from our clients, many of whom have reiterated that RA International is critical to their ability to execute their objectives, which are often linked to globally significant initiatives. In some cases, movement restrictions have a limited impact on our contracts given the essential nature of our work for our customers.

Additionally, the Board has reviewed, opined on, and challenged information prepared by the executive team. This information includes the following:

- 1) The Group business continuity plan;
- 2) An analysis of the issues affecting each country of operations and the plans in place or being implemented to enhance the well-being of employees, safeguard assets, and ensure full operational capacity is maintained;
- 3) An analysis of each ongoing project which identifies operational challenges and client communications relating to COVID-19;
- 4) A financial impact analysis for each project being undertaken; and
- 5) Multiple financial scenarios detailing both the potential effect of COVID-19 on 2020 financial performance and the Company's ability to trade as a going concern.

The documents are updated regularly and reviewed weekly, and the Board has access to the internal COVID-19 Database used to capture the information and drive the decision-making process.

As more information becomes available the Board will provide updates to its shareholders.



**Sangita Shah**  
**Non-Executive Chair**

17 April 2020



# STRATEGIC REPORT

STRATEGIC REPORT



# RA INTERNATIONAL AT A GLANCE

RA International is a leading global provider of services in remote and challenging locations on behalf of humanitarian agencies, governments and commercial customers.

The Group was founded in 2004 in response to the needs of large organisations, to better manage and implement projects effectively when operating in remote locations. The Group listed on AIM in 2018 in order to gain access to capital markets so that it could take on larger projects and expand its customer base.

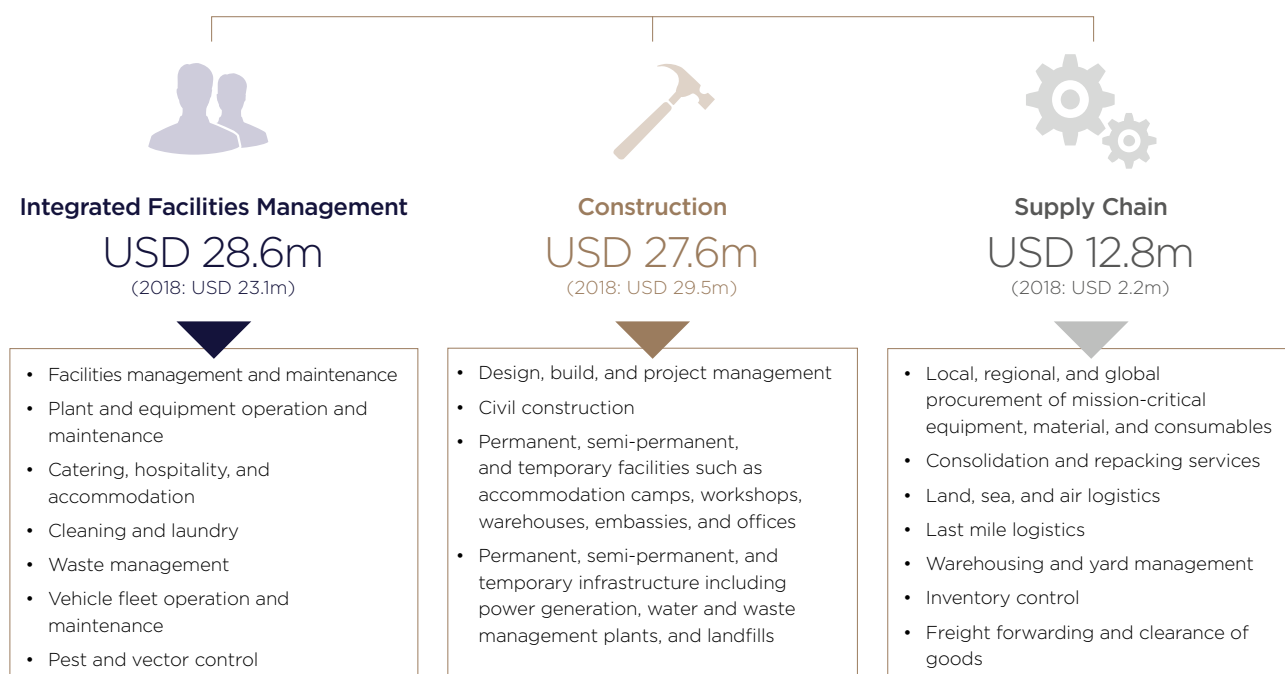
RA International is now responsible for delivering over 40 contracts with a value of over USD 250m and employs over 2,000 people across 13 countries.

The Group has grown out of a strong focus on integrity, risk management, and working to international standards, creating a reputation for reliability and building a trusted and recognised brand.

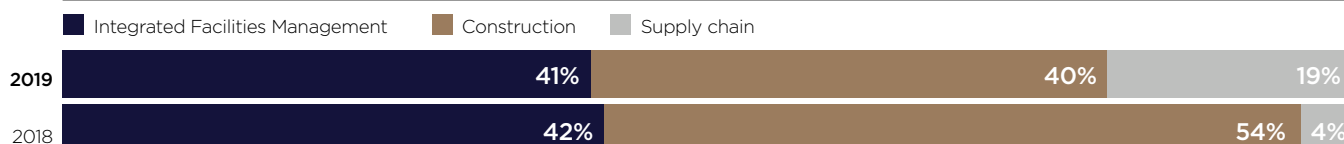
Our services are generally delivered through local staff and supported by a skilled international management team with a deep understanding of the geographies in which we work.

Our mission is to improve efficiencies and enable the progress of important peacekeeping, humanitarian, and commercial projects. In this way we can make a positive difference to the lives of people living and working in some of the most challenging circumstances, and help to keep them safe.

## Services



## REVENUE BY SERVICE





## Our purpose

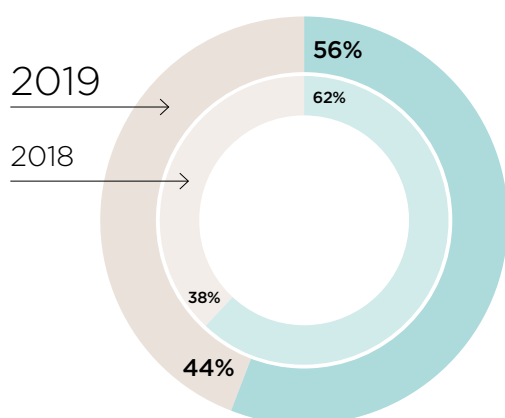
To deliver immediate results and lasting change.

## Our clients

In 2019 our business, which focuses on delivering services to humanitarian agencies, western governments, and natural resource companies, delivered revenue of USD 69.1m (2018: USD 54.8m).

### REVENUE BY SECTOR

Humanitarian Agencies Government and Commercial



We have a client led growth strategy. We provide the services our clients require so as they can focus on their core objectives and improve efficiency. Find out more on page 9.

Upon successful completion of one project, recognising our unique value proposition, these clients request our involvement in additional projects.

### SUPPORTING THE EFFICIENT DELIVERY OF ODA SPEND

The size of our market is best defined by humanitarian agency and western government spend on development and diplomatic initiatives and peacekeeping missions, as well as natural resource investment in sub-Saharan Africa. We estimate that 2-4% of this budget directly relates to services we provide. Whilst our focus historically has been in Africa and the Middle East, our long-built experience has equipped us to manage projects almost anywhere there is a need for our services.

## USD 153.0b

Official development assistance (ODA) from the 30 members of the OECD's Development Assistance Committee (DAC) in 2018.

## c.USD 100b

Together, the EU and the US are the biggest donors for international aid in the world to help overcome poverty and advance global development.

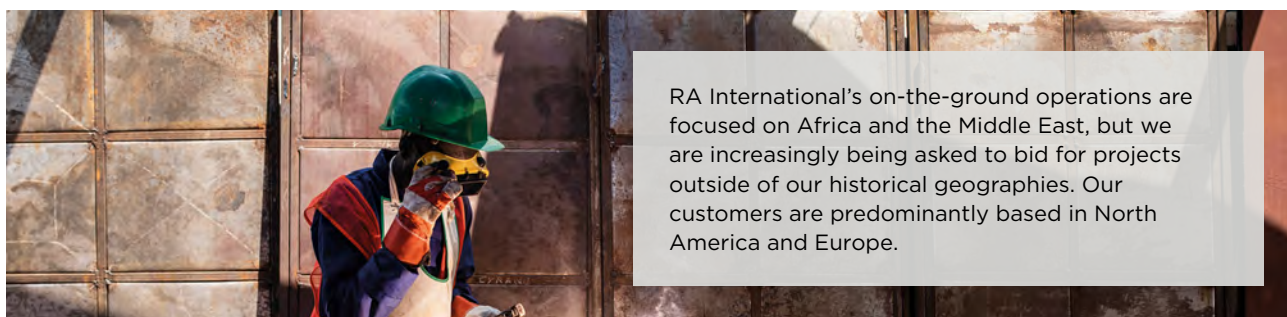
## USD 8.6b

UN and USAID spend in 2018 in countries where RA International is currently working.

## USD 43b

Planned capex in 2020 relating to oil and gas projects in Africa, expected to grow at 5% CAGR rising to USD 70b by 2030, according to a report by PwC.

In 2018, foreign direct investment in the African mining industry reached USD 46b, an increase of 12% year-on-year according to a UNCTAD report. USD 32b of this was located in sub-Saharan countries.



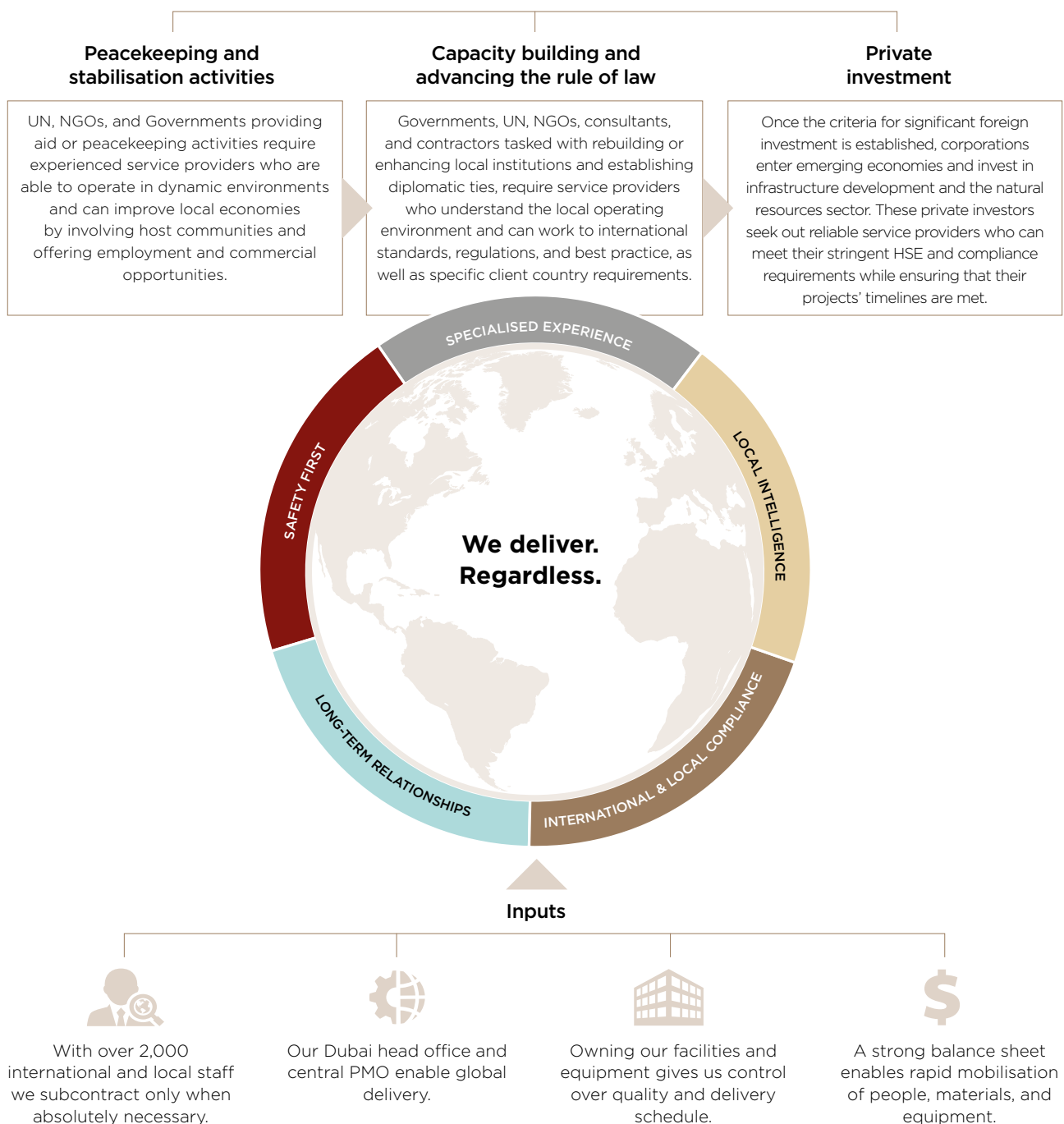
RA International's on-the-ground operations are focused on Africa and the Middle East, but we are increasingly being asked to bid for projects outside of our historical geographies. Our customers are predominantly based in North America and Europe.

# BUSINESS MODEL AND STRATEGY

Our aim is to provide better value and improved efficiency to large organisations working in remote and challenging locations.

We have never lost sight of why RA International was founded: to enable the delivery of complex projects in demanding environments. We offer our services wherever there is a need, but we primarily work with humanitarian agencies, western governments, and natural resource companies.

Organisations seeking to execute complex projects in demanding environments



## Our strategy



**Broaden our customer base**



**Diversify our geographic reach**



**Cross-sell our services to new and existing customers**



**Target hybrid or one-supplier contracts**

Supporting customer delivery through a one-supplier model

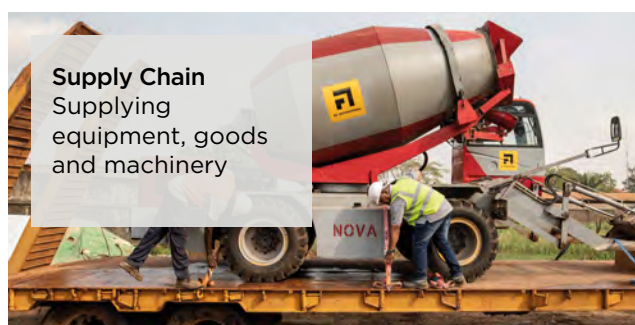
**LONGER-TERM SERVICE,  
HYBRID OR ONE-SUPPLIER CONTRACTS**



**IFM**  
Supporting and servicing communities



**Construction**  
Construction of temporary and permanent facilities and infrastructure



**Supply Chain**  
Supplying equipment, goods and machinery

**SHORTER-TERM PROJECTS  
ARE OFTEN THE ENTRY POINT  
WITH MANY CUSTOMERS**

**DELIVERING VALUE**

**USD 141m** order book

### Customers

Enabling and delivering complex projects, allowing organisations to focus on their core objectives and improve efficiency.

**61%** local labour participation

### Employees

Providing job opportunities, training and financial security to local people who may have been affected by conflict or natural disaster.

**3** sustainability goals

### Communities

Increasing the positive and diminishing the negative impacts of our operations through three sustainability focus areas: resource management, people and skills development, and labour rights.

**GBP 1.25p** dividend

### Shareholders

Delivering long-term shareholder value through a clear growth strategy.



# KEY PERFORMANCE INDICATORS

The Directors use the following financial and non-financial KPIs as a measure of the Company's performance against its defined strategy:

## Financial KPIs

### REVENUE (USDm)

**+26%**

2015	21.2
2016	37.0
2017	52.2
2018	54.8
<b>2019</b>	<b>69.1</b>

**Definition:** Revenue is defined as the amounts received or receivable for services delivered during the course of the year. In line with our strategy we aim to grow our revenue by winning new clients and cross-selling services to new and existing clients.

**Performance:** The outcome in 2019 showed significant growth and the revenues generated were ahead of our expectations at the start of the year. The increase on 2018 was driven by a number of large contract wins with both new and existing customers.

### DIVIDEND (PENCE PER SHARE)

**+25%**

2018	1.00
<b>2019</b>	<b>1.25</b>

**Definition:** The dividend is the share of profits that the Company pays out to its shareholders. It is the Board's intention to maintain or increase the annual dividend whilst retaining sufficient working capital to meet the needs of the business and to fund continued growth.

**Performance:** In light of the Company's performance in 2019, coupled with a strong start to 2020 and having sufficient working capital to fulfil contractual commitments, the Board has taken the decision to increase the dividend for the year ended 31 December 2019 to 1.25 pence per share.

### UNDERLYING OPERATING PROFIT (USDm)

**+4%**

2015	1.7*
2016	6.0*
2017	13.9*
2018	14.2*
<b>2019</b>	<b>14.7</b>

**Definition:** The Company uses underlying operating profit ("UOP") as an alternative measure to operating profit to better compare the profitability of its operations across financial periods. UOP is calculated as operating profit less holding company expenses and acquisition costs.

**Performance:** Underlying operating profit increased by 4%. The reduction in UOP margin from 26% to 21% resulted from a number of factors, including the delay of a significant contract award and the supply chain business increasing significantly as a proportion of revenue in 2019.

### ORDER BOOK (USDm)

**+18%**

2015	108
2016	100
2017	112
2018	119
<b>2019</b>	<b>141</b>

**Definition:** The order book is the estimated value of future revenue expected to be recognised from the remaining performance obligations on existing contractual arrangements. It excludes framework agreements and contracts where the Company cannot estimate with sufficient certainty the expected value of specific task orders. The Company has replaced the term Backlog with Order book so as to ensure greater comparability with other UK listed companies. There has been no change in the calculation of the KPI, only the terminology. See note 21 of the Notes to the Consolidated Financial Statements for further information related to the remaining performance obligations on existing contractual arrangements.

**Performance:** The increase in order book is reflective of the Company continuing to expand and diversify its client base as well as the number of larger long-term contracts won in 2019. In total, USD 91m of new contracts, contract uplifts or extensions were awarded in 2019. See page 13 for more information on contracts won in 2019.

### UNDERLYING PROFIT (USDm)

**+4%**

2015	0.9*
2016	4.9*
2017	12.4*
2018	12.8*
<b>2019</b>	<b>13.3</b>

**Definition:** The Company uses underlying profit ("UP") as an alternative measure to profit before tax to better compare the profitability of the Company across financial periods. To calculate UP, exceptional items are deducted from profit before tax.

**Performance:** Underlying profit increased by 4%. The reduction in UP margin from 23% to 19% again reflected the delay of a significant contract award, and the supply chain business increasing significantly as a proportion of revenue in 2019. A USD 0.4m decrease in net finance costs was offset by the Company incurring a full year of holding company expenses.

\*restated



## Non-financial KPIs

### LOCAL LABOUR PARTICIPATION (%)

**-12%**

2015	57
2016	63
2017	67
2018	69
2019	61

**Definition:** Local labour participation measures the average percentage of full-time workers employed in their country of origin over the course of a calendar year. The Company aims to recruit and develop local people wherever it is practical to do so. We will often deploy a team of highly skilled international staff to mobilise new projects if the necessary skills are not available on the ground. This can cause variations in local labour participation while local hiring initiatives and training are ongoing and a handover to local staff is not yet complete.

**Performance:** The reduction in average local labour participation primarily resulted from a contract commencement delay in the first half of the year. We anticipate local labour participation to increase in the future. See page 14 for more information on total staff numbers.

### LOST TIME INCIDENT RATE

**-22%**

2015	841
2016	561
2017	617
2018	150
2019	117

**Definition:** The lost time incident rate is the number of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013) reportable accidents multiplied by 100,000 and divided by the average number of employees. Included within the types of accidents reportable under RIDDOR are injuries to workers which result in their absence from work for more than seven days. Prior to 2018, our HSE statistics included injuries to workers which resulted in their incapacitation for more than three days. The change in methodology, made so as to ensure the Group was fully compliant with RIDDOR reporting requirements, partially contributed to the decrease in Lost Time Incident Rate from 2017 to 2018.

**Performance:** The Company had only two reportable incidents in 2019, neither of which was classified as a major incident. During 2019 we appointed a Head of Health, Safety, and Environment (HSE) to oversee the HSE managers and supervisors who work within our operational areas.

# OPERATING REVIEW



**Soraya Narfeldt**  
Chief Executive Officer

We continued to make good progress against our strategic objectives to broaden our client base, deliver contracts across all three service channels, and diversify our operations geographically.

## HIGHLIGHTS

### USD 91m

new contracts, contract uplifts and extensions awarded during 2019

### USD 69.1m

revenue for the full year, with a record USD 46.0m delivered in H2

### Expanded operations

in South Sudan and Mozambique and entered Libya and Denmark

### Additional bids

and pipeline growth with new and existing clients outside of our current geographies

## OVERVIEW

As expected, the second half of the year was far busier than the first half with a number of large projects commencing during the six-month period. We delivered revenue of USD 69.1m for the full year (2018: USD 54.8m), which was ahead of expectations. Group revenue in H2 2019 was USD 46.0m, which is 60% higher than our previous most active six-month period (H2 2018: USD 28.7m); the significant activity uplift affirmed the robustness of the back-office function which received considerable investment around the time of the Company's Admission to AIM in 2018.

We have continued to capture new contracts whilst executing existing contracts and as a result, have grown our order book. In total, we were awarded USD 91m of new contracts, contract uplifts and extensions during 2019, with the average contract duration remaining over four years when weighted by value. As at 31 December 2019 the Group reported an order book of USD 141m (2018: USD 119m) which is scheduled to be delivered over five years. The increase in the order book was driven by new customers and existing customers requesting we participate in complex projects being undertaken in and outside of our current geographies.

The Group expanded its operations in South Sudan and Mozambique as well as entered Libya and Denmark. As a result, we executed projects in eleven countries in 2019 compared to nine in 2018.

We have continued to diversify our client base, and while supporting humanitarian projects remains the largest contributor to revenue, we have grown the government and commercial contract base so that together they represented 44% of total revenue in 2019 (2018: 38%).



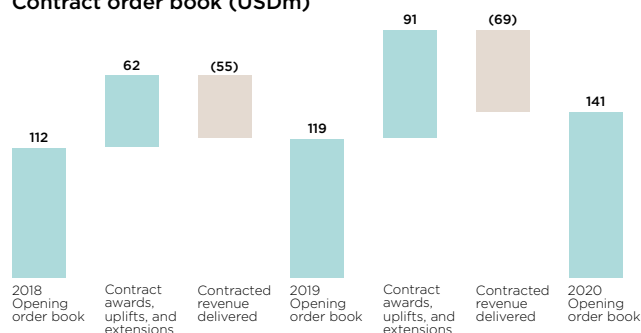
Our entry point into many clients is to offer supply chain or construction services, which are typically short-term contracts and can result in profit margin fluctuations over reporting periods. Over time we aim to convert these contracts into higher value or recurring revenue business, moving up the value chain into IFM, and eventually towards acting as a single supplier where we can seamlessly build and service clients' infrastructure. During 2019 we were awarded several large supply chain or basic construction contracts, leading to a short-term impact on gross profit margins, but which have already led to new, more profitable contracts in 2020.

## CONTRACTS

We continue to advocate the benefits of a "one-supplier" model as a way for clients to improve efficiencies. In 2019 we were able to provide hybrid services, where we executed across two or more service channels, to approximately half our clients, an increase on the previous year. Notable contract wins in 2019 are included in the table below.

Our delivery record remains excellent, reflecting our commitment to delivering projects on time and to a high standard, helping to attract new clients and strengthen the relationships with existing ones.

Contract order book (USDm)



The Danish project is an example of where we were able to demonstrate our capabilities and build trust with a new customer. This contributed to the Company being awarded new work in East Africa less than two months later and this new contract was then uplifted by USD 9.1m in December. The great job our team is doing on the project is leading to additional opportunities in other geographies.

### Significant contracts won in 2019

Contract term:	2020	2021	2022	2023	2024
<b>USD 10.7m</b> construction contract with a large humanitarian client to provide accommodation facilities for peacekeeping troops in a Central African country.					
<b>USD 7.8m</b> contract with a large humanitarian organisation to supply and install modified shipping containers as accommodation and offices in an East African country.					
<b>USD 10.9m</b> contract with Cherokee Nation Mechanical, LLC, working on behalf of the U.S. Department of State, to provide construction services at a U.S. Embassy in East Africa.					
<b>Significant</b> contract with Facilities Development Corporation to provide construction services in connection with the refurbishment and upgrade of the U.S. Embassy in Denmark.					
<b>USD 9.0m</b> contract with a Western Government to provide construction and facilities management services in East Africa.					
<b>Master service agreement</b> with IAP to supply global supply chain services. The first task order issued was for up to USD 8.5m.					
<b>USD 9.8m</b> contract to provide vehicle and equipment fleet operation and first line maintenance services in up to 10 locations for a large humanitarian organisation in East Africa.					

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## OPERATING REVIEW

### CONTINUED

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#### IFM

We were very pleased with the growth in IFM services which grew year-on-year from USD 23.1m to USD 28.6m. IFM service agreements typically last from three to five years, giving the Company greater future earnings visibility and allowing us to establish a solid platform on which to grow the business. We have also increased the breadth of customers and improved the quality of contracts. Significantly we grew revenue from Hospitality Services, whereby we lease our own facilities and offer life support services to customers (similar to managing hotels), to USD 10.4m in 2019 (2018: USD 6.0m).

Our investment in Mozambique continues this drive into Hospitality Services. We acquired a 15-hectare parcel of land and the first development phase, which will accommodate approximately 100 guests, is due to complete by June 2020. We will continue to develop the area as demand requires, however, as presently planned, once completed the camp will have the capacity to accommodate over 500 guests and will offer recreation areas, office centres, warehouses, and workshops.

#### CONSTRUCTION

Construction revenue reduced year-on-year from USD 29.5m to USD 27.6m due to the delay in the start of a contract as previously announced, and which commenced in the second half of 2019.

The announcement towards the end of 2019 of the Cherokee Nation Mechanical contract, now valued at USD 11.2m, gave rise to a strong order book for construction contracts at the start of 2020. Since the year end we have seen an increase in demand and a corresponding increase in the number of bids submitted for hybrid construction and long-term service contracts, with the majority of construction services initially scheduled to be delivered in 2020. As a result of COVID-19, we expect many of these new projects will now commence in 2021.

#### SUPPLY CHAIN

Revenue from supply chain activities increased significantly, from USD 2.2m in 2018 to USD 12.8m in 2019. The increase was predominantly the result of the Company supplying and installing approximately 500 modified shipping containers for a large humanitarian organisation, and the work being undertaken for IAP.

As stated previously, offering supply chain services is often an entry point into many customers and can lead to larger and longer-term contracts. This proved the case in 2019 where we were awarded construction contracts by a government client for whom we had previously supplied goods.

#### CENTRAL OPERATIONS

The increased level of activity in the second half tested the robustness of the investment made in our back-office function for the first time, and I am pleased to report that we were more than able to handle the workload. The Project Management Office ("PMO") was focused on implementing contracts, while our enabling departments ensured the resources needed to meet contractual obligations were available while providing compliance oversight.

The Company has undergone a significant recruitment and training drive, as well as adding and redistributing resources to the PMO. By the end of 2019, in total 122 new positions were added, and a significant number of employees were promoted into more senior roles. As at 31 December 2019, the number of staff we employed totalled 2,011 (2018: 1,889).

Local labour participation as a percentage of total employees reduced to 61% (2018: 69%). The reduction in local labour participation resulted from the contract commencement delay in the first half of the year. We expect local labour participation to revert to former levels in the near future.

#### Total number of employees as at 31 December

2015	919
2016	1,840
2017	1,890
2018	1,889
<b>2019</b>	<b>2,011</b>

#### COVID-19

Our operational approach to managing the ongoing COVID-19 pandemic has been firstly to ensure the health and safety of our staff, not just in terms of their physical wellbeing but also with respect to morale, and secondly to ensure we are fully operational so as to support our clients in these unprecedented times. We are the contractor of choice for many of our customers because we can be relied upon to deliver under the most challenging of circumstances.

Overall, discussions with our clients have been extremely positive since the start of the pandemic. We have been commended for our ability to continue to operate at a full level of service in these difficult times and some customers, having recognised our significant efforts to mitigate the risk of COVID-19 transmission, are facilitating worksite access where possible. Additionally, some clients will reimburse all or a portion of additional costs incurred as a result of the pandemic and accelerate the payment of invoices during this period.

Although some business development activity has slowed as a result of site visits being cancelled, we are retraining staff to offer sanitisation services and other in-demand activities, and pursuing new opportunities such as medical infrastructure construction, the management of isolation facilities and the disinfection of larger spaces including offices and public facilities. We are also supplying much needed PPE to a government customer and have had inquiries for the same service from other potential clients. Additionally, while the adjudication process of bids outstanding has slowed, we are still receiving contract awards; in April we announced a new USD 15.6m task order from IAP, and we hope to announce further awards in the coming months.

We believe we have a responsibility to all stakeholders during this time of crisis and have confidence in the sustainability of our business model. We work across three customer segments, operate in over ten countries at any given time, and provide a broad range of services, many of which are essential during times of crisis. We have relentlessly and unforgivingly focused on investing in diversification over the past few years, in terms of geography, customer concentration, and service channel, and we believe this strategy will continue to set us apart and allow us to mitigate the impacts of adverse events taking place on a local or global scale.

We are recognised as part of the essential supply chain for our customers in the health, welfare and protection of their employees. Understanding the vulnerability of many of the communities in which the Company operates, we continue to advocate with these customers to allow us to execute our projects in planned timelines, taking all necessary and recommended precautions. We believe that continuing economic activity is integral to ensuring that vulnerable communities do not collapse in these unprecedented times.

## OUTLOOK

The momentum of the second half of 2019 continued into the start of 2020 with a heightened level of activity as we continued to deliver on a greater number of larger, long-term contracts. Whilst COVID-19 will have a material effect on our 2020 financial results, we believe the impact will be limited to project delays rather than cancellations. We see this as a temporary issue and when COVID-19 is contained, or possibly sooner, we will return to work as normal, executing against our USD 139m order book and continuing to bid for new and exciting projects.



**Soraya Narfeldt**  
**Chief Executive Officer**

17 April 2020



# CASE STUDY

## Creating a Forward Operating Base for a combined UK and Omani military exercise

In 2018 the UK Ministry of Defence (“MoD”) contracted RA International to design, build, operate and maintain a short-term 450-man military camp and operations facility for the SAIF SAREEA 3 combined military exercise in Oman. SAIF SAREEA is a periodic combined UK and Omani armed forces military exercise, and in 2018 involved some 5,500 UK regular and reserve military personnel participating alongside over 60,000 Omanis from the Sultan’s Armed Forces.

Our mandate was to design, supply, construct, and service fit for purpose facilities and infrastructure that would meet all MoD operational requirements and be in accordance with British building regulations and standards. Effectively we created a temporary village in the desert from scratch. The camp included accommodation, kitchen and dining, technical and storage facilities, ablutions, medical centre, gymnasium, helipads, and heavy military vehicle storage yards. We also created the camp infrastructure which included fuel storage, power generation and distribution, water storage and reticulation, fixed and portable site lighting, grey and blackwater drainage, septic tanks, and fencing.

The design and build project was not without its challenges: a short timescale, a remote location, adverse weather conditions, and a limited availability of qualified suppliers that could satisfy the demanding requirements for material and equipment within the specified timeframe. All of which we overcame, delivering on time and on budget.

Once the combined exercise was underway, RA International provided a complete facilities management and maintenance services package, as well as 24-hour catering, specialist cleaning including dust suppression, end-to-end waste management services, delivery and storage of bulk water, vehicle washdown, reprographic services, and a manned helpdesk.

At the completion of operations, a period of around four months, we dismantled all the facilities and restored the site to the original pre-exercise state.

But that was not the end of the story. In our drive for innovation and sustainability we ensured that the camp was designed so that all structures, material and equipment could be re-purposed. We are proud that every aspect of the SAIF SAREEA camp has been re-used for subsequent projects in Somalia – providing a significant cost saving to our client and reducing waste.

“Throughout the construction period and subsequent operation, RA International provided solutions to assist in cost-saving measures, used quality suppliers and developed appropriate maintenance schedules that delivered whole life value for money...it is clear that RA International are committed to delivering the client’s goals and have the capacity and capability to deliver a holistic facilities solution within the most challenging of environments.”

**Major M. Smith** BEng MSc MBA(Cran) CEng MICE CMgr MCMI CIWFM, UK MOD  
12 December 2018



# FINANCIAL REVIEW



**Andrew Bolter**  
Chief Financial Officer

The Company's financial performance for the fiscal year ended 2019 was ahead of our expectations from a revenue perspective and broadly in line in terms of profitability.

## OVERVIEW

Reported revenue was USD 69.1m (2018: USD 54.8m) representing an increase of 26% when compared to the previous year. This translated into an underlying profit of USD 13.3m (2018 restated<sup>1</sup>: USD 12.8m) reflecting the mix of business executed in 2019 and a delay experienced in commencing a construction project in H1 2019. Statutory profit was USD 12.9m (2018 restated<sup>1</sup>: USD 9.8m).

	2019 USD'000	2018 USD'000 Restated <sup>1</sup>
Revenue	69,064	54,805
Underlying operating profit <sup>2</sup>	14,734	14,168
Operating profit	13,640	13,581
Underlying profit <sup>3</sup>	13,259	12,761
Profit before tax	13,259	9,827
Basic EPS (cents)	7.4	6.3
Net Cash (end of period) <sup>4</sup>	21,393	27,804

## REVENUE

2019 revenue was weighted towards the second half as a result of a delay in the commencement of one large contract in H1 2019, with the Company generating the highest half-year revenue total in its history in H2 2019. The USD 46.0m of turnover in H2 2019 was 60% higher than in H2 2018.

The Company does not typically experience seasonality, rather the weighting in the second half was the result of winning contracts with an aggregate value of USD 66m in H1 2019, with the majority of these contracts commencing in the third quarter of the year. Additionally, the timing of revenue from short-term contracts ("STCs") executed during the year was significantly weighted to the second half: USD 0.8m in H1 2019 and USD 10.8m in H2 2019. Overall, STC revenue increased to USD 11.6m in 2019 compared with USD 8.3m in 2018. This was USD 1.6m below expectations stated in our interim report and resulted from client requested schedule changes to two projects. As a result, USD 2.7m of revenue originally expected to be recognised in H2 2019 will now be recognised in H1 2020.

## PROFIT

Gross profit margin in 2019 decreased to 31.7% (2018 restated<sup>1</sup>: 37.6%) due to a number of factors:

1. The H1 2019 delay in a significant contract award led to a reported H1 2019 gross margin of 31.0%, down from 38.1% when the operating location affected is excluded. H2 2019 gross margin from this operating location was 36.0%;
2. H2 2019 gross margin was 32.1% as a result of an increase in the proportion of revenue being generated from supply chain business and short-term construction projects. 24% of second half revenue was from supply chain activities whereas historically this figure has averaged approximately 5%. While we anticipate supply chain activities will continue to contribute significantly to Group revenue, we do not anticipate it will continue to grow as a percentage of total revenue. We also anticipate margin from supply chain activities to increase as we undertake more complex supply chain projects; and
3. We commenced a number of hybrid contracts in 2019, where we were supplying and installing infrastructure and supplying, constructing and servicing infrastructure. In all cases, the lower-margin work was substantially complete at the end of 2019 and as a result the margins from these projects are forecast to increase in 2020. While we will continue to bid for and hopefully be awarded hybrid contracts, as we grow the effect individual contracts have on gross margin should diminish.

Underlying operating profit, which is used by the Company's management to assess operating performance, increased by 4% to USD 14.7m (2018 restated<sup>1</sup>: USD 14.2m). Underlying profit also increased by 4% to USD 13.3m (2018 restated<sup>1</sup>: USD 12.8m) and underlying margin was 19.2% (2018 restated<sup>1</sup>: 23.3%) again reflecting the mix of business executed in 2019, timing of profits earned from hybrid contracts, and the contract delay experienced in the first half of the year. While net finance costs decreased by USD 0.4m in 2019, these savings were offset by the Company incurring a full year of holding company expenses resulting from its Admission to AIM in mid-2018.

## FINANCIAL REVIEW

### CONTINUED

#### COMPARABILITY OF PERFORMANCE MEASURES

Many companies who provide IFM services use EBITDA as a primary performance measure. We do not as we employ significantly more capital than traditional IFM providers. Hospitality Services, which is capital intensive, makes up a large percentage of our IFM revenue and we perform construction services (where the primary IFRS performance measure is often profit before tax).

We presently use underlying profit and underlying operating profit as our primary performance measures, operating profit and profit before tax being the related IFRS metrics. As the Group matures and evolves, we will intermittently reassess these performance measures to ensure they are the most relevant for evaluating Group and management performance respectively. Please refer to note 18 of the Notes to the Consolidated Financial Statements for further information relating to Alternative Performance Measures ("APMs").

	2019 USD'000	2018 USD'000 Restated <sup>1</sup>
Profit	12.9	9.8
Tax expense	0.4	—
Profit before tax	13.3	9.8
Exceptional items	—	2.9
Underlying profit	13.3	12.8
Finance costs	0.7	0.8
Investment revenue	(0.3)	—
Operating profit	13.6	13.6
Depreciation	2.6	1.5
EBITDA	16.2	15.1

The Company incurred a tax charge of USD 0.4m in 2019 (2018: nil) relating to income tax paid and accrued in connection with contracts undertaken for commercial customers.

#### EARNINGS PER SHARE

Earnings per share for 2019, both basic and diluted, was 7.4 cents per share (2018 restated: 6.3 cents per share).

#### CASH FLOW

The Company targets a 100% cash conversion ratio but significant increases in operational activity in the second half of 2019, as they did in 2018, led to short-term divergences.

Cash flow generated from operations during the year was USD 8.9m (2018 restated<sup>1</sup>: USD 11.4m) which represents 66% cash conversion<sup>5</sup> (2018 restated<sup>1</sup>: 84%). The primary factor contributing to the short-term differential was a USD 7.4m increase in year-end net working capital resulting primarily from an increase in accrued revenue of USD 7.5m.

Approximately half of the USD 10.9m year-end accrued revenue balance relates to a contract to supply and install modified shipping containers. Due to the fact that the Company generally requires in-country client sign off of its invoices before invoices are sent to a second country for submittal, the balance of accrued revenue normally approximates one month of revenue. Total trade receivables and accrued revenue at 2019 year end represented 101% of the Company's revenue generated in the last two months of the year (2018: 119%). The decrease is both a function of the Company improving its trade receivable collection and a result of further diversification of its customer base.

	2019 USD'000	2018 USD'000 Restated <sup>1</sup>
Cash flows generated from operations before change in working capital	16.3	15.7
Change in working capital	(7.4)	(4.3)
Cash flows generated from operations	8.9	11.4
Tax paid	(0.1)	—
End of service benefits and stock-based compensation costs	(0.1)	—
Net cash flows from operating activities	8.7	11.4

During 2019 the Company continued to invest in revenue generating property plant and equipment. Total capital expenditure in 2019 was USD 12.4m (2018: USD 8.7m) of which USD 6.4m relates to assets which are or will be utilised to provide Hospitality Services. These assets are primarily Company constructed hotel or commercial facilities and, in the majority of cases, the spend is linked to recently awarded long-term contracts.

Additionally we invested in infrastructure, vehicles and machinery to support our growing operations in South Sudan, where the Company was awarded a USD 10.9m construction contract, and to execute additional capital intensive contracts in East Africa where there is a significant demand for contractors who can execute using internationally accepted best practices and to specific western country specifications.

The Company paid a post-Admission dividend in 2019 of GBP 1.0p per share (USD 1.3 cents), returning a total of USD 2.2m to shareholders.



## BALANCE SHEET

Net assets at 31 December 2019 were USD 69.5m (2018 restated<sup>1</sup>: USD 58.8m) with the majority of the total balance sheet comprising cash and other current assets. Net working capital, inclusive of cash, was USD 43.6m (2018 restated<sup>1</sup>: USD 43.0m) and the Company had no debt (2018: nil) or committed capital expenditure for 2020 (2019: nil).

As at the end of 2019 the Company had USD 21.4m in cash (2018: USD 27.8m) and access to a short-term credit facility of USD 2.0m (2018: USD 2.0m). Liquidity and net cash are often assessed by potential customers during the contract adjudication process. We are satisfied that both metrics are sufficient so that we can continue to bid for larger projects and have the financial capacity to mobilise multiple large projects simultaneously.

## COVID-19

The spread of COVID-19 continues to heighten and is having a significant impact on global economic activity. Until there is clarity on the duration and severity of these events, it is not possible to quantify the financial impact COVID-19 may have on the Group; however, we have forecast our liquidity position and ability to continue to trade as a going concern under multiple financial scenarios and are confident that the going concern basis should be adopted.

## IFRS 16

The Company implemented IFRS 16 Leases for the first time in 2019, using a fully retrospective approach. The nature and effect of the changes as a result of the adoption of this new accounting standard are described in note 5 of the Notes to the Consolidated Financial Statements and have resulted in the restatement of the statutory accounts for the fiscal year ended 31 December 2018.

## DIVIDEND

The Directors have proposed a full year dividend of GBP 1.25p per share to be paid on 9 July 2020 to shareholders on the register as at 29 May 2020.



**Andrew Bolter**  
**Chief Financial Officer**

17 April 2020

<sup>1</sup> The Company applied IFRS 16 Leases for the first time in 2019, using a fully retrospective approach. The nature and effect of the changes as a result of the adoption of this new accounting standard are described in note 5 of the Notes to the Consolidated Financial Statements and have resulted in the restatement of the statutory accounts for the fiscal year ended 31 December 2018.

<sup>2</sup> Underlying operating profit represents operating profit less holding company expenses and acquisition costs.

<sup>3</sup> Underlying profit represents profit before tax and non-reoccurring exceptional items.

<sup>4</sup> Net cash represents cash less overdraft balances, term loans and notes outstanding.

<sup>5</sup> Cash conversion is calculated as cashflow generated from operations divided by operating profit.

# CASE STUDY

## Rising to the challenge for UN Organisations in Somalia

RA International first started working for the United Nations Support Office for AMISOM in Somalia (UNSOA) in 2009. At the time we were contracted to construct urgently needed facilities and infrastructure which would enable UNSOA to uphold its in-country support objectives.

Logistics were particularly challenging during this period, as commercial shipping lines had ceased to call on Mogadishu. Undeterred, for the first three years of operations, we contracted UAE based dhow operators to transport internationally procured plant and equipment, material, and supplies into Mogadishu from the UAE. To this day we continue to provide maintenance services to the facilities, infrastructure, plant and equipment, and a vehicle fleet in Somalia.

The prolonged civil war had taken its toll on the local workforce. Skilled workers were in short supply, in fact most new recruits had never before experienced formal employment. To overcome this, RA International implemented multi-disciplinary training programs, over the years successfully upskilling thousands of Somali workers. This program has been highly successful, proving to be a key differentiator between our competitors and us.

Initially, local suppliers and service providers were unable to meet acceptable levels with regard to price, quality, and consistency. To ensure commitments were met, we routinely invested into local suppliers and service providers, a win-win scenario. The service provider achieved a reliable partner along with regular sales, while we gained a secure supply of critical material and equipment, at locked-in prices.

Due to changing operational requirements, RA International foresaw a growing requirement for secure accommodation and business facilities as well as recreation facilities within the Aden Adde International Airport area (previously Mogadishu International Airport). To provide for the growing number of international and UN personnel on a long-term basis, we have built fit for purpose accommodation, office, recreation, dining, and conference facilities - available on a rental basis rather than each agency having to develop and service their own camps.

Within these facilities, RA provides a complete package of life support services comprising ground transportation, catering service, medical services, security (through a third-party), cleaning, housekeeping and laundry services, user-pay retail outlets, customs clearance service, visa service, package pick-up and drop-off service, and procurement of office and other supplies.

The well-being of camp residents is paramount, and we go to extraordinary lengths to achieve the right balance, organising special events around holidays such as Thanksgiving, Eid al Fitr, and Christmas, as well as sports events, and providing much needed variety in themed events. We also cater for special dietary requirements and can arrange and cater for client functions.

“On behalf of the Special Representative of the Secretary-General for Somalia, Mr. Nicholas Kay and the team in UNSOM, I would like to extend to you and your team in RA our sincere appreciation for the exceptional services we received during the event that took place recently. We were so pleased to have such a pleasant experience and witness the birth of a new bright spot in Mogadishu that will provide an excellent recreation venue to the members of the international community.”

**Joel Cohen, Chief of Staff, United Nations Assistance Mission in Somalia (UNSOM), 2014**



# RISK MANAGEMENT

Here, we outline the principle risks to RA International's business, together with how they are managed.

The Board has ultimate responsibility for ensuring the Group's risks are properly understood, quantified, and appropriately managed. The Board continually assesses the Group's exposure to risk and seeks to ensure that risks are mitigated wherever possible.

Day-to-day risk management is the responsibility of the Executive Management Team ("EMT") and the Country Managers. Any potential changes to risk are reviewed regularly during Executive and Management meetings.

Working in remote and challenging locations requires the Group to have robust risk controls and policies that are integrated into all levels of the business.

The principle risks that the Board believe are most likely to affect the business operations, impact strategy and financial performance, and influence reputation are set out below. There may be other risks which are currently unknown to the Group or which may become material in the future.

## STRATEGIC RISKS

### PROFITABLE GROWTH

Failure to retain and win profitable business will impact our financial performance and growth. The business is influenced by ODA budgets, political stability, attitudes towards outsourcing services, and our reputation in the marketplace.

#### Key risk drivers:

Mispricing bids, not meeting customer requirements, being unable to resource sufficient labour, equipment, and materials, and not understanding or meeting our customers or stakeholder expectations.

#### Controls:

- An intelligence-led approach to bidding for contracts, using local intelligence in respect of labour, materials, and regional variances feeds into tender processes, protecting operating margins.
- Comprehensive bid review process.
- Project timeline and quality of delivery controlled by minimising sub-contracting of works.
- Investment in local labour and capacity building where possible and practical to enhance local intelligence.
- Supplier onboarding and review procedures.
- Long-term contracts with suppliers to optimise pricing.

#### Mitigation Priorities:

- Continue to improve and refine the bidding process and ensure our value proposition remains competitive.
- Continue to hire qualified personnel with relevant technical expertise so as to limit subcontracting of works.
- Continuous focus on supplier quality, undertaking periodic reviews of suppliers' facilities, policies, and procedures.
- Identify new suppliers and increase capacity building efforts so as to ensure they can meet our expanding requirements.



## STRATEGIC RISKS CONTINUED

### REPUTATION MANAGEMENT

Failure to manage our reputation will mean that we will be less likely to win or renew business from existing customers or attract new clients. It will also affect our ability to operate in other geographies and attract individuals with the necessary skills and talent.

**Key risk drivers:**

Bribery and corruption issues either by our employees or counterparties, failure to respond and manage incidents, and not delivering projects on time or to required standards.

**Controls:**

- Customer and stakeholder relationship management programmes in place.
- A zero-tolerance stance on bribery and corruption along with ongoing training programs on ABC risk management.
- An independent whistleblowing channel.
- Gifts and hospitality policies in place.
- Crisis management training undertaken, and crisis team formed.

**Mitigation Priorities:**

- Continue to provide regular training and encourage all employees to use the whistleblowing tool.
- Continue to provide regular training sessions across the whole company on ethical and compliance-related subjects.
- Continuous review and updating of company policies in relation to compliance-related subjects.
- Continue to refine crisis management procedures.

## FINANCIAL RISKS

### FINANCIAL CONTROL FAILURE

Failure to impose strong financial controls may result in: inaccurate and delayed reporting of financial results, the inability to meet financial contractual reporting obligations, a heightened risk of error and fraud, poor quality data leading to poor business decisions, inaccurate forecasting, the failure to create a suitable capital structure, and an inability to make critical financial transactions. In turn this could lead to financial instability, potential business losses and a negative impact on our reputation.

**Key risk drivers:**

Inadequate internal financial controls surrounding receipts, payments, and cash management, failure to adequately manage cash flow, and misappropriation of assets, theft or fraud.

**Controls:**

- Group finance processes and procedures.
- Limit cash payments to the greatest extent possible and limit those staff who have access to cash. Operations funded on a weekly basis.
- Detailed monitoring of weekly cash flow forecasts.
- Centralisation of payments with CFO approving significant transactions.

**Mitigation Priorities:**

- Continuous review of Group financial policies and procedures.
- Continuously improve forecasting and reporting processes.
- Continued refinement of group budgeting process.
- Increased focus on training and development of staff so as to ensure their skill sets meet the expanding requirements of the Group.

## LEGAL AND COMPLIANCE RISKS

### CONTRACT NON-COMPLIANCE RISKS

Failure to deliver on contractual requirements or failure to meet and report against agreed service performance levels may lead to significant financial penalties, legal notices, onerous contract provisions, or early termination of contracts. Lack of oversight and procedures to control and monitor potential bribery and corruption may lead to litigation, inquiries or investigations that could divert management time and resources, and result in jail terms, heavy corporate fines, sanctions against bidding for contracts, and damage to reputation.

#### Key risk drivers:

Failure to adhere to contractual commitments, bribery and corruption by employees and third parties in dealings with foreign public officials, resulting in possible heavy punitive measures via international legislations.

#### Controls:

- Standard Operating Procedures consistent across the Group.
- Local professional advisors in all operating jurisdictions.
- Group Code of Conduct and ABC policies.
- Use of independent whistleblowing tool to detect non-compliance matters, specially bribery and corruption.
- Flat organisation structure whereby project managers can access the EMT or relevant technical experts to interpret and discuss contractual requirements.

#### Mitigation Priorities:

- Continued refinement of standard operating procedures.
- Ensure ABC trainings are regularly provided.
- Contract management process refinement taking place in connection with the implementation of RAMS.

### RESPONSIBLE AND ETHICAL BEHAVIOUR

Irresponsible or unethical behaviour can lead to breach of human rights, labour rights, inadequate health and safety measures leading to sickness, injury or death, gender rights, and child labour. This behaviour can arise from the actions of individual employees or as a result of poor company culture. The result might be the loss of clients, inability to win new business and loss of reputation.

#### Key risk drivers:

Failure to communicate the Company's purpose and values, health and safety practices not adhered to or ignored, and direct or indirect contribution to abuses.

#### Controls:

- All new employees undergo induction training to explain the Company's values, Code of Conduct, company policies and expected behaviour.
- Reporting of unethical behaviour or malpractice through the whistleblowing tool.
- All staff handling equipment and materials received health and safety training where behavioural norms and attitudes towards health and safety are challenged.
- Labour rights initiatives of governments in countries of operation are supported consistently.

#### Mitigation Priorities:

- Continue to provide regular training and encourage all employees to use the whistleblowing tool.
- Encourage more employees to become advocates for responsible behaviour through engagement of the Company's ESG strategy.
- Daily training on sites in relation to health and safety.

## OPERATIONAL RISKS

### FAILURE IN MANAGING THE RESOURCES

Failure to attract, acquire or develop adequate resources could impact financial and operational performance, and reputation.

#### Key risk drivers:

Delivery delays and/or poor-quality equipment and materials procured, manpower shortfall resulting from incorrect estimation of required labour, and inability to recruit the right skills and labour.

#### Controls:

- Standard procurement processes and quality control procedures.
- Alternative material and logistics providers in place so as to manage any potential delays.
- Manpower requirements and skill sets are reviewed by a number of departments to ensure accuracy in forecasting.
- Group talent acquisition team focused on recruitment.

#### Mitigation Priorities:

- Continuous improvement of quality control and full life-cycle maintenance activities.
- Improvements continuously being made to retention schemes and succession planning.
- Expansion of reward programmes linked to performance.

### CATASTROPHIC EVENTS

Failure to effectively respond to events that result from our own actions or events that are beyond our control such as adverse weather, political upheaval, violence, pandemic (COVID-19) or war. Such events can result in multiple fatalities, severe property and asset damage, travel restrictions, work stoppages, and/or very serious long-term environmental damage.

#### Key risk drivers:

Lack of appropriate procedures to tackle incidents, inadequate or delayed response to catastrophic events, and poor health and safety procedures and policies.

#### Controls:

- Strong commitment to HSE; Head of Department hired and enhanced comprehensive strategy deployed in 2019.
- Regular safety communications and safety awareness.
- Crisis training undertaken and incident emergency response plans in place.
- Response team established as required for specific events (such as COVID-19) with Board oversight.
- Establishment of Group-run medical facilities where third-party providers are non-existent or inadequate.
- Adequate risk transfer via insurance.
- Strong balance sheet and adequate liquidity to trade through periods of reduced turnover.

#### Mitigation Priorities:

- Continuous research of environmental risk factors which may have an effect on contract performance.
- Continuous investment in security risk management tools and reports.
- Continued enhancement of the breadth of insurance coverage.
- Continuous review of crisis management, disaster recovery, and business continuity plans.



# DIRECTORS' STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

## Under Section 172 (1) of the Companies Act 2006

The Section 172 (1) of the Companies Act obliges the Directors to promote the success of the Company for the benefit of the Company's members as a whole.

The section specifies that the Directors must act in good faith when promoting the success of the Company and in doing so have regard (amongst other things) for:

- a. the likely consequences of any decision in the long-term;
- b. the interests of the Company's employees;
- c. the need to foster the Company's business relationship with suppliers, customers and others;
- d. the impact of the Company's operations on the community and environment;
- e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly as between members of the Company.

The Board of Directors is collectively responsible for the decisions made towards the long-term success of the Company and how the strategic, operational and risk management decisions have been implemented throughout the business.

### EMPLOYEES

Our employees are one of the primary assets of our business and the Board recognises that our employees are the key resource which enables delivering Company's vision and goals. Annual pay and benefit reviews are carried out to determine whether all levels of employees are benefitted equally and to retain and encourage skills vital for the business. The Remuneration Committee oversees and makes recommendations of executive remuneration and any long-term share awards. The Board encourages management to improve employee engagement and to provide necessary training in order to use their skills in the relevant areas in the business. The Board periodically reviews the health and safety measures implemented in the business premises and improvements are recommended for better practices.

The employees are informed of the results and important business decisions and are encouraged to feel engaged and to improve career potential.

### SUPPLIERS, CUSTOMERS AND REGULATORY AUTHORITIES

The Board acknowledges that a strong business relationship with suppliers and customers is a vital part of the growth. Whilst day to day business operations are delegated to the executive management, the Board sets directions with regard to new business ventures. The Board uphold ethical business behaviour across and encourages management to seek comparable business practices from all suppliers and customers doing business with the Company. We value the feedback we receive from our stakeholders and we take every opportunity to ensure that where possible their wishes are duly considered.

### COMMUNITY AND ENVIRONMENT

The Board periodically reviews the Health and Safety measures implemented in the business premises and improvements are recommended for better practices. The Company have recently published its second Sustainability Report which provides information on our commitment to the environment and fighting climate change. The Company is actively working to reduce its carbon footprint and aims to include a non-financial KPI related to these efforts in its 2020 Annual Report.

### MAINTAINING HIGH STANDARDS OF BUSINESS CONDUCT

The Company is incorporated in the UK and governed by the Companies Act 2006. The Company has adopted the Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code") and the Board recognises the importance of maintaining a good level of corporate governance, which together with the requirements to comply with the AIM Rules ensures that the interests of the Company's stakeholders are safeguarded. The Board has prompted that ethical behaviour and business practices should be implemented across the business. Anti-corruption and anti-bribery training are compulsory for all staff and the anti-bribery statement and policy is contained in the Company's Employee Manual. The Company's expectation of honest, fair, and professional behaviour is reflected by this and there is zero tolerance for bribery and unethical behaviour by anyone relating to the Company.

The importance of making all employees feel safe in their environment is maintained and a whistleblowing policy is in place to enable staff to confidentially raise any concerns freely and to discuss any issues that arise. Strong financial controls are in place and are well documented.

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## DIRECTORS' STATEMENT

### CONTINUED

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#### SHAREHOLDERS

The Board places equal importance on all shareholders and recognises the significance of transparent and effective communications with shareholders. As an AIM listed company there is a need to provide fair and balanced information in a way that is understandable to all stakeholders and particularly our shareholders.

The primary communication tool with our shareholders is through the Regulatory News Service ("RNS"), on regulatory matters and matters of material substance. The Company's website provides details of the business, investor presentations and details of the Board and Board Committees, changes to major shareholder information, QCA Code disclosure updates under AIM Rule 26. Changes are promptly published on the website to enable the shareholders to be kept abreast of the Company's affairs. The Company's Annual Report and Notice of Annual General Meetings (AGM) are available to all shareholders. The Interim Report and other investor presentations are also available on our website.

On behalf of the Board



**Sangita Shah**  
**Non-Executive Chair**

17 April 2020



# CORPORATE GOVERNANCE





# BOARD OF DIRECTORS

The Board is responsible for formulating, reviewing, and approving the Company's strategy, budget, and corporate actions.



**SANGITA SHAH**  
Non-Executive Chair

**Date of appointment:**  
3 May 2018

Sangita is a qualified accountant and has extensive experience in corporate finance, journalism, and senior consultancy. Sangita brings with her a wealth of AIM listed and public market experience. She has held a number of senior roles within blue chip organisations, including Unilever, Mars, Ernst & Young, and KPMG and is a past President of the Chartered Institute of Journalists. Sangita is also a regular consultant to a number of companies and to HM Cabinet Office. Sangita is a frequent keynote speaker in forums for the Windsor Leadership Trust, European Parliament, and European School of Management.

#### External appointments:

Non-Executive Chair of AIM traded Bilby plc, a board director of NASDAQ listed Forward Industries Inc. and director to Global Reach Technology EMEA Limited.

#### Committee membership:



**SORAYA NARFELDT**  
Chief Executive Officer

**Date of appointment:**  
13 March 2018

Soraya founded RA International in 2004 with Lars Narfeldt after witnessing large organisations unable to provide a comprehensive range of services or manage or implement projects effectively when operating in remote locations. This resulted in inefficiencies that hindered the progress of peacekeeping, humanitarian, and commercial projects.

Soraya has been selected as one of the most influential women leaders by Arabian Business three times and was also a finalist for the Ernst & Young Entrepreneur of the Year award in 2012.

As a strong advocate and supporter of responsible business practices and community based businesses, Soraya has contributed to several high-profile journals including Forbes, Forced Migration Review and the World Economic Forum and has spoken at various international industry forums, most recently the WHO Global Vaccination Summit and the UN Global Compact Leaders Week, both in 2019. She has also consulted widely with officials in RA International's countries of operations on issues such as Corporate Social Responsibility and on Aid Funded Projects.



**LARS NARFELDT**  
Chief Operating Officer

**Date of appointment:**  
13 March 2018

Lars has served for over two decades in pivotal leadership and development roles in some of the world's most challenging environments. The first 15 years of his post university career were spent working with the Swedish government and the UN. He worked with SIDA in Palestine and with the UN in the Democratic Republic of Congo, Uzbekistan, Sierra Leone, and Afghanistan. While in Sierra Leone, Lars managed a team of over 2,000 individuals and ran the UN Volunteer Programme.

As COO, Lars is responsible for day to day operations across the company. His role encompasses setting the ESG strategy, HR, communications, and marketing and compliance. He has been instrumental in developing the Company's strong brand equity with clients and in geographies and markets.



**ANDREW BOLTER**  
Chief Financial Officer

**Date of appointment:**  
3 May 2018

Andrew joined RA International in 2011 from Ernst and Young's Transaction Advisory Services Group where he was primarily responsible for assisting multinational corporations establish operations in the Middle East and Africa.

He is a Canadian Chartered Accountant, Chartered Professional Accountant, and a Chartered Business Valuator. He has advised on and executed equity and debt financing transactions, diligence, valuations, business planning services, merger mediations, hedge structuring and testing, and other general corporate finance transactions. He has also performed and managed projects relating to assurance services, tax structuring, risk management, internal control audits, and system implementations.

Upon joining, Andrew introduced the Group's enterprise resource planning system and worked with the CEO to develop a long-term strategic plan which has contributed to a more diverse customer base and significant business growth.

**Committee Key:** R Remuneration A Audit <sup>c</sup> Chair



**ALEC CARSTAIRS**  
Non-Executive Director

**Date of appointment:**  
3 May 2018

Alec is a qualified chartered accountant with over 35 years' experience of advising companies ranging from new start-ups to multi-national corporations, principally in the oil and gas sector. During his time at Ernst & Young he acted as Head of UK Oil and Gas Mergers and Acquisitions and becoming Managing Partner of its Aberdeen office and an elected member of the UK Governance Council. Alec has previously served as an independent Non-Executive Director of Ithaca Energy Inc. and was formerly President of the Aberdeen & Grampian Chamber of Commerce.

**External appointments:**

Director of Cela Consulting Limited, Director of Vine Trust, and Director of Techfest.

**Committee membership:**

A<sup>c</sup>



**PHILIP HAYDN-SLATER**  
Non-Executive Director

**Date of appointment:**  
3 May 2018

Philip has over 35 years of City experience, principally within institutional sales with a number of well-known firms. Philip was co-founder of HD Capital Partners Ltd, where he was a Director for over five years. Prior to this he spent eight years as Head of Corporate Broking at WH Ireland Ltd. in London, where he was responsible for originating and managing the sales process for a range of transactions, including flotations and secondary placings for corporate clients on AIM and other international exchanges, largely in the resources sector. Philip has worked in both London and Sydney for financial organisations that include ABN Amro, Bankers Trust, James Capel & Co, and Bain Securities (Deutsche Bank) Sydney.

**External appointments:**

Non-Executive Chairman of RiverFort Global Opportunities plc, Director of ADX Energy Ltd., and Partner of Eclipse Film Partners No.35 LLP.

**Committee membership:**

R<sup>c</sup> A



**IAN HENDERSON**  
Non-Executive Director

**Date of appointment:**  
3 May 2018

Ian is a qualified chartered accountant (ACA and FCA) and holds an LLB in Scots Law and an MA in Philosophy and Politics from Edinburgh University. Ian has had a distinguished career as an investment manager in London for over 35 years during which time he managed, inter alia, JP Morgan's Natural Resources funds for over 20 years, which reached assets of over USD 10 billion, and JP Morgan's Global Financials fund. Following his retirement as manager, Ian became an investment adviser for the JP Morgan Natural Resources funds before serving as a Non-Executive Director of Endeavour Mining Corporation, the TSX-V listed gold mining company operating in West Africa.

**External appointments:**

Non-Executive Director of BMO Capital Markets Limited and Bluejay Mining Plc.

**Committee membership:**

R

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# EXECUTIVE MANAGEMENT TEAM

In addition to the CEO, COO, and CFO, the EMT consists of senior members of RA International's management team.

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Each member is involved in operations, often down to the level of field implementation and has experience working in remote locations and a deep understanding of the profound impact seemingly small problems can have on project delivery.

The EMT is supported by a committed team of management and senior staff spread across the Company, at Head Office, Regional, Country, and Project level. Country Managers are particularly important in ensuring that the right resources are in place and available to bring in projects on time, on budget, and to the right quality standards. This team of talented individuals all contribute to the growth of the business and are all committed to bringing about positive change to the local communities where we work.



**SORAYA NARFELDT**  
Chief Executive Officer

For details see page 28



**LARS NARFELDT**  
Chief Operating Officer

For details see page 28



**ANDREW BOLTER**  
Chief Financial Officer

For details see page 28



**TREVOR STRATFORD**  
Business Development Director

**Date of appointment:**  
April 2011

Trevor has over 20 years' expertise in business development and brings a deep understanding of remote site service delivery, project management, contract management, technical knowledge, and a mind-set for client satisfaction. His mandate is to extend the Company's geographical reach and most importantly, develop new and existing customer relationships. Trevor has worked across geographies that encompass South Africa, Zimbabwe, Malawi, Senegal, Dubai, Iraq, and Brazil. He has commissioned projects in a variety of industries including electrical contracting, security, water treatment, packaging, and mining. Trevor has drawn on his diverse experience and knowledge to enhance the implementation and service delivery of the Company's projects.



**JOHN MITCHELL**  
Director of Project Management

**Date of appointment:**  
February 2010

John heads up our project management office which manages the implementation of all projects with a team of subject experts. His team works closely with our Country Support Offices in the execution of projects in our operational areas. Since joining the Company in 2010, he has worked across all departments and specialisations, and developed a meritocratic workplace through a target-centric culture. He has focused on developing ambitious yet achievable goals to motivate staff and ensure professional development. John's background in the Royal Navy working in post-conflict areas makes him especially well placed to work alongside people from diverse cultures, religions, and world views.



**WILLIAM WARNOCK**  
Director of US Business Development

**Date of appointment:**  
January 2019

William is responsible for growing RA International's US Government project portfolio and has played a vital role in the Company's transition to embracing many USG business practices. William reports to the CEO on project development and provides recommendations for strategic investments. Before RA International, William served for 30 years with the US Navy including acting as Defence Attaché assigned to the US Mission in Somalia. He has held a variety of diplomatic and military roles and has served as Commander of all naval forces deployed to Kuwait and Qatar where he was responsible for the employment of over 1,200 US Navy personnel. He has also served as the Naval Liaison to the White House under Presidents Bush and Clinton.



# CHAIR'S CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

## DEAR SHAREHOLDER,

I am pleased to introduce the corporate governance section of our report. As Non-Executive Chair of the Company, it is my responsibility to work with my fellow Board members to ensure that the Company embraces corporate governance and delivers the highest standards we can. It is within my role to manage the Board in the best interests of our many stakeholders. As we said last year, as a Board we believe that practising good corporate governance is essential for building a successful and sustainable business. Our commitment to good corporate governance has allowed us to build a healthy corporate culture throughout the organisation. The Board is fully supportive of embracing the highest levels of corporate governance possible.

The Company has adopted the Quoted Companies Alliance Corporate Governance Code (2018) (the "QCA Code") which it believes to be the most appropriate recognised governance code for RA International. The QCA has ten principles which the Company is required to adhere to and to make certain disclosures both within this report and on its website. The Company's website disclosures can be found at <https://ragrpplc.co.uk/investors/corporate-governance/>. Additional information relating to how we take into account wider stakeholder and social responsibilities can be found in the Company's 2019 Sustainability Report which can be found at <https://rainternationalservices.com/sustainability-report-2019>.

The importance of maintaining strong relationships with Shareholders continues and we have an active investor relations and communications programme in place. The Board strives to ensure that there are numerous opportunities for Shareholders to engage with the Board, such that they can express their views and expectations for the Company. We are committed to maintaining an open dialogue with all of our stakeholders and seek to ensure that our strategy, business model, and performance are clearly understood. In addition to publishing the half-year and full-year results statements, the Company issues trading updates, which typically include details of the order book, and major contract announcements in line with the Company's regulatory obligations in order to help our stakeholders understand our progress and expectations. In addition to the Company's AGM, where Shareholders are encouraged to ask questions, the Executive Directors are available to meet with institutional and retail shareholders and investment analysts, following the announcement of the Company's interim and final results.

## CORPORATE GOVERNANCE FRAMEWORK

### The Board

The Board retains full and effective control over the Company. The Company holds regular scheduled Board meetings throughout the year, as well as ad hoc ones as and when the demands of the business requires. Individual Directors may engage outside advisors at the expense of the Company in appropriate circumstances.

At the date of this report, the Board has seven members comprising three Executive Directors and four Non-Executive Directors, whose biographies and roles are set out on pages 28 and 29.

The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the Executive Management Team whose biographies are set out on page 30. The Directors believe that the Board as a whole has a broad range of commercial and professional skills which enable it to carry out its duties responsibly and effectively.

The Company has appointed a Chief Executive Officer who is responsible for the overall strategy, a Chief Operating Officer, responsible for the Company's daily operations and a Chief Financial Officer, responsible for the Company's financial controls and reporting to the Board (of which all three positions hold Board seats). It has also appointed four Non-Executive Directors (including the Chair), who have the responsibility of ensuring that the Board discharges its responsibilities and is also responsible for facilitating full and constructive contributions from each member of the Board in determination of the Company's strategy and overall commercial objectives.

The Non-Executive Directors are independent in character and judgement and have the range of experience and, calibre to bring independence on issues of strategy, performance, resources, and standards of conduct which is vital to the success of the Company.

### Governance structure

The Company is committed to a corporate culture that is based on sound ethical values and behaviours and it seeks to instil these values across the organisation as a whole. The Board is fully committed to taking this responsibility very seriously.

The Company has adopted a code on dealings in securities which the Board regards as appropriate for an AIM listed company and is compliant with the Market Abuse Regulations. The Company takes all reasonable steps to ensure compliance by the Directors, employees, and agents with the provisions of the AIM rules relating to dealings in the Company's securities.

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## CHAIR'S CORPORATE GOVERNANCE STATEMENT

### CONTINUED

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The Directors take the issue of bribery and corruption seriously. The Directors acknowledge the importance of ensuring that the Company, its employees and those third parties to which the business engages with are operating within the requirements of the Bribery Act. The Company has adopted and implemented comprehensive anti-bribery and corruption policies and procedures (the "ABC Policies") and the Directors impose a zero-tolerance approach to non-compliance. It is the Executive Directors' responsibility to ensure that all of the Company's employees, in the various locations, are complying with the ABC policies and that the Company has in place adequate procedures to ensure that its partners, contractors, and suppliers do not engage in bribery or corrupt activity.

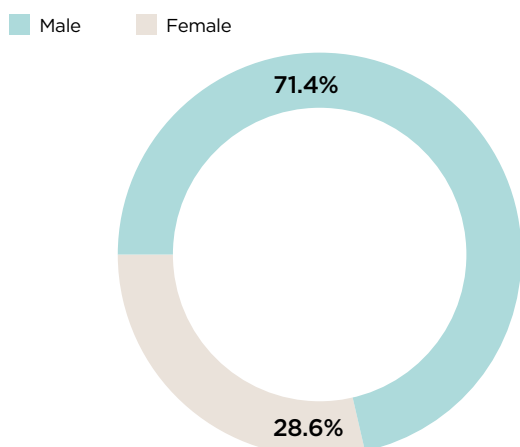
#### Culture and social responsibility

The Board believes that running a sustainable business should benefit everyone, including its customers, employees and the host communities in locations in which the Company operates. Having a multi-cultural and multi-lingual workforce of people who are experienced with the way in which operations work in Africa and beyond is key to delivering this. Accordingly, the Company cooperates respectfully with people on the ground, building trust and goodwill. The Company provides stable employment and training to local unskilled or semi-skilled labourers. To this end, the Company has a direct impact on the wellbeing of its employees' families, and on the local economy in general.

More information can be found in the Company's 2019 Sustainability Report which is available on the Company's website.

#### Board diversity

The Board recognises the benefits of diverse skill sets, capabilities, backgrounds, and experience to the effective functioning of the Board and delivery of strategy. Both the CEO and the Chair are females representing 28.6% of the Board.



#### Matters reserved for the Board

The Board retains full and effective control over the Company and is responsible for the Company's strategy and key financial and compliance issues. There are certain matters that are reserved for the Board, and they include but are not limited to:

##### Strategy and Management

Approval of: long-term objectives, commercial strategic aims, annual operating and capital expenditure budgets, extending the Company's activities into new business, any decision to cease to operate all or any material part of the Company's business.

##### Structure and Capital

Capital structure, major changes to the Company's corporate structure, changes to the management and control structure, change to the Company's listing, alteration of the Company's articles of association, change in the Company's accounting reference date, registered name or business name.

##### Financial Reporting and Controls

Approval of: interim and year end accounts, management statements and any other preliminary announcements of financial results, annual reports, dividend policy, declaration of any dividend and significant changes in accounting policies/practice.

##### Internal Controls

Ensuring maintenance of a sound system of internal control and risk management.

##### Finance

Raising new capital and confirmation of major financing facilities, recommendation of dividends, operating and capital expenditure budgets, granting of security over any material Company asset.

##### Contracts

All contracts above USD 7.0m, major capital expenditure over USD 2.5m, contracts which are material or strategic, contracts outside of the approved budget and not in the ordinary course of business, major investments or any acquisitions/disposals, and transactions with Directors or other related parties which are not in the ordinary course of business.

##### Communications

Approval or resolutions and documentation put forward to shareholders, approval of circulars, prospectuses and listing particulars and approval of press releases concerning matters decided by the Board.

### Board membership and other appointments

Director and senior management appointments and the Company's succession planning are evaluated on a regular basis.

### Delegation of Authority

Division of responsibilities between the Chair, the Chief Executive and Executive Directors, delegated levels of authority, including the Chief Executive's authority limits, establishment of Board committees and approval of terms of reference of Board committees.

### Corporate Governance Matters

Review of the Company's overall corporate governance arrangements.

### Other

Policies including the share dealing code, appointment or change of the Company's principal professional advisers and auditors, overall levels of insurance for the Company, material litigation, any decision likely to have a material impact on the Company or Company from any perspective including, but not limited to, financial, operational, strategic or reputational, matters reserved for Board decisions and which the Board considers suitable for delegation are contained in the terms of reference of its committees, and the grant of options, warrants or any other form of security convertible into shares.

### Board Committees

The Board has formed two sub-committees: namely the Audit Committee and Remuneration Committee, with delegated responsibility to monitor their respective areas and to report back to the full Board. Board committees operate under clearly defined terms of reference to ensure proper functioning of the committees and effective application of best practice. Board committees are required to report back to the Board following a committee meeting.

The Remuneration Committee report can be found on page 38 and the Audit Committee report can be found on page 40.

On behalf of the Board



**Sangita Shah**  
**Non-Executive Chair**

17 April 2020





# REVIEW OF THE BOARD'S EFFECTIVENESS

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors consider seriously the effectiveness of the Board, its committees and individual performance. The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions.

The Board meets formally four times a year with ad hoc Board meetings as the business demands. There is a strong flow of communication between the Directors, and in particular between the CEO and Chair. Board meeting agendas are set in consultation with both the CEO and Chair, with consideration being given to both standing agenda items and the strategic and operational needs of the business. Comprehensive Board papers are circulated well in advance of meetings, giving Directors ample time to review the documentation and enabling an effective meeting. Minutes are drawn up to reflect a true record of the discussions and decisions made. Resulting actions are tracked for appropriate delivery and follow up.

The Directors have a broad knowledge of the business and understand their responsibilities as directors of a UK company quoted on AIM and are developing appropriate corporate governance procedures and looking forward to building further on the governance structure already in place.

The Company's NOMAD provides annual board room training. The Company Secretary helps keep the Board up to date with developments in corporate governance and liaises with the NOMAD on areas of AIM requirements. The Company Secretary has frequent communication with both the Chair and CEO and is available to other members of the Board as required. The Directors also have access to the Company's auditors and lawyers as and when required and the Directors are able, at the Company's expense to obtain advice from other external advisors if required.

The Board considers that its effectiveness and the individual performance of each Director is vital to the success of the Company. The Board believes that it functions effectively and given it has been less than two years since the Company's Admission to AIM, it is considered to be too soon to carry out a formal process of Board evaluation. It is recognised that in order to meet the requirements of the QCA Code, a process needs to be considered in the short to medium term. In the meantime, the effectiveness of the Board, individual Directors and senior management will be reviewed on an on-going informal basis as the Board forms a united forum for building the business.

## BOARD/COMMITTEE ATTENDANCE AT MEETINGS DURING 2019

	Board meetings (4 scheduled)	Audit Committee meetings (3)	Remuneration Committee meetings (1)
Sangita Shah	4	3	1
Soraya Narfeldt	4	N/A	N/A
Lars Narfeldt	4	N/A	N/A
Andrew Bolter	4	N/A	N/A
Alec Carstairs	4	3	N/A
Ian Henderson	4	N/A	1
Philip Haydn-Slater	4	3	1

On behalf of the Board



**Sangita Shah**  
**Non-Executive Chair**

17 April 2020

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

## PRINCIPAL ACTIVITIES

The Company is a global provider of services in remote and challenging locations. It specialises in three service channels: integrated facilities management, construction, and supply chain. The Company has a strong and loyal customer base, largely comprising UN agencies, western governments, and global corporations.

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

A detailed explanation of the Company's principle activities and business model can be found on pages 6 through 9 respectively.

## RESULTS AND DIVIDENDS

During 2019, a final dividend payment of GBP 1.0p per share was declared to shareholders of the Company on 3 July 2019.

The profit for the year ended 31 December 2019 was USD 12.9m.

The Board is recommending a final dividend of GBP 1.25p per share. Subject to shareholder approval at the 2020 AGM, the final dividend for 2019 will become due and payable on 9 July 2020 to shareholders on the register as of 29 May 2020.

## DIRECTORS

The Directors who served during the period and at the date of this Report are as follows:

		Appointment Date
Sangita Shah	Non-Executive Chair	3 May 2018 to present
Soraya Narfeldt	Executive Director	13 March 2018 to present
Lars Narfeldt	Executive Director	13 March 2018 to present
Andrew Bolter	Executive Director	3 May 2018 to present
Alec Carstairs	Non-Executive Director	3 May 2018 to present
Ian Henderson	Non-Executive Director	3 May 2018 to present
Philip Haydn-Slater	Non-Executive Director	3 May 2018 to present

## SIGNIFICANT SHAREHOLDERS

As at 31 December 2019 the Company was aware of the following major shareholders representing 3% or more of voting rights attached to the issued Ordinary Share capital of the Company.

Soraya Narfeldt	55.2%
Lars Narfeldt	24.2%
Jupiter Asset Management Limited	5.8%

As at 31 March 2020, the Company was aware that River and Mercantile Asset Management held 3.2% of voting rights attached to the issued Ordinary Share capital of the Company.

The Directors are not aware of any other notifications of changes to any major shareholdings between 31 December 2019 and 17 April 2020.

## AUDITOR

Each person who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the auditor is unaware; and
- the Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

## DIRECTORS' REPORT

### CONTINUED

#### DIRECTORS' INTERESTS

The Directors who held office at 31 December 2019 had the following interests in the ordinary shares in the capital of the Company:

	No. of Consolidated Ordinary Shares 2019
Sangita Shah	42,983
Soraya Narfeldt	95,857,145
Lars Narfeldt	42,000,000
Andrew Bolter	900,000
Alec Carstairs	108,743
Ian Henderson	—
Philip Haydn-Slater	100,000

#### GOING CONCERN

The financial information for the year to 31 December 2019 has been prepared assuming that the Company will continue as a going concern.

Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations.

Based on an assessment made based on the Company's anticipated activities for the next 12 months from the date of authorisation of the financial statements, the Directors have formed a judgement that the going concern basis should be adopted in preparing the financial statements.

The Board has approved financial forecasts that take into account the potential impact of COVID-19 on the Group's operations, as well as potential downside sensitivities which include the cessation of all operations for a three month or six month period. Under all of these scenarios the Group continues to be cash positive and further mitigations have been identified to preserve cash if required to provide additional headroom and remain cash positive if there was a worsening of conditions beyond the downside scenarios considered.

Based on this analysis, along with a comprehensive review of the Company's business continuity plan, crisis management processes, and procedures being actioned, the Board has concluded that given the Company's cash reserves available and access to additional liquidity the Company will continue to trade as a going concern.

#### STRATEGIC REPORT

The Company is required by the Companies Act 2006 to include a Strategic Report in its Annual Report. The information that fulfils this requirement can be found on pages 5 to 26.

Signed by order of the Directors  
On behalf of the Board



**Amanda Bateman**  
**For and on behalf of AMBA Secretaries Limited**  
**Company Secretary**

17 April 2020





# DIRECTORS' RESPONSIBILITY STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101).

The Company financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Company, the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company, and of the profit or loss of the Company for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU and, for the Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board



**Andrew Bolter**  
**Chief Financial Officer**

17 April 2020

# REMUNERATION COMMITTEE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

## 2019 ACTIVITIES

- The Remuneration Committee agreed that a third-party advisor should be engaged during 2019 to provide guidance on the optimal structure of an Executive Directors' remuneration package, including benchmarking on levels of annual bonuses and how this could be linked to performance.
- The Remuneration Committee agreed to explore share incentive schemes that could potentially be rolled out during 2019/2020 across the business.
- A Company-wide salary increase was agreed by the Remuneration Committee.

## THE REMUNERATION COMMITTEE

The Remuneration Committee is a standing committee of the Board of the Company and is comprised of three Non-Executive Directors, whose names and profiles are set out on pages 28 and 29. It is the Remuneration Committee's responsibility to review the performance of the Executive Directors and to make recommendations to the Board on matters relating to their remuneration and terms of service.

The Remuneration Committee assists the Board in discharging its oversight responsibilities relating to the attraction, compensation, evaluation, and retention of Executive Directors and key senior management employees. It aims to ensure that the Company's remuneration policy attracts and retains employees with the right skills and expertise needed to enable the Company to achieve its goals and strategies and that fair and competitive compensation, with appropriate performance incentives, are awarded.

The Remuneration Committee aims to ensure that the Company's remuneration policy is aligned with and promotes the implementation of the Company's strategy and effective risk management for the long-term and all employees and Executive Directors are appropriately remunerated.

The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time.

The Remuneration Committee held one meeting during 2019, its second meeting was deferred to early 2020 due to a delay in receiving a report from a third-party advisor. Members' attendance records are disclosed in the Corporate Governance Report on page 34 contained in this Annual Report.

## PLANS FOR 2020

- Review and consider launching a share or share option scheme offering to employees below Board level.
- Review benchmarking report from third party advisor to determine Director Remuneration package.

## EXECUTIVE DIRECTORS' SERVICE CONTRACTS

The Company's policy on Directors' service contracts are indicated below:

Director	Effective term	Notice period
Soraya Narfeldt	29 June 2018	6 months
Lars Narfeldt	29 June 2018	6 months
Andrew Bolter	29 June 2018	6 months

## Non-Executive letters of appointment

Director	Effective term	Appointment Term
Sangita Shah	29 June 2018	3 years
Alec Carstairs	29 June 2018	3 years
Ian Henderson	29 June 2018	3 years
Philip Haydn-Slater	29 June 2018	3 years

## DIRECTORS' REMUNERATION

	Fees/basic salary <sup>1</sup> GBP'000	Benefits in kind GBP'000	Other remuneration <sup>2</sup> GBP'000	Total 2019 GBP'000	Total 2018 GBP'000
<b>Executive</b>					
Soraya Narfeldt	291	21	17	329	301
Lars Narfeldt	186	15	6	207	169
Andrew Bolter	186	10	15	211	598
<b>Non-Executive</b>					
Sangita Shah	81	—	—	81	40
Alec Carstairs	51	—	—	51	25
Philip Haydn-Slater	51	—	—	51	25
Ian Henderson	51	—	—	51	25
<b>Total</b>	<b>897</b>	<b>46</b>	<b>38</b>	<b>981</b>	<b>1,183</b>

## DIRECTORS' SHARE OPTIONS

The Directors recognise the need to attract, incentivise, and retain employees and the importance of ensuring that all employees are well motivated and are able to identify closely with the performance of the Company. To that end, the Company introduced the Share Option Scheme 2018 ("Scheme") under which options may be granted to eligible employees from time to time, acting through the Board and subject to the rules of the Scheme.

The principle terms of the Scheme are summarised below.

Option awards under the Scheme provide the right to acquire a certain number of ordinary shares in the Company in the future, subject to the satisfaction of any specified performance conditions set at the discretion of the Remuneration Committee. The Scheme is a UK non-tax advantaged, discretionary share option plan which provides for the grant of options to employees of the Company. The Board believes that the Scheme is an effective mechanism to incentivise key employees of the Company.

Performance options under the Scheme were granted to Andrew Bolter (Executive Director) as set out on the following page and have performance vesting conditions.

<b>Option Holder</b>	Andrew Bolter
<b>Date of Grant</b>	29 June 2018
<b>Share Options</b>	1,304,347
<b>Option Exercise Period (with performance conditions)</b>	From the third anniversary of Admission to the sixth anniversary of Admission
<b>Exercise Price GBP</b>	0.10

The vesting of options granted under the Scheme are conditional on continuous employment and the achievement of a hurdle total shareholder return as at the end of the three-year performance period.

If at the end of the performance period, the performance condition is not satisfied, the option will immediately lapse and cease to be exercisable.

The Company's stock price was 46 pence as at the close of 31 December 2019.

## NON-EXECUTIVE DIRECTORS

The table below represents the annual fees paid to the Non-Executive Directors.

<b>Non-Executive Directors</b>	<b>Fees (GBP)</b>
Sangita Shah	80,800
Alec Carstairs	50,500
Philip Haydn-Slater	50,500
Ian Henderson	50,500

## CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Committee is responsible for making recommendations to the Board regarding the framework for the remuneration of the Executive Directors and other members of the Executive Management Team. The Committee works within its terms of reference, and its role includes:

- Determining and agreeing with the Board, the Remuneration Policy for all Executive Directors and under guidance of the Executive Directors, other members of the Executive Management Team.
- Ensuring Executive Director Remuneration packages are competitive.
- Determining whether annual bonus payments should be made and approving levels for individual Executive Directors.
- Determining each year whether any awards/grants should be made under the incentive schemes and the value of such awards.
- Considering any new long-term incentive scheme awards and performance criteria.
- Agreeing Directors' service contracts and notice periods.

The Company is committed to maintaining an open and transparent dialogue with shareholders on all aspects of Remuneration within the Company.



**Philip Haydn-Slater**  
**Remuneration Committee Chairman**

17 April 2020

<sup>1</sup> The Executive Directors each have two employment contracts with the Group. One with the Company in connection with their role as a Director, and another with a subsidiary reflecting their role as a member of Executive Management. The figure presented in the table denotes the total base salary for both employment contracts. Executive Management contracts are denominated in United Arab Emirate dirhams and have been converted to UK Pounds at a rate of 1 UAE Dirham: GBP 0.2143, being the average exchange rate during 2019.

<sup>2</sup> Other remuneration includes end of service benefits which are defined in note 25 of the annual financial statements and share based payments which are detailed in note 16.

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# AUDIT COMMITTEE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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## 2019 ACTIVITIES:

- Reviewed and approved the Company's 2019 Interim Report.
- Reviewed and approved the 2019 audit plan presented by the Company's auditors.
- Reviewed the independence and competence of the Company's auditors, Ernst & Young.
- Considered the QCA audit guidance guide for small and mid-sized quoted companies.

The Audit Committee is responsible for reviewing and monitoring the effectiveness of the Company's financial reporting, internal control policies, and procedures for the identification, assessment, and reporting of risk. The latter two areas are integral to the Company's core management processes and the Committee devotes significant time to receiving and reviewing reports from the Executive Management Team and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee is also responsible for overseeing the relationship with the external auditor.

An essential part of the integrity of the financial statements lies around the key assumptions and estimates or judgements to be made. The Committee reviews key judgements prior to publication of the financial statements at both the end of the financial year and at the end of the six-month interim period, as well as considering significant issues throughout the year. In particular, this includes reviewing any subjective material assumptions within the Company's activities to enable an appropriate determination of asset valuation, provisioning and the accounting treatment thereof. The Audit Committee reviewed and was satisfied that the judgements exercised by management on material items contained within the Report and Financial Statements are reasonable.

The Audit Committee comprises of three Non-Executive Directors whose names and profiles are set out on pages 28 and 29. Although not a member of the Audit Committee, the Chief Financial Officer, whose name and profile is set out on page 28 is invited to attend meetings.

The Committee has engaged Ernst & Young LLP (EY) to act as external auditors and they are also invited to attend Committee meetings, unless they have a conflict of interest. The Audit Committee also meets with the auditors without management in attendance. The Audit Committee has committed to meet no less than twice in each financial year and has unrestricted access to the Company's external auditors. In 2019, the Audit Committee met three times and the members attendance record at Committee meetings during the financial year is set out in the Corporate Governance report at page 34.

The Audit Committee has considered the Company's internal control and risk management policies and systems, their effectiveness, and the requirements for an internal audit function in the context of the Company's overall risk management system. The Audit Committee is satisfied that the Company does not currently require an internal audit function, however, it will continue to periodically review the situation.

The Audit Committee has responsibility for reviewing the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns about possible wrongdoing in financial reporting, fraud, and bribery and ensure that appropriate follow up action is taken. No issues have been highlighted.

The impact of COVID-19 on the Company was assessed by the Audit Committee as part of the full Board. Detailed scrutiny of the country assessments of readiness and the weekly project trackers for each contract occurred with respect to the viability of the business and its cash resources. The appropriate disclosures in the financial accounts were reviewed.

The external auditors, EY, were re-appointed during the financial year by shareholders at the Company's AGM. The Audit Committee shall undertake a comprehensive review of the quality, effectiveness, value and independence of the audit provided by EY each year, seeking the views of the wider Board, together with relevant members of the Committee.



## RESPONSIBILITIES

The Committee reviews and makes recommendations to the Board on:

- any change in accounting policies;
- decisions requiring a major element of judgement and risk;
- compliance with accounting standards and legal and regulatory requirements;
- disclosures in the interim and annual report and financial statements;
- reviewing the effectiveness of the Company's financial and internal controls;
- any significant concerns of the external auditor about the conduct, results or overall outcome of the annual audit of the Company; and
- any matters that may significantly affect the independence of the external auditor.



**Alec Carstairs**  
**Chairman of the Audit Committee**

17 April 2020



# FINANCIAL STATEMENTS



# INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

## OPINION

In our opinion:

- RA International Group plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006. We have audited the financial statements of RA International Group plc, which comprise:

Group	Parent company
Consolidated statement of financial position as at 31 December 2019	Company statement of financial position as at 31 December 2019
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Related notes 1 to 9 to the Parent Company financial statements including a summary of significant accounting policies
Consolidated statement of changes in equity for the year then ended	
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 32 to the Group financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report below. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## INDEPENDENT AUDITOR'S REPORT

### CONTINUED

#### OVERVIEW OF OUR AUDIT APPROACH

<b>Key audit matters</b>	<ul style="list-style-type: none"> <li>• Risk of misstatement due to management override, fraud and error, specifically around revenue recognition</li> <li>• Risk of non-compliance with laws and regulations</li> </ul>
<b>Audit scope</b>	<ul style="list-style-type: none"> <li>• We performed an audit of the complete financial information of all components</li> </ul>
<b>Materiality</b>	<ul style="list-style-type: none"> <li>• Overall group materiality of \$644k which represents 5% of profit before tax</li> </ul>

#### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Risk of misstatement due to management override, fraud and error, specifically around revenue recognition</b></p> <p><i>Refer to Accounting policies Note 4 and Notes 5 and 6 of the Consolidated Financial Statements.</i></p> <p>Auditing standards require that we consider the risk of fraud or management override of internal controls in revenue recognition.</p> <p>We recognise that sales arrangements vary depending on the service being provided with accommodation and supply requiring minimal judgment. Accordingly, we focussed on construction and longer-term services contracts.</p> <p>The complexity and judgments are mainly related to estimation of the cost to complete the projects, expected revenues and the related percentage of completion which the group applies for recognising revenues. The determination of the cost to complete impacts the value and timing of revenue and profit recognised over the life of the project, and it is an estimate that requires expertise and judgment.</p>	<p>Our principal audit procedures included:</p> <ul style="list-style-type: none"> <li>• Performing walkthroughs of the revenue cycle to gain an understanding of when the revenue should be recognised, to map out the relevant controls end to end and the processes in place.</li> <li>• Obtaining an understanding and evaluating the key internal controls which support the project management and accounting. These included on the percentage of completion, estimates to complete for both revenue and costs and provisions for loss making projects or unbilled receivables.</li> <li>• Detailed substantive procedures on individually significant projects as well as high risk projects, such as loss making or particular locations. This included challenging the assumptions and estimates applied by management and substantiating transactions with underlying documents like contracts and change orders.</li> <li>• Utilising computer assisted data analytics techniques to examine the correlation of revenue streams through debtors to cash; highlighting unexpected data flows (business activities) which sat outside of the expected pathways.</li> </ul>	<p>We communicated to the Audit Committee that:</p> <ul style="list-style-type: none"> <li>• Through our walkthrough procedures performed, and assessment of key internal controls, we assessed the design and implementation of the controls in place to be appropriate.</li> <li>• After examination of the correlations between revenue streams through debtors to cash, no material issues were identified.</li> <li>• Through our journal entry testing, specifically those manual journal postings near year-end, we had identified no material issues.</li> <li>• Revenue had been recorded appropriately.</li> <li>• We concluded that revenue recognition accounting policies adopted are appropriate and have been applied consistently.</li> </ul>



Risk	Our response to the risk	Key observations communicated to the Audit Committee
	<p>Our principal audit procedures included (continued):</p> <ul style="list-style-type: none"> <li>• Making enquiries of non-finance staff, such as to discuss the status of particular projects with the respective project managers.</li> <li>• Detailed manual journal entry testing, applying particular focus to individually unusual and/or material revenue manual journals, particularly those posted around the year end.</li> <li>• Reviewing management's assessment of IFRS 15 and challenging key assumptions applied in their assessment to determine whether they meet the requirements of the standard.</li> </ul> <p><i>We performed full scope audit procedures over this risk area, which covered 100% of the risk amount.</i></p>	
<p><b>Risk of non-compliance with laws and regulations</b></p> <p><i>Refer to Accounting policies (Note 4 of the Consolidated Financial Statements).</i></p> <p>Auditing standards require that we consider the risk of non-compliance with laws and regulation on the financial statements.</p> <p>RA International operate in countries that rank amongst the highest on the Transparency International Corruption Perceptions Index and have limited legal structures. Both factors increase the risk of corruption and bribery.</p> <p>There is a risk that if the controls and policies in place are not sufficient to prevent or detect bribery there would be a material impact on the financial statements.</p>	<p>Our principal audit procedures included:</p> <ul style="list-style-type: none"> <li>• Enquiries of management, and, when appropriate, those charged with governance as to whether the entity is in compliance with such laws and regulations.</li> <li>• Inspection of correspondence, if any, with the relevant licensing or regulatory authorities.</li> <li>• Performance of targeted procedures on the procurement process: <ul style="list-style-type: none"> <li>o Performed walkthrough of the expenditure cycle to gain an understanding of different procurement processes and to map out the relevant controls end to end.</li> <li>o Unusual journal posting originating from cash (such as manual cash payments and receipts).</li> <li>o Detailed testing of cash payments and higher risk expenditure (including travel and entertainment, advances and bonuses).</li> </ul> </li> </ul> <p><i>We performed full scope audit procedures over this risk area.</i></p>	<p>We communicated to the Audit Committee that:</p> <ul style="list-style-type: none"> <li>• Through our walkthrough of the expenditure cycle, we assessed the design and implementation of the relevant controls to be effective.</li> <li>• Through our journal entry testing, specifically those manual journal postings affecting cash balances, we had identified no material issues.</li> <li>• Through our testing of large and unusual cash receipts and payments, no material issues were identified.</li> <li>• Based on the audit procedures performed, no instances of non-compliance with laws and regulations were noted.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

### CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Management's consideration of the potential impact on going concern</b></p> <p><i>Refer to Notes 2 and 32 of the Consolidated Financial Statements.</i></p> <p>Management and the Board have considered the potential impact of the non-adjusting post balance sheet event that have been caused by the pandemic, COVID-19, on the current and future operations of the Group. In doing so, management have made estimates and judgments that are critical to the outcomes of these considerations.</p> <p>As a result of the impact of COVID-19 on the wider financial markets and the Company's share price, we have determined management's consideration of the potential impact of COVID-19 to be a key audit matter.</p>	<p>Our principal audit procedures included:</p> <ul style="list-style-type: none"> <li>• We obtained from management their latest financial models that support the Board's assessment and conclusions with respect to the statement of going concern.</li> <li>• We performed procedures to ensure the mechanical accuracy of the models and resulting forecasts.</li> <li>• We discussed with management the critical estimates and judgments applied in their latest financial models so we could understand and challenge the rationale for the factors incorporated into these financial models and the sensitivities applied as a result of COVID-19.</li> <li>• We inspected the financial models provided to assess their consistency with our understanding of the operations of the Group. We also agreed any key amendments, estimates and judgments to underlying supporting information and fact patterns where and as appropriate.</li> <li>• We have considered and challenged the ability to implement mitigating actions identified by management, as part of their sensitivity analysis.</li> <li>• We subjected the financial models to additional stress testing to confirm that both management and the Board have considered a balanced range of outcomes in their assessment of the potential impact of COVID-19 on the Group.</li> </ul> <p><i>We performed full scope audit procedures over this risk area, which covered 100% of the risk.</i></p>	<p>We communicated to the Audit Committee that:</p> <ul style="list-style-type: none"> <li>• We consider the disclosures made by management and the Board in respect to the potential impact of COVID-19 to be appropriate.</li> <li>• Based on our procedures, we have not identified any matters to report with respect to both management's and the Board's considerations of the impact of COVID-19 on the current and future operations of the Group.</li> </ul>

## AN OVERVIEW OF THE SCOPE OF OUR AUDIT

### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. All trading activity is recorded through one subsidiary entity, and we have classified this entity as full scope providing 100% coverage of the Group. All audit work was performed by the primary audit engagement team.

### Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be \$683,000 (2018: \$600,000) which is 5% of profit before tax. We believe that profit before tax (excluding exceptional items) provides us with an appropriate basis for determining misstatements of importance to the users of the financial statements.

We determined materiality for the Parent Company to be \$695,000 (2018: \$511,000), which is 1% of total equity. The Parent company is not a trading entity; therefore we consider it appropriate to prepare materiality on a different basis.

During the course of our audit, we reassessed Group materiality based on the final position. This resulted in final materiality being assessed at \$663,000, which is a decrease of \$20,000. No change was noted for Parent Company materiality.

### Performance materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgment was that performance materiality was 75% (2018: 50%) of our planning materiality, namely \$497,000 (2018: \$320,000). We have set performance materiality at this percentage due to various considerations including the past history of misstatements, our ability to assess the likelihood of misstatements, the effectiveness of the internal control environment and other factors affecting the entity and its financial reporting. The year over year change is due to the prior year being first year in the listed Group structure and therefore necessitated setting at the lower end of our normal range.

### Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of \$34,000 (2018: \$32,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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## INDEPENDENT AUDITOR'S REPORT

### CONTINUED

#### OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and Directors' Report have been prepared in accordance with applicable legal requirements.

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement (set out on page 37), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and parent company'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 the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.



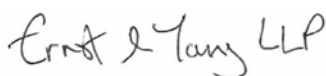
## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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 (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Copland (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Edinburgh  
17 April 2020

### Notes:

1. The maintenance and integrity of the RA International Group plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 USD'000	2018 USD'000 Restated
<b>Revenue</b>	7	69,064	54,805
Direct costs	11	(47,174)	(34,221)
<b>Gross profit</b>		21,890	20,584
Administrative expenses	11	(7,156)	(6,416)
<b>Underlying operating profit</b>		14,734	14,168
Acquisition costs		(46)	(82)
Holding company expenses		(1,048)	(505)
<b>Operating profit</b>		13,640	13,581
Investment revenue		294	34
Finance costs		(675)	(854)
<b>Underlying profit</b>		13,259	12,761
Exceptional items	13	—	(2,934)
<b>Profit before tax</b>		13,259	9,827
Tax expense	14	(384)	—
<b>Profit and total comprehensive income for the period</b>		12,875	9,827
<b>Basic and diluted earnings per share (cents)</b>	15	7.4	6.3

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 USD'000	2018 USD'000 Restated	2017 USD'000 Restated
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant, and equipment	19	28,516	18,624	11,262
Goodwill	10	138	—	—
		28,654	18,624	11,262
<b>Current assets</b>				
Inventories	20	6,178	4,263	2,660
Trade and other receivables	21	24,520	15,962	12,669
Cash and cash equivalents	22	21,393	27,804	7,469
		52,091	48,029	22,798
<b>Total assets</b>		80,745	66,653	34,060
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	23	24,300	24,300	272
Additional contributed capital		—	—	1,809
Share premium		18,254	18,254	—
Merger reserve		(17,803)	(17,803)	—
Share based payment reserve		47	16	—
Retained earnings		44,685	34,013	22,733
<b>Total equity</b>		69,483	58,780	24,814
<b>Non-current liabilities</b>				
Term loans and notes		—	—	6
Lease liabilities	24	2,397	2,532	2,319
Employees' end of service benefits	25	391	350	251
		2,788	2,882	2,576
<b>Current liabilities</b>				
Term loans and notes		—	—	1,861
Lease liabilities	24	437	111	60
Trade and other payables	26	8,037	4,880	4,749
		8,474	4,991	6,670
<b>Total liabilities</b>		11,262	7,873	9,246
<b>Total equity and liabilities</b>		80,745	66,653	34,060

The financial statements were approved by the Board of Directors on 17 April 2020 and signed on its behalf by:



Soraya Narfeldt  
CEO



Andrew Bolter  
CFO

The attached notes 1 to 32 form part of the Consolidated Financial Statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share Capital USD'000	Additional Contributed Capital USD'000	Share Premium USD'000	Merger Reserve* USD'000	Share Based Payment Reserve USD'000	Retained Earnings USD'000	Total USD'000
As at 1 January 2018 previously reported	272	1,809	—	—	—	23,020	25,101
Impact of adoption of IFRS 16	—	—	—	—	—	(287)	(287)
As at 1 January 2018 restated	272	1,809	—	—	—	22,733	24,814
Total comprehensive income for the period**	—	—	—	—	—	9,827	9,827
Share exchange (note 8)	19,612	(1,809)	—	(17,803)	—	—	—
Issue of share capital (note 8)	4,416	—	18,254	—	—	—	22,670
Non-cash employee compensation (note 16)	—	—	—	—	—	1,578	1,578
Share based payments (note 16)	—	—	—	—	16	—	16
Dividends declared and paid (note 17)	—	—	—	—	—	(125)	(125)
As at 31 December 2018	24,300	—	18,254	(17,803)	16	34,013	58,780
Total comprehensive income for the period	—	—	—	—	—	12,875	12,875
Share based payments (note 16)	—	—	—	—	31	—	31
Dividends declared and paid (note 17)	—	—	—	—	—	(2,203)	(2,203)
<b>As at 31 December 2019</b>	<b>24,300</b>	<b>—</b>	<b>18,254</b>	<b>(17,803)</b>	<b>47</b>	<b>44,685</b>	<b>69,483</b>

\* Merger reserve represents the difference between the share capital of RA International FZCO and the nominal value of the shares issued by the Company to acquire RA International FZCO (note 8).

\*\* Total comprehensive income recognised in 2018 has been restated due to the adoption of IFRS 16 (note 5).



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 USD'000	2018 USD'000 Restated
<b>Operating activities</b>			
Operating profit		13,640	13,581
Adjustments for non-cash and other items:			
Depreciation on property, plant, and equipment	19	2,577	1,510
Loss on disposal of property, plant, and equipment	19	46	120
Unrealised differences on translation of foreign balances		(165)	364
Provision for employees' end of service benefits	25	174	116
Share based payments	16	31	16
		16,303	15,707
Working capital adjustments:			
Inventories		(1,607)	(1,587)
Accounts receivable, deposits, and other receivables		(8,306)	(2,627)
Accounts payable and accruals		2,559	(58)
Cash flows generated from operations		8,949	11,435
Tax paid	14	(144)	—
Employees' end of service benefits paid	25	(133)	(17)
Stock-based compensation and related costs	16	—	(24)
Net cash flows from operating activities		8,672	11,394
<b>Investing activities</b>			
Investment revenue received		294	34
Release of cash margin against guarantees issued		—	2,000
Purchase of property, plant, and equipment	19	(12,358)	(8,683)
Proceeds from disposal of property, plant, and equipment	19	170	97
Acquisition of subsidiary (net of cash acquired)	30	(106)	(565)
Net cash flows used in investing activities		(12,000)	(7,117)
<b>Financing activities</b>			
Repayment of term loans and notes		—	(1,867)
Payment of lease liabilities	24	(370)	(73)
Finance costs paid		(675)	(853)
Dividends paid	17	(2,203)	(125)
Share listing costs	8	—	(1,332)
Issue of share capital (net of issue costs paid)	8	—	22,672
Net cash flows (used in)/from financing activities		(3,248)	18,422
<b>Net (decrease)/increase in cash and cash equivalents</b>		(6,576)	22,699
Cash and cash equivalents as at start of the period	22	27,804	5,469
Effect of foreign exchange on cash and cash equivalents		165	(364)
<b>Cash and cash equivalents as at end of the period</b>	22	21,393	27,804

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## 1 CORPORATE INFORMATION

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

RAI was incorporated on 13 March 2018 as a public company in England and Wales under registration number 11252957. The address of its registered office is One Fleet Place, London EC4M 7WS. The Company acquired, by way of a share for share exchange (the "Exchange") the entire issued share capital of RA International FZCO and its subsidiaries ("RA") on 12 April 2018. The Group reorganisation is treated as a common control transaction, for which there is no specific accounting guidance under IFRS. Consequently, the integration of the Company has been accounted for using merger accounting principles. The policy, which does not conflict with International Financial Reporting Standards ("IFRS"), reflects the economic substance of the transaction.

The adoption of merger accounting presents the Company as if it had always been the parent of the Group. As the Company was not incorporated until 13 March 2018, the financial statements of the Group represent a continuation of the financial statements of RA International FZCO, the former parent of the Group.

## 2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with IFRS as adopted by the European Union and the Companies Act 2006. They have been prepared under the historical cost basis and have been presented in United States Dollars ("USD"), being the functional currency of the Group.

### Going concern

The Group has a sufficient level of cash and access to liquidity to be able to operate for the foreseeable future and accordingly it is appropriate to prepare the financial statements on a going concern basis.

In assessing the basis of preparation of the financial statements the Board has undertaken a rigorous assessment of going concern, considering financial forecasts and utilising scenario analysis to test the adequacy of the Group's liquidity. These include multiple scenarios which specifically forecast the potential impact of COVID-19 on the Group's trading.

The Group has performed a comprehensive analysis with respect to the potential operational and financial risks associated with COVID-19. The primary impact of COVID-19 on the Group is that, as customers implement social distancing measures and repatriate their staff from remote locations, some construction contracts have been suspended and scope modifications have been made to a number of service contracts. Based on discussions with customers, the Board expects that most of these contracts will return to normal operating circumstances within a three to six-month period.

The Board has approved financial forecasts that take into account the potential impact of COVID-19 on the Group's operations, as well as potential downside sensitivities which include the cessation of all operations for a three month or six month period. Under all of these scenarios the Group continues to be cash positive and further mitigations have been identified to preserve cash if required to provide additional headroom and remain cash positive if there was a worsening of conditions beyond the downside scenarios considered.

The Board has also assessed the Group's ability to overcome the operating challenges associated with continuing to service clients throughout the term of the pandemic and has concluded that the Group will be able to continue to meet its contractual commitments. The Group's primary activity is undertaking projects in locations where a crisis situation is either ongoing or there is a reasonable expectation that a crisis will occur during the term of the project. As a result, the Group has existing plans in place to address the operating challenges associated with restrictions on both the movement of people and goods. It also has existing infrastructure, procedures, and insurance in place to address the safety and security of its staff and assets.

## 3 BASIS OF CONSOLIDATION

The financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

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

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

### **Business combinations**

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

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

## **4 SIGNIFICANT ACCOUNTING POLICIES**

### **Revenue recognition**

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

### **Sale of goods**

Revenue from the sale of goods is recognised when control of ownership of the goods have passed to the buyer, usually on delivery of the goods.

### **Construction**

Typically, revenue from construction contracts is recognised at a point in time when performance obligations have been met. Generally, this is the same time at which client acceptance has been received. Dependant on the nature of the contracts, in some cases revenue is recognised over time using the percentage of completion method.

### **Services**

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

### **Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### Direct costs

Direct costs represent costs directly incurred or related to the core business of the Group.

#### Contract balances

##### Trade receivables

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

##### Accrued revenue

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

##### Customer advances

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

#### Tax

Current tax expense is based on taxable profit for the year and is recognised in profit or loss. Taxable profit may differ from net profit reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years, and it excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

#### Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and any impairment in value. Capital work-in-progress is not depreciated until the asset is ready for use. Depreciation is calculated on a straight-line basis over the estimated useful lives as follows:

Buildings	Lesser of 20 years and term of land lease
Leasehold improvements	10 years or term of lease
Furniture and fixtures	5 years
Shipping containers	20 years
IT equipment	5 years
Tools and equipment	5 to 10 years
Motor vehicles	10 years

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

Expenditure incurred to replace a component of an item of property, plant, and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant, and equipment. All other expenditure is recognised in profit or loss as the expense is incurred.

An item of property, plant, and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

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

#### Goodwill

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



## Inventories

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

## Cash and cash equivalents

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

## Impairment of non-financial assets

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

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

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

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

## Financial instruments

### i) *Financial assets*

#### Initial recognition and measurement

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

#### Derecognition of financial assets

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

#### Impairment of financial assets

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

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

#### **ii) Financial liabilities**

##### **Initial recognition and measurement**

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

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

##### **Subsequent measurement**

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

##### **Financial liabilities at fair value through profit or loss**

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

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

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

##### **Loans and payables**

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

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

##### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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

##### **Employees' end of service benefits**

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

##### **Share-based payments**

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are provided in note 16.

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

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

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

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

### Contingencies

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

### Foreign currencies

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

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

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

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

## 5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### New and amended standards and interpretations

The Group applied IFRS 16 Leases for the first time in 2019, using a fully retrospective approach. The nature and effect of the changes as a result of the adoption of this new accounting standard are described below.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

### IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of "low-value" assets and short-term leases. At the commencement date of a lease, lessees recognise a liability relating to future lease payments (i.e. the lease liability) and an asset representing the right to use the underlying leased asset during the lease term (i.e. the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

Lessees are also required to remeasure the lease liability upon the occurrence of certain events such as a change in lease term or in future lease payments resulting from a change in an index or reference rate used to determine those payments. The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

#### **Transition to IFRS 16**

Before the adoption of IFRS 16, lease costs were recognised as expenses in the period of asset use. The Group has chosen to adopt the fully retrospective approach and as such has restated prior period results as if IFRS 16 had always been in place.

As a result, 2018 opening retained earnings decreased by USD 287,000 to reflect the impact of IFRS 16 in periods previous to 1 January 2018. A right-of-use asset of USD 2,092,000 was also recognised together with associated aggregate lease liabilities of USD 2,379,000 as at 1 January 2018.

2018 reported direct costs have decreased by USD 311,000, administrative expenses increased by USD 9,000 and finance costs increasing by USD 447,000. Earnings per share and diluted earnings per share decreased by 0.1 cents.

Property, plant, and equipment has increased by USD 2,229,000 as at 31 December 2018, with lease liabilities increasing by USD 2,643,000. Retained earnings have decreased by USD 432,000.

On the Statement of Cash Flows, net cash flows from operating activities increased by USD 520,000 for the year ended 31 December 2018, with net cash flows from financing activities decreasing by USD 520,000.

The Group has chosen to take advantage of the exemptions for leases of "low-value" assets and short-term leases. Rental expense relating to these leases will continue to be fully recognised in direct costs and administrative expenses.

#### **Presentation of Statement of Cash Flows**

The Company has modified the presentation of the Consolidated Statement of Cash Flows to start with operating profit rather than profit before tax, so as to increase the similarity of presentation to sector comparators. The Company believes this provides a more meaningful basis for users of the financial statements. Prior period results have been restated accordingly.

## **6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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

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

### **a) Judgements**

#### **Use of Alternative Performance Measures**

IAS1 requires material items to be disclosed separately in a way that enables users to assess the quality of a company's profitability. In practice, these are commonly referred to as "exceptional" items, but this is not a concept defined by IFRS and therefore there is a level of judgement involved in arriving at an Alternative Performance Measure (APM) which excludes such exceptional items. The Group considers items which are material and outside its normal operating practice to be suitable for separate presentation. Further details can be found in note 18.

### **b) Estimates and assumptions**

#### **Percentage of completion**

The Group uses the output percentage-of-completion method when accounting for contract revenue on its long-term construction contracts. Use of the percentage-of-completion method requires the Group to estimate the progress of contracts based on surveys of work performed. The Group has determined this basis of revenue recognition is the best available measure on such contracts and where possible seeks customer verification of percentage-of-completion calculations as at financial reporting dates.

The accuracy of percentage-of-completion estimates has a material impact on the amount of revenue and related profit recognised. As at 31 December 2019, USD 2,806,000 of accrued revenue had been calculated using the percentage-of-completion method (2018: USD 1,676,000), of which USD 884,000 is supported by customer verifications (2018: USD 1,035,000).

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



## 7 SEGMENTAL INFORMATION

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

### Operating segments

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

Revenue by service channel:	2019 USD'000	2018 USD'000
Integrated facilities management	28,600	23,145
Construction	27,634	29,479
Supply chain services	12,830	2,181
	69,064	54,805

The Group allocates a contract to a specific service channel based on the nature of the primary deliverable to the customer.

Revenue by recognition timing:	2019 USD'000	2018 USD'000
Revenue recognised over time	38,450	23,145
Revenue recognised at a point in time	30,614	31,660
	69,064	54,805

### Geographic segment

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

Revenue by geographic area of project implementation:

	2019 USD'000	2018 USD'000
Africa	68,735	48,003
Other	329	6,802
	69,064	54,805

Non-current assets by geographic area:	2019 USD'000	2018 USD'000 Restated
Africa	27,527	16,607
Other	1,127	2,017
	28,654	18,624

Revenue split by customer	2019 %	2018 %
Customer A	30	30
Customer B	13	26
Customer C	11	2
Customer D	6	13
Other	40	29
	100	100

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 8 GROUP REORGANISATION

##### Share for Share Exchange

On 12 April 2018, RAI acquired 100% ownership of RA through a share for share exchange transaction (the "Exchange"). The cost of RA was established and accounted for with reference to IAS 27 which states that when a parent reorganises the structure of its group by establishing a new entity as its parent, and meets specific criteria, the new parent measures cost at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation. In the case of the Exchange, RA was the former parent of the Group and all relevant criteria were met, as a result the cost of RA was determined to be USD 29,781,000, being the carrying amount of the equity of RA at the date of the Exchange.

	USD'000
<i>Equity balances of RA at date of Exchange</i>	
Share capital	272
Additional contributed capital	1,809
Retained earnings	27,700
Total equity balances of RA at date of Exchange	29,781

The consideration paid to the shareholders of RA was 139,999,998 ordinary shares of GBP 0.10 each.

The difference between the total equity balances of RA and the nominal value of shares issued by RAI at the date of the Exchange is recorded as a merger reserve. Upon consolidation, all intra-group transactions, balances, income, and expense are eliminated, and the merger reserve is equal to the difference between the nominal value of the shares issued by RAI and the total share capital and additional contributed capital of RA at the date of the Exchange.

##### Initial Public Offering

On 29 June 2018, RAI undertook an initial public offering (IPO) and was admitted to trade on the Alternative Investment Market (AIM), a sub-market of the London Stock Exchange. New ordinary shares of 33,575,741 were issued on the date of the IPO bringing the total number of shares outstanding to 173,575,741. These shares have a par value of GBP 0.10 and were sold by RAI at GBP 0.56 per share.

During the IPO process, the Group incurred USD 2,059,000 of expenses which were incremental and directly attributed to the equity raise. As per IAS 32, these costs are to be accounted for as a deduction from equity raised and as a result the net proceeds of the IPO were USD 22,672,000.

	USD'000
<i>Reconciliation of IPO proceeds</i>	
Proceeds from issue of share capital	24,731
Costs incurred and attributable to issue of share capital	(2,059)
Net proceeds from issue of share capital	22,672

## 9 GROUP INFORMATION

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

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

Name of entity	Country of incorporation	Beneficial ownership	Registered address
RA Africa Holdings Limited	British Virgin Islands	100%	3rd floor, J&C Building, PO Box 362, Road Town, Torola Virgin Islands (British) VG110
RA Asia Holdings Limited	British Virgin Islands	100%	3rd floor, J&C Building, PO Box 362, Road Town, Torola Virgin Islands (British) VG110
RASB Holdings Limited	British Virgin Islands	100%	3rd floor, J&C Building, PO Box 362, Road Town, Torola Virgin Islands (British) VG110
RA International Limited	Cameroon	100%	537 Rue Njo-Njo, Bonaprisi, PO Box 1245, Douala, Cameroon
RA International RCA	Central African Republic	100%	Avenue des Martyrs, Bangui, Central African Republic
RA International Chad	Chad	100%	N'djamena, Chad
RA International DRC SARL	Democratic Republic of Congo	100%	Kinshasa, Sis No106, Boulevard Du 30 Juin, Dans La Commune De La Gombe EN RD, Congo
RA Property ApS	Denmark	100%	Tuborg Boulevard 12, 4 DK-2900 Helerup, Denmark
Raints Ghana Limited	Ghana	100%	PO Box 2843 Accra, Ghana
Windward Insurance PCC Limited – Berkshire Cell	Guernsey	100%	Level 5, Mill Court, la Charroterie, St Peter Port, Guernsey, GY1 1EJ
RA International Guyana Inc.	Guyana	100%	210 New Market Street, Georgetown, Guyana
Raints Kenya Limited	Kenya	100%	770 Faith Ave, Runda Estate, Nairobi City (North), Nairobi, Kenya
RA International Limited	Malawi	100%	Hanover House, Hanover Avenue, Independence Drive, Blantyre, Malawi
Raints Mali	Mali	100%	Bamako-Niarela Immeuble Sodies Appartement C/7, Mali
RA International Limitada	Mozambique	100%	Distrito Urbano 1, Bairro Sommarchield, Av, Kenneth Kaunda no 783 R/C, Maputo, Mozambique
Royal Food Solutions S.A.	Mozambique	100%	Distrito Urbano 1, Bairro Central, Rua do Sol, 23 Maputo, Mozambique
RA International Niger	Niger	100%	Niamey, Quartier Cite Piudriere, Avenue du Damergou, CI-48, Niger
RA Contracting and Facility Management LLC	Qatar	100%	63 Aniza, Doustor St. 905, Salam International, Qatar
RA International*	Somalia	100%	Mogadishu, Somalia
RA International FZCO	South Sudan	100%	Plot no. 705, Block 3-K South, Airport Road, Hai Matar, South Sudan
Reconstruction and Assistance Company Ltd	Sudan	100%	115 First Quarter Graif west-Khartoum, Khartoum, Republic of Sudan
RA International Limited	Tanzania	100%	369 Toure Drive, Oysterbay, PO Box 62, Dar Es Salaam, Tanzania
RA International FZCO	UAE	100%	Office Number S101221039, Jebel Ali Free Zone, Dubai, United Arab Emirates
RA International General Trading LLC	UAE	100%	Bay Square Building 12, Office 704, Al Abraj Street, Business Bay, PO Box 115774, Dubai, United Arab Emirates
RA SB Ltd.	UAE	100%	RAK International Corporate Centre, Ras Al Khaimah, United Arab Emirates
RA International Limited	Uganda	100%	4th Floor, Acacia Mall, Plot 14-18, Cooper Road, Kololo, Kampala, Uganda
REMSCO Uganda (SMC) Limited	Uganda	100%	4th Floor, Acacia Mall, Plot 14-18, Cooper Road, Kololo, Kampala, Uganda

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 10 GOODWILL

	2019 USD'000	2018 USD'000
As at 1 January	—	—
Acquisitions	138	—
Impairment	—	—
As at 31 December	138	—

#### 11 PROFIT FOR THE PERIOD

Profit for the period is stated after charging:

	2019 USD'000	2018 USD'000 Restated
Staff costs	21,775	20,518
Materials	20,671	10,688
Depreciation	2,577	1,510

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

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

	2019 USD'000	2018 USD'000
Fees for the audit of the interim accounts	25	25
Fees for the audit of the Company annual accounts	115	116
Fees for the audit of the subsidiary annual accounts	60	60
Total audit fees	200	201
Audit related assurance services	—	—
Non-audit related services	54	75
Fees in relation to the IPO	—	457
Total non-audit fees	54	532

The non-audit fees incurred in the prior year represent services undertaken by a separate EY team as part of the Group's IPO process and as part of a corporate acquisition that was completed in 2018. No members of the audit team were involved in undertaking these non-audit procedures and strict independence processes were in place. All non-audit services, post IPO, have been assessed and approved by the Audit Committee.



## 12 EMPLOYEE EXPENSES

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

	2019	2018
Directors	7	4
Executive management	6	5
Staff	1,763	2,016
	1,776	2,025

The aggregate remuneration of the above employees was:

	2019 USD'000	2018 USD'000
Wages and salaries	17,466	15,836
Social security costs	77	34
	17,543	15,870

The remuneration of the Directors and other key management personnel of the Group are detailed in note 29.

## 13 EXCEPTIONAL ITEMS

	2019 USD'000	2018 USD'000
Share listing costs	—	1,332
Stock-based compensation and related costs (note 16)	—	1,602
	—	2,934

Share listing costs represent advisory, legal, and other costs incurred in connection with the IPO which have not been accounted for as a deduction from equity raised.

## 14 TAX

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

	2019 USD'000	2018 USD'000
Current tax:		
UK corporation tax on profit for the year	—	—
Non-UK corporation tax	240	—
Adjustment for prior years	144	—
Tax charge for the year	384	—

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### Factors affecting the tax charge

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

	2019 USD'000	2018 USD'000 Restated
Profit before tax	13,259	9,827
Expected tax charge based on the standard average rate of corporation tax in the UK of 19% (2018: 19%)	2,519	1,867
Effects of:		
Expenses not deductible*	—	257
Deferred tax asset not recognised	86	39
Exemptions and foreign tax rate difference	(2,365)	(2,163)
Adjustment for prior years	144	—
Tax charge for the year	384	—

\* Expenses not deductible represent the costs incurred relating to the share for share exchange and IPO.

The Group benefits from tax exemptions granted to its customers who are predominantly governments and large supranational organisations, as well as zero corporate tax rates in certain countries of operation. The CODM is not aware of any factors that indicate the tax rates in these countries will materially change in future periods or that tax exemptions granted will no longer be available to the Group.

#### 15 EARNINGS PER SHARE

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

Since a new parent entity was established in 2018 by means of a share for share exchange and the Group's financial statements have been presented as a continuation of the existing group, the number of shares taken as being in issue for the preceding period is the number of shares issued by the new parent entity. As a result, the opening balance of shares used in calculating the historical weighted average number of shares presented in the comparative EPS calculation is 139,999,998, being the number of ordinary shares exchanged for the entire share capital of RA.

	2019	2018 Restated
Profit for the period (USD'000)	12,875	9,827
Basic weighted average number of ordinary shares	173,575,741	157,109,829
Effect of warrants	—	—
Effect of employee share options	—	—
Diluted weighted average number of shares	173,575,741	157,109,829
Basic earnings per share (cents)	7.4	6.3
Diluted earnings per share (cents)	7.4	6.3

## 16 SHARE-BASED PAYMENT EXPENSE

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

	2019 USD'000	2018 USD'000
Performance Share Plan	31	16
Other share-based payments	—	1,602
	31	1,618

### Performance Share Plan

During the prior year, the Company introduced a Performance Share Plan (PSP) whereby options may be granted to eligible employees. Awards vest after a performance period of 3 years subject to continuous employment and the achievement of a hurdle total shareholder return (TSR) as at the end of the performance period.

	Number of options 2019	Weighted average exercise price 2019 GBP	Number of options 2018	Weighted average exercise price 2018 GBP
Outstanding at 1 January	2,826,085	0.10	—	—
Granted during the year	—	—	2,826,085	0.10
Outstanding at 31 December	2,826,085	0.10	2,826,085	0.10

Options issued under the PSP plan were valued using the Monte Carlo Simulation model which is considered to be the most appropriate for valuing options granted under schemes where there are changes in performance conditions by which the options are measured, such as for TSR based awards.

The fair value of the options at the grant date was USD 96,000 and a charge of USD 31,000 (2018: USD 16,000) was recognised in administrative expenses for the fiscal year ended 2019.

The Monte Carlo and Black Scholes models used the following inputs:

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

### Other share-based payments

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

On Admission, the majority shareholder of RAI gifted 2,142,855 personally owned shares of the Company to certain employees of RA International FZCO as a reward for past employment service. The fair value of the shares on the grant date was GBP 0.56 (USD 0.74) per share. A charge of USD 1,602,000 was recognised in exceptional items in the prior year.

## 17 DIVIDENDS

During the period, a dividend of GBP 1.0 pence (USD 0.01) per share (173,575,741 shares) totalling GBP 1,736,000 (USD 2,203,000) was declared and paid (2018: USD 12,500 per share (10 shares) totalling USD 125,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 18 ALTERNATIVE PERFORMANCE MEASURES

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

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

##### Underlying Operating Profit (UOP)

The Group uses UOP as an alternative measure to Operating Profit to better compare the profitability of its operations across financial periods. UOP is calculated as Operating Profit less holding company expenses and acquisition costs.

On 29 June 2018, RAI listed on AIM and began to incur costs associated with being a listed company. No holding company expenses were incurred in 2017 and a full year of these expenses were incurred in 2019. Both holding company expenses and acquisition costs do not relate to the day-to-day operating business of the Group.

Underlying Operating Margin is calculated as UOP divided by revenue.

##### Underlying Profit (UP)

The Group uses UP as an alternative measure to Profit Before Tax so as to better compare the profitability of the Group across financial periods. To calculate UP, exceptional items are excluded from Profit Before Tax.

Exceptional items are excluded as they are by definition incurred outside of the normal operating practice of the Group.

Underlying Profit Margin is calculated as UP divided by revenue.

##### Net Cash

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

#### 19 PROPERTY, PLANT, AND EQUIPMENT

	Right-of-use Assets – Land and Buildings USD'000	Land and Buildings USD'000	Machinery, motor vehicles, furniture, and equipment USD'000	Leasehold improvements USD'000	Total USD'000
Cost:					
At 1 January 2019 restated*	2,814	9,605	10,515	451	23,385
Additions	561	7,288	5,090	20	12,959
Disposals	—	(288)	(713)	—	(1,001)
At 31 December 2019	3,375	16,605	14,892	471	35,343
Depreciation:					
At 1 January 2019 restated*	585	888	3,233	55	4,761
Charge for the year	355	606	1,549	67	2,577
Relating to disposals	—	(19)	(492)	—	(511)
At 31 December 2019	940	1,475	4,290	122	6,827
Net carrying amount:					
At 31 December 2019	2,435	15,130	10,602	349	28,516

	Right-of-use Assets – Land and Buildings USD'000	Land and Buildings USD'000	Machinery, motor vehicles, furniture, and equipment USD'000	Leasehold improvements USD'000	Total USD'000
Cost:					
At 1 January 2018 restated*	2,477	6,011	6,010	126	14,624
Additions restated*	337	3,690	4,668	325	9,020
Acquired on business combination	—	17	52	—	69
Disposals	—	(113)	(215)	—	(328)
At 31 December 2018 restated*	2,814	9,605	10,515	451	23,385
Depreciation:					
At 1 January 2018 restated*	385	560	2,391	26	3,362
Charge for the year restated*	200	330	951	29	1,510
Relating to disposals	—	(2)	(109)	—	(111)
At 31 December 2018 restated*	585	888	3,233	55	4,761
Net carrying amount:					
At 31 December 2018 restated*	2,229	8,717	7,282	396	18,624

\* Balances have been restated to reflect impact of IFRS 16. See note 5 for further details.

Information related to lease liabilities is available in note 24.

The table below indicates the rents resulting from lease contracts which are not capitalised.

	2019 USD'000	2018 USD'000
Short-term leases	1,599	650

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

## 20 INVENTORIES

	2019 USD'000	2018 USD'000
Materials and consumables	4,839	3,241
Goods-in-transit	1,339	1,022
	6,178	4,263

There was no write down to NRV made in relation to inventory as at 31 December 2019 (2018: nil)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 21 TRADE AND OTHER RECEIVABLES

	2019 USD'000	2018 USD'000
Trade receivables	10,820	9,992
Accrued revenue	10,916	3,393
Deposits	221	213
Prepayments	1,381	584
Other receivables	1,182	1,780
	24,520	15,962

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

During the year 100% of accrued revenue was subsequently billed and transferred to trade receivables from the opening unbilled balance in the period (2018: 100%).

As at 31 December the transaction price allocated to remaining performance obligations was USD 141,000,000 (2018: USD 119,200,000). This represents revenue expected to be recognised in subsequent periods arising on existing contractual arrangements. The Group has not taken the practical expedient in IFRS 15.121 not to disclose information about performance obligations that have original expected durations of one year or less and therefore no consideration from contracts with customers is excluded from these amounts. All revenue is expected to be recognised within the next 5 years.

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

	2019 USD'000	2018 USD'000
Not past due	7,396	5,912
Overdue by less than 30 days	1,058	3,249
Overdue by between 30 and 60 days	1,383	285
Overdue by more than 60 days	983	546
	10,820	9,992

Trade receivables are non-interest bearing and generally have payment terms of 30 days. No ECL was recorded as at 31 December 2019 (2018: nil) and all receivables are expected, on the basis of past experience, to be fully recoverable.

#### 22 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of financial position comprised of cash at bank of USD 21,393,000 (2018: USD 27,804,000).

#### 23 SHARE CAPITAL

	2019 USD'000	2018 USD'000
<i>Authorised, issued and fully paid</i>		
173,575,741 shares (2018: 173,575,741 shares) of GBP 0.10 (2018: GBP 0.10) each	24,300	24,300

## 24 LEASE LIABILITIES

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

	2019 USD'000	2018 USD'000
As at 1 January	2,643	2,379
Additions	561	337
Interest	493	447
Payments	(863)	(520)
As at 31 December	2,834	2,643
Current	437	111
Non-current	2,397	2,532

Interest of USD 493,000 (2018: USD 447,000) relating to the above lease liabilities has been included in Finance Costs for the year.

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

	2019 USD'000	2018 USD'000
3 months or less	332	26
3 to 12 months	105	85
1 to 5 years	795	700
Over 5 years	1,602	1,832
	2,834	2,643

The Group had total cash outflows relating to leases of USD 2,462,000 in 2019 (2018: USD 1,170,000). This is the total of short-term lease payments from note 19 and payments from note 24.

## 25 EMPLOYEES' END OF SERVICE BENEFITS

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

	2019 USD'000	2018 USD'000
As at 1 January	350	251
Provided during the year	174	116
End of service benefits paid	(133)	(17)
As at 31 December	391	350

## 26 TRADE AND OTHER PAYABLES

	2019 USD'000	2018 USD'000
Accounts payable	5,342	3,440
Accrued expenses	1,855	1,412
Customer advances	840	28
	8,037	4,880

All customer advances recorded at 31 December 2018 were subsequently recognised as revenue in 2019 and all customer advances held at 31 December 2019 are expected to be recognised as revenue in the next 12 months.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

##### Interest rate risk

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

##### Foreign currency risk

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

At 31 December 2019, the Group held foreign cash and cash equivalents of GBP 2,040,000 (USD 2,689,000). UK pound sterling is primarily held by the Group to settle payment obligations denominated in GBP. As at 31 December 2018, the Group held GBP 4,432,000 (USD 5,624,000).

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

##### Credit risk

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

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks as determined by the CODM and with respect to customers by only dealing with creditworthy customers and continuously monitoring outstanding receivables. The Company's five largest customers account for 73% of outstanding accounts receivable at 31 December 2019 (2018: 78%).

##### Receivables split by customer

	2019 %	2018 %
Customer A	31	31
Customer B	29	5
Customer C	12	—
Other	28	64
	100	100

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

##### Liquidity risk

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

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

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

	2019 USD'000	2018 USD'000
3 months or less	5,333	3,428
3 to 6 months	9	12
	5,342	3,440

Liabilities falling due within 12 months are recognised as current on the consolidated statement of financial position. Liabilities falling due after 12 months are recognised as non-current.

The unutilised bank overdraft facilities at 31 December 2019 amounted to USD 2,000,000 (2018: USD 2,000,000) and carry interest of 1M LIBOR +3.50% per annum (2018: 1.50%). In the prior period the facilities required a cash margin guarantee to be paid upfront; 100% margin for USD drawdowns and 120% margin for GBP drawdowns.

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

The Group's cash and cash equivalents balance is substantially all held in institutions holding a Moody's long-term deposit rating of A1 or above.

### Capital management

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

No changes were made in the objectives, policies or processes during the year ended 31 December 2019.

Capital comprises share capital, share premium, merger reserve, share based payment reserve and retained earnings and is measured at USD 69,483,000 as at 31 December 2019 (2018: USD 58,780,000).

## 28 RELATED PARTY DISCLOSURES

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

On 1 January 2018, the Group acquired 100% ownership of RA SB Ltd. from one of its shareholders, who is also a member of key management.

There were no outstanding balances with related parties included in the consolidated statement of financial position at 31 December 2019 (2018: nil).

## 29 COMPENSATION

### Compensation of key management personnel

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

	2019 USD'000	2018 USD'000
Short-term benefits	1,628	1,367
Stock based compensation	31	1,672
	1,659	3,039

The key management personnel comprise of 6 (2018: 5) individuals. Included in key management personnel are 3 (2018: 3) directors.

### Compensation of directors

The remuneration of directors during the year was as follows:

	2019 USD'000	2018 USD'000
Short-term benefits	1,291	1,071
Stock based compensation	14	569
	1,305	1,640

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### Highest paid director

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

	2019 USD'000	2018 USD'000
Short-term benefits	423	276
Stock based compensation	—	569
	423	845

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

### 30 ACQUISITION OF SUBSIDIARY

#### RA SB Ltd.

On 1 January 2018, the Group acquired 100% ownership of RA SB Ltd. and its subsidiary (together "RASB"), from one of its shareholders, who is also a member of key management. The purchase consideration of USD 594,000 represents the net book value of RASB as at 1 January 2018. RA SB Ltd. is registered in Ras Al Khaimah, UAE and operates in the Republic of Sudan through its subsidiary which provides remote site services to the mining industry. The acquisition is consistent with the Group's strategy of operating across Africa.

The fair values of the identifiable assets and liabilities of RASB as at the date of acquisition were:

	USD'000
<b>Assets</b>	
Property, plant, and equipment	69
Inventories	16
Accounts receivable, deposits, and other receivables	688
Bank balances and cash	29
<b>Liabilities</b>	
Accounts payable and accruals	(208)
<b>Net assets</b>	594
Net cash outflow on acquisition	
	USD'000
<b>Consideration paid</b>	594
Less:	
Bank balances and cash acquired	(29)
	565

Acquisition costs of USD 6,000 relating to the acquisition of RASB are included in acquisition costs within the prior accounting period.

For the year ended 31 December 2018, RASB contributed USD 1,754,000 revenue and USD 350,000 profit before finance costs to the Group results.



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### **31 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

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

### **32 SUBSEQUENT EVENTS**

While the magnitude of the financial impact COVID-19 will have on the business cannot currently be accurately quantified, the Group will benefit from its strong balance sheet and the essential nature of many of its contracts with customers. As a result, no impairment to the assets and liabilities on the balance sheet are expected. See note 2 for further details relating to the going concern analysis undertaken by the Board.

# COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 USD'000	2018 USD'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	4	50,047	50,047
<b>Current assets</b>			
Trade and other receivables	5	12,675	361
Cash and cash equivalents		645	669
		13,320	1,030
<b>Total assets</b>		63,367	51,077
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	8	24,300	24,300
Share premium		18,254	18,254
Merger reserve		9,897	9,897
Share-based payment reserve		47	16
Retained earnings		10,788	(1,561)
<b>Total equity</b>		63,286	50,906
<b>Current liabilities</b>			
Trade and other payables	6	81	171
<b>Total equity and liabilities</b>		63,367	51,077

The Company has taken the exemption conferred by section 408 of the Companies Act 2006 not to publish the profit and loss of the parent company within these accounts. The result for the Company for the year was a profit of USD 14,552,000 (2018: loss of USD 1,561,000).

The financial statements of the Company (registration number 11252957) were approved by the Board of Directors on 17 April 2020 and signed on its behalf by:



Soraya Narfeldt  
CEO



Andrew Bolter  
CFO

The attached notes 1 to 9 form part of the Company Financial Statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share Capital USD'000	Share Premium USD'000	Merger Reserve USD'000	Share-Based Payment Reserve USD'000	Retained Earnings USD'000	Total USD'000
As at 1 January 2018	—	—	—	—	—	—
Preference shares issued on incorporation	70	—	—	—	—	70
Issue of share capital on reorganisation	19,884	—	—	—	—	19,884
Share exchange	—	—	9,897	—	—	9,897
Issue of share capital on Admission	4,416	18,254	—	—	—	22,670
Share-based payments	—	—	—	16	—	16
Redemption of preference shares	(70)	—	—	—	—	(70)
Total comprehensive income for the period	—	—	—	—	(1,561)	(1,561)
As at 31 December 2018	24,300	18,254	9,897	16	(1,561)	50,906
Total comprehensive income for the period	—	—	—	—	14,552	14,552
Share-based payments	—	—	—	31	—	31
Dividends declared and paid	—	—	—	—	(2,203)	(2,203)
<b>As at 31 December 2019</b>	<b>24,300</b>	<b>18,254</b>	<b>9,897</b>	<b>47</b>	<b>10,788</b>	<b>63,286</b>

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# NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## 1 BASIS OF PREPARATION

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

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

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

## 2 SIGNIFICANT ACCOUNTING POLICIES

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

### Investments

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

## 3 EMPLOYEE EXPENSES

The average number of employees employed during the period was:

	2019	2018
Directors	7	4

The aggregate remuneration of the above employees was:

	2019 USD'000	2018 USD'000
Wages and salaries	400	203
Social security costs	45	23
	445	226

#### 4 INVESTMENTS

	2019 USD'000	2018 USD'000
<i>Cost and net book value</i>		
As at 1 January	50,047	—
Acquisition of RA International FZCO	—	29,781
Additional capital in RA International FZCO	—	20,266
As at 31 December	50,047	50,047

The Company owns 100% of the issued share capital of RA International FZCO, registered and incorporated in the UAE. The Company's principal activity is that of a holding company.

#### 5 TRADE AND OTHER RECEIVABLES

	2019 USD'000	2018 USD'000
Prepayments	27	16
Due from subsidiary	12,636	297
VAT recoverable	12	48
	12,675	361

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

#### 6 TRADE AND OTHER PAYABLES

	2019 USD'000	2018 USD'000
Trade payables	19	87
Accruals	62	84
	81	171

#### 7 RELATED PARTY TRANSACTIONS

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

#### 8 SHARE CAPITAL

	2019 Number	2019 USD'000	2018 Number	2018 USD'000
<i>Authorised, issued, and fully paid:</i>				
Ordinary shares of GBP 0.10 each	173,575,741	24,300	173,575,741	24,300

#### 9 SUBSEQUENT EVENTS

While the magnitude of the financial impact COVID-19 will have on the business cannot currently be accurately quantified, the Company will benefit from its strong balance sheet and the continued trading of its subsidiary, RA International FZCO. As a result, no impairment to the assets and liabilities on the balance sheet, including both its investment in and receivable balance from RA International FZCO, is expected to arise as a result of the ongoing pandemic.



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# SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2019

## CORPORATE INFORMATION

### Registered office:

One Fleet Place  
London  
EC4M 7WS

### Website

[www.raints.com](http://www.raints.com)

### Registered number

11252957

### Legal entity identifier code

213800N6RTATELJU6797

### Listing information

AIM, London  
Symbol: RAI

### Date of Annual General Meeting

30 June 2020

## ADVISERS:

### Nominated adviser and broker

Cenkos Securities plc  
66 Hanover Street  
Edinburgh  
EH2 1EL

6.7.8

Tokenhouse Yard  
London  
EC2R 7AS

### Solicitors to the Company

Dentons UK and Middle East LLP  
One Fleet Place  
London  
EC4M 7WS

Level 18  
Boulevard Plaza 2  
Burj Khalifa District  
PO Box 1756  
Dubai  
United Arab Emirates

### Auditors

Ernst & Young LLP  
144 Morrison St  
Edinburgh  
EH3 8EX

## Financial PR

Hudson Sandler  
5 Charterhouse Square  
London  
EC1M 6AE

## Registrars

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ

## Company Secretary

AMBA Secretaries Limited  
400 Thames Valley Park Drive  
Reading  
RG6 1PT

## SHAREHOLDER QUERIES

The investors section of our website contains a wide range of information of interest to institutional and private investors, including: latest news and press releases, annual reports, investor presentations, and sustainability reports.

For specific investor queries please email:  
[rainternational@hudsonsandler.com](mailto:rainternational@hudsonsandler.com)







[www.raints.com](http://www.raints.com)