

Lycopodium Limited Full-Year Results FY2023

A\$'000	FY2023	FY2022	Change
Revenue	327.6	232.2	▲
EBITDA	70.5	45.4	▲
NPAT	46.8	27.2	▲
Earnings Per Share	117.7	68.4	▲
Cash	82.4	100.9	▼

PERTH, 22 August 2023

Financial Highlights

Lycopodium Limited (“Lycopodium” or the “Company”) has generated revenue of \$327.6 million and net profit after tax (NPAT) of \$46.8 million for the financial year ended 30 June 2023 (FY2023).

The Company Directors have approved a fully franked final dividend of 45 cents per share, payable on 6 October 2023, bringing the full-year dividend to 81 cents per share.

FY2023 has been a very successful year, in which the Company has delivered a significant portfolio of studies and projects around the world across its core operating sectors of Resources, Infrastructure and Industrial Processes.

Lycopodium’s Managing Director, Peter De Leo, said: “With a number of significant projects in delivery and a strong pipeline of studies, our financial result for FY2023 represents the best ever achieved in Lycopodium’s 30-year history and consequently the highest dividend ever returned to shareholders.”

Operational Highlights

Several major projects were completed during the year, including the Bomboré Gold Project in Burkina Faso (Orezone), the Motheo Copper Project in Botswana (Sandfire), the Cobré Ball Mill 6 Project in Panama (First Quantum), and the Séguéla Gold Project in Côte d’Ivoire (Fortuna Silver Mines).

“We have subsequently moved on to the next stage of development on a couple of these projects, including delivery of the Bomboré Expansion Study and completing the detailed engineering design for the Motheo Expansion Project,” said Mr De Leo.

A number of significant Engineering, Procurement and Construction Management (EPCM) projects commenced engineering and onsite works over the past 12 months.

In gold, this includes mobilising to site on the Ahafo North Project in Ghana (Newmont), the Lafigué Project in Côte d’Ivoire (Endeavour) and the Sabodala-Massawa BIOX® Expansion Project in Senegal (also for Endeavour) and commencing engineering design on the Kiaka Project in Burkina Faso (West African Resources) and the Baomahun Project in Sierra Leone (FG Gold). Having completed the construction and commissioning of the Navachab Expansion Project in Namibia (QKR) in late 2022, the Company has since commenced work on the mine’s new primary crushing plant.

Further strengthening Lycopodium’s position as a leading partner in the design and delivery of battery metals projects in Australia and Africa, works commenced on site for two globally significant lithium projects, the Kathleen Valley Project in Western Australia (Liontown), one of the world’s largest hard

rock lithium deposits, and the Goulamina Project in Mali (Leo Lithium), which will be West Africa's first operating lithium mine. Construction also continued throughout the year on the two projects in delivery at the Greenbushes lithium operation in Western Australia (Talison Lithium), with completion of the Mine Services Area Relocation Project mid-2023 and works progressing on the Chemical Grade Processing Plant #3 Project.

There remains a strong pipeline of studies in delivery, including most notably, the recent award of the Feasibility Study and Basic Engineering scope for Barrick's Reko Diq Copper-Gold Project in Pakistan.

"Reko Diq is one of the largest undeveloped copper-gold deposits in the world, with the construction and operation of the mine significantly contributing to Pakistan's economy, and we are extremely pleased to have the opportunity to be involved with this major development from inception," said Mr De Leo.

ADP Marine & Modular (ADP), the Company's specialist subsidiary in South Africa, is continuing to progress Paladin Energy's Langer Heinrich Restart Project in Namibia, providing the EPCM services to bring the mine back into operation. ADP is also delivering the Mutamba Mineral Sands Project pilot plant on a greenfield site in Mozambique for Rio Tinto. Through the year, ADP continued to service its long-term clients, including delivery of the Feasibility Study for De Beers/Anglo American's FutureSmart Diamond Processing Plant in Canada and Namdeb, having signed a new multi-year services contract. Namdeb is in the process of extending the life of its land-based operations for a further 20 years.

As a global leader in comminution circuit design and optimisation, our wholly owned subsidiary Orway Mineral Consultants (OMC), continues to be a critical technical partner to our Resources business. OMC provides specialist services in flowsheet development, optimisation and process design, as well as supporting our clients to maximise operational performance post project completion. Experts in plant dynamic modelling, OMC is also an integral element of our digital engineering strategy.

In Infrastructure, Lycopodium continues to provide design, engineering, technical advisory and Rail Infrastructure Management (RIM) services for greenfield and brownfield rail projects across Australia. The Australian Rail Track Corporation's (ARTC) Southern Highlands Overtaking Opportunities Detailed Design package, to improve the efficiency of freight and passenger services between Sydney and Melbourne, is a significant scope of work undertaken in FY2023.

"We have recently been awarded a three-year contract to conduct visual rail inspections and assessments for 57 Pacific National sites across Australia, which represents a steady stream of work going forward," said Mr De Leo.

In Industrial Processes, the Company is continuing to provide design consultancy services to Commonwealth Serum Laboratories (CSL) for the development of base vaccine component production and plasma and blood facilities, including in FY2023 delivering the detailed engineering scope for CSL's world-class influenza vaccine manufacturing facility being built in Melbourne. The Company also undertook further works during the year for Australia's Nuclear Science and Technology Organisation (ANSTO) at its Australian Synchrotron facility, supporting the delivery of Project BRIGHT, to expand both the capacity and capability of the facility's beamline infrastructure.

"In addition to supporting long-term clients across the more traditional sectors in which we offer expertise, our Process Industries business has been involved in many of the Energy related initiatives undertaken by Lycopodium throughout the year, including in hydrogen, battery minerals, battery recycling and waste to energy technologies," said Mr De Leo.

FY2023 was an extremely busy period of site construction activity, with 8.2 million manhours worked (compared to 3.2 million in FY2022), and a Lost Time Injury Frequency Rate (LTIFR) of zero against an Australian construction industry average of 8.8 (Safe Work Australia, *Key Work Health and Safety Statistics, Australia 2022*).

“Our commitment to providing a safe working environment for our people, and delivering projects safely for our clients, is intrinsic to our culture and a fundamental metric of our success. This result is a significant achievement and a testament to the diligence and commitment of our people on the ground in providing and upholding a safe working environment for everyone,” said Mr De Leo.

The Company advises that its Chairman, Michael Caratti, will be stepping down from the role following the Annual General Meeting in November 2023. Mr Caratti intends to remain on the Board as a director of the Company.

“As a founding partner, Mick has been at the helm of Lycopodium for more than 30 years. I take this opportunity on behalf of our staff, our shareholders and our clients, to thank Mick for his vision and absolute dedication in building the successful and highly respected Company we are today,” said Mr De Leo.

Outlook

The global economy has slowed during 2023, as interest rates have continued to rise to combat inflationary pressure. Geopolitical tensions have impacted household and business confidence, lowering resource and energy commodity demand. There is however significant upside forecast for investment in commodities intrinsic to the global energy transition, particularly buoyed by the incentives provided for low emission technologies under the US Inflation Reduction Act (IRA).

Introduction of the IRA, coupled with the high price of fossil fuels, is likely to accelerate the push towards low emission technologies, supporting the market expansion of commodities including lithium, copper, cobalt and nickel. A supply deficit is anticipated as early as 2024, with electric vehicle sales expected to double by 2027. The strong demand outlook for battery metals is attracting capital to build global supply, with numerous new projects and expansions in the pipeline.

Demand for iron ore is strengthening, as China, the world’s largest importer, returned to normal activity levels and a resumption in infrastructure investment following the abolition of lockdowns and its zero-COVID policy in late 2022. As demand is expected to steadily increase over coming years, this will be supported by the continued development of greenfield and extension projects in Australia and emerging producers in Africa, with new projects currently under development. Global gold demand increased in 2022 to an 11-year high and official sector buying by central banks has seen it remain steady through 2023. Consumer demand for gold, including jewellery, gold coins and bars, is expected to continue to grow over the long-term, while demand remains steady for gold used in the manufacturing of technology, including smartphones and watches, and its use in dentistry and medicine.

In Infrastructure, Australia’s railway construction and maintenance activity is set to continue to grow in the coming years, with a number of significant, publicly funded projects ramping up across the country. This strong pipeline of new construction work includes heavy haul, freight and passenger projects. Correspondingly, maintenance and RIM activity is also expected to increase in order to maintain this growing rail network.

Within the Industrial Processes sector, the continuing shift to domestic manufacturing, driven initially by the pandemic and now further led by geopolitical uncertainty, is seeing the expansion of the manufacturing industry in Australia. The ongoing development of emerging markets, including waste and recycling, water and wastewater, and hydrogen, is also continuing to drive sector growth. Locally

produced hydrogen will be essential to Australia's strategy to decarbonise the economy and increase clean energy exports and will contribute to regional and global decarbonisation targets.

Given the general outlook and level of committed work, we expect our financial performance in FY2024 to continue strongly. We do however undertake to provide further revenue and profit guidance as part of our Annual General Meeting update in November.

For further information

Peter De Leo
Managing Director, Lycopodium Limited
Telephone: +61 8 6210 5222

About Lycopodium Limited (ASX: LYL)

Lycopodium is a leader in its field, working with clients to provide integrated engineering, construction and asset management solutions. We have the expertise to deliver complex, multidisciplinary projects, through to the provision of feasibility studies and advisory services.

Operating across the Resources, Infrastructure and Industrial Processes sectors, we offer a diverse team of industry experts to deliver bespoke and innovative solutions across all commodity types.

With the capability to deliver projects around the world, we have offices in Australia, South Africa, Canada, Ghana and the Philippines.

For more, visit www.lycopodium.com