



Ventia Services Group Limited
ABN 53 603 253 541

Level 8, 80 Pacific Highway
North Sydney NSW 2060
AUSTRALIA

ventia.com

ASX and NZX Release

24 February 2023

Appendix 4E and 2022 Annual Report

Ventia Service Group Limited (ASX: VNT) today reports its results for the financial year ended 31 December 2022.

Attached is the Appendix 4E (Results for announcement to the market) and Annual Report for the financial year ended 31 December 2022.

This announcement was authorised by the Board.

-Ends-

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About Ventia

Ventia is a leading essential infrastructure services provider in Australia and New Zealand, proudly providing the services that keeps infrastructure working for our communities. Ventia has access to a combined workforce of more than 35,000 people, operating in over 400 sites across Australia and New Zealand. With a strategy to redefine service excellence by being client-focused, innovative and sustainable, Ventia operates across a broad range of industry segments, including defence, social infrastructure, water, electricity and gas, resources, telecommunications and transport.



VENTIA SERVICES GROUP LIMITED

ABN 53 603 253 541

APPENDIX 4E - Annual Report for the Financial Year Ended 31 December 2022

Results for Announcement to the Market

	Year ended 31 December 2022	Year ended 31 December 2021	Change	Change
	\$'m	\$'m	\$'m	Percentage
Total revenue from continuing operations	5,167.5	4,557.4	610.1	13.4%
Profit/(loss) after income tax from continuing operations attributable to members of the parent entity	191.2	(5.1)	196.3	3849.0%
Profit after tax from discontinued operations	-	24.6	(24.6)	(100.0%)
Profit after tax attributable to members of the parent entity attributable to members of the parent entity	191.2	19.5	171.7	880.5%

	Amount per security	Franked amount per security	Franking percentage
Dividends - Year ended 31 December 2022			
Final dividend	8.28 cents	6.62 cents	80%
Interim dividend	7.47 cents	5.98 cents	80%

	Date
Key final dividend dates	
Ex-dividend date	1 March 2023
Record date for determining entitlement to the dividend	2 March 2023
Date for payment of dividend	6 April 2023

	31 December 2022	31 December 2021
Net tangible assets backing per ordinary share	\$ (0.76)	\$ (0.97)

The remainder of the information requiring disclosure to comply with ASX listing rule 4.3A is contained in the Operating and Financial Review section of the 2022 Directors' Report and the audited 2022 Financial Report, within the Ventia Services Group Limited Annual Report 2022, lodged with this Appendix 4E.



ANNUAL REPORT

2022



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Acknowledgement of Country

Ventia would like to respectfully acknowledge the Traditional Owners and Custodians of country throughout Australia and their connection to land, sea and community. We pay our respects to them, their cultures and to their Elders past, present and emerging.

Mihi

He tautoko te ahurea i ngā kawa me ngā tikanga o ngā Iwi whānui o Aotearoa, me ka kawa me ka tikaka o ka Iwi whānui o Te Waipounamu. / We recognise and celebrate the culture of manawhenua in Aotearoa and Te Waipounamu where our teams respect local Iwi and communities across the country.

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Ventia

For when it's essential.



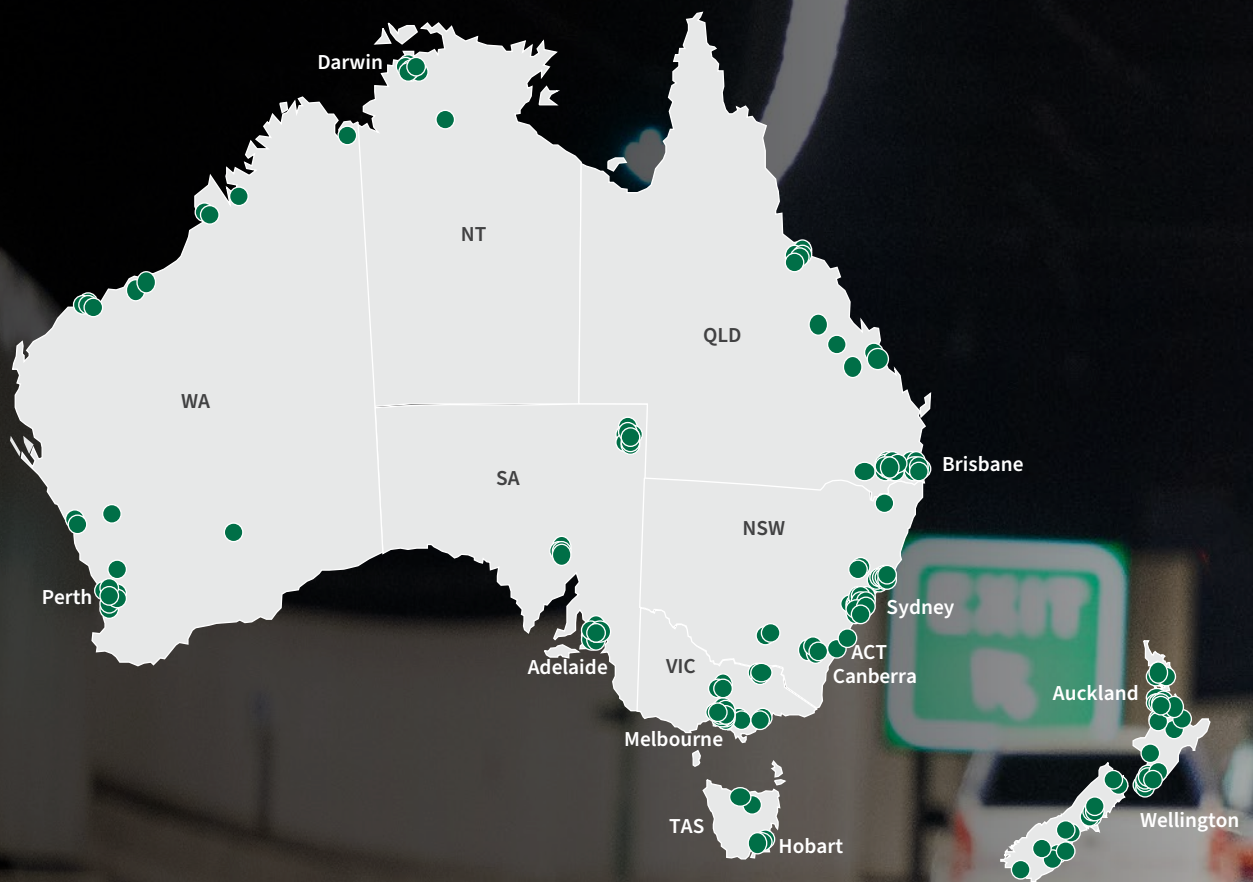
About this report

The FY22 Annual Report is a summary of Ventia Services Group Limited's operations, performance and financial position for the year ended 31 December 2022. In this report unless otherwise stated, references to 'Ventia', 'Company', 'us', 'we' and 'our' refer to Ventia Services Group Limited. References to 'year', 'financial year', '2022', 'FY22' or 'FY2022' all refer to the year ended 31 December 2022. All dollar figures are expressed in Australian dollars unless otherwise stated.

At a glance

Ventia is a leading essential infrastructure services provider in Australia and New Zealand, proudly providing the services that keeps infrastructure working for our communities.

Ventia is an Australian Securities Exchange (ASX) 300 company, with a secondary listing on New Zealand's Exchange (NZX). We specialise in the long-term operation, maintenance and management of critical public and private assets and infrastructure.



Defence and Social Infrastructure



Infrastructure Services



Telecommunications



Transport

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Ventia operates across a broad range of industry segments, including defence, social infrastructure, water, electricity and gas, resources and industrial, environmental services, telecommunications and transport.

Our strategy is to Redefine Service Excellence by being Client Focused, Innovative and Sustainable.



35,000+

WORKFORCE

(employees and subcontractors)



400+

PROJECT SITES



40%+

**OF OUR PEOPLE WORK IN
REGIONAL AND RURAL AREAS**



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2022 HIGHLIGHTS

Financial performance

STATUTORY FY22

Ventia reported statutory EBITDA¹ of \$414.3m and statutory profit after tax of \$191.2m.

This performance resulted in the Board declaring a final dividend of 8.28 cents per share, franked at 80%, representing a payout ratio of 75% of pro forma NPATA²

PRO FORMA FY22



TOTAL REVENUE

\$5,167.5m

- ↑ 13.4% on FY21
- ↑ 4.6% on Prospectus



NPATA

\$179.6m

- ↑ 22.4% on FY21
- ↑ 4.5% on Prospectus



EBITDA

\$419.8m

- ↑ 10.5% on FY21
- ↑ 2.7% on Prospectus



EBITDA MARGIN

8.1%

- ↓ 0.2pp on FY21
- ↓ 0.2pp on Prospectus



OPERATING CASH FLOW
CONVERSION

88.9%

- ↑ 4.0pp on FY21
- ↓ 2.5pp on Prospectus



WORK IN HAND³

\$18.0b

- ↑ 7.1% on FY21

1. Earnings before interest, tax, depreciation and amortisation

2. Net profit after tax excluding the after tax impact of amortisation of acquired intangibles.

3. As at 31 December 2022

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2022 performance highlights



SAFETY AND PEOPLE

35,000+ workforce
(employees and subcontractors)

3.71 TRIFR¹
14% improvement
on FY21

0.29 SIFR²
36% improvement
on FY21



CLIENT FOCUSED

\$2.1b work in hand
from new contracts
secured in 2022

\$18.0b work in hand
as at 31 December 2022

85%+ renewal rate

13 account plans
launched for our largest clients



WINNER

DISABILITY EMPLOYMENT AWARD

Australian HR Institute Awards



WINNER

BEST CONTINUOUS IMPROVEMENT OF A WHS³ MANAGEMENT SYSTEM

2022 National Safety Awards

1. Total Recordable Injury Frequency Rate
2. Serious Injury Frequency Rate
3. Work, Health and Safety

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INNOVATIVE

4m+ work orders
managed annually

40,000 IoT devices
connected

5m+ assets
under management in
single enterprise system

60+ drone pilots
with 2,000+ hours of
flight experience



SUSTAINABILITY

10.6% reduction
in emissions⁴

29.7% female
participation

104.8% increase in
EV and hybrid vehicle fleet

92.6% of permanent
employees completed
Code of Conduct training



THIRD

MOST ATTRACTIVE EMPLOYER IN NEW ZEALAND

Randstad Annual Employment Survey



FINALIST

NEXT GEN INNOVATOR

Best Run SAP Awards

4. Scope 1 & Scope 2 emissions.

Chairman's message

On behalf of the Ventia Board, thank you for your continued commitment to Ventia as we strive, every day, to bring to life our noble purpose, of making infrastructure work for our communities.

Looking back on the first full year as a listed company, we are proud of our achievements and excited about the future.

When we listed on the ASX & NZX in November 2021, we released a set of prospectus forecasts. I am very pleased that we have delivered on these expectations, in what has been a complex and at times uncertain operating environment.

In FY22, Ventia delivered pro forma EBITDA of \$419.8 million, exceeding our prospectus forecast. As a result, Directors have declared a final dividend of 8.28 cents per share, bringing the full year dividend to 15.75 cents per share. The final dividend is franked to 80%, and represents a payout ratio of 75% of NPATA.

This result is a credit to the Ventia team. Our workforce of over 35,000 people, challenge themselves every day to redefine what it means to deliver service excellence for our clients while living our brand promise of Health & Safety above all else.

During 2022, our Group CEO, Dean Banks, was appointed to the board as Managing Director and Group CEO, a natural progression given Dean's strong leadership and performance since joining Ventia in 2021.

Your Board believes we have a highly experienced executive leadership team, with the skills, values, and energy to meet our clients' and community's needs. We also believe this team are committed to delivering profitable growth consistent with community standards and most importantly are dedicated to managing risk.

Sustainability

Sustainability is multifaceted.

In addition to our commitments to Health & Safety above all else, Science Based Targets, Hesta 40:40, diversity and inclusion and indigenous participation and reconciliation, sustainability is also about a robust business model and a transparent culture.

During 2022 our leadership team continued the investment necessary to further improve our culture, risk management and governance. These actions and investments were made while our people worked diligently with our clients to help them achieve their environmental and social ambitions and targets.

In short, Ventia is a key partner in championing sustainability, in all its forms.

Through competent, experienced management we believe we are building a business that can help create a positive legacy for future generations while also generating shareholder value.

Skills retention, development and attraction

Ventia has a long and successful history of retaining and developing talented, innovative and passionate people who are energised by delivering essential services for our communities.

Like many businesses, we operate in an environment where the demand for people and skills is growing and there is often a shortage of locally available talent. Our flexible operating model gives us the confidence to embrace this challenge and retention is key. We prioritise three levers to enhance retention: clear career paths, skills based training and transparent internal job opportunities within and across our organisation.

We recognise that for Ventia to be seen as a great place to work we need to demonstrate a compelling Employee Value Proposition, one that challenges and excites our people, is values based and rewards performance. Accordingly, we will continue to prioritise Safety & Health, to bid for and work on nationally significant projects and iconic public infrastructure that are within our risk tolerance, and be guided by a shared purpose and a strong set of values.

Digitisation and data

Ventia's business is underpinned by a single suite of robust and reliable systems and technology, the cornerstone of which is SAP.

Our operating model leverages this platform and integrates one set of standard processes, delegations and user access regime. We have one set of performance measures to manage the entire business. These features of our model, beyond the core technology, enables integration with our clients, transparency for all parties and verifiable protections for data.

We will continue to invest in digitisation and data as a differentiator.

In closing, I extend my sincere thanks to the Ventia Board, the Ventia management team and our employees and contractors who work daily to build our business, a business our shareholders and clients can trust to deliver in a sustainable way.



David Moffatt
Chairman

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CEO's message

I am honoured and privileged to lead Ventia. I am pleased with the progress we are making and the platform this provides for success in 2023 and beyond. As I reflect on the business, it is our people who continue to set Ventia apart from our peers, constantly raising the bar.

Our strategy to Redefine Service Excellence is now well embedded in the business. Our strategy pillars of Client Focused, Innovative and Sustainable drive how we will continue to deliver essential infrastructure services to our communities.

Safety

Our unwavering priority and promise to all our stakeholders is the safety, health and wellbeing of our workforce. Throughout 2022, I am pleased that our safety performance continued to improve, demonstrated by our key safety metrics. TRIFR has reduced by 14% and SIFR reduced by 36%.

Ventia continues to take an active approach to roll out development programs. In the past year over 1,300 frontline leaders were trained through our Safe for Life Initiative, and we have had more than 26,000 safety, health and environment course completions.

Performance highlights

I am a big believer in doing what we say we will do and I am delighted that we have exceeded our Prospectus forecast across revenue, EBITDA and NPATA, whilst delivering a solid operating cash result. This is not a matter of luck – we have overcome operating environment challenges with no material impact due to our exceptional people and their passion for service delivery. Ventia's balanced and diversified portfolio enables continued focus on delivering cash-backed profits and reliable dividends to our shareholders.

Client Focused

Our work in hand at the end of 2022 was \$18.0 billion, growing 7.1% year on year. Repeat clients are the ultimate performance indicator. In 2022 our renewal rate lifted to over 85%, a great illustration that our pursuit of service excellence is gaining momentum.

Ventia has secured a number of new clients on exciting projects – the Square Kilometre Array Observatory (SKAO) project in our Telecommunications sector is a fantastic example of this. We are collaborating with strategic partners at earlier stages in the project process – such as the Western Harbour Tunnel. In this, we are working alongside our client, Transport for NSW and their stakeholders, to provide support during the design and construction phases of their project. This aids the transition to operations and maintenance, ensuring it is efficient and streamlined.

Innovative

Many of the industries we support rely on data and analytics to help them operate safely, more effectively and at lower cost. Following the successful completion of our Core Systems

Transition during 2022, on time and on budget, we are making further investments in innovative technologies through our core platforms. This includes the development of new dashboards to ensure transparent and consistent reporting, the automation of our cybersecurity protocols and, for clients, the introduction of digital twin solutions to bolster efficiency.

Sustainable

Sustainability is embedded in our vision, business strategy, risk management and culture. It is also what clients, shareholders and the community expect from us.

In 2022, we achieved a 10.6% reduction in emissions across our business. We are working towards our Science Based Target initiative (SBTi) submission in 2023 and continue to partner with clients to proactively address the impacts of climate change events.

We continue to meet the obligations of our Reconciliation Action Plan, underpinning our commitment to Indigenous participation and inclusion. We value a workforce that reflects the diverse nature of the communities where we operate. Pleasingly, during the year, we were recognised for our commitment to diversity and inclusion with three significant industry awards.

People

The heart and soul of Ventia are our people. We have a long and successful history of retaining and developing talented, innovative and passionate people who are energised by delivering essential services for our communities. We continuously adapt our employee value proposition and are investing in initiatives to ensure we retain and attract the best and brightest.

As we move into 2023, I am pleased to welcome both Debbie Schroeder and Sawsan Howard into the Executive Leadership Team. Thought leaders in their respective fields, they both bring unique perspectives, adding capability and new energy to the existing team.

Ventia is a business that is well positioned for future success. We operate in diverse markets that are growing, supported by industry tailwinds and increasing demand for essential infrastructure services.

I extend my gratitude to David and the rest of the Board for their unwavering support, their commitment to ensure we have the right strategy and their relentless pursuit of governance excellence.

Thank you to all the stakeholders who contributed to Ventia's success in 2022 and I look forward to continuing to set new standards of service excellence with you all in 2023.



Dean Banks

Managing Director and Group CEO

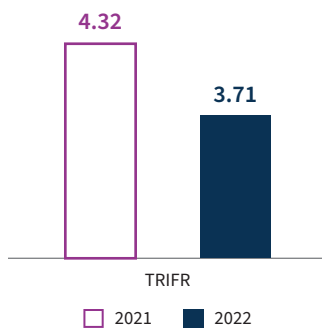
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Safety, health and wellbeing

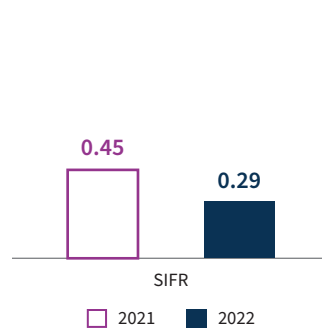
Ventia’s number one promise is putting safety and health above all else. Ventia is committed to ensuring the safety, health and wellbeing of our workforce, subcontractors, and the community by proactively managing the risks associated with our operations. We strive to create a safe environment for all individuals involved in our projects and take steps to reduce the potential for incidents.

Total Recordable Injury Frequency Rate (TRIFR)



✓ **14%**
REDUCTION ON 2021

Serious Injury Frequency Rate (SIFR)



✓ **36%**
REDUCTION ON 2021



1,300+

Safe for Life Frontline Leadership Training course participants



~180

Healthy Minds Champions

Ventia’s TRIFR in the 12 months to December 2022 was 3.71, a decrease of 14% from 2021. Ventia’s SIFR in the 12 months to December 2022 was 0.29, a decrease of 36% from 2021.

Initiatives driving improved safety performance involved:

- Increased focus on critical risks by introducing new and engaging hazard campaigns, exceeding our critical assurance activity target by 135%, and reducing High Potential incidents by 18%;
- Investment in frontline capability, including delivery of our Safe for Life Frontline Leadership Training course;
- Embedding our harmonised Safety, Health, Environment and Quality systems, aiding process simplification and compliance; and
- Partnering with the Office of the Federal Safety Commissioner to launch our ‘What’s up?’ industry campaign, enhancing and supporting awareness of scaffold safety.

Road safety

Across Australia and New Zealand, driving is the number one cause of work-related fatality. Ventia therefore has a strong focus on road safety across a fleet of 3,750+ light vehicles and 850+ heavy vehicles, which travelled more than 92 million kilometres in 2022.

In May 2022, Ventia promoted safe driving with the launch of our All Roads Lead to Home campaign. Visibility via our technology partner, EROAD, captured Ventia’s continued safe driving performance improvements. The campaign positively influenced driver behaviours, with an 81% increase in safe driving Leader Learning Conversations and an 8% decrease in driving related events.



Ventia’s Healthy Minds and Healthy Bodies programs are in place to help to our employees and contractors enhance their overall wellbeing.

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Healthy Minds and Bodies

Ventia's Healthy Minds and Healthy Bodies programs continued to positively influence employee and subcontractor wellbeing by providing access to health support and building capability across the organisation.

There are now approximately 180 Healthy Minds Champions trained across Australia and New Zealand, with more than 100 new employees trained in 2022. Our Champions help to raise awareness, reduce stigma and support those with mental health conditions in their local workplace and across the organisation.

In addition to our Champions, since the inception of the program over 470 leaders have completed the Healthy Minds Leaders training. This fosters a positive working environment where peers feel comfortable to discuss their mental health and empowered to seek assistance.

In 2022, our Healthy Bodies Early Intervention program was accessed over 1,000 times, up 26% on 2021. This provides access to expert health support to proactively manage and improve physical wellbeing. Uptake of the program increased as a result of focused awareness campaigns and contributed to our decreased injury frequency rates and an 18% reduction in workers compensation claims¹. Leader involvement and support for team members accessing the program have also enhanced worker and contractor experience.

Focus in 2023

In 2023, Ventia aims to continue to strengthen our safety culture by retaining focus on leadership behaviour whilst fostering ownership of risk at all levels, simplifying the way we work, lifting governance, and investing in building capability. We will continue to emphasise mental health, workplace culture and environmental compliance.



WINNER

Best Continuous Improvement of a WHS Management System

National Safety Awards of Excellence



WINNER

Young Health & Safety Leader (Bridie Vico)

2022 Australian Workplace Health & Safety Awards

1. Excluding any claims associated with COVID-19, which were a one-off impact

People are at the heart of our success

Ventia’s people are as diverse as the communities in which we operate. We focus on providing opportunities for career development in a flexible, supportive and inclusive work environment.

Our values of collaboration, integrity, challenge and innovation guide how we behave and what is most important to us.



15,500+
employees



29.7%
female participation



11,000+
employees participated in Have Your Say survey



5,350+
new hires

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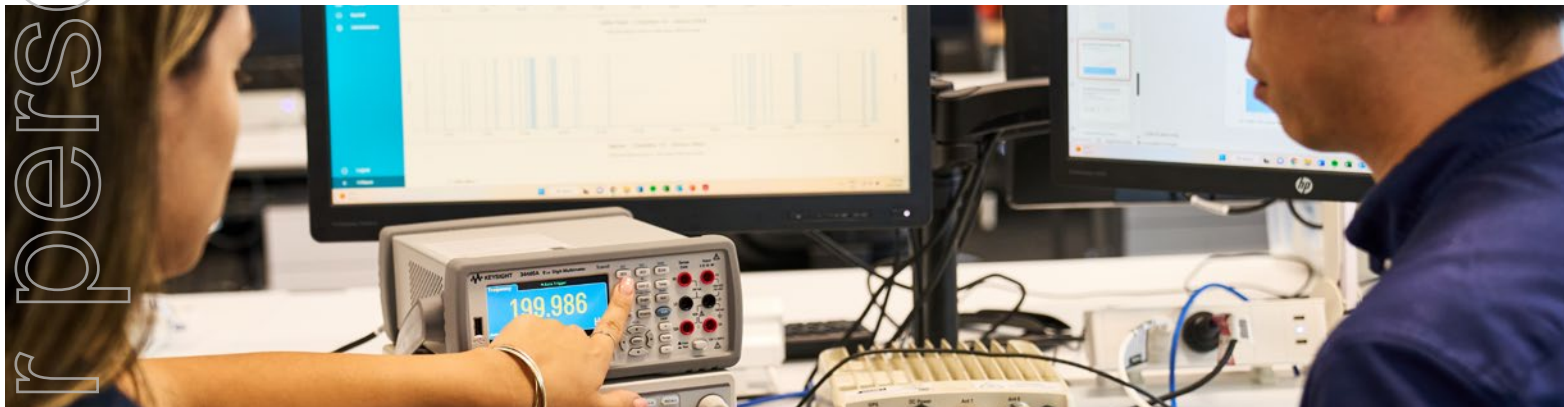


Ventia continues to focus on developing, retaining and attracting talent. In 2022, Ventia's turnover increased 4.8 percentage points to 25.8% and initiatives were put in place to mitigate these impacts.

We are proud of the high level of participation of our 2022 'Have Your Say' company-wide engagement survey. High levels of engagement in the survey enabled a deeper understanding of the issues and values of our workforce. This allows for targeted attraction, retention and engagement initiatives throughout the year, with more scheduled for 2023.

- **A diverse and inclusive workforce:** we made a formal commitment to the HESTA 40:40 Vision for female participation; achieved the Rainbow Tick for LGBTQI+ inclusivity in New Zealand; worked with Job Access to create opportunities for people with a disability; and partnered with organisations including Soldier On Australia to support the employment of Veterans.
- **Internal mobility and career pathways:** we launched a new internal careers page and amplified our employees' unique and diverse career journeys across social media and other channels. Supporting this, we have focused on clarifying career paths and offering skills-based learning journeys, supported by a more transparent internal job market.

- **Celebrating and rewarding success:** we introduced internal awards that recognise our high-performing employees that role model our values and strategy. We also introduced VenPerks, an employee program providing significant savings on everyday purchases, and continued to celebrate our people's contribution during our dedicated Ventia 'Thank You Week'.
- **Building capability at all levels:** 393 employees completed programs focused on building leadership skills, and our internal Registered Training Organisation issued 9,000 nationally recognised short course competencies.
- **Tapping into emerging talent:** our graduate program continues to attract the brightest and best, and we have increased the number of participants in our 2023 program. Across trades, 148 people completed their apprenticeship/traineeship and a further 142 commenced on-the-job training. We remain committed to our partnership with CareerTrackers providing opportunities for Indigenous students. Through our partnership with CareerSeekers we continue to support asylum seekers and refugees.



Executive Leadership Team

Meet the team who Redefine Service Excellence to deliver successful outcomes for our people, clients, shareholders and communities each and every day.



DEAN BANKS

Managing Director and Group CEO

Dean commenced as Ventia Group CEO in January 2021 and was appointed Managing Director in June 2022.

Dean has spent the last 15 years in C-suite roles in FTSE 250 global businesses in the construction, manufacturing and services industries.

Dean has completed the INSEAD Advanced Management Programme, and the Integrated Management Development Scheme from Warwick University. He is also a Graduate of the Australian Institute of Company Directors.



JODIE BLAKE

Group Executive People, Safety & Culture

Jodie joined Ventia in January 2022 as Group Executive – People, Safety & Culture.

With more than 20 years' experience, Jodie has held senior leadership roles within the energy, utilities, pharmaceuticals and manufacturing sectors.

Jodie holds a Bachelor of Business – Human Resource Management and a Masters in Industrial and Employee Relations from Monash University. She is also a Graduate of the Australian Institute of Company Directors.



TIM HARWOOD

Group Executive Infrastructure Services

Tim was appointed Group Executive – Infrastructure Services in 2022. Prior to this he was Ventia's Group Executive – Telecommunications. Having worked for CIMIC Group since 1998, Tim joined Visionstream in 2015, upon the formation of Ventia.

Tim has more than 30 years' experience in senior and executive management positions in the mining, construction, services and telecommunications sectors.

Tim holds a Bachelor of Applied Science from University of Technology, Sydney and a Master of Applied Science from The University of New South Wales. He is also a Graduate of the Australian Institute of Company Directors.

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STUART HOOPER

Chief Financial Officer

Stuart joined Ventia in 2015 as Group Executive – Strategy & Corporate Development. In 2018, he was appointed Chief Financial Officer.

Stuart has spent more than 20 years working in assurance, corporate finance and transaction advisory practices in Australia and the United States.

Stuart holds a Bachelor of Commerce from Monash University and is a member of Chartered Accountants Australia and New Zealand.



SAWSAN HOWARD

**Group Executive
Strategy & Corporate Affairs**

Sawsan commenced at Ventia as Group Executive – Strategy & Corporate Affairs in January 2023.

Sawsan is a highly experienced executive leader with more than 20 years' experience in senior leadership roles across several sectors including agriculture, energy, engineering & construction and financial services.

Sawsan holds a Bachelor of Agricultural Science and a Master of Environmental Studies from The University of Melbourne. She also holds a Master of Business Administration and a Juris Doctor from RMIT University – all awarded with honours.



DAVID MCPADDEN

**Group Executive
Transport**

David joined Ventia in 2020 as General Manager – Road Transport Operations and in 2022 was appointed Group Executive – Transport.

With more than 20 years in the industry, David has significant experience in delivering a diverse range of major transport infrastructure (road and rail), renewable energy and complex brownfield aviation projects.

David holds a Bachelor of Engineering – Civil (Honours) from Swinburne University of Technology.

Executive Leadership Team

Meet the team who Redefine Service Excellence to deliver successful outcomes for our people, clients, shareholders and communities each and every day.



DEREK OSBORN

**Group Executive
Defence and Social Infrastructure**

Derek joined the Ventia Executive Team in 2020 as Group Executive – Defence and Social Infrastructure. Prior to this, Derek held numerous different roles over an 18 year period at Broadspectrum.

With more than 25 years' experience, Derek has held senior and executive leadership roles in the mining, defence and property sectors, and worked in consulting and public and listed company roles.

Derek holds a Bachelor of Environmental Design and a Masters in Building Science from The University of Western Australia. He is also a Graduate of the Australian Institute of Company Directors.



MARK RALSTON

**Group Executive
Telecommunications**

Mark joined Ventia at its formation in 2015. He had held the Group Executive – Strategy & Corporate Affairs role from 2020, prior to his appointment as Group Executive – Telecommunications in 2022.

Mark is an experienced leader with over 20 years' experience across Australia and the United States in the engineering and construction, transportation, healthcare and technology sectors.

Mark holds a Bachelor of Applied Science from The University of Sydney and is a Graduate of the Australian Institute of Company Directors.



DEBBIE SCHROEDER

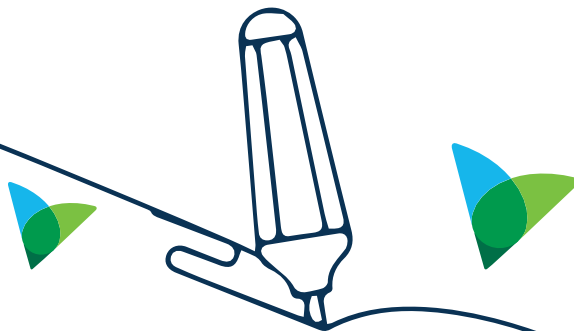
Group General Counsel

Debbie joined Ventia in 2022 and was promoted to Group General Counsel in January 2023 where she leads Ventia's Legal, Audit, Risk & Compliance team. She is joint Company Secretary of Ventia and its subsidiaries.

Debbie has over 20 years' experience in corporations law, contracts, employment law and dispute resolution, through senior in-house legal and risk management roles.

Debbie holds a Bachelor of Laws and a Bachelor of Education (Hons) from The University of Sydney and a Graduate Diploma of Applied Corporate Governance from Chartered Secretaries Australia. She is also a Graduate of the Australian Institute of Company Directors.

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2022 LEADERSHIP TEAM



JONATHAN DOCKNEY

Group General Counsel

Jonathan joined Ventia in 2015 as Group General Counsel and joint Company Secretary of Ventia and its subsidiaries.

Jonathan has advised international construction and service companies. His specialities include work winning strategies and risk identification, management and mitigation.

In addition to Jonathan's legal qualifications, he holds a Bachelor of Science (Hons) in Building and is a Fellow of the Chartered Institute of Building.

As of January 2023, Jonathan has stepped down from his current role and the executive leadership team, moving into a strategic advisor role.



KAREN O'DRISCOLL

**Group Executive
Digital Services**

Karen commenced as Group Executive – Digital Services in 2020 after holding a number of roles at Broadspectrum.

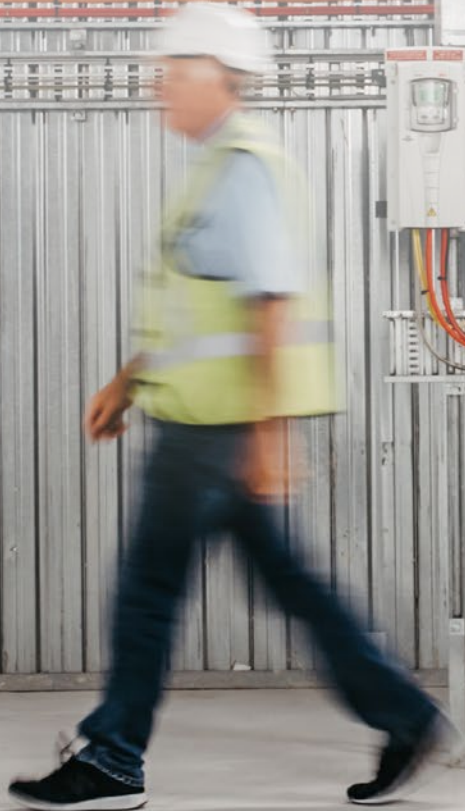
Karen has led several programs, including the design and deployment of a global applications platform, cloud and security transformation and the establishment of a digital eco-system to drive innovation, as well as delivering technology solutions for key contracts.

Karen holds a Bachelor of Science (Hons) in Information Systems Management from Bournemouth University and is a Graduate of the Australian Institute of Company Directors.

Karen concluded her tenure at Ventia in February 2023, following 17 years of service across legacy organisations.




Our strategy

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Measuring our success

Ventia is well positioned to achieve industry leading performance. We benchmark our performance internally and externally. We aspire to lead the market and outperform our peers.

CLIENT FOCUSED	INNOVATIVE	SUSTAINABLE
 <p>Implement a client segmentation model and account plans for key clients</p>	 <p>Famous for solving client problems</p>	 <p>Pathway to net-zero emissions defined with visible progress demonstrated</p>
 <p>Repeat contracts and clients</p>	 <p>Enterprise technology platform in place to standardise and simplify operations</p>	 <p>Continuous improvement in diversity</p>
 <p>Continuous improvement in our bid success rate</p>	 <p>Better informed decision making</p>	 <p>Exceed industry and society's expectations of our corporate behaviours</p>

REDEFINING SERVICE EXCELLENCE



Client Focused

As a reliable and trustworthy partner, Ventia's ability to make infrastructure work for our communities has seen increased work winning success in 2022.

Our client focus is supported by our client segmentation and strategic account management approach. This provides the opportunity to develop broader and deeper client relationships, and supports our ability to renew and win work.



\$18.0b

total work in hand for FY22



85%+

renewal rate



\$2.1b

work in hand from new contracts secured in 2022



13

account plans launched for our largest clients



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CASE STUDY:

A PARTNER IN AUCKLAND'S FACILITIES MANAGEMENT TRANSFORMATION

Ventia maintains nearly 87,000 Auckland City Council assets. We are a trusted partner in the Council's transformational approach to facilities management, supporting their goal to improve services and reduce ratepayer costs.

One of our responsibilities is waste management. We are responsible for the regular emptying of over 5,000 public bins. Through data collection and analytics, we have drawn valuable insights into the efficiency of the emptying process. Ventia has introduced bin sensors that use radar and infrared to assess bin fullness. This ensures that only full bins are emptied, reducing the time it takes to complete a route and improving cost and labour efficiencies.

Piloted on a 135-bin route on the Whangaparaoa Peninsula, the addition of these sensors reduced the completion time by 40%, from 7.5 hours to 4 hours. Following the success of the pilot program, Ventia is planning to roll out the sensors more broadly across the regions in which we operate. The program allows Ventia to reduce our fleet by up to eight vehicles and will see carbon emission reductions of up to 51 metric tonnes in CO₂ emissions per year.



Auckland Council Operations appreciates the collaborative approach Ventia has taken in our Full Facilities contracts to improve sustainability initiatives by trialling a bin sensor program to create fuel efficiencies and improve GHG emission reductions

Julie Pickering, Head of Area Operations
(Area 2), Auckland Council



REDEFINING SERVICE EXCELLENCE



Innovative

Ventia's scale and diversity of skills and services support our ability to develop systems and solutions by working closely with our clients and partners. We solve problems and create opportunities – either through evolution or revolution.



4m+

work orders
managed annually



40,000

IoT devices
connected



5m+

assets under
management in
single enterprise
system



60+

drone pilots with
2,000+ hours of
flight experience

CORE SYSTEMS TRANSITION COMPLETED



On time and on budget



30% reduction in
IT costs



Decommissioned
22 legacy systems



All projects now operate on
single enterprise platform



FINALIST

Next Gen Innovator

Best Run SAP Awards



WINNER

Innovator of the Year

Australian Defence Industry Awards



WINNER

ABA100 Business
Innovation Award

Australian Business Awards

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CASE STUDY:

METABASE

Through our core systems platform, Ventia collects data points across millions of work orders and assets. We are well positioned to manage challenges like the reduction of operational expenditure and delivery of sustainable services set by our client, and to pursue opportunities to adopt new technologies and practices.

Our Defence asset management team have harnessed an interactive digital twin solution, known as 'Metabase', currently being piloted at selected Defence bases across Australia. Partnering with Asseti, we have digitised over 370 buildings with a footprint of ~139,000 square metres. Utilising historical data, IoT data, drone footage and over 12,500 images collated from Ventia operations, as well as real-world data, the team can model and forecast future asset conditions.

Through real-time, visual information, Ventia is able to proactively support asset planning and management. This materially reduces downtime for critical equipment, ensures data-driven decision making, and promotes transparency and collaboration.

Ventia's drive towards intelligent asset monitoring for our client is delivering exciting improvements and enhancements for the contract delivery team and we are in the process of rolling out the solution across all major bases.

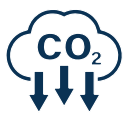


REDEFINING SERVICE EXCELLENCE



Sustainable

Ventia's approach to sustainability focuses on the positive impact we have for people and the planet – from both the way we work, and the services we provide to our clients. We are proud to support the delivery of sustainability targets, whether this be through energy transition, environmental and rehabilitation services, environmental management or other priorities.



10.6%
reduction in emissions¹



92.6%
of permanent employees completed
Code of Conduct training



104.8%
increase in EV and hybrid
vehicle fleet



29.7%
female participation

1. Scope 1 & Scope 2 emissions.



SECTOR HIGHLIGHTS

Defence and Social Infrastructure

Defence and Social Infrastructure provides maintenance and support services to clients operating across defence, social infrastructure (education, health and state government), housing and community (justice and social housing), local government and critical infrastructure. Ventia also provides property and consulting services to public and private clients.



#6

contractor to the Australian Defence Force



#1

social housing maintenance provider in NSW



4,600+

government locations maintained across South Australia



650+

properties managed for 39 Commonwealth Government agencies

KEY PROJECT WINS

Name	Account	Type
Integrated Facilities Management	Austin Health	Contract Renewal
Asset Maintenance Services	NSW Land and Housing Corporation	Contract Extension
Whole of Australian Government Property and Facilities Management	Commonwealth Government	Contract Extension
Court Security and Custodial Services	WA Department of Corrective Services	Contract Extension





WINNER

Defence Innovator of the Year

Australian Defence Industry Awards 2022



WINNER

Asset Management Sustainability Award

Australian Asset Management Council



Ventia readily responded to our requirements, providing the best value and most innovative service offering in the recent market procurement.

Ray Van Kuyk, Chief Services & Information Officer, Austin Health

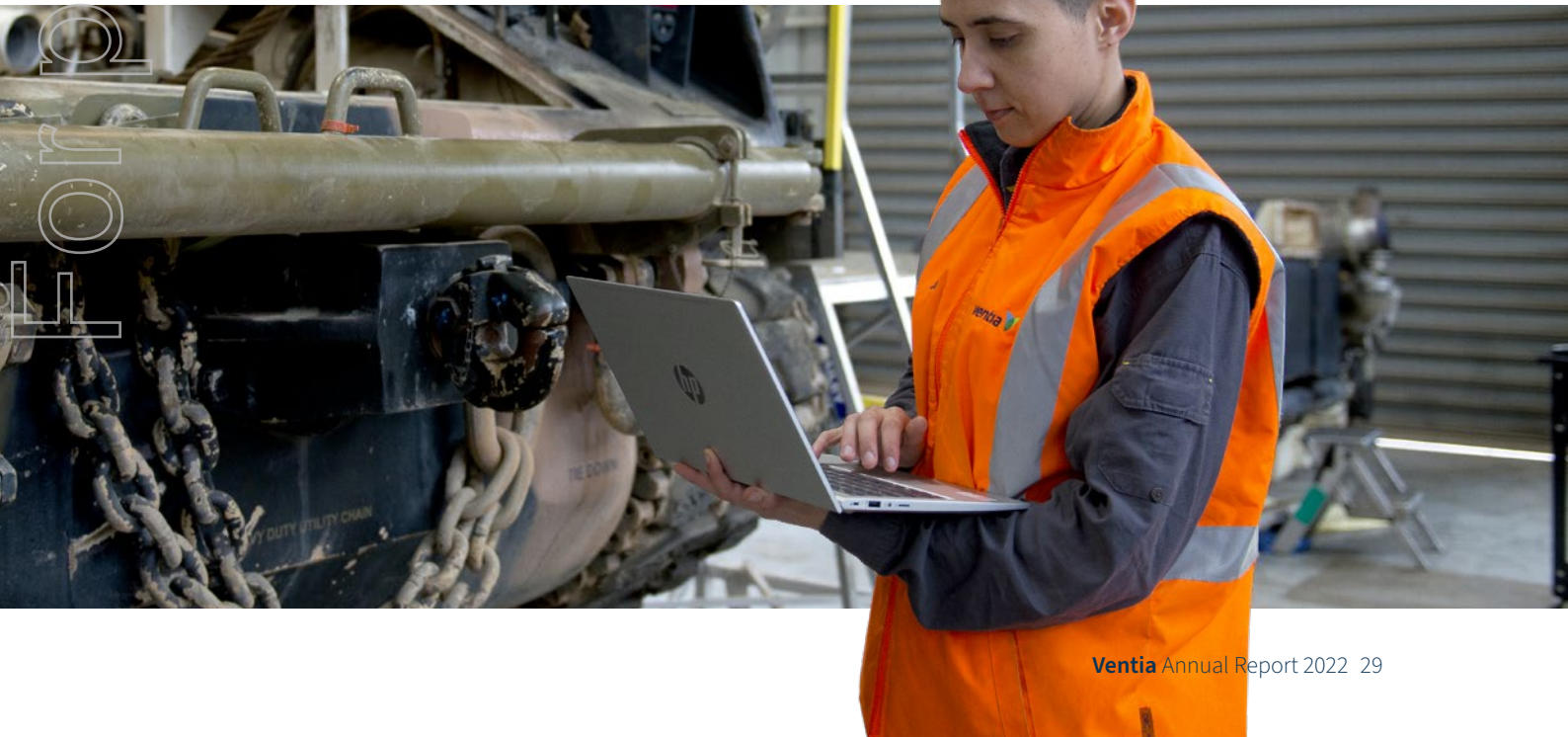
CASE STUDY:

LED REPLACEMENT FOR DEFENCE BASES

Ventia supports the Australian Defence Force (ADF) in their ambitions to reduce energy consumption and achieve net zero.

As one of the largest landholders in Australia, the ADF's estates comprise approximately 700 owned and leased properties across approximately 2.5 million hectares of land. Ventia is installing 87,000 LED lights and fittings across 37 bases to improve quality and smart control of lighting and reduce reactive maintenance costs. The program will deliver predicted annual carbon emissions reductions of over 24,000 tons in the first phase, and an additional 29,000 tons in its second phase.

Ventia was awarded the Asset Management Sustainability Award at the 2022 AMPEAK Conference in recognition of the achievements of the project to date.



SECTOR HIGHLIGHTS

Infrastructure Services

Infrastructure Services supports the operation and maintenance of utilities (water, electricity and gas), resources and industrial assets (mining, oil and gas, manufacturing) and resources development (minerals, oil and gas). Infrastructure Services also provides complex and large-scale environmental remediation and rehabilitation services, and leverages technologies aimed at enhancing client productivity and sustainability.



#1

**complex environmental services
remediation provider in Australia**



~10m

**residents supported through
water utilities maintenance**



16,000+

oil and gas wells serviced since 2010



24.5m

**tonnes of LNG production
maintained per year**



FINALIST

**Best Remedial Project
(Greater than \$1 million)**

*2022 Australian Land and Groundwater
Association Industry Excellence Awards*



WINNER

**Distribution Trainee of the Year
and Transmission Trainee of
the Year**

Connexis Excellence Awards

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KEY PROJECT WINS

Name	Account	Type
Asset Lifecycle Delivery Services	City of Gold Coast	New Contract
Grid Maintenance Project Services	Transpower	Contract Renewal
Civil, Mechanical and Electrical Services	Yarra Valley Water	Contract Extension
Site Engineering Construction Services	BHP Western Australia Iron Ore	Contract Renewal

CASE STUDY:

TRANSPOWER CONTRACT RENEWAL PROVES VENTIA'S TRUSTED PARTNER STATUS

The strength of Ventia's 25-year partnership with Transpower New Zealand is exemplified by the recent renewal of our Transmission Grid Services contract for an additional five years, with further extension options.

Across more than 12,600 transmission towers and 58 substations, Ventia will provide operation, maintenance and specialist electrical and telecommunications services to

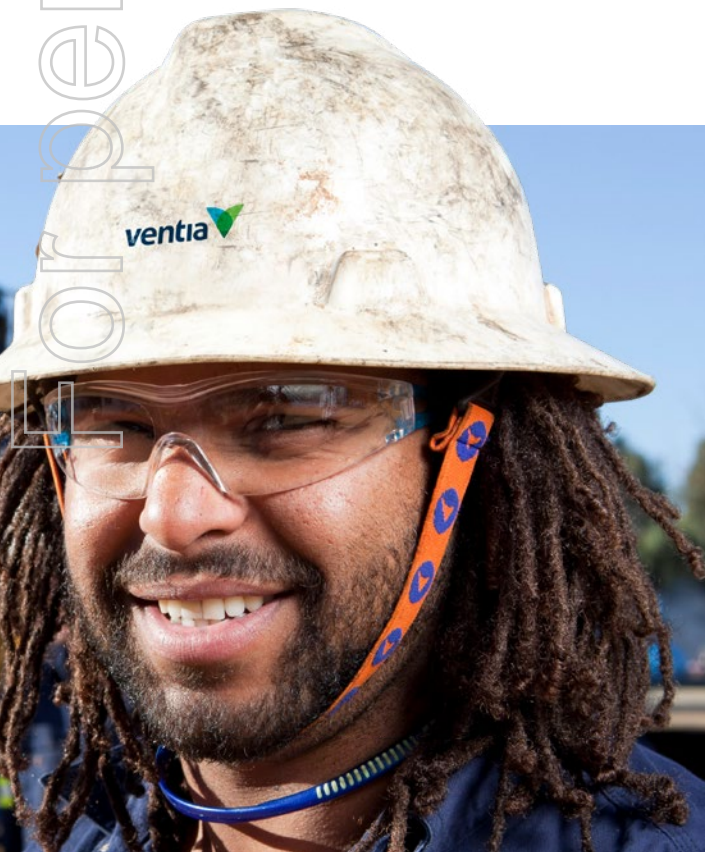
New Zealand's national electricity grid. We are also a member of the Transpower Contestable Works Panel, allowing us to bid on minor capital works projects across New Zealand.

We are well positioned to provide Transpower and its communities with innovative and sustainable solutions as a critical, long-term partner in the operator's strategy to create a renewable, electrified, low-carbon economy.



Ventia have worked with us to develop innovative solutions and technologies to support working safely and sustainably in challenging conditions.

Mark Ryall, General Manager
Grid Delivery, Transpower
New Zealand



Victorian Electricity

In 2022, Ventia acquired the assets of ATC Energy, an electrical transmission and distribution services provider headquartered in Victoria. With 55+ highly skilled lineworkers, the team is supporting Victorian distribution utilities.



SECTOR HIGHLIGHTS

Telecommunications

Telecommunications provides end-to-end service capabilities that span design, supply, construction, installation, commissioning and maintenance of telecommunications networks and infrastructure.



FINALIST

Diversity and Inclusion Award

ACCOMMS Awards



FINALIST

Customer Service Project of the Year

Customer Service Institute of Australia Awards



WINNER

Safe Work Culture Award

nbn Supplier Summit and Awards



#1

telecommunications infrastructure services provider in Australia and New Zealand



~50,000km

of optic fibre designed, installed and commissioned



1.5m

telco and ICT assets managed across Australia and New Zealand



~6m

premises connected to fibre networks



40,000+

telco facilities under management

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KEY PROJECT WINS

Name	Account	Type
Major Intercapital Network Build	Telstra InfraCo	New Contract
Square Kilometre Array (SKA) project	SKAO	New Contract
Enhanced Defence High Frequency Communication System	Babcock Australasia	New Contract

CASE STUDY

THE SKA OBSERVATORY (SKAO)

The award of the SKAO contract enters Ventia into a new, exciting market and is recognition of our superior technical expertise and collaborative excellence. Leveraging Ventia's telecommunications capabilities, we will contribute to the international effort to build one of the world's largest telescopes, tasked with observing both the nearby and distant universe.

Working with, and creating opportunities for, the Wajarri people and locals in the mid-west region of Western Australia, Ventia will deliver the project scope which includes the provision of power and fibre networks and the design and commission of both a central processing facility and remote processing facilities at the rural site.



Ventia submitted an innovative proposal, offering superior technical capability and best value for money for the project. The Ventia team were personable, professional and demonstrated proactive collaborative behaviours and ideas sharing that aligned with SKAO's objectives and project vision.

Philip Diamond, Director-General,
SKA Observatory

SECTOR HIGHLIGHTS

Transport

Transport provides maintenance, project delivery and technology solutions to owners and operators of road, motorway, tunnel and rail networks.



#1

private motorway and tunnel maintenance operator in Australia



20+ year

average operations and maintenance contract length (including options)



9,500km+

of road assets maintained



55,000+

traffic lights, electronic signs and other devices managed

KEY PROJECT WINS

Name	Account	Type
Western Harbour Tunnel and Sydney Harbour Tunnel Operations and Maintenance	Transport for NSW	New Contract
Western Road Corridor Maintenance	Auckland Transport	Contract Renewal
Lane Cove Tunnel and M2 Motorway	Transurban	Contract Extension



Ventia's proposed solution, capability and demonstrated commitment to safety, sustainability and social impact were assessed as delivering the best value to the community through this innovative new model.

Peter Murphy, Transactions and Structuring Lead, Transport for NSW



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CASE STUDY: COORDINATION IN A CRISIS

Ventia's nine-year Sydney Road Asset Performance contract with Transport for NSW provides road maintenance and asset management services to seven local government areas in Western Sydney and Intelligent Transport Systems maintenance throughout regional NSW.

Road networks and bridges are key to keeping our communities connected and, when it comes to managing extreme weather, our team has its flood response down to a fine art.

During the flooding in February, March and July 2022, the Network Delivery Hub team worked around the clock, monitoring flood levels and liaising with stakeholders to keep road users and motorists safe.

Our incident response teams on this contract typically respond to 70 incidents and repair 500 potholes per month. From March to June 2022, the team dealt with over 730 incidents and, in July, repaired more than 1,500

potholes, more than triple their usual reactive maintenance volumes.

With an experienced workforce on site and ready to go, the team was able to efficiently coordinate repair and recovery operations in a safe manner. The Ventia team was able to successfully respond to increased volumes with their existing teams and partnered with the client to reduce wasted resources, time and, most importantly, keep motorists safe.



OPERATIONS RATING

'Excellent'

Western Roads Upgrade Infrastructure Sustainability Certification

Infrastructure Sustainability Council



WINNER

ABA100 Business Innovation Award

Australian Business Awards



HIGHLIGHT

Market overview

Forecast growth in Ventia's addressable market provides substantial opportunity.

The total value of the industry segments in which Ventia operates in Australia and New Zealand is estimated by BIS Oxford Economics to grow at a 6.6% compound annual growth rate (CAGR), rising from \$68.0 billion in FY22 to \$87.8 billion in FY26.

Ventia's significant capabilities and experience span the asset lifecycle with services covering operations and maintenance, facilities management, minor capital works and environmental services. Whilst Ventia does not deliver

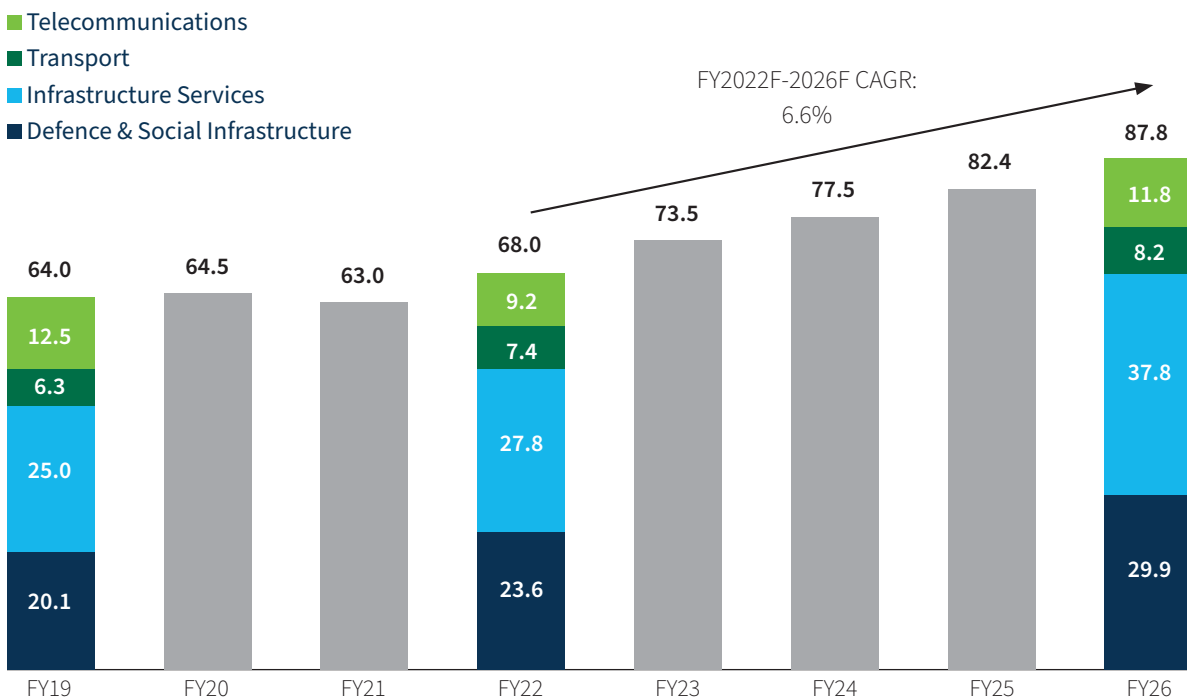
major capital construction services, construction activity supports growth in the asset base requiring maintenance services.

After a reduction in market size from FY19 to FY21, due to declining telecommunications spending, FY22 marked a turning point. The market is estimated to have grown by 8% in FY22, as telecommunications investment started to recover, and is forecast to grow at a similar rate in FY23 to \$73.5 billion. The strength of market

growth in FY22 and FY23 is influenced in part by above average inflation levels being experienced across Australia and New Zealand.

From FY22 to FY26, growth is expected across each of Ventia's Sectors. This will be supported by increasing investment in electricity transmission and distribution and renewable generation infrastructure, further Telecommunications investment and growing social infrastructure spending.

Outsourced Maintenance Services addressable market size - Australia and New Zealand (AU\$b) ^{1,2}



Demand drivers for Maintenance Services¹



Size and growth of asset base



Outsourcing rates



Population growth



Energy transition

1. BIS Oxford Economics (2022). Refers to the financial years ended/ending 30 June.

2. Numbers presented in current prices (nominal value)

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HIGHLIGHT

24 hours a day, 7 days a week, 365 days a year

You will find the Ventia teams working behind the scenes delivering services to make essential infrastructure work for our communities. We keep people safe, housed and healthy, businesses running and communities connected.



1

06:00

CHECK YOUR PHONE

Our telecommunications team across Australia and New Zealand partner with telecommunications companies to bring ultra-fast 5G to your mobile phone



2

06:30

SHOWER AND GET READY FOR WORK

To keep the water running, our team across Australia and New Zealand operates and maintains the water network



3

07:00

BREAKFAST TIME

The toaster is on, powered by electricity from a network maintained by our transmission and distribution team



4

07:15

START THE DAY BY CALLING MUM

According to mum it is a beautiful day in Auckland, remarking that the Viaduct looks perfect – an area where our Auckland Council team provides facilities management

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5

07:30

DRIVE TO WORK

You notice that the drive to work is smoother following a bout of recent potholes which have now been fixed by our road maintenance team

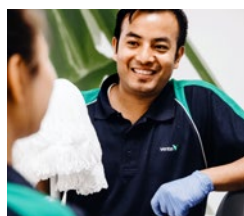


6

12:30

LUNCH BY THE JETTY

You have lunch with a view of a historical jetty being rehabilitated by the Ventia team

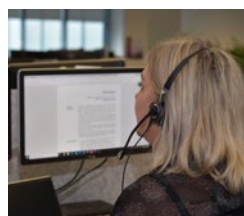


7

15:00

PICK UP THE KIDS FROM SCHOOL

You exchange a wave with one of Ventia's cleaners who works at your son's school



8

17:00

A STORM IS ON ITS WAY

Our Ventia Operations Centre (VOC) mobilises as they prepare to handle around the clock maintenance requests from clients and community members impacted by the extreme weather



9

19:00

WATCH THE FOOTY AT THE NEW STADIUM

State-of-the-art technology installed by our telecommunications team ensures you are connected and contactable at the game

HIGHLIGHT

Sustainability

Ventia's sustainability strategy and targets

At Ventia, we are committed to creating a lasting and positive legacy for people and the planet. This is engrained in our purpose of making infrastructure work for our communities and our approach to sustainability. Our strategy encompasses the social impact we have with our people and communities, how we manage our environmental footprint and the way we conduct our business.

In 2022, we made progress with clear actions towards our targets and further detail will be provided in Ventia's Sustainability Report, which will be released in March 2023.



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In 2022, we made progress with clear actions towards our targets.



ENVIRONMENT

Creating a healthier planet

OBJECTIVES

Achieve net-zero emissions and reduce our clients' emissions

Managing climate risk and resilience for us and our clients

Leading in environmental protection and enhancement solutions

TARGETS

Committed to the Science Based Target initiative (SBTi) to set emissions reduction and net-zero targets

100% renewable energy by 2030 (internal electricity usage)

100% EV and hybrid by 2030



SOCIAL

People and community focused

OBJECTIVES

Our people are safe and healthy and are as diverse as our communities

We engage and respect the communities we work in

We create value through our local and diverse supply chain

TARGETS

HESTA 40:40 Vision commitment

40% female participation

1. on the Executive Leadership Team (ELT)
2. of Women In Senior Management (WISM)
3. across all employees

Retain Reconciliation Australia's Elevate RAP status



GOVERNANCE

Ethical and accountable in everything we do

OBJECTIVES

Sustainability is embedded in our decision making

Trusted for our sustainable business practices

Advancing sustainable and ethical procurement

TARGETS

Compliance with the ASX Corporate Governance principles and recommendations

Suppliers with annual spend > \$1m comply with the Ventia Business Partners Standard



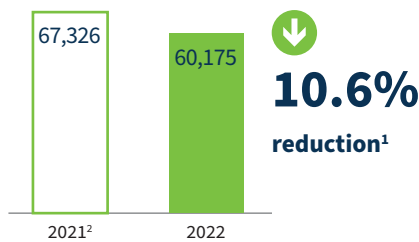
SUSTAINABILITY

Environment

Pathway to net-zero emissions defined with visible progress demonstrated

PROGRESS ON OUR TARGETS

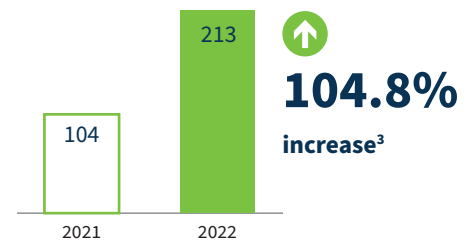
Committed to the Science-Based Target initiative (SBTi) to set emission reduction and net-zero targets



100% renewable energy by 2030 (internal electricity usage)

437.96 MWh
renewable energy use

100% electric vehicle (EV) and hybrid fleet by 2030



use only

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Emissions reduction

In 2022, our total Scope 1 and Scope 2 emissions were 60,175t CO₂-e, a reduction of 10.6% since 2021. This was achieved primarily through energy reduction initiatives in plant and vehicles and improved emissions factors from grid-sourced electricity. Emissions intensity in 2022 reduced by 21.2% from 14.8t/\$m⁴ to 11.6t/\$m.

In 2022, we divested our interest in the MTC Broadspectrum JV in NSW, a material contributor to our Scope 2 emissions. Our emissions profile excluding the joint venture is 55,814t CO₂-e for 2022, an 8.7% emissions reduction from 2021.

Setting our Science-Based Targets (SBTs) remains a priority to achieve validated near term and net-zero targets in 2023. We are undertaking a review of our Scope 3 emissions, building our framework and reviewing our processes for measuring all applicable categories. We expect to submit our SBTs to the SBTi initiative by Q3 2023.

1. Scope 1 & Scope 2 emissions.
2. 2021 emissions figures have been adjusted from the previously reported figure of 67,389t CO₂-e due to addition of new data sources, replacement of estimates, removal of data outside Ventia's operational control, and to correct some errors in emission factor calculations.
3. The number of hybrids and EVs in 2021 has been restated from 73 to 104.
4. Emissions intensity is total Scope 1 and Scope 2 emissions measured in tonnes, divided by total revenue in \$ millions.

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Our Sustainability Report will explore our progress and identify risk and opportunity themes in more detail, with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Vehicles and fuels

Our continuing efforts to drive efficiency and decarbonise our plant and equipment have been a catalyst for our reduction in emissions in 2022. We have added one EV, 108 hybrids and our first hydrogen car to our light vehicle fleet. We have also introduced a hybrid excavator in our New Zealand operations and will add an electric truck-mounted attenuator to our fleet in early 2023.

Renewable energy

To achieve our target of 100% renewable electricity by 2030, we are reducing and avoiding energy use, installing behind-the-meter solar where feasible, and strategically procuring renewable energy.

Our Sydney Road Asset Performance contract, by example, has installed 256 solar panels on the depot roof, producing 133.5MWh in 2022 and an additional 22% of the contract's regional depots sourced electricity via GreenPower. In 2022, 98% of the energy supplied to our Parramatta and North Sydney head offices was also renewable and supplied by GreenPower.

Environmental awareness

In 2022, we focused on raising further awareness of environmental compliance requirements with the launch of our Healthy Planet program which includes new online environmental awareness training and resources for our people. We also engaged an independent review of our environmental management system to inform planned enhancements to our system.

 **WINNER**

New Zealand Environmental Award
2022 Civil Contractors New Zealand Northland Construction Awards

SUSTAINABILITY

Social

Continuous improvement in diversity and inclusion

PROGRESS ON OUR TARGETS

HESTA 40:40 Vision commitment

22.2%

female representation on Executive Leadership Team

29.7%

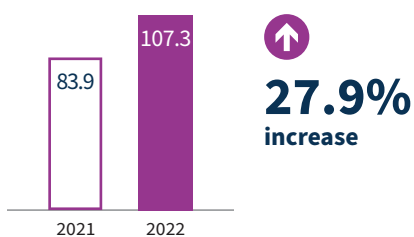
female participation across all employees

40% female participation

20.3%

Women in Senior Management (WISM)¹

Spend with Indigenous businesses² (\$'m)



1. Restated to align to the Ventia job level framework, rather than aligning to the reporting levels in relation to the Group CEO, to better reflect roles with strategic leadership.
2. Procurement spend with Australian Indigenous partners.

Gender equality

In 2022, Ventia formally signed up to the HESTA 40:40 Vision, an investor and business-led initiative to achieve gender balance in executive leadership by 2030. 40:40 stands for 40% women, 40% men and 20% any gender.

At the close of 2022, 22.2% of our Executive Leadership Team, up 4.1pp from 2021, and 42.9% of our Board Directors were female.

During 2022, we have seen WISM at Ventia increase by 2.2 percentage points from 2021 to 20.3%¹. Across the entire workforce, female participation declined by 1.2 percentage points to 29.7%.

In 2022, we evolved our Female Participation Strategy, which sets out initiatives to attract, develop and retain more females across all levels of our organisation.

Pay equity review

Gender pay equity is reviewed annually for our salaried workforce through external benchmarking to ensure Ventia's fixed remuneration is competitive and all employees in similar, or the same, roles are paid equitably. The pay equity review in July 2022 highlighted that males and females are paid consistently with a small differential of 2%, which is being addressed in the annual remuneration review.

Diversity and inclusion (Indigenous Australia)

Our Reconciliation Action Plan (RAP) reflects our public commitment to the reconciliation process and respectful engagement with Australia's Indigenous people. Our team continued to bring their passion to delivering on our commitments, whilst working on our fifth RAP application.



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We hired 373 Indigenous people across Ventia in 2022 and 4.8%¹ of Ventia's Australian employees identify as Aboriginal and Torres Strait Islander descent.

Ventia's strong focus on sourcing from Indigenous suppliers continued with increased spend in 2022 of \$107.3 million, compared to \$83.9 million in 2021. Spend with 165 Indigenous suppliers represented 3.1% of total Australian procurement spend.

Diversity and inclusion (Aotearoa)

In 2022, our Te Ara o Rehua working party established priority focus areas to support Māori participation and build cultural capability across our New Zealand business.

A New Zealand employee diversity survey identified that 20%+ of respondents identify as Māori.

In response to this, we piloted a new cultural awareness program, which will be rolled out more broadly in 2023.

Through building our local relationships, including with Amotai, we have increased our visibility and network of Māori and Pasifika-owned businesses in Aotearoa, spending \$3.7 million in 2022.

Engaging with our communities

Our community engagement approach ensures we build relationships with stakeholders in the communities in which we work and seeks ways to create economic opportunities for underrepresented groups through local and social procurement. In 2022, we spent \$11.3 million with social enterprises



WINNER

Social Procurement Game Changer Award

NT/QLD, Social Traders



1. Based on a Ventia employee survey. As a percentage of our Australian workforce.

SUSTAINABILITY

Governance

Exceed industry and society's expectations of our corporate behaviour

PROGRESS ON OUR TARGETS

Compliance with the ASX Corporate Governance Council's principles and recommendations

57%

Independent Directors

Suppliers with annual spend > \$1 million comply with the Ventia Business Partners Standard

90%+

suppliers > \$1m spend responded to due diligence survey



FINALIST

Australian In-House Team of the Year

Australasian Law Awards

Board sustainability governance

Ventia's Board Safety and Sustainability Committee met four times in 2022. In addition to reviewing and approving the annual Sustainability Report the Committee discussed:

- Quarterly management reports related to Health, Safety, Environment and Sustainability; and

- Deep-dives into topical environmental, social and governance topics.

The Safety and Sustainability Committee Charter was reviewed in December 2022, with enhancements made to ensure it remains fit for purpose for Ventia and delivers best practice.

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Assurance

In support of our objective to be trusted for our sustainable business practices, we have appointed PwC to conduct limited assurance of key environmental and social metrics for 2022 for our Sustainability Report.

Code of Conduct

The Ventia Code of Conduct (The Code) sets out clear and consistent standards of behaviour expected from our people, suppliers and subcontractors. The Code is part of our induction process and a mandatory annual training requirement, with 93% of permanent employees completing this training in 2022.

Adherence to the Ventia Business Partners Standard is a requirement of our standard procurement terms. We have set ourselves the target of confirming significant suppliers, being those with whom we spend >\$1million, are compliant.

Modern slavery

Ventia lodged our second Modern Slavery Statement in June 2022, including case studies on addressing the treatment of vulnerable workers, managing visa compliance in our cleaning business, and a training pilot for motorway first responders. A deep-dive into our modern slavery risk management was conducted in 2022 and we are continuing our focus on improving visibility of risk throughout our supply chains.

Cybersecurity

To ensure we stay ahead of the global escalation in cyber threats, Ventia reviewed and updated our cybersecurity strategy and crisis response plan in 2022. The Information Management Framework sets out the guidelines and standards for our business to operate securely and has been independently audited.

We continue to review our security controls, invest in innovative technologies, including the use of artificial intelligence and managed security services, and improve our incident detection and response capabilities.

Our Ventia workforce is educated through ongoing cybersecurity training, which includes annual mandatory training from award-winning training companies.



Operating and Financial Review

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Ventia Services Group Limited (Ventia or Company) and its subsidiaries (together referred to as the Group) is a leading essential infrastructure services provider in Australia and New Zealand.

On 30 June 2020, Ventia (through its wholly-owned subsidiary Ventia Holdings I Pty Limited) acquired all of the share capital in Ferrovial Services Australia Pty Ltd, subsequently renamed BRS Holdco Pty Ltd (Broadspectrum), to form one of the largest essential infrastructure services providers in Australia and New Zealand. During November 2021, the Company completed its Initial Public Offering (IPO) and related refinancing.

Due to the material nature of the Broadspectrum acquisition, the IPO and related refinancing and their financial impact on the business, the Directors believe that in addition to the statutory analysis of results in this Section 2, a pro forma view of the Group and sector results for the year ended 31 December 2022 (FY22) compared to the results for the year ended 31 December 2021 (FY21) provides additional information for users of the financial statements to understand the underlying business performance and cash flows of the operations on a more comparable basis. This pro forma view is presented in Section 3.

1. Operating Model and Business Strategy

The Group has extensive service capabilities across a diverse range of industry segments, delivered through long-term contracts with a range of government agencies and blue chip organisations.

Ventia is structured across four sectors:

- Defence and Social Infrastructure;
- Infrastructure Services;
- Telecommunications; and
- Transport.

Ventia's strategy is to Redefine Service Excellence focusing on three priorities; being Client Focused, Innovative and Sustainable.

Ventia has identified three key drivers of increasing its market share:

- Renewing and growing existing contracts;
- Winning new works; and
- Cross selling our expert capabilities.

2. Statutory Financial Performance

2.1 Statutory Group financial highlights

	2022 \$'m	2021 \$'m	Change \$'m	Change %
Revenue from continuing operations	5,167.5	4,557.4	610.1	13.4%
Profit after income tax	191.2	19.5	171.7	880.5%
	2022 cents per share	2021 cents per share	Change cents per share	Change %
Basic earnings per share	22.37	3.12	19.25	617.0%
Other measures ¹				
	2022 \$'m	2021 \$'m	Change \$'m	Change %
EBITDA from continuing operations	414.3	312.2	102.1	32.7%
EBITA from continuing operations	310.2	203.3	106.9	52.6%
EBIT before amortisation of acquired intangibles	279.1	141.5	137.6	97.2%
NPATA	208.0	36.4	171.6	471.4%
Operating cash flow before interest and tax	348.4	255.1	93.3	36.6%
Operating cash flow conversion % ²	84.1%	81.7%	n/a	2.4pp
Work in hand	17,963.5	16,771.0	1,192.5	7.1%

1. Other measures are non-International Financial Reporting Standards (IFRS) measures that have been derived from statutory information.

2. Calculated as Operating cash flow before interest and tax divided by EBITDA from continuing operations.

EBITDA – Earnings before interest, income tax, depreciation and amortisation.

EBITA – Earnings before interest, income tax and amortisation.

EBIT – Earnings before interest and income tax.

NPATA – Net profit after tax excluding the after tax impact of amortisation of acquired intangible assets.

OPERATING AND FINANCIAL REVIEW

2.2 Statutory Group financial performance

	2022 \$'m	2021 \$'m	Change \$'m	Change %
Continuing operations				
Revenue	5,167.5	4,557.4	610.1	13.4%
Expenses	(4,756.7)	(4,250.4)	(506.3)	11.9%
Share of profits of joint ventures	3.5	5.2	(1.7)	(32.7%)
Earnings before interest, income tax, depreciation and amortisation	414.3	312.2	102.1	32.7%
Depreciation expense	(104.1)	(108.9)	4.8	(4.4%)
Amortisation expense	(55.0)	(85.9)	30.9	(36.0%)
Earnings before interest and income tax	255.2	117.4	137.8	117.4%
Net finance costs	(33.9)	(137.2)	103.3	(75.3%)
Profit/(loss) before income tax	221.3	(19.8)	241.1	n/m
Income tax (expense)/benefit	(30.1)	14.7	(44.8)	n/m
Profit/(loss) after income tax from continuing operations	191.2	(5.1)	196.3	n/m
Discontinued operations:				
Profit after income tax from discontinued operations	–	24.6	(24.6)	n/m
Profit after income tax	191.2	19.5	171.7	n/m

n/m – Not meaningful

Revenue

In FY22, Ventia reported an increase in revenue of \$610.1 million to \$5,167.5 million. This increase is mainly driven by strong growth in the Defence and Social Infrastructure and Telecommunications sectors. Section 3 provides further commentary on sector performance.

EBITDA

Statutory EBITDA increased by \$102.1 million to \$414.3 million in FY22. The increase in EBITDA is partly due to a reduction in Broadspectrum transaction and integration costs from \$67.5 million in FY21 to \$5.5 million in FY22. The remaining improvement in EBITDA is due to an increase in revenue.

Depreciation expense

There was no significant change in depreciation expense compared to FY21.

Amortisation expense

Amortisation expense decreased by \$30.9 million, or 36.0%, primarily as a result of accelerated brand amortisation expense for Visionstream and Easternwell in FY21. As these brands were fully written off as at 31 December 2021, there was no corresponding amortisation expense in FY22.

Net finance costs

Net finance costs reduced by \$103.3 million, or 75.3%, as a result of change in the funding arrangements entered into during FY21. This included a reduction in the loan principal outstanding in FY22 as compared to FY21, due to the repayment of borrowings of \$584.6 million in November 2021.

Income tax expense

Income tax expense was \$30.1 million for FY22 and includes the benefit of \$35.2 million of previously unrecognised tax losses that were recognised in the year (see Note 3.8 to the Consolidated Financial Statements for further details). Excluding the recognition of these losses, the effective tax rate is 29.5% which is slightly lower than the Australian corporate tax rate of 30%, mainly due to the impact of the lower tax rate in overseas jurisdictions, principally New Zealand.

Profit after income tax

Profit after income tax from continuing operations increased by \$196.3 million to \$191.2 million in FY22.

Profit after income tax from discontinued operations in FY21 related to APP Corporation Pty Limited (APP), which was disposed by the Group in March 2021.

2.3 Statutory cash flow

Operating cash flow

Net cash generated from operating activities for FY22 was \$289.9 million, an increase of \$165.3 million from the prior year.

The improvement in cash was mainly due to an increase in EBITDA with a \$93.3 million increase in operating cash flow before interest and tax. EBITDA improved by \$62.0 million from FY21 due to a reduction in Broadspectrum transaction and integration costs. Operating cash flow also improved due to a \$60.7 million decrease in finance costs as a result of the refinancing in November 2021.

Investing cash flow

Total investing cash outflow of \$50.1 million was \$106.0 million lower than the cash inflow of \$55.9 million in FY21. This was mainly due to FY21 including \$89.2 million proceeds from the sale of APP. In addition, payments for business combinations increased by \$15.5 million on FY21, mainly due to the payment of the deferred consideration for the prior year acquisition of Kordia Solutions Pty Ltd.

Financing cash flow

Total financing cash outflow of \$139.9 million reduced by \$304.8 million compared to FY21. This was mainly due to FY21 including a net repayment of borrowings of \$698.8 million, and \$373.8 million received as proceeds from the issue of new shares in the IPO, partially offset by \$12.9 million of associated transaction costs. FY22 financing cash outflow comprised repayments of principal portion of lease liabilities of \$64.4 million and dividends paid of \$75.5 million.

2.4 Dividends

Ventia's dividend policy is to pay out between 60% and 80% of the Ventia Group's pro forma NPATA (refer to Section 3) as a dividend, with a 75% target. NPATA provides a proxy for Ventia's cash flows available to pay dividends before the after-tax amortisation of acquired intangible assets. It is a key measure of Ventia's financial performance.

On 7 October 2022, the Company paid an interim dividend of 7.47 cents per share, 80% franked. On 23 February 2023, the Board resolved to pay a final dividend of 8.28 cents per share, 80% franked. This brings the total distribution for FY22 to 15.75 cents per share, representing a payout ratio of 75% of pro forma NPATA.

Ventia intends to frank future dividends to the maximum extent possible, subject to the availability of franking credits.

OPERATING AND FINANCIAL REVIEW

3. Pro Forma Financial Performance and Review of Operations

The pro forma financial information has been derived from the statutory financial information, and adjusted to:

- Exclude transaction and integration costs;
- Reflect the annualised cost base of Ventia as a listed company in FY21; and
- Update the financing costs to reflect the new banking facilities as if they were in place from 1 January 2021.

3.1 Pro forma Group financial highlights

	2022 \$'m	2021 \$'m	Change \$'m	Change %
Revenue	5,167.5	4,557.4	610.1	13.4%
Pro forma EBITDA from continuing operations	419.8	379.9	39.9	10.5%
Pro forma EBITA from continuing operations	290.5	240.1	50.4	21.0%
Pro forma NPATA	179.6	146.8	32.8	22.4%
Pro forma operating cash flow before interest and tax	373.3	322.7	50.6	15.7%
Pro forma operating cash flow conversion %	88.9%	84.9%	n/a	4.0pp
Work in hand	17,963.5	16,771.0	1,192.5	7.1%

3.2 Pro forma Group financial performance

	2022 \$'m	2021 \$'m	Change \$'m	Change %
Revenue	5,167.5	4,557.4	610.1	13.4%
Pro forma EBITDA	419.8	379.9	39.9	10.5%
<i>Pro forma EBITDA %</i>	8.1%	8.3%	n/a	(0.2pp)
Depreciation expense	(104.1)	(108.7)	4.6	(4.2%)
Amortisation of software	(25.2)	(31.1)	5.9	(19.0%)
Pro forma EBITA	290.5	240.1	50.4	21.0%
<i>Pro forma EBITA %</i>	5.6%	5.3%	n/a	0.3pp
Amortisation of acquired intangibles assets	(24.0)	(22.1)	(1.9)	8.6%
Pro forma EBIT	266.5	218.0	48.5	22.2%
Net finance costs	(33.9)	(30.4)	(3.5)	11.5%
Pro forma profit before tax	232.6	187.6	45.0	24.0%
Income tax expense	(69.8)	(56.3)	(13.5)	23.9%
Pro forma NPAT	162.8	131.3	31.5	24.0%
Amortisation of acquired intangible assets (after tax)	16.8	15.5	1.3	8.4%
Pro forma NPATA	179.6	146.8	32.8	22.4%
<i>Pro forma NPATA %</i>	3.5%	3.2%	n/a	0.3pp

3.3 Reconciliation of statutory NPAT to pro forma NPATA

	Note	2022 \$'m	2021 \$'m
Statutory NPAT		191.2	19.5
Operating expense adjustments (pre-tax)			
Broadspectrum pro forma adjustments	1	–	(24.6)
Broadspectrum transaction and integration costs	2	5.5	67.5
Amortisation expense	3	5.8	32.7
IPO related costs	4	–	6.9
Listed public company costs	5	–	(5.5)
Ventia shareholder fee	6	–	2.5
Remuneration changes	7	–	(3.7)
Total operating expense adjustments (pre-tax)		11.3	75.8
Interest expense adjustments	8	–	107.0
Income tax adjustments	9	(39.7)	(71.0)
Total adjustments		(28.4)	111.8
Pro forma NPAT		162.8	131.3
Amortisation of acquired intangible assets (after tax)		16.8	15.5
Pro forma NPATA		179.6	146.8

1. FY21 excludes the gain on sale of APP.

2. FY22 excludes integration costs relating to Broadspectrum. FY21 excludes transaction and integration costs relating to the acquisition of Broadspectrum and the sale of APP.

3. FY21 and FY22 exclude Ventia accelerated amortisation of brands and software retired post integration of Broadspectrum.

4. FY21 excludes IPO related costs which were expensed.

5. FY21 includes incremental costs that would have been incurred as a listed company for the full year.

6. FY21 excludes Ventia's previous shareholder fee structure which is no longer in place following the IPO.

7. FY21 excludes the previous Executive Incentive Plan and includes the new share-based payment plan as if it were in place for the full year.

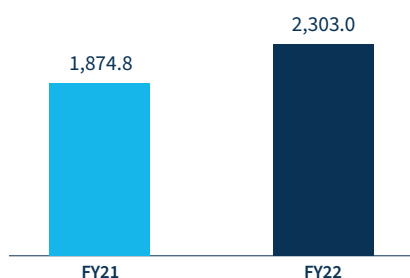
8. FY21 includes interest expense on the Syndicated Banking Facilities as though they had been in place from 1 January 2021 and excludes the repayment of the previous debt facilities (and close-out of associated hedges), including the removal of the amortisation and write-off of borrowing costs associated with the previous debt facilities.

9. FY21 and FY22 reflect the application of a pro forma tax rate of 30%, which is the Australian corporate tax rate.

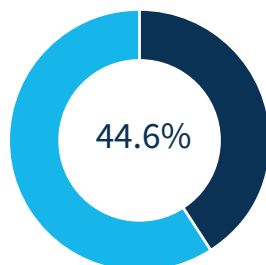
OPERATING AND FINANCIAL REVIEW

3.4 Defence and Social Infrastructure

Sector revenue (\$'m)



% of total Group revenue



FY22 SECTOR EBITDA

\$153.4m

- ↑ 19.2% on FY21
- ↑ 12.9% on FY22 Prospectus

	2022 \$'m	2021 \$'m	Variance \$'m	Variance %
Sector revenue	2,303.0	1,874.8	428.2	22.8%
% of total Group revenue	44.6%	41.2%	n/a	3.4pp
Sector EBITDA	153.4	128.7	24.7	19.2%
Sector EBITDA %	6.7%	6.9%	n/a	(0.2pp)
Sector EBITA	137.5	111.2	26.3	23.7%
Sector EBITA %	6.0%	5.9%	n/a	0.1pp

Performance

Defence and Social Infrastructure performed strongly in FY22, with revenue increasing \$428.2 million to \$2,303.0 million. This represents a 22.8% increase on FY21. This increase was driven primarily by higher volumes within existing contracts including Defence and the contribution of new contracts in Social Infrastructure.

Contract wins in FY21 which contributed to the increase in revenue in FY22 included the Across Government Facilities Management Agreement, and Austin Health. During FY22, the sector extended contracts with the Government of Western Australia to provide custodial services, and with Commonwealth Government (Department of Finance) to provide a range of property and facilities services. In addition, Ventia was awarded an extension of its contract providing Asset Maintenance Services to the NSW Land and Housing Corporation.

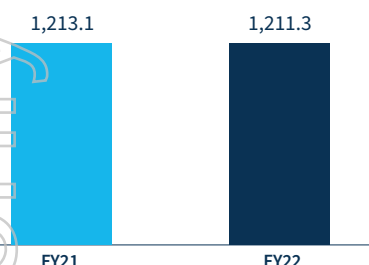
FY22 EBITDA was \$153.4 million, an increase of 19.2% on FY21. This was primarily driven by increased revenue as noted above. EBITDA % was 6.7%, a slight reduction from FY21 due to mix of work performed during FY22.

FY22 EBITA was \$137.5 million, an increase of 23.7% on FY21. EBITA % was 6.0%, which is consistent with FY21.

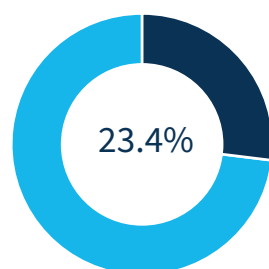


3.5 Infrastructure Services

Sector revenue (\$'m)



% of total Group revenue



FY22 SECTOR EBITDA

\$112.6m

- ⬇ 5.0% on FY21
- ⬇ 16.8% on FY22 Prospectus

	2022 \$'m	2021 \$'m	Variance \$'m	Variance %
Sector revenue	1,211.3	1,213.1	(1.8)	(0.1%)
% of total Group revenue	23.4%	26.6%	n/a	(3.2pp)
Sector EBITDA	112.6	118.5	(5.9)	(5.0%)
Sector EBITDA %	9.3%	9.8%	n/a	(0.5pp)
Sector EBITA	71.0	72.3	(1.3)	(1.8%)
Sector EBITA %	5.9%	6.0%	n/a	(0.1pp)

Performance

Infrastructure Services reported FY22 revenue of \$1,211.3 million, which was broadly in line with FY21. Revenue was stronger across Rig and Well Services in FY22 due to positive market conditions and higher utilization. This was offset by reduced performance across Water and Industrial Services mainly due to completion of a number of minor capital works projects in late FY21 and early FY22.

New contracts were awarded with City of Gold Coast and Energy Resources of Australia Ltd (Ranger Mine). Ventia was also awarded a contract extension by Yarra Valley Water to continue to deliver maintenance services across its water network. In addition, the sector renewed key contracts in Australia with BHP Western Australian Iron Ore, EnergyAustralia, BlueScope. The sector also renewed a key contract with Transpower in New Zealand.

FY22 EBITDA was \$112.6 million, a decrease of 5.0% on FY21. EBITDA percentage reduced from 9.8% to 9.3%. The decrease in EBITDA percentage is reflective of market conditions which remained competitive together with the mix of work performed in FY22.

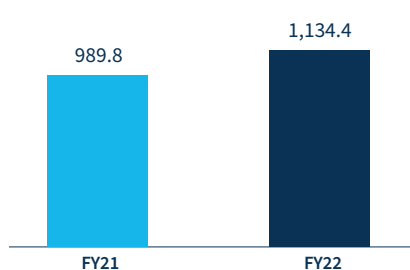
FY22 EBITA was \$71.0 million, a decrease of 1.8% on FY21. EBITA % was 5.9%, which is consistent with FY21.



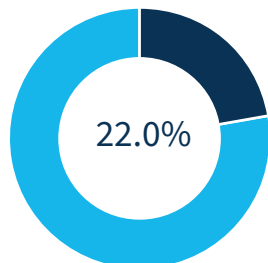
OPERATING AND FINANCIAL REVIEW

3.6 Telecommunications

Sector revenue (\$'m)



% of total Group revenue



FY22 SECTOR EBITDA

\$141.1m

- ↑ 9.0% on FY21
- ↑ 6.1% on FY22 Prospectus

	2022 \$'m	2021 \$'m	Variance \$'m	Variance %
Sector revenue	1,134.4	989.8	144.6	14.6%
% of total Group revenue	22.0%	21.7%	n/a	0.3pp
Sector EBITDA	141.1	129.5	11.6	9.0%
Sector EBITDA %	12.4%	13.1%	n/a	(0.7pp)
Sector EBITA	127.4	110.8	16.6	15.0%
Sector EBITA %	11.2%	11.2%	n/a	0.0pp

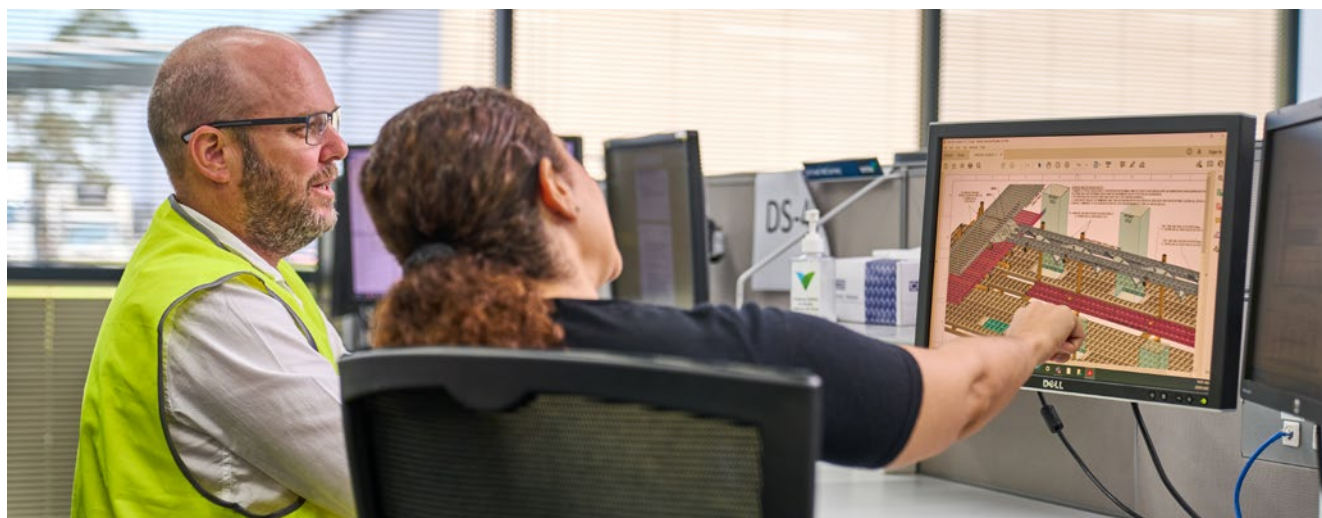
Performance

Telecommunications performed strongly in FY22, with revenue increasing \$144.6 million to \$1,134.4 million. This represents a 14.6% increase on FY21. This increase was driven primarily by higher volumes within existing contracts and contribution from new contracts.

The sector was awarded a number of key contracts in FY22 including NBN Fixed Wireless Services, Square Kilometre Array (SKA) project with the SKA Observatory, the first phase of Telstra's InterCapital fibre network build, and with Babcock International Group for the upgrade of the Australian Defence high-frequency communication network. In addition, the sector renewed key contracts including the NBN On Demand Module contract.

FY22 EBITDA was \$141.1 million, an increase of 9.0% on FY21. This was primarily driven by increased revenue as noted above. EBITDA % was 12.4%, a slight reduction from FY21 due to a change in the mix of work performed in FY22.

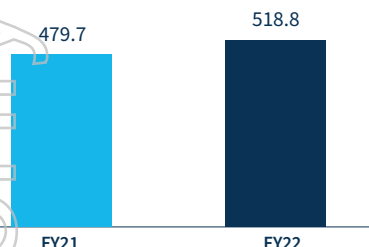
FY22 EBITA was \$127.4 million, an increase of 15.0% on FY21. EBITA % was 11.2%, which is consistent with FY21.



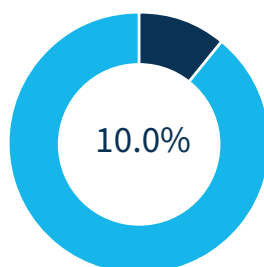
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3.7 Transport

Sector revenue (\$'m)



% of total Group revenue



FY22 SECTOR EBITDA

\$38.8m

- ↑ 19.5% on FY21
- ↑ 7.0% on FY22 Prospectus

	2022 \$'m	2021 \$'m	Variance \$'m	Variance %
Sector revenue	518.8	479.7	39.1	8.1%
% of total Group revenue	10.0%	10.5%	n/a	(0.5pp)
Sector EBITDA	38.8	32.5	6.3	19.5%
Sector EBITDA %	7.5%	6.8%	n/a	0.7pp
Sector EBITA	29.3	24.7	4.6	18.6%
Sector EBITA %	5.6%	5.1%	n/a	0.5pp

Performance

Transport performed well in FY22 despite adverse weather events around Sydney, with revenue increasing by \$39.1 million to \$518.8 million. This represents an 8.1% increase on FY21, and is mainly due to the mobilisation and ramp-up of new contracts awarded in FY21 and FY22.

New contracts contributing to the increase included Sydney Roads Asset Performance Contract and Western Harbour/Sydney Harbour Tunnel contract which were both awarded by Transport for NSW. The sector also secured new contracts during FY22 with Auckland Transport West for road maintenance services.

EBITDA was \$38.8 million, an increase of 19.5% on FY21. The improved profitability was delivered through leveraging our scalable structure. Delays in works caused by inclement weather around the country, particularly New South Wales, Queensland and Western Australia, had a neutral effect on the FY22 result with scheduled work impacts being largely offset by flood relief works.

FY22 EBITA was \$29.3 million, an increase of 18.6% on FY21. EBITA % was 5.6%, an increase of 0.5pp on FY21.



OPERATING AND FINANCIAL REVIEW

3.8 Pro forma cash flow

Operating cash flow before interest and tax

Operating cash flow before interest and tax increased by 15.7% from \$322.7 million in FY21 to \$373.3 million in FY22 and represents a cash conversion of 88.9% of EBITDA (compared to 84.9 % cash conversion in FY21). The \$50.6 million improvement in cash flow was driven by an increase in EBITDA combined with continued focus on working capital management.

Cash flow before financing and tax

Cash flow before financing and tax for FY22 increased by 17.4% from \$214.4 million in FY21 to \$251.7 million in FY22. This was driven by the operating cash flow described above, offset by an increase in payments for business combinations of \$15.5 million, mainly due to the payment of the deferred consideration for the prior year acquisition of Kordia Solutions Pty Ltd.

4. Financial Position

4.1 Liquidity and capital management

As at 31 December 2022, the Group had liquidity of \$680.0 million comprising cash balances of \$280.0 million and an undrawn committed debt facility of \$400.0 million.

Ventia maintained its banking facilities, comprising a \$750.0 million syndicated loan facility and a \$400.0 million revolving cash facility.

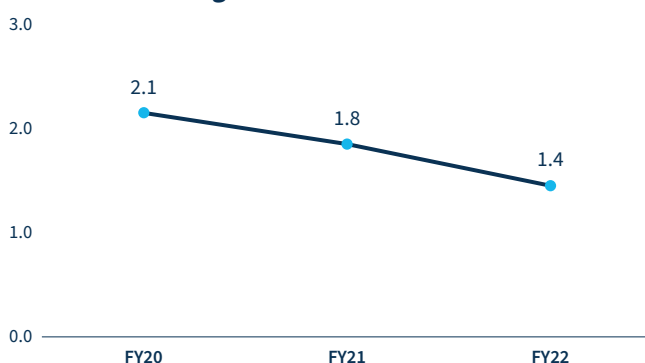
The syndicated loan facility is unsecured, committed and comprises Australian dollar tranches with maturities in 2024, 2025 and 2026.

The weighted average cash interest rate of the Group's interest bearing liabilities as at 31 December 2022 was 4.9% (2021: 2.3%) per annum.

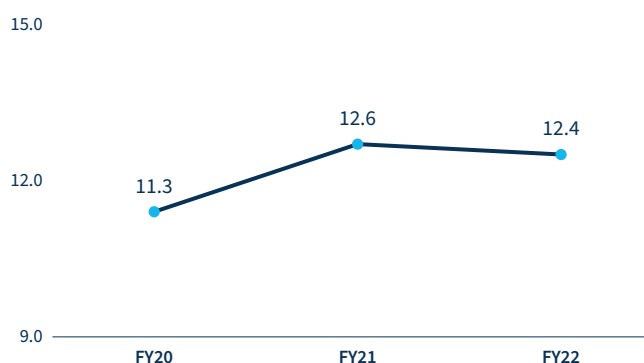
Covenants on financing facilities

The Group's financing facilities contain undertakings to comply with financial covenants and ensure that Group guarantors of these facilities collectively meet certain minimum threshold amounts of Group EBITDA and Group total tangible assets. The main financial covenants which the Group is subject to are net leverage and interest coverage. Reporting of financial covenants to financiers occurs semi-annually for the rolling 12-month periods to 30 June and 31 December. Ventia was in compliance with all its financial covenants as at 31 December 2022.

Pro forma Leverages Ratio¹



Pro forma Interest Cover Ratio²



1. Calculated as Net Debt/bank adjusted EBITDA.

2. Calculated as bank adjusted EBITDA/net finance costs.

Bank guarantees and insurance bonds

The Group has \$765.0 million (2021: \$795.0 million) of bank guarantee and insurance bond facilities on a committed and uncommitted basis to support its contracting activities. The Group's facilities are provided by a number of banks and insurance companies on an unsecured and revolving basis. The Group has utilised \$393.0 million (2021: \$424.4 million) of these facilities at 31 December 2022, with \$372.0 million (2021: \$370.6 million) unutilised.

Credit ratings

The Group has investment grade credit ratings of Baa3 (Outlook Stable) from Moody's and BBB- (Outlook Stable) from S&P.

4.2 Statutory Consolidated Statement of Financial Position

Trade and other receivables

Total trade and other receivables increased by 18.7%, or \$130.9 million, to \$831.0 million, mainly driven by business growth. Contract assets increased by \$109.3 million while trade receivables increased by \$13.4 million.

Deferred tax assets

Net deferred tax assets increased from \$220.1 million to \$235.4 million, mainly due to the recognition of tax losses during the year amounting to \$35.2 million (see Note 3.8 to the Consolidated Financial Statements for further details).

Intangible assets

Intangible assets decreased by \$50.0 million to \$77.6 million. The decrease includes \$55.0 million of amortisation charges partially offset by \$6.8 million of additions during FY22. Software and system development assets were amortised by \$31.0 million during FY22 including \$5.8 million of accelerated amortisation relating to software that will not be used by Ventia post-integration of Broadspectrum.

Trade and other payables

Total trade and other payables increased by 14.3%, or \$124.2 million, to \$995.7 million mainly driven by business growth. Trade payables and accruals increased by \$50.0 million, while contract liabilities increased by \$85.9 million.

Employee benefit liabilities

Total employee benefit liabilities decreased by 12.0%, or \$32.3 million, to \$237.5 million, mainly driven by a \$18.6 million decrease in workers' compensation and a \$11.3 million decrease in other employee benefits.

Provisions

Total provisions decreased by 15.9%, or \$39.9 million to \$211.2 million. The decrease is mainly driven by a reduction in the unfavourable contracts provision and onerous contracts provision, partly offset by an increase in warranties and contract claims. Unfavourable contracts provision reduced by \$20.4 million, representing provision utilised in FY22. Onerous contracts provision decreased by \$26.5 million, representing \$24.2 million of provisions utilised in FY22.

Net debt

Net debt is calculated as borrowings (excluding lease liabilities) less cash and cash equivalents.

Net debt has decreased by \$98.1 million to \$464.9 million, mainly due to the increase in cash held at the end of FY22 of \$99.8 million. The increase in cash held at year end reflects the strong operating cash flow of the Group.

Total equity

Total equity increased by \$130.4 million, mainly driven by \$191.2 million of profit after income tax. The other key movement for equity were payment of dividends of \$75.5 million and an increase in cash flow hedge reserve of \$6.7 million.

5. Outlook

The outlook for the Group is positive. The Group is stable, resilient and diversified. It operates in markets with strong fundamentals and which are expected to grow. The Group continues to secure new contract wins and has a strong track record in retaining and growing existing contracts. The outlook is supported by record work in hand, an investment grade balance sheet, effective cost management, and strong capability in leveraging long-term client relationships.

For FY23, NPATA growth is expected to be 7-10% as compared to FY22 pro forma NPATA.

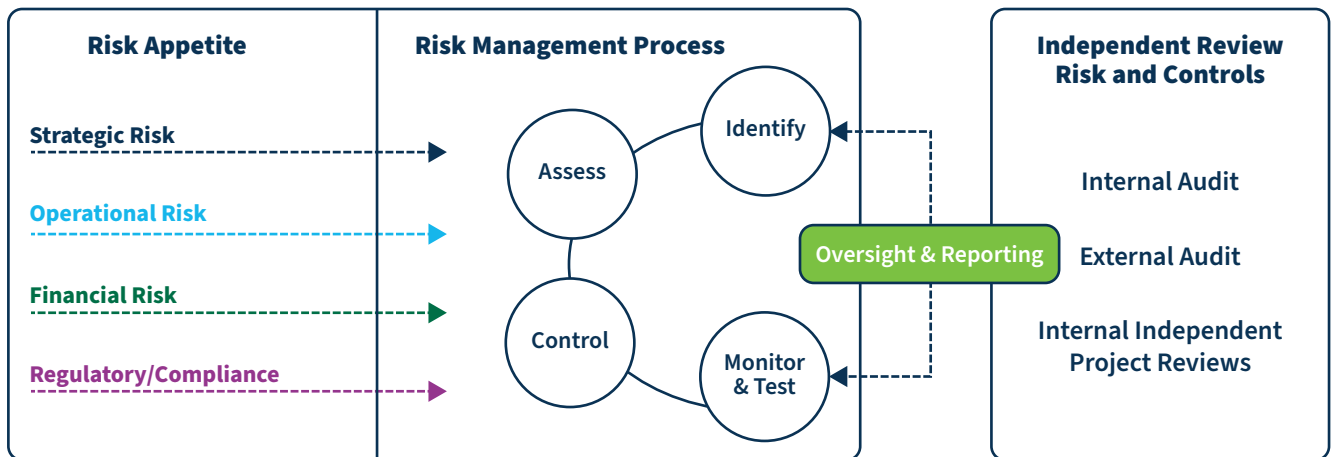
6. Risk and Opportunity Management

Risk and opportunity management is a fundamental component of Ventia's strategic and operational decision making, as Ventia seeks to achieve its ambition of making infrastructure work for communities. A strong risk management culture is critical to enabling Ventia to achieve its strategic, operational, and commercial objectives. It can also be a source of competitive advantage and a key differentiator for Ventia's clients.

Ventia is committed to being proactive in risk and opportunity management at all levels of the organisation and this is applied through embedded processes and specific practices. A risk culture of actively managing risks is embedded into how Ventia operates. A risk culture fosters the ability to identify, understand, escalate, and then openly discuss and respond to current and future risks. Ventia aims to foster a culture of positive risk behaviours which adapt to the rapidly changing business.

Ventia believes that a successful risk management framework can create opportunities by effectively identifying, assessing, and mitigating risks in a way that is aligned with the strategic framework and appetite for risk.

OPERATING AND FINANCIAL REVIEW

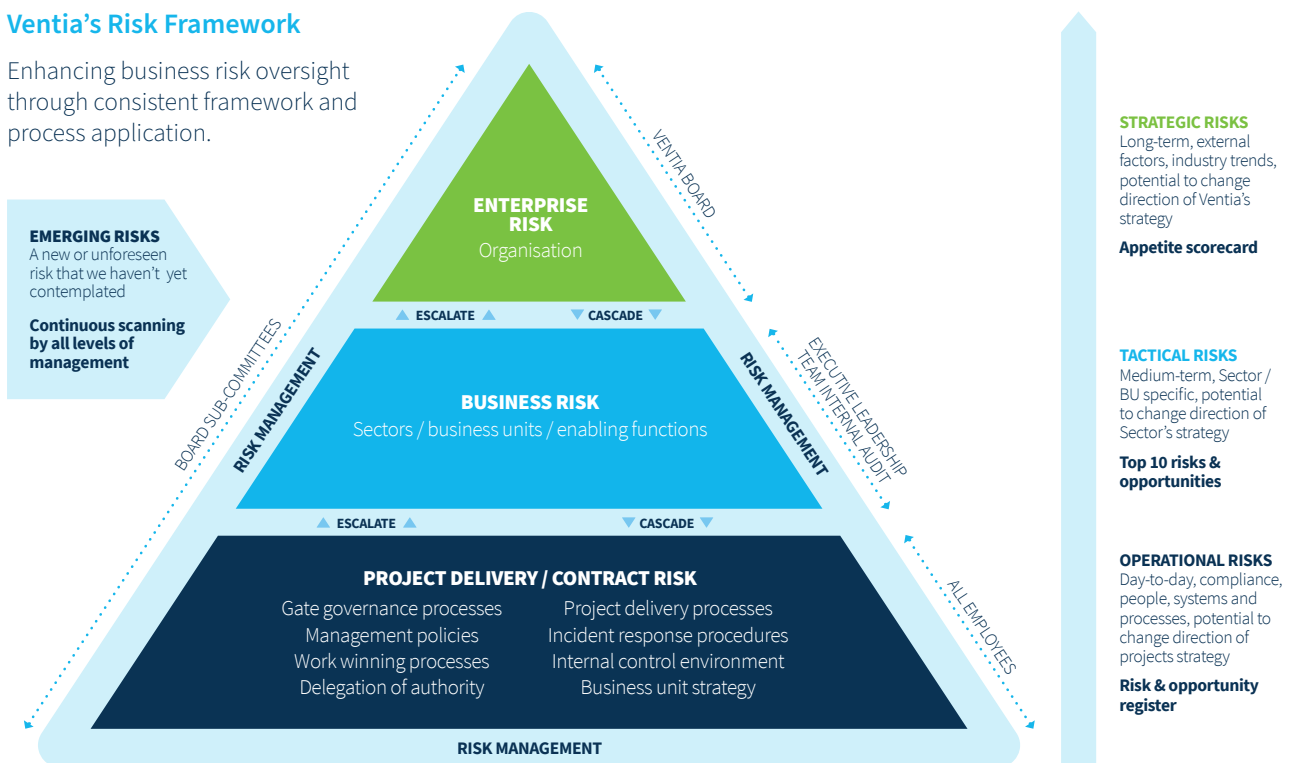


Ventia defines risk management as the identification, assessment and treatment of risks that have the potential to materially impact the operations, people, reputation, the environment and the communities in which Ventia operates, as well as the financial prospects of Ventia. The risk and opportunity management framework guides how Ventia identifies, assesses, manages, and reports on risks and opportunities across the business while ensuring that Ventia operate within the risk limits established by the Board.

The risk and opportunity management framework is overseen by the Board and the Audit, Risk and Compliance Committee (ARCC) (a sub-committee of the Board). The Board undertakes an annual review of Ventia’s risk appetite and governance and compliance arrangements. The ARCC meets quarterly and is accountable for ensuring that the risk and opportunity management framework is implemented appropriately. The Group CEO and the executive leadership team implement the risk and opportunity management framework within their areas of accountability. These roles and responsibilities are part of the overall Ventia Corporate Governance Framework, which is depicted as follows:

Ventia’s Risk Framework

Enhancing business risk oversight through consistent framework and process application.



The diversity of Ventia’s operations, geographic footprint, markets serviced, and the services provided, results in exposure to a broad range of risks but also generates opportunity which can impact Ventia’s business outcomes and financial performance.

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Key Risks	Management Approach
<p>Work winning and retention of work</p> <p>Ventia recognises that its ability to win strategically significant and value creating work will materially impact its earnings and future success.</p> <ul style="list-style-type: none"> • Ventia may fail to renew existing contracts or win new contracts • Successful panel tender processes may not guarantee new work • Commencement of new contracts may be delayed • Some counterparties may have the right to terminate their contract or renegotiate during the contract term • Ventia's existing and target clients may choose to change from outsourcing to in-sourcing services 	<ul style="list-style-type: none"> • Ventia's work winning teams identify and secure cross sector/ cross contract opportunities to bring expanded capabilities to existing clients • Project teams are tasked with utilising existing Ventia capabilities for service delivery instead of outsourcing • Cross sector selling is included in work winning and project performance reviews • Best available data is utilised across Ventia to focus on continued growth in existing contracts along with winning new work
<p>Safety and health of Ventia's workforce</p> <p>At Ventia, safety and health is the #1 brand promise. Given the nature of Ventia's operations and their locations, its workforce consisting of more than 15,000 employees and 20,000 subcontractor across Australia and New Zealand, including in remote locations may be exposed to health and safety risks in the performance of their duties.</p>	<ul style="list-style-type: none"> • Group wide Safety and Health Management System (comprising safety policies, standards, processes and management system) underpins management of health and safety, minimising injury and illness and optimising return to work • Mandatory Critical Risk Protocols, and their elements of critical controls, mandatory safety rules and safe work fundamentals, set the essential requirements and behaviours for managing high risk activities that may cause significant injury • External and internal audits validate compliance and drive continuous improvement • Healthy Minds and Healthy Bodies programs help the workforce prioritise and enhance their overall physical and psychological wellbeing
<p>Cyber security, data protection risks and third party technology providers</p> <p>Ventia relies on a complex information and communications technology platform to manage the delivery of its operations and services to its clients.</p> <ul style="list-style-type: none"> • Cyber threats that seek to attack/undermine Ventia data, client data and systems may result in information or data loss, operational disruption, brand and reputational damage, financial loss, regulatory intervention, loss of client trust as well as having the potential to impact the ability to secure future work opportunities 	<ul style="list-style-type: none"> • Ventia's Information Management Framework provides the standards for the Group and is the foundation of Ventia's approach to information security • The framework includes the requirements for service continuity and disaster recovery planning to enable the recovery of Ventia's critical business services in a timely manner to minimise the effect of disruptions and to maintain resilience • Internal and external audits and reviews validate compliance and drive continuous improvement

OPERATING AND FINANCIAL REVIEW

Key Risks	Management Approach
<p><i>Attracting and retaining capability in critical roles</i></p> <p>An ability to attract and retain the best people for critical roles demanding specific capabilities underpins performance and growth.</p>	<ul style="list-style-type: none"> • Alignment of strategy with talent management • “Have your say” survey gaining direct feedback on how to improve Ventia as a workplace • Talent management identification and individual retention strategy • Dedicated graduate programs and emerging leader programs provide pathways for career development within Ventia • Continuing an increased focus on ensuring that the diversity of our workforce matches that of the communities in which Ventia operate • Expanding the international pipelines for business critical roles, developing through external partnerships
<p><i>Operational performance and service delivery under client contracts</i></p> <p>Ventia’s purpose is to make infrastructure work for our communities. It is imperative to deliver services as per contract and on time while limiting any disputes or losses.</p> <ul style="list-style-type: none"> • A contract performance failure may lead to a failure to deliver services on time and within budget resulting in financial loss, reputational damage, loss of client trust as well as having the potential to impact the ability to secure future work opportunities • Claims for abatements, damages or indemnities may arise in connection with Ventia’s service delivery under client contracts • Ventia may fail to properly understand client requirements, drivers of client demands or cost inputs • Subcontractors or suppliers may fail to meet their delivery obligations 	<ul style="list-style-type: none"> • The tender risk management process evaluates opportunities before a commitment to contract is made. The process evaluates contract risk, liability exposure, existing capacity and capability as well as risk/reward return. Each opportunity is subject to review at a number of gates as each opportunity proceeds through the work winning process • Project performance reviews by sector and CEO/CFO monitor service delivery and drive early intervention/improvement • Active risk and opportunity management at project level as part of project performance • A new reporting system has been implemented to allow real time monitoring of contract performance • Material issues are reported to the Board and ARCC
<p><i>Non-compliance or change in regulation</i></p> <p>Ventia operates under a complex regulatory landscape of federal, state and local laws and regulations. Failure to comply may result in prosecution, fines and penalties, imposition of conditions or other sanctions.</p> <ul style="list-style-type: none"> • Changes in government policy or regulatory settings may increase complexity and cost of service delivery • A large payroll with varied industrial agreements creates payroll complexity. Failure to pay employees in line with statutory or other entitlements may result in regulatory intervention, loss of trust with employees and reputation damage • The industrial landscape is changing with new government amendments to industrial legislation being introduced and an increase in union activism 	<ul style="list-style-type: none"> • Compliance and assessment of the risk of changes to regulatory requirements, forms part of the work winning process and operational decision making • Corporate direction and assistance to operations through the risk and opportunity framework drives compliance and consistency • Proactive management approach to rationalisation and simplification of industrial agreements that comply with regulatory regime

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Key Risks	Management Approach
<p>Impact of climate change on our operations and our people¹</p> <p>The impacts of climate change will result in more severe weather events. Impacts to Ventia may include:</p> <ul style="list-style-type: none"> • Changes in risk profile in relation to physical personnel risks, particularly in remote locations • The impact of increased severe climate events may disrupt Ventia's workforce and increase volume of work in some locations • Fixed-risk profile long-term contracts may not have adequate visibility of potential future climate risks • Extreme weather and other impacts of climate change could result in external price shocks and impact supply chains 	<ul style="list-style-type: none"> • Use scenario planning and analysis, and stakeholder engagement to identify and monitor climate related risks and opportunities across various time horizons • Safe systems of work applied to manage injury and wellbeing impact to staff. This can include review and planning for weather events prior to work • Redistribute resources to impacted areas by leveraging Ventia's broad geographical resource spread
<p>Labour availability</p> <p>The growing demand for workers coupled with the current constraints on workforce availability is resulting in strong competition for workers, occupational shortages across many industries and other challenges for businesses and communities.</p>	<ul style="list-style-type: none"> • Development of Employee Value Proposition • Increase new applicant pipeline through additional campaigns and an increase in social media presence • Diversity engagement with career Seekers and career Trackers • Hiring Manager upskilling programs and improved data dashboards • Partnerships with key third parties to assist in increasing diversity hires and highly specialised roles • Leverage contingent labour • External and client presentations - key leaders presenting externally and with key clients
Key Opportunities	Management Approach
<p>Cross sector selling</p> <p>The diversity of Ventia's business creates opportunities to offer a wider range of services across different markets, providing more wholistic solutions for our clients</p>	<ul style="list-style-type: none"> • Creation of State-Based Steering Committees to drive collaboration internally and externally • Within sector and cross sector opportunity sharing • Whole of business solutions
<p>Climate change provides business opportunities for Ventia</p> <p>Ventia can gain advantage through offering both transition and adaptation services in response to climate change</p>	<ul style="list-style-type: none"> • Sustainability strategy establishes a business-wide objective to achieve net-zero emissions and support clients to achieve their climate goals • Provision of services supporting the energy transition and providing energy resilience solutions • Provision of services consistent with a lower carbon world including whole-of-asset management services and maintenance and capital works in response to the physical impacts of climate change • Pursue innovations in materials and technologies in how projects are delivered

1. Ventia supports the aims of the Task Force on Climate-related Financial Disclosures, and will continue to work with clients and suppliers to propose, execute and measure solutions to support their efforts and Ventia's in reducing greenhouse gas emissions. See the Sustainability Report for more information on Ventia's focus on Climate Change and the risks that the organisation may face.

OPERATING AND FINANCIAL REVIEW

Key Opportunities	Management Approach
<p>Improving client focus</p> <p>Ventia recognises that repeat clients are the ultimate performance indicator and will continue to invest in initiatives to understand further client needs and requirements</p>	<ul style="list-style-type: none"> • Implementation of client segmentation models and account plans for key clients • Focus on renewals and extensions to ensure long-term relationships • Continuous improvement in the tender processes to ensure continued contract wins
<p>Drive differentiation through leadership in sustainability and environment, social and governance practices</p> <p>Ventia is a leader in sustainability, working collaboratively with clients to improve performance and work winning outcomes</p> <p>Ventia recognise that every decision and action it takes is an opportunity to make a positive impact on the people and world around us</p>	<ul style="list-style-type: none"> • Group commitment with aligned objectives towards creating a positive lasting legacy for people and the planet • Dedicated sub-committee of the Board to oversee and guide the direction and commitment to sustainable targets and deliverables • Commitment to science based targets for emissions reduction and net-zero • Commitment to and delivery of governance best practice • Sustainability Council supported by Working Parties with representation from across Ventia • Decarbonisation plan actioned with transition to electric and hybrid Vehicles and identification of renewable electricity sources • New market opportunities in remediation and rehabilitation projects e.g. mine rehabilitation, soil remediation, carbon capture projects
<p>Diversity and Inclusion</p> <p>Ventia recognises that creating a work environment which attracts and retain diverse talent will improve recruitment and performance outcomes</p>	<ul style="list-style-type: none"> • Diversity and Inclusion working party • Strategy aligned with the United Nations Sustainable Development Goals • Committed to HESTA 40:40 Vision • Target of 40% female participation in all levels of the business • Reconciliation Action Plan delivering tangible results and driving continuous improvement to support reconciliation and respectful engagement with Aboriginal and Torres Strait Islander people across Australia • Dedicated Te Ara O Rehua working party to enhance Māori participation, build cultural capability across the New Zealand business and further support Māori owned businesses • Procurement processes aimed at creating social value through seeking suppliers who operate ethically, take environmental considerations into account, facilitate opportunities for indigenous communities in both Australia and New Zealand and enhance social inclusion for minority groups or the disadvantaged

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Directors' Report



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DIRECTORS' REPORT

This is the report of the Directors of Ventia Services Group Limited (Ventia or Company) in respect of Ventia and the entities it controlled at the end of, or during, the financial year ended 31 December 2022 (together referred to as the Group).

Directors

The following persons held office as Directors of the Company during the financial year ended 31 December 2022 and up to the date of this report, unless otherwise stated:

Mr David Moffatt (Chairman)
Mr Dean Banks (Managing Director) (appointed on 14 June 2022)
Mr Michael Cooper (Alternate Director) (resigned on 31 March 2022)
Mr Robert Cotterill (resigned on 31 March 2022)
Mr Kevin Crowe
Mr Jeffrey Forbes
Ms Sibylle Krieger
Mr Steve Martinez (Alternate Director)
Ms Lynne Saint
Mr Ignacio Segura Surinach (resigned on 31 March 2022)
Ms Anne Urlwin ONZM

All of the current Directors are non-executive directors, except for Mr Dean Banks who is the Managing Director and Group Chief Executive Officer.

Principal activities

The Group is one of the largest essential services providers in Australia and New Zealand. The Group organises its operations into four sectors as follows:

- Defence and Social Infrastructure provides maintenance and support services to clients operating across defence, social infrastructure (education, health and state government), housing and community (justice and social housing), local government and critical infrastructure. Ventia also provides property and consulting services to public and private clients;
- Infrastructure Services supports the ongoing maintenance of infrastructure including utilities (water, electricity and gas), resources and industrial assets (mining, oil and gas, and manufacturing) and resources development (minerals, oil and gas). The sector also provides complex and large-scale environmental remediation and rehabilitation services, and leverages technologies aimed at enhancing customer productivity and sustainability;
- Telecommunications provides end-to-end service capabilities that span design, supply, minor construction, installation, commissioning and maintenance of telecommunications networks and infrastructure; and
- Transport provides maintenance, project delivery and technology solutions to owners and operators of road, motorway, tunnel and rail networks.

Further details of the results of operations and likely developments are set out in the Operating and Financial Review on pages 48-64.

Significant changes in the state of affairs

There were no significant changes in the nature of activities of the Group during the financial year.

Directors' shares

As at the date of this report, the relevant interest of the current Directors in the shares of the Company were:

Director	Number of Shares
D Moffatt	9,962,179
K Crowe	Nil
J Forbes	126,470
S Krieger	105,882
L Saint	88,235
A Urlwin	106,955
D Banks	9,000,000

The Directors and meetings of Directors

The table below sets out the Directors of the Company and their attendance at Board and Committee meetings during the financial year ended 31 December 2022.

Director	Board Meetings		Audit, Risk and Compliance Committee		People and Remuneration Committee		Safety and Sustainability Committee		Work Winning and Tender Committee		Nominations Committee	
	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
D Moffatt	9	9	4	4	–	–	4	4	4	4	2	2
R Cotterill ¹	2	2	1	1	–	–	–	–	1	1	1	1
K Crowe	9	8	–	–	5	5	–	–	4	4	–	–
J Forbes	9	9	4	4	–	–	–	–	4	4	2	2
S Krieger	9	9	–	–	5	5	4	4	4	4	2	2
L Saint	9	9	4	4	5	5	4	4	–	–	2	2
I Surinach ¹	2	2	–	–	1	1	1	1	–	–	–	–
A Urlwin	9	9	4	4	5	5	4	4	–	–	2	2
D Banks ²	4	4	–	–	–	–	–	–	–	–	–	–

(A) Number of meetings eligible to attend. (B) Number of meetings attended.

¹ Resigned on 31 March 2022.

² Mr Dean Banks was appointed as Managing Director on 14 June 2022.

At times, Directors also attend meetings of Committees of which they are not a member. This is not reflected in the attendance table above.

Details of Director experience, qualifications and other listed company directorships are set out on pages 68-70.

Company Secretaries

Zoheb Razvi

Debbie Schroeder (appointed on 8 April 2022)

Jonathan Dockney (resigned on 9 December 2022)

Details of Company Secretary experience and qualifications are set out on pages 71.

DIRECTORS' REPORT

Current Non-Executive Directors



David Moffatt
Chairman, Non-Executive
Director

Joined the Board in December 2014: Board Chairman, Member of the Nominations Committee, Audit, Risk and Compliance Committee, Safety and Sustainability Committee and Work Winning and Tender Committee.

Skills and Experience: David has over 30 years' experience in executive leadership, including as CEO, CFO and as a Director for companies in the telecommunications, financial services, infrastructure services and media industries. He has lived and worked in Australia, the United States, Europe and Asia.

David is the Chair of a joint venture partnership between Challenger Limited (ASX: CGF) and Apollo (NYSE: APO). David's previous roles include Chairman of Asurion Asia Pacific and CEO of Lebara Group. He was Chief Financial Officer and Group MD Finance for Telstra Corporation Limited and Group MD Telstra Consumer, serving on the Boards of the Telstra-affiliated businesses Foxtel, CSL (Hong Kong) and Reach (Hong Kong). He was also CEO of GE and GE Capital Australia & New Zealand.

David's community and charitable activities include being a founding Director of Giant Steps, a school for autistic children, and a former Director for The Australian Centre for Philanthropy and Non-Profit Studies (Queensland University of Technology (QUT)).

Degrees/Qualifications: David holds a Bachelor Business from QUT and was recently awarded an Honorary Doctorate at QUT.



Lynne Saint
Independent Non-Executive
Director

Joined the Board in October 2021: Independent Non-Executive Director, Chair of the Audit, Risk and Compliance Committee, and a Member of the Nominations Committee, People and Remuneration Committee and Safety and Sustainability Committee.

Skills and Experience: Lynne has broad financial and commercial experience from a global career including almost 20 years with Bechtel Group where she served as Chief Audit Executive and Chief Financial Officer of the mining and metals global business unit. Her expertise encompasses strong financial skills, corporate governance, enterprise risk, supply chain risk and project management.

Prior to Bechtel, Lynne worked in commercial roles at Fluor Daniel and Placer Dome. She also held consulting and auditing roles with PwC and KPMG. In 2003, she was recognised as the Telstra Queensland Businesswoman of the Year. She currently serves as a Non-Executive Director of Nufarm Limited (ASX: NUF) and Iluka Resources Limited (ASX: ILU).

Degrees/Qualifications: Lynne holds a Bachelor of Commerce and a post-graduate diploma in Education Studies from The University of Queensland. She is a Fellow of CPA Australia and the Australian Institute of Company Directors.



Sibylle Krieger
Independent Non-Executive
Director

Joined the Board in October 2021: Independent Non-Executive Director, Chair of the People & Remuneration Committee, and Member of the Nominations Committee, Safety and Sustainability Committee and Work Winning and Tender Committee.

Skills and Experience: Sibylle has over 40 years of broad commercial experience as a lawyer, economic regulator, company director and independent consultant. She was a partner in two large commercial law firms for 22 years and has over 15 years' experience as a Non-Executive Director and Chair across listed and unlisted companies in multiple sectors. Her current portfolio includes financial services, fintech, essential infrastructure services and energy.

Sibylle is currently a Non-Executive Director of Openpay Group Limited (ASX:OPY), AEMO Services Limited and MyState Bank Limited (ASX:MYS). She is also a member of the advisory board of Law Squared, a challenger "new law" firm. She has previously served as Chair of Xenith IP Group Limited (ASX:XIP) and as a Director of Sydney Ports Corporation, Allconnex Water, TasWater, Vector Limited (NZE:VCT), Australian Energy Market Operator Ltd, and as a trustee of the Royal Botanic Gardens and Domain Trust and of Sydney Grammar School. In addition, for six years Sibylle served as a Tribunal member of the principal NSW economic regulatory tribunal.

Degrees/Qualifications: Sibylle holds an LLB (Hons) from The University of Adelaide, an LLM from Columbia University New York and an MBA from Melbourne Business School. She is a Fellow of the Australian Institute of Company Directors.

Current Non-Executive Directors



Anne Urlwin ONZM
Independent Non-Executive
Director

Joined the Board in October 2021: Independent Non-Executive Director, Chair of the Safety and Sustainability Committee, and Member of the Nominations Committee, Audit, Risk and Compliance Committee and People and Remuneration Committee.

Skills and Experience: Anne is a Wanaka (New Zealand) based professional director with experience in a range of sectors including construction, infrastructure, telecommunications, energy, regulation, health and financial services.

Anne is a Non-Executive Director of Infratil Limited, Precinct Properties New Zealand Limited (NZE: PCT), Summerset Group Holdings Limited (NZE: SNZ) (retiring on 28 February 2023), Queenstown Airport Corporation Limited (retiring on 28 February 2023) and Vector Limited. Her other directorships include City Rail Link and she chairs the Audit and Risk Committee of Te Rūnanga o Ngāi Tahu.

Anne is a former director of Tilt Renewables Limited, Chorus Limited and Meridian Energy Limited, and a former Chair of national commercial construction group Naylor Love Enterprises Limited and the New Zealand Blood Service.

In June 2022, Anne received an Officer of the New Zealand Order of Merit for her significant contribution to the business community in New Zealand.

Degrees/Qualifications: Anne holds a BCom from the University of Canterbury and is a Chartered Fellow of the Institute of Directors in New Zealand, a member of the Australian Institute of Company Directors, a Fellow of Chartered Accountants Australia and New Zealand and associate member of Governance New Zealand (the NZ Division of the Chartered Governance Institute).



Jeff Forbes
Lead Independent
Non-Executive Director

Joined the Board in October 2021: Lead Independent Non-Executive Director, Chair of the Nominations Committee, and Member of Audit, Risk and Compliance Committee and Work Winning and Tender Committee.

Skills and Experience: Jeff is an experienced Finance Executive and Company Director with over 30 years' merger and acquisition, equity and capital markets and project development experience.

As an executive, Jeff worked at Cardno Limited, an engineering and environment consultancy company, as CFO, Executive Director and Company Secretary before leaving in 2013 to commence Non-Executive Director roles. He has spent time as a Non-Executive Director and member of the remuneration and audit and risk committees of both listed and unlisted companies in a variety of sectors.

Prior to Cardno, Jeff was the CFO, Company Secretary and Executive Director at Highlands Pacific Limited, a PNG-based mining and exploration company. He has significant experience in capital raisings and during his career has worked for numerous major companies including Rio Tinto, BHP and CSR.

Jeff is the Non-Executive Chair of Herron Todd White Group, and Non-Executive Director of Cardno Limited (ASX: CDD), PWR Holdings Limited (ASX: PWH). He resigned as Non-Executive Director of Intega Group Limited in December 2021.

Degrees/Qualifications: Jeff holds a Bachelor of Commerce from The University of Newcastle and is a Graduate of the Australian Institute of Company Directors.



Kevin Crowe
Non-Executive Director
(Nominee of Apollo)

Joined the Board in December 2014: Non-Executive Director (Nominee of Apollo), Chair of the Work Winning and Tender Committee, and Member of the People and Remuneration Committee.

Skills and Experience: Kevin is a Partner in the Private Equity group of Apollo Global Management, a global alternative asset manager. He joined Apollo Global Management in 2006 and is based in London, having also spent extensive time in Apollo Global Management's New York and Hong Kong offices.

Kevin is currently a Director of Haydock Finance and has previously served as a Director on the Boards of Norwegian Cruise Line, Nine Entertainment Company, Prestige Cruise Holdings and Quality Distribution.

Prior to joining Apollo Global Management, Kevin was a member of the Financial Sponsors group in the Global Banking department of Deutsche Bank Securities.

Degrees/Qualifications: Kevin graduated from Princeton University with a Bachelor of Arts in Economics and a Certificate in Finance.

DIRECTORS' REPORT

Current Non-Executive Directors

Steve Martinez
Alternate Director to
Kevin Crowe

Joined the Board in December 2014 and resigned in October 2021. Appointed as an Alternate Director to Kevin Crowe in October 2021.

Skills and Experience: Steve is currently the Head of Asia-Pacific, Senior Partner, Private Equity Apollo Management. He joined the firm in 2000 and during his tenure has led investments in a variety of sectors including shipping, leisure, media and general industrial. He is a member of Apollo's Senior Management Committee.

Steve has led investments for Apollo in a variety of sectors including shipping, leisure, media and general industrial. Prior to joining Apollo, Steve was a member of the Mergers and Acquisitions Group of Goldman, Sachs & Co. Before that, he worked in Asia at Bain & Company.

Whilst a Non-Executive Director of Ventia, Steve was the Chair of the Audit, Risk & Compliance Committee. Currently, Steve is an Alternate Director to Kevin Crowe on the Board of Ventia.

Current Executive Directors



Dean Banks
Managing Director &
Group CEO

Joined the Board in June 2022: Managing Director.

Skills and Experience: Dean commenced as Ventia Group CEO in January 2021 before being appointed as the Managing Director in June 2022.

In his prior role, Dean led the successful transformation of leading United Kingdom infrastructure business, Balfour Beatty.

Dean has spent the last 15 years in C-suite roles in FTSE 250 global businesses in the construction, manufacturing and services industries. With a strong focus on safety and continuous improvement, Dean has an impressive track record of delivering improvements and successful outcomes to global organisations.

Degrees/Qualifications: Dean has completed the INSEAD Advanced Management Programme, and the Integrated Management Development Scheme from Warwick University.

Former Non-Executive Directors

Particulars relating to Directors who resigned during 2022 are provided below.

Former Non-Executive Directors

Robert Cotterill
Non-Executive Director
(Nominee of CIMIC)

Joined the Board in May 2016 and resigned in March 2022.

Skills and Experience: Robert is the Executive General Manager of Strategy, Mergers and Acquisitions at CIMIC.

Robert joined the CIMIC Group in 2007. He is a part of the executive leadership team at CIMIC and has held various positions within CIMIC. He was instrumental in the formation of Ventia, the sale of John Holland, and the 50% sale of Thiess.

Robert has also played leading roles in various private financing and public private partnership infrastructure transactions throughout Australia and New Zealand.

Prior to joining CIMIC, Rob worked as a strategy consultant for Booz Allen Hamilton (renamed Strategy &) and as a graduate engineer at KBR.

Degrees/Qualifications: Robert holds a Bachelor of Engineering (Environmental Engineering) with Honours and a Master of Commerce from the University of NSW.

Ignacio Segura Surinach
Non-Executive Director
(Nominee of CIMIC)

Joined the Board in March 2021 and resigned in March 2022.

Skills and Experience: Ignacio is Deputy Chief Executive Officer and Chief Operating Officer CIMIC. He joined the CIMIC Group in 2018. He was formerly the Chief Executive Officer of Dragados (2012-2017), an ACS Group company.

Ignacio joined ACS Group in 1999 and held roles including General Manager of Galicia in ACS Proyectos, Obras y Construcciones (1999-2004), Executive General Manager for Building in Spain of Dragados (2004-2006) and Managing Director of Dragados (2006-2012).

Ignacio is a civil engineer with 30 years of international experience in the construction sector.

Degrees/Qualifications: Ignacio holds a Master of Science in Civil Engineering from the Polytechnic University of Madrid (1990).

Company Secretaries

Details of Company Secretary experience and qualifications are set out below:

Company Secretaries



Zoheb Razvi
Group Company Secretary

Joined Ventia in 2019.

Zoheb has over 15 years' experience as a commercial, corporate lawyer and governance professional. Prior to joining Ventia, he held several legal counsel and company secretary roles in Australia and New Zealand, including Coca-Cola Amatil and Sydney Water Corporation.

He holds a Master of Laws (Monash University), and a Bachelor of Laws and Bachelor of Commerce (University of Otago).



Debbie Schroeder
Group General Counsel

Joined Ventia in 2022.

Debbie joined Ventia in January 2022 and is currently the Group General Counsel. She has extensive experience as a commercial lawyer and governance professional in a listed environment.

Prior to joining Ventia, Debbie was employed as the Head of Legal, Company Secretariat and Risk Management at CSR Limited. She holds a Bachelor of Laws from The University of Sydney.

Dividends

Details of dividends for the current and previous financial year are as follows:

	2022 \$'m	2021 \$'m
Final dividend for 2022 of 8.28 cents per share to be paid on 6 April 2023 (80% franked)	70.8	–
Interim dividend for 2022 of 7.47 cents per share paid on 7 October 2022 (80% franked)	62.9	–
Final dividend for 2021 of 1.47 cents per share paid on 6 April 2022 (fully franked)	–	12.6
Interim dividend for 2021 of 6.25 cents per share paid on 31 March 2021 (fully franked)	–	38.5

Since the end of the year, the Directors have resolved to pay a final dividend of 8.28 cents per fully paid ordinary share, 80% franked. In accordance with AASB 110 Events after the Reporting Period, the aggregate amount of the proposed final dividend of \$70.8 million is not recognised as a liability at 31 December 2022.

Environmental regulation

The Group is committed to a safe and sustainable future for our employees, customers and communities. The Group operates within an integrated Environmental Management System (System), externally verified to ISO AS/NZS14001 requirements.

The System provides a framework for identifying and managing environmental aspects and impacts and embeds a culture of continual improvement for environmental performance across the business.

Our System contains a suite of policies and procedures that guide our environmental performance, complemented by supporting tools and training to ensure our people are supported to deliver positive environmental outcomes.

Our System undergoes an internal auditing and review program each year to ensure we continue to meet International Standards' requirements and industry best practice. As at 31 December 2022, no prosecutions for breaches of environmental legislation had been brought against the Group.

DIRECTORS' REPORT

Directors' and officers' indemnity/insurance

The Constitution of the Company provides that the Company will indemnify to the maximum extent permitted by law any current or former Director, secretary or other officer of the Company or a wholly-owned subsidiary of the Company against:

- i. Any liability incurred by the person in that capacity;
- ii. Legal costs incurred in defending, or otherwise in connection with proceedings, whether civil, criminal or of an administrative or investigatory nature in which the person becomes involved because of that capacity; and
- iii. Legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties.

Directors and officers of Ventia Services Group Limited and certain subsidiaries have entered into a Deed of Indemnity, Access and Insurance that provides for indemnity against liability as a Director or officer, except to the extent of indemnity under an insurance policy or where prohibited by statute. The deed also entitles the Director or officer to access company documents and records, subject to undertakings as to confidentiality, and to receive directors' and officers' insurance cover paid for by the Company.

During or since the end of the financial year, the Company has paid or agreed to pay a premium in respect of a contract of insurance insuring Directors and officers, and any persons who will insure these in the future, and employees of the Company and its subsidiaries, against certain liabilities incurred in that capacity. Disclosure of the total amount of the premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of insurance.

Non-audit services

During the year, Deloitte Touche Tohmatsu Australia, the Company's auditor, has performed certain other services in addition to their statutory duties. The Board is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* or as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks or rewards.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 6.2 to the Consolidated Financial Statements.

Indemnity of auditor

Ventia Services Group Limited's auditor is not indemnified under Ventia's constitution, or any agreement.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 92.

Auditor's appointment and rotation

Deloitte Touche Tohmatsu were appointed as the Company's external auditor prior to the initial public offering of Ventia Services Group Limited in November 2021. Harriet Fortescue has been the lead engagement partner for the external audit since the financial year ended 31 December 2021 and in accordance with the auditor rotation requirements of the *Corporations Act 2001* will be required to rotate subsequent to the finalisation of the audit of the Group for the year ending 31 December 2025. The shareholders of the Company approved the appointment of Deloitte Touche Tohmatsu as the Company's external auditor at the Company's Annual General Meeting on 5 May 2022.

Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the *Corporations Act 2001*.

Rounding of amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Instrument amounts in the Directors' Report and the Consolidated Financial Statements are rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with that Instrument, unless otherwise indicated.

Corporate Governance Statement

Ventia believes good governance is fundamental to achieving its purpose of 'making infrastructure work for our communities'. Ventia's approach to governance is based on its values and strategy. They are the guide to ensuring a focus on what is right, and what is important to clients and employees.

The Company's Corporate Governance Statement for the year ended 31 December 2022 may be accessed from the Company's website at www.ventia.com.

Matters subsequent to balance date

Since the end of the financial year, the Directors have resolved to pay a final dividend of 8.28 cents per fully paid ordinary share, 80% franked (2021: 1.47 cents per share).

In accordance with AASB 110 Events after the Reporting Period, the aggregate amount of the proposed final dividend of \$70.8 million (2021: \$12.6 million) is not recognised as a liability as at 31 December 2022.

Unless disclosed elsewhere in the Consolidated Financial Statements, no other material matter or circumstance has arisen since 31 December 2022 that has significantly affected or may significantly affect:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

Other information

The following information, contained in other sections of this Annual Report, forms part of this Directors' Report:

- Operating and Financial Review details on pages 48-64 inclusive in the Annual Report;
- Remuneration Report from pages 74-91; and
- Auditor's Independence Declaration on page 92.

This Report is made in accordance with a resolution of the Directors of the Company and is dated 23 February 2023.



David Moffatt

Chairman

Remuneration Report

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Letter from the Chair of People and Remuneration Committee

Dear Shareholders

On behalf of the Directors of Ventia Services Group Limited (Ventia or Company), I am pleased to present the Remuneration Report (Report) for Ventia for the year ended 31 December 2022 (FY22).

The Report describes the Group's Director and Executive remuneration frameworks and how they contribute to the execution of our business strategy and support our values.

FY22 Executive remuneration framework

Last year marked a significant milestone for Ventia, with the Company listing on the Australian Securities Exchange and New Zealand's Exchange.

Since listing, Ventia's Executive remuneration framework remains driven by the same purpose: to facilitate long-term sustainable growth for Ventia's shareholders and align our Executives to value creation. To facilitate this, as set out in last year's Report, Ventia implemented the following changes in FY22:

- **Short-term incentive (STI):** 25% of awards deferred into equity, delivered over two years;
- **Long-term incentive (LTI):** delivered over five years via share appreciation rights (SARs); and
- **Minimum shareholding requirements:** equivalent to 100% of base fees for Non-Executive Directors (NEDs), 200% of fixed remuneration for the Managing Director and Group Chief Executive Officer (CEO) and 100% of fixed remuneration for the Chief Financial Officer (CFO).

Our approach remains focused on ensuring levels of remuneration and the remuneration framework are market-competitive and sufficient for the attraction, motivation and retention of suitably qualified individuals focused on Ventia's strategic priorities. This is particularly the case given the challenging talent market conditions.

Further details on the structure of Ventia's Executive remuneration framework are set out in Section 4 of the Report.

Link between performance and remuneration outcomes

Ventia's FY22 STI performance is primarily assessed against our safety, financial, strategic initiatives and sustainability measures.

- Ventia's safety performance measured against forward-looking and backward-looking measures was strong and clearly reinforces our number-one brand promise of 'safety and health above all else'.
- Our performance assessed against our key financial measures was also strong. Performance exceeded all three financial measures underlying the prospectus forecasts. Performance assessed against our STI financial measures were slightly below target for NPATA and free cash flow.
- Performance was below our threshold target with respect to our key strategic initiative measure focused on cross selling.
- Performance exceeded our maximum target with respect to our sustainability measure of carbon emissions intensity.

This performance resulted in STI outcomes for our CEO and CFO of 107.4% of target (71.6% of maximum). Further details on the link between performance and STI outcomes is set out in Section 3.3.1 of the Report.

Ventia's LTI plan is subject to a pre-grant assessment based on past performance against key longer-term measures being:

- Work in hand as at 31 December 2022;
- Pro forma cash conversion ratio, being the combined ratio of FY21 and FY22; and
- Earnings per share (EPS) compound annual growth rate (CAGR) for FY20 to FY22.

Whilst EPS CAGR performance exceeded the maximum LTI target, performance in relation to work in hand and pro forma cash conversion ratio were between threshold and target. This resulted in an overall outcome slightly above target (101.7% of target) and delivered an LTI award of 76.3% of maximum for both the CEO and CFO.

The LTI awards will be delivered to our Executives in SARs. These vest in equal tranches over two, three and four years subject to return on equity (ROE) performance and additional sale restrictions. Given the nature of the SARs, value is only delivered to the Executives if there is share price growth over the vesting periods. Further details on the link between performance and LTI awards is set out in Section 3.3.2 of the Report.

No changes to fixed remuneration levels for Key Management Personnel (KMP) or NED fees were made during FY22 and no changes are anticipated for FY23.

REMUNERATION REPORT

Legacy Ventia Executive Incentive Plan

Prior to listing, an Executive Incentive Plan (EIP) was in place, designed to promote long-term shareholder alignment as well as to attract, motivate and retain those whose contributions are important to the Company's success. During the year, 1,780,943 EIP shares vested under the EIP to KMP. The legacy EIP will continue to run until 1 January 2026.

Further details are provided in Section 4.4 of the Report.

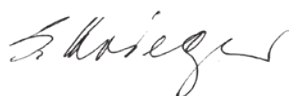
FY23 remuneration

The Board continues to monitor and adjust our Executive remuneration framework so that it continues to evolve to support our strategy. In this context, from FY23:

- To provide for stronger shareholder alignment, the component of STI deferred will increase to 50% of the award; and
- To promote a longer-term view, under our LTI we will continue to move to rolling three-year averages to targets affecting initial grants of SARs.

On behalf of the Directors, we look forward to welcoming you and receiving your feedback at our forthcoming Annual General Meeting.

Your sincerely



Sibylle Krieger

Chair, People and Remuneration Committee

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The Board of Directors of Ventia Services Group Limited (Company or Ventia) present the Remuneration Report (Report) prepared in accordance with section 300A of the *Corporations Act 2001* for the Company and its controlled entities for the year ended 31 December 2022 (FY22).

1. Key Management Personnel

This Report outlines the remuneration strategy, framework and other conditions of employment for the Key Management Personnel (KMP) of Ventia for FY22. For the purpose of this Report, KMP are those persons having authority and responsibility for planning, directing and controlling the major activities of Ventia, directly or indirectly, including any Director.

Details regarding the KMP covered by this Report are outlined below:

Name	Position	Term as KMP
Non-Executive Directors		
David Moffatt	Chairman, Non-Executive Director	Full year
Jeff Forbes	Lead Independent Non-Executive Director, Chair of the Nominations Committee	Full year
Lynne Saint	Independent Non-Executive Director, Chair of the Audit and Risk Committee	Full year
Sibylle Krieger	Independent Non-Executive Director, Chair of the People and Remuneration Committee	Full year
Anne Urlwin	Independent Non-Executive Director, Chair of the Safety and Sustainability Committee	Full year
Kevin Crowe	Non-Executive Director, Chair of the Work Winning and Tender Committee	Full year
Robert Cotterill*	Non-Executive Director	Part year
Ignacio Segura Surinach*	Non-Executive Director	Part year
Executives		
Dean Banks**	Managing Director and Group Chief Executive Officer	Full year
Stuart Hooper	Chief Financial Officer	Full year

* On 31 March 2022, Robert Cotterill and Ignacio Segura Surinach resigned from their positions as Non-Executive Directors of the Company.

** On 14 June 2022, it was announced that Dean Banks would be appointed as Managing Director and Group Chief Executive Officer.

REMUNERATION REPORT

2. Overview of Executive Remuneration at Ventia for FY22

2.1 Overview of the remuneration objectives

The remuneration framework is underpinned by objectives that guide decisions and design. Key objectives are outlined below:

				
<p>Provide for strong shareholder alignment</p>	<p>Drive appropriate behaviours and support desired culture</p>	<p>Be market-competitive to attract, motivate and retain talent</p>	<p>Support delivery of business strategy</p>	<p>Be simple and transparent</p>

2.2 Executive remuneration framework snapshot

The remuneration framework for FY22 comprised three elements that each had a different way of driving Executive performance. FY22 was a transformative year for Ventia, and the remuneration framework supported the transition and aligned Executives with the desired outcomes.

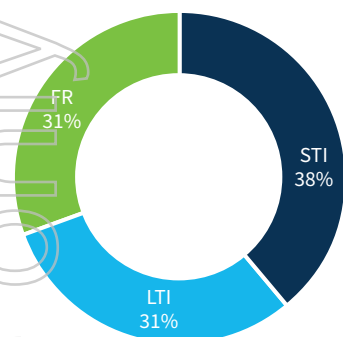
The three main elements are outlined below:

	Fixed remuneration (FR)	Short-term incentive (STI)	Long-term Incentive (LTI)															
Purpose	Attract and retain top talent and reward for day-to-day activities	Reward for performance against challenging annual objectives	Align the interests of Executives to the long-term strategy of the Company															
Delivery mechanism	Cash	Cash (75%) Rights (25%)	Share Appreciation Rights															
Performance measures	n/a – contractual entitlement	A mix of safety, financial, strategic initiatives and sustainability measures	Performance affecting grant: work in hand, pro forma cash conversion ratio and EPS CAGR Performance affecting vesting: share price growth and ROE thresholds															
% of fixed remuneration	n/a	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="background-color: #d9ead3;">CEO</th> <th style="background-color: #d9ead3;">CFO</th> </tr> </thead> <tbody> <tr> <td>Target</td> <td style="text-align: center;">85%</td> <td style="text-align: center;">60%</td> </tr> <tr> <td>Maximum 150% of target</td> <td style="text-align: center;">127.5%</td> <td style="text-align: center;">90%</td> </tr> </tbody> </table>		CEO	CFO	Target	85%	60%	Maximum 150% of target	127.5%	90%	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="background-color: #d9ead3;">CEO</th> <th style="background-color: #d9ead3;">CFO</th> </tr> </thead> <tbody> <tr> <td>Maximum</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">80%</td> </tr> </tbody> </table>		CEO	CFO	Maximum	100%	80%
	CEO	CFO																
Target	85%	60%																
Maximum 150% of target	127.5%	90%																
	CEO	CFO																
Maximum	100%	80%																
Timeframe before reward is realised	Immediate	Cash – after end of year 1 Rights – 50% vesting at end of year 2 and 50% vesting at end of year 3	5 years in total: 1-year performance year determining grant of SARs with tranches vesting 2, 3 and 4 years from end of FY22. A further 1-year sales restriction applies after each vesting															

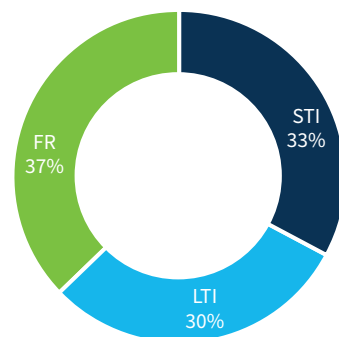
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The following graphs show the FY22 pay mix at maximum performance for the CEO and CFO. The actual pay awarded will be subject to the performance against set targets.

CEO



CFO



3. Link Between Company Performance And Remuneration Outcomes

The Board considers the link between remuneration and Company performance to be of critical importance. The Board is committed to providing shareholders with transparent information regarding the link between Company performance and Executive remuneration outcomes.

3.1 2022 Performance highlights

Total Revenue

\$5,167.5m

⬆️ 13.4% on FY21

Pro Forma EBITDA

\$419.8m

⬆️ 10.5% on FY21

Pro Forma EBITDA %

8.1%

⬇️ 0.2pp on FY21

Pro Forma Cash Conversion Ratio

88.9%

⬆️ 4.0pp on FY21

Pro Forma NPATA

\$179.6m

⬆️ 22.4% on FY21

Work in hand

\$17,963.5m

⬆️ 7.1% on FY21

3.2 Overview of business performance

The table below outlines the Company's financial performance for FY18 to FY22:

	FY22	FY21	FY20	FY19	FY18
Issue price of IPO shares	\$1.70	\$1.70	n/a	n/a	n/a
Closing share price on 31 December	\$2.41	\$2.00	n/a	n/a	n/a
Dividends declared per share (cents)	8.94	6.28	–	13.43	9.46
Statutory (\$'m)					
Total revenue ¹	5,167.5	4,557.4	3,223.9	2,256.2	2,233.2
EBITDA ²	414.3	312.2	265.8	235.8	203.6
NPAT ³	191.2	19.5	28.0	62.1	70.1
Pro forma⁵ (\$'m)					
Total revenue	5,167.5	4,577.4	4,591.9	4,803.8	4,754.5
EBITDA ²	419.8	379.9	354.5	351.5	354.1
NPATA ⁴	179.6	146.8	119.5	101.5	100.0
NPAT ³	162.8	131.3	106.0	82.0	78.6

1. From continuing operations. 2. Earnings before income tax, depreciation and amortisation (EBITDA). 3. Net profit after taxation (NPAT).

4. Net profit after taxation excluding amortisation of acquired intangibles (NPATA). 5. Pro forma information for FY18 to FY20 is as disclosed in the IPO prospectus.

REMUNERATION REPORT

3.3 FY22 remuneration outcomes

The management team has contributed significantly to the performance of the Company for FY22 and their remuneration outcomes reflect this contribution.

3.3.1. Short-term incentive outcomes – link to performance

In FY22, the overall NPATA threshold was met. The table below provides a summary of Ventia's performance against the measures set out in the STI scorecard for FY22 and outcomes for Executive KMP:

FY22 STI Scorecard Outcomes						
Measure	Weighting	Performance against measure			Weighted outcome	Comments
Safety – Group	10%	Threshold	Target	Maximum	10.9%	Ventia's safety performance measured against forward-looking indicators (leader learning conversations) and backward-looking indicators (total recordable injury frequency rate (TIFR)) was slightly above target.
			▲ 10.9%			
Financial – Group	80%	Threshold	Target	Maximum	89.0%	Performance assessed against our key financial measures was slightly above target on aggregate albeit performance was slightly below target NPATA and free cash flow.
			▲ 89%			
Strategic Initiatives	5%	Threshold	Target	Maximum	0.0%	Performance was below our threshold target with respect to our key strategic initiative measure focused on cross selling.
		▲ 0%				
Sustainability	5%	Threshold	Target	Maximum	7.5%	Performance exceeded our maximum target with respect to our sustainability measure of carbon emission intensity (tonnes/revenue (\$'m)).
			▲ 7.5%			
Outcome	107.4% of target/76.3% of maximum achieved through the scorecard					

Based on the above, the table below presents the STI awarded to Executive KMP with respect to performance in FY22:

	Target \$	Maximum \$	Awarded \$	% of Target Awarded	% of Maximum Awarded	% of Maximum Forfeited
Dean Banks (CEO)	1,147,500	1,721,250	1,232,415	107.4%	71.6%	28.4%
Stuart Hooper (CFO)	480,000	720,000	515,520	107.4%	71.6%	28.4%

Further details on the operation of the STI plan is set out in Section 4.2.

3.3.2. Long-term incentive outcomes – link to performance

The FY22 performance year determines the value of LTI awards to be granted under the 2022 LTI. The table below provides a summary of Ventia's performance against the measures set out in the LTI scorecard for FY22 and subsequent weighted performance outcome of the LTI:

FY22 LTI Scorecard Outcomes

Measure	FY22 Target	Weighting	Performance against measure	Weighted outcome	Comments
Work in hand ¹ (\$'m)	18,115	33.33%		24.1%	Work in hand performance was between threshold and target.
Pro forma cash conversion ratio ² (%)	92.5%	33.33%		18.9%	Pro forma cash conversion ratio performance was between threshold and target.
EPS CAGR ³ (%)	7.5%	33.33%		33.3%	EPS CAGR performance exceeded the maximum LTI target.

Outcome 76.3% of maximum achieved through the scorecard

1. Work in hand is defined as comprising i) the future revenue from contracted projects with agreed volumes and scope, and ii) an estimate of future revenue that is likely to be generated from contracted projects where the project scope and volumes are variable.
2. Pro forma cash conversion ratio will be measured by pro forma operating cash flow divided by pro forma EBITDA for FY21 and FY22 combined.
3. EPS CAGR will be measured by the growth in EPS from FY20 to FY22.

Performance against the LTI scorecard resulted in 76.3% of maximum LTI opportunity for the CEO (or 76.3% of fixed remuneration) and 76.3% of maximum LTI opportunity for the CFO (or 61.0% of fixed remuneration).

The LTI awards are delivered to our Executives in SARs. To minimise fluctuations in the number of instruments to be granted year-on-year and provide consistency to Executives and transparency to shareholders, the number of SARs to be granted is determined based on a set market valuation, being 35% of Ventia's share price at grant. This share price will be calculated based on a 10-day Volume Weighted Average Price (VWAP) of the share price at the time immediately after the release of Ventia's annual financial statements for FY22.

Subsequent to the end of the initial performance period, SARs vest in equal tranches over two, three and four years subject to threshold 15% ROE performance and additional sale restrictions. Given the nature of the SARs, value is only delivered to the Executives if there is share price growth over the vesting period.

Further details on the operation of the LTI plan is set out in Section 4.3.

4. Executive Remuneration Structure

The FY22 remuneration framework was comprised of fixed remuneration, STI and LTI. The STI and LTI plans were designed to not only reward Executives for short-term performance, but to align the interests of shareholders and Executives by continuing to provide an equity interest in the Company.

In order to ensure the market competitiveness of remuneration arrangements upon transition to a listed environment, remuneration has been determined by reference to a group of comparator companies of similar size and complexity and in similar industries. Specifically, the primary comparator group comprises companies with a 12-month market capitalisation within the projected market capitalisation parameters for the Company, included within the infrastructure, utilities, materials and energy sectors.

4.1 Fixed remuneration

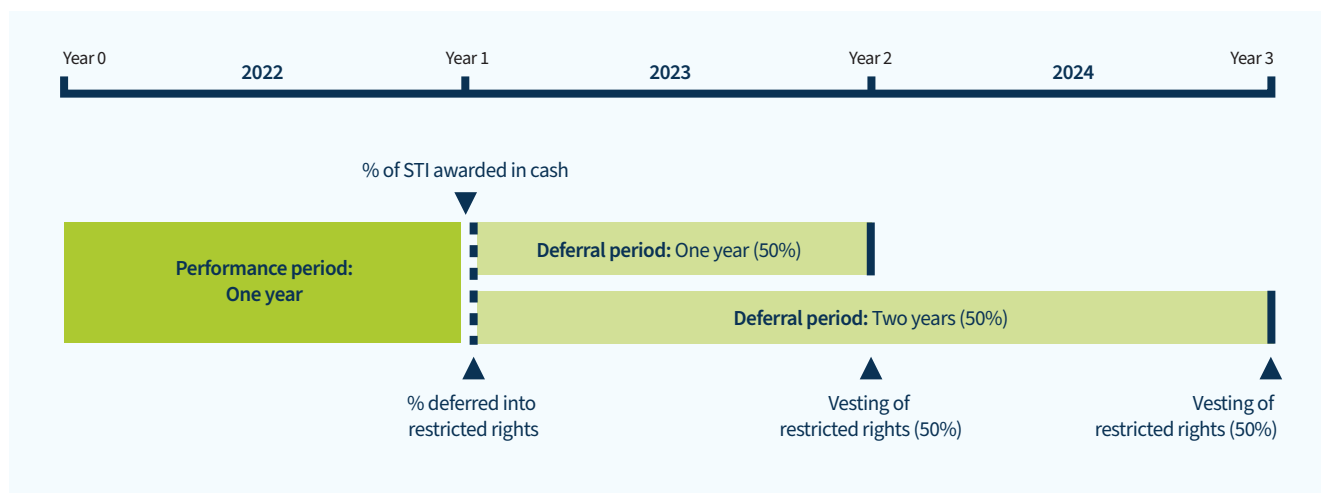
As set out in last year's Report, based on the benchmarking outcomes prior to listing, the CEO and CFO's fixed remuneration levels were adjusted effective 1 January 2022, reflective of Ventia's remuneration positioning policy and the additional responsibilities of these key roles in the listed environment. No further changes to KMP fixed remuneration levels were made in FY22 and no changes are anticipated for FY23.

REMUNERATION REPORT

4.2 Short-term incentive plan

Outlined below is an overview of the operation of the STI plan from FY22. The STI plan has been designed to ensure there is a clear focus on the short-term financial and non-financial performance of the Company.

STI illustration



Term	Description																				
Opportunity	<p>CEO: 85% of fixed remuneration at target CFO: 60% of fixed remuneration at target The maximum STI opportunity is 150% of target.</p>																				
Performance measures	<p>Subject to meeting an overall NPATA threshold, performance will be assessed against performance measures as follows:</p> <table border="1"> <thead> <tr> <th>Measures</th> <th>Weighting</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Safety – Group (10%)</td> <td>TRIFR</td> <td>5%</td> </tr> <tr> <td>Leader Learning Conversations</td> <td>5%</td> </tr> <tr> <td rowspan="3">Financial – Group (80%)</td> <td>NPATA</td> <td>35%</td> </tr> <tr> <td>Free cash flow</td> <td>25%</td> </tr> <tr> <td>Revenue secured</td> <td>20%</td> </tr> <tr> <td>Strategic Initiatives (5%)</td> <td>Cross selling</td> <td>5%</td> </tr> <tr> <td>Sustainability (5%)</td> <td>Carbon Emission Intensity</td> <td>5%</td> </tr> </tbody> </table> <p>The Board may modify performance outcomes should there be a fatality and/or a material environmental, social and governance event during the year including modifying overall STI outcomes to zero in appropriate circumstances.</p>	Measures	Weighting	Safety – Group (10%)	TRIFR	5%	Leader Learning Conversations	5%	Financial – Group (80%)	NPATA	35%	Free cash flow	25%	Revenue secured	20%	Strategic Initiatives (5%)	Cross selling	5%	Sustainability (5%)	Carbon Emission Intensity	5%
Measures	Weighting																				
Safety – Group (10%)	TRIFR	5%																			
	Leader Learning Conversations	5%																			
Financial – Group (80%)	NPATA	35%																			
	Free cash flow	25%																			
	Revenue secured	20%																			
Strategic Initiatives (5%)	Cross selling	5%																			
Sustainability (5%)	Carbon Emission Intensity	5%																			
Performance assessment	<p>The STI payment will be determined by performance against the individual objectives (i.e. the outcome of each objective is calculated independently subject to thresholds).</p>																				
Deferral	<p>25% of the STI outcome in relation to FY22 will be deferred provided the overall STI award is at least \$100,000. This will increase to 50% for FY23.</p> <p>STI deferrals will be into restricted rights, subject to a vesting period of one year (50% of deferred award) and two years (50% of deferred award). Dividends or dividend equivalents will be payable on vested restricted rights.</p>																				

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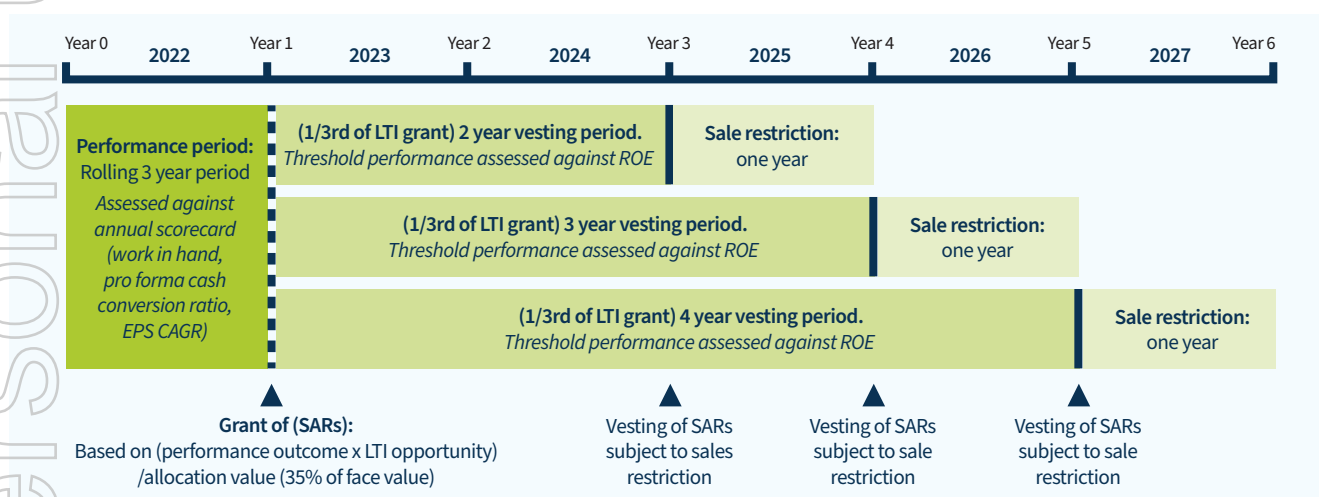
4.3 Long-term incentive plan

In consultation with shareholders, Ventia developed a fit-for-purpose LTI plan for FY22 that is strongly aligned with the delivery of the Company's strategy. The plan is designed to promote long-term shareholder value creation as:

1. Delivery via SARs promotes strong focus on shareholder alignment by only rewarding Executives for share price growth and dividends (to the extent the SARs vest and there has been share price growth);
2. Performance in the year prior to the LTI being granted (which will over time build to a three-year rolling average) will moderate the actual LTI value to be awarded to Executives, thereby ensuring that the awards granted are not excessive and are set in the context of the Company's overall performance;
3. A fixed and transparent allocation value of 35% of Ventia's VWAP will apply to determine the number of SARs actually granted each year, minimising fluctuations that might otherwise occur if a more variable annual Black-Scholes allocation value were to apply. In setting the allocation value, the Board considered a formal fair value approach and the 35% allocation basis selected. The 35% allocation basis results in a lower number of SARs being granted to participants;
4. A threshold level of 15% ROE performance must be met before any vesting can occur to ensure long-term financial sustainability objectives are met; and
5. Progressive time vesting over four years provides Executives with 'skin in the game', with the additional sale restriction promoting long-term value creation and talent retention.

Outlined below is an overview of the operation of the LTI plan for FY22:

LTI illustration



REMUNERATION REPORT

Term	Description										
Opportunity (maximum)	CEO: 100% of fixed remuneration CFO: 80% of fixed remuneration										
LTI grant value	The LTI grant value (expressed as a percentage of individual's maximum LTI opportunity) is based on an assessment of measures relating to performance affecting the grant (see below), based on the following: <table border="1" data-bbox="427 528 1490 757"> <thead> <tr> <th>Performance achieved</th> <th>LTI grant value (% of maximum LTI opportunity)</th> </tr> </thead> <tbody> <tr> <td>Below threshold</td> <td>Zero</td> </tr> <tr> <td>Threshold</td> <td>50% *</td> </tr> <tr> <td>Target</td> <td>75% *</td> </tr> <tr> <td>Maximum</td> <td>100%</td> </tr> </tbody> </table> <p>* LTI grant value assessed on straight-line basis between threshold and target, and target and maximum.</p>	Performance achieved	LTI grant value (% of maximum LTI opportunity)	Below threshold	Zero	Threshold	50% *	Target	75% *	Maximum	100%
Performance achieved	LTI grant value (% of maximum LTI opportunity)										
Below threshold	Zero										
Threshold	50% *										
Target	75% *										
Maximum	100%										
Vehicle	SARs, which provide a right to be allocated a number of fully paid ordinary shares in Ventia at a future date, based on the difference in share price across the applicable vesting periods and the value of any dividends paid over the vesting period provided there has been share price growth.										
Allocation methodology	The number of SARs granted will be determined based on a set market valuation, being 35% of Ventia's VWAP at grant.										
Performance period	Performance affecting grant: Three-year rolling average (transitioned in relation to FY22 and FY23 grants as a three-year rolling average will not be available).										
Performance measures	<p>Performance affecting grant</p> <ul style="list-style-type: none"> • Work in hand (33.33%) • Pro forma cash conversion ratio (33.33%) • Earnings per share (EPS) compound annual growth rate (CAGR) (33.33%) <p>Performance affecting vesting</p> <ul style="list-style-type: none"> • Longer-term performance will be assessed against ROE threshold performance measure of 15% (i.e. subject to a minimum level of acceptable performance) 										
Vesting period	After the one-year performance period affecting grant, SARs vest in three equal tranches after a further two, three and four years, subject to threshold ROE performance. Including the annual performance period affecting grant, nothing is available to vest until after a minimum of three years.										
Allocation price	Based on a 10-day VWAP of the share price at the time immediately after the release of Ventia's annual financial statements for FY22.										
Reference share price at vesting/exercise	Based on a VWAP at the end of the relevant vesting period (i.e. two, three or four years following the performance year) plus dividends paid over each of the relevant vesting periods. Dividends are only considered as part of the reference share price at vesting if there has been share price growth over the relevant vesting period.										
Settlement	SARs are automatically exercised at the end of performance/vesting period resulting in restricted shares.										
Sale restriction	One year following the end of each of the relevant vesting periods.										

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4.4 Legacy Ventia Executive Incentive Plan

Executive Incentive Plan

Ventia has a legacy incentive plan in place, the Executive Incentive Plan (EIP). No grants were made to KMP under the EIP in FY22 and no future grants are contemplated.

The following table summarises additional information for the EIP legacy arrangements that applied to Executive KMP in FY22:

Feature	Description	
Eligibility	Limited to select permanent employees, as determined by the Board, based on annual invitation	
Opportunity	CEO <ul style="list-style-type: none"> Tranche 1: 3,000,000 EIP shares Tranche 2: 3,000,000 EIP shares Tranche 3: 3,000,000 EIP shares 	CFO <ul style="list-style-type: none"> 250,000: Co-invest EIP shares which vested in previous years Tranche 1: 974,705 EIP shares Tranche 2: 542,829 EIP shares Tranche 3: 542,829 EIP shares
Vehicle	EIP shares which converted to ordinary shares on completion of the IPO	
Performance measures	<ul style="list-style-type: none"> Time-based vesting for a portion of the EIP shares 30-day VWAP of the listed share price for a portion of the EIP shares 	
Vesting conditions	Tranche 1: Time-based vesting Tranche 2: Time-based vesting Tranche 3: vests after the escrow period has expired (anticipated to be around February 2023) and the following conditions are met: <ul style="list-style-type: none"> 50% of EIP shares vest upon completion of any 30-day period after the escrow period has expired where the VWAP exceeds \$1.94 50% of EIP shares vest upon completion of any 30-day period after the escrow period has expired where the VWAP exceeds \$2.94 	Tranche 1: Time-based vesting Tranche 2: Time-based vesting Tranches 3: vests after the escrow period has expired (anticipated to be around February 2023) and the following conditions are met: <ul style="list-style-type: none"> 50% of EIP shares vest upon completion of any 30-day period after the Escrow period has expired where the VWAP exceeds \$1.94 50% of EIP shares vest upon completion of any 30-day period after the escrow period has expired where the VWAP exceeds \$2.94
Vesting period	<ul style="list-style-type: none"> Tranche 1: 33.3% vested as at 31 December 2022. The remaining shares will vest annually over two years through to 1 January 2024 Tranche 2: 20% vested as at 31 December 2022. The remaining shares will vest annually over four years through to 1 January 2026 Tranche 3: following the escrow period, the EIP shares will vest when the 30-day VWAP is above the targets set above 	<ul style="list-style-type: none"> Tranche 1: 75% vested as at 31 December 2022 and 25% will vest on expiry of the escrow period Tranche 2: 66.6% vested as at 31 December 2022 and 33.3% will vest on 31 March 2023 Tranche 3: following the escrow period, the EIP shares will vest when the 30-day VWAP is above the targets set above

During FY22, the hurdles relating to 1,000,000 (Tranche 1) and 600,000 (Tranche 2) of Mr Banks' total EIP shares were met.

During FY22, the hurdles relating 180,943 (Tranche 2) of Mr Hooper's total EIP shares were met.

There was no other vesting of the EIP for KMP.

REMUNERATION REPORT

5. Executive Service Agreements

The following table outlines the summary terms of employment for the CEO and CFO:

Position	Term of Agreement	Notice Period by Executive	Notice Period by Company	Maximum Termination Benefits
CEO	Open	9 months	9 months	12 months fixed remuneration
CFO	Open	6 months	6 months	12 months fixed remuneration

6. Non-Executive Director Fees

NEDs receive a base fee for their contribution to the Board and an additional fee for participation in Board Committees (excluding the Board Chair who does not receive any Committee fees). NEDs do not participate in any incentive plans or receive any retirement benefits other than statutory superannuation contributions.

NED fees are reviewed annually by the People and Remuneration Committee having regard to companies operating in similar industries to Ventia. The following table sets out NED fees for FY22 (exclusive of superannuation). There is no increase to NED fees for FY23.

Committee	Chair \$	Member \$
Board	350,000	180,000
Audit, Risk and Compliance Committee	35,000	15,000
Nominations Committee	No fee	No fee
People and Remuneration Committee	25,000	15,000
Safety and Sustainability Committee	25,000	15,000
Work Winning and Tender Committee	25,000	15,000

Nominee directors of the two major shareholders do not receive Board membership or Committee fees.

Total fees paid to NEDs in FY22 remained within the aggregate annual fee pool of \$2,000,000.

Following the listing, NEDs may elect to sacrifice part or all of their base fee to acquire share rights to assist with meeting their minimum shareholding requirements (see Section 7.2). Any such share rights will be issued consistent with the terms which apply under the Executive remuneration framework and each share right will automatically convert into a share at the end of a specified period as determined by the Board at the time of issue. The number of share rights to be issued will be calculated by dividing the amount of base fee that the NED wishes to sacrifice by the VWAP of ordinary shares for the one month prior to the grant date of share rights.

7. Remuneration Governance

7.1 Roles and responsibilities

The Board oversees the management of Ventia's business and interacts with different bodies to ensure the appropriate governance of the Company. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company. Below is an overview of the governance framework:

Board

The Board is responsible for the overall operation and stewardship of the Company and provides input to and approval of the Company's strategic direction and budgets as developed by management.

The responsibilities of the Board in regards to remuneration governance include appointing, and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the CEO and senior Executive team.



Management

The role of management is to support the Board with making remuneration related decisions.



Management provides the Board with the relevant information and analysis required to support decision making, this includes for remuneration related considerations.



External consultants

The People and Remuneration Committee, as well as management, may seek external support for remuneration related activities.

Remuneration consultants support the Board in making remuneration decisions that are in the best interests of Ventia and its shareholders.

People and Remuneration Committee

The objective of the Committee is to assist the Board in the effective discharge of its responsibilities as they relate to people and remuneration matters (other than matters within the remit of the Safety and Sustainability Committee). The Committee's responsibilities include reviewing the progress of the Company's people and culture strategy, reviewing policies in respect of diversity including an annual review of the effectiveness of Ventia's Diversity and Inclusion Policy, talent and succession planning, remuneration matters and performance reviews, among others.

7.2 Minimum shareholding requirements

Minimum shareholding requirements (MSRs) are put in place to help ensure there is alignment between the interests of the Directors, other KMP and shareholders. MSRs for FY22 for NEDs and Executives are outlined below:

Position	Minimum Shareholding Requirements	Timing to Meet Requirements
NED	100% of base fees	3 years*
CEO	200% of fixed remuneration	Immediately**
CFO	100% of fixed remuneration	Immediately**

* The Board retains discretion as to the approach taken where NEDs do not meet the MSR within the required period.

** Given significant shareholdings obtained through the conversion of EIP shares to Ventia Services Group Limited ordinary shares at the time of the IPO, MSRs for Mr Banks and Mr Hooper are effective immediately. For future appointments, the timing to meet MSRs for both the CEO and CFO is five years.

7.3 Use of remuneration consultants

During FY22, Ventia engaged with external consultants but did not receive any remuneration recommendations as defined in section 9B of the Corporations Act 2001.

REMUNERATION REPORT

7.4 Other provisions

Term	Description
Hedging provisions	Executives and NEDs are prohibited from trading financial products while in possession of material non-public information, and from hedging their exposure to vested or unvested Ventia equity.
Clawback	<p>The Board may make a determination in its absolute discretion on how a participant's incentive award (Award) will be treated, such as deeming the Award has lapsed or has been forfeited, where (without limitation), in the opinion of the Board, a participant:</p> <ul style="list-style-type: none"> • Has acted fraudulently, dishonestly or engaged in serious misconduct; • Breached his or her duties, responsibilities or obligations to any Group company; or • There occurs any other circumstance, which the Board has determined in good faith provides grounds for the Board to exercise its discretion for the treatment of a participant's Awards.
Change of control	<p>Where there is a change of control event, Ventia may determine, subject to the ASX Listing Rules, with respect to each Award, that:</p> <ul style="list-style-type: none"> • Awards, to the extent not fully vested, will become vested and exercisable in full or in part; • Options (if any) may be exercised within a specific period only, or otherwise they will lapse; and • The Company, on behalf of the participant, will direct any trustee to transfer trust shares into the participant's name.
Cessation of employment	<p>The treatment of Awards on ceasing employment will depend on the circumstances of cessation.</p> <p>Unvested Awards</p> <ul style="list-style-type: none"> • Good leaver: Unless the Board determines otherwise, Awards will remain on foot, subject to achievement of performance-related vesting conditions. • Bad leaver: all Awards will lapse. <p>Vested Awards</p> <ul style="list-style-type: none"> • Participants will continue to hold shares that have been awarded.

8. Additional Statutory Disclosures

8.1 Statutory remuneration outcomes for KMP

8.1.1. Executive remuneration

The table below provides the statutory remuneration disclosures for Executive KMP in FY22 and FY21. Amounts are prepared in accordance with Australian Accounting Standards.

Executive KMP	Year	Short-term benefits			Post - employment benefits		Long-term benefits		Total	% at risk	
		Salary and fees \$	Awarded cash STI \$	Other cash bonus \$	Non-monetary benefits \$	Annual leave \$	Super-annuation \$	Equity awards \$			Long service leave \$
Dean Banks ^{1,2}	FY22	1,325,570	924,311	-	16,263	72,544	24,430	1,886,073	4,466	4,253,657	66.1
	FY21	1,136,161	1,008,900	540,000	107,193	79,462	63,839	1,208,011	-	4,143,566	53.5
Stuart Hooper	FY22	775,570	386,640	-	4,290	(25,920)	24,430	219,480	31,872	1,416,362	42.8
	FY21	676,432	392,350	-	1,964	40,158	23,568	140,743	32,633	1,307,848	40.7
Total	FY22	2,101,140	1,310,951	-	20,553	46,624	48,860	2,105,553	36,338	5,670,019	60.3
	FY21	1,812,593	1,401,250	540,000	109,157	119,620	87,407	1,348,754	32,633	5,451,414	50.4

1. Other cash bonus refers to a "keep whole" sign-on bonus on joining the Company.

2. Non-monetary benefits for FY21 included temporary housing, home leave and tax advice in relation to Mr Banks' relocation to Australia.

8.1.2. Remuneration paid to Non-Executive Directors

The table below outlines the remuneration paid to NEDs in FY22 and FY21:

	Year	Short-term benefits		Post-employment benefits	Total \$
		Director Fees \$	Non-monetary benefits \$	Super-annuation \$	
David Moffatt ¹	FY22	394,138	–	24,430	418,568
	FY21	753,025	1,964	18,974	773,963
Jeff Forbes ²	FY22	244,138	–	24,430	268,568
	FY21	123,507	–	12,351	135,858
Lynne Saint ²	FY22	244,138	–	24,430	268,568
	FY21	118,740	–	11,874	130,614
Sibylle Krieger ²	FY22	234,468	–	24,032	258,500
	FY21	113,699	–	11,370	125,069
Anne Urlwin ²	FY22	234,468	–	24,032	258,500
	FY21	88,082	3,253	8,808	100,143
Kevin Crowe ³	FY22	–	–	–	–
	FY21	–	–	–	–
Robert Cotterill ^{3,4}	FY22	–	–	–	–
	FY21	–	–	–	–
Ignacio Segura Surinach ^{3,4}	FY22	–	–	–	–
	FY21	–	–	–	–
Total	FY22	1,351,350	–	121,354	1,472,704
	FY21	1,197,053	5,217	63,377	1,265,647

1. Prior to listing, Mr Moffatt's remuneration was based on a consultancy arrangement.

2. Each of the independent NEDs was paid for preparatory work undertaken by them in the period prior to the IPO pro-rata on the same fee basis as if they had been appointed Directors and members/chairs of their relevant Board Committees during that period. The table above reflects the total amounts paid or payable to the Directors for FY21.

3. Nominee directors of the two major shareholders do not receive Board membership or Committee fees.

4. On 31 March 2022, Robert Cotterill and Ignacio Segura Surinach resigned from their positions as NEDs.

REMUNERATION REPORT

8.2 Equity instruments: KMP ordinary share holding

8.2.1. Ordinary share holdings in Ventia for FY22

The table below outlines ordinary share holding of KMP in FY22 and FY21:

FY22				
Name	Balance at Start of Year	Acquired on Market	Other	Balance at End of Year
Non-Executive Directors				
David Moffatt ^{1,2}	9,962,179	–	–	9,962,179
Jeff Forbes ²	126,470	–	–	126,470
Lynne Saint ²	88,235	–	–	88,235
Sibylle Krieger	105,882	–	–	105,882
Anne Urlwin	106,955	–	–	106,955
Kevin Crowe	–	–	–	–
Robert Cotterill ³	58,823	–	(58,823)	–
Ignacio Segura Surinach ³	–	–	–	–
Executives				
Dean Banks ^{2,4}	9,000,000	–	–	9,000,000
Stuart Hooper ^{2,5}	2,310,363	–	–	2,310,363
Total	21,758,907	–	(58,823)	21,700,084
FY21				
Name	Balance at Start of Year	Acquired on Market	Other	Balance at End of Year
Non-Executive Directors				
David Moffatt ^{1,2}	–	–	9,962,179	9,962,179
Jeff Forbes ²	–	126,470	–	126,470
Lynne Saint ²	–	88,235	–	88,235
Sibylle Krieger	–	105,882	–	105,882
Anne Urlwin	–	106,955	–	106,955
Kevin Crowe	–	–	–	–
Robert Cotterill ³	–	58,823	–	58,823
Ignacio Segura Surinach ³	–	–	–	–
Executives				
Dean Banks ^{2,4}	–	–	9,000,000	9,000,000
Stuart Hooper ^{2,5}	–	–	2,310,363	2,310,363
Total	–	486,365	21,272,542	21,758,907

- Mr Moffatt's fully vested EIP shares were converted to ordinary shares on completion of the IPO and are in escrow until February 2023 free from further vesting conditions.
- Includes shares held indirectly through a nominee or agent (e.g. family trust).
- On 31 March 2022, Robert Cotterill and Ignacio Segura Surinach resigned from their positions as NEDs. In FY22, the balance represents share holding at the date of resignation.
- Mr Banks' EIP shares were converted to ordinary shares on completion of the IPO and remain in escrow. Of these, 7,400,000 remain subject to vesting conditions as described in Section 4.4.
- Mr Hooper's EIP shares were converted to ordinary shares on completion of the IPO and remain in escrow. Of these, 967,449 remain subject to vesting conditions as described in Section 4.4.

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8.3 Other transactions

Ventia Services Group Limited's two largest shareholders are CIMIC Group Investments No.3 Pty Limited (a subsidiary of CIMIC Group Limited) and AIF VIII Singapore Pte Limited (a subsidiary of Apollo Group Management Inc.). Mr Cotterill and Mr Segura Surinach were nominee directors of CIMIC Group Limited. Mr Crowe is a nominee director of AIF VII Singapore Pte Limited. Related party transactions between Ventia Services Group Limited and CIMIC Group Limited and AIF VII Singapore Pte Limited and their related entities are described in Note 5.7 to the consolidated financial statements.

There were no other transactions entered into with KMP and their related parties during FY22.

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Auditor's Independence Declaration

Deloitte.

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23 February 2023

The Board of Directors
Ventia Services Group Limited
Level 8, 80 Pacific Highway
North Sydney, NSW 2060

Dear Board Members

Auditor's Independence Declaration to Ventia Services Group Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Ventia Services Group Limited.

As lead audit partner for the audit of the financial report of Ventia Services Group Limited for the year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



H Fortescue
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

ANNUAL REPORT

Financial Report

for the year ended 31 December 2022

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FINANCIAL REPORT

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022

	Note	2022 \$'m	2021 \$'m
Continuing operations:			
Revenue	2.1	5,167.5	4,557.4
Expenses	2.2	(4,756.7)	(4,250.4)
Share of profits of joint ventures	5.2	3.5	5.2
Earnings before interest, income tax, depreciation and amortisation		414.3	312.2
Depreciation expense	3.3, 3.4	(104.1)	(108.9)
Amortisation expense	3.5	(55.0)	(85.9)
Earnings before interest and income tax		255.2	117.4
Net finance costs	2.4	(33.9)	(137.2)
Profit/(loss) before income tax		221.3	(19.8)
Income tax (expense)/benefit	3.8	(30.1)	14.7
		191.2	(5.1)
Discontinued operations:			
Profit after income tax from discontinued operations	5.4	–	24.6
Profit after income tax		191.2	19.5
Earnings per share (cents)			
Basic earnings per share	4.1	22.37	3.12
Diluted earnings per share	4.1	22.26	3.12
Earnings per share from continuing operations (cents)			
Basic earnings per share	4.1	22.37	(0.81)
Diluted earnings per share	4.1	22.26	(0.81)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Foreign exchange translation differences	4.4	0.4	(0.1)
Cash flow hedges:			
– Gains arising on change in the fair value of hedging instruments	4.4	13.0	54.3
– Cumulative gain reclassified to profit or loss	4.4	(3.4)	(36.4)
– Income tax effect of items above	4.4	(2.9)	(5.4)
Total cash flow hedges		6.7	12.5
Other comprehensive income		7.1	12.4
Total comprehensive income		198.3	31.9

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

as at 31 December 2022

	Note	31 December 2022 \$'m	31 December 2021 \$'m
Current assets			
Cash and cash equivalents	4.5	280.0	180.2
Trade and other receivables	3.1	820.0	691.5
Current tax asset	3.8	–	20.0
Inventories	3.2	42.7	32.0
Derivative assets	4.7	4.5	–
Total current assets		1,147.2	923.7
Non-current assets			
Trade and other receivables	3.1	11.0	8.6
Equity accounted investments	5.2	5.8	4.9
Derivative assets	4.7	5.2	–
Deferred tax assets	3.8	235.4	220.1
Right-of-use assets	3.3	124.5	136.7
Property, plant and equipment	3.4	156.9	166.6
Intangible assets	3.5	77.6	127.6
Goodwill	3.6	1,095.4	1,093.2
Total non-current assets		1,711.8	1,757.7
Total assets		2,859.0	2,681.4
Current liabilities			
Trade and other payables	3.9	974.6	848.0
Derivative liabilities	4.7	0.3	0.2
Employee benefit liabilities	3.10	157.6	181.4
Provisions	3.11	54.0	53.4
Lease liabilities	3.3	45.9	64.2
Current tax liability	3.8	16.0	12.5
Total current liabilities		1,248.4	1,159.7
Non-current liabilities			
Trade and other payables	3.9	21.1	23.5
Employee benefit liabilities	3.10	79.9	88.4
Provisions	3.11	157.2	197.7
Derivative liabilities	4.7	–	0.2
Lease liabilities	3.3	86.6	78.2
Borrowings	4.6	744.9	743.2
Total non-current liabilities		1,089.7	1,131.2
Total liabilities		2,338.1	2,290.9
Net assets		520.9	390.5
Equity			
Share capital	4.3	374.5	374.5
Reserves	4.4	(35.0)	(48.1)
Retained earnings		181.4	64.1
Total equity		520.9	390.5

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

2022	Note	Share Capital \$'m	Reserves \$'m	Retained Earnings \$'m	Total \$'m
Balance at 1 January 2022		374.5	(48.1)	64.1	390.5
Total comprehensive income					
Profit after income tax		–	–	191.2	191.2
Other comprehensive income		–	7.1	–	7.1
Total comprehensive income for the year		–	7.1	191.2	198.3
Transactions with owners					
Dividend paid	4.2	–	–	(75.5)	(75.5)
Share-based payment expense	4.4	–	2.0	–	2.0
Shares issued to employees	4.4	–	4.0	1.6	5.6
Total transactions with owners for the year		–	6.0	(73.9)	(67.9)
Balance at 31 December 2022		374.5	(35.0)	181.4	520.9

2021	Note	Share Capital \$'m	Reserves \$'m	Retained Earnings \$'m	Total \$'m
Balance at 1 January 2021		2.6	(11.7)	42.8	33.7
Total comprehensive income					
Profit after income tax		–	–	19.5	19.5
Other comprehensive income for the year		–	12.4	–	12.4
Total comprehensive income for the year		–	12.4	19.5	31.9
Transactions with owners					
Dividend paid	4.2	–	–	(38.5)	(38.5)
Share-based payment expense	4.4	–	3.1	–	3.1
Issue of share capital from IPO ¹	4.3	364.8	–	–	364.8
Treasury shares purchased	4.4	–	(4.5)	–	(4.5)
Net transfer from retained earnings to reserves	4.4	–	(40.3)	40.3	–
Net transfer from reserves to share capital	4.4	7.1	(7.1)	–	–
Total transactions with owners for the year		371.9	(48.8)	1.8	324.9
Balance at 31 December 2021		374.5	(48.1)	64.1	390.5

1. Net of related capital raising costs (after income tax) of \$9.0 million in the initial public offering (IPO).

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	Note	2022 \$'m	2021 \$'m
Cash flows from operating activities			
Receipts from customers		5,678.7	4,971.9
Payments to suppliers and employees		(5,332.9)	(4,726.0)
Dividends received from joint ventures		2.6	9.2
Operating cash flow before interest and tax		348.4	255.1
Interest received		1.6	1.0
Payments for the interest component of lease liabilities	3.3.2	(7.1)	(8.2)
Interest and other costs of finance paid		(27.3)	(88.0)
Income tax paid		(25.7)	(35.3)
Net cash generated from operating activities	4.5.2	289.9	124.6
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		4.0	3.2
Payments for business combination, net of cash acquired	5.1	(15.7)	(0.2)
Proceeds from sale of subsidiary		–	89.2
Payments for acquisition of intangible assets		(6.8)	(9.3)
Payments for acquisition of property, plant and equipment		(31.6)	(27.0)
Net cash (used in)/generated from investing activities		(50.1)	55.9
Cash flows from financing activities			
Proceeds from issue of new shares		–	373.8
Payments for purchase of treasury shares		–	(4.5)
Transaction costs on issue of shares		–	(12.9)
Proceeds from borrowings		–	750.0
Repayments of principal component of lease liabilities	3.3.2	(64.4)	(63.8)
Repayments of borrowings		–	(1,384.6)
Settlement of derivatives		–	(56.8)
Borrowing costs paid		–	(7.4)
Dividends paid	4.2	(75.5)	(38.5)
Net cash used in from financing activities		(139.9)	(444.7)
Net increase/(decrease) in cash and cash equivalents		99.9	(264.2)
Cash and cash equivalents at start of year		180.2	444.3
Effect of movements in exchange rates on cash and cash equivalents		(0.1)	0.1
Cash and cash equivalents at end of year	4.5	280.0	180.2

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes to the Consolidated Financial Statements.

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Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

1. Basis of preparation

1.1 Basis of preparation

Ventia Services Group Limited (Company) is a for-profit company limited by shares, incorporated and domiciled in Australia.

The address of the Company's registered office and principal place of business is:

Level 8, 80 Pacific Highway

North Sydney

NSW 2060, Australia.

The Consolidated Financial Statements as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities).

The Consolidated Financial Statements were authorised for issue by the Board of Directors on 23 February 2023.

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Instrument amounts in the Directors' Report and the Consolidated Financial Statements are rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with that Instrument, unless otherwise indicated.

The Consolidated Financial Statements have been prepared on the going concern basis. The Group generated positive net cash from operating activities of \$289.9 million (2021: \$124.6 million) and has net assets of \$520.9 million (2021: \$390.5 million). The Group is in a net current liability position of \$101.2 million (2021: \$236.0 million). The Group has current assets of \$1,147.2 million (2021: \$923.7 million) which include cash at bank and on hand of \$280.0 million (2021: \$180.2 million). Further supporting this position is a positive forecast operating net cash flow in 2023 and \$400.0 million of undrawn borrowing facilities currently available to the Group.

The Consolidated Financial Statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

The Consolidated Financial Statements are presented in Australian dollars which is the Company's functional currency. Certain companies within the Group have different functional currencies.

The accounting policies have been applied consistently to all periods presented in the Consolidated Financial Statements.

The Consolidated Financial Statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, and Australian Accounting Standards and Interpretations.

Compliance with Australian Accounting Standards ensures that the Financial Report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this Financial Report has been prepared in accordance with and complies with IFRS as issued by the IASB.

Certain comparative amounts have been re-presented to conform with the current year's presentation to better reflect the nature of the financial position and performance of the Group.

1.2 Significant accounting policies

1.2.1. Basis of consolidation

The Consolidated Financial Statements incorporate the assets, liabilities, and results of all subsidiaries as at and for the year ended 31 December 2022. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Results of controlled entities are included in the Consolidated Statement of Profit or Loss from the date control is obtained and excluded from the date the entity is no longer controlled. Intragroup balances and transactions, and any unrealised gains or losses arising from intragroup transactions, are eliminated in preparing the Consolidated Financial Statements.

1.2.2. Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The Consolidated Financial Statements are presented in Australian dollars (AUD), which is the Company's functional currency.

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(ii) Foreign currency transactions (entities with a functional currency of AUD)

Foreign currency transactions are translated into AUD using the exchange rates at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated to AUD at the reporting date at the following exchange rates:

Foreign Currency Amount	Applicable Exchange Rate
Monetary assets and liabilities	Reporting date
Non-monetary assets and liabilities measured at historical cost	Date of transaction

Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Profit or Loss in the year in which they arise except:

- Exchange differences on transactions entered to hedge certain foreign currency risks (refer to Note 4.7); and
- Items noted within paragraph (iii) below.

(iii) Foreign operations (entities with a functional currency other than AUD)

The profit or loss and financial position of foreign operations are translated to AUD at the following exchange rates:

Foreign Currency Amount	Applicable Exchange Rate
Revenues and expenses	Average for the year
Assets and liabilities, including goodwill and fair value adjustments arising on consolidation	Reporting date
Equity items	Historical rates

The following foreign exchange differences are recognised in other comprehensive income:

- Foreign currency differences arising on translation of foreign operations; and
- Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future. These monetary items and related hedges are considered to form part of the net investment in a foreign operation and are reclassified into the Consolidated Statement of Profit or Loss upon disposal of the net investment.

1.2.3. Goods and services tax (GST)

Revenue, expenses, and assets are recognised net of GST, except where the GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the expense or cost of the asset.

Receivables and payables are stated with the amount of GST included. The net amounts of GST recoverable from or payable to the taxation authorities are included as a current asset or current liability in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to taxation authorities are classified as operating cash flows.

1.2.4. New and amended standards adopted by the Group

The Group has applied new and revised accounting standards and amendments that are mandatorily effective for an accounting period that begins on or after 1 January 2022, as follows:

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments;
- AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions and AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections; and
- AASB 2022-2 Amendments to Australian Accounting Standards – Extending Transition Relief under AASB 1.

These new and amended standard have not had any material impact on the disclosures or on the amounts recognised in the Consolidated Financial Statements.

1.2.5. Issued standards and interpretations not early adopted

Below is a list of the standards and amendments to standards on issue but not yet effective that are available for early adoption and are applicable to the Group.

- AASB 2020-1, AASB 2020-6 and AASB 2022-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current;
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates;
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction; and
- AASB 17 Insurance Contracts.

These new or amended standards are not expected to have a significant impact on the Consolidated Financial Statements when the standards are adopted.

1.2.6. Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to the understanding of the Consolidated Financial Statements are provided throughout the notes.

1.3 Key estimates and judgements

In the application of the Company's accounting policies, which are described below, the Directors of the Company are required to make estimates and judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Group and are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to estimates are recognised in the year in which the estimate is revised and in any future year affected.

Estimates and judgements made in the application of accounting standards that could have a significant effect on the Consolidated Financial Statements with a risk of adjustment in the next year are as follows:

- Revenue recognition (Note 2.1);
- Impairment of non-financial assets (Note 3.7);
- Income tax (Note 3.8);
- Employee benefit liabilities (Note 3.10);
- Provisions (Note 3.11); and
- Business combinations (Note 5.1).

2. Group performance

2.1 Revenue from continuing operations

The Group generates its revenue from provision of services, which totals \$5,167.5 million in 2022. Revenue of \$3,867.0 million is generated from contracts with a Schedule of Rates contract profile, \$460.3 million is generated from contracts with a Fixed Price contract profile, and \$840.2 million is generated from contracts with a Cost Reimbursable contract profile.

Significant changes in contract assets and liabilities

Contract assets are balances due from customers under long term contracts as work is performed and therefore a contract asset is recognised over the period in which the performance obligation is fulfilled. This represents the entity's right to consideration for the services transferred to date. Amounts are generally reclassified to trade receivables when these have been certified or invoiced to a customer.

The amount of revenue recognised in 2022 from performance obligations satisfied (or partially satisfied) in previous years is \$5.7 million (2021: \$31.3 million) and is mainly due to the changes in probability that a significant reversal of the revenue recognised will not occur.

\$195.6 million (2021: \$201.5 million) of revenue was recognised in 2022 which was included in the contract liabilities balance as at the beginning of the year.

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Significant Accounting Policies

Recognition and measurement

Revenue earned from the provision of services to entities outside the Group is presented net of the amount of GST.

The Group provides operations and maintenance services, soft and hard facilities management, environmental services, minor capital works and other solutions.

There is no single contract type due to the considerable diversity of the services rendered. In general, the revenue is recognised in the profit or loss as the services are provided, when the customer simultaneously receives and consumes the benefits provided by the entity's performance of the service as the entity performs.

The Group enters into client contracts with relatively long-term durations under various contract profiles including Schedule of Rates, Fixed Price and Cost Reimbursable. These contract profiles are defined as:

Contract Profile	Contract Profile Description
Schedule of Rates	Contracts that predominantly have a combination of: <ol style="list-style-type: none">unit pricing; andvariable volume of works typically based on work activities or number of client assets maintained. Overheads are often paid as a fixed monthly component of the fee. Contracts for the delivery of recurring services where the fees chargeable to the client are subject to an annual price escalation and/or where the fees chargeable are subject to a volume adjustment mechanism are classified as Schedule of Rates.
Fixed Price	Contracts that predominantly have a fixed price (subject to variations) for an agreed outcome, meaning that the Group is paid for a proportion of works as they are performed, where the overall price is fixed and is not affected by the cost of delivery. Progress payments by the client are made either monthly or as a lump sum once a completion milestone has been reached.
Cost Reimbursable	Contracts that are predominantly structured to pass the actual costs through to the client plus a margin.

With respect to the method for recognising revenue over time (i.e. the method for measuring progress towards complete satisfaction of a performance obligation), the Group has established certain criteria that are applied consistently for similar performance obligations:

- The majority of the Group's contracts are contracts with Schedule of Rate profile where value is transferred to the customer as the services are delivered. Therefore, in most cases revenue will be recognised using an output method with revenue linked to the deliverables provided to the customer;
- In Fixed Price contracts that provide highly interrelated goods or services to produce a combined output, the applicable output method is that of surveys of performance completed to date (or measured units of production). Under this method, the revenue recognised represents the amount of work performed, valued at unitary prices;
- For contracts with Cost Reimbursable profile, where the Group acts as a principal, revenue will be recognised when the underlying costs are incurred; and
- Only in those contracts that are not for routine or recurring services, and where the unit price of the goods and services to be performed cannot be determined, the percentage of completion measured in terms of the costs incurred (input method) is used to recognise revenue.

Significant Accounting Policies continued

Variable consideration

It is common for contracts to include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related key performance indicators. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when it is highly probable that a significant reversal of revenue will not occur. The Group assesses these requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance.

Contract modification

When a modification to an existing contract is approved, the Group first assesses whether it adds distinct goods or services to the existing contract that are priced commensurate with the stand-alone selling prices for those goods or services. If this is the case, then the modification is accounted for prospectively as a separate contract. If the pricing is not commensurate with the stand-alone selling prices for the goods or services and the new goods or services are not distinct from those in the original contract, then this is considered to form part of the original contract. Pricing is updated for the entirety of the revised contract and any historic adjustments recorded as a result are recognised as a cumulative catch-up in profit or loss. If the pricing is not commensurate with the stand-alone selling prices for the goods or services and the new goods or services are distinct from those in the original contract then this is considered to represent the termination of the original contract and the creation of a new contract which is accounted for prospectively from the date of modification.

Contract fulfilment costs

Costs incurred prior to the commencement of a contract may arise due to mobilisation/site set-up costs, feasibility studies, environmental impact studies and preliminary design activities as these are costs incurred to fulfil a contract. Where these costs are expected to be recovered, they are capitalised and amortised over the course of the contract consistent with the transfer of service and asset to the customer. Where the costs, or a portion of these costs, are reimbursed by the customer, the amount received is recognised as contract liabilities and allocated to the performance obligations within the contract and recognised as revenue over the course of the contract.

Significant financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer represents a significant financing component. Therefore, the Group does not adjust any of the transaction prices for the time value of money.

Onerous contracts

Provisions for onerous contracts are recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The onerous contracts provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Key Estimates and Judgements

As there is no single contract type, key estimates and judgements vary across contracts in the following areas:

- Variable consideration linked to performance indicators;
- Recoverability of claims and variations;
- Determination of stage of completion;
- Estimation of contract costs; and
- Estimation of project completion date.

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2.2 Expenses

	2022 \$'m	2021 \$'m
Labour	1,960.0	1,802.0
Subcontractors	2,229.4	1,914.5
Materials	367.2	354.6
Other	200.1	179.3
Total expenses excluding interest, tax, depreciation and amortisation	4,756.7	4,250.4

2.3 Segment disclosures from continuing operations

2.3.1. Operating segment reporting from continuing operations

Operating segments have been identified based on separate financial information that is regularly reviewed by the Group Chief Executive Officer, who is also the chief operating decision maker (CODM). The identification of operating segments is based on the nature of services provided. The Group operates in the following operating segments which are equivalent to its reportable segments under AASB 8 Operating Segments:

Operating Segments	Segment Description
Defence and Social Infrastructure	Provides maintenance and support services to customers operating across defence, social infrastructure (education, health and state government), housing and community (justice and social housing), local government and critical infrastructure. The segment also provides property and consulting services to public and private customers.
Infrastructure Services	Supports the ongoing operation and maintenance of infrastructure including utilities (water and electricity & gas) and resources & industrial assets (mining, oil and gas, and manufacturing) and resources development (minerals, oil and gas). The segment also provides complex and large-scale environmental remediation and rehabilitation services and leverages technologies aimed at enhancing client productivity and sustainability.
Telecommunications	Provides end-to-end service capabilities that span design, supply, minor construction, installation, commissioning and maintenance of telecommunications networks and infrastructure.
Transport	Provides maintenance, project delivery and technology solutions to owners and operators of road, motorway, tunnel and rail networks.

The performance of each segment forms the primary basis of all management reporting to the CODM. Performance is measured on the segment result which is Underlying EBITA (earnings before interest, income tax and amortisation of acquired intangible assets and before acquisition, integration and other restructuring costs).

2022	Defence and Social Infrastructure \$'m	Infrastructure Services \$'m	Tele-communications \$'m	Transport \$'m	Consolidated Continuing Operations \$'m
Segment revenue	2,303.0	1,215.2	1,134.4	545.6	5,198.2
Segment result	137.5	71.0	127.4	29.3	365.2

2021	Defence and Social Infrastructure \$'m	Infrastructure Services \$'m	Tele-communications \$'m	Transport \$'m	Consolidated Continuing Operations \$'m
Segment revenue	1,874.8	1,216.7	989.8	504.3	4,585.6
Segment result	111.2	71.2	110.9	24.7	318.0

	2022 \$'m	2021 \$'m
Segment revenue	5,198.2	4,585.6
Share of revenue of equity accounted joint ventures	(30.7)	(28.2)
Revenue reported in profit or loss	5,167.5	4,557.4

Reconciliation of segment result to profit after income tax

	2022 \$'m	2021 \$'m
Segment result	365.2	318.0
Corporate costs including amortisation of intangible assets	(77.7)	(102.8)
Underlying EBIT before amortisation of acquired intangible assets	287.5	215.2
Acquisition and integration costs ⁱ	(8.8)	(66.8)
IPO-related costs ⁱⁱ	–	(6.9)
EBIT before amortisation of acquired intangible assets	278.7	141.5
Amortisation of acquired intangible assets ⁱⁱⁱ	(23.5)	(24.1)
Earnings before interest and income tax from continuing operations	255.2	117.4
Net finance costs	(33.9)	(137.2)
Profit/(loss) before income tax	221.3	(19.8)
Income tax (expense)/benefit	(30.1)	14.7
Profit/(loss) after income tax for the year from continuing operations	191.2	(5.1)
Profit after income tax from discontinued operations	–	24.6
Profit after income tax	191.2	19.5

i. Acquisition and integration costs relating to the acquisition and integration of BRS Holdco Pty Ltd (Broadspectrum) and the acquisition of Kordia Solutions Pty Ltd (Kordia). The details of the acquisitions are set out in the annual financial report for the year ended 31 December 2021.

ii. Costs associated with the IPO of Ventia Services Group Limited.

iii. Amortisation of acquired intangible assets relating to customer contracts and relationships acquired as part of the acquisitions of Broadspectrum and Kordia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Other segment information

31 December 2022	Defence and Social Infrastructure \$'m	Infrastructure Services \$'m	Tele-communications \$'m	Transport \$'m	Corporate \$'m	Total \$'m
Segment assets	546.9	808.7	704.7	197.3	601.4	2,859.0
Segment liabilities	383.7	287.2	447.4	278.5	941.3	2,338.1

31 December 2021	Defence and Social Infrastructure \$'m	Infrastructure Services \$'m	Tele-communications \$'m	Transport \$'m	Corporate \$'m	Total \$'m
Segment assets	571.3	795.6	758.9	137.6	418.0	2,681.4
Segment liabilities	322.4	253.2	426.0	253.2	1,036.1	2,290.9

2022	Defence and Social Infrastructure \$'m	Infrastructure Services \$'m	Tele-communications \$'m	Transport \$'m	Corporate \$'m	Consolidated Continuing Operations \$'m
Depreciation expense	15.2	41.5	13.2	9.5	24.7	104.1
Amortisation expense	0.7	0.1	0.5	–	53.7	55.0
Share of profits of joint ventures	–	0.2	–	1.7	1.6	3.5

2021	Defence and Social Infrastructure \$'m	Infrastructure Services \$'m	Tele-communications \$'m	Transport \$'m	Corporate \$'m	Consolidated Continuing Operations \$'m
Depreciation expense	16.8	47.1	18.4	7.8	18.8	108.9
Amortisation expense	0.7	0.1	0.3	–	84.8	85.9
Share of (losses)/profits of joint ventures	–	(0.2)	–	4.0	1.4	5.2

Major customers

In 2022 and 2021, a customer in the Defence and Social Infrastructure segment contributed more than 10% of the Group's total revenue.

Except as disclosed above, no other customers contributed to more than 10% of the Group's total revenue in 2022 or 2021.

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2.3.2. Geographical information

The table below provides information on the geographical location of revenue from continuing operations and non-current assets. Total revenue is allocated to a geography based on the location in which the sales originated. Non-current assets are allocated based on the location of the operation to which they relate.

	Australia		New Zealand		Consolidated Continuing Operations	
	2022 \$'m	2021 \$'m	2022 \$'m	2021 \$'m	2022 \$'m	2021 \$'m
Revenue	4,628.9	3,940.9	538.6	616.5	5,167.5	4,557.4
Total non-current assets	1,630.7	1,673.4	81.1	84.3	1,711.8	1,757.7

Significant Accounting Policies

Segment revenues and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. The types of activities from which segments derive revenue are described above. The Group's share of revenue from equity accounted joint ventures is included in revenue reported for each segment. The accounting policies used in the Group in reporting segments internally are the same as those contained in the Consolidated Financial Statements and are consistent with those of the prior period. Given revenue within each segment is derived from rendering of similar services, no further split of revenue by products or service is reported.

Performance is measured on the segment result which is Underlying EBITA (earnings before interest, income tax and amortisation of acquired intangible assets and before acquisition, integration and other restructuring costs) from continuing operations. The segment result includes the allocation of overhead that can be directly attributable to an individual business segment. The following items are not allocated to segments as they are not considered part of the core operations of any segment:

- Corporate costs;
- Acquisition and integration costs;
- Other restructuring costs;
- IPO-related costs;
- Amortisation of acquired intangible assets;
- Finance costs; and
- Income tax.

Segment assets and liabilities include tangible assets, intangible assets and working capital employed by the segments. Corporate assets and liabilities represent centrally managed assets and liabilities, such as tangible assets of head office, income tax balances and borrowings.

2.4 Net finance costs

	2022 \$'m	2021 \$'m
Interest paid and payable on bank facilities	18.6	80.2
Amortisation of capitalised borrowing costs ¹	1.7	42.0
Bank guarantee costs	8.1	7.8
Interest paid and payable on lease liabilities	7.1	8.2
Interest income	(1.6)	(1.0)
Net finance costs	33.9	137.2

1. 2021 includes the write-off of capitalised borrowing costs relating to Term Loan B facility of \$35.5 million due to the repayment of the facility in November 2021.

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Significant Accounting Policies

Finance costs

Finance costs are recognised in the profit or loss in the period in which they are incurred. Lease finance costs comprise interest on lease liabilities calculated using the incremental borrowing rate. Non-lease finance costs comprise interest on borrowings calculated using the effective interest method and interest on derivatives.

Interest income

Interest income is recognised based on effective interest rate method.

2.5 Employee benefit expense

	2022 \$'m	2021 \$'m
Short-term employee benefits	1,819.0	1,675.2
Post-employment benefits	123.3	113.5
Share-based payments expense	7.6	3.8
Termination benefits	10.1	9.5
Total employee benefit expense	1,960.0	1,802.0

The total employee benefit expense is net of \$nil (2021: \$3.2 million) received by the Group under the New Zealand Government's Wage Subsidy Scheme to eligible business adversely impacted by the COVID-19 pandemic. The Group has not received any COVID-19 related subsidy from the Australian Government.

3. Assets and liabilities

3.1 Trade and other receivables

	31 December 2022 \$'m	31 December 2021 \$'m
Current		
Trade receivables	254.8	241.4
Contract assets	532.1	422.8
Impairment allowance	(3.7)	(4.8)
Trade receivables and contract assets, net of impairment allowance	783.2	659.4
Prepayments and other receivables	29.8	23.4
Amounts receivable from related parties (Note 5.7)	7.0	8.7
Total current trade and other receivables	820.0	691.5
Non-current		
Prepayments and other receivables	2.0	-
Amounts receivable from related parties (Note 5.7)	9.0	8.6
Total non-current trade and other receivables	11.0	8.6
Total trade and other receivables	831.0	700.1
Movement in impairment allowance		
Carrying amount at start of year	4.8	9.2
Recognised on acquisition of a subsidiary	-	3.9
Allowance raised	3.2	0.7
Allowance utilised	(4.3)	(9.0)
Carrying amount at end of year	3.7	4.8

Significant Accounting Policies

Trade and other receivables

Trade receivables include all net receivables from services and other contracting services.

Contract assets represent the amount expected to be collected from customers for contract work performed to date that has not yet been billed to customers. It is measured as costs incurred plus profits recognised, less progress billings.

Other receivables generally arise from transactions other than the provision of services and include amounts in respect of sales of assets and GST receivable.

The Group assesses on a forward-looking basis any expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, contract assets and other receivables, the Group applies the simplified approach permitted by AASB 9

Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

3.2 Inventories

	31 December 2022 \$'m	31 December 2021 \$'m
Raw materials and consumables	42.7	32.0
Total inventories	42.7	32.0

Significant Accounting Policies

Inventories

Inventories comprise of raw materials and consumables. Cost is based on weighted averages and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

3.3 Leases

3.3.1. Right-of-use assets

2022	Property \$'m	Plant and Equipment \$'m	Motor Vehicles \$'m	Total \$'m
Cost ¹	69.8	20.3	88.8	178.9
Less: Accumulated depreciation ¹	(13.0)	(9.5)	(31.9)	(54.4)
Carrying amount at end of year	56.8	10.8	56.9	124.5
<i>Movement:</i>				
Carrying amount at start of year	55.1	16.2	65.4	136.7
Additions	29.6	5.9	23.6	59.1
Disposals	(1.9)	(4.0)	(0.9)	(6.8)
Depreciation	(26.0)	(7.3)	(31.1)	(64.4)
Effect of exchange rates	–	–	(0.1)	(0.1)
Carrying amount at end of year	56.8	10.8	56.9	124.5

1. The cost and accumulated depreciation of fully depreciated right-of-use assets no longer utilised by the Group were removed during 2022.

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2021	Property \$'m	Plant and Equipment \$'m	Motor Vehicles \$'m	Total \$'m
Cost	86.3	27.9	102.5	216.7
Less: Accumulated depreciation	(31.2)	(11.7)	(37.1)	(80.0)
Carrying amount at end of year	55.1	16.2	65.4	136.7
<i>Movement:</i>				
Carrying amount at start of year	52.0	27.4	46.1	125.5
Recognised on acquisition of a subsidiary	1.5	-	1.3	2.8
Additions	23.1	3.7	54.6	81.4
Disposals	-	(2.2)	(2.0)	(4.2)
Depreciation	(21.5)	(12.7)	(34.7)	(68.9)
Effect of exchange rates	-	-	0.1	0.1
Carrying amount at end of year	55.1	16.2	65.4	136.7

3.3.2. Lease liabilities

	2022 \$'m	2021 \$'m
<i>Movement:</i>		
Carrying amount at start of year	142.4	133.3
Additions	56.7	70.1
Disposals	(2.2)	-
Recognised on acquisition of a subsidiary	-	2.8
Interest expense	7.1	8.2
Payments for the interest component of lease liabilities	(7.1)	(8.2)
Repayments of the principal component of lease liabilities	(64.4)	(63.8)
Carrying amount at end of year	132.5	142.4
Current	45.9	64.2
Non-current	86.6	78.2
Carrying amount at end of year	132.5	142.4

At the end of the reporting period, the weighted average lease expiries for the portfolio of leases were:

Weighted Average Lease Expiry ¹	2022 Years	2021 Years
Property	3.9	2.1
Plant and equipment	2.6	1.8
Motor vehicles	2.4	1.6

1. Represents the weighted average number of years from the end of the reporting period to the end of the reasonably certain lease term.

3.3.3. Other amounts recognised in the Consolidated Statement of Profit or Loss from continuing operations

	2022 \$'m	2021 \$'m
Interest paid and payable on lease liabilities (included in net finance costs)	7.1	8.2
Expense relating to short-term leases, service components of leases, and variable payments	14.3	12.2

3.3.4. Amounts recognised in the Consolidated Statement of Cash Flows

	2022 \$'m	2021 \$'m
Payments for short-term leases, service components of leases, and variable payments (included in payments to suppliers and employees)	(14.3)	(12.2)
Payments for the interest component of lease liabilities	(7.1)	(8.2)
Repayments of the principal component lease liabilities	(64.4)	(63.8)
Total cash outflow for leases	(85.8)	(84.2)

Significant Accounting Policies

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In such instances, the Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements, except for short-term leases and low value leased assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The Group has a significant lease portfolio, comprising predominantly property, plant, minor equipment and fleet vehicles.

Measurement and presentation of lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The following items are also included in the measurement of the lease liability:

- Fixed lease payments offset by any lease incentives;
- Variable lease payments, for lease liabilities which are tied to a floating index;
- The amounts expected to be payable to the lessor under residual value guarantees;
- The exercise price of purchase options (if it is reasonably certain that the option will be exercised); and
- Payments of penalties for terminating leases, if the lease term reflects the lease terminating early.

The lease liability is separately disclosed on the Consolidated Statement of Financial Position. The liabilities which will be repaid within 12 months are recognised as current and the liabilities which will be repaid in excess of 12 months are recognised as non-current.

The lease liability is subsequently measured by reducing the carrying amount to reflect the principal lease repayments made and increasing the carrying amount by the interest on the lease liability.

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Significant Accounting Policies continued

The Group is required to remeasure the lease liability and make an adjustment to the right-of-use asset in the following instances:

- The term of the lease has been modified or there has been a change in the Group's assessment of the purchase option being exercised, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; and
- The lease payments are adjusted due to changes in the index or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate. However, if a change in lease payments is due to a change in a floating interest rate, a revised discount rate is used.

Measurement and presentation of right-of-use assets

The right-of-use assets recognised by the Group comprise the initial measurement of the related lease liability, any lease payments made at or before the commencement of the contract, less any lease incentives received and any direct costs. Costs incurred by the Group to dismantle the asset, restore the site or restore the asset are included in the cost of the right-of-use asset.

It is subsequently measured under the cost model with any accumulated depreciation and impairment losses applied against the right-of-use asset. If the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the asset over the shorter period of either the useful life of the asset or the lease term. The depreciation starts at the commencement date of the lease and the carrying value of the asset is adjusted to reflect the accumulated depreciation.

Any remeasurement of the lease liability is also applied against the right-of-use asset value. The right-of-use assets are separately disclosed on the Consolidated Statement of Financial Position.

Leases acquired in business combination

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some property subleases as well as renting equipment to its partners, suppliers and contractors.

The leases entered into by the Group are recognised as either finance or operating leases. If the terms of the lease agreement transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. If this is not the case, then the lease is recognised as an operating lease. The income received from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are included in the carrying amount of the leased asset. Amounts due from lessees under finance leases are recognised as receivables.

3.4 Property, plant and equipment

2022	Leasehold Improvements \$'m	Plant and Equipment \$'m	Motor Vehicles \$'m	Total \$'m
Cost	12.9	182.5	30.2	225.6
Less: Accumulated depreciation and impairment	(7.5)	(48.0)	(13.2)	(68.7)
Carrying amount at end of year	5.4	134.5	17.0	156.9
<i>Movement:</i>				
Carrying amount at start of year	8.8	147.0	10.8	166.6
Recognised on business combination	–	0.2	3.5	3.7
Additions	0.4	24.0	7.2	31.6
Disposals	–	(3.8)	(1.1)	(4.9)
Depreciation	(3.8)	(32.5)	(3.4)	(39.7)
Effect of exchange rates	–	(0.4)	–	(0.4)
Carrying amount at end of year	5.4	134.5	17.0	156.9

2021	Leasehold Improvements \$'m	Plant and Equipment \$'m	Motor Vehicles \$'m	Total \$'m
Cost	14.6	162.5	20.6	197.7
Less: Accumulated depreciation and impairment	(5.8)	(15.5)	(9.8)	(31.1)
Carrying amount at end of year	8.8	147.0	10.8	166.6
<i>Movement:</i>				
Carrying amount at start of year	9.2	166.8	4.0	180.0
Recognised on business combination	–	0.7	0.1	0.8
Additions	3.1	13.7	10.2	27.0
Disposals	(0.1)	(0.4)	(0.7)	(1.2)
Depreciation	(3.4)	(33.8)	(2.8)	(40.0)
Carrying amount at end of year	8.8	147.0	10.8	166.6

Significant Accounting Policies

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment over their estimated effective useful lives for the current and comparative reporting years as follows:

- Leasehold improvements: straight-line method — shorter of the lease term and 40 years;
- Plant and equipment: straight-line method — up to 15 years; and
- Motor vehicles: straight-line method — up to 10 years.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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Significant Accounting Policies continued

Subsequent expenditure

Subsequent expenditure is included in the carrying amount of property, plant and equipment only when it is probable that the associated future economic benefits will flow to the Group. All other costs are recognised in profit or loss.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.5 Intangible assets

2022	Brand Names \$'m	Customer Contracts and Relationships \$'m	Software and System Development \$'m	Total \$'m
Cost ¹	33.2	81.3	81.5	196.0
Less: Accumulated amortisation and impairment ¹	(33.2)	(49.7)	(35.5)	(118.4)
Carrying amount at end of year	-	31.6	46.0	77.6
<i>Movement:</i>				
Carrying amount at start of year	-	57.4	70.2	127.6
Additions	-	-	6.8	6.8
Disposals	-	(1.7)	-	(1.7)
Amortisation	-	(24.0)	(31.0)	(55.0)
Effect of exchange rates	-	(0.1)	-	(0.1)
Carrying amount at end of year	-	31.6	46.0	77.6

1. The cost and accumulated amortisation of fully amortised intangible assets no longer utilised by the Group were removed during 2022.

2021	Brand Names \$'m	Customer Contracts and Relationships \$'m	Software and System Development \$'m	Total \$'m
Cost	33.2	162.0	182.8	378.0
Less: Accumulated amortisation and impairment	(33.2)	(104.6)	(112.6)	(250.4)
Carrying amount at end of year	-	57.4	70.2	127.6
<i>Movement:</i>				
Carrying amount at start of year	22.8	78.6	101.9	203.3
Recognised on acquisition of a subsidiary	-	0.9	-	0.9
Additions	-	-	9.3	9.3
Amortisation	(22.8)	(22.1)	(41.0)	(85.9)
Carrying amount at end of year	-	57.4	70.2	127.6

Significant Accounting Policies

Brand names

Brand names acquired as part of a business combination are carried at their fair value at the date of acquisition less accumulated amortisation and any impairment losses. Where brand names' useful lives are assessed as being indefinite, the brand names are not amortised but are tested for impairment annually, or more frequently whenever there is an indication that they might be impaired. Where brand names' useful lives are assessed as finite, the brand names are amortised over their estimated useful lives.

Customer contracts and relationships

Customer contracts and relationships were acquired as part of a business combination. Customer contracts and relationships are carried at their fair value at the date of acquisition less accumulated amortisation and any impairment losses. Customer contracts are amortised on the straight-line basis over the remaining contract term. Customer relationships are amortised over a period of up to five years on the straight-line basis.

Software and system development

Software and system development costs consist of costs incurred in developing systems, costs incurred in acquiring software and licences that will provide future economic benefits. These assets are carried at cost less accumulated amortisation and amortised over a period of up to five years on the straight-line basis.

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment

Intangible assets are tested for impairment in accordance with the policy for impairment of non-financial assets disclosed in Note 3.7.

3.6 Goodwill

3.6.1. Carrying amounts of, and movement in, goodwill

	31 December 2022 \$'m	31 December 2021 \$'m
Cost	1,095.4	1,093.2
Less: Accumulated impairment	-	-
Carrying amount at end of year	1,095.4	1,093.2
<i>Movement:</i>		
Carrying amount at start of year	1,093.2	1,093.0
Recognised on business combinations (Note 5.1)	2.1	0.2
Effect of exchange rates	0.1	-
Carrying amount at end of year	1,095.4	1,093.2

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3.6.2. Allocation of goodwill to cash-generating units

	31 December 2022 \$'m	31 December 2021 \$'m
Defence and Social Infrastructure	251.4	251.4
Infrastructure Services	362.8	360.7
Telecommunications	426.6	426.5
Transport	54.6	54.6
Total goodwill	1,095.4	1,093.2

Significant Accounting Policies

Goodwill arising from a business combination is not amortised but is tested for impairment annually or more frequently if there is an indication that it may be impaired. Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing.

On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill is tested for impairment in accordance with the policy for impairment of non-financial assets disclosed in Note 3.7.

3.7 Impairment of non-financial assets

Goodwill has been allocated to groups of CGUs represented by the Group's operating segments for the purpose of impairment testing.

The recoverable amounts of all CGUs are based on value in use (VIU) calculations. In assessing VIU, the estimated future cash flows are discounted to their present value using discount rates which use current assessment of the time value of money and the risks specific to the CGU.

No impairment has been identified for any of the CGUs.

Significant Accounting Policies

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and indefinite useful life intangible assets, the recoverable amount is estimated annually regardless of whether any indicators of impairment exist.

An asset's recoverable amount is the greater of fair value less costs of disposal, and VIU. In assessing VIU, 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. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs and then to reduce the carrying of the other assets in the CGUs on a pro-rata basis.

Key Estimates and Judgements

Key assumptions used in determining the recoverable amount of assets include expected future cash flows, long-term growth rates, and discount rates.

The VIU calculation is based on a five year future cash flows forecast developed from the Group's most recent Board approved business plan. For terminal value calculation, the Group assumes a long-term growth rate of 2.5% per annum which reflects the organic growth expectations of the industry.

The key assumptions utilised used in determining recoverable amounts at 31 December 2022 are set out below:

	EBITDA Growth*	Long-term Growth Rate	Pre-tax Discount Rate
Defence and Social Infrastructure	4.1%	2.5%	12.9%
Infrastructure Services	4.3%	2.5%	12.8%
Telecommunications	2.6%	2.5%	13.4%
Transport	3.8%	2.5%	13.6%

* The earnings before interest, income tax, depreciation and amortisation (EBITDA) growth represents compound annual growth rates over a 5-year forecast period.

The Group believes that any reasonably possible change in the key assumptions applied would not cause the carrying value of assets to exceed their recoverable amount and result in a material impairment based on current economic conditions and CGU performance.

Sensitivity analysis

For all CGUs, sensitivities were made around the discount rate, growth rate and cash flow assumptions. No reasonable possible change in key assumptions would give rise to an impairment of any of the CGUs.

3.8 Income tax

3.8.1. Income tax expense/(benefit) from continuing operations recognised in the Consolidated Statement of Profit or Loss

	2022 \$'m	2021 \$'m
Current tax	48.1	11.2
Deferred tax	(18.0)	(25.9)
Total income tax expense/(benefit)	30.1	(14.7)

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3.8.2. Reconciliation between profit/(loss) before income tax and income tax expense/(benefit) from continuing operations

	2022 \$'m	2021 \$'m
Profit/(loss) before income tax	221.3	(19.8)
Income tax expense/(benefit) using the Australian corporate tax rate of 30%	66.4	(5.9)
<i>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Non-deductible expenses	0.2	0.2
Adjustment relating to non-assessable, non-exempt income	–	1.1
Recognition of tax losses for Ventia Services Group Limited ¹	(35.2)	–
Recognition of tax losses for Ventia NZ Operations Limited	–	(10.5)
Effect of different tax rates on overseas income	(0.7)	(0.6)
Other	(0.6)	1.0
Income tax expense/(benefit)	30.1	(14.7)

1. As disclosed in the Annual Report for the year ended 31 December 2021, the Australian Taxation Office (ATO) was conducting an audit of the tax affairs of Broadspectrum Pty Limited (BRS), now part of the Group following the acquisition of the Broadspectrum group of companies, for the income years 1 July 2012 to 31 December 2017. The ATO was reviewing the way in which BRS allocated profits associated with historical Regional Processing Centre (RPC) contracts between Australia and the RPC jurisdictions (Nauru and Manus Island) for tax purposes. At 31 December 2021, the ATO was evaluating whether to cancel carry forward losses with a tax effected value of up to \$101 million and, in addition, whether to assess for up to \$107 million of cash tax payable.

During the year ended 31 December 2022, the ATO has completed its audit. The ATO has accepted the position taken by BRS and concluded that no changes should be made to the BRS income tax assessments for the years subject to audit. Accordingly, no incremental cash tax is payable for the audit years. As a result, deferred tax assets in respect of previously unrecognised tax losses of \$35.2 million was recognised in 2022.

3.8.3. Deferred tax recognised in the Consolidated Statement of Financial Position

2022	Carrying Amount at Start of Year \$'m	Recognised in Profit or Loss \$'m	Recognised in Other Comprehensive Income \$'m	Reclassification ² \$'m	Carrying Amount at End of Year \$'m
Net deferred tax assets/(liabilities)					
Contract liabilities/(assets)	(17.2)	36.2	–	–	19.0
Property, plant and equipment	71.8	23.6	–	(81.6)	13.8
Intangible assets	(64.3)	(21.3)	–	81.6	(4.0)
Capitalised borrowing costs	(1.1)	–	–	–	(1.1)
Other items	6.3	0.6	–	–	6.9
Hedging	–	–	(2.7)	–	(2.7)
Trade and other payables	39.9	3.1	–	–	43.0
Provisions	155.7	(58.1)	–	–	97.6
Tax losses	29.0	33.9	–	–	62.9
Net deferred tax assets/(liabilities)¹	220.1	18.0	(2.7)	–	235.4

1. Deferred tax assets and liabilities have been offset in the Consolidated Statement of Financial Position where the balances relate to taxes levied by the same tax authority.

2. \$81.6 million was reclassified from Property, plant and equipment to Intangible assets to better reflect the nature of the underlying asset.

2021	Carrying Amount at Start of Year \$'m	Recognised in Profit or Loss \$'m	Recognised in Other Comprehensive Income \$'m	Acquisitions and Other \$'m	Carrying Amount at End of Year \$'m
Net deferred tax assets/ (liabilities)					
Contract liabilities/(assets)	5.4	(6.6)	–	(16.0)	(17.2)
Property, plant and equipment	17.4	54.3	–	0.1	71.8
Intangible assets	(41.5)	(22.8)	–	–	(64.3)
Capitalised borrowing costs	1.9	(3.0)	–	–	(1.1)
Other items	(28.3)	30.8	–	3.8	6.3
Hedging	5.4		(5.4)	–	–
Trade and other payables	17.1	22.8	–	–	39.9
Provisions	182.1	(37.6)	–	11.2	155.7
Tax losses	41.0	(12.0)	–	–	29.0
Net deferred tax assets/ (liabilities)¹	200.5	25.9	(5.4)	(0.9)	220.1

1. Deferred tax assets and liabilities have been offset in the Consolidated Statement of Financial Position where the balances relate to taxes levied by the same tax authority.

Unrecognised tax losses

	2022 \$'m	2021 \$'m
Unused tax losses for which no deferred tax asset has been recognised	173.4	339.0
Potential tax benefit	52.0	101.7

The amount of unrecognised tax losses relates to certain capital and revenue losses transferred to the Group as part of the acquisition of Ferrovial Services Australia Pty Ltd on 30 June 2020. Presently, there is insufficient information to support the probability that the Group will utilise these tax losses in future years. A deferred tax asset has been recognised in respect of those revenue losses that are considered probable for future use.

3.8.4. Current tax recognised in the Consolidated Statement of Financial Position

	31 December 2022 \$'m	31 December 2021 \$'m
Current tax asset	–	20.0
Current tax liability	(16.0)	(12.5)
Net current tax asset/(liability)¹	(16.0)	7.5

1. The current tax asset and liability as at 31 December 2021 have not been offset in the Consolidated Statement of Financial Position as the Group does not have a legally enforceable right to offset the amounts.

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3.8.5. Uncertain tax positions

The Group is committed to the management and payment of taxes in a responsible manner within the context of its Tax Governance and Risk Policy. This means that the Group ensures internal controls exist to achieve accurate financial reporting in accordance with relevant laws, accounting standards, policies and procedures, as well as ensuring compliance with applicable tax laws, regulations and external reporting requirements by their due dates and in line with local taxation requirements.

The Tax Governance and Risk Policy documents that the Group will not enter into any transaction for the purpose of tax avoidance, undertake aggressive tax planning transactions, nor enter into transactions that do not have a legitimate business purpose.

3.8.6. Tax consolidation

The Company and its wholly-owned Australian subsidiaries are part of a Tax Consolidated Group of which Ventia Services Group Limited is the head entity. The head entity recognises all of the current tax assets and liabilities and deferred tax assets in respect of tax losses of the Tax Consolidated Group (after elimination of intragroup transactions). Deferred tax assets and liabilities in respect of temporary differences are recognised in the respective companies' financial statements.

The Tax Consolidated Group has entered into a tax funding agreement that requires the Group to make contributions to the head entity for current tax assets and liabilities occurring after the implementation of tax consolidation. Under the tax funding agreement, the contributions are calculated using the "group allocation" approach so that the contributions are equivalent to the current tax balances generated by transactions entered into by wholly-owned subsidiaries. The contributions are payable as set out in the agreement and reflect the timing of the head entity's obligations to make payments for tax liabilities to the relevant tax authorities. The assets and liabilities arising under the tax funding agreement are recognised as intercompany assets and liabilities with a consequential adjustment to current income tax.

Significant Accounting Policies

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further 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 end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Significant Accounting Policies continued

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Key Estimates and Judgements

Significant judgement is required in determining the Group's provision for income taxes. In case there is any uncertainty over the Group's tax treatment, the Group considers whether it is probable that the treatment will be accepted by the tax authority, and reflects its assessment in the measurement of tax provision.

In addition, deferred tax assets are recognised for deductible temporary differences, unused tax losses and tax offsets, to the extent it is probable that sufficient future taxable profits will be available to utilise them. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing, nature and the level of future taxable profits.

3.9 Trade and other payables

	31 December 2022 \$'m	31 December 2021 \$'m
Current		
Trade payables	341.2	234.8
Accruals	288.3	344.7
Contract liabilities	283.9	195.6
Other payables	53.4	69.1
Amounts payable to related parties (Note 5.7)	7.8	3.8
Total current trade and other payables	974.6	848.0
Non-current		
Contract liabilities	21.1	23.5
Total non-current trade and other payables	21.1	23.5
Total trade and other payables	995.7	871.5

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3.10 Employee benefit liabilities

	31 December 2022 \$'m	31 December 2021 \$'m
Current		
Annual leave	92.0	96.4
Long service leave	24.7	26.2
Workers' compensation	6.7	25.6
Other employee benefits	34.2	33.2
Total current employee benefit liabilities	157.6	181.4
Non-current		
Long service leave	54.6	51.1
Workers' compensation	19.7	19.4
Other employee benefits	5.6	17.9
Total non-current employee benefit liabilities	79.9	88.4
Total employee benefit liabilities	237.5	269.8

Significant Accounting Policies

The employee benefits liability represents accrued wages and salaries, leave entitlements and other incentives recognised in respect of employees' services up to the end of the reporting period. These liabilities are measured at the amounts expected to be paid when they are settled and include related on-costs, such as workers' compensation insurance, superannuation and payroll tax.

Key Estimates and Judgements

The calculation of annual leave and long service leave requires judgement in determining the key assumptions such as future increase in wage and salary rates, future on-cost rates and expected settlement dates based on staff turnover history.

Provision for workers' compensation reflects the present value of obligations under self-insurance schemes which are estimated using actuarial techniques. Any adjustments in the actuarial assumptions in future periods will impact the measurement of liabilities and any adjustment will be recognised in profit or loss.

3.11 Provisions

	31 December 2022 \$'m	31 December 2021 \$'m
Current		
Unfavourable contracts	12.5	16.7
Onerous contracts	10.0	17.9
Warranties and contract claims	19.1	11.6
Other	12.4	7.2
Total current provisions	54.0	53.4
Non-current		
Unfavourable contracts	50.9	67.1
Onerous contracts	5.6	24.2
Warranties and contract claims	89.0	88.8
Other	11.7	17.6
Total non-current provisions	157.2	197.7
Total provisions	211.2	251.1

	Unfavourable Contracts \$'m	Onerous Contracts \$'m	Warranties and Contract Claims \$'m	Other \$'m	Total \$'m
2022					
Current	16.7	17.9	11.6	7.2	53.4
Non-current	67.1	24.2	88.8	17.6	197.7
Carrying amount at start of year	83.8	42.1	100.4	24.8	251.1
<i>Movement:</i>					
Carrying amount at start of year	83.8	42.1	100.4	24.8	251.1
Provisions raised	–	0.7	33.7	6.7	41.1
Provisions used	(20.2)	(24.2)	(29.2)	(7.4)	(81.0)
Reclassification	–	(3.0)	3.0	–	–
Effect of exchange rates	(0.2)	–	0.2	–	–
Carrying amount at end of year	63.4	15.6	108.1	24.1	211.2
Current	12.5	10.0	19.1	12.4	54.0
Non-current	50.9	5.6	89.0	11.7	157.2
Carrying amount at end of year	63.4	15.6	108.1	24.1	211.2

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for the year ended 31 December 2022

Significant Accounting Policies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Unfavourable contracts

A provision is made for unfavourable contracts where the fair value of the contract is deemed unfavourable relative to expected market returns and they are provided for as part of the purchase price allocation process in a business combination. These provisions are then released as an increase to earnings, in line with the financial performance of the contract over the remaining term.

Onerous contracts

Provisions for onerous contracts are recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The onerous contract provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Warranties and contract claims

Warranties and contract claims provisions relate to individual identified exposures and represent the best estimate of expenditure required to settle the present obligation at the end of the reporting period.

Other provisions

Other provisions include items such as provisions for make good, which are recognised at the time of recognising a right-of-use asset and represent an estimate of the costs to be incurred in the dismantling of the asset and restoring it to the condition specified in the lease.

Key Estimates and Judgements

The estimates and judgements applied in determining the Group's provisions involve a high degree of complexity and have a risk of causing a material adjustment in subsequent periods. Any changes in the estimates and judgements of the provision in future periods will be recognised in profit or loss.

Unfavourable contracts provisions relate to contracts acquired in a business combination where the fair value of the contract is deemed unfavourable relative to expected market returns. Expected market returns were assessed with reference to the Group's contract portfolio and relevant industry.

Onerous contracts provisions relate to estimation on unavoidable costs of meeting the obligation under the contract, which are assessed by management based on factors such as remaining contract life, volume of work and labour hours.

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4. Capital structure, financing, and risk management

4.1 Earnings per share

Basic earnings per share is calculated as profit/(loss) after income tax attributable to shareholders, divided by the weighted average number of ordinary shares issued.

Diluted earnings per share is calculated as profit/(loss) after income tax attributable to shareholders adjusted for any profit recognised in the period in relation to potential dilutive shares, divided by the weighted average number of shares and dilutive shares.

	2022	2021
Profit/(loss) after income tax for the year attributable to equity holders of the parent entity used in earnings per share (\$'m)		
Continuing operations	191.2	(5.1)
Discontinued operations	–	24.6
	191.2	19.5
Weighted average number of shares used in earnings per share (millions of shares)		
Basic earnings per share	854.6	625.7
Diluted earnings per share		
Weighted average number of ordinary shares on issue	854.6	625.7
Adjustment to reflect potential dilution for equity incentive plans	4.4	–
	859.0	625.7
Basic earnings per share (cents)		
Continuing operations	22.37	(0.81)
Discontinued operations	–	3.93
Continuing and discontinued operations	22.37	3.12
Diluted earnings per share (cents)		
Continuing operations	22.26	(0.81)
Discontinued operations	–	3.93
Continuing and discontinued operations	22.26	3.12

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4.2 Dividends

	2022				2021			
	Cents per Share	Total Amount \$'m	Franking	Date of Payment	Cents per Share	Total Amount \$'m	Franking	Date of Payment
Prior year final	1.47	12.6	100%	6 April 2022	–	–	–	–
Current year interim	7.47	62.9	80%	7 October 2022	6.25	38.5	100%	31 March 2021
Dividends paid during the year	8.94	75.5			6.25	38.5		

On 23 February 2023, the Board of Directors declared a final dividend of 8.28 cents per share in respect of the 2022 financial year, 80% franked at a 30% tax rate. The amount will be paid on or around 6 April 2023 and is expected to be \$70.8 million. As the dividend was declared subsequent to 31 December 2022, no provision had been made at 31 December 2022.

Franking (deficits)/credit balance

	31 December 2022 \$'m	31 December 2021 \$'m
Franking (deficits)/credits available for future financial periods (tax paid basis, 30% tax rate)	(1.7)	14.1

At 31 December 2022, the Company had a franking account deficit balance of \$1.7 million. In compliance with ATO regulations, the Company lodged a Franking Account Tax Return and paid \$1.7 million to the ATO in January 2023.

The above amount represents the balance of the franking accounts at the end of the period, adjusted for:

- Franking credits that will arise from the payment of income tax payable at the end of the period; and
- Franking debits that will arise from the payment of dividends provided at the end of the period.

Significant Accounting Policies

A payable is not recognised for dividends to be paid unless the dividend has been declared by the Directors, but not distributed, at or before the end of the year.

4.3 Share capital

Share Capital	2022		2021	
	Number millions	\$'m	Number millions	\$'m
<i>Movement:</i>				
Balance at start of year	855.5	374.5	615.8	2.6
Shares issued as part of the IPO	–	–	219.9	373.8
Capital raising costs (net of tax)	–	–	–	(9.0)
Transfers from share-based payment reserve ¹	–	–	19.8	7.1
Balance at end of year	855.5	374.5	855.5	374.5

1. At completion of the IPO of the Company's shares, all of the shares issued under Legacy Ventia Executive Incentive Plan (refer to Note 4.4) were reclassified as fully paid ordinary shares.

Share capital

Holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are entitled to any net proceeds on liquidation.

The total number of shares issued by the Company as at 31 December 2022 is 855,484,445 (2021: 855,484,445). This includes 345,591 treasury shares as at 31 December 2022 (2021: 2,670,590). In 2022, 2,324,999 treasury shares were granted to certain employees of the Group.

Significant Accounting Policies

Ordinary shares are classified as equity and recognised at the value of the instruments granted by the Company.

Treasury shares are shares in the Company that are held in trust on behalf of the Company. Treasury shares are deducted from equity. No gain or loss are recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

4.4 Reserves

2022	Treasury Share Reserve \$'m	Cash Flow Hedge Reserve \$'m	Foreign Currency Translation Reserve \$'m	Share-based Payment Reserve \$'m	Accumulated Losses Reserve \$'m	Total \$'m
Balance at start of year	(4.5)	(0.3)	(0.9)	–	(42.4)	(48.1)
Shares issued to employees	4.0	–	–	–	–	4.0
Gains arising on change in the fair value of hedging instruments	–	13.0	–	–	–	13.0
Income tax related to gains recognised in other comprehensive income	–	(3.9)	–	–	–	(3.9)
Cumulative gain arising on changes in fair value of hedging instruments reclassified to profit or loss	–	(3.4)	–	–	–	(3.4)
Income tax related to gains reclassified to profit or loss	–	1.0	–	–	–	1.0
Foreign exchange translation differences	–	–	0.4	–	–	0.4
Share-based payment expense	–	–	–	2.0	–	2.0
Balance at end of year	(0.5)	6.4	(0.5)	2.0	(42.4)	(35.0)

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2021	Treasury Share Reserve \$'m	Cash Flow Hedge Reserve \$'m	Foreign Currency Translation Reserve \$'m	Share-based Payment Reserve \$'m	Accumulated Losses Reserve \$'m	Capital Redemption Reserve \$'m	Total \$'m
Balance at start of year	-	(12.8)	(0.8)	4.0	-	(2.1)	(11.7)
Treasury shares purchased	(4.5)	-	-	-	-	-	(4.5)
Gains arising on change in the fair value of hedging instruments	-	54.3	-	-	-	-	54.3
Income tax related to gains recognised in other comprehensive income	-	(16.3)	-	-	-	-	(16.3)
Cumulative gain arising on changes in fair value of hedging instruments reclassified to profit or loss	-	(36.4)	-	-	-	-	(36.4)
Income tax related to losses reclassified to profit or loss	-	10.9	-	-	-	-	10.9
Foreign exchange translation differences	-	-	(0.1)	-	-	-	(0.1)
Transfer from capital redemption reserve to retained earnings	-	-	-	-	-	2.1	2.1
Transfer from retained earnings to accumulated losses reserve for borrowing costs relating to Term Loan B facility	-	-	-	-	(35.5)	-	(35.5)
Transfer from retained earnings to accumulated losses reserve for IPO costs that are not capitalised	-	-	-	-	(6.9)	-	(6.9)
Share-based payment expense	-	-	-	3.1	-	-	3.1
Transfer to share capital	-	-	-	(7.1)	-	-	(7.1)
Balance at end of year	(4.5)	(0.3)	(0.9)	-	(42.4)	-	(48.1)

Share-based payment reserve

The Group operates an Equity Incentive Plan (the Plan) which provide equity instruments to certain executives as a component of their remuneration. The share-based payment expense for the year for the Group was \$7,583,000 (2021: \$3,801,000).

Refer to the Remuneration Report for further details of all plans.

Long-term Incentive (LTI) Plan

2022 LTI Plan

The 2022 LTI Plan is a share-settled Share Appreciation Rights (SARs), and it entitles the participant to a payment (in Company shares) at the end of the performance period equivalent to the amount by which the underlying Company share price has increased since the right was granted. If SARs vest, shares are allocated to the participant to the requisite value with nothing payable by the participant. The vesting value per SAR under the 2022 LTI Plan will be calculated as the positive difference between the Company 10-day Volume-Weighted Average Price (VWAP) immediately after the release of the Company's 2022 annual financial statements, and the Company share price at the end of the performance period, being the 10-day VWAP up to the release of the Company's annual financial statements for the respective year.

The variables in the table below are used as inputs into the model to determine the fair value of the 2022 LTI Plan's SARs.

	Tranche 1	Tranche 2	Tranche 3
Invitation date	1 May 2022	1 May 2022	1 May 2022
Performance period start date	1 January 2022	1 January 2022	1 January 2022
Vesting date	31 December 2024	31 December 2025	31 December 2026
Expected volatility	30%	30%	30%
Risk-free interest rate (per annum)	2.91%	3.07%	3.22%
Share price at invitation date	\$2.86	\$2.86	\$2.86
Expected dividend yield (per annum)	5.78%	5.78%	5.78%
Fair value per instrument	\$0.47	\$0.55	\$0.59

The following table summarises the movements in SARs for the LTI Plan:

Invitation date	Final Vesting Date	Granted	Other	Balance at End of Year
1 May 2022	31 December 2026	7,933,644	–	7,933,644

The actual number of SARs awarded will be determined based on individual performance and subsequent to the release of the Company's 2022 annual financial statements. The number of SARs awarded as disclosed in the above table will be adjusted accordingly.

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Short-term Incentive (STI) Plan

2022 STI Plan

The 2022 STI Plan is a cash and share-settled share rights plan. The equity component will be awarded in March 2023 and is subject to deferral in two equal tranches: 50% deferred for 12 months; and 50% deferred for 24 months. At the end of each deferral period, vested rights are converted into the Company's ordinary shares.

While rights do not attract actual dividends during the deferral periods, rights have attached dividend equivalent rights such that on vesting additional shares will be awarded equivalent to the value of dividends accrued as if ordinary shares had been owned throughout.

The variables in the table below are used as inputs into the model to determine the fair value of the 2022 STI Plan share rights:

	Tranche 1	Tranche 2
Invitation date	1 May 2022	1 May 2022
Performance period start date	1 January 2022	1 January 2022
Vesting date	31 December 2023	31 December 2024
Expected volatility	30%	30%
Risk-free interest rate (per annum)	2.76%	2.91%
Share price at invitation date	\$2.86	\$2.86
Expected dividend yield (per annum)	5.78%	5.78%
Fair value per instrument	\$2.78	\$2.78

The Company also provides awards to key management personnel and other senior executives on a discretionary basis. The participants will need to meet the requirement of completing certain periods of services before the awards are granted.

Movements in outstanding share rights

The following table summarises the movements in outstanding share rights for all of the above STI plans:

Invitation date	Final Vesting Date	Granted	Other	Balance at End of Year
1 May 2022	31 December 2024	1,006,056	-	1,006,056

The actual number of rights awarded will be determined based on individual performance and subsequent to the release of the Company's 2022 annual financial statements. The number of rights awarded as disclosed in the above table will be adjusted accordingly.

Legacy Ventia Executive Incentive Plan

Prior to listing, the Group operated an executive incentive plan (the Legacy Ventia Executive Incentive Plan (EIP)). This scheme was designed to provide incentives to attract, motivate and retain those whose contributions are important to the Company's success.

There was no grant of shares under this scheme during the year (2021: 9.7 million shares).

Significant Accounting Policies

Treasury shares

Treasury shares are shares in the Company that are held in trust on behalf of the Company. Treasury shares are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Cash flow hedge reserve

Changes in the fair value of designated and qualifying cash flow hedges are deferred in equity. Where it is expected that all or a portion of a loss recognised directly in equity will not be recovered in future periods, that loss is recognised in profit or loss. Amounts deferred are included in the initial measurement of the cost of the asset or liability where the forecast transaction being hedged results in the recognition of a non-financial asset or a non-financial liability.

Cash flow hedges relating to operating activities are recognised in profit or loss in the same period the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss deferred in equity is recognised immediately in profit or loss.

The cash flow hedge reserve represents the cumulative effective portion of the gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects profit or loss.

Foreign currency translation reserve (FCTR)

The FCTR comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the Group's presentation currency.

Share-based payment reserve

Equity-settled share-based payments are measured at the fair value of the equity instruments at grant date. The cost of these transactions is recognised in the profit or loss as an expense and credited to the share-based payment reserve over the vesting period. At each balance date, the Group revises its estimates of the number of rights that are expected to vest for service and non-market performance conditions. The fair value at grant date is determined independently using an option pricing model that takes into account market related performance conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of instruments that are expected to vest based on the non-market vesting and service conditions. The Company recognises the impact of the revision to original estimates, if any, in profit or loss and the Company recognises the corresponding adjustment in the share-based payment reserve.

Accumulated losses reserve

The accumulated losses reserve includes costs incurred by the Group in relation to the write-off of capitalised borrowing costs relating to Term Loan B facility and IPO costs which were not directly attributable to the raising of capital. These were recognised in profit or loss and other comprehensive income and have been transferred to a separate reserve within equity.

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4.5 Cash and cash equivalents

4.5.1. Cash and cash equivalents as presented in the Consolidated Statement of Cash Flows

	31 December 2022 \$'m	31 December 2021 \$'m
Cash at bank and on hand	280.0	180.2
Total cash and cash equivalents	280.0	180.2

4.5.2. Reconciliation of profit after income tax to net cash generated from operating activities

	2022 \$'m	2021 \$'m
Profit after income tax	191.2	19.5
<i>Adjustments for:</i>		
Profit after income tax from discontinued operations	–	(24.6)
Income tax expense/(benefit)	30.1	(14.7)
Income tax payment	(25.7)	(35.3)
Depreciation expense	104.1	108.9
Amortisation expense	55.0	85.9
Share of profits of joint ventures	(3.5)	(5.2)
Dividends received from joint ventures	2.6	9.2
Amortisation of capitalised borrowing costs	1.7	42.0
Share-based payment expense	7.6	3.1
Other	1.5	(2.1)
Changes in working capital:		
Trade and other receivables	(130.9)	(57.8)
Inventories	(10.7)	(0.4)
Trade and other payables	139.7	83.4
Employee benefit liabilities	(32.7)	(27.4)
Provisions	(40.1)	(59.9)
Net cash generated from operating activities	289.9	124.6

Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

4.6 Borrowings

4.6.1. Capital structure

The Group manages its capital structure with the objective of enhancing long-term shareholder value through funding its business at an optimised weighted average cost of capital.

4.6.2. Borrowings

	31 December 2022 \$'m	31 December 2021 \$'m
Borrowings	750.0	750.0
Capitalised borrowing costs	(5.1)	(6.8)
Total borrowings	744.9	743.2

i. Syndicated Banking Facilities

On 23 November 2021, the Group executed a syndicated facility agreement for the provision of syndicated term loan facilities and a syndicated revolving cash facility (Syndicated Banking Facilities). Funding provided under the facility agreement for the Syndicated Banking Facilities of \$750.0 million (together with surplus cash on hand and proceeds from the issue of new shares in the IPO of the Company) was utilised to repay the Group's pre-existing Term Loan B facility.

The Syndicated Banking Facilities have an aggregate commitment of \$1,150.0 million and comprise:

- \$750.0 million of term loan facilities, spread equally across three-year, four-year and five-year tranches, each of which is fully drawn at 31 December 2022 and 2021; and
- a \$400.0 million four-year revolving cash facility which is undrawn at 31 December 2022 and 2021.

The Syndicated Banking Facilities have variable interest rates, based on BBSY plus a margin. These facilities attract commitment fees common with this type of facility.

The Syndicated Banking Facilities are guaranteed by the Guarantor Group, which comprises of no less than 90% of EBITDA and 90% of total tangible assets of the Group.

The Group has entered into swap arrangements to mitigate its exposure to unfavourable interest rate movements. The swap arrangements satisfy the requirements for hedge accounting and are accounted for accordingly. Refer to Note 4.7.

ii. Covenants on financing facilities

The Syndicated Banking Facilities are unsecured and contain financial covenants which are tested monthly and reported semi-annually. The financial covenants include requirements on the Group's leverage ratio and interest cover ratio. The Group was in compliance with all of its financial covenants as at 31 December 2022.

iii. Bank guarantees and insurance bonds

The Group has \$765.0 million (2021: \$795.0 million) of bank guarantee and insurance bond facilities on a committed and uncommitted basis to support its contracting activities. The Group's facilities are provided by a number of banks and insurance companies on an unsecured and revolving basis. \$393.0 million (2021: \$424.4 million) of these facilities were utilised as at 31 December 2022, with \$372.0 million (2021: \$370.6 million) unutilised.

iv. Credit ratings

The Group has investment grade credit ratings of Baa3 (Outlook Stable) from Moody's and BBB- (Outlook Stable) from S&P as at 31 December 2022.

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v. Maturity profile

The maturity profile of the Group's borrowing arrangements by financial year is represented in the below table by facility limit:

	Currency	Annual Interest Rate	Maturity	\$'m
Syndicated term loan facilities (non-current)				
Term loan	AUD	BBSY + 140bps	23 November 2024	250.0
Term loan	AUD	BBSY + 150bps	23 November 2025	250.0
Term loan	AUD	BBSY + 160bps	23 November 2026	250.0
				750.0
Syndicated revolving cash facility				
	AUD		23 November 2025	400.0

Significant Accounting Policies

Borrowings

Borrowings are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method.

Under the effective interest method, any transaction fees, costs, discounts, and premiums directly related to the borrowings are recognised in profit or loss over the expected life of the borrowings.

Borrowings are classified as current liabilities where the borrowings has been drawn under a financing facility which expires within 12 months. Amounts drawn under financing facilities which expire after 12 months are classified as non-current.

4.7 Financial risk management

The Group's activities expose it to several financial risks including market risk (interest rate and foreign exchange risk), liquidity risk and credit risk.

The Group manages financial risk through Board approved policies and procedures. These specify the responsibility of the Board of Directors and senior management regarding the management of financial risk. Financial risk is managed centrally by the Group's treasury and finance team under the direction of the Board. The treasury and finance team manages risk exposures primarily through delegated authority limits and defined measures. The treasury and finance team regularly monitors the Group's exposure to any of these financial risks and reports to the Board.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

4.7.1. Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and equity prices will affect the Group's financial performance or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial asset or financial liability will change as a result of changes in market interest rates. The Group is exposed to interest rate risk as it borrows at floating interest rates and adverse movements in floating interest rates will increase the cost of floating rate debt. The Group's exposure to market interest rates relates primarily to its long-term borrowings. All interest rate exposures are identified, quantified, monitored and managed centrally by the Group's treasury team. The Group has a list of approved financial instruments which can be used to manage interest rate risk.

Sensitivities have been based on a movement in interest rates of 100 basis points (2021: 25 basis points) across the yield curve of the relevant currencies. The selected basis point increase or decrease represents the Group's assessment of the possible change in interest rates on variable rate instruments. At the reporting date, an increase/decrease in interest rate of 100 basis points (2021: 25 basis points) will:

- Decrease/increase full year net profit after income tax of \$nil (2021: \$0.4 million) as a result of the unhedged portion of the Group's variable-rate borrowings; and
- Increase/decrease full year other comprehensive income (net of income tax) by \$3.6 million (2021: \$1.3 million) as a result of the changes in fair value of derivatives designated in a cash flow hedge.

ii. Foreign exchange risk

Foreign currency risk is the risk that the fair value of 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 to the Group's foreign operations, where revenues or expenses are denominated in a different currency (primarily New Zealand dollars) from the Group's presentation currency.

At the reporting date, a 5% appreciation/depreciation in the New Zealand dollar against the Australian dollar will increase/decrease full year other comprehensive income by \$3.8 million (31 December 2021: \$2.5 million). The movement represents the Group's assessment of the possible changes in spot foreign exchange rates.

iii. Hedging arrangements

At the reporting date, the fair value and notional amounts of derivatives entered into for hedging purposes for the Group are:

	Notional Value		Fair Value Asset		Fair Value Liability		Fair Value Gain/(Loss) Recognised in Other Comprehensive Income	
	2022 \$'m	2021 \$'m	2022 \$'m	2021 \$'m	2022 \$'m	2021 \$'m	2022 \$'m	2021 \$'m
Cash flow hedges								
Interest rate swaps	750.0	600.0	9.7	-	0.3	0.4	13.0	(0.4)
Cross currency swaps	-	-	-	-	-	-	-	54.7
Total	750.0	600.0	9.7	-	0.3	0.4	13.0	54.3

At the reporting date, the following items are designated as hedged items:

	Carrying Amount of Hedged Items		Cash Flow Hedge Reserve	
	2022 \$'m	2021 \$'m	2022 \$'m	2021 \$'m
Cash flow hedges				
Borrowings	750.0	750.0	6.4	(0.3)
Total	750.0	750.0	6.4	(0.3)

The above hedge relationships are assessed to be highly effective with insignificant hedge ineffectiveness.

Cross currency swaps

The cross currency swaps were designated in a cash flow hedge on exposure from the Term Loan B facility which was repaid during 2021. At the reporting date, there were no outstanding cross currency swaps.

Interest rate swaps

The interest rate swaps are designated in a cash flow hedge on exposure from the variable rate borrowings (refer to Note 4.6.2).

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4.7.2. Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient funds to meet its financial commitments as and when they fall due.

Liquidity risk management involves maintaining available funding and ensuring the Group has access to an adequate amount of committed credit facilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans, bank overdrafts and finance leases.

The treasury and finance team manages liquidity risk through frequent and periodic cash flow forecasting and analysis. The Group has a \$400.0 million four-year revolving cash facility which is undrawn at 31 December 2022 and cash at bank and on hand of \$280.0 million as at 31 December 2022, which will be available to fund working capital and expansion requirements.

These facilities may be drawn at any time, subject to the terms of the lending agreements. Some facilities are subject to certain financial covenants and undertakings. No covenants or undertakings have been breached during the period.

The following tables detail the Group's undiscounted non-derivative liabilities and derivative liabilities and their contractual maturities.

Maturity Analysis of Undiscounted Cash Outflow

31 December 2022	One Year or Less \$'m	One to Two Years \$'m	Two to Five Years \$'m	Over Five Years \$'m	Total \$'m
Non-derivative liabilities					
Borrowings	43.2	292.0	540.8	–	876.0
Trade and other payables ¹	690.7	–	–	–	690.7
Lease liabilities	55.9	33.1	44.7	17.2	150.9
	789.8	325.1	585.5	17.2	1,717.6
Derivative liabilities					
Interest rate swaps	0.3	–	–	–	0.3
	0.3	–	–	–	0.3
Total	790.1	325.1	585.5	17.2	1,717.9

Maturity Analysis of Undiscounted Cash Outflow

31 December 2021	One Year or Less \$'m	One to Two Years \$'m	Two to Five Years \$'m	Over Five Years \$'m	Total \$'m
Non-derivative liabilities					
Borrowings	12.0	12.0	774.0	–	798.0
Trade and other payables ¹	652.4	–	–	–	652.4
Lease liabilities	70.3	32.0	45.3	9.2	156.8
	734.7	44.0	819.3	9.2	1,607.2
Derivative liabilities					
Interest rate swaps	0.1	0.7	(0.4)	–	0.4
	0.1	0.7	(0.4)	–	0.4
Total	734.8	44.7	818.9	9.2	1,607.6

1. Excludes contract liabilities.

For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last repricing date. Cash flows represented are contractual and calculated on an undiscounted basis, based on current rates at the reporting date.

4.7.3. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group is exposed to counterparty credit risk arising from its operating activities (primarily customer receivables) and financing activities, including deposits with banks and financial institutions, foreign exchange and other financial instruments. The maximum exposure to credit risk arising from potential default of the counterparty is equal to the carrying amount of the financial assets.

Credit risks related to balances with banks and financial institutions are managed by the Group's finance team in accordance with approved policies. Such policies only allow financial derivative instruments to be entered into with high credit quality financial institutions.

Trade receivables consist of receivables from government agencies and corporations. Receivables balances are monitored regularly with the result that the Group's exposure to credit losses to date have been negligible.

At the reporting date, no material credit risk exposure existed in relation to potential counterparty failure on such financial instruments, except for certain trade and other receivable with impairment allowance recognised (refer to Note 3.1).

Guarantees

Details of outstanding guarantees are provided in Note 6.1. The Group is, in the normal course of business, required to provide guarantees and letters of credit on behalf of controlled entities, joint ventures and related parties in respect of their contractual performance related obligations.

Maximum credit exposure

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	31 December 2022 \$'m	31 December 2021 \$'m
Cash and cash equivalents	280.0	180.2
Trade receivables and contract assets, net of impairment allowance	783.2	659.4
Other receivables	2.2	3.9
Amounts receivable from related parties	16.0	17.3
Derivative assets	9.7	-
Total	1,091.1	860.8

The ageing of the Group's gross trade receivables at the reporting date was:

	31 December 2022 \$'m	31 December 2021 \$'m
Gross aged receivables 0-90 days	246.3	239.1
Gross aged receivables more than 90 days	8.5	2.3
Total	254.8	241.4

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4.7.4. Fair value measurement of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

The following table provides information about how the fair values of these financial assets and financial liabilities are determined. They are grouped into levels 1 to 3 based on the degree to which the fair value measurement inputs are observable.

- Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair Value Asset		Fair Value Liability		Fair Value Hierarchy
	2022 \$'m	2021 \$'m	2022 \$'m	2021 \$'m	
Interest rate swaps	9.7	-	0.3	0.4	Level 2
Total	9.7	-	0.3	0.4	

There were no transfers between level 1, level 2 or level 3 during the year.

Estimation of fair values

The fair value of interest rate and cross currency swaps is determined using a discounted cash flow model where future cash flows are estimated based on market forward rates as at the end of the year and the contract rates, discounted at a rate that reflects the credit risk of the various respective counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying value of cash and cash equivalents, financial assets, bank and other loans, and non-interest bearing monetary financial liabilities of the Group approximate their fair value.

Significant Accounting Policies

Derivatives

Derivative financial instruments are stated at fair value. Where derivative financial instruments qualify for hedge accounting, recognition of changes in fair value depends on the nature of the item being hedged. Hedge accounting is discontinued when the hedging relationship is revoked, or the hedging instrument expires, is sold, terminated, exercised, or no longer qualifies for hedge accounting.

The derivative financial instruments of the Group qualify for a cash flow hedge. Refer to Note 4.4 for the accounting policy.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Otherwise, they are classified as current.

4.8 Commitments for capital expenditure

Capital expenditure commitments of the Group at the reporting date are as follows:

	31 December 2022 \$'m	31 December 2021 \$'m
<i>Estimated capital expenditure under firm contracts, payable:</i>		
Not later than one year	10.1	9.3
Later than one year, not later than two years	-	-
Beyond two years	-	-
Total capital expenditure commitments¹	10.1	9.3

1. There were no material commitments related to joint arrangements.

4.9 Receivable finance arrangements

The Group has a receivables financing facility with a banking institution. The level of non-recourse factoring across the Group was \$34.5 million as at 31 December 2022 (2021: \$30.3 million).

Certified receivables are sold to this banking institution on a non-recourse basis and are acknowledged by the customer with payment only being subject to the passage of time. Under the factoring arrangements:

- The certified receivables are derecognised where the risks and rewards of the receivables have been transferred, as the cash flow is only derived when there are goods or services provided or work performed by the Group for which it is entitled to be paid;
- The cash flow to the Group only arises when there is an amount certified by the customer and contractually due to be paid to the Group, and there are no disputes regarding the amounts due and the customer has acknowledged this by way of certification; and
- The receipt by the Group irrevocably removes the Group's right to the certified receivable due from the customers.

5. Group structure

5.1 Business combinations

5.1.1. Current year acquisition

Ventia Utility Services Pty Limited and Ventia Australia Pty Limited (controlled entities of the Company) entered into an agreement to acquire certain assets from ATC Energy, an electrical transmission and distribution services provider headquartered in Victoria, and offer employment to certain employees of ATC Energy. The transaction was assessed to be a business combination. The acquisition strengthens the Group's offering in the electricity and gas market. The transaction was completed on 7 November 2022.

The total consideration paid for the acquisition was \$5.7 million. Goodwill of \$2.1 million was recognised. Other assets and liabilities acquired were individually not material.

From the date of acquisition, the contribution to revenue and profit after income tax from the above acquisition for the year ended 31 December 2022 was not material. If the acquisition had occurred at the start of the reporting period, management estimates that the consolidated revenue and profit after income tax for the year would not have been materially different to what has been reported.

5.1.2. Prior year acquisition

On 31 October 2021, Ventia Holdings I Pty Limited (a controlled entity of the Company) acquired the entire share capital of Kordia Solutions Pty Limited (Kordia). Kordia provides design, consultancy, maintenance and construction services for fixed and mobile indoor and outdoor telecommunications networks to major public and private built environments and its acquisition strengthens Group's telecommunication offering.

Details of the purchase consideration and net assets assumed are summarised as follows:

	Final Fair Value \$'m
Purchase consideration	
Cash consideration paid	1.2
Deferred consideration ¹	10.0
Net assets acquired at fair value	(11.0)
Goodwill	0.2

1. The deferred consideration was settled in 2022.

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The recognised amounts of assets and liabilities as a result of the acquisition are as follows:

	\$'m
Cash and cash equivalents	1.0
Trade and other receivables	52.5
Inventories	1.1
Total current assets	54.6
Right-of-use assets	2.8
Property, plant and equipment	0.8
Intangible assets	0.9
Total non-current assets	4.5
Total assets	59.1
Trade and other payables	31.6
Employee benefit liabilities	6.5
Provisions	2.9
Lease liabilities	2.8
Total current liabilities	43.8
Deferred tax liabilities	4.3
Total non-current liabilities	4.3
Total liabilities	48.1
Total identifiable net assets acquired	11.0

From the date of acquisition, Kordia's contribution to revenue and profit after income tax for the year ended 31 December 2021 was not material. If the acquisition had occurred at the start of the reporting period, management estimates that the consolidated revenue and profit after income tax for the year would not have been materially different to what has been reported.

Significant Accounting Policies

The acquisition method of accounting is used to account for all business combinations. The consideration for the acquisition of a controlled entity comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any pre-existing equity interest in the controlled entity. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. Where the consideration is less than the fair value of the net identifiable assets of the controlled entity acquired, the difference is recognised directly in profit or loss as a gain on acquisition of a controlled entity.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

5.2 Equity accounted investments

	2022 \$'m	2021 \$'m
Joint ventures		
Balance at start of year	4.9	10.1
Share of profits ¹	3.5	5.2
Share of income tax expense ¹	–	(1.2)
Dividends received	(2.6)	(9.2)
Balance at end of year	5.8	4.9

1. In 2021, the share of income tax expense was included in the Income tax (expense)/benefit in the Consolidated Financial Statement of Profit or Loss. In 2022, the share of profits represented the share of profits after income tax.

Joint Venture	Country of Incorporation	Statutory Reporting Date	Ownership Interest	
			31 December 2022 %	31 December 2021 %
Aroona P&T Pty Ltd	Australia	31 December	50.0	50.0
Brisbane Motorway Services Pty Limited	Australia	30 June	50.0	50.0
Gateway Motorway Services Pty Limited	Australia	30 June	50.0	50.0
Skout Solutions Pty Limited	Australia	31 December	50.0	50.0
SV Joint Venture Pty Limited	Australia	31 December	50.0	50.0
Translink Investments Pty Limited	Australia	30 June	50.0	50.0
Ventia Boral Amey NSW Pty Limited ¹	Australia	31 December	66.6	66.6
Ventia Boral Amey QLD Pty Limited ¹	Australia	31 December	64.4	64.4
Venture Smart Pty Limited	Australia	31 December	50.0	50.0
Skout Solutions (NZ) Limited	New Zealand	31 December	50.0	50.0
Broadspectrum WorleyParsons JV (M) Sdn Bhd	Malaysia	31 December	50.0	50.0

1. While the Group holds a greater than 50% interest in these joint venture entities, voting rights on key matters are shared among the joint venture entity participants, and therefore the Group accounts for these joint venture entities using the equity method.

The Group's share of the joint ventures' carrying amounts is presented below in aggregate, as they are individually immaterial:

	2022 \$'m	2021 \$'m
Carrying amounts		
Current assets	15.3	12.0
Non-current assets	9.9	11.2
Current liabilities	(9.4)	(8.4)
Non-current liabilities	(10.0)	(9.9)
Net assets	5.8	4.9
Total comprehensive income		
Profit after income tax from continuing operations	3.5	4.0
Total comprehensive income	3.5	4.0

There are no material commitments held by joint ventures.

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Significant Accounting Policies

The Group's interests in equity accounted investees comprise interests in joint venture entities only.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the Consolidated Statement of Financial Position at cost, including transaction costs and goodwill on acquisition, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

The requirements of AASB 136 Impairment of Assets are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 as a single asset by comparing its recoverable amount (higher of value in use, and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Consolidated Financial Statements only to the extent of interests in the joint venture that are not related to the Group.

Dividends are recognised when the dividend is declared. Dividends received reduce the carrying amount of the investment in joint ventures.

5.3 Joint operations

The Group has the following interests in joint operations whose primary activity is providing services:

Joint Operation	Country of Incorporation or Establishment	Ownership Interest	
		2022 %	2021 %
Allwater	Australia	50.0	50.0
Arup Pty Limited & BMD Constructions Pty Ltd & Ventia Pty Limited (Smartways)	Australia	20.0	20.0
BRSJay	Australia	50.0	50.0
Confluence Water	Australia	42.5	42.5
Gold Coast Infrastructure Solutions	Australia	50.0	–
MTC-Broadspectrum ¹	Australia	–	50.0
Trace UJV ²	Australia	80.0	80.0
Utilita Water Solutions	Australia	50.0	50.0
Ventia Boral Amey NSW ²	Australia	66.6	66.6
Ventia Boral Amey QLD ²	Australia	64.4	64.4
Watersure	Australia	40.0	40.0

1. The Group exited from the joint operation in 2022.

2. While the Group holds a greater than 50% interest in these joint operations, as they are formed by contractual arrangements and are not entities, the Group recognises its share of assets, liabilities, revenue and expenses arising from these arrangements.

Significant Accounting Policies

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for its share of jointly held assets, liabilities, revenues and expenses of joint operations.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Consolidated Financial Statements only to the extent of other parties' interests in the joint operation.

When a Group entity purchases assets from a joint operation in which a Group entity is a joint operator, the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

5.4 Discontinued operations

APP Corporation Pty Ltd (APP) delivers professional services to the property and infrastructure sectors, and was a wholly-owned subsidiary of BRS Holdco Pty Ltd which was acquired by the Group on 30 June 2020. On 1 July 2020, the Group announced its intention to sell APP and its subsidiaries, and actively started to market the business for sale. Therefore, APP was considered to be a subsidiary acquired exclusively with a view to resale and was classified as an asset held for sale at 31 December 2020.

On 3 March 2021, Broadspectrum (Holdings) Pty Ltd (a controlled entity of Ventia Services Group Limited) signed an agreement with a third party to sell the entire share capital of APP. Completion of the transaction took place on 19 March 2021.

Significant Accounting Policies

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and the sale is considered highly probable.

Assets held for sale are measured at the lower of their carrying amount, and fair value less costs to distribute or sell, except for assets such as deferred tax assets, assets arising from employee benefits, and financial assets which are specifically exempt from this measurement requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell or distribute. A gain is recognised for any subsequent increases in fair value less costs to sell or distribute of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of derecognition.

Assets are not depreciated or amortised while they are classified as held for sale.

Interest and other expenses attributable to the liabilities associated with assets held for sale continue to be recognised.

5.5 Subsidiaries

5.5.1. Deed of Cross Guarantee

Ventia Services Group Limited and each of the wholly-owned subsidiaries set out below (together referred to as the Closed Group) have entered into a Deed of Cross Guarantee (Deed), as defined in ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (the Instrument). The effect of the Deed is that each entity in the Closed Group guarantees the payment in full of all debts of the other entities in the Closed Group in the event of their winding up.

Pursuant to the Instrument, the wholly-owned subsidiaries within the Closed Group are relieved from the requirement to prepare, audit, and lodge separate financial reports.

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i. Parties to the Deed

Name of Entity	
Broadspectrum (Finance) Pty Ltd	Ventia Australia Pty Ltd
Broadspectrum (Holdings) Pty Ltd	Ventia Finco Pty Ltd
Broadspectrum (International) Pty Ltd	Ventia Holdings I Pty Limited
Broadspectrum (Oil & Gas) Pty Ltd	Ventia Property Pty Ltd
Broadspectrum Pty Ltd	Ventia Pty Limited
BRS Holdco Pty Ltd	Ventia Services Group Limited
Easternwell Group Assets Pty Ltd	Ventia Services Pty Ltd
Easternwell Group Investments Pty Limited	Ventia Solutions Pty Limited
Easternwell Group Operations Pty Ltd	Ventia Utility Services Pty Limited
Easternwell Group Pty Ltd	Visionstream Australia Pty Limited
Easternwell WA Pty Ltd	Visionstream Pty Limited
Piver Pty Ltd	Visionstream Services Pty Limited
Ventia Asset Infrastructure Services Pty Limited	

ii. Financial position and performance

A Statement of Profit or Loss and Statement of Financial Position, for the entities which are party to the Deed at the reporting date are as follows:

	2022 \$'m	2021 \$'m
Continuing operations		
Revenue	4,550.2	3,940.9
Expenses	(4,215.7)	(3,684.3)
Share of profits of joint ventures	3.5	5.2
Earnings before interest, income tax, depreciation and amortisation	338.0	261.8
Depreciation expense	(79.7)	(93.7)
Amortisation expense	(35.1)	(84.7)
Earnings before interest and income tax	223.2	83.4
Net finance costs	(31.6)	(133.7)
Profit/(loss) before income tax	191.6	(50.3)
Income tax (expense)/benefit	(17.0)	12.5
Profit/(loss) after income tax from continuing operations	174.6	(37.8)

	31 December 2022 \$'m	31 December 2021 \$'m
Current assets		
Cash and cash equivalents	266.3	164.4
Trade and other receivables	731.6	622.6
Current tax asset	–	19.7
Inventories	20.8	31.0
Derivative assets	4.5	–
Total current assets	1,023.2	837.7
Non-current assets		
Trade and other receivables	11.0	8.6
Investment in subsidiaries	50.0	50.0
Equity accounted investments	5.8	4.8
Derivative assets	5.2	–
Deferred tax assets	229.1	214.6
Right-of-use assets	93.5	116.5
Property, plant and equipment	124.6	145.5
Intangible assets	67.7	125.0
Goodwill	1,072.6	1,072.6
Total non-current assets	1,659.5	1,737.6
Total assets	2,682.7	2,575.3
Current liabilities		
Trade and other payables	901.7	803.5
Derivative liabilities	0.3	0.2
Employee benefit liabilities	139.1	165.9
Provisions	26.3	38.1
Lease liabilities	34.2	54.1
Current tax liability	11.8	–
Total current liabilities	1,113.4	1,061.8
Non-current liabilities		
Trade and other payables	21.1	23.5
Employee benefit liabilities	77.8	86.0
Provisions	154.4	202.0
Derivative liabilities	–	0.2
Lease liabilities	67.5	68.1
Borrowings	744.9	743.2
Total non-current liabilities	1,065.7	1,123.0
Total liabilities	2,179.1	2,184.8
Net assets	503.6	390.5
Equity		
Share capital	374.5	374.5
Reserves	(30.3)	(42.7)
Retained earnings	159.4	58.7
Total equity	503.6	390.5

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5.5.2. Details of subsidiaries

The subsidiaries of Ventia Services Group Limited are as follows:

Name of Entity	Country of Incorporation	Interest Held %	
		2022	2021
BE & MG Pty Ltd ¹	Australia	100	100
BR & I Pty Ltd ¹	Australia	100	100
Broadspectrum (East Timor) Pty Ltd ¹	Australia	100	100
Broadspectrum (Finance) Pty Ltd ^{1,2}	Australia	100	100
Broadspectrum (Holdings) Pty Ltd ^{1,2}	Australia	100	100
Broadspectrum (International) Pty Ltd ^{1,2}	Australia	100	100
Broadspectrum (Oil & Gas) Pty Ltd ^{1,2}	Australia	100	100
Broadspectrum (USM) Holdings Pty Ltd ¹	Australia	100	100
Broadspectrum Australia (QLD) Pty Ltd ¹	Australia	100	100
Broadspectrum Escrow Pty Ltd ¹	Australia	100	100
Broadspectrum Holdings (Delaware) Pty Ltd ¹	Australia	100	100
Broadspectrum Pty Ltd ^{1,2}	Australia	100	100
Broadspectrum Services Pty Ltd ¹	Australia	100	100
BRS Holdco Pty Ltd ^{1,2}	Australia	100	100
ChargePoint Pty Limited ¹	Australia	100	100
Delron Cleaning Pty Ltd ¹	Australia	100	100
Delron Group Facility Services Pty Limited ¹	Australia	100	100
Eastern Catering Services Holdings Pty Ltd ¹	Australia	100	100
Eastern Catering Services Pty Ltd ¹	Australia	100	100
Eastern Pressure Control Pty Ltd	Australia	51	51
Eastern Well Rigs Pty Ltd ¹	Australia	100	100
Eastern Well Service No 2 Pty Ltd ¹	Australia	100	100
Easternwell Drilling Holdings Pty Ltd ¹	Australia	100	100
Easternwell Drilling Services Assets Pty Ltd ¹	Australia	100	100
Easternwell Drilling Services Holdings Pty Ltd ¹	Australia	100	100
Easternwell Drilling Services Labour Pty Ltd ¹	Australia	100	100
Easternwell Drilling Services Operations Pty Ltd ¹	Australia	100	100
Easternwell Energy Rigs Pty Ltd ¹	Australia	100	100
Easternwell Group Assets Pty Ltd ^{1,2}	Australia	100	100
Easternwell Group Investments Pty Limited ^{1,2}	Australia	100	100
Easternwell Group Operations Pty Ltd ^{1,2}	Australia	100	100
Easternwell Group Pty Ltd ^{1,2}	Australia	100	100
Easternwell WA Pty Ltd ^{1,2}	Australia	100	100
Gorey & Cole Drillers Pty Ltd ¹	Australia	100	100
Gorey & Cole Holdings Pty Ltd ¹	Australia	100	100

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Interest Held %

Name of Entity	Country of Incorporation	2022	2021
ICD (Asia Pacific) Pty Limited ¹	Australia	100	100
O.G.C. Services Pty Ltd ¹	Australia	100	100
Piver Pty Ltd ^{1,2}	Australia	100	100
Silcar Pty Ltd ¹	Australia	100	100
Ten Rivers Pty Ltd ¹	Australia	100	100
TS (Procurement) Pty Ltd ¹	Australia	100	100
Ventia Asset Infrastructure Services Pty Limited ^{1,2}	Australia	100	100
Ventia Australia Pty Ltd ^{1,2}	Australia	100	100
Ventia Environmental Services Pty Limited ¹	Australia	100	100
Ventia Finco Pty Limited ^{1,2}	Australia	100	100
Ventia Holdings I Pty Limited ^{1,2}	Australia	100	100
Ventia IP Holdings Pty Ltd ¹	Australia	100	100
Ventia Leasing Pty Limited ¹	Australia	100	100
Ventia Property Pty Ltd ^{1,2}	Australia	100	100
Ventia Pty Limited ^{1,2}	Australia	100	100
Ventia Services Group EIP Pty Ltd ¹	Australia	100	100
Ventia Services Pty Ltd ^{1,2}	Australia	100	100
Ventia Solutions Pty Limited ^{1,2,3}	Australia	100	100
Ventia Training Pty Ltd ¹	Australia	100	100
Ventia Utility Services Pty Limited ^{1,2}	Australia	100	100
Vision Hold Pty Limited ¹	Australia	100	100
Visionstream Australia Pty Limited ^{1,2}	Australia	100	100
Visionstream Pty Limited ^{1,2}	Australia	100	100
Visionstream Services Pty Limited ^{1,2}	Australia	100	100
Transfield Services (Asia) Sdn Bhd	Malaysia	100	100
Broadspectrum (Mauritius) Limited ⁴	Mauritius	-	100
Silcar Nouvelle-Caledonie SAS	New Caledonia	100	100
BRS (NZ Holdings) Limited	New Zealand	100	100
BRS (NZ) Limited	New Zealand	100	100
TSNZ Pulp & Paper Maintenance Limited	New Zealand	100	100
Ventia NZ Limited	New Zealand	100	100
Ventia NZ Operations Limited	New Zealand	100	100
Ventia Pty Limited (NZ Branch)	New Zealand	100	100
Visionstream NZ Ltd	New Zealand	100	100
Ventia Deco LLC	United States of America	100	100

1. Entities included in the Tax Consolidated Group.

2. Entities party to the Deed of Cross Guarantee entered into on 17 December 2021, pursuant to the Instrument, with Ventia Services Group Limited as the holding entity under the Deed.

3. This entity was previously named as Kordia Solutions Pty Ltd.

4. This entity was deregistered during the year.

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5.6 Parent entity information

As at, and throughout the financial year ended 31 December 2022, the parent entity of the Group was Ventia Services Group Limited. A Statement of Profit or Loss and Statement of Financial Position for the Company are set out below:

	2022 \$'m	2021 \$'m
Profit after income tax	70.4	25.9
Total comprehensive income	70.4	25.9

	31 December 2022 \$'m	31 December 2021 \$'m
Total current assets	1.0	10.0
Total non-current assets	453.0	395.6
Total assets	454.0	405.6
Total current liabilities	75.0	29.0
Total non-current liabilities	-	-
Total liabilities	75.0	29.0
Net assets	379.0	376.6
Share capital	374.5	374.5
Reserves	1.5	(4.5)
Retained earnings	3.0	6.6
Total equity	379.0	376.6

Guarantees

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries. Further details on the Deed of Cross Guarantee and the subsidiaries subject to the Deed are disclosed in Note 5.5.1.

Other guarantees held by the parent entity are the same as those held by the Group as disclosed in Note 6.1.

Commitments for capital expenditure and contingent liabilities

The parent entity does not have any commitments or contingent liabilities (2021: nil), except as disclosed in Note 6.1.

Significant Accounting Policies

Financial information for the Company, Ventia Services Group Limited, has been prepared on the same basis as the Consolidated Financial Statements. The following are accounting policies that are significant to the Company only as the related transactions are either not material for the Group or eliminated on consolidation.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost and are tested for impairment in accordance with the policy adopted for non-financial assets in Note 3.7. Dividends received from subsidiaries are recognised in profit or loss when a right to receive the dividend is established.

5.7 Related parties

Related parties are persons or entities that are related to the Group as defined by AASB 124 Related Party Disclosures. This note provides information about transactions with related parties during the year.

The Company's two largest shareholders are AIF VIII Singapore Pte Limited (Apollo), a company domiciled in Singapore and CIMIC Group Investments No.3 Pty Limited (CIMIC), a company domiciled in Australia. The ultimate parent entities of the respective entities above are Apollo Global Management, LLC a company incorporated in the United States of America and listed on the New York Stock Exchange and Actividades de Construcción y Servicios, SA, a company incorporated in Spain and listed on the Bolsa de Madrid Stock Exchange.

Transactions within the Group

During the year and previous years, subsidiaries of Ventia Services Group Limited advanced loans to, received and repaid loans from, and provided treasury, accounting, legal, taxation, and administrative services to other Group entities.

Group entities also exchanged goods and services in sale and purchase transactions. All transactions occurred on the basis of normal commercial terms and conditions. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Transactions with related parties

Ventia SaleCo Limited

On 29 September 2021, Ventia SaleCo Limited (SaleCo) was incorporated to facilitate the sale and transfer of shares from the existing shareholders of Ventia Services Group Limited (Company) to the successful applicants as part of the IPO. The sole shareholder of SaleCo is Fremac Nominees Pty Ltd (ACN 001 430 913). Robert Cotterill, Kevin Crowe, David Moffatt and Ignacio Segura Surinach were appointed as Directors of SaleCo on 29 September 2021.

On 19 November 2021, the IPO of the shares in the Company was completed and the Company was formally listed on both the Australian Securities Exchange and New Zealand's Exchange. In total, SaleCo held 37,634,104 shares at a value of \$63,977,976 representing 11.9% of the shares on issue at completion of the IPO. As at 31 December 2021, SaleCo held no shares in Ventia Services Group Limited.

Other related party transactions

The following table provides the total amount of transactions that have been entered into with other related parties and outstanding balances at the end of reporting period:

	Revenue \$'000	Expenses \$'000	Current Receivables \$'000	Non-Current Receivables \$'000	Current Payables \$'000
2022					
Apollo and CIMIC related entities	15,136	11,146	751	–	1,429
Joint arrangements	64,004	70,073	6,259	8,995	6,334
	79,140	81,219	7,010	8,995	7,763
	Revenue \$'000	Expenses \$'000	Current Receivables \$'000	Non-Current Receivables \$'000	Current Payables \$'000
2021					
Apollo and CIMIC related entities	5,331	10,513	1,450	–	1,113
Joint arrangements	100,526	58,883	7,251	8,590	2,723
	105,857	69,396	8,701	8,590	3,836

All related party relationships are based on normal commercial arms' length terms. None of the Non-executive directors were, or are, involved in any procurement of these products and services.

During FY22, Ventia delivered project services to entities controlled by CIMIC Group. The value of services provided was \$15.1 million (FY21: \$5.3 million). During FY22, Ventia procured \$1.9 million of services from CIMIC related entities. The nature of the services included parent guarantee fees together with other project services.

During FY22, Ventia procured cloud computing services from a global IT Services provider. As at 31 December 2022, this entity is controlled by investment funds affiliated with Apollo Global Management Inc. The value of services procured was \$9.2 million (FY21: \$7.4 million)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

Key Management Personnel compensation

All transactions with Directors and Key Management Personnel (including their related parties) were conducted on an arm's length basis in the ordinary course of business and under normal terms and conditions for customers and employees.

The total remuneration for Key Management Personnel (KMP) is as follows:

	2022 \$'000	2021 \$'000
Short-term employee benefits	4,831	5,185
Post-employment benefits	170	151
Other long-term benefits	36	33
Share-based payments	2,106	1,348
	7,143	6,717

Details of equity instruments provided as compensation to KMP and shares issued on exercise of these instruments, together with the terms and conditions of the instruments, are disclosed in the Remuneration Report.

6. Other

6.1 Contingent liabilities

6.1.1. Indemnities

Indemnities given by third parties on behalf of the Group in the ordinary course of business are as follows:

	31 December 2022 \$'m	31 December 2021 \$'m
Insurance, performance and payment bonds	393.0	424.4
Letters of credit	–	3.3
	393.0	427.7

6.1.2. Legal claims

Legal claims arise in the ordinary course of business. The Directors consider that appropriate provisions have been raised to reflect expected settlement amounts and finalisation of open matters and therefore no contingent liabilities for legal settlements have been noted.

6.1.3. Gateway Motorway project

Claims have been made by Queensland Motorways Pty Limited (QML) in the Supreme Court of Queensland against various parties, including the head design, construction and maintenance contractors of the Gateway Motorway project (D&C Contractor) in relation to alleged defects in the motorway upgrade project.

Two companies in which the Group has an interest, Visionstream Australia Pty Limited (VA) (a wholly-owned subsidiary) and Gateway Motorway Services Pty Limited (GMS) (a 50/50 joint venture company), independently provided services to the D&C Contractor in connection with the project. The D&C Contractor has sought to pass down the nature and the value of certain claims made against it by QML to VA, and separately GMS.

Both VA and GMS have respectively served their defence to each allegation, denying all liability. The effect of contractual liability caps, any applicable insurance cover and other relevant matters, will need to be considered.

The future liability arising from the above matters, if any, cannot be reasonably determined at this stage.

6.2 Auditors' remuneration

The auditors' remuneration for the Group is as follows:

	2022 \$'000	2021 \$'000
Deloitte Touche Tohmatsu and related network firms		
Audit or review of financial statements		
Group	1,160	1,030
Subsidiaries and joint operations	60	90
Total audit or review	1,220	1,120
Other assurance and agreed-upon procedures under other legislation or contractual agreements ¹	83	1,885
Other services:		
Other non-assurance services	-	10
Total other services	83	1,895
	1,303	3,015

1. In 2021, other assurance and agreed-upon procedures include \$1,875,000 in relation to assurance services with respect to the IPO of shares in the Company, and \$10,000 in relation to assurance services with respect to other legislation or contractual agreements.

The Group paid KPMG Audit SARL (KPMG) \$8,000 for the audit of an overseas subsidiary in respect of the year ended 31 December 2021. No audit fees were incurred, paid or payable to KPMG in respect of the year ended 31 December 2022.

6.3 Events after the reporting period

Since the end of the financial year, the Directors have resolved to pay a final dividend of 8.28 cents per fully paid ordinary share, 80% franked at 30% tax rate (2021: 1.47 cents per share, fully franked).

In accordance with AASB 110 Events after the Reporting Period, the aggregate amount of the proposed final dividend of \$70.8 million (2021: \$12.6 million) is not recognised as a liability as at 31 December 2022.

Unless disclosed elsewhere in the Consolidated Financial Statements, no other material matter or circumstance has arisen since 31 December 2022 that has significantly affected or may significantly affect:

- The Group's operations in future financial years;
- The results of those operations in future financial years; or
- The Group's state of affairs in future financial years.

Directors' Declaration

In the opinion of the Directors of Ventia Services Group Limited (Company):

- a. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- b. the attached Consolidated Financial Statements are in compliance with International Financial Reporting Standards, as stated in Note 1.1 to the Consolidated Financial Statements;
- c. the attached Consolidated Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; and
- d. the Directors have been given the declarations required by Section 295A of the *Corporations Act 2001*.

At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The nature of the Deed of Cross Guarantee is such that each company which is party to the Deed guarantees to each creditor payment in full of any debt in accordance with the Deed of Cross Guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the Instrument applies, as detailed in Note 5.5.1 to the Consolidated Financial Statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors.



David Moffatt

Chairman

23 February 2023

Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Tel: +61 2 9322 7000

www.deloitte.com.au

Independent Auditor's Report to the Members of Ventia Services Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ventia Services Group Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

INDEPENDENT AUDITOR'S REPORT



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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Recognition of revenue and recovery of related contract assets</p> <p>As disclosed in Note 2.1, the Group has recognised services revenue of \$5,167.5 million in the year. Due to the range of services provided by the Group a number of different contractual arrangements exist that underpin the recognition and measurement of this revenue.</p> <p>Management are required to exercise judgement in determining the timing of recognition and quantum of measurement which includes, amongst other matters, consideration of the following:</p> <ul style="list-style-type: none"> • interpretation of terms and conditions in relation to the relevant performance obligations in accordance with contractual arrangements; • determination of stage of completion and measurement of progress towards satisfaction of performance obligations where these are not satisfied at a point in time; • the allocation of revenue and costs to performance obligations where multiple deliverables and services exist; • the Group's performance against contractual obligations and the impact on revenue and costs of delivery; and • determination of contractual entitlement and assessment of the probability of customer approval of changes in price. <p>When services revenue is recognised a corresponding contract asset balance is also recorded on the balance sheet representing the Group's right to consideration for the services transferred to date. Contract assets include amounts recognised as variable consideration. Contract assets are reclassified to trade receivables when these amounts have been certified or invoiced to a customer.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Evaluating management's processes and controls in respect of the recognition of services revenue. As part of this process, we tested relevant controls including: <ul style="list-style-type: none"> - the review process conducted at contract tender in line with the relevant Delegation of Authority and contractual risk approval requirements; - approval of contract variations; - the review and authorisation control over the monthly reporting packs for all contracts; and - project reviews undertaken by Group management. • Holding calls with a sample of project leaders at sites across the Group's operating sectors to enhance our understanding of the Group's contracting processes and to discuss directly with project management the risks and opportunities in relation to individual contracts. • Selecting and testing a sample of contracts based on a number of quantitative and qualitative factors which may indicate that a greater level of judgement is required in recognising revenue, including: <ul style="list-style-type: none"> - history of issues identified; - high potential impact and high likelihood of risk events; - material new contracts; - significant unapproved claims or variations; - high value contracts; and - loss making contracts. • Selecting and testing a sample from the remaining population of contracts. <p>For the contracts selected the following procedures were performed where relevant, amongst others:</p> <ul style="list-style-type: none"> - obtaining an understanding of the contract terms and conditions to evaluate whether these were reflected in management's method for recognition of contract revenue; - assessing the measurement of the value to customers of goods and services transferred, and evaluating evidence of such transfer; - where applicable, assessing the forecast costs to complete through discussion with and challenge of project managers and finance personnel;

We focused on the recognition of services revenue and of the related contract assets as a key audit matter due to the number and type of estimation events over the course of a contract and the unique nature of individual contract terms.

- testing contractual entitlement relating to contract modifications, variations and claims recognised within contract revenue to supporting documentation and by reference to the underlying contracts; and
- evaluating contract performance in the period since year end to audit report date to assess the validity of management's year end revenue recognition judgements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 77 to 91 of the Directors' Report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Ventia Services Group Limited, for the year ended 31 December 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "H Fortescue".

H Fortescue
Partner
Chartered Accountants
Sydney, 23 February 2023

Shareholder Information



The following information is provided regarding the Issued Capital of Ventia as at 3 February 2023:

The Issued Capital consisted of 855,484,445 fully-paid ordinary shares. Ventia's fully paid ordinary shares are listed on the Australian Securities Exchange (ASX) and as a foreign exempt issuer on the New Zealand Exchange Main Board (NZX) under the code "VNT". Holders of VNT's fully paid ordinary shares have, at general meetings, one vote on a show of hands and, upon a poll, one vote for each fully paid ordinary share held by them.

Escrow arrangements

There are 597,983,626 fully paid ordinary shares subject to voluntary escrow arrangements. This will be released from voluntary escrow at 4.15pm on 24 February 2023. Further details of the voluntary escrow arrangements are set out in section 27 of Ventia's Supplementary Prospectus dated 15 November 2021.

Share rights

There were 19 holders of 314,760 share rights.

Unmarketable parcels

There were 90 holders of less than a marketable parcel of 207 shares.

Distribution schedule of ordinary shares

Range	Total holders	Securities	Percentage
1 - 1,000	648	332,270	0.04
1,001 - 5,000	3,002	7,832,728	0.92
5,001 - 10,000	1,118	8,596,586	1.00
10,001 - 100,000	1,363	30,593,451	3.58
100,001 and over	54	808,129,410	94.46
Total	6,185	855,484,445	100%

20 largest holders of ordinary shares

Rank	Name	Securities	Percentage
1	AIF VIII SINGAPORE PTE LTD	280,366,971	32.77
1	CIMIC GROUP INVESTMENTS NO 3 PTY LIMITED	280,366,971	32.77
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	75,351,533	8.81
4	CITICORP NOMINEES PTY LIMITED.	47,759,433	5.58
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	36,177,661	4.23
6	VENTIA SERVICES EIP PTY LTD	34,480,693	4.03
7	NATIONAL NOMINEES LIMITED	13,424,464	1.57
8	BNP PARIBAS NOMINEES PTY LTD	11,428,934	1.34
9	WARBONT NOMINEES PTY LTD	3,551,399	0.42
10	UBS NOMINEES PTY LTD	2,838,107	0.33
11	NEWECOMY COM AU NOMINEES PTY LIMITED	2,610,913	0.31
12	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,262,266	0.26
13	FIRST SAMUEL LTD ACN 086243567	2,217,863	0.26
14	BNP PARIBAS NOMS PTY LTD <DRP>	1,994,583	0.23
15	CITICORP NOMINEES PTY LIMITED	1,207,097	0.14
16	MARK RALSTON	1,085,658	0.13
17	BNP PARIBAS NOMS PTY LTD	1,031,233	0.12
18	PETER BORDEN	1,000,000	0.12
19	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	991,410	0.12
20	NAVIGATOR AUSTRALIA LIMITED	696,277	0.08
Totals: Top 20 Holders of Fully Paid Ordinary Shares (Total)		800,843,466	93.61
Total Remaining Holders Balance		54,640,979	6.39

SHAREHOLDER INFORMATION

Substantial Shareholders of Ventia

Substantial Shareholder	Effective Date	Securities	Percentage
Apollo Group Entities	23/11/2021	280,366,971	32.77%
CIMIC Group Limited	23/11/2021	280,366,971	32.77%
The Capital Group Companies	25/11/2021	65,521,193	7.66%

Disclaimer

The information in this Annual Report is given in good faith and derived from sources believed to be accurate at this date but no warranty of accuracy or reliability is given and no responsibility arising in any way, including for reason of negligence for errors or omission herein is accepted by Ventia Services Group Limited or its respective officers. This Annual Report is general advice and does not take into account the particular investment objectives, financial situation or particular needs of the investor. Before making any investment in Ventia, the investor, or prospective investor, should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment advisor if necessary.

Investor information

Website access

Ventia's Investor Centre is available online at <https://www.ventia.com/investor-centre>.

The Investor Centre provides you with easy access to important information about VNT's performance, including annual reports, investor presentations, share price graphs and general security holder information. The Share Registry section in our Investor Centre also provides access to update your details with the Share Registry, Computershare, including:

- Checking your holding balance;
- Viewing, saving or printing interest payment summaries, transaction summaries and dividend statements for shareholders;
- Updating or amending your bank account;
- Electing to receive communications electronically; and
- Downloading a variety of forms.

Computershare also offers shareholders the ability to register and create a portfolio view of their holdings, registration is free. To create a portfolio, please go to www-au.computershare.com/investor.

Share Registry

Shareholders with enquiries about their shareholdings can also contact VNT's Share Registry:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001 Australia

Telephone: 1300 850 505 (free call within Australia)
International: +61 3 9415 4000

Website: www-au.computershare.com/Investor

When communicating with the Share Registry, it will assist if you can quote your current address together with your Security Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored/CHESS statements.

Final share dividend

The final dividend of 8.28 cents per share, franked at 80%, will be paid on 6 April 2023. The dividend is paid on a 75% payout ratio of NPATA, for the period from 1 January 2022 to 31 December 2022. As the final dividend will only be paid via direct credit, Australian and New Zealand shareholders need to nominate a bank, building society or credit union account within these jurisdictions. Payments are electronically credited on the dividend payment date and confirmed by a mailed or electronic payment advice. Payment instructions can either be lodged online or an appropriate form can be downloaded from Computershare's website.

On-market buyback

There is currently no on-market buyback program.

ASX Listing Rule 4.10.19

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing of the Company's securities to quotation in a way consistent with its business objectives.

Corporate Directory

Ventia Services Group Limited

ABN 53 603 253 541

Level 8
80 Pacific Highway
North Sydney NSW 2060

Website

<https://www.ventia.com>

Investor Relations

<https://www.ventia.com/investor-centre>

Email: investors@ventia.com

Directors of Ventia Services Group Limited

David Moffatt (Chair)

Dean Banks (Managing Director and Group CEO)

Jeff Forbes

Lynne Saint

Anne Urlwin ONZM

Sibylle Krieger

Kevin Crowe

Steve Martinez (Alternate Director)

Company Secretaries

Zoheb Razvi

Debbie Schroeder

Sustainability Report

Our 2022 Sustainability Report will be published in March 2023. The report will be available on our website.

Corporate Governance Statement

Our Corporate Governance Statement is in the Corporate Governance section of our website

<https://www.ventia.com/who-we-are/corporate-governance>

Annual General Meeting

VNT's Annual General Meeting is scheduled to be held on Tuesday, 23 May 2023.

Closing date for the receipt of nominations from persons wishing to be considered for election as a director is 16 March 2023.

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