ventia

2023
Annual Report

Management commentary
(no financial statements)

We are Ventia. People are at the heart of our success.

Cover: Ventia fireman based at RAAF Edinburgh (SA)

Pictured: Ventia employee helping her niece get ready for the final dress rehearsal before heading to Te Mana Kuratahi
Photo by Tikarohia

About this Report

The FY23 Annual Report is a summary of Ventia Services Group Limited's operations, performance and financial position for the year ended 31 December 2023. 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', '2023' or 'FY23' all refer to the year ended 31 December 2023. All dollar figures are expressed in Australian dollars unless otherwise stated.

Management commentary
(no financial statements)

Acknowledgement of Country

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

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.

Contents

About this Report (continued)

We recognise that the transition to Integrated Reporting is a journey, and the intention is to prepare our FY24 Report with reference to the International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework. We believe this framework provides a useful basis for disclosing how we create sustainable value for our shareholders and other stakeholders over time.

As a starting point in FY23 we have used the framework to demonstrate how consideration of risks and opportunities impact our business (both those arising from our business and those that exist in a broader industry context). We have also considered how the execution of our strategy creates value, applying a lens that is broader than financial performance alone.

Management commentary
(no financial statements)

About **Ventia**

Ventia is a leading essential infrastructure services provider that makes infrastructure work for communities across Australia and New Zealand. We are an Australian Securities Exchange (ASX) top 200 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 across a broad range of industry segments including defence and social infrastructure, infrastructure services, telecommunications and transport.

We have a proud and diverse heritage and a track record of delivering tailored outcomes for our clients and the communities in which we operate. Ventia was created in 2015 following the merger of Leighton Contractors Services division, Thiess Services and Visionstream. In 2020 Ventia grew to combine more than 50 years' of industry knowledge and experience with the acquisition of Broadspectrum.

Today we have a large and diverse workforce of more than 35,000 people and we operate in over 400 sites across Australia and New Zealand, enabling us to deliver an extensive range of services for our clients and communities.

A broad range of industry segments:

Defence and Social Infrastructure

Defence / Social Infrastructure / Critical Infrastructure / Local Government / Housing and Community / Energy Solutions

Infrastructure Services

Resources / Industrial and Environmental Services / Energy, Water and Renewables / Rig and Well Services

Telecommunications

Fixed Networks / Wireless and Special Coverage Solutions / Operations and Services / Telecommunications New Zealand

Transport

Transport Operations Australia / Transport Operations New Zealand / Transport Infrastructure Solutions

Management commentary
(no financial statements)

35,000+
Workforce of employees and subcontractors

400+
Project sites throughout Australia and New Zealand

40%+
of our people work in regional and rural areas

Our strategy

Our strategy of Redefining Service Excellence is our blueprint for success, brought to life by the pride and passion of our people. It encourages us to create a culture where we seek to improve every day to deliver successful outcomes.

Read more on page 16 ▶

Management commentary
(no financial statements)

2023 HIGHLIGHTS

FY23 financial highlights

Pictured: The Square Kilometre Array Observatory (SKAO) project, Inyarrimanha Ilgari Bundara (WA)

Management commentary
(no financial statements)

Ventia delivered a solid financial result in FY23 demonstrating our continued growth and the success of implementing our strategy of Redefining Service Excellence.

FY23 statutory numbers

Total Revenue

$5,676.4m

▲ Increase of 9.8% on FY22

NPATA[1]

$202.1m

▲ Increase of 12.5% on FY22[2]

EBITDA[3]

$465.2m

▲ 10.8% on FY22[2]

EBITDA Margin

8.2%

▲ Increase of 0.1ppt on FY22[2]

Operating Cash Flow Conversion

88.8%

▼ Decrease of 0.1ppt on FY22[2]

Work in Hand

$18.1b

▲ Increase of 1.0% on FY22

Final FY23 Dividend per share

9.41¢

75% payout of NPATA

Total FY23 Dividend per share

17.72¢

75% payout of NPATA

1. Net profit after tax excluding the after tax impact of amortisation of acquired intangibles assets.
2. Percentage changes are based on FY22 pro-forma NPATA, EBITDA and Operating Cash Flow Conversion.
3. Earnings before interest, tax, depreciation and amortisation.

Management commentary
(no financial statements)

FY23 non-financial highlights

Client focused

Renewal rate

87%

as at 31 December 2023

Work in hand

$2.7b

from renewed contracts in FY23

Increased spend

10.7%

from top 10 customers on FY22

Innovative

Views

200k+

of VenSights in FY23

Launch of new

AI

solution in FY23

Images captured

550k+

by Ventia drones in FY23

Sustainable

Reduction

5.5%

in Scope 1 and 2 emissions from FY22

Electric and hybrid vehicles

367

in our light fleet as at FY23

Social value[3]

$4.3b

contribution in 2023

1. Total Recordable Injury Frequency Rate 3.29
2. Serious Injury Frequency Rate 0.11
3. Ventia delivered an estimated $4.3 billion in social value in 2023, calculated using our spend and employment data and the TOMs (Themes, Outcomes, and Measures) framework for delivering excellence in measuring and reporting social value.

AWARDS AND RECOGNITION

WINNER

Corporate Member of the Year 2023

2023 Supplier Diversity Awards

Supply Nation

WINNER

Dr Dean Jarrett Award for Outstanding Impact

2023 Supplier Diversity Awards

Supply Nation

WINNER

Diversity and Inclusion Award

Ventia Disability Employment Program

2023 Banksia Awards

Banksia Foundation

RECOGNISED

2023-2024 Diversity Council of Australia 'Inclusive Employer'

Diversity Council of Australia

Management commentary
(no financial statements)

Safety and People

TRIFR[1]

11.3%

improvement on FY22

SIFR[2]

62.1%

improvement on FY22

Participation by Women in Senior Management (WISM) -

26.6%

increase of 6.3% on FY22

TOP 3

AFR Boss Most Innovative Companies List
Property, Construction and Transport category

Australian Financial Review

Pictured: Incident response patroller, transport team, Sydney (NSW)

Management commentary
(no financial statements)

Management commentary
(no financial statements)

Pictured:

David Moffatt
Chairman (left)

Dean Banks
Managing Director
and Group CEO (right)

Sustained financial performance underpinned by our commitment to Redefine Service Excellence

On behalf of the Ventia Board and Management team, we thank you for your continued investment in Ventia.

By adhering to our purpose of making infrastructure work for our communities, and our strategy of Redefining Service Excellence, we have delivered another year of strong safety, financial and client performance.

As we reflect on the year, we are proud of the consistency of our performance and believe we are well positioned to capture future growth.

A deep commitment to training and engagement of our workforce of over 35,000 people helps us drive service excellence for our clients and communities across Australia and New Zealand. The keys to sustaining our success are a collaborative, service first culture and consistent engagement and investment in the entire Ventia family including our subcontractors and suppliers.

In 2023, we successfully navigated challenging market conditions and mobilised a number of new contracts. Our collective efforts delivered EBITDA of $465 million and NPATA of $202 million, which exceeded the top end of our guidance range.

Directors declared a final dividend of 9.41 cents per share, bringing the total dividend for the year to 17.72 cents per share, a continuation of our 75% target payout ratio. The total dividend payment in FY23 represents growth of 12.5% compared to last year.

Safety and health above all else

At Ventia our foremost priority is the safety of our workforce: it's our license to operate.

Our ongoing improvement in our safety performance is underpinned by our ability to influence behaviours that drive safety including standardisation and simplification of processes and sharing and adoption of best practice. It is also about our emphasis on frontline safety and the increasing adoption of our in-house training programs, some of which are achieving industry accolades for their efficacy.

Ventia's Total Recordable Injury Frequency Rate (TRIFR) decreased by 11.3% on 2022. Ventia's Serious Injury Frequency Rate (SIFR) also continues to improve, recording a 62.1% decrease on 2022.

Management commentary
(no financial statements)

This year the launch of our Elevate safety program empowered our leaders with key insights into employee actions, behaviours and performance. Importantly, in 2024 we will launch a new safety index called the 'Elevate Index', which we believe will drive greater focus on leading indicators, behaviours and cultural measures.

As we look to the future, we continue to invest in the skills of our people and seek to further simplify and improve our processes and associated systems.

Performance highlights

Since listing, our earnings (NPATA and EBITDA) has outpaced market growth (CAGR of 6.6%) by more than 4%. We continue to see opportunities in all four business sectors, underpinned by our compelling value proposition, strong demand drivers and positive market trends.

In FY23 we delivered $5.7 billion in revenue, representing 9.8% growth compared to FY22. Our EBITDA grew by 10.8% and EBITDA margin increased slightly to 8.2%. Our NPATA increased by 12.5% and our cash conversion was within our target range at 88.8%.

Over the next three years BIS Oxford estimates our addressable market will grow by approximately $15 billion, to just under $90 billion in FY26. Our share of the market is currently sitting at around $6 billion or approximately 8% and we believe we have the strategy and execution ability to improve our share.

Client focused

Ventia continued to broaden and strengthen existing relationships in 2023 and focus on enhancing our customer account plans, illustrated by an increase in spend from our 10 largest customers of 10.7% in 2023 or 23% CAGR since listing. At the same time we continued to explore new markets and capabilities.

This year, we refined our client segmentation and strategic account management approach with an increased focus on listening more closely to the voice of our customers, enabling deeper relationships and in some cases more aligned behaviours.

Ventia's client renewal rate increased to 87% in 2023, including renewed contracts with the Department of Defence, NBN Co and Telstra.

"Cross-sector collaboration remains a core focus for us. An excellent example of our cross-sector success is the Square Kilometre Array Observatory (SKAO). In December 2022 our telecommunications business won an initial $200 million contract, over three years. After discussing some of the client's challenges, we tendered our services both for the transport networks connecting the site to larger arterial roads and the camps services for the on-site workforce, both of which were subsequently awarded to Ventia. An excellent result for both parties."

Innovation

Our single enterprise platform efficiently serves all users, managing vast amounts of data from a range of sources, including our considerable workforce, Internet of Things (IoT) devices and drone operations.

We continue to evolve and implement our digital strategy, including enhancing the use of AI to streamline processes and enhance how our people source improvements for our customers.

In addition to an enterprise wide operating model we now have a standardised and simplified digital platform, VenSights, which comprises of 95 standardised and timely reports. These allow leaders to track projects and compare performance which results in better informed decision-making, more consistent performance and higher client engagement – all key foundations of transparency, risk and governance.

We seek to cultivate a culture that champions innovation, ensuring that we not only keep pace with industry developments, but also help shape them. Pleasingly, Ventia was awarded third in the 2023 AFR Boss most innovative companies list for the property, construction and transport category.

Management commentary
(no financial statements)

Sustainability

Our commitment to sustainability is unwavering. This year we submitted our proposed targets to the Science-Based Target initiative (SBTi) and await their verification. Concurrently, we are diligently working towards achieving these targets in harmony with our broader environment, social and governance (ESG) objectives.

In 2023 we achieved a 5.5% reduction in Scope 1 and 2 emissions. This was largely attributed to the divestment of an energy intensive operation in 2022, and to increasing our use of renewable electricity. Scope 3 emissions represents the greatest opportunity to reduce our emissions and are the most challenging to influence.

We also reaffirmed our commitment to Aboriginal and Torres Strait Islander people in Australia, launching our stretch Reconciliation Action Plan (RAP).

In July 2023 Ventia declared a cyber incident. We took decisive action to swiftly contain and repel the attack, allowing Ventia's operations to continue. Strong alignment between our Board and Management team allowed us to navigate this challenge, taking a controlled and measured response. This resulted in no evidence of a notifiable data breach and we transparently shared our learnings with clients and key stakeholders. In 2024 and beyond we will continue to strengthen the security of our systems and data against future threats.

People are at the heart of our success

Our people strategy has a strong focus on diversity and inclusion. This year we were recognised as a 2023-2024 Diversity Council of Australia (DCA) Inclusive Employer.

We are committed to increasing the number of women in senior leadership roles to 40%. Female representation on the Executive Leadership Team at the end of FY23 was 33%, and by the time this report is published will have increased to 40%.

We continued to build the digital, cyber and strategic skills, experience and diversity of our Executive Team and Board. During 2023 we welcomed two new senior executives and added Mr Damon Rees to our Board as Independent Non-Executive Director.

After 9 years on the Ventia Board, Non-Executive Director Mr Kevin Crowe, will formally leave the Board on 21 February 2024. Mr Steve Martinez, alternate Director for Mr Crowe, who also served for nine years, will simultaneously resign. We thank them both most sincerely for their judgement, service and commitment to Ventia.

Outlook

Ventia is well positioned to capitalise on strong and improving market trends. We will do this by harnessing our national network, expert capabilities and compelling value proposition.

We believe we have excellent momentum, energised people and a stable operating platform heading into 2024, supported by the tailwinds of increasing demand for essential services. Ventia's robust business fundamentals, historical consistency of performance and diligent risk focus gives us the confidence to announce our 2024 guidance range for growth of 7 to 10% compared to FY23.

We want to take this opportunity to thank the extended Ventia family, from our clients to our frontline people, our investors, subcontractors, suppliers, leadership team and Board for helping us maintain our positive outlook for the business.

David Moffatt
Chairman

Dean Banks
Managing Director
and Group CEO

Management commentary
(no financial statements)

Safety, health and wellbeing

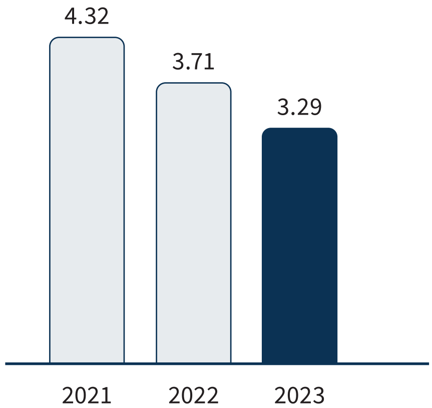
Pictured: Members of the environmental monitoring team, Geelong (VIC)

The safety and health of our people is Ventia's licence to operate. Safety is a key enabler of our ability to perform essential work that keeps critical infrastructure working for our communities.

Ventia implements a range of safety initiatives to proactively manage risks for all people involved in our projects. We are on a continuous path of safety improvement. Ventia's Total Recordable Injury Frequency Rate (TRIFR) decreased by 11.3% from 2022 and Ventia's Serious Injury Frequency Rate (SIFR) declined by 62.1% from 2022.

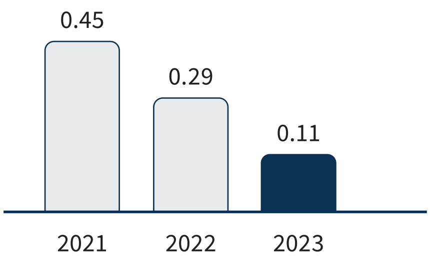
▼ **11.3%**
Improvement

Reduction in Total Recordable Injury Frequency Rate (TRIFR) on FY22



▼ **62.1%**
Improvement

Reduction in Serious Injury Frequency Rate (SIFR) on FY22



2,000+
Safe for Life frontline leaders trained

400+
Ventia leaders participated in Elevate safety program in 2023

250+
leaders received award-winning mental health training in 2023

Management commentary
(no financial statements)

New safety initiatives

New and engaging safety campaigns and initiatives were introduced in 2023 that underpin our safety performance.

Some of these initiatives include:

- the rollout of Safety, Health and Environment leadership programs including the Elevate program for our leaders, Safe for Life for our frontline leaders and Building a Mentally Healthy Workplace for our people leaders;
- targeted campaigns that increase risk ownership through our All Roads Lead to Home and Heavy Metal campaigns;
- new analytics to better measure our leadership behaviour and discipline;
- further simplification of core processes to ensure easy access to information.

Road safety

Driving is the number one cause of work-related fatalities across Australia and New Zealand. As a result, over the past two years Ventia has invested in numerous safe driving initiatives. Our 2023 All Roads Lead to Home campaign was launched in May and was aimed at increasing driver awareness and training across our organisation. The campaign resulted in 20% more 4- and 5-Star drivers, and a 5% reduction in speeding events for fleet vehicles in 2023 as measured by our fleet management and technology partner, Eroad[1]. Following the campaign Ventia achieved 'Safest Driver' status in New Zealand from EROAD.

Elevate program

The Elevate program was initiated in 2023 to lift Ventia's performance and mature our safety culture through leadership behaviours. The Elevate program is based on the Hudson Model of Cultural Maturity which is a globally recognised safety practice. The program includes best practices identified from benchmarked organisations.

Over 400 senior leaders took part in the Elevate program in 2023 which helped accelerate the development of behaviours that have resulted in safety improvement and cultural change. The behaviours are across learning, engaging, accountability and discipline (LEAD).

In 2024 we look forward to launching a new safety index called the 'Elevate Index' which places more emphasis on LEAD behaviours and cultural measures.

Healthy Minds and Bodies program

In 2023 we implemented targeted mental health campaigns and initiatives to raise awareness of the importance of mental health in our workplace.

Ventia's Healthy Minds and Bodies program experienced a 44% increase in participation. We trained 103 Healthy Minds Champions in 2023 who are advocates for mental health and help support employees with mental health conditions.

Our Employee Assistance Program usage increased by 21% and we upskilled over 250 leaders in our award-winning mental health training in 2023. We also introduced a mental health risk assessment tool for all team leaders and completed a company-wide mental health risk assessment.

Focus in 2024

As we look to the future, Ventia will continue to build on our safety culture through continued investment in the skills of our people, the capabilities of our leaders and further simplification to improve our systems. In making decisions that impact the safety of our people and safety culture, we will continue to monitor global trends including climate change, an ageing population and the rise of AI – all which present both risks and opportunities. Innovation will play an integral role in sustaining and improving our safety performance and we will continue to invest in technology to help solve our most complex safety, health and environmental challenges.

1. Star ratings are based on how the driver drives in relation to the EROAD driving population. To be a 5-Star driver you need to be in the top 10% of the EROAD driving population.

AWARDS AND RECOGNITION

WINNER

National Safety Award
Best WHS Training program

2023 National Safety Awards of Excellence

National Safety Council of Australia

FINALIST

Safe for Life for Frontline Leaders Training

2023 National Safety Awards of Excellence

National Safety Council of Australia

FINALIST

Water Industry Safety Excellence Award 2023[2]
(with Yarra Valley Water)

Australian Water Association (AWA) Awards

Australian Water Association

FINALIST

Water Industry Safety Excellence Award 2023[3]
(with Yarra Valley Water and Jaydo Construction)

Australian Water Association (AWA) Awards

Australian Water Association

2. Tank Inspection and Maintenance Program
3. Lockerbie Main Sewer Project Lifting Methodology

Management commentary
(no financial statements)

People are at the heart of our success

Pictured: Ventia employees at the CEO Strategy Road Show, Sydney (NSW)

Ventia's people are as diverse as the communities in which we operate. Our values of collaboration, integrity, challenge and ingenuity guide how we behave and what is most important to us.

This year Ventia was recognised as a 2023-2024 Diversity Council of Australia (DCA) Inclusive Employer, which is testament to our commitment to diversity and inclusion. This acknowledgement is one of the highest accolades in Australia to recognise inclusive workplaces. In 2023 Ventia also received the Diversity and Inclusion Award for Ventia's Disability Employment Program from the Banksia Foundation, and we received re-accreditation of New Zealand's Rainbow Tick.

Pleasingly, Ventia continued to reduce our employee turnover in 2023. We achieved this by listening to our employees, focusing on employee engagement and investing in in-house training and career succession planning initiatives. Following are some of the initiatives we implemented in FY23:

Voice of the employees

Ventia's Have Your Say survey is a key tool used to measure employee engagement, motivation and commitment. The feedback provides valuable insights into what we are doing well and what we need to do better. In 2023 our engagement score remained consistent at 78% with the prior year, and the survey revealed that 86% of our employees feel well connected to their teams and that they can openly communicate with their leaders.

Building a diverse and inclusive workforce

We are committed to increasing women's representation to 40% by 2030. This ambition extends to all levels, including our Executive Leadership Team, where women's participation grew from 22.2% to 33.3% in 2023. Across our wider Senior Leadership team we saw an increase from 20.3% to 26.6%, demonstrating continued progress towards our goal.

To further empower women for leadership roles we've implemented key development programs such as the Women Leading program, which supports up to 30 women annually to build the confidence and expertise to step into senior leadership roles. Additionally, 13 women participated in the Australian Institute of Company Directors course, enhancing their governance knowledge and preparedness for potential Board positions within Ventia and external organisations.

In 2023 we reviewed our policies and processes to support a diverse and inclusive workforce and continued to deploy our Respect@Work program with an additional 5,557 employees completing the program. In New Zealand, 726 employees completed cultural training in 2023 which supports our growing Māori and Pasifika workforce. In 2024 we will have a strong focus on racial discrimination training.

Management commentary
(no financial statements)

Highlights

Employees

15,639

employees (full-time, part-time and casual) as at 31 December 2023

Workforce participation

31.6%

by women (all employees) – increase from 29.7% in FY22

Leadership training

500+

attended leadership training through 2023

New hires

5,893

people joined Ventia in 2023

AWARDS AND RECOGNITION

WINNER

Diversity and Inclusion Award
Ventia Disability Employment Program

2023 Banksia Awards

Banksia Foundation

RECOGNISED

2023-2024 Diversity Council of Australia 'Inclusive Employer'

Diversity Council of Australia

Attracting great people

To help our leaders attract talent in the current competitive market, we continued developing our best practice hiring techniques, supporting the hiring of 5,893 new employees in 2023. We also improved our onboarding experience, with a focus on welcoming new leaders and encouraging cross-business connection.

In 2023 we supported 343 graduates, apprentices, and trainees in our programs. We remain committed to investing in their training, mentorship, and support to empower them with the skills and guidance they need to be successful in their careers. Ventia placed 38th in the Australian Financial Review's Graduate Employers for 2023 intake.

Building capability at all levels

We launched the Ventia Academy in early 2023 to empower employees to accelerate their learning and career opportunities. Through formal and informal forums, leadership programs and peer network building, the Academy fosters a more connected workforce, cultivates our leaders and equips employees with valuable qualifications.

In 2023, in connection with the Academy, our internal Accredited Training Organisations in Australia and New Zealand supported 897 employees in obtaining nationally recognised certifications, who were awarded job aligned Certificate II – IV Diploma qualifications. Additionally, 37 specialised compliance programs were delivered and 500+ employees participated in leadership development programs in 2023.

Ventia's internal mentoring program was further expanded in 2023 to include mutual mentoring, where employees can also mentor our executives. This supports a dynamic learning environment where both mentors and mentees benefit from shared knowledge and experience.

Employee relations

Our workforce is comprised of a wide variety of skills and experience from highly skilled to school leavers and apprentices. In Australia and New Zealand, our employees are covered by industrial instruments including Modern Awards, Enterprise Agreements, Collective Employment Agreements and Individual Employment Agreements. We have a proactive approach to industrial agreement negotiation and are committed to building strong relationships with our employees. In 2023, we successfully re-negotiated 24 agreements, with an average term of three years. We will continue this positive momentum as we move forward, working collaboratively with our employees and their bargaining representatives to secure mutually beneficial outcomes.

People systems

As part of our ongoing simplification efforts we enhanced our people data and analytics platform in 2023, empowering leaders with direct access to people reporting and insights. The People PowerBi dashboard provides a clear and intuitive view of their teams' headcount, new starters, turnover and diversity, allowing them to develop and implement targeted initiatives.

Management commentary
(no financial statements)

Our strategy

Our strategy of Redefining Service Excellence is our blueprint for success, brought to life by the pride and passion of our people. We differentiate ourselves by being client focused, innovative and sustainable.

Be targeted
Embed our client segmentation model and implement effective account plans for key clients

Secure new clients
Continuous improvement in our bid success rate – bring the 'whole of Ventia' to new bids

Renew contracts
Success on all major renewals ($100m+)

Develop client solutions
Be famous for solving client problems in new, innovative and patentable ways

Drive productivity
Fully leverage the benefit and potential of our single enterprise-wide operating model

Enhance data and analytics
Full transparency and better informed decision-making

Target net-zero emissions
Pathway to net-zero emissions defined with visible progress demonstrated

Industry leading safety, diversity and inclusion
Continuous improvement in diversity and inclusion

Deliver high standards of corporate governance
Exceed industry and society's expectations of our corporate behaviors, including no breaches of legislative, regulatory or ethical standards

Management commentary
(no financial statements)

Pictured: Members of Ventia's Facilities management health team at a hospital helipad (NSW)

Management commentary
(no financial statements)

How Ventia creates value

We create value for our stakeholders as we pursue our strategy of Redefining Service Excellence through our three strategic priorities: being client focused, innovative and sustainable.

We execute this strategy by delivering essential services for our clients across the sectors we serve. We know that integrated planning and decision-making results in actions that can create and preserve value over the short, medium and long-term. Our value creation model below demonstrates how our business model and strategy draw on various capital inputs to create value over time.

Inputs → Value creation

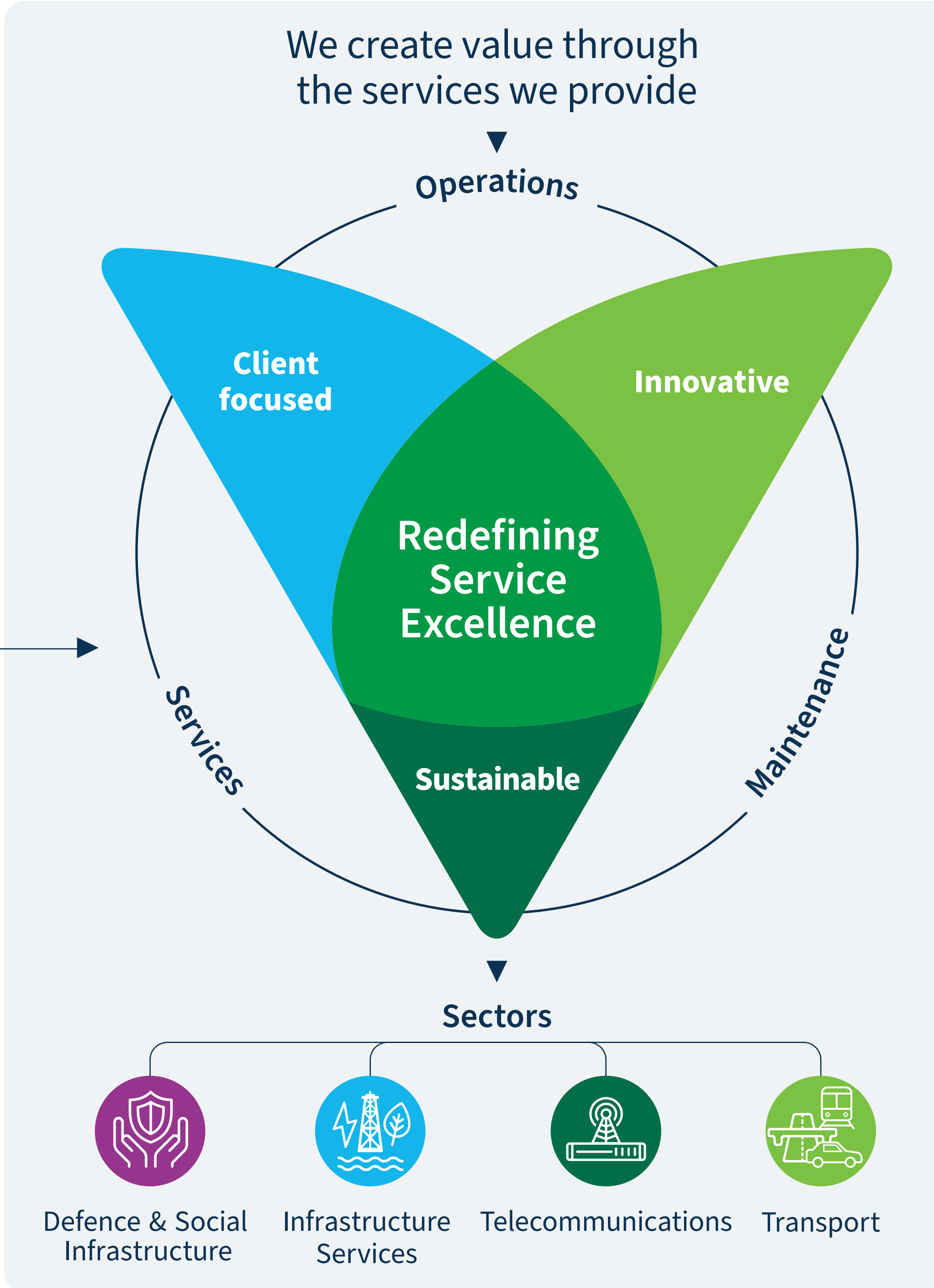
Environmental capital
The renewable and non-renewable environmental resources we use.

Human and intellectual capital
Our employees and subcontractors, knowledge, systems and policies.

Manufactured capital
Our physical assets, offices and technology.

Social and relationship capital
Our relationships and collaboration with all stakeholders.

Financial capital
Our financial resources available for deployment.



Management commentary (no financial statements)

Outputs

Measures FY23

Resilient and healthy environment

Committed to setting science based targets including net-zero. Resource efficiency and climate resilience.

5.5%	reduction in Scope 1 and 2 emissions
9.8%	transition of our light fleet to hybrid or electric vehicles
SBTi	targets set in FY23

See our commitment to **Being more sustainable** on pages 28-37

Thriving people

An engaged, capable and high-performing workforce that operates in a safe, diverse and inclusive environment.

11.3%	improvement in our TRIFR rating
33.3%	participation by women on our Executive Leadership Team
500+	employees attended leadership programs

See our commitment to **Safety and People** on pages 12-15

Local and diverse supply chain

We create value through the development of a local and diverse supply chain. We advance sustainable and ethical procurement.

$20.5m	spend with social enterprises in Australia and New Zealand
99%	procurement spend in Australia & New Zealand
$122m	spend with Aboriginal and Torres Strait Islander businesses in Australia

See our work on **social sustainability** on pages 34-35

Stronger clients and flourishing communities

Our whole-of-Ventia offering and knowledge provides innovative and effective solutions to our clients and communities.

$4.3b	social value created
87%	client renewal rate
$2.7b	work in hand from renewed contracts

See our commitment to **Being more sustainable** on pages 28-29 and how we are **Client focused** on pages 20-22

Sustainable financial growth

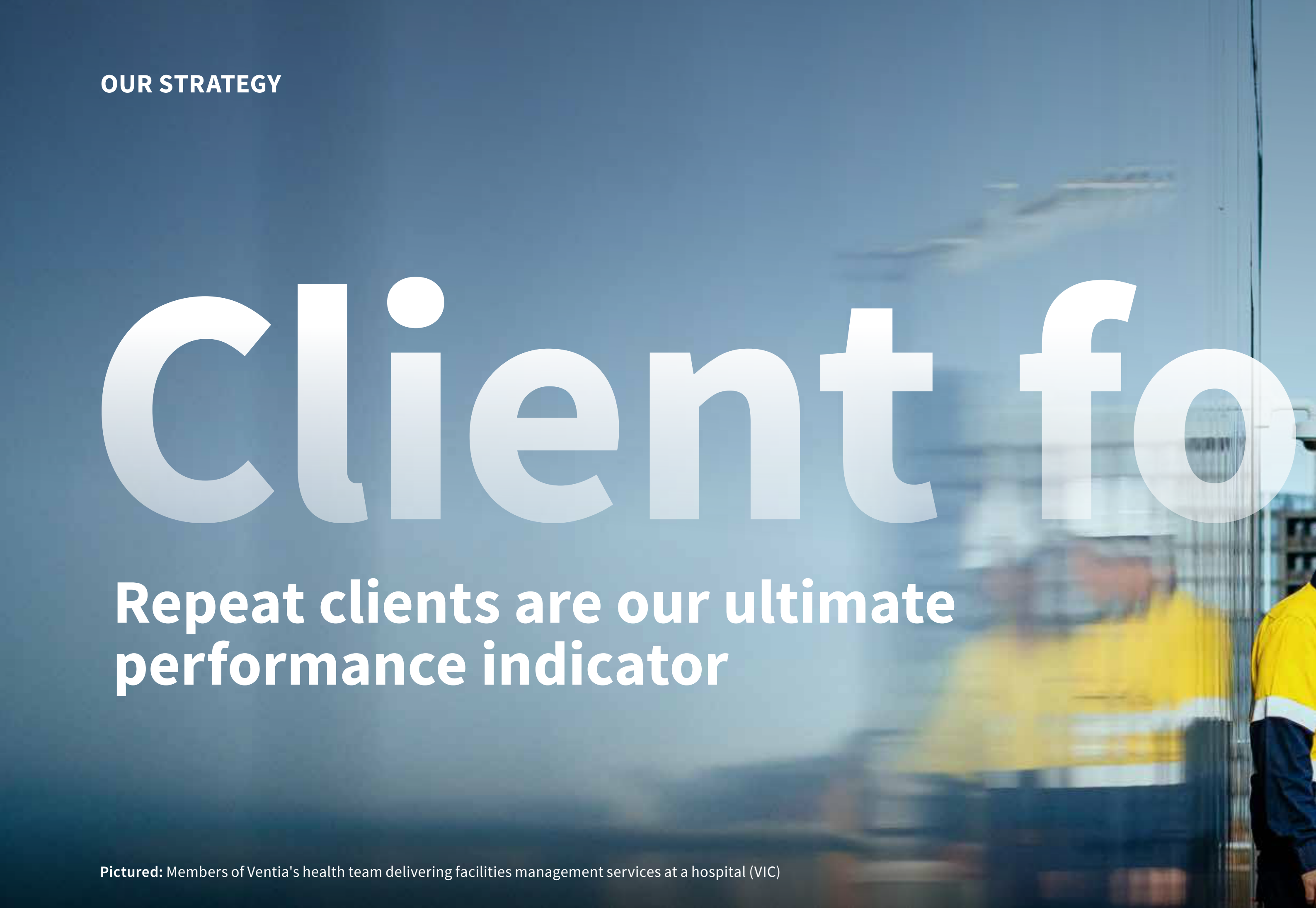
We aim to deliver sustainable financial growth for our shareholders.

9.8%	increase in total revenue on FY22
12.5%	increase in NPATA on FY22
10.8%	increase in EBITDA on FY22

See how we are **delivering performance for shareholders** on pages 9-11

Note: These mesasures show how value has been created against Ventia's outputs in FY23, they do not include all the measures.
All 2023 highlights indicating increases or decreases are compared to 2022.

Management commentary
(no financial statements)



Client fo

Repeat clients are our ultimate performance indicator

Pictured: Members of Ventia's health team delivering facilities management services at a hospital (VIC)

Ventia develops long-term and strategic relationships with our clients. Repeat clients are our ultimate performance indicator and we pride ourselves on being a trusted partner. In FY23 Ventia increased our client renewal rate to 87%.

In 2023 we furthered our client segmentation and strategic account management approach by increasing our understanding of our client relationships and their behaviours. This enabled us to better serve our clients and identify future pipeline opportunities.

Cross-sector collaboration is a core focus for Ventia. Our vast range of capabilities across our sectors, together with our strong client relationships and trusted reputation, enabled us to expand our market opportunities in 2023. Our cross-sell revenue increased by 48% to $93.2 million in FY23. Our expanded offering to The Square Kilometre Array Observatory (SKAO) is a good example of our cross-sector capabilities (see following case study).

In 2023 our client focused approach contributed to our increasing work in hand and high client renewal rate which reached 87%. Key wins and renewals included contracts with the Department of Defence, Auckland Council, NBN Co, Telstra and Transurban Queensland. Looking ahead, we see significant opportunities across all four business sectors underpinned by market trends and our client segmentation work. We are confident that our strategy will continue to redefine service excellence for our clients.

Management commentary
(no financial statements)

CASE STUDY

Ventia's cross-sector collaboration benefits the SKA Observatory

In 2023 Ventia leveraged our capabilities across our Telecommunications, Defence and Social Infrastructure and Transport businesses to deliver work for the SKA Observatory (SKAO). The SKAO is an intergovernmental organisation supported by 16 countries across the globe and is tasked with building the world's largest and most advanced radio telescopes.

In 2022 Ventia was awarded an initial contract to provide telecommunications services on Wajarri Yamaji Country in Western Australia. Through our close working client relationship and an understanding of SKAO's challenges, Ventia has since expanded its scope of work to provide a cross-sector offering. Additional services include camp infrastructure, civil earthworks, power generation, fuel systems and water drilling services. Ventia has subsequently been appointed as the Principal Contractor for the site.

Our cross-sector offering to SKAO has also expanded to Indigenous employment opportunities, proudly employing 26 local Indigenous people. Combining Ventia's breadth and depth of services and client focused approach ensures we continue to deliver successful outcomes for our clients and communities.

Pictured: Team members at a construction milestone ceremony, SKA Observatory (WA)

"Ventia worked as a close partner rather than purely as a contractor, and it was through their efforts, innovative thinking, willingness to share ideas, and transparency around many aspects of the project that allowed us to proceed. The dedication of the team and commitment to the overall success has been something I have watched with gratitude."

Anthony Schinckel
SKA Low Site
Construction Director

Management commentary
(no financial statements)

Highlights

Work in hand	Renewal rate	Work in hand from renewed contracts in FY23
$18.1b	87%	$2.7b
▲ as at 31 December 2023	▲ in FY23	▲ 11% on FY22
Cross-sell revenue in FY23	**Average maximum contract tenure[1]**	**Increased spend from top 10 customers in FY23**
$93.2m	7+years	10.7%
▲ 48% on FY22		▲ Increase on FY22

1. Includes extension options

CASE STUDY

Working with Transpower to safely restore power to Hawke's Bay amidst Cyclone Gabrielle

In February 2023 Cyclone Gabrielle struck New Zealand's North Island, resulting in severe flooding, widespread power outages and the declaration of a National Grid Emergency by Transpower. Working in close collaboration with Transpower, the Ventia team played a critical role in restoring substation power, re-building a collapsed transmission tower and securing compromised transmission towers across the Hawkes Bay region.

The team overcame communication outages, reduced land and road access and personal impacts to deliver essential services for Transpower and communities in need. Safety was our number one priority, with hurdles including electrical risks and contaminated silt. Ventia maintained worker safety throughout the emergency response and further implemented safety process innovations that will strengthen our safety culture in future civil defence emergencies.

In October 2023 Ventia's response efforts were recognised at Transpower's Safety, Thanks and Recognition Awards as a joint recipient of the Team Safety Award. Ventia was incredibly proud to have a further three winners and two finalists recognised at the event, demonstrating the strength of our collaborative and trusted 25-year relationship with Transpower.

Pictured: Ventia fieldworker at a substation, Hawkes Bay (NZ)

"In light of the significant efforts of the past seven weeks, I want to thank you and your team for your commitment and focus in reconnecting and restoring power to New Zealanders."

Alison Andrew
Chief Executive Officer,
Transpower New Zealand

Management commentary
(no financial statements)

Pictured: Members of Ventia's Transpower team, Wellington (NZ)

Photo by Michael Bradley

Management commentary
(no financial statements)

Driving an Innova

Innovation at Ventia is underpinned by a workplace that continuously considers better ways of working. We strongly believe that innovation is better together, and as such, we partner with our clients and stakeholders to solve problems and develop new solutions that deliver better outcomes.

Pictured: A student from Western Sydney University pitches at a Pizza & Pitch event, Sydney (NSW)

In 2023 we continued to evolve our digital strategy which includes investment in digital core modernisation, data, AI and cyber security defence capabilities. Ventia is focused on building our innovation footprint in 2024 and continuing to build a best practice modern digital ecosystem that is part of Ventia's strategy and delivers benefits to our people and our clients.

To help drive innovation across our organisation, we created our INSPIRE Innovation Hub in 2023 and launched a new initiative called Pizza and Pitch. The initiative encourages employees to gather regularly – over a slice of pizza – and pitch an innovation idea. The audience can vote on the idea that has the most relevant application and scalability across Ventia. In 2023, approximately 800 employees, clients and business partners attended Pizza and Pitch events across Australia and New Zealand. Pitches covered many areas of organisational and industry innovation from blockchain technology to installing a battery thermal solution on Ventia's truck-mounted attenuators to save energy. Several pitches are undergoing development into business cases. Following its success, Ventia looks forward to continuing to roll out Pizza and Pitch in 2024.

Management commentary
(no financial statements)

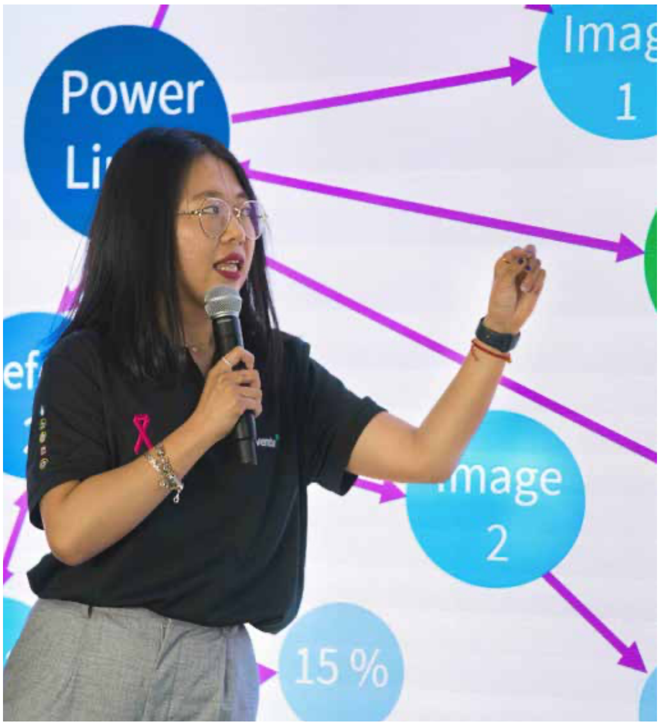
Innovation in action

Our innovation initiatives have had a positive impact on Ventia's culture and have encouraged our staff to constantly look for new ways of working. Ventia's large workforce, and the diversity of our skills and services, provides an opportunity to make large-scale and impactful change.

Organisational innovation

Organisational innovation helps Ventia to create an innovative business culture and ensures everyone is working towards improving business practices, efficiencies and performance. Some examples of innovation across our organisation include:

- VenSights is a powerful central data and analytics tool that delivers performance data and insights on a diverse range of areas across our organisation including our workforce, IoT devices and drone operations. VenSights comprises of 95 reports that are supported by PowerBI.
- Within VenSights, Project on a Page (PoP) provides comprehensive data on individual projects, at any place and any time. Greater access to data on individual projects enables better performance and risk management of projects.
- At the heart of our operations lies Ventia's Operations Centre (VOC). Our 24/7 operations supports more than 50 Ventia projects, handling crucial tasks such as customer experience, crisis and jeopardy management, and other essential operations. Powered by state-of-the-art technology and real-time data, our VOC promotes transparency and effective governance for our clients and Management team.



Pictured: A Ventia employee pitching at a Pizza & Pitch event, Auckland (NZ)

Management commentary
(no financial statements)

CASE STUDY

Ventia's RegTech GenAI solution

In 2023 Ventia launched a RegTech GenAI solution to streamline how employees access information about Ventia's policies and procedures.

This AI-powered capability enables employees to ask questions about Ventia's policies and standards stored in our online document system. The RegTech GenAI quickly scans for and provides relevant information allowing employees to find, understand and remain compliant with Ventia's guidelines.

Previously, employees had limited search capabilities making it time consuming to find specific information within each policy or standard. The RegTech GenAI is a great example of how organisational innovation has created business improvement and demonstrates excellent collaboration across our business.

"Ventia continues to use advanced analytics and AI to drive efficiency, optimisation and value across our organisation. The RegTech GenAI solution is an innovative step forward for Ventia as we continue our AI journey. It demonstrates the excellent collaboration between our legal department and our digital services teams, who applied their knowledge and skills to quickly plan, build and launch the solution."

Dr Jade Aitken
General Manager, Data and AI
Ventia

Key statistics

Images taken
550k+
by Ventia drones in FY23

Internet of Things (IoT) devices
20%
increase to 50,000 connected in FY23

Launched a new innovation hub
INSPIRE
to drive innovation across Ventia

Calls handled
1.3m
by Ventia's Operations Centre (VOC) in FY23

Views
200k+
of VenSights in FY23

Pizza and Pitch events
~800
employees, clients and business partners participated in 2023

Management commentary
(no financial statements)

Pictured: Senior Engineer Matt Otaran celebrates Ventia winning at the AFR Most Innovative Companies award gala, Sydney (NSW)

Industry innovation

Industry innovation is important to Ventia as it helps to transform ideas into new solutions that can help drive business growth, improve efficiency and meet our customers' evolving needs. Following are some examples:

- In FY23 Ventia introduced a rapid deployment vehicle arrestor. This device is a portable crash barrier that can be used for short-term works in high-speed environments. It is quickly and easily deployable and can be used for vehicle recovery, temporary roadworks, utilities and police and emergency services.
- Ventia's drones are leveraged commercially to increase safety across our organisation through the reduction of high-risk works and improved datasets on assets and facilities. In 2023 Ventia's drones undertook a total 1,208 flights and completed 1,604 circuit kms.
- Ventia's Internet of Things (IoT) usage increased by 20% in FY23 which has led to higher energy savings across our organisation. Ventia uses IoT capabilities to make use of emerging low-powered wide-area (LPWA) network technology to better manage customer infrastructure across Australia and New Zealand.

CASE STUDY

Ventia launches MTBolt

Ventia designed and implemented the MTBolt to eliminate the bimetallic corrosion in thousands of lighting fixtures (luminaries) in one of Australia's busiest traffic tunnels.

Replacement of the luminaries, each weighing 29kg, would typically take 8.2 years to complete due to planned shutdowns of lanes. The total cost to the client was an estimated $5 million in labour and lost revenue.

Ventia implemented a process of innovation, design, prototype, and pilot installation and launched MTBolt within just one year. An MTBolt is made of aluminium and slides over the supporting U-bracket of each luminaire so bimetallic corrosion cannot occur in the light fixture. An MTBolt costs $12 to manufacture and provided an 85% cost saving to our client.

The total cost of MTBolts and installation across all light fixtures was $300,000 over 1.1 years. It fully eliminates the need to replace the luminaires in the future. In recognition of the successful development of the MTBolt, Ventia was awarded third place by AFR Boss for Most Innovative Companies 2023 – Property, Construction and Transport category.

AWARDS AND RECOGNITION

WINNER

Next Gen Innovator 2023

2023 SAP Best Run Awards

SAP

WINNER

Service Champion, Customer Service Team of the Year (Large)

Ventia Operations Centre (VOC)

Australian Service Excellence Awards

Customer Service Institute of Australia (CSIA)

3RD PLACE

AFR Boss Most Innovative Companies List

Property, Construction & Transport category

Australian Financial Review

FINALIST

Innovation Category – Brisbane Motorway Services Team

2023 ITS Australia Awards

ITS Australia

Management commentary
(no financial statements)

Being more Sustain

We are committed to creating a lasting and positive legacy for people and the planet. Central to our sustainability strategy are our objectives and measurable targets that align to our three core pillars of environment, social and governance.

Our targets are recognised by industry frameworks to ensure we deliver best practice outcomes and meet stakeholder expectations.

In 2023 we made progress on our environmental, social and governance (ESG) targets. We also submitted our emissions reduction and net-zero targets to the Science Based Targets initiative (SBTi) for validation. Further information is provided in Ventia's Sustainability Report.

Highlights

$4.3b

social value created – this year we introduced a social value measurement to understand the socio-economic impact of our non-financial activities

5.5%

reduction in Scope 1 and Scope 2 market-based emissions from FY22

154

electric and hybrid vehicles added to Ventia's light fleet in FY23

Stretch Reconciliation Action Plan

launched our Stretch Reconciliation Action Plan (RAP) for September 2023 – August 2026

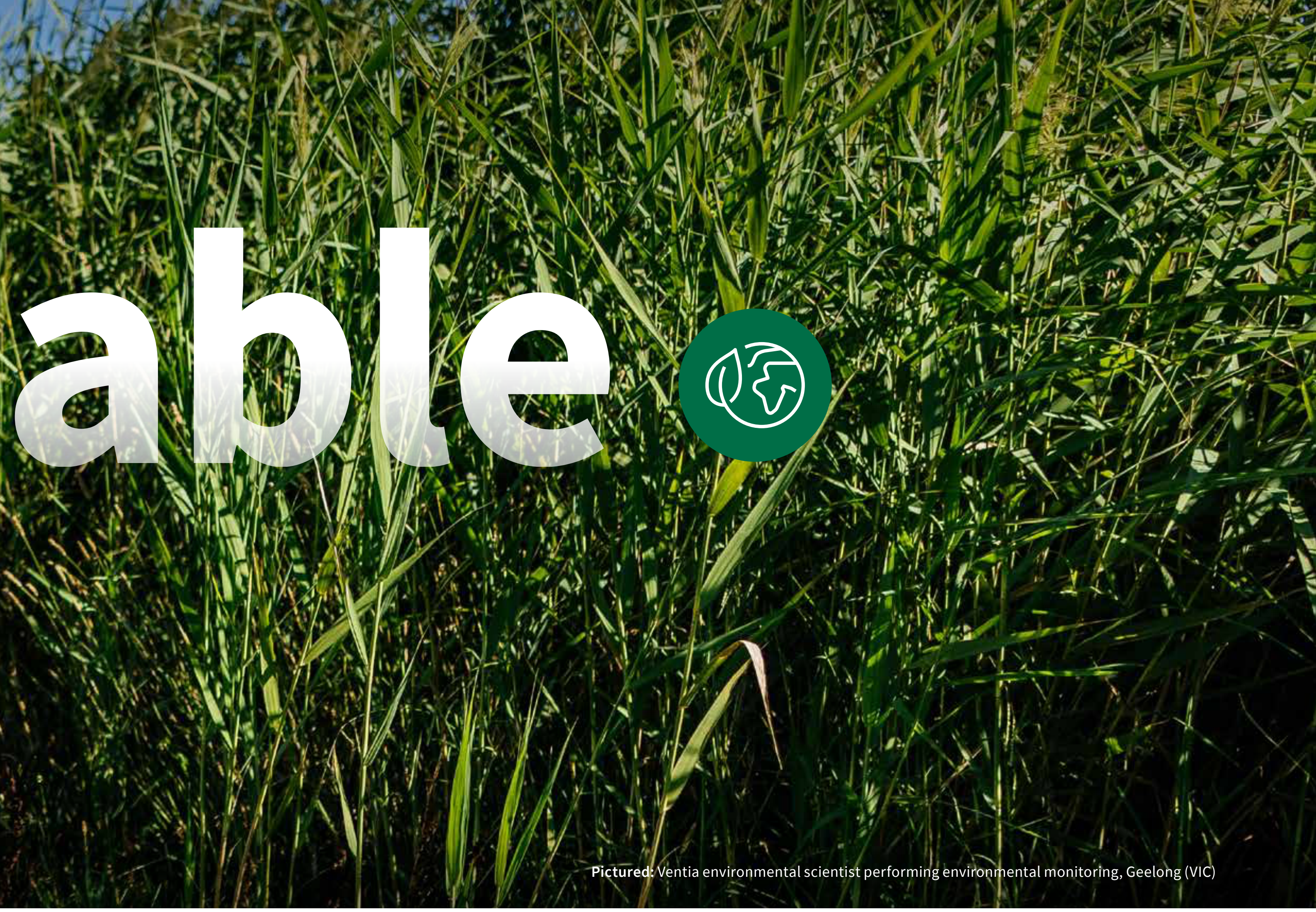
Inclusive Employer

Diversity Council of Australia Inclusive Employer recognition

Rainbow Tick accreditation

Rainbow Tick accreditation retained in New Zealand

Management commentary
(no financial statements)



Pictured: Ventia environmental scientist performing environmental monitoring, Geelong (VIC)

Environment Creating a healthier plant	Social People and community focused	Governance Ethical and accountable in everything we do
Objectives		
Achieve net-zero emissions and reduce our clients' emissions	Our people are safe and healthy and are as diverse as our communities	Sustainability is embedded in our decision making
Managing climate resilience for us and our clients	We engage and respect the communities we work in	Trusted for our sustainable business practices
Leading in environmental protection and enhancement solutions	We create value through our local and diverse supply chain	Advancing sustainable and ethical procurement
Measures		
Achieve our science based emissions reduction and net-zero targets	(HESTA 40:40 Vision commitment) 40% female participation by 2030: 1. on the ELT 2. of Women in Senior Management (WISM) 3. across all employees	Compliance with the ASX Corporate Governance Principles and Recommendations
100% renewable energy by 2030 (internal electricity use)	Achieve our Reconciliation Action Plan targets	Suppliers with annual spend >$1m comply with the Ventia Business Partners Standard
100% EV and hybrid light vehicle fleet by 2030		

Management commentary
(no financial statements)

Pictured: Ventia hybrid vehicle

Ventia's emissions targets

In 2023 we submitted our emissions reduction and net-zero targets to the Science Based Targets initiative (SBTi) for validation. We set these targets to align with the aims of the Paris Agreement to limit global warming to 1.5°C by 2050. Importantly, our targets go beyond our direct emissions and encompass our full value chain (Scope 1, 2 and 3) and do not rely on offsetting to achieve our goals.

We will achieve net-zero emissions by 2050 in our operations and in all our indirect Scope 3 emissions, including through our supply chain.

Our near-term targets to 2030 require us to improve efficiency as our business grows. We achieve this through making deep reductions in our direct emissions, including through the transition of our fleet and equipment, and use of renewables in the generation of the electricity we use. The largest contributor to our footprint is from the goods and services we procure, therefore we will work with our supply chain to pursue opportunities to reduce Scope 3 emissions.

While we anticipate achieving validation of our targets in 2024, we now have our goals in place to provide the framework for our transition plan.

Our science based emissions targets[1]

Near-term 2030 targets

Scope 1 and 2

Ventia commits to reduce absolute Scope 1 and 2 greenhouse gas emissions 42.0% by 2030 from a 2021 base year.

Scope 3

Ventia also commits to reduce Scope 3 greenhouse gas emissions from purchased goods and services 51.6% per AUD $ million value added[2] by 2030 from a 2021 base year.

Net-zero target

Ventia commits to reduce absolute Scope 1 and 2 greenhouse gas emissions 90.0% by 2050 from a 2021 base year.

Ventia also commits to reduce Scope 3 greenhouse gas emissions 90.0% within the same timeframe.

1. Our targets are pending validation by the Science Based Targets initiative in 2024.
2. Value added is operating profit = Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) + all personnel costs.

Management commentary
(no financial statements)

Pictured: A Ventia graduate operating a drone (NSW)

Management commentary
(no financial statements)

Environment

Pictured: Members of Ventia's Environmental Services team, Geelong (VIC)

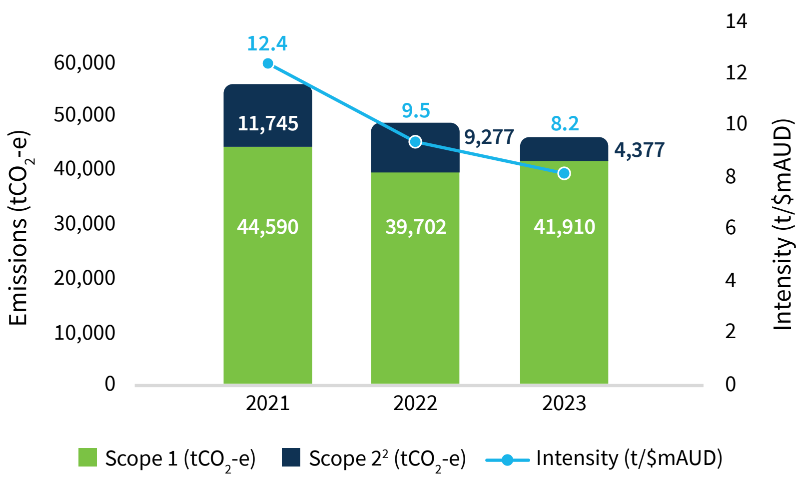
Our approach to environmental sustainability involves managing our impact on the environment and the impact of climate change on our operations. It also includes delivering services to protect and enhance environmental values.

Managing our environmental impact is essential to how we plan and prioritise our actions. This includes monitoring and measuring the waste we generate, the energy we use and the emissions we create directly and indirectly throughout our value chain, as well as any environmental incidents.

This year we developed our full emissions inventory including for indirect categories, such as business travel, upstream leased assets, capital goods and from the goods and services we procure, which represents the largest component of our footprint and the greatest opportunity to minimise our impact.

Progress on our targets

Greenhouse gas emissions tCO_2-e (Scope 1 and 2)[1]



11.4%
use of renewable electricity in FY23

9.8%
of Ventia's light fleet are hybrid or electric vehicle

22.6%
waste diverted from landfill in FY23[3]

1. 2021 and 2022 emissions include those from the divested MTC Broadspectrum joint venture operation.
2. Market-based.
3. Waste managed by directly engaged waste management providers, excluding hazardous, liquid and soil waste. Waste and diversion volumes estimated for 70.0% of Ventia's waste spend where reporting is not currently available. Diversion rate calculated based on tonnes diverted (recycled or reused) or recovered (converted to energy) divided by tonnes of waste.

Management commentary
(no financial statements)

Our emissions

In 2023 we expanded our data capture to include indirect (Scope 3) emissions and include these in the targets we have set. Our comprehensive emissions inventory includes direct emissions (Scope 1 and 2) and those across our value chain from our baseline year of 2021 through to 2023.

We made progress this year by improving the efficiency of our operations, reducing our emissions intensity from 9.5t/$m in 2022 to 8.2.t/$m in 2023[4]. Our total Scope 1 and Scope 2 emissions were 46,287 tCO_2-e[5] at the end of 2023 - a reduction of 5.5% from 2022, driven by the divestment of an energy intense joint venture operation in that year. Our Scope 1 and 2 emissions profile, excluding the joint venture, increased by 3% from 2022 due to an increase in fuel used for transportation and from our Rig and Wells services.

Reducing fuel use across our operations is challenging in the short term as our business grows. We introduced 154 hybrid and electric vehicles (EV) into our fleet this year, resulting in 9.8% of our light vehicle fleet now being hybrid or EV. We also welcomed our first fully electric truck-mounted attenuator to reduce fuel use in our motorway incident response. This is the first device of its kind to be introduced in Australia.

As we work towards our goal of powering our electricity needs from renewables, we increased solar generation at our workplaces and sourced more GreenPower for our offices and depots. In 2023 11.4% of our electricity needs were powered by renewables, contributing to the reduction in our Scope 2 emissions.

The largest contribution to Ventia's footprint is our Scope 3 emissions at 94%. In 2023 our Scope 3 emissions were 740,205 tCO_2-e at the end of 2023. We apply emissions factors to our spend on goods and services where measured emissions data is not available, so as our spend grows, so do our emissions. It is a priority for us to improve data measurement and to continue to work with our supply chain on initiatives to reduce emissions.

The New Zealand Government passed legislation in 2023 making climate-related disclosures mandatory for large financial market participants and publicly listed companies. Ventia Services Group Limited is a climate-reporting entity under the Financial Markets Conduct Act 2013 (New Zealand). Refer to our Sustainability Report for our Climate-related disclosures.

Environmental management

In 2023 we completed a full review of our environmental management system and refreshed our Environment Policy. We introduced a new reportable environmental event measure (Total Reportable Environmental Event Frequency Rate – TREEFR) which will be monitored in 2024 to establish a baseline for future reportable environmental frequency rates.

We reported two serious environmental incidents in 2023. The first involved an uncontrolled discharge to a waterway in our Far North Waters contract in New Zealand, following an unexpected shutdown of a pump station. On notification of the incident, there was an immediate response and remediation completed. No penalty was received by Ventia for this event. The second incident involved the disposal of soils from an electric ant restriction zone to a location not licensed to accept ant carrier waste material. Ventia has subsequently conducted education and training to ensure processes are in place to prevent similar issues going forward. Ventia received a fine of $5,031 from the Queensland Department of Agriculture and Fisheries for this incident.

Healthy Planet campaign

Our Healthy Planet campaign in 2023 culminated in 21 simultaneous environmental activities held across offices and project sites in Australia and New Zealand for World Environment Day. Activities ranged from tree planting, site cleanups, weed removal, dune rehabilitation and office-based initiatives. Through the campaign our people participated in masterclasses on flora and fauna and biosecurity (invasive pests, weeds and disease).

AWARDS AND RECOGNITION

WINNER

Sustainability collaboration with Transurban on the M2 Motorway

2023 AMPEAK Awards

Asset Management Council

WINNER

Sustainability and Wellness Leadership Award

Sustainability Leadership

Corenet Global Australia REawards 2023

Corenet Australia

4. Emissions intensity is total Scope 1 and Scope 2 emissions measured in tonnes, divided by revenue in $million. Intensity for 2022 has been adjusted from the previously reported figure of 11.6t/$m due to removal of emissions from contracts outside Ventia's operational control and the transition to using market-based methodology for the Scope 2 emissions component.
5. Our 2022 emissions figures have been adjusted from the previously reported figure of 60,175 tCO_2-e due to removal of data outside Ventia's operational control and the transition to using market-based methodology for Scope 2 emissions calculations.

Management commentary
(no financial statements)

Social

We are proud to provide services that keeps infrastructure working for our communities allowing us to make positive contributions every day through the work we do.

We aim to create a positive and lasting social, environmental and economic impact for people and the planet by collaborating with our clients, supply chain partners, community members and other stakeholders. Together, we design and deliver social sustainability activities that prioritise outcomes for our stakeholders.

Progress on our targets[1]

HESTA 40:40 Vision commitment

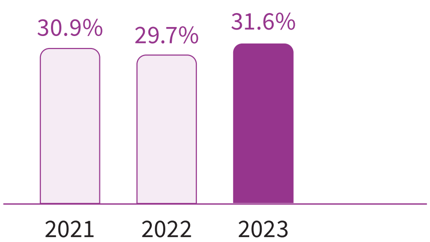
33.3%
participation by women on the Executive Leadership Team

26.6%
participation by Women in Senior Management (WISM)

3.7%
Aboriginal and Torres Strait Islander employees in Australia in FY23

▲31.6%
workforce participation by women across all employees

1.9 percentage point increase from 2022



1. Executive Leadership Team (ELT) is defined as the Group CEO and direct reports, levels 1.1 and 1.2 in Ventia's Job Level Framework. Women in Senior Management (WISM) is the number of women in senior management roles at level 3.1 and above in Ventia's Job Level Framework, an externally evaluated methodology application considering role complexity and core job attributes such as impact, communication, innovation, knowledge and risk.

Note: All 2023 highlights indicating increases or decreases are as compared to 2022

Social value

We are refreshing our approach to delivering social value throughout our operations. In 2023 we helped to launch the Australian and New Zealand Social Value Taskforce, with the objective to develop a social measurement framework. Ventia delivered an estimated $4.3 billion in social value in 2023, calculated using our spend and employment data and the well recognised TOMs (Themes, Outcomes, and Measures) framework for delivering excellence in measuring and reporting social value. More information on our social value framework is provided on page 38 of the 2023 Sustainability Report.

Gender equality and pay equity

Overall participation by women in our workforce was 31.6% at the end of 2023, compared with 29.7% in 2022. As we work towards our targets across our organisation, our activities remain focused on developing, retaining and attracting women.

We continue to take deliberate action to address our gender pay gap, including the development of our new Women's Participation Action Plan.

Ventia's 2023 reporting to the Workplace Gender Equality Agency (WGEA) indicates a 39.1% total remuneration median pay gap in favour of males. This calculation is based on total average pay across permanent salaried and wage-based employees as well as casual employees and contractors. Our performance is influenced significantly by the overall number of men in our workforce and the industries we serve.

Our 2023 pay equity review determined that how salaried men and women are paid at Ventia compared to market is now equal on a consolidated average basis, compared to at 2.0% differential in 2022.

Diversity and inclusion

Throughout 2023 we reviewed Ventia's policies, standards and processes that support our commitment to diversity and inclusion and continued key partnerships to progress our strategy. Our approach to social procurement creates sustained opportunities that generate value to support long-term growth for a diverse range of suppliers. In 2023 we spent $20.5 million with social enterprises in Australia and New Zealand.

Our approach to developing relationships with Aboriginal and Torres Strait Islander businesses saw us increase the number of Indigenous suppliers we engage with to 184 in 2023. Our spend with Aboriginal and Torres Strait Islander businesses in Australia increased this year to $122.0 million. In New Zealand we spent AUD $3.0 million with our Māori and Pasifika business partners.

We renewed our Article 23 partnership with CareerSeekers in 2023, committing to a minimum of 40 internship placements for refugees and asylum seekers over the next three years.

Our actions towards reconciliation

In October 2023, Ventia proudly reaffirmed our commitment to Aboriginal and Torres Strait Islander people in Australia by launching our Stretch 2023 – 2026 Reconciliation Action Plan (RAP). Our RAP sets our targets and actions for the next three years until August 2026.

We are committed to providing long-term, sustainable employment, training and education opportunities for Aboriginal and Torres Strait Islander people and their communities. At the end of 2023 we had 505 Aboriginal and Torres Strait Islander employees, equating to 3.7% of our Australian workforce. We have changed our process for determining participation in our workforce from undertaking a survey in prior years, to utilising our enterprise employment data.

CASE STUDY

Partnership to improve workforce capability in young adults

Ventia and Youth Enterprises Australia (YEA) teamed up in 2023 to create opportunities for talented 18 to 25-year olds to work across two **nbn**® projects within Ventia's telecommunications sector.

YEA is a Melbourne-based labour solutions social enterprise, part of not-for-profit organisation Helm Youth Services, with a 24-year history of engaging and supporting young Australians. YEA improves the lives of disengaged young adults by providing a structured six-month program to support early career success. Participants learn how to navigate any barriers to employment and how to maximise the opportunities available through YEA's training program and Ventia.

Eleven young adults have commenced work placements with Ventia, conducting document control and data related work which Ventia is performing on behalf of **nbn**.

YEA has achieved a 100% retention rate of the young adults they have engaged to date. Dedicated account managers and placement coordinators are allocated to drive this outcome and ensure all parties are fully supported whilst YEA is engaged on Ventia projects.

As they approach the end of the program, candidates will have the opportunity to develop more confidence, resilience and skills to help them transition into other work – either within Ventia or for other organisations.

AWARDS AND RECOGNITION

WINNER

Diversity and Inclusion Award
Ventia Disability Employment program

2023 Banksia Awards

Banksia Foundation

FINALIST

ASB Emerging Award
Ventia

New Zealand Rainbow Excellence Awards 2023

Rainbow Tick

FINALIST

Social Impact Woman Of The Year
Amanda Morton

2023 Canberra Women in Business (CWB) Awards

Synergy

FINALIST

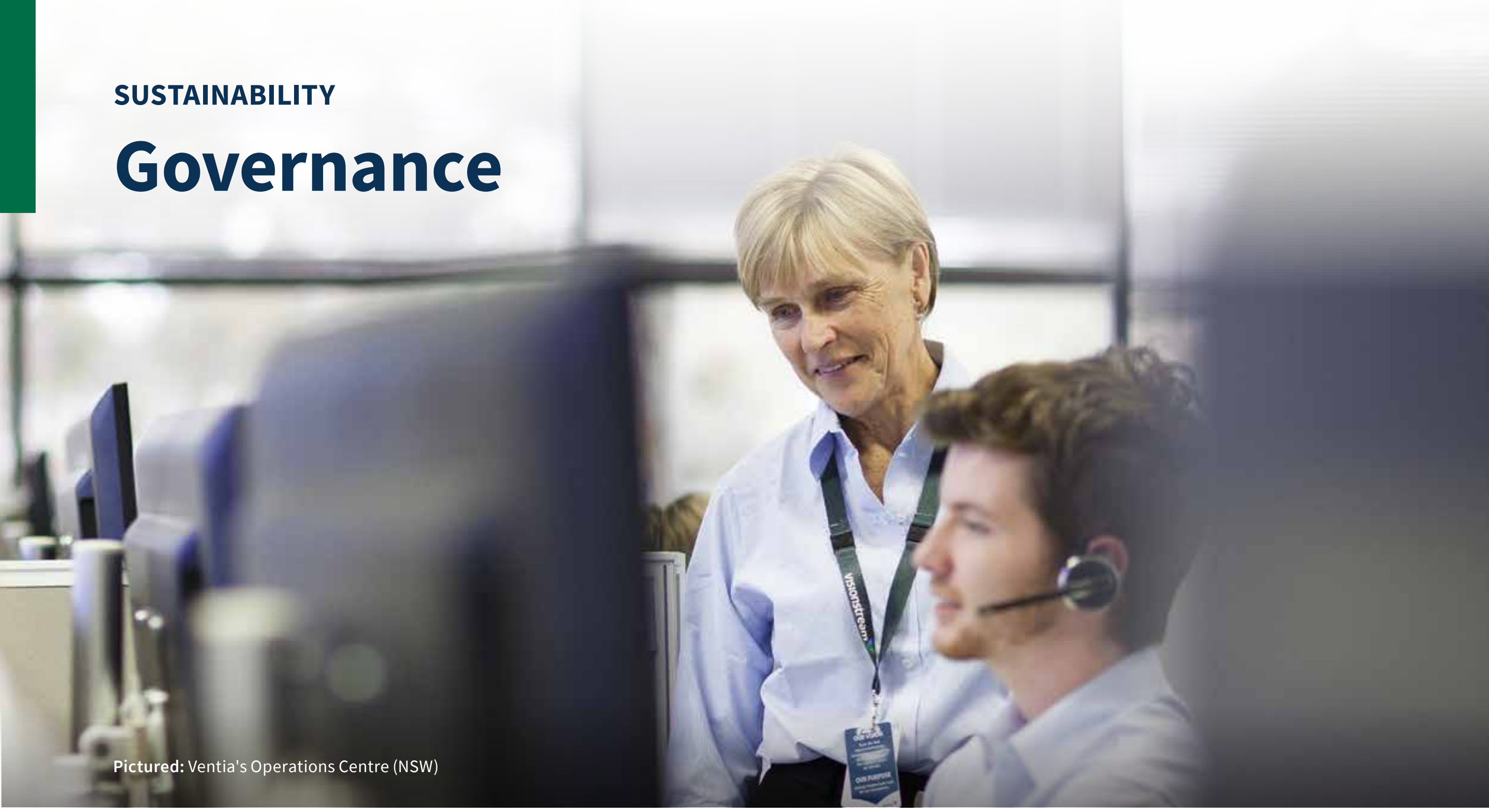
Champion Of Change Award
Donny Yap

NSW NAWIC Awards

National Association of Women in Construction

Management commentary
(no financial statements)

Governance



Pictured: Ventia's Operations Centre (NSW)

We take a measured and methodical approach to ensuring sound governance is entrenched in all of our business practices and consistently applied throughout our operations.

At Ventia, our strategy and values guide how we go about our business and keeps us focused on doing what's right and what's important to our stakeholders.

We have embedded our strategy and values within Ventia's Corporate Governance Framework, which provides the basis for our governance approach. It enables our people to deliver on our commitments and supports clear, responsible decision-making for our shareholders, people, clients, partners, government, regulators and communities.

Board sustainability governance

Ventia's Board Safety and Sustainability Committee met quarterly in 2023 and the Committee Charter was refreshed and approved by the Board in December 2023 to ensure it aligns with market practice and continues to meet stakeholder expectations.

The Committee received quarterly management reports on health, safety, environment and sustainability progress and undertook deep-dives into topical issues. Strategy, as well as Safety, Health, Environment and Quality (SHEQ) targets and sustainability targets are key considerations of the Committee, along with the review and approval of the 2023 Sustainability Report, including our climate-related disclosures.

In 2023 the Board approved revised policies including Ventia's:

- Sustainability Policy
- Environmental Policy
- Health and Safety Policy
- Diversity, Equity and Inclusion Policy
- Indigenous Relations Policy
- Risk Management Policy

AWARDS AND RECOGNITION

WINNER

Infrastructure, Utilities and Energy Team of the Year 2023
Ventia Compliance, Audit, Risk and Legal team

Corporate Counsel Awards 2023

Lawyers Weekly

WINNER

Service Champion, Customer Service Team Of The Year (Large)
Ventia Operations Centre (VOC)

Australian Service Excellence Awards

Customer Service Institute of Australia (CSIA)

Management commentary
(no financial statements)

Code of Conduct

Ventia's Code of Conduct clearly sets out the behavioural standards expected from our people, suppliers and subcontractors. In 2023 97.3% of our full-time employees completed mandatory annual Code of Conduct training, which also forms part of our induction process.

This year we refreshed our standard procurement terms which require suppliers to comply with Ventia's Code of Conduct. To ensure significant suppliers are compliant we set a target and conducted a due diligence survey, which included questions on the Code of Conduct to vendors who spend >$1million with Ventia. Seventy-five per cent of suppliers responded to the survey in 2023.

Assurance

In line with our objective to be trusted for our sustainable business practices, limited assurance of Ventia's key environmental and social metrics for our 2023 Sustainability Report has been provided by PwC. This year we expanded the metrics within the scope of the assurance to include social procurement in New Zealand, and calculation of market-based Scope 2 emissions.

Building cyber resilience

We continued to enhance our cybersecurity approach in 2023 with a focus on cyber safety, achieving accreditation to global industry standards and further bolstering Ventia's cyber resilience.

We completed a comprehensive review and refresh of our Information Management System (ISMS) this year and achieved accreditation for ISO/IEC 27001:2013. Our robust executive governance structure ensures clear accountabilities and provides a forum for cyber decision-making and crisis management, aligning our security posture with Ventia's business strategy and objectives.

Ventia experienced one cyber incident in 2023. The risk was quickly assessed, classified as low and contained to protect our clients, people and investors. An extensive investigation confirmed no evidence of a notifiable data breach under the Privacy Act (Cth) 1988.

Strong alignment and coordination between our Board and ELT supported a rapid and effective response where we worked cohesively across our business to integrate learnings, strengthen our resilience and further safeguard Ventia against future threats.

We continue to retain a leading cybersecurity provider to enable us to swiftly respond to any serious cyber incidents.

Operational resilience plans were also reviewed for all Ventia sectors in 2023 to ensure we maintain continuity of the essential services we provide for our clients in the unlikely event of significant outages or other potential crisis scenarios.

Progress on our targets

97.3%

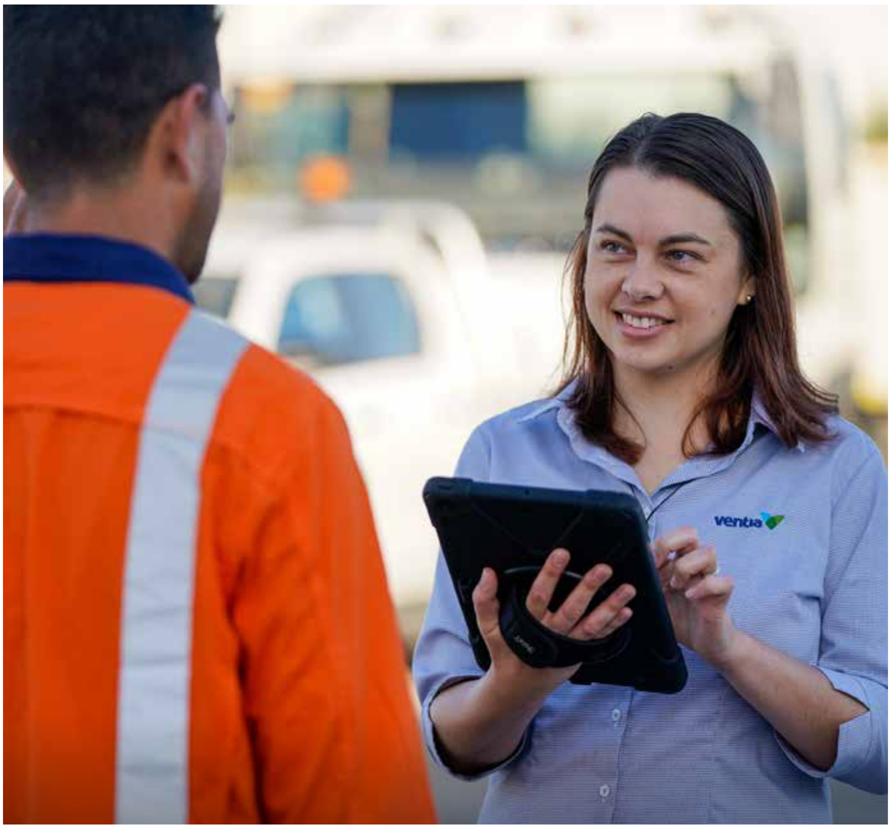
Code of Conduct training completion

97%

Compliance with ASX Principles

75%

Response rate from Business Partners due diligence survey



Management commentary
(no financial statements)

Market trends

Our operating environment continues to be supported by market tailwinds that offer opportunities for Ventia. As markets evolve, we focus on monitoring their potential impact so we can respond strategically to any opportunities and risks they may present.

Management commentary
(no financial statements)

Our key market trends

Population growth

Net overseas migration is driving a surge in population growth. Heightened population growth over the short to medium term is expected to almost fully account for the below trend growth during the pandemic. Population growth is leading to higher urban densities, increased congestion and raising the overall burden on existing infrastructure.

We continue to see strong spending in public and private sector infrastructure impacting the overall size and growth of Australia's infrastructure assets, with the past financial year indicating near record high construction activity. This is likely to result in increased maintenance spending over the medium to long term.

Sustainability and the energy transition

The drive for positive environmental, social and governance (ESG) outcomes is growing. Opportunities for businesses to invest and work more sustainably are increasing, whilst investors, clients and other stakeholders are demanding more transparent ESG measurement and reporting.

An increased focus on environmental sustainability will continue to drive significant investment in the energy transition, including renewable energy generation and the electricity transmission network, driving substantial new construction activity. It will also impact maintenance and ongoing minor capital works as older technologies are progressively replaced by a combination of wind, solar and storage solutions.

Inflation

Australia and New Zealand are facing record cost pressures across most sectors, with heightened costs expected to persist in the medium to long term. The normalisation of international markets and supply chains will help ease inflation in coming years, but price growth is expected to stay positive, meaning costs will shift to a higher base compared to pre-COVID-19 levels.

Whilst there has been price volatility across key construction commodities, maintenance markets are likely less exposed to the sharp price pressures seen across key construction inputs. Direct and indirect inflation impacts on the maintenance and operations sector include labour shortages, supply chain disruptions and energy supply uncertainty.

Geopolitical shift

There has been a recent rise of global uncertainty, characterised by international tensions, COVID-19 and disrupted patterns of global trade. In particular, Australia and New Zealand have increased their defence spending to enhance their capabilities, assets, and relationships in the Pacific. It is expected defence spending in Australia and New Zealand will continue to grow over the medium term as they seek to enhance national security.

Technology adoption and automation

Technological innovation is reshaping the way we do things. In the provision of infrastructure services, new technologies are enhancing overall productivity and economic growth in the broader economy, leading to increased maintenance. 'Intelligent automation' or 'smart technology' also has the potential to drive the next horizon of outsourcing across industries, enabling service providers to capture an even larger share of non-core functions.

Management commentary
(no financial statements)

Defence and Social Infrastructure

Over 8,000 employees support Defence and Social Infrastructure (D&SI) in enabling us to deliver maintenance and support services for clients across defence, social infrastructure, housing and community, local government, critical infrastructure and energy solutions.

Ventia's D&SI business delivered stable performance in 2023, securing key contracts with the Australian Department of Defence for the Defence Maintenance contract valued at $393 million over the next five years, and a 12-month extension of our Base Services contract with the Department of Defence valued at $550 million.

We continue to place a strong emphasis on our client focused approach which supported D&SI in extending existing contracts with clients such as NSW Public Works, City of Sydney and Auckland Council in 2023.

D&SI has a pipeline of new opportunities ahead, with some opportunities aligned to Government funding. Sector cross-selling is a key enabler of growth and we are well positioned to leverage our capabilities to strengthen and broaden services to new and existing clients in 2024.

Our in-house expertise in sustainability will see us explore opportunities with clients in health and state government and demand for the energy transition will offer growth opportunities for D&SI and the other sectors.

6,000+

beds across health facilities in Australia and New Zealand supported by our asset management, maintenance and other enabling services

2.8m+

meals served across Defence bases

95

State and Federal Government agencies receive services from Ventia

520+

trained officers – making Ventia the largest provider of custodial transport services in Australia and New Zealand

CASE STUDY

Howard Springs

Ventia delivered a new accommodation precinct for the Department of Defence (Defence) in Darwin in 2023. The accommodation precinct was required to support the commencement of the Talisman Sabre military exercise, which sees participation from 30,000 military personnel from 13 nations.

Ventia's history of service excellence with Defence, together with our ability to rapidly mobilise resources, saw us called on to set up the precinct in just nine days to support commencement of the military exercise.

Our expert team designed and tailored the existing precinct into a modern, fit-for-purpose community, suitable for approximately 1,300 residents. The precinct provides multiple sport and recreation facilities, a dining hall, shuttle buses, a recreation area and bar, onsite shop and café with barista coffee.

Our trusted network of partners was crucial to delivering this project, including Indigenous-owned business ARA, who provided personnel to dress and clean over 500 rooms, as well as provide domestic cleaners for the facility. This project gave ARA the opportunity to expand its business from its base in Victoria to the Northern Territory.

Management commentary
(no financial statements)

AWARDS AND RECOGNITION

WINNER

Most Outstanding Indigenous Individual
– Kezia Smith

2023 Women in Defence Awards

Australian Defence Magazine

FINALIST

People and Culture Award
– Lizette Bull

2023 Women in Defence Awards

Australian Defence Magazine

FINALIST

Chorus Ambassadorship Award
– Acacia Cochise

2023 New Zealand Rainbow Excellence Awards 2023

Rainbow Tick

TOP 6

5th Top Defence Contractor
2023 Top 40 Defence Contractors

Australian Defence Magazine

CASE STUDY

Defence Maintenance contract

Ventia secured a new Defence Maintenance contract with the Australian Defence Force (Defence) in FY23, valued at approximately $393 million over the next five years. This contract offers a refreshed approach through transformed systems and practices delivering superior outcomes for our largest client.

Maintenance services plays an important role in supporting Defence units prepare for and return from operations and exercises. This contract includes the repair and maintenance of some of Australia's newest and most advanced equipment, alongside a 24/7 nationwide operation for vehicles and equipment.

Ventia works closely with Defence as a strategic partner and uses technology, innovation and standardisation to provide maintenance and operational support services across a range of equipment and vehicles. For example, we exploit technology to improve workforce optimisation and transparency. Our approach to data-driven decision-making enables us to move to more predictive and preventative maintenance – an approach that is crucial for a modern workshop.

Our workforce has the technical skills, capabilities and track record to support Defence as it responds to new and emerging challenges.

Key project wins

Australian Defence Force

Contract renewal

Defence Maintenance contract

Australian Defence Force

Contract extension

Defence Base Services contract

NSW Public Works

Contract extension

NSW Whole of Government Cleaning

Auckland Council

Contract extension

Auckland Council – Community Facilities contract

General Manager, Parks and Community Facilities Taryn Crewe says that Auckland Council is looking forward to continuing the relationship with Ventia.

“We've been pleased to see the focus on continuous improvement from Ventia, and the way they seek opportunities to innovate across technology and processes, to lower carbon emissions, deliver services more efficiently, and benefit the local communities.”

Taryn Crewe
General Manager, Parks and Community Facilities
Auckland Council

Management commentary
(no financial statements)

Infrastructure Services

Ventia's Infrastructure Services (IS) business has extensive experience in providing comprehensive, multidisciplinary maintenance and improvement solutions for customers across Australia and New Zealand.

The IS business ensures the ongoing operation and maintenance of utilities (water, energy networks and renewable assets), resources and industrial assets (mining, oil and gas, manufacturing), and resources development (minerals, oil and gas).

The IS team also provides complex and large-scale environmental remediation and rehabilitation services and leverages technologies aimed at enhancing client productivity and sustainability.

In 2023 our focus on service excellence has resulted in revenue growth across all IS business units with stronger performance seen particularly from our Energy, Water and Renewables services and Rig and Wells services.

Growth largely came from stronger volumes from existing clients and the commencement of projects awarded in late 2022 and during 2023.

Increasing population, climate change and the rapidly evolving energy transition continue to drive opportunities for IS in 2024 and beyond. The growth in population, for example, is driving investment in water assets including large treatment facilities, and the increasing focus on emissions reduction in the resources industry continues to present opportunities for IS to deliver sustainable outcomes for our clients.

477km

of distribution cable reconductored

50,000

LED bulbs replaced in streetlights

1,627

wells serviced across Queensland & Barrow Island

38,360m

drilled across two energy drill rigs

CASE STUDY

Ventia delivers drilling expertise to MinRes

Ventia's Rig and Wells team is Australia's largest provider of onshore drilling and well servicing. We specialise in rig operations across Australia's oil, gas and mining industries.

Our drilling team first started working with Mineral Resources Limited (MinRes) in 2021. MinRes is a leading diversified resources company which partnered with Ventia for our drilling services, as they seek to continue their growth to meet iron ore and lithium demand.

As the demand for Australia's minerals increases, so too does demand for expertise that deeply understands the drilling environment and ensures drilling operations are as safe and efficient as possible.

Since initial engagement with Ventia, the relationship with MinRes has grown into a true partnership. Ventia currently has three rigs in operations across MinRes sites, undertaking critical dewatering, as well as the drilling of water bores.

Ventia delivers drilling expertise and technical insights via our Technical Services team, as well as innovations through the introduction of Ventia's Rig Suite – a fully equipped, purpose-built mobile office offering improved working conditions for teams working in remote locations.

The key to Ventia's partnership with MinRes has been the ability to deliver service excellence across MinRes operations to help them solve challenges and deliver efficient outcomes.

Management commentary
(no financial statements)

CASE STUDY

Rehabilitation of the Ranger mine

Ventia was engaged to assist with the rehabilitation of the Ranger mine which closed in 2021. The Ranger mine initially began producing uranium oxide in 1981 and following its closure, Energy Resources Australia (ERA) is focused on achieving a world class, sustainable rehabilitation and closure of the mine's assets.

To achieve successful rehabilitation, the site required enhanced consolidation of over 43 million tonnes of tailings that had been transferred to the former mine pit. To achieve this, the design required over 41,000 Prefabricated Vertical Drains (PVDs) or 'wicks' to be installed into the tailings to depths of up to 40 metres.

Ventia was engaged to design, construct and operate a unique barge system to allow the installation of the PVDs from the water's surface.

In March 2023, Ventia successfully completed the installation of 39,768 PVDs with approximately 1,268,650LM of PVD material installed into the tailings. The works required an onsite workforce of over 70 personnel and over 101,000 hours worked on site to successfully deliver the project.

"To find a partner like Ventia with the unique combination of complex environmental remediation experience and also directional drilling capability, was enormously beneficial for ERA and our ongoing rehabilitation activities of the Ranger Mine area."

Bernard Toakley
Project Manager
Energy Resources Australia

Key project wins

Energy Australia

Contract renewal

Maintenance services on the Yallourn Power Station

QGC Pty Ltd

Contract extension

Land Workover Rigs and Associated Services contract

Lightsource bp

New contract

Christchurch Airport Solar Farm Substation, NZ

AWARDS AND RECOGNITION

WINNER

STAR Supreme Award: Craig Moore

Frontline Leadership Award: Evan McKenzie

Thought Leadership Award: Craig Moore

Team Safety Award: Ventia, Omexom, Downer, Northpower and Transpower

Transpower STAR Awards 2023

Transpower

FINALIST

Water Industry Safety Excellence Award with Yarra Valley Water (Tank Inspection and Maintenance program)

2023 Australian Water Association Awards

Australian Water Association

FINALIST

Water Industry Safety Excellence Award 2023 (with Yarra Valley Water and Jaydo Construction)

Australian Water Association Awards

Australian Water Association

Management commentary
(no financial statements)

Telecommunications

Ventia is the largest telecommunications infrastructure services provider in Australia and New Zealand.

Ventia's Telecommunications business provides end-to-end service capabilities that span across design, supply, construction and installation. It also involves the commissioning and maintenance of some of the region's largest fibre optic, mobile and critical telecommunications networks and infrastructure.

Our Telecommunications business continued to grow in 2023, largely driven by higher demand in the core telecommunications market, which in turn drove higher volumes of work by existing and new clients. In response to this demand, we leveraged our expert capabilities for clients across Australia and New Zealand, in addition to securing new wins in adjacent markets.

In 2023, our Telecommunications business was awarded a number of key contracts including those with existing clients such as NBN Co, Telstra, Optus and Victoria's Emergency Services Telecommunications Authority. We also secured new clients in the core telecommunications market including Indara Digital Infrastructure and 2degrees in New Zealand, and delivered work to new clients in adjacent markets including SKAO, Babcock Australasia and Arrow Energy.

To target future growth opportunities, we have defined a clear diversification strategy: to explore new opportunities with long-term strategic clients; extend our offering to a broader range of clients in the core telecommunications market; and use our existing capabilities to diversify into adjacent markets such as defence and space, aviation and energy solutions.

#1

telecommunications infrastructure services provider in Australia and New Zealand

~56,000km

optic fibre designed, installed and commissioned

1.5m

telco and ICT assets managed across Australia & New Zealand

~6.6m

premises connected to fibre networks

51,000+

telco facilities under management

CASE STUDY

nbn® Fibre Connect program

Ventia was awarded two significant nbn contracts in 2023 involving extending **nbn®'s** existing Fibre Connect program, as well as additional works to complete the next stage of delivery.

The Fibre Connect program extends Australia's digital backbone further into communities providing an additional 1.5 million premises with access to the highest wholesale speed tiers on the **nbn®** fixed line network. The program enables a seamless transition to Fibre-to-the-Premises (FTTP) technology for eligible premises currently connected via Fibre-to-the-Node (FTTN). The additional program of work extends the roll-out into communities across Queensland, New South Wales, Victoria, Tasmania and Western Australia.

Ventia's track record of delivering large-scale projects, our expertise in fibre design and build, and strong performance as a long-term nbn strategic partner all contributed to these new awards.

Management commentary
(no financial statements)

CASE STUDY

Babcock Australasia

Ventia's contract with Babcock Australasia supports the delivery of upgrades to the Australian Defence Force's Defence High Frequency Communication System (DHFCS).

The new system, under the JP9101 – Enhanced Defence High Frequency Communications System program, provides Australian and allied armed forces with the ability to securely communicate using voice and data from almost any location across the globe.

Ventia's scope of work includes ground works, installation of new antennas and other contractor furnished equipment, along with internal shelter works. This strategically important Defence program employs specialised Ventia personnel across Western Australia, the Northern Territory, Queensland, New South Wales and the ACT providing secure, robust communications that are both resilient and interoperable.

Our expert capabilities and proven telecommunications experience support Babcock's strategy and vision.

"I'm impressed by Ventia's capabilities and track record across large-scale telecommunications and defence projects. They will play a significant part in the delivery of the EDHFCS program to the Australian Defence Force. It was important that we selected a local partner that had the technical know-how and proven experience in delivery."

Brad Yelland
Chief Engineering & Technology Officer
Babcock Group

Key project wins

Indara Digital Infrastructure

New contract

Delivery of turnkey services

NBN Co

New contract

Fibre Connect program

Babcock Australasia

New contract

Ground and shelter works and installation of new antennas and equipment

AWARDS AND RECOGNITION

FINALIST

Contribution to Society Award – Ventia

ACOMM Awards 2023

The Fitzroy North Community Battery Project

Communications Alliance

FINALIST

2023 Geospatial Excellence Award

Ventia & Australian Spatial Analytics partnership

Geospatial Council of Australia

FINALIST

HIGHLY COMMENDED

2023 Private Sector Industry Impact Award

Ventia & Australian Spatial Analytics partnership

Infrastructure Sustainability Council

Management commentary
(no financial statements)

Transport

Ventia is the largest tunnel and road maintenance operator in Australia and New Zealand.

Ventia maintains some of the most critical transport infrastructure assets in Australia and New Zealand, such as the Sydney Harbour Tunnel and M2 Motorway, the entire Transurban Queensland road network and Transmission Gully in New Zealand.

We provide a broad range of integrated operations and maintenance services and intelligent transport systems to road, motorway, tunnel and rail. Our Transport business delivers services that includes tunnel and road network maintenance, smart motorway technology solutions, rail communications, minor capital works and incident response and recovery.

Our Transport business delivered revenue growth of 22.7% in 2023 through a combination of new contract wins, mobilisation delivery and existing contract growth.

In 2023 we secured new projects with existing clients such as Transurban Queensland and Hauraki District Council servicing road, bridge and tunnel assets, and we delivered minor capital works in Western Australia and New Zealand.

We also grew our transport technology service function through securing new contracts with the Western Distributor Smart Motorway in Sydney and delivered work on the West Gate Tunnel contract and rail communications on Melbourne Metro.

#1

private motorway and tunnel maintenance operator in Australia

#1

in motorway incident response and recovery in Australia and New Zealand

9,500km+

of road assets maintained

55,000

traffic lights, electronic signs and other ITS devices managed.

In 2023 we continued to implement our low-risk growth strategy which focused on targeting long-term maintenance contracts and deepening our relationships with clients by leveraging Ventia's full capabilities and scale. In 2024 we will continue to leverage our existing footprint to access adjacent market opportunities such as ports, defence and telecommunications.

CASE STUDY

Western Distributor Smart Motorway Alliance

Through our Western Distributor Smart Motorway Alliance, Ventia has been engaged to complete the Intelligent Transport System (ITS) component on Sydney's Western Distributor. Ventia has recognised expertise across the entire ITS lifecycle, from design and construct through to operations and maintenance, and decommissioning and upgrades.

Intelligent Transport Systems are advanced transport technologies such as vehicle detection, traffic analysis, control and communication technologies. Ultimately these systems enable users to be better informed and make safer and 'smarter' use of transport networks.

A Smart Motorway uses a range of sensors to collect real-time information and traffic control systems to improve traffic. This information is utilised to update signage to communicate to users how to best travel along the Western Distributor for a safer, more efficient and sustainable journey.

Ventia will install around 15 gantries between Anzac Bridge and Sydney Harbour Bridge and others will be upgraded. This includes Integrated Speed Lane Usage electronic signs, automatic incident detection technology, vehicle detection, extensive CCTV coverage and variable message signs along the corridor.

CASE STUDY

Transurban Queensland

In 2023 Ventia successfully secured and mobilised a six-year Incident Response and Maintenance (IR&M) contract with Transurban Queensland (TQ). A world leading operator, TQ operates and maintains road, bridge and tunnel assets in South East Queensland, including AirportlinkM7, Clem7, Legacy Way, Inner City Bypass, Go Between Bridge and the Gateway and Logan Motorways.

Ventia has provided services to TQ under various arrangements since 2015. Under the new contract, Ventia will expand its service delivery to TQ and provide incident response, maintenance and minor capital works to all TQ assets.

Ventia's strong track record and innovation in incident response are a key part of our competitive offering. Ventia is the market leader in incident response and recovery. Our incident response crews are highly regarded and have exceptional experience on tunnel and motorway projects across Australia and New Zealand.

Our team recently designed Australia's first Certificate IV in Traffic Incident Management Services (TIMS), which has been embedded in the Australian Qualification Framework (AQF). This provides our clients with nationally recognised training standards, as well as generating career pathways for minority groups and ultimately increasing safety on our roads.

The contract makes Ventia TQ's sole incident response and maintenance provider and ensures a more consistent approach to incident response and maintenance delivery across the network.

> **"We're committed to providing high quality motorways and infrastructure to keep our customers moving and ensure they get to their destination safely. Partnering with Ventia as our sole incident response and maintenance provider will ensure a more consistent approach to incident response and maintenance delivery across the network."**
>
> **Sue Johnson**
> Group Executive
> Transurban Queensland

Key project wins

Transurban Queensland

New contract

South East Queensland Whole of Network Incident Response and Maintenance contract

Hauraki District Council

New contract

Hauraki District Road Maintenance contract NZ

Connect East

Contract extension

EastLink Motorway Maintenance and Incident Response contract

AWARDS AND RECOGNITION

WINNER

Sustainability collaboration with Transurban on the M2 Motorway

2023 AMPEAK Awards

Asset Management Council

WINNER

Ventia and Austek – Brisbane Airport Maintenance contract

Outstanding Project Less than $10m

AfPA Queensland Awards

Management commentary
(no financial statements)

Executive Leadership Team

Meet the team who implement our strategy to Redefine Service Excellence so we can 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 and Culture

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

Melanie Evans

Group Executive, Digital Services

Melanie joined Ventia in July 2023 as Group Executive – Digital Services.

Prior to joining Ventia, Melanie was Partner In Charge, Connected Technology Group and Head of Technology, Audit, Assurance and Risk Consulting at KPMG. Melanie spent more than ten years at Telstra in various senior IT, business transformation, marketing and product roles.

Melanie holds a Bachelor of Business – Marketing from CQ University, and a Masters of Marketing and Certificate in Executive Management and Development from UNSW. She is also a graduate of the Australian Institute of Company Directors.

Stuart Hooper

Chief Financial Officer

Stuart joined Ventia in 2015 as Group Executive – Strategy and 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.

Stuart formally stepped down as CFO on 21 February 2024.

Management commentary
(no financial statements)

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 Member of the Australian Institute of Company Directors.

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.

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 and 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

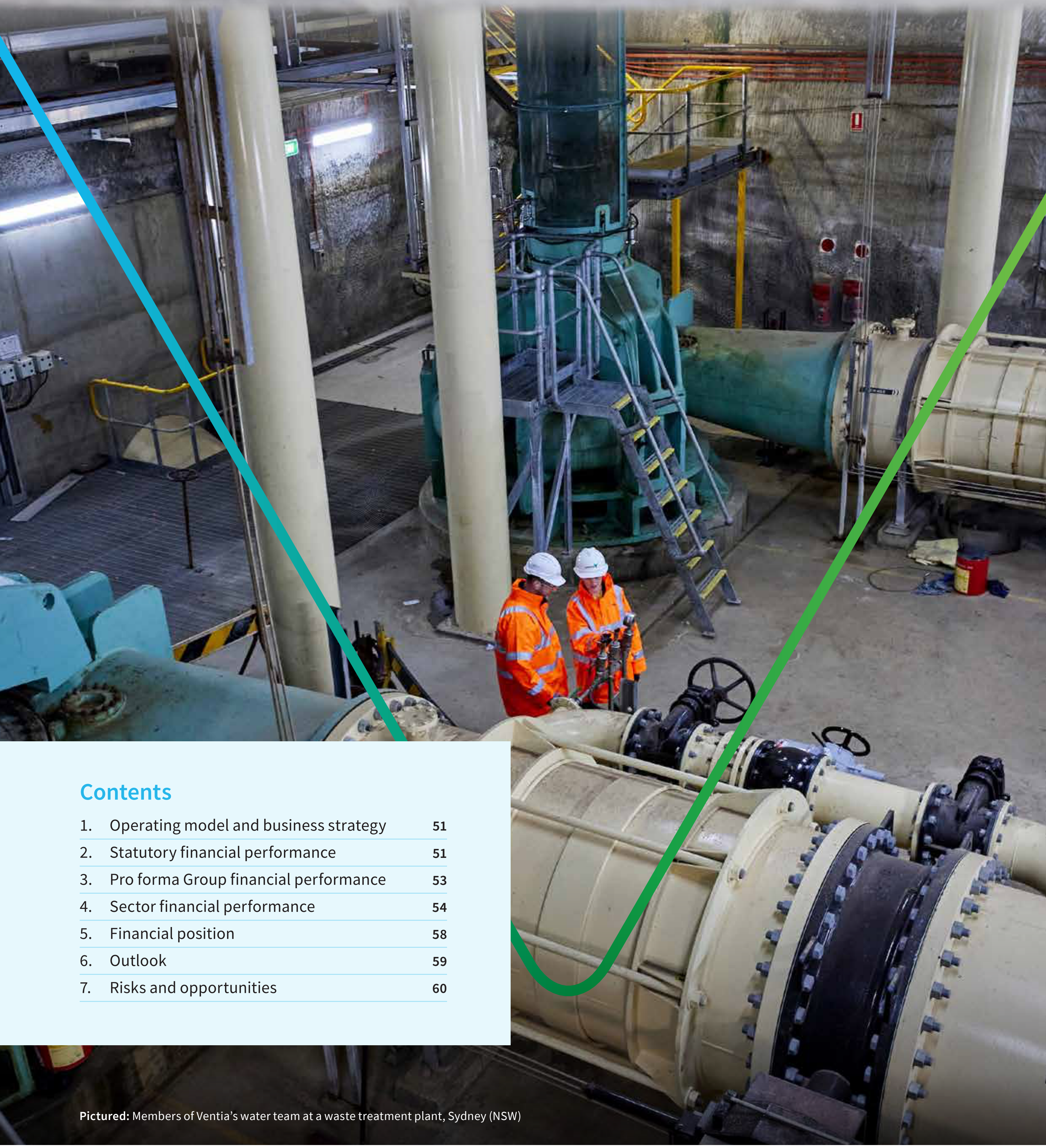
Debbie joined Ventia in 2022 and was promoted to Group General Counsel in January 2023 where she leads Ventia's Legal, Audit, Risk and Compliance team. She is joint Company Secretary of Ventia and its subsidiaries.

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.

Management commentary
(no financial statements)

Operating and Financial Review



Contents

Pictured: Members of Ventia's water team at a waste treatment plant, Sydney (NSW)

Management commentary
(no financial statements)

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.

1. Operating model and business strategy

Ventia has extensive capabilities across the full asset lifecycle and provides services across a diverse range of industry sectors 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 Redefining Service Excellence and is centered on three priorities: client focus, innovation and commitment to sustainability.

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

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

2. Statutory financial performance

2.1 Statutory Group financial highlights

	2023 $'m	2022 $'m	Change $'m	Change %
Revenue	5,676.4	5,167.5	508.9	9.8%
Profit after income tax	189.8	191.2	(1.4)	(0.7%)

	2023 cents per share	2022 cents per share	Change cents per share	Change %
Basic earnings per share	22.19	22.37	(0.18)	(0.8%)

	Other measures(i)			
	2023 $'m	2022 $'m	Change $'m	Change %
EBITDA	465.2	414.3	50.9	12.3%
NPATA	202.1	208.0	(5.9)	(2.8%)
Operating cash flow before interest and tax	412.9	348.4	64.5	18.5%
Operating cash flow conversion % (ii)	88.8%	84.1%	n/a	4.7pp
Work in hand	18,138.4	17,963.5	174.9	1.0%

(i) Other measures are non-International Financial Reporting Standards (IFRS) measures that have been derived from statutory information.
(ii) Calculated as Operating cash flow before interest and tax divided by EBITDA.

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

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

Management commentary
(no financial statements)

2.2 Statutory Group financial performance

	2023 $’m	2022 $’m	Change $’m	Change %
Revenue	5,676.4	5,167.5	508.9	9.8%
Expenses	(5,214.8)	(4,756.7)	(458.1)	9.6%
Share of profits of joint ventures	3.6	3.5	0.1	2.9%
Earnings before interest, income tax, depreciation and amortisation	465.2	414.3	50.9	12.3%
Depreciation expense	(106.6)	(104.1)	(2.5)	2.4%
Amortisation expense	(39.1)	(55.0)	15.9	(28.9%)
Earnings before interest and income tax	319.5	255.2	64.3	25.2%
Net finance costs	(49.4)	(33.9)	(15.5)	45.7%
Profit before income tax	270.1	221.3	48.8	22.1%
Income tax expense	(80.3)	(30.1)	(50.2)	166.8%
Profit after income tax	189.8	191.2	(1.4)	(0.7%)
Amortisation of acquired intangible assets (after tax)	12.3	16.8	(4.5)	(26.8%)
NPATA	202.1	208.0	(5.9)	(2.8%)

Revenue

Ventia reported an increase in revenue of $508.9 million, or 9.8%, to $5,676.4 million in FY23. The growth across all sectors was a result of increased volume of work on existing contracts and contribution from contracts won in late FY22 and during FY23.

Section 4 provides further commentary on sector performance.

EBITDA

EBITDA increased by $50.9 million, or 12.3%, to $465.2 million in FY23. The increase in EBITDA is primarily due to an increase in revenue, with outperformance from the Telecommunication and Transport sectors.

Section 4 provides further commentary on sector performance.

Depreciation expense

There was no significant change in depreciation expense compared to FY22.

Amortisation expense

Amortisation expense decreased by $15.9 million, or 28.9% to $39.1 million in FY23. This decrease was primarily due to certain software assets being fully amortised as at 31 December 2022, resulting in no corresponding amortisation expense in FY23. In addition, the amortisation of customer contracts and relationship decreased by $6.6 million (pre-tax) compared to the prior year, as a larger proportion of the asset base became fully amortised.

Net finance costs

Net finance costs increased by $15.5 million, or 45.7%. The interest rate of the Group’s syndicated loan facilities is linked to the Bank Bill Swap Bid Rate (BBSY), which increased from 0.28% in December 2022 to 4.41% in December 2023. The Group partially hedges its interest risk exposure by entering into interest rate swap arrangements.

Income tax expense

Income tax expense was $80.3 million for FY23, representing an effective tax rate of 29.7% which is slightly lower than the Australian corporate tax rate of 30%, primarily due to the impact of the lower tax rate in overseas jurisdictions, principally New Zealand. The income tax expense in FY22 included the benefit of $35.2 million of previously unrecognised tax losses related to the Broadspectrum business. Excluding the recognition of these losses, the effective tax rate was 29.5% in FY22.

Management commentary
(no financial statements)

2.3 Statutory cash flow

Operating cash flow

Net cash generated from operating activities for FY23 was $305.9 million, representing an increase of $16.0 million from FY22. The improvement in cashflow was primarily due to a $64.5 million increase in operating cash flow before interest and tax, offset by an increase in tax paid of $32.5 million. The increase in operating cash flow before interest and tax was primarily due to a $50.9 million increase in EBITDA.

Investing cash flow

Total investing cash outflow of $44.7 million was $5.4 million lower than FY22. FY22 cash outflow included payments of $15.7 million relating primarily to the settlement of deferred consideration in relation to the acquisition of Kordia Solutions Pty Ltd. Payments for acquisition of property, plant and equipment and intangible assets increased by $12.5 million on the prior period to support investment in organic growth opportunities.

Financing cash flow

Total financing cash outflow of $202.1 million increased by $62.2 million compared to FY22. This was primarily due to an increase in dividends paid of $64.4 million.

2.4 Dividends

Ventia's dividend policy is to pay out between 60% and 80% of the Ventia Group's NPATA as a dividend. 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 6 October 2023, the Company paid an interim dividend of 8.31 cents per share, 80% franked. On 20 February 2024, the Board resolved to pay a final dividend of 9.41 cents per share, 80% franked. This brings the total distribution for FY23 to 17.72 cents per share, representing a payout ratio of 75% of NPATA.

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

3. Pro forma Group financial performance[(i)]

In June 2020, Ventia acquired the share capital in Broadspectrum. Due to the material nature of the acquisition, a pro forma view of Group results was presented in previous financial reports. The FY22 pro forma results have been calculated from the statutory measures by adjusting the results for the financial impact of the Broadspectrum acquisition. There are no pro forma adjustments in the FY23 results.

	Note	2023 $'m	2022 $'m
NPATA		**202.1**	**208.0**
Broadspectrum transaction and integration costs	1	–	5.5
Amortisation	2	–	5.8
Income tax adjustments	3	–	(39.7)
Pro forma NPATA		**202.1**	**179.6**

1. FY22 excludes integration costs relating to Broadspectrum.
2. FY22 excludes Ventia accelerated amortisation of brands and software not used post integration of Broadspectrum.
3. FY22 reflects the application of a pro forma tax rate of 30%, which is the Australian corporate tax rate.

(i) Pro forma results are non-IFRS measures that are used by management to assess the performance of the business.

4. Sector financial performance

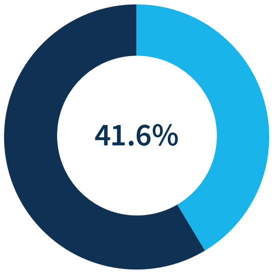
4.1 Defence and Social Infrastructure

FY23 Sector EBITDA

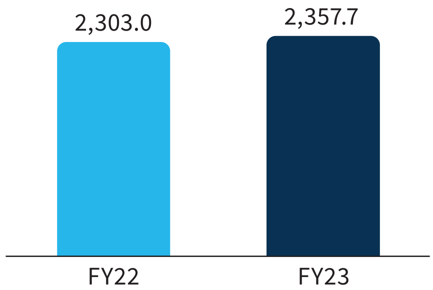
$160.4m

▲ 4.6% on FY22

% of total Group revenue



Sector revenue ($'m)



	2023 $'m	2022 $'m	Variance $'m	Variance %
Sector revenue	2,357.7	2,303.0	54.7	2.4%
% of Group revenue	41.6%	44.6%	n/a	(3.0pp)
Sector EBITDA	160.4	153.4	7.0	4.6%
Sector EBITDA %	6.8%	6.7%	n/a	0.1pp

Performance

Defence and Social Infrastructure reported FY23 revenue of $2,357.7 million, which represents a $54.7 million or 2.4% increase on the prior year. The revenue growth was lower than expected due to a slowdown in minor capital works for Defence during the Defence Strategic Review examination period.

Defence and Social Infrastructure continued to deliver a stable performance during the year. A strong emphasis on our client-focused approach led to the renewal and extension of a number of key contracts. Contract renewals during the period included the Defence Maintenance contract with the Department of Defence. Contract extensions during the year include our Base Services contract with the Department of Defence, Mornington Peninsula Shire Council, City of Sydney, Auckland Council and NSW Whole of Government Cleaning Services.

FY23 EBITDA was $160.4 million, increasing $7.0 million or 4.6% on FY22, with continued refinement of service delivery, driving improved margin performance.

Pictured: Members of Ventia's water team at a waste treatment plant, Sydney (NSW)

Management commentary
(no financial statements)

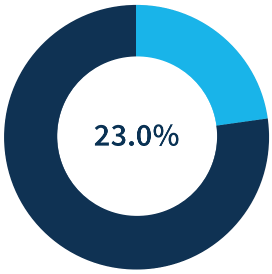
4.2 Infrastructure Services

FY23 Sector EBITDA

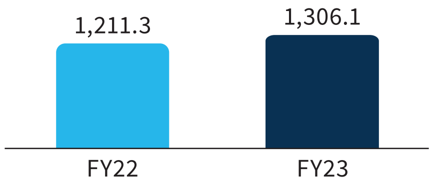
$115.6m

▲ 2.7% on FY22

% of total Group revenue



Sector revenue ($'m)



	2023 $'m	2022 $'m	Variance $'m	Variance %
Sector revenue	1,306.1	1,211.3	94.8	7.8%
% of Group revenue	23.0%	23.4%	n/a	(0.4pp)
Sector EBITDA	115.6	112.6	3.0	2.7%
Sector EBITDA %	8.9%	9.3%	n/a	(0.4pp)

Performance

Infrastructure Services reported FY23 revenue of $1,306.1 million, which represents a $94.8 million or 7.8% increase on the prior year. The revenue growth was mainly driven by strong performance in Energy, Water and Renewables, and Rig and Well Services.

Renewals across the portfolio include Chevron, BHP and Santos in Rig and Well Services; Qenos, Indorama Ventures and BP in Resources, Industrial and Environmental Services; and Sydney Water, APA Group and Ausnet in Energy, Water and Renewables. In addition to our renewals, new work was won with various clients including Ausnet, PowerCor and WEL Networks.

FY23 EBITDA was $115.6 million, increasing $3.0 million or 2.7% on FY22. EBITDA margin decreased from 9.3% in FY22 to 8.9% in FY23. The EBITDA result reflects a shift in the overall work mix towards longer term operation and maintenance contracts from short term capital works.

Pictured: Ventia delivers maintenance and support services at Puckapunyal Military Base (VIC)

Management commentary
(no financial statements)

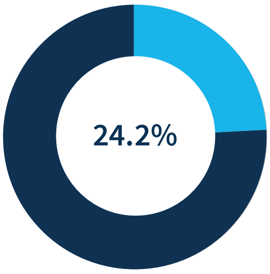
4.3 Telecommunications

FY23 Sector EBITDA

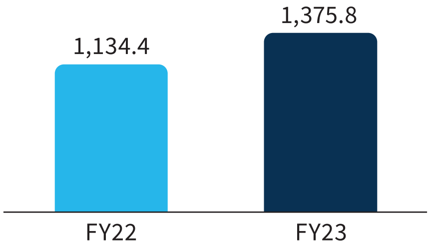
$173.1m

▲ 22.7% on FY22

% of total Group revenue



Sector revenue ($'m)



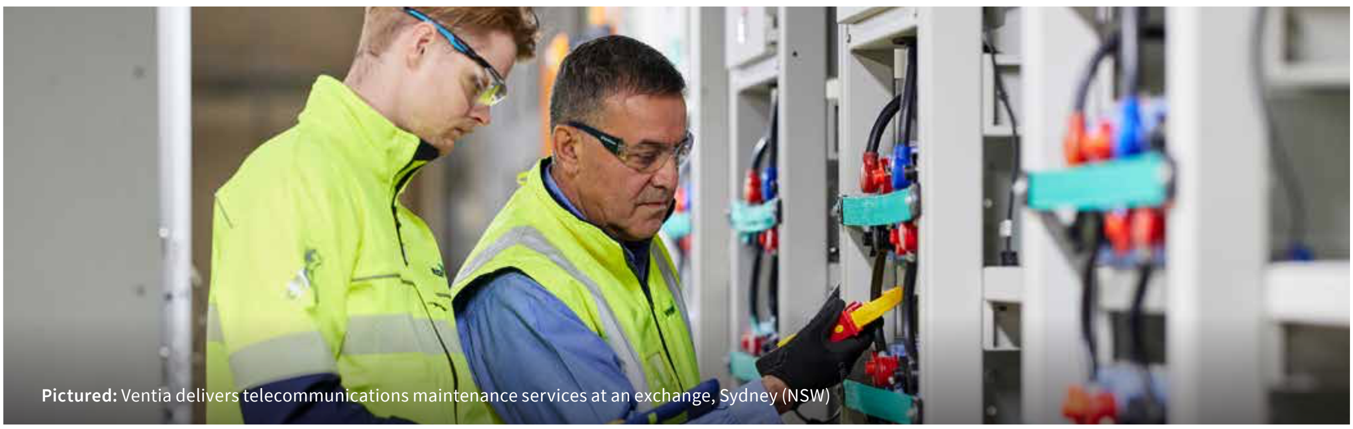
	2023 $'m	2022 $'m	Variance $'m	Variance %
Sector revenue	1,375.8	1,134.4	241.4	21.3%
% of Group revenue	24.2%	22.0%	n/a	2.2%
Sector EBITDA	173.1	141.1	32.0	22.7%
Sector EBITDA %	12.6%	12.4%	n/a	0.2pp

Performance

Telecommunications performed strongly throughout FY23, with revenue of $1,375.8 million, representing a $241.4 million or 21.3% increase on the prior year. This increase was driven primarily by higher contract volumes with existing customers such as Telstra and NBN Co and the contribution from new contracts such as the SKAO project.

During the year, contract renewals and new work from existing customers of $1.2 billion was secured through our enduring relationships and trusted position to deliver critical telecommunications infrastructure. These contracts included NBN Co, Telstra, Victoria's Emergency Services Telecommunications Authority in Australia and Chorus and Tuatahi First Fibre in New Zealand. New work in core telecommunications and adjacent markets was also secured, including Indara Digital Infrastructure, Babcock Australasia and additional works with SKAO. Continued mobilisation of the SKAO project, Telstra's Inter-capital fibre network build, and the upgrade of the Australian Defence high-frequency communication network with Babcock Australasia will contribute to future revenue.

FY23 EBITDA was $173.1 million, an increase of $32.0 million or 22.7% on FY22. This was primarily driven by the increase in revenue as noted above and operating model leverage.



Pictured: Ventia delivers telecommunications maintenance services at an exchange, Sydney (NSW)

Management commentary
(no financial statements)

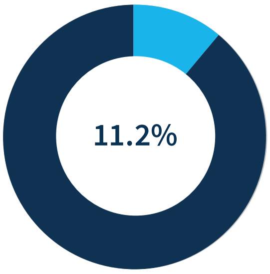
4.4 Transport

FY23 Sector EBITDA

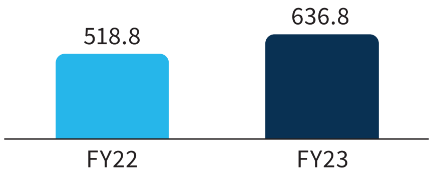
$45.1m

▲ 16.2% on FY22

% of total Group revenue



Sector revenue ($'m)



	2023 $'m	2022 $'m	Variance $'m	Variance %
Sector revenue	636.8	518.8	118.0	22.7%
% of Group revenue	11.2%	10.0%	n/a	1.2%
Sector EBITDA	45.1	38.8	6.3	16.2%
Sector EBITDA %	7.1%	7.5%	n/a	(0.4pp)

Performance

Transport performed strongly during FY23 with revenue of $636.8 million, representing a $118.0 million or 22.7% increase on the prior year. The increase was largely driven by strong performance in the Roads Australia business from growth in existing contracts and new contract mobilisations. The Roads New Zealand business also saw an in increase in revenues as they supported the community through storm-related events.

Transport was awarded and commenced a number of key contracts in 2023 which included a 6-year Incident and Response Maintenance contract with Transurban Queensland for maintaining road, bridge and tunnel assets in South East Queensland. Contracts successfully mobilised from the second half of FY22 were the Western Harbour/Sydney Harbour tunnel contract for Transport for NSW and the Auckland Transport West contract for road maintenance services in New Zealand.

FY23 EBITDA was $45.1 million, an increase of $6.3 million or 16.2% on FY22. This was primarily driven by the increase in revenue as noted above.

Pictured: Transmission Gully, Wellington (NZ), where Ventia delivers operations and maintenance and incident response services

Management commentary
(no financial statements)

5. Financial position

5.1 Liquidity and capital management

As at 31 December 2023 the Group had liquidity of $738.7 million, comprising cash balances of $338.7 million and an undrawn revolving cash 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.

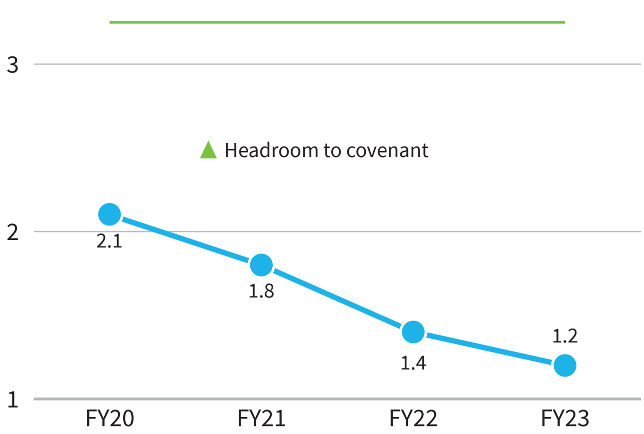
The syndicated loan facility is unsecured, committed and comprises 3 tranches of $250.0 million each with maturities in 2025, 2026 and 2028 respectively. In November 2023, the $250.0 million tranche originally maturing on 23 November 2024 was extended to 23 November 2028.

The weighted average cash interest rate of the Group's interest bearing liabilities as at 31 December 2023 was 5.8% (2022: 4.9%) per annum.

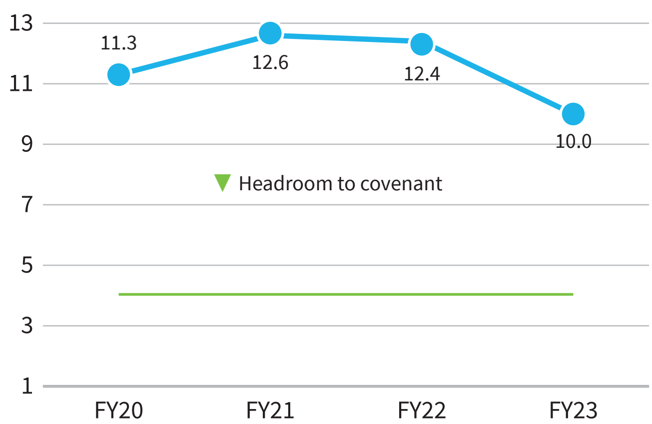
Covenants on financing facilities

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 are 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. The Group was in compliance with all its financial covenants as at 31 December 2023.

Leverage Ratio[1] continues to improve as EBITDA grows



Interest Cover Ratio[2] more than 2x covenant



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 $690.0 million (2022: $765.0 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 $392.5 million (2022: $393.0 million) of these facilities at 31 December 2023, with $297.5 million (2022: $372.0 million) unutilised.

Credit ratings

The Group has investment grade credit ratings of Baa2 (Outlook Stable) from Moody's and BBB (Outlook Stable) from S&P.

Management commentary
(no financial statements)

5.2 Statutory Consolidated Statement of Financial Position

Net working capital

Net working capital comprises trade and other receivables, contract assets, and inventories, less trade and other payables, contract liabilities, employee benefit liabilities and provisions.

The net working capital balance increased by $54.3 million in FY23. Trade and other receivables and contract assets increased by $85.3 million or 10.3% which is consistent with the growth in revenue of 9.8%. Contract liabilities increased by $107.8 million which was driven by upfront payments received for contracts commencing in 2023, primarily in the Telecommunication sector. Trade and other payables decreased by $31.9 million due primarily to the timing of project work in Defence and Social Infrastructure.

Total provisions decreased 16.7% or $35.2 million to $176.0 million. The decrease is primarily driven by a reduction in the unfavourable contracts provision and onerous contracts provision. Unfavourable contracts provision reduced by $14.1 million and onerous contracts provision decreased by $8.6 million, representing provisions utilised during FY23.

Net debt

Net debt comprises borrowings (excluding capitalised borrowing costs) and lease liabilities, less cash and cash equivalents.

Net debt decreased by $57.7 million to $544.8 million, primarily due to the increase in cash held at the end of the year of $58.7 million. The increase in cash held at the period end reflects the strong operating cash flows of the Group.

Total equity

Total equity of the Group increased by $49.3 million, primarily due to $189.8 million of profit after income tax, offset by $139.9 million of dividends paid.

6. Outlook

The outlook for the Group remains positive with robust demand across all sectors and particular outperformance from the Telecommunication and Transport sectors. The Group is stable, resilient and diversified, and operates in markets with strong fundamentals which are expected to grow. The Group continues to secure new contract wins and has a track record in retaining and growing existing contracts. The stable outlook is supported by solid work in hand, an investment grade balance sheet, and a contract renewal rate of 87%.

For FY24, NPATA growth is expected to be 7%-10% as compared to FY23.

Management commentary
(no financial statements)

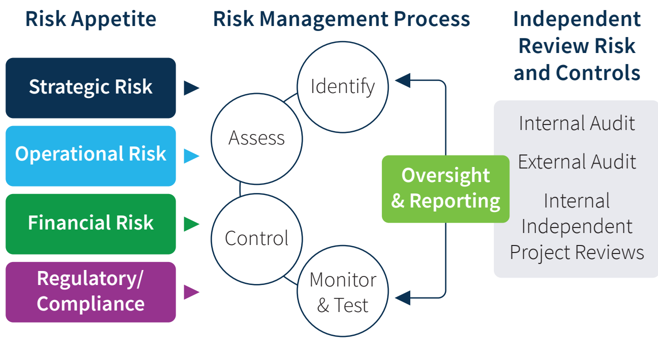
7. Risks and opportunities

A robust risk management framework 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 effective risk and opportunity management at all levels of the organisation as an essential element of business governance. A risk culture of actively managing risks is integral to how Ventia runs its business and is embedded in our processes and practices. A risk culture fosters the collective 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 a 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.

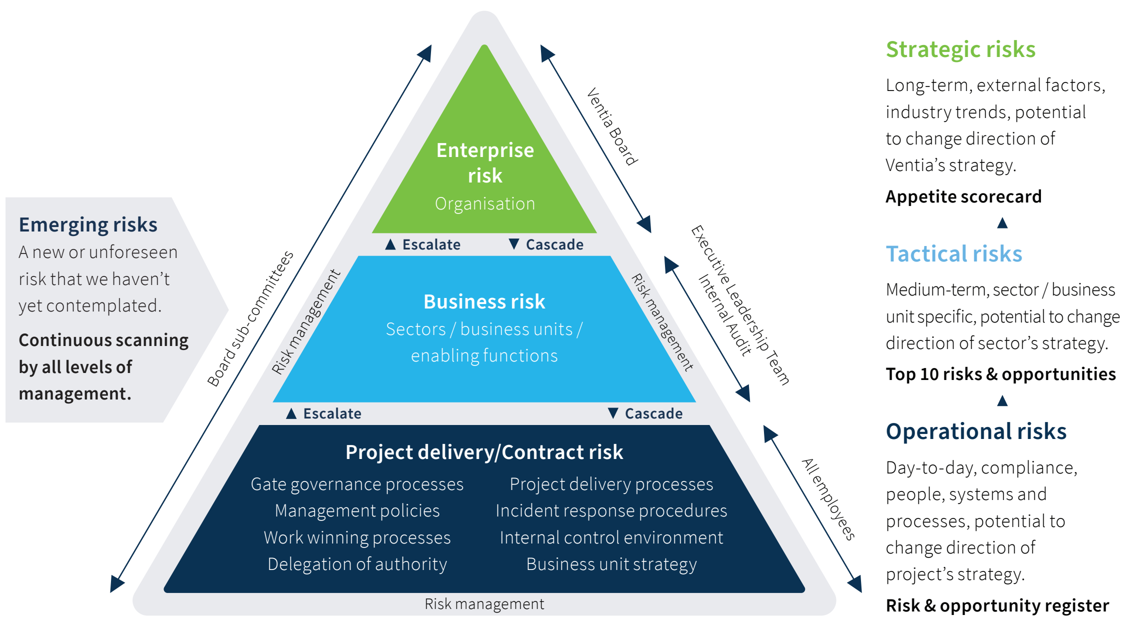
Ventia defines risk management as the identification, assessment and treatment of risks that have the potential to materially impact the operations, people, reputation, the environment and the communities in which Ventia operates, as well as the financial prospects of Ventia. The risk and opportunity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



Management commentary
(no financial statements)

7.1 Key risks

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 opportunities which can impact Ventia's business outcomes and financial performance.

Key risks	Management approach
Health and safety of Ventia's workforce At Ventia, safety and health is the #1 brand promise. Given the nature of Ventia's operations and our locations, our workforce of more than 15,000 employees and 20,000 subcontractors across Australia and New Zealand, including in remote locations, may be exposed to health and safety risks in the performance of their duties.	• 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 to prioritise and enhance their overall physical and psychological wellbeing • Ventia's commitment to strong leadership engagement with our workforce saw the introduction of the Elevate Safety Leadership Excellence program to empower leaders with key insights into enhanced actions, behaviours and performance needed to deliver sustained safety performance and value • Ventia also applies a 'Fair Play' model to promote outstanding performance and reinforce significant leadership accountability for safety outcomes
Work winning and retention of work • Ventia recognises that our ability to win strategically significant and value creating work will materially impact our earnings and future success • Ventia may fail to realise contract extension options, 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	• 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 to ensure we bring Ventia's full service and capability offering to our clients • Best available data is utilised across Ventia to focus on continued growth in existing contracts along with winning new work • Building and maintaining strong relationships with customers, strategic partners and stakeholders to understand changing and future requirements • Deliver service excellence building trust and satisfaction in our performance for long term client relationships

Management commentary
(no financial statements)

7.1 Key risks continued

Key risks	Management approach
Cybersecurity, data protection risks and third-party technology providers Ventia relies on a complex information and communications technology platform to manage the delivery of our operations and services to our clients. • 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	• Ventia's Information Management Framework (VIMF) provides the standards for the Group and defines the foundation of Ventia's approach to information security defending against cyber threats, protection of client and employee data, compliance with regulations, and maintaining business continuity • 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 • Undertake cybersecurity review of third parties and business continuity planning for service delivery excellence • Ventia's cyber awareness program includes yearly training on our cybersecurity policy, individual cybersecurity assessments, regular email phishing campaigns, device registration and protection monitoring, and training programs
Attracting and retaining capability in critical roles An ability to attract and retain the best people for critical roles demanding specific capabilities underpins performance and growth.	• Alignment of strategy with talent management to differentiate ourselves through service excellence delivered by our people • Annual Have Your Say survey gaining direct feedback on how to improve Ventia as a workplace • Talent management identification and individual retention strategies aligned with business strategy using Ventia's Talent Canvas tool • 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 operates • Expanding the international pipelines for business critical roles, developing through external partnerships • Leader Learning Conversation's program to facilitate genuine dialogue between our leaders and our workers and to enable a learning opportunity for leaders and our workers
Operational performance and service delivery under client contracts 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. • 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	• Gated work winning review process to evaluate tender opportunities before a commitment to contract is made considering contract risk, liability exposure, existing capacity and capability and risk/reward return • Service delivery performance is monitored through project reviews by sector and CEO/CFO to drive early intervention and improvement • Active risk and opportunity management at a project level to manage mitigating actions and drive operational performance • Real time project reporting system that monitors contract performance and provides a monthly performance scorecard • Implementation of Ventia's Project Minimum Operations Controls Standard across all projects driving consistent internal controls regardless of size and complexity • Material issues are reported to the Board and ARCC

Management commentary
(no financial statements)

Key risks | **Management approach**

Operational performance and service delivery under client contracts *(continued)*

Key risks

- 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

Impact of climate change on our operations and our people

Key risks

The impacts of climate change will result in more severe weather events. Impacts to Ventia may include:

- 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

Management approach

- 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
- 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 employees. 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

Labour availability

Key risks

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.

Management approach

- Development of employee value proposition aligned with a culture based on safety, well-being, diversity and inclusion
- Increase new applicant pipeline through additional campaigns and an increase in social media presence
- Increase diversity engagement through partnering with CareerSeekers and CareerTrackers
- Implementation of hiring manager upskilling programs and improved people data dashboards to drive effective and efficient recruitment
- Building partnerships with key third parties to assist in increasing diversity hires and highly specialised roles
- Leverage contingent labour enabling flexibility to meet people resource demands and accessing high-quality specialized skills
- Utilising apprenticeship and traineeship programs to build internal pipeline of resources

Management commentary
(no financial statements)

7.2 Key opportunities

Key opportunities	Management approach
Increasing essential services for growing and changing populations in Australia and New Zealand The diversity of Ventia's business creates opportunities to offer a wider range of services across different markets, providing more holistic solutions for our clients as they plan for the requirements of future populations and the services needed to support them.	• Creation of state-based Steering Committees to drive collaboration internally and externally • Within sector and cross-sector opportunity sharing • Whole of business solutions approach • Multi-tier business architecture aligning planning and delivery across the Group • Acquisitions, partnerships and divestments, which the Board assesses and approves to ensure capacity and capability to deliver current and future services • Pursue enhanced digital technology solutions to enhance service delivery
Execution of Redefining Service Excellence Ventia recognises that repeat clients are the ultimate performance indicator and will continue to invest in initiatives to understand further our clients' needs and requirements. Ventia provides services for a prosperous and resilient society, trusted to ensure that everything runs smoothly and that the infrastructure we rely on every day continues to work.	• Ventia values, with people at the heart of our success • Deliver strategy pillars of client focused, innovative, and sustainable • Continued assessment and, where approved, implementation of transformational programs • Inspire Innovation Hub to champion the transformation of ideas into practice • Ventia Operations Centres to manage inbound customer contact and customer management • 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
Climate transition Ventia can gain advantage by offering both transition and adaptation services in response to climate change. Ventia works collaboratively with clients as markets transition towards lower-carbon economies and increased social responsibilities. Ventia recognises that every decision and action we take is an opportunity to make a positive impact on the people and world around us.	• Sustainability strategy establishes a business-wide objective to achieve net-zero emissions to assist and support clients in achieving 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 • New market opportunities in remediation and rehabilitation projects e.g. mine rehabilitation, soil remediation, carbon capture projects
Diversity and Inclusion Ventia recognises that creating a work environment that attracts and retains diverse talent will improve recruitment, increase engagement, and ultimately produce enhanced performance outcomes in our delivery of Redefining Service Excellence.	• 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 Maori participation, build cultural capability across the New Zealand business, and further support Māori-owned businesses

Management commentary
(no financial statements)

Directors’ Report

Pictured: A Ventia Environmental Services team member, Geelong (VIC)

Management commentary
(no financial statements)

This is the report of the Directors of Ventia Services Group Limited (Ventia or Company) in respect of the Company and the entities it controlled at the end of, or during, the financial year ended 31 December 2023 (together referred to as the Group).

Directors

The following persons held office as Directors of the Company during the financial year ended 31 December 2023 and up to the date of this report, unless otherwise stated:

Mr David Moffatt (Chairman)

Mr Dean Banks (Managing Director)

Mr Kevin Crowe

Mr Jeff Forbes

Ms Sibylle Krieger

Mr Steve Martinez (Alternate Director for Kevin Crowe)

Ms Lynne Saint

Ms Anne Urlwin

Mr Damon Rees (appointed on 1 July 2023).

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 customers operating across Defence, Social Infrastructure (Education, Social Housing, Justice and Health), Local Government and Critical Infrastructure. The Group also provides property and consulting services to public and private customers;
- Infrastructure Services supports the ongoing maintenance of infrastructure, including utility infrastructure (including Water and Electricity and Gas) and Resources and Industrial assets (including mine operation facilities, oil and gas processing facilities, gas wells and industrial facilities). The Group also provides complex and large-scale environmental remediation services, and leverages technologies aimed at enhancing customer productivity;
- 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 50-64.

Significant changes in the state of affairs

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

Management commentary
(no financial statements)

Directors' shares

As at 31 December 2023, 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
D Rees	Nil

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 2023.

	Board Meetings		Audit, Risk & Compliance Committee		People and Remuneration Committee		Safety and Sustainability Committee		Work Winning and Tender Committee		Nominations Committee	
Director	(A)	(B)	(A)	(B)	(A)	(A)	(B)	(B)	(A)	(B)	(A)	(B)
D Moffatt	7	7	4	4	–	–	4	4	3	3	1	1
K Crowe	7	7	–	–	5	5	–	–	3	3	–	–
J Forbes	7	7	4	4	–	–	–	–	3	3	1	1
S Krieger	7	7	–	–	5	5	4	4	3	3	1	1
L Saint	7	7	4	4	5	5	4	4	–	–	1	1
A Urlwin	7	6	4	4	5	5	4	4	–	–	1	1
D Banks	7	7	–	–	–	–	–	–	–	–	–	–
D Rees	3	3										

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

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 69-71.

Company Secretaries

Zoheb Razvi (resigned on 16 November 2023)

Debbie Schroeder

Rebecca Tweedie (appointed on 16 November 2023)

Details of company secretary experience and qualifications are set out on page 71.

Board of Directors

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 & Compliance Committee, Safety & 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 Audit, Risk & Compliance Committee, and Member of 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 more than 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.

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 the Australian Society of Certified Practising Accountants 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 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), the 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 New Zealand based professional director with experience in a range of sectors including construction, infrastructure, property development, telecommunications, energy, regulation, airports, health and financial services.

Anne is Chair of Precinct Properties New Zealand Limited (NZX: PCT) and a Non-Executive Director of Infratil Limited (NZX: IFT) and Vector Limited (NZX: VCT). She is also a director of City Rail Link Limited.

Anne's former governance roles include directorships of Summerset Group Holdings Ltd (NZX: SUM), Queenstown Airport Corporation Limited, Chorus Limited (NZX: CNU), Meridian Energy Limited (NZX: MEL) and Tilt Renewables Limited. She is a former Chair of national commercial construction group Naylor Love Enterprises Limited and the New Zealand Blood Service and of the Audit and Risk Committee of Te Runanga o Ngai Tahu.

In June 2022, Anne received an Officer of the New Zealand Order of Merit award for services to business.

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 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 a Non-Executive Director of Cardno Limited (ASX: CDD) and 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 on the board of directors 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.

Kevin formally resigned from the Ventia Board effective on 21 February 2024.

Management commentary
(no financial statements)

Current Non-Executive Directors

Damon Rees
Independent Non-Executive Director

Joined the Board in July 2023: Independent Non-Executive Director.

Skills and Experience: Damon is a Sydney-based business leader focused on customer centricity, culture, digital enablement, and innovation, with more than twenty years of experience driving transformational change, organisational performance, and better customer outcomes.

He is currently the Managing Principal & CEO at Better As Usual, a practitioner-led professional services organisation committed to customer success and positive social impact, Chair of eHealth NSW and co-founder of ServiceGen. Damon is the former Chief Executive Officer of Service NSW.

Degrees/Qualifications: Damon holds a Bachelor of Information Technology from UTS, a MBA from the University of Sydney and he was awarded the Sir James Wolfhenson scholarship to study at the Harvard Kennedy School. Damon was also awarded a Public Service Medal as part of the 2023 Kings Honours.

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, L.P. 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 for Ventia.

Steve formally resigned from the Ventia Board effective on 21 February 2024.

Company Secretaries

Currently, there are two Company Secretaties of Ventia. Their qualifications and experience are as follows:

Rebecca Tweedie
Group Company Secretary

Joined Ventia in 2023.

Rebecca has extensive experience as a Company Secretary and governance professional for both listed and unlisted entities across a wide range of sectors. Prior to joining Ventia, Rebecca was the Group Company Secretary for Boral.

She is a Fellow of the Governance Institute of Australia and holds a Bachelor of Commerce.

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.

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:

	2023 Cents per share	2022 Cents per share
Final dividend for 2023 to be paid on 5 April 2024 (80% franked)	9.41	–
Interim dividend for 2023 paid on 6 October 2023 (80% franked)	8.31	–
Final dividend for 2022 paid on 6 April 2023 (80% franked)	–	8.28
Interim dividend for 2022 paid on 7 October 2022 (80% franked)	–	7.47

Since the end of the year, the Directors have resolved to pay a final dividend of 9.41 cents per fully paid ordinary share, 80% franked. In accordance with AASB 110 Events after the Reporting Period, the proposed final dividend is not recognised as a liability at 31 December 2023.

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 2023, no prosecutions for breaches of environmental legislation had been brought against the Group.

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.

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 value 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 2023 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 9.41 cents per fully paid ordinary share, 80% franked.

In accordance with AASB 110 Events after the Reporting Period, the proposed final dividend is not recognised as a liability as at 31 December 2023.

Unless disclosed elsewhere in the Consolidated Financial Statements, no other material matter or circumstance has arisen since 31 December 2023 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:

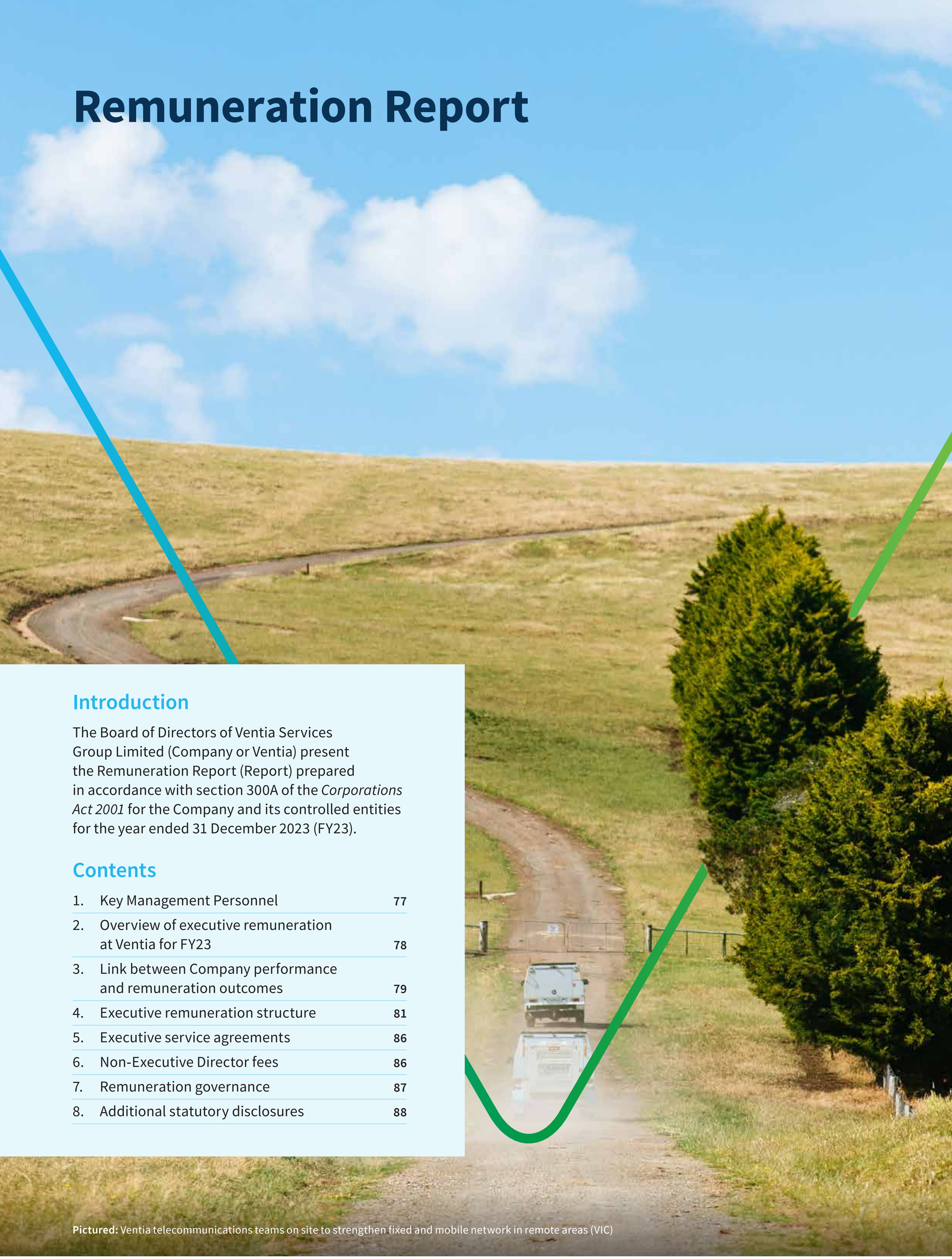
- Operating and Financial Review details on pages 50-64 inclusive in the Annual Report;
- Remuneration Report from pages 74-91; and
- Auditor's Independence Declaration on page 92.

This Report is made in accordance with a resolution of the Directors of the Company and is dated 20 February 2024.

David Moffatt
Chairman

Management commentary
(no financial statements)

Remuneration Report



Introduction

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 2023 (FY23).

Contents

Pictured: Ventia telecommunications teams on site to strengthen fixed and mobile network in remote areas (VIC)

Management commentary
(no financial statements)

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 2023 (FY23).

FY23 performance

By adhering to our purpose of making infrastructure work for our communities and focusing on our strategy of Redefining Service Excellence, we have delivered strong performance for FY23:

- Given safety of our people is Ventia's foremost priority, our focus on continuous improvement of our safety performance has delivered improvements in both Ventia's TRIFR and SIFR results.
- Safety is also an overall modifier for Short-term Incentive (STI) and in FY23 there was no basis for the Board to exercise the modifier.
- In FY23, we delivered $5,676.4 million in revenue, representing 9.8% growth compared to FY22. This growth trend is reflected in our EBITDA which grew by 10.8% on FY22 and maintained a consistent margin. Our NPATA increased by 12.5% and our cash conversion was maintained within our target range at 88.8% (albeit marginally below FY22).
- Finally, Ventia's commitment to sustainability and reducing emissions has resulted in our targets for reduction in carbon emission intensity being exceeded.

FY23 remuneration outcomes

The remuneration outcomes for FY23 reflect the intended operation of the Remuneration Framework, which is to produce strong shareholder alignment by outcomes consistent with corporate performance. In addition, at the heart of Ventia's Remuneration Framework is our commitment to ensuring we are market competitive for the attraction, retention and motivation of suitably qualified individuals focused on Ventia's strategic priorities. This is particularly the case given the challenging talent market conditions.

Based on Ventia's strong company performance in FY23, the STI was awarded at 111.3% of target (74.2% of maximum) for the CEO and CFO. As previously noted in our FY22 Remuneration Report, 50% of the STI awarded is deferred over two years.

Ventia's Long-term Incentive (LTI) plan is subject to both a pre-grant assessment and post-grant performance requirements. Based on performance against work in hand, pro forma cash conversion ratio and the CAGR of earnings per share, the LTI was awarded at 95.7% of target (71.8% of maximum) for the CEO and CFO in FY23.

No portion of the deferred STI or LTI (either from FY22 or FY23) was eligible to vest in FY23.

In addition, 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 through listing and beyond. During the year, 5,567,448 EIP shares vested under the EIP to Key Management Personnel (KMP). While no new EIP grants are contemplated, the legacy EIP will continue in run-off until 1 January 2026.

Further details are provided in Section 4.4 of the Report.

Management commentary
(no financial statements)

FY24 remuneration changes

In late 2023, KMP remuneration and Non-Executive Director (NED) fee levels were benchmarked to market to ensure levels of remuneration remain competitive.

Effective 1 January 2024, whilst no other changes were made to KMP incentive arrangements, the CEO's total fixed remuneration (TFR) was increased by 3.7% from $1,350,000 to $1,400,000. The CEO's remuneration was last increased in January 2022.

There are no changes to either the NED fee levels or the aggregate NED fee cap.

In accordance with our announcement to market, Stuart Hooper will step down from the Chief Financial Officer role effective 21 February 2024. To maintain business continuity and to ensure a smooth transition, Mr Hooper will step into a Strategic Advisor role until 27 March 2024. Mark Fleming commenced his role with Ventia on 6 February 2024 as CFO Designate and will commence in the CFO role on 22 February 2024.

The Board continues to engage, value and listen to the feedback of shareholders and review the framework to ensure it aligns with the Company's strategy.

On behalf of the Board, we look forward to welcoming you and receiving your feedback at our 2023 AGM.

Yours sincerely

Sibylle Krieger
Chair, People and Remuneration Committee
20 February 2024

Management commentary
(no financial statements)

1. Key Management Personnel

This Report outlines the remuneration strategy, framework and other conditions of employment for the KMP of Ventia for FY23. 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[1]	Non-Executive Director, Chair of the Work Winning and Tender Committee	Full year
Damon Rees[2]	Independent Non-Executive Director	Part year
Executives		
Dean Banks	Managing Director and Group Chief Executive Officer	Full year
Stuart Hooper[3]	Chief Financial Officer	Full year

1. Kevin Crowe will cease his role as Director effective on the day on which Ventia lodges it financial results to the ASX and NZX for FY23.
2. Appointed 1 July 2023.
3. Although KMP for the full financial year, Stuart Hooper will cease as Chief Financial Officer effective 21 February 2024 and will stay on as a Strategic Advisor to 27 March 2024.

2. Overview of executive remuneration at Ventia for FY23

2.1 Overview of the Remuneration Objectives

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

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

2.2 Executive Remuneration Framework snapshot

The Remuneration Framework for FY23 comprised three elements that each had a different way of driving executive performance.

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 and performance of the Company
Delivery mechanism	Cash	Cash (50%) Rights (50%)	Share appreciation rights (SARs)
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. If not vested, annual tranches of SARs are forfeited
% of fixed remuneration	n/a	| | CEO | CFO | Target: CEO 85%, CFO 60% Maximum 150% of target: CEO 127.5%, CFO 90%	Maximum: CEO 100%, CFO 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 FY23, unless forfeited if performance thresholds are not met. A further 14 months sales re-striction applies after each vesting

Management commentary
(no financial statements)

The following graphs show the FY23 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 2023 performance highlights

Total Revenue

$5,676.4m

▲ 9.8% on FY22

Total EBITDA

$465.2m

▲ 10.8% on FY22[6]

EBITDA %

8.2%

▲ 0.1pp on FY22[6]

Cash Conversion Ratio

88.8%

▼ 0.1pp on FY22[6]

NPATA

$202.1m

▲ 12.5% on FY22[6]

Work in hand

$18.1bn

▲ 1.0% on FY22

The table below outlines the Company's financial performance for FY19 to FY23:

	FY23	FY22	FY21	FY20	FY19
Issue price of IPO shares	$1.70	$1.70	$1.70	n/a	n/a
Closing share price on 31 December	$3.14	$2.41	$2.00	n/a	n/a
Dividends declared per share (cents)	16.59	8.94	6.28	–	13.43
Statutory ($'m)					
Total revenue[1]	5,676.4	5,167.5	4,557.4	3,223.9	2,256.2
EBITDA[2]	465.2	414.3	312.2	265.8	235.8
NPAT[3]	189.8	191.2	19.5	28.0	62.1
Pro forma[5] ($'m)					
Total revenue	5,676.4	5,167.5	4,577.4	4,591.9	4,803.8
EBITDA[2]	465.2	419.8	379.9	354.5	351.5
NPATA[4]	202.1	179.6	146.8	119.5	101.5
NPAT[3]	189.8	162.8	131.3	106.0	82.0

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 intangible assets (NPATA).
5. Pro forma information for FY19 to FY20 is as disclosed in the IPO prospectus.
6. Percentage changes are based on FY22 pro-froma EBITDA, cash conversion ratio and NPATA.

Management commentary
(no financial statements)

3.3 FY23 remuneration outcomes

The management team has contributed significantly to the performance of the Company for FY23 and their remuneration outcomes reflect this contribution.

3.3.1 Short-term incentive outcomes – link to performance

In FY23, the overall NPATA threshold was met, and no basis for safety, environmental or governance modifiers was raised. The table below provides a summary of Ventia's performance against the measures set out in the STI scorecard for FY23 and outcomes for executive KMP:

FY23 STI Scorecard Outcomes

Measure	Weighting	Performance Against Measure	Weighted Outcome of Target	Comments
Safety – Group	10%	Threshold Target Maximum 10.3%	10.3	Ventia's safety performance measured against forwardlooking indicators (leader learning conversations) and backward-looking indicators (total recordable injury frequency rate (TRIFR) was slightly above target.
Financial – Group	80%	Threshold Target Maximum 89.8%	89.8	Performance assessed against our key financial measures was slightly above target on aggregate albeit performance was slightly below target NPATA and free cash flow.
Strategic initiative	5%	Threshold Target Maximum 4.3%	4.3	Performance was below our threshold target with respect to our key strategic initiative measure focused on cross selling.
Sustainability	5%	Threshold Target Maximum 6.9%	6.9	Performance exceeded our target with respect to our sustainability measure of carbon emission intensity (tonnes/revenue ($'m)).
Outcome	111.3% of target/ 74.2% 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 FY23:

	Target $	Maximum $	Awarded $	% of Target Awarded	% of Maximum Awarded	% of Maximum Forfeited
Dean Banks (CEO)	1,147,500	1,721,250	1,277,168	111.3%	74.2%	25.8%
Stuart Hooper (CFO)	480,000	720,000	534,240	111.3%	74.2%	25.8%

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

Management commentary
(no financial statements)

3.3.2 Long-term incentive outcomes – link to performance

The FY23 performance year determines the value of LTI awards to be granted under the 2023 LTI. The table below provides a summary of Ventia's performance against the measures set out in the LTI scorecard for FY23 and subsequent weighted performance outcome of the LTI:

FY23 LTI Scorecard Outcomes

Measure	FY23 Target	Weighting	Performance Against Measure	Weighted Outcome of Maximum	Comments
Work in hand[1] ($'m)	19,200	33.33%	Threshold Target Maximum 18.8%	18.8%	Work in hand performance was between threshold and target.
Pro forma cash conversion ratio[2] (%)	92.5%	33.33%	Threshold Target Maximum 19.7%	19.7%	Pro forma cash conversion ratio performance was between threshold and target.
EPS CAGR[3] (%)	7.5%	33.33%	Threshold Target Maximum 33.3%	33.3%	EPS CAGR performance exceeded the maximum LTI target.
Outcome	95.7% of target/ 71.8% 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, FY22 and FY23 combined.
3. EPS CAGR will be measured by the growth in EPS from FY21 to FY23.

Performance against the LTI scorecard resulted in 71.8% of maximum LTI opportunity for the CEO (or 71.8% of fixed remuneration) and 71.8% of maximum LTI opportunity for the CFO (or 57.4% 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 FY23.

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. If the ROE performance threshold is not met in a given year, the tranche of SARs for that year is forfeited. 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 FY23 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, remuneration benchmarking was undertaken against a peer group, comprising 20 ASX listed companies. These companies were selected as they have a market capitalisation broadly within 50% to 200% of Ventia's, revenue not exceeding $15 billion and operate within similar industries (being energy, engineering and construction, industrials, transport and construction materials).

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.

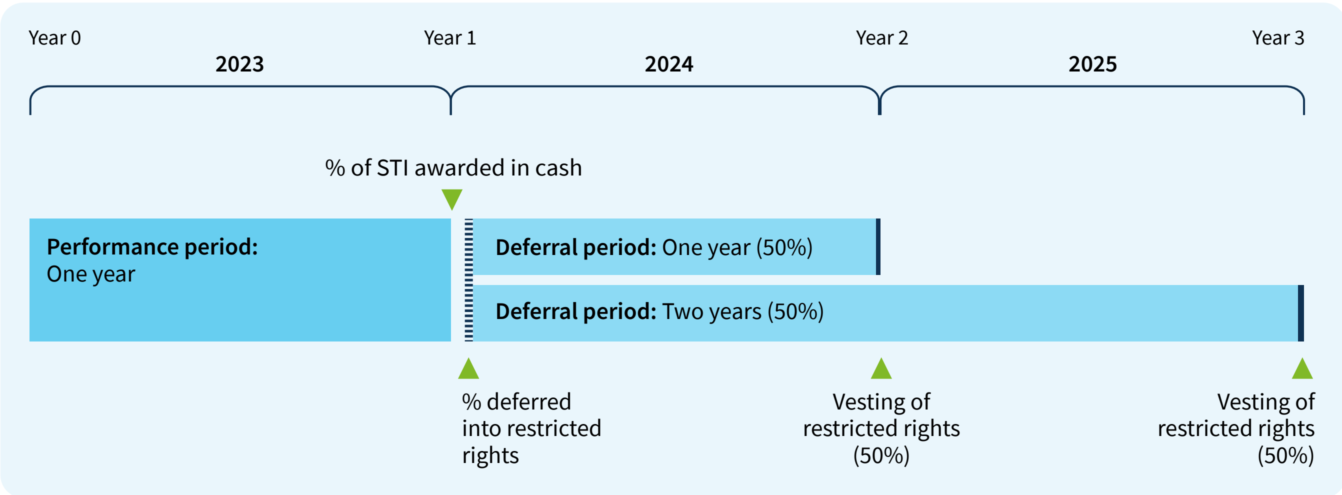
No changes to KMP fixed remuneration levels were made in FY23. Following the receipt of external remuneration benchmarking information, however, effective 1 January 2024, the CEO's TFR was increased by 3.7% from $1,350,000 to $1,400,000.

Management commentary
(no financial statements)

4.2 Short-term Incentive Plan

Outlined below is an overview of the operation of the STI plan from FY23. 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



<table>
<tr><th>Term</th><th>Description</th></tr>
<tr><td>Opportunity</td><td>CEO: 85% of fixed remuneration at target
CFO: 60% of fixed remuneration at target
The maximum STI opportunity is 150% of target.</td></tr>
<tr><td>Performance measures</td><td>Subject to meeting an overall NPATA threshold, performance is assessed against performance measures as follows:
<table>
<tr><th>Measures</th><th></th><th>Weighting</th></tr>
<tr><td>Safety – Group (10%)</td><td>TRIFR</td><td>5%</td></tr>
<tr><td></td><td>Leader learning conversations</td><td>5%</td></tr>
<tr><td>Financial – Group (80%)</td><td>NPATA</td><td>35%</td></tr>
<tr><td></td><td>Free cash flow</td><td>25%</td></tr>
<tr><td></td><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>
</table>
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.</td></tr>
<tr><td>Performance assessment</td><td>The STI payment is determined by performance against the individual objectives (i.e. the outcome of each objective is calculated independently subject to thresholds).</td></tr>
<tr><td>Deferral</td><td>50% of the STI outcome in relation to FY23 is deferred provided the overall STI award is at least $100,000. The deferred STI component is awarded as share rights, subject to a vesting period of one year (50% of deferred award) and two years (50% of deferred award). Dividends or dividend equivalents are payable on vested share rights.</td></tr>
</table>

Management commentary
(no financial statements)

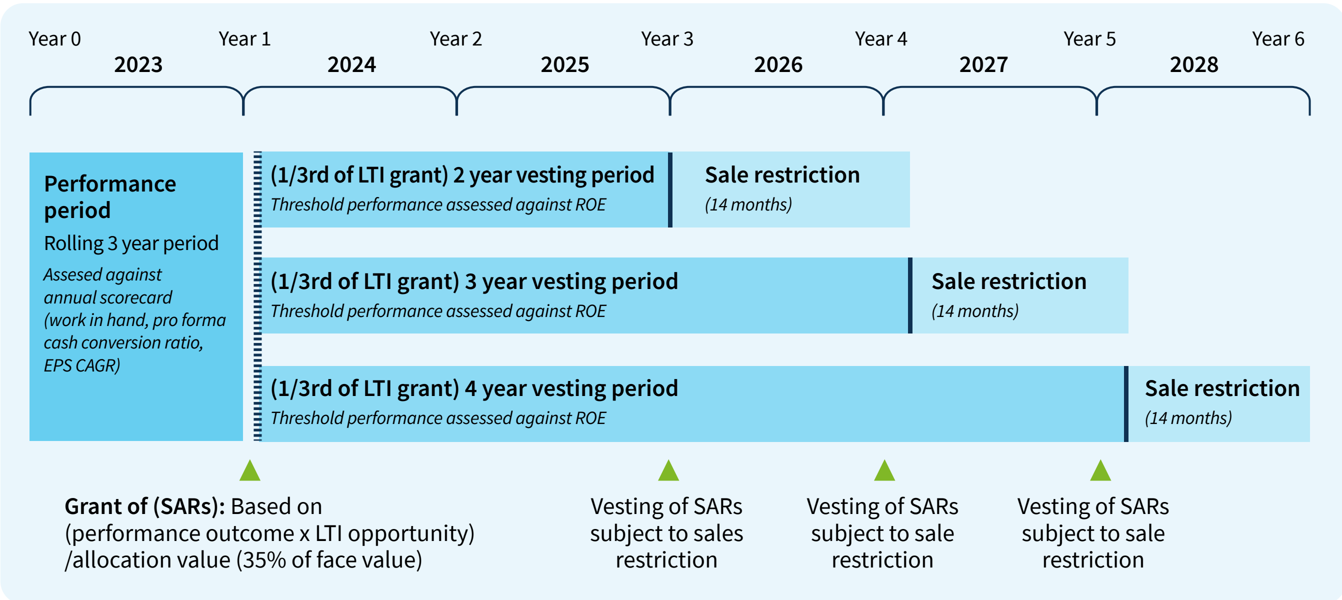
4.3 Long-term Incentive Plan

Ventia's LTI plan is strongly aligned with the delivery of the Company's strategy and is designed to promote long-term shareholder value creation as:

1. Delivery via SARs promotes strong focus on shareholder alignment by only rewarding executives when there has been share price growth between grant and vesting. Further, dividend equivalent rights will only vest if there has been share price growth over the same period.
2. Performance in the year prior to the LTI being granted moderates 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 threshold level of 15% return on equity performance is required over additional two, three and four year periods from the initial grant of SARs prior to any vesting of the SARs. This means that overall, Company performance under the LTI plan will ultimately be assessed over three, four and five year periods, which promotes executive long-term decision-making and is longer than market norms. Further, additional 14-month sales restrictions apply post vesting of each LTI tranche. In any year where the ROE threshold is not met, the relevant tranche of SARs is forfeited; and
4. A fixed and transparent initial 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 was selected.

Outlined below is an overview of the operation of the LTI plan for FY23:

LTI illustration



<table>
<thead>
<tr><th>Term</th><th>Description</th></tr>
</thead>
<tbody>
<tr><td>Opportunity (maximum)</td><td>CEO: 100% of fixed remuneration
CFO: 80% of fixed remuneration</td></tr>
<tr><td>LTI grant value</td><td>The initial 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>
<thead>
<tr><th>Performance achieved</th><th>Performance achieved 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>
* LTI grant value assessed on straight-line basis between threshold and target, and target and maximum.</td></tr>
<tr><td>Vehicle</td><td>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 together with the value of any dividends paid over the vesting period (provided there has been share price growth).</td></tr>
<tr><td>Allocation methodology</td><td>The number of SARs initially granted will be determined based on a set market valuation, being 35% of Ventia's VWAP at grant.</td></tr>
<tr><td>Performance period</td><td>Performance affecting grant: Three-year rolling average in respect of cash conversion ratio and EPS CAGR; work in hand is a single year forward-looking measure and is compared to target.</td></tr>
<tr><td>Performance measures</td><td>Performance affecting grant
• Work in hand (33.33%)
• Pro forma cash conversion ratio (33.33%)
• Earnings per share (EPS) compound annual growth rate (CAGR) (33.33%)
Performance affecting vesting
• Longer-term performance will be assessed against ROE threshold performance measure of 15% (i.e. subject to a minimum level of acceptable performance)</td></tr>
<tr><td>Vesting period</td><td>After the one-year performance period affecting initial grant, SARs vest in three equal tranches after a further two, three and four years, subject to threshold ROE performance. Including the performance period affecting grant, nothing is available to vest until after a minimum of three years.</td></tr>
<tr><td>Allocation price</td><td>Based on a 10-day VWAP of the share price at the time immediately after the release of Ventia's annual financial statements for FY23.</td></tr>
<tr><td>Reference share price at vesting/ exercise</td><td>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.</td></tr>
<tr><td>Settlement</td><td>SARs are automatically exercised at the end of performance/vesting period resulting in restricted shares.</td></tr>
<tr><td>Dividends</td><td>Dividend equivalent rights (DERs) are provided such that additional shares may be allocated but only if there has been a share price growth over the relevant years applicable to each vesting period. These additional shares will be allocated based on the value of dividends that would have been payable on vested SARs as if they were shares held from the original grant date (dividend value).</td></tr>
<tr><td>Sale restriction</td><td>Following the release of Ventia's annual results for the financial year following the relevant vesting period (approximately 14 months).</td></tr>
</tbody>
</table>

Management commentary
(no financial statements)

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 FY23 and no future grants are contemplated. The EIP will continue in run-off until 2026.

The following table summarises additional information for the EIP legacy arrangements that applied to executive KMP in FY23:

Feature	Description	
Eligibility	Previously limited to select permanent employees, as determined by the Board	
Opportunity	**CEO** • Tranche 1: 3,000,000 EIP shares • Tranche 2: 3,000,000 EIP shares • Tranche 3: 3,000,000 EIP shares	**CFO** • 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	• 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 expiry of the escrow period on 24 February 2023 and the following conditions are met: • 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 expiry of the escrow period on 24 February 2023 and the following conditions are met: • 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	• Tranche 1: 66.6% vested as at 31 December 2023. The remaining shares vested on 1 January 2024 • Tranche 2: 40% vested as at 31 December 2023. The remaining shares will vest annually over two years through to 1 January 2026 • Tranche 3: 50% vested on 13 April 2023 (30-day VWAP exceeded $1.94) and 50% vested on 25 July 2023 (30-day VWAP exceeded $2.94)	• Tranche 1: 100% vested as at 31 December 2023 • Tranche 2: 100% vested as at 31 December 2023 • Tranche 3: 50% vested on 13 April 2023 (30-day VWAP exceeded $1.94) and 50% vested on 25 July 2023 (30-day VWAP exceeded $2.94)

During FY23, the hurdles relating to 1,000,000 (Tranche 1), 600,000 (Tranche 2) and 3,000,000 (Tranche 3) of Mr Banks' total EIP shares were met. During FY23, the hurdles relating to 243,676 (Tranche 1), 180,943 (Tranche 2), and 542,829 (Tranche 3) of Mr Hooper's total EIP shares were met.

There was no other vesting of the EIP for KMP.

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. 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, and are externally benchmarked every two years. The following table sets out NED fees for FY23 (exclusive of superannuation). NED fees for FY24 will remain unchanged.

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 do not receive Board membership or Committee fees. Total fees paid to NEDs in FY23 remained within the aggregate annual fee pool of $2,000,000 which has remained unchanged since 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 5 days prior to the grant date of share rights.

Management commentary
(no financial statements)

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.

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.

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.

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 FY23 for NEDs and executives are outlined below:

Position	Minimum Shareholding Requirements	Timing to Meet Requirements
NED	100% of base fees	3 years[1]
CEO	200% of fixed remuneration	Immediately[2]
CFO	100% of fixed remuneration	Immediately[2]

1. The Board retains discretion as to the approach taken where NEDs do not meet the MSR within the required period.
2. 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 FY23, Ventia engaged with external consultants but did not receive any remuneration recommendations as defined in section 9B of the *Corporations Act 2001*.

Management commentary
(no financial statements)

7.4 Other provisions

Term	Description
Hedging provisions	Executives are prohibited from hedging their exposure to vested or unvested Ventia equity.
Clawback	The Board may make a determination in its absolute discretion on how a participant's incentive award (Award) will be treated, such as deciding that the Award has lapsed or has been forfeited, where (without limitation), in the opinion of the Board: • A participant has acted fraudulently, dishonestly or engaged in serious misconduct; • A participant has 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	Where there is a change of control event, Ventia may determine, subject to the ASX Listing Rules, with respect to each Award, that: • 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	The treatment of Awards on ceasing employment will depend on the circumstances of cessation. ***Unvested Awards*** • 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. ***Vested Awards*** • Participants will continue to hold shares that have been awarded.

8. Additional statutory disclosures

8.1 Statutory remuneration outcomes for KMP

8.1.1 FY23 statutory executive remuneration

The table below provides the statutory remuneration disclosures for executive KMP in FY23 and FY22. Amounts are prepared in accordance with Australian Accounting Standards.

		Short-Term Benefits					Post–Employment Benefits	Long-Term Benefits			
Executive KMP	Year	Salary and Fees $	Awarded Cash STI $	Other Cash Bonus $	Non-monetary enefits $	Annual Leave $	Super-annuation $	Equity Awards $	Long Service Leave $	Total $	% At Risk
Dean Banks	**FY23**	**1,323,654**	**638,584**	**–**	**28,505**	**23,578**	**26,346**	**1,249,934**	**2,942**	**3,293,543**	**57.3**
	FY22	1,325,570	924,311	–	16,263	72,544	24,430	1,886,073	4,466	4,253,657	66.1
Stuart Hooper[1]	**FY23**	**773,654**	**267,120**	**–**	**652**	**(64,419)**	**26,346**	**269,821**	**33,508**	**1,306,682**	**41.1**
	FY22	775,570	386,640	–	4,290	(25,920)	24,430	219,480	31,872	1,416,362	42.8
Total	**FY23**	**2,097,308**	**905,704**	**–**	**29,157**	**(40,841)**	**52,692**	**1,519,755**	**36,450**	**4,600,225**	**52.7**
	FY22	2,101,140	1,310,951	–	20,553	46,624	48,860	2,105,553	36,338	5,670,019	60.3

1. Although KMP for the full financial year, Stuart Hooper will cease as Chief Financial Officer effective 21 February 2024 and will stay on as a Strategic Advisor to 27 March 2024. His awards will remain on foot subject to achievement of time and performance-related vesting condition given he is deemed a good leaver (refer to provisions in Section 7.4).

Management commentary
(no financial statements)

8.1.2 Remuneration paid to Non-Executive Directors

The table below outlines the remuneration paid to NEDs in FY23 and FY22:

		Short-Term Benefits		Post-Employment Benefits	
	Year	Director Fees $	Non-Monetary Benefits $	Super-annuation $	Total $
David Moffatt	**FY23**	**393,276**	**–**	**26,346**	**419,622**
	FY22	394,138	–	24,430	418,568
Jeff Forbes	**FY23**	**243,276**	**–**	**26,346**	**269,622**
	FY22	244,138	–	24,430	268,568
Lynne Saint	**FY23**	**243,276**	**–**	**26,346**	**269,622**
	FY22	244,138	–	24,430	268,568
Sibylle Krieger	**FY23**	**233,937**	**–**	**25,148**	**259,085**
	FY22	234,468	–	24,032	258,500
Anne Urlwin	**FY23**	**233,937**	**–**	**25,148**	**259,085**
	FY22	234,468	–	24,032	258,500
Kevin Crowe[1,4]	**FY23**	**–**	**–**	**–**	**–**
	FY22	–	–	–	–
Damon Rees[3]	**FY23**	**90,000**	**–**	**9,900**	**99,900**
Robert Cotterill[1,2]	FY22	–	–	–	–
Ignacio Segura Surinach[1,2]	FY22	–	–	–	–
Total	**FY23**	**1,437,702**	**–**	**139,234**	**1,576,936**
	FY22	1,351,350	–	121,354	1,472,704

1. Nominee directors of the two major shareholders do not receive Board membership or Committee fees.
2. On 31 March 2022 Robert Cotterill and Ignacio Segura Surinach resigned from their positions as NEDs
3. Damon Rees commenced his directorship on 1 July 2023.
4. Kevin Crowe will cease his role as director effective on the day on which Ventia lodges it financial results to the ASX and NZX for FY23.

Management commentary
(no financial statements)

8.2 Equity instruments: KMP ordinary shareholding

8.2.1 Holding of ordinary shares and other equity instrument in Ventia

The table below outlines holding of ordinary shares and other equity instruments of KMP in FY23 and FY22:

FY23

Name	Type of Instruments	Balance at Start of Year	Acquired on Market	Grant during Year	Balance at End of Year
Non-Executive Directors					
David Moffatt	Ordinary shares[1,2]	9,962,179	–	–	9,962,179
Jeff Forbes	Ordinary shares[2]	126,470	–	–	126,470
Lynne Saint	Ordinary shares[2]	88,235	–	–	88,235
Sibylle Krieger	Ordinary shares	105,882	–	–	105,882
Anne Urlwin	Ordinary shares	106,955	–	–	106,955
Kevin Crowe	Ordinary shares	–	–	–	–
Damon Rees	Ordinary shares[8]	–	–	–	–
Executives					
Dean Banks	Ordinary shares[2,4]	9,000,000	–	–	9,000,000
	FY22 LTI – SARs[6]	–	–	1,325,675	1,325,675
	FY22 STI – Share rights[7]	–	–	138,785	138,785
Stuart Hooper	Ordinary shares[2,5]	2,310,363	–	–	2,310,363
	FY22 LTI – SARs[6]	–	–	628,468	628,468
	FY22 STI – share rights[7]	–	–	58,054	58,054
Total	**Ordinary shares**	**21,700,084**	**–**	**–**	**21,700,084**
	FY22 LTI – SARs	**–**	**–**	**1,954,143**	**1,954,143**
	FY22 STI – Share rights	**–**	**–**	**196,839**	**196,839**

FY22

Name	Type of Instruments	Balance at Start of Year	Acquired on Market	Grant during Year	Balance at End of Year
Non-Executive Directors					
David Moffatt	Ordinary shares[1,2]	9,962,179	–	–	9,962,179
Jeff Forbes	Ordinary shares[2]	126,470	–	–	126,470
Lynne Saint	Ordinary shares[2]	88,235	–	–	88,235
Sibylle Krieger	Ordinary shares	105,882	–	–	105,882
Anne Urlwin	Ordinary shares	106,955	–	–	106,955
Kevin Crowe	Ordinary shares	–	–	–	–
Robert Cotterill	Ordinary shares[3]	58,823	–	(58,823)	–
Ignacio Segura Surinach	Ordinary shares[3]	–	–	–	–
Executives					
Dean Banks	Ordinary shares[2,4]	9,000,000	–	–	9,000,000
Stuart Hooper	Ordinary shares[2,5]	2,310,363	–	–	2,310,363
Total	**Ordinary shares**	**21,758,907**	**–**	**(58,823)**	**21,700,084**

1. Mr Moffatt's fully vested EIP shares were converted to ordinary shares on completion of the IPO and were in escrow until February 2023, free from further vesting conditions.
2. Includes shares held indirectly through a nominee or agent (e.g. family trust).
3. On 31 March 2022 Robert Cotterill and Ignacio Segura Surinach resigned from their positions as NEDs. In FY22 the balance represents shareholding at the date of resignation.
4. Mr Banks' EIP shares were converted to ordinary shares on completion of the IPO. As at 31 December 2023, 2,800,000 shares remain subject to vesting conditions. 1,600,000 shares vested on 1 January 2024, 600,000 shares will vest on 1 January 2025 and 600,000 share will vest on 1 January 2026.
5. Mr Hooper's EIP shares were converted to ordinary shares on completion of the IPO. At 31 December 2023, the EIP shares all vested.
6. The SARs were granted on 12 April 2023 in accordance with the FY22 LTI plan. They will vest in equal tranches on 31 December 2024, 31 December 2025 and 31 December 2026. The fair value at the date of grant per unit of each tranche are $0.47, $0.55 and $0.59 resepctively. The allocation price is $2.22 per unit for all tranches.
7. The share rights were granted on 12 April 2023 in accordance with the FY22 STI plan. The deferral period for 50% of share rights ended on 31 December 2023 and vesting will occur subject to Board approval following the release of 2023 financial results. The deferral period for the remaining 50% will end on 31 December 2024. The fair value at the date of grant of the share rights is $2.79 per unit.
8. Damon Rees commenced his directorship on 1 July 2023. Therefore, the opening balance represents balance as at 1 July 2023.

8.3 Other transactions

At 31 December 2022, the Company's two largest shareholders were 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 were 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.

Apollo and CIMIC reduced their shareholdings in the Company in 2023 through multiple sale transactions, and each hold no issued share capital in the Company as at 31 December 2023. As a result of the reduction of their shareholdings, they were no longer identified as a related party to the Group. The Group had no material transaction with Apollo and CIMIC from 1 January 2023 up to the date they ceased to be related parties.

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. There were no other transactions entered into with KMP and their related parties during FY23.

Management commentary
(no financial statements)

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Australia

Tel: +61 2 9322 7000
www.deloitte.com.au

20 February 2024

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 2023**,** I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

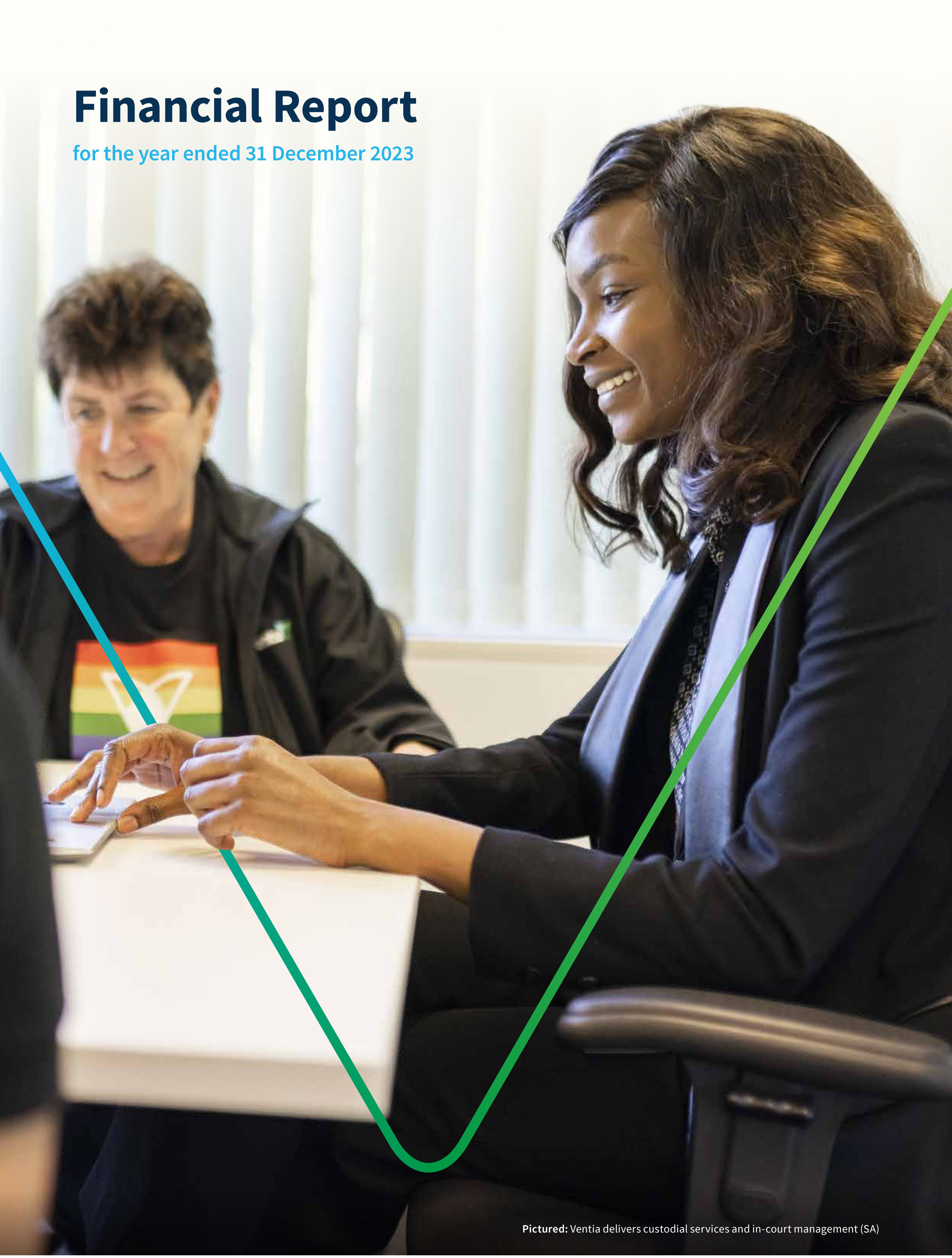
Yours faithfully

DELOITTE TOUCHE TOHMATSU

H Fortescue
Partner
Chartered Accountants

Financial Report

for the year ended 31 December 2023



Pictured: Ventia delivers custodial services and in-court management (SA)

Contents

Financial statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2023

	Note	2023 $'m	2022 $'m
Revenue	2.1	5,676.4	5,167.5
Expenses	2.2	(5,214.8)	(4,756.7)
Share of profits of joint ventures	5.2	3.6	3.5
Earnings before interest, income tax, depreciation and amortisation		**465.2**	**414.3**
Depreciation expense	3.2, 3.3	(106.6)	(104.1)
Amortisation expense	3.4	(39.1)	(55.0)
Earnings before interest and income tax		**319.5**	**255.2**
Net finance costs	2.4	(49.4)	(33.9)
Profit before income tax		**270.1**	**221.3**
Income tax expense	3.7	(80.3)	(30.1)
Profit after income tax		**189.8**	**191.2**
Earnings per share (cents)			
Basic earnings per share	4.1	22.19	22.37
Diluted earnings per share	4.1	22.01	22.26
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign exchange translation differences	4.4	(0.5)	0.4
Cash flow hedges:			
– (Losses)/Gains arising on change in the fair value of hedging instruments	4.4	(2.0)	13.0
– Cumulative gains reclassified to profit or loss	4.4	(4.5)	(3.4)
– Income tax effect of items above	4.4	2.0	(2.9)
Total cash flow hedges		(4.5)	6.7
Other comprehensive (loss)/income		(5.0)	7.1
Total comprehensive income		**184.8**	**198.3**

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 Statement of Financial Position

as at 31 December 2023

	Note	31 December 2023 $'m	31 December 2022 $'m
Current assets			
Cash and cash equivalents	4.5	338.7	280.0
Trade and other receivables	3.1	371.6	287.9
Contract assets	3.1	529.7	532.1
Inventories		46.8	42.7
Current tax assets	3.7	11.1	-
Derivative assets	4.7	5.5	4.5
Total current assets		**1,303.4**	**1,147.2**
Non-current assets			
Trade and other receivables	3.1	15.0	11.0
Equity accounted investments	5.2	8.4	5.8
Derivative assets	4.7	-	5.2
Deferred tax assets	3.7	192.2	235.4
Right-of-use assets	3.2	124.4	124.5
Property, plant and equipment	3.3	142.3	156.9
Intangible assets	3.4	52.8	77.6
Goodwill	3.5	1,095.1	1,095.4
Total non-current assets		**1,630.2**	**1,711.8**
Total assets		**2,933.6**	**2,859.0**
Current liabilities			
Trade and other payables	3.8	658.8	690.7
Contract liabilities	3.8	347.0	283.9
Derivative liabilities	4.7	–	0.3
Employee benefit liabilities	3.9	155.0	157.6
Provisions	3.10	30.3	54.0
Lease liabilities	3.2	46.2	45.9
Current tax liabilities	3.7	1.9	16.0
Total current liabilities		**1,239.2**	**1,248.4**
Non-current liabilities			
Contract liabilities	3.8	65.8	21.1
Employee benefit liabilities	3.9	76.9	79.9
Provisions	3.10	145.7	157.2
Derivative liabilities	4.7	2.7	-
Lease liabilities	3.2	87.3	86.6
Borrowings	4.6	745.8	744.9
Total non-current liabilities		**1,124.2**	**1,089.7**
Total liabilities		**2,363.4**	**2,338.1**
Net assets		**570.2**	**520.9**
Equity			
Share capital	4.3	374.5	374.5
Reserves	4.4	(35.9)	(35.0)
Retained earnings		231.6	181.4
Total equity		**570.2**	**520.9**

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 2023

2023	Note	Share Capital $'m	Reserves $'m	Retained Earnings $'m	Total $'m
Balance at 1 January 2023		**374.5**	**(35.0)**	**181.4**	**520.9**
Total comprehensive income					
Profit after income tax		–	–	189.8	189.8
Other comprehensive loss		–	(5.0)	–	(5.0)
Total comprehensive income		**–**	**(5.0)**	**189.8**	**184.8**
Transactions with owners					
Dividends paid	4.2	–	–	(139.9)	(139.9)
Share-based payment	4.4	–	4.1	0.3	4.4
Total transactions with owners		**–**	**4.1**	**(139.6)**	**(135.5)**
Balance at 31 December 2023		**374.5**	**(35.9)**	**231.6**	**570.2**

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		–	**7.1**	**191.2**	**198.3**
Transactions with owners					
Dividends 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		–	**6.0**	**(73.9)**	**(67.9)**
Balance at 31 December 2022		**374.5**	**(35.0)**	**181.4**	**520.9**

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

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	Note	2023 $'m	2022 $'m
Cash flows from operating activities			
Receipts from customers		6,309.0	5,678.7
Payments to suppliers and employees		(5,897.1)	(5,332.9)
Dividends received from joint ventures		1.0	2.6
Operating cash flow before interest and tax		**412.9**	**348.4**
Interest received	2.4	6.2	1.6
Payments for the interest component of lease liabilities	3.2.2	(6.7)	(7.1)
Interest and other costs of finance paid		(48.3)	(27.3)
Income tax paid		(58.2)	(25.7)
Net cash generated from operating activities	4.5.2	**305.9**	**289.9**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		6.2	4.0
Payments for business combination, net of cash acquired	5.1	–	(15.7)
Payments for acquisition of intangible assets		(10.9)	(6.8)
Payments for acquisition of property, plant and equipment		(40.0)	(31.6)
Net cash used in investing activities		**(44.7)**	**(50.1)**
Cash flows from financing activities			
Repayments of principal component of lease liabilities	3.2.2	(62.2)	(64.4)
Dividends paid	4.2	(139.9)	(75.5)
Net cash used in financing activities		**(202.1)**	**(139.9)**
Net increase in cash and cash equivalents		59.1	99.9
Cash and cash equivalents at start of year		280.0	180.2
Effect of movements in exchange rates on cash and cash equivalents		(0.4)	(0.1)
Cash and cash equivalents at end of year	4.5	**338.7**	**280.0**

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023

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 2023 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 20 February 2024.

The Consolidated Financial Statements were prepared on the going concern basis of accounting.

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 historical cost basis except for derivative financial instruments which are measured at fair value.

The Consolidated Financial Statements are presented in Australian dollars.

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 Material 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 2023. 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 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.

1.2.3 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 2023, as follows:

- 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;
- AASB 17 Insurance Contracts; and
- AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules.

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

1.2.4 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 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback;
- AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements; and
- AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability.

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

1.2.5 Other accounting policies

Material 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 3.6); and
- Provisions (Note 3.10).

2. Group performance

2.1 Revenue

Disaggregation of revenue by contract profiles

	2023 $'m	2022 $'m
Schedule of Rates	4,159.9	3,867.0
Fixed Price	460.2	460.3
Cost Reimbursable	1,056.3	840.2
Total revenue	**5,676.4**	**5,167.5**

The amount of revenue recognised in 2023 from performance obligations satisfied (or partially satisfied) in previous years is $Nil (2022: $5.7 million) and is mainly due to changes in probability that a significant reversal of the revenue recognised will not occur.

$283.9 million (2022: $195.6 million) of revenue was recognised in 2023 which was included in the contract liabilities balance as at the beginning of the year.

Material 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.

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: 1) unit pricing; and 2) variable 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.

Material Accounting Policies continued

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 a Schedule of Rates profile where benefit 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 a Cost Reimbursable profile, 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.

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.

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.

Principal versus agent considerations

For contracts where a third party (for example, subcontractors) is involved in providing services, the Group determines whether it is acting as a principal or an agent. The Group acts as a principal if it controls the specified good or service before that service is transferred to a customer.

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.

Material Accounting Policies continued

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 and timing of payment 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

Significant judgement is required in estimating the variable consideration, which is only recognised to the extent it is highly probable that a significant revenue reversal 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.

2.2 Expenses

	2023 $'m	2022 $'m
Labour (Note 2.5)	2,064.2	1,960.0
Subcontractors	2,560.6	2,229.4
Materials	425.3	367.2
Other	164.7	200.1
Total expenses excluding interest, tax, depreciation and amortisation	**5,214.8**	**4,756.7**

2.3 Segment disclosures

2.3.1 Operating segment reporting

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, 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, electricity and gas), resources and industrial assets (mining, gas and manufacturing) and resources development (minerals 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 revenue and profit of each segment form the primary basis of all management reporting to the CODM. Before 1 January 2023, the profit of each segment was measured based on Underlying EBITA (earnings before interest, income tax and amortisation of acquired intangible assets and before acquisition, integration, and other restructuring costs). Effective from 1 January 2023, updated segment result is measured using EBITDA (earnings before interest, income tax, depreciation and amortisation) to align with updated management reporting.

Before 1 January 2023, segment revenue is inclusive of the Group's share of revenue of its equity accounted joint ventures. Effective from 1 January 2023, the share of revenue of joint ventures is no longer included in segment revenue to align with updated management reporting.

Comparatives figures for 2022 below are presented on the same basis as 2023.

2023	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Total $'m
Segment revenue	2,357.7	1,306.1	1,375.8	636.8	5,676.4
Segment EBITDA	160.4	115.6	173.1	45.1	494.2

2022	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Total $'m
Segment revenue	2,303.0	1,211.3	1,134.4	518.8	5,167.5
Segment EBITDA	153.4	112.6	141.1	38.8	445.9

Reconciliation of segment EBITDA to profit after income tax

	2023 $'m	2022 $'m
Segment EBITDA	494.2	445.9
Depreciation	(106.6)	(104.1)
Corporate costs, including amortisation of computer software	(50.7)	(54.3)
Integration costs[1]	–	(8.8)
EBIT before amortisation of acquired intangible assets	**336.9**	**278.7**
Amortisation of acquired intangible assets[2]	(17.4)	(23.5)
Earnings before interest and income tax	**319.5**	**255.2**
Net finance costs	(49.4)	(33.9)
Profit before income tax	**270.1**	**221.3**
Income tax expense	(80.3)	(30.1)
Profit after income tax	**189.8**	**191.2**

1. Costs relating to the integration of BRS Holdco Pty Ltd (Broadspectrum) and Kordia Solutions Pty Ltd (Kordia) in prior years.
2. Amortisation of acquired intangible assets relating to customer contracts and relationships acquired as part of the acquisitions of Broadspectrum and Kordia.

Other segment information

31 December 2023	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Corporate $'m	Total $'m
Segment assets	596.0	779.0	854.3	192.8	511.5	2,933.6
Segment liabilities	337.9	247.3	483.6	312.4	982.2	2,363.4

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

2023	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Corporate $'m	Total $'m
Depreciation expense	15.3	43.0	12.8	11.1	24.4	106.6
Amortisation expense	0.4	0.1	0.4	–	38.2	39.1
Share of profits of joint ventures	–	0.1	–	2.0	1.5	3.6

2022	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Corporate $'m	Total $'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

Major customers

In 2023 and 2022, 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 2023 or 2022.

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		Total	
	2023 $'m	2022 $'m	2023 $'m	2022 $'m	2023 $'m	2022 $'m
Revenue	5,137.9	4,628.9	538.5	538.6	5,676.4	5,167.5
Total non-current assets	1,550.1	1,630.7	80.1	81.1	1,630.2	1,711.8

Material 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 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 segment EBITDA (earnings before interest, income tax, depreciation and amortisation). The segment EBITDA 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;
- Integration costs;
- Other restructuring costs;
- Depreciation and amortisation;
- 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 and intangible assets of head office, income tax balances and borrowings.

2.4 Net finance costs

	2023 $'m	2022 $'m
Interest paid and payable on bank facilities	37.8	18.6
Amortisation of capitalised borrowing costs	2.4	1.7
Bank guarantee costs	8.7	8.1
Interest paid and payable on lease liabilities	6.7	7.1
Interest income	(6.2)	(1.6)
Net finance costs	**49.4**	**33.9**

2.5 Employee benefit expense

	2023 $'m	2022 $'m
Short-term employee benefits	1,914.6	1,819.0
Post-employment benefits	138.2	123.3
Share-based payment expense	4.4	7.6
Termination benefits	7.0	10.1
Total employee benefit expense	**2,064.2**	**1,960.0**

3. Assets and liabilities

3.1 Trade and other receivables and contract assets

	31 December 2023 $'m	31 December 2022 $'m
Current		
Trade receivables, net of impairment allowance	312.2	251.1
Prepayments and other receivables	53.6	29.8
Amounts receivable from related parties (Note 5.6)	5.8	7.0
Total current trade and other receivables	**371.6**	**287.9**
Non-current		
Prepayments and other receivables	6.7	2.0
Amounts receivable from related parties (Note 5.6)	8.3	9.0
Total non-current trade and other receivables	**15.0**	**11.0**
Total trade and other receivables	**386.6**	**298.9**

	31 December 2023 $'m	31 December 2022 $'m
Current		
Contract assets	529.7	532.1
Total current contract assets	**529.7**	**532.1**

Material Accounting Policies

Trade and other receivables and contract assets

Trade receivables represent the invoiced value of receivables from services and other contracting services.

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

Contract assets are balances due from customers under 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 transferred to trade receivables when these have been certified or invoiced to a customer.

The Group assesses on a forward-looking basis any expected credit losses associated with its trade receivables and contract assets. Given the customer base of the Group mainly comprises government agencies and corporations, the Group's exposure to credit losses to date has been negligible.

3.2 Leases

3.2.1 Right-of-use assets

2023	Property $'m	Plant and Equipment $'m	Motor Vehicles $'m	Total $'m
Cost	103.6	25.1	107.6	236.3
Less: Accumulated depreciation	(36.1)	(14.7)	(61.1)	(111.9)
Carrying amount at end of year	**67.5**	**10.4**	**46.5**	**124.4**
Movement:				
Carrying amount at start of year	56.8	10.8	56.9	124.5
Additions	34.8	5.8	24.1	64.7
Disposals	–	(0.4)	(2.0)	(2.4)
Depreciation	(24.1)	(5.8)	(32.3)	(62.2)
Effect of exchange rates	–	–	(0.2)	(0.2)
Carrying amount at end of year	**67.5**	**10.4**	**46.5**	**124.4**

2022	Property $'m	Plant and Equipment $'m	Motor Vehicles $'m	Total $'m
Cost	69.8	20.3	88.8	178.9
Less: Accumulated depreciation	(13.0)	(9.5)	(31.9)	(54.4)
Carrying amount at end of year	**56.8**	**10.8**	**56.9**	**124.5**
Movement:				
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**

3.2.2 Lease liabilities

	2023 $'m	2022 $'m
Movement:		
Carrying amount at start of year	132.5	142.4
Additions	64.1	56.7
Disposals	(0.9)	(2.2)
Interest expense	6.7	7.1
Payments for the interest component of lease liabilities	(6.7)	(7.1)
Repayments of the principal component of lease liabilities	(62.2)	(64.4)
Carrying amount at end of year	**133.5**	**132.5**
Current	46.2	45.9
Non-current	87.3	86.6
Carrying amount at end of year	**133.5**	**132.5**

The maturity analysis on undiscounted cashflow of lease liabilities is set out below:

	31 December 2023 $'m	31 December 2022 $'m
Within one year	54.1	55.9
One to two years	38.0	33.1
Two to five years	61.9	44.7
Over five years	8.9	17.2
Total	**162.9**	**150.9**

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

Weighted Average Lease Expiry[1]	2023 Years	2022 Years
Property	4.1	3.9
Plant and equipment	2.2	2.6
Motor vehicles	2.1	2.4

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

3.2.3 Other amounts recognised in the Consolidated Statement of Profit or Loss

	2023 $'m	2022 $'m
Interest paid and payable on lease liabilities (included in net finance costs)	6.7	7.1
Expense relating to short-term leases, service components of leases, and variable payments	11.7	14.3

3.2.4 Amounts recognised in the Consolidated Statement of Cash Flows

	2023 $'m	2022 $'m
Payments for short-term leases, service components of leases, and variable payments (included in payments to suppliers and employees)	(11.7)	(14.3)
Payments for the interest component of lease liabilities	(6.7)	(7.1)
Repayments of the principal component lease liabilities	(62.2)	(64.4)
Total cash outflow for leases	**(80.6)**	**(85.8)**

Material Accounting Policies

Lease liabilities 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.

3.3 Property, plant and equipment

2023	Leasehold Improvements $'m	Plant and Equipment $'m	Motor Vehicles $'m	Total $'m
Cost	16.0	202.2	38.7	256.9
Less: Accumulated depreciation and impairment	(8.6)	(87.3)	(18.7)	(114.6)
Carrying amount at end of year	**7.4**	**114.9**	**20.0**	**142.3**
Movement:				
Carrying amount at start of year	5.4	134.5	17.0	156.9
Additions	1.2	28.3	9.3	38.8
Transfer[1]	4.4	(11.2)	1.3	(5.5)
Disposals	–	(0.6)	(2.8)	(3.4)
Depreciation	(3.6)	(36.0)	(4.8)	(44.4)
Effect of exchange rates	–	(0.1)	–	(0.1)
Carrying amount at end of year	**7.4**	**114.9**	**20.0**	**142.3**

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**
Movement:				
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**

1. Represents net transfer of $5.5 million to intangible assets to better reflect the nature of the underlying assets.

Material Accounting Policies

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

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.

3.4 Intangible assets

2023	Customer Contracts and Relationships $'m	Software and System Development $'m	Total $'m
Cost	81.3	95.9	177.2
Less: Accumulated amortisation and impairment	(67.1)	(57.3)	(124.4)
Carrying amount at end of year	**14.2**	**38.6**	**52.8**
Movement:			
Carrying amount at start of year	31.6	46.0	77.6
Additions	–	8.8	8.8
Transfer[1]	–	5.5	5.5
Amortisation	(17.4)	(21.7)	(39.1)
Carrying amount at end of year	**14.2**	**38.6**	**52.8**

2022	Customer Contracts and Relationships $'m	Software and System Development $'m	Total $'m
Cost	81.3	81.5	162.8
Less: Accumulated amortisation and impairment	(49.7)	(35.5)	(85.2)
Carrying amount at end of year	**31.6**	**46.0**	**77.6**
Movement:			
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. Represents net transfer of $5.5 million from property, plant and equipment to better reflect the nature of the underlying assets.

Material Accounting Policies

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.

Impairment

Intangible assets are tested for impairment in accordance with the policy for impairment of non-financial assets disclosed in Note 3.6.

3.5 Goodwill

3.5.1 Carrying amounts of, and movement in, goodwill

	31 December 2023 $'m	31 December 2022 $'m
Movement:		
Carrying amount at start of year	1,095.4	1,093.2
Recognised on business combinations (Note 5.1)	–	2.1
Effect of exchange rates	(0.3)	0.1
Carrying amount at end of year	**1,095.1**	**1,095.4**

3.5.2 Allocation of goodwill to cash-generating units

	31 December 2023 $'m	31 December 2022 $'m
Defence and Social Infrastructure	251.3	251.4
Infrastructure Services	362.7	362.8
Telecommunications	426.6	426.6
Transport	54.5	54.6
Total goodwill	**1,095.1**	**1,095.4**

Material Accounting Policies

Goodwill is tested for impairment in accordance with the policy for impairment of non-financial assets disclosed in Note 3.6.

3.6 Impairment of non-financial assets

Goodwill has been allocated to groups of cash generating units (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.

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 are set out below:

	31 December 2023			31 December 2022		
	EBITDA Growth[1]	Long-term Growth Rate	Pre-tax Discount Rate	EBITDA Growth[1]	Long-term Growth Rate	Pre-tax Discount Rate
Defence and Social Infrastructure	7.0%	2.5%	12.9%	4.1%	2.5%	12.9%
Infrastructure Services	6.7%	2.5%	12.8%	4.3%	2.5%	12.8%
Telecommunications	5.3%	2.5%	12.9%	2.6%	2.5%	13.4%
Transport	5.0%	2.5%	13.6%	3.8%	2.5%	13.6%

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

The Group considers 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.

3.7 Income tax

3.7.1 Income tax expense recognised in the Consolidated Statement of Profit or Loss

	2023 $'m	2022 $'m
Current tax	35.1	48.1
Deferred tax	45.2	(18.0)
Total income tax expense	**80.3**	**30.1**

3.7.2 Reconciliation between profit before income tax and income tax expense

	2023 $'m	2022 $'m
Profit before income tax	270.1	221.3
Income tax expense using the Australian corporate tax rate of 30%	81.0	66.4
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	0.1	0.2
Recognition of tax losses for Ventia Services Group Limited[1]	–	(35.2)
Effect of different tax rates on overseas income	(0.9)	(0.7)
Other	0.1	(0.6)
Income tax expense	**80.3**	**30.1**

1. During the year ended 31 December 2022, the ATO completed its audit of the tax affairs of Broadspectrum Pty Ltd (BRS). The ATO 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 were recognised in 2022.

3.7.3 Deferred tax recognised in the Consolidated Statement of Financial Position

2023	Carrying Amount at Start of Year $'m	Recognised in Profit or Loss $'m	Recognised in Other Comprehensive Income $'m	Reclassification $'m	Carrying Amount at End of Year $'m
Net deferred tax assets/(liabilities)					
Contract liabilities/(assets)	19.0	(41.5)	–	–	(22.5)
Property, plant and equipment	13.8	(5.7)	–	–	8.1
Intangible assets	(4.0)	(5.5)	–	–	(9.5)
Capitalised borrowing costs	(1.1)	0.1	–	–	(1.0)
Other items	6.9	(3.1)	–	–	3.8
Hedging	(2.7)	–	2.0	–	(0.7)
Trade and other payables	43.0	(18.7)	–	–	24.3
Provisions and employee benefit liabilities	97.6	23.1	–	–	120.7
Tax losses	62.9	6.1	–	–	69.0
Net deferred tax assets/(liabilities)[1]	**235.4**	**(45.2)**	**2.0**	**–**	**192.2**

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 and employee benefit liabilities	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 in the prior year to better reflect the nature of the underlying asset.

Unrecognised tax losses

	2023 $'m	2022 $'m
Unused tax losses for which no deferred tax asset has been recognised	13.4	173.4
Potential tax benefit	4.0	52.0

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. As part of that acquisition the decision was made to cancel $165.0 million of losses. This cancellation was notified to the ATO via an amendment to the Group's income tax return during 2023. A deferred tax asset has been recognised in respect of those revenue losses that are considered probable for future use.

3.7.4 Current tax recognised in the Consolidated Statement of Financial Position

	31 December 2023 $'m	31 December 2022 $'m
Current tax assets	11.1	–
Current tax liabilities	(1.9)	(16.0)
Net current tax assets/(liabilities)[1]	**9.2**	**(16.0)**

1. The current tax asset and liability as at 31 December 2023 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.

3.7.5 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.

3.7.6 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.

3.8 Trade and other payables and contract liabilities

	31 December 2023 $'m	31 December 2022 $'m
Trade payables	368.1	341.2
Accruals	215.7	288.3
Other payables	68.6	53.4
Amounts payable to related parties (Note 5.6)	6.4	7.8
Total trade and other payables	**658.8**	**690.7**

	31 December 2023 $'m	31 December 2022 $'m
Contract liabilities - current	347.0	283.9
Contract liabilities - non-current	65.8	21.1
Total contract liabilities	**412.8**	**305.0**

Material Accounting Policies

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. Contract liabilities are recognised as revenue when work is performed under the contract.

3.9 Employee benefit liabilities

	31 December 2023 $'m	31 December 2022 $'m
Current		
Annual leave	89.6	92.0
Long service leave	26.8	24.7
Workers' compensation	8.6	6.7
Other employee benefits	30.0	34.2
Total current employee benefit liabilities	**155.0**	**157.6**
Non-current		
Long service leave	56.2	54.6
Workers' compensation	17.4	19.7
Other employee benefits	3.3	5.6
Total non-current employee benefit liabilities	**76.9**	**79.9**
Total employee benefit liabilities	**231.9**	**237.5**

3.10 Provisions

	31 December 2023 $'m	31 December 2022 $'m
Current		
Unfavourable contracts	2.2	12.5
Onerous contracts	1.3	10.0
Warranties and contract claims	22.7	19.1
Other	4.1	12.4
Total current provisions	**30.3**	**54.0**
Non-current		
Unfavourable contracts	47.1	50.9
Onerous contracts	5.7	5.6
Warranties and contract claims	74.9	89.0
Other	18.0	11.7
Total non-current provisions	**145.7**	**157.2**
Total provisions	**176.0**	**211.2**

2023	Unfavourable Contracts $'m	Onerous Contracts $'m	Warranties and Contract Claims $'m	Other $'m	Total $'m
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 start of year	**63.4**	**15.6**	**108.1**	**24.1**	**211.2**
Movement:					
Provisions raised	–	–	23.7	2.1	25.8
Provisions used	(14.1)	(8.6)	(34.1)	(4.1)	(60.9)
Effect of exchange rates	–	–	(0.1)	–	(0.1)
Carrying amount at end of year	**49.3**	**7.0**	**97.6**	**22.1**	**176.0**
Current	2.2	1.3	22.7	4.1	30.3
Non-current	47.1	5.7	74.9	18.0	145.7
Carrying amount at end of year	**49.3**	**7.0**	**97.6**	**22.1**	**176.0**

Material Accounting Policies

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.

In estimation of provisions for warranties and claims, management consider historic experience on similar claims and other information available such as legal opinion and expert determination.

4. Capital structure, financing, and risk management

4.1 Earnings per share

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

Diluted earnings per share is calculated as profit after income tax attributable to shareholders adjusted for any profit recognised in the period in relation to potential dilutive shares, divided by the WANOS adjusted by dilutive potential ordinary shares.

	2023	2022
Profit after income tax for the year attributable to equity holders of the parent entity used in earnings per share ($'m)	189.8	191.2
	189.8	**191.2**
WANOS used in earnings per share (millions of shares)		
WANOS for purpose of basic earnings per share	855.3	854.6
Effect of diluted potential ordinary shares		
Weighted average number of ordinary shares on issue	855.3	854.6
Adjustment to reflect potential dilution for equity incentive plans	6.9	4.4
WANOS for purpose of diluted earnings per share	862.2	859.0
Basic earnings per share (cents)	22.19	22.37
Diluted earnings per share (cents)	22.01	22.26

4.2 Dividends

	2023				2022			
	Cents per Share	Total Amount $'m	Franking	Date of Payment	Cents per Share	Total Amount $'m	Franking	Date of Payment
Prior year final	8.28	69.8	80%	6 April 2023	1.47	12.6	100%	6 April 2022
Current year interim	8.31	70.1	80%	6 October 2023	7.47	62.9	80%	7 October 2022
Dividends paid during the year	**16.59**	**139.9**			**8.94**	**75.5**		

On 20 February 2024, the Board of Directors declared a final dividend of 9.41 cents per share in respect of the 2023 financial year, 80% franked at a 30% tax rate. The amount will be paid on 5 April 2024. As the dividend was declared subsequent to 31 December 2023, no provision had been made at 31 December 2023.

Franking credit/(deficits) balance

	31 December 2023 $'m	31 December 2022 $'m
Franking credits/(deficits) available for future financial periods (tax paid basis, 30% tax rate)	2.5	(1.7)

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 during 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.

4.3 Share capital

	2023		2022	
Share Capital	**Number Millions**	**$'m**	**Number Millions**	**$'m**
Balance at start and end of year	855.5	374.5	855.5	374.5

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 2023 is 855,484,445 (2022: 855,484,445). This includes 151,354 treasury shares as at 31 December 2023 (2022: 345,591). In 2023, 194,237 treasury shares were granted to certain employees of the Group.

4.4 Reserves

2023	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	(0.5)	6.4	(0.5)	2.0	(42.4)	(35.0)
Shares issued to employees	0.2	–	–	(0.2)	–	–
Transfer of vested benefits to retained earnings	–	–	–	(0.3)	–	(0.3)
Losses arising on change in the fair value of hedging instruments	–	(2.0)	–	–	–	(2.0)
Income tax related to losses recognised in other comprehensive income	–	0.6	–	–	–	0.6
Cumulative gains arising on changes in fair value of hedging instruments reclassified to profit or loss	–	(4.5)	–	–	–	(4.5)
Income tax related to gains reclassified to profit or loss	–	1.4	–	–	–	1.4
Foreign exchange translation differences	–	–	(0.5)	–	–	(0.5)
Share-based payment expense	–	–	–	4.4	–	4.4
Balance at end of year	**(0.3)**	**1.9**	**(1.0)**	**5.9**	**(42.4)**	**(35.9)**

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)**

Share-based payment reserve

The Group operates equity incentive plans which provide equity instruments to certain executives as a component of their remuneration. The share-based payments expense for the year for the Group was $4,378,000 (2022: $7,583,000).

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

Long-term Incentive (LTI) Plan

LTI Plan

Share Appreciation Rights (SARs) are granted under the LTI plan. SARs entitles the participants to payment in the Company's ordinary shares, equivalent to the amount by which the underlying Company share price has increased since the right was granted. If SARs vest, the participants will be allocated shares equal to the total value of appreciation (number of SARs times share price growth from grant to vesting). The share price growth is based on difference between the 10-day Volume-Weighted Average Price (VWAP) immediately after the release of the Company's annual financial statements for the grant year (for example, 2023 annual financial statements for 2023 LTI), and the 10-day VWAP up to the release of the Company's annual financial statements for the vesting year (i.e. 2025 annual financial statements for instrument vesting on 31 December 2025).

The variables in the table below are used as inputs into the model to determine the fair value of the 2023 and 2022 LTI Plan's SARs .

2023 LTI Plan	Tranche 1	Tranche 2	Tranche 3
Invitation date	26 May 2023	26 May 2023	26 May 2023
Vesting period start date	1 January 2023	1 January 2023	1 January 2023
Vesting date	31 December 2025	31 December 2026	31 December 2027
Expected volatility	30%	30%	30%
Risk-free interest rate (per annum)	3.63%	3.68%	3.74%
Share price at invitation date	$2.70	$2.70	$2.70
Expected dividend yield (per annum)	6.92%	6.92%	6.92%
Fair value per instrument	$0.50	$0.56	$0.60

2022 LTI Plan	Tranche 1	Tranche 2	Tranche 3
Invitation date	1 May 2022	1 May 2022	1 May 2022
Vesting 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:

	31 December 2023	31 December 2022
Balance at start of year	7,933,644	–
True up to prior year[1]	811,715	–
Issued during the year[1]	9,709,246	7,933,644
Forfeited during the year	(707,440)	–
Balance at end of year	**17,747,165**	**7,933,644**

1. The number issued during the year represents an estimate of the number of SARs to be allocated to LTI Plan participants, who are invited to the LTI plan during the year. Since the actual number will be determined based on the 10-day VWAP subsequent to the release of the Company's annual financial statements, a true-up for the numbers issued in prior year is required.

Short-term Incentive (STI) Plan

STI Plan

The 2023 STI Plan is a cash and share-settled share rights plan. The equity component will be awarded in March 2024 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 equity component of the 2022 STI Plan had the same mechanism as the 2023 STI Plan. The variables in the table below are used as inputs into the model to determine the fair value of the 2023 and 2022 STI Plan share rights:

2023 STI Plan	Tranche 1	Tranche 2
Invitation date	10 May 2023	10 May 2023
Vesting period start date	1 January 2023	1 January 2023
Vesting date	31 December 2024	31 December 2025
Expected volatility	30%	30%
Risk-free interest rate (per annum)	3.25%	3.22%
Share price at invitation date	$2.66	$2.66
Expected dividend yield (per annum)	6.92%	6.92%
Fair value per instrument	$2.67	$2.67

2022 STI Plan	Tranche 1	Tranche 2
Invitation date	1 May 2022	1 May 2022
Vesting 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 service before the awards are granted.

Movements in outstanding share rights

The following table summarises the movement in outstanding share rights for the above STI plans:

	31 December 2023	31 December 2022
Balance at start of year	1,006,056	–
True-up to prior year[1]	44,027	–
Issued during the year[1]	1,254,206	1,006,056
Vested during the year	(194,237)	–
Forfeited during the year	(52,870)	–
Balance at end of year	**2,057,182**	**1,006,056**

1. The number issued during the year represents an estimate of the number of rights to be allocated to STI Plan participants, who are invited to the STI Plan during the year. Since the actual number will be determined based on the 10-day VWAP subsequent to the release of the Company's annual financial statements, a true-up for the numbers issued in the prior year is required.

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 (2022: no grant of shares).

Material 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.

Accumulated losses reserve

The accumulated losses reserve includes certain costs incurred by the Group in prior years in relation to its refinancing and IPO.

4.5 Cash and cash equivalents

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

	31 December 2023 $'m	31 December 2022 $'m
Cash at bank and on hand	338.7	280.0
Total cash and cash equivalents	**338.7**	**280.0**

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

	2023 $'m	2022 $'m
Profit after income tax	189.8	191.2
Adjustments for:		
Income tax expense	80.3	30.1
Income tax payment	(58.2)	(25.7)
Depreciation expense	106.6	104.1
Amortisation expense	39.1	55.0
Share of profits of joint ventures	(3.6)	(3.5)
Dividends received from joint ventures	1.0	2.6
Amortisation of capitalised borrowing costs	2.4	1.7
Share-based payment expense	4.4	7.6
Other	(1.2)	1.5
Changes in working capital:		
Trade and other receivables	(87.7)	(21.6)
Contract assets	2.4	(109.3)
Inventories	(4.1)	(10.7)
Trade and other payables	(32.3)	53.8
Contract liabilities	107.8	85.9
Employee benefit liabilities	(5.6)	(32.7)
Provisions	(35.2)	(40.1)
Net cash generated from operating activities	**305.9**	**289.9**

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 2023 $'m	31 December 2022 $'m
Borrowings	750.0	750.0
Capitalised borrowing costs	(4.2)	(5.1)
Total borrowings	**745.8**	**744.9**

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).

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 tranches, each of which is fully drawn at 31 December 2023 and 2022; and
- a $400.0 million four-year revolving cash facility which is undrawn at 31 December 2023 and 2022.

In November 2023, the $250 million term loan originally maturing on 23 November 2024 with annual interest rate of BBSY + 140 bps was extended to 23 November 2028, with a revised annual interest rate of BBSY + 160 bps.

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 2023 and throughout the year.

iii. Bank guarantees and insurance bonds

The Group has $690.0 million (2022: $765.0 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. $392.5 million (2022: $393.0 million) of these facilities were utilised as at 31 December 2023, with $297.5 million (2022: $372.0 million) unutilised.

iv. Credit ratings

The Group has investment grade credit ratings of Baa2 (Outlook Stable) from Moody's and BBB (Outlook Stable) from S&P as at 31 December 2023.

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 + 150bps	23 November 2025	250.0
Term loan	AUD	BBSY + 160bps	23 November 2026	250.0
Term loan	AUD	BBSY + 160bps	23 November 2028	250.0
				750.0
Syndicated revolving cash facility	AUD		23 November 2025	**400.0**

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 and Finance 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 25 basis points (2022: 100 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 25 basis points (2022: 100 basis points) will:

- Decrease/increase full year net profit after income tax of $0.7 million (2022: $nil 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 $2.0 million (2022: $3.6 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 $5.3 million (31 December 2022: $3.8 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[1]		Fair Value Asset		Fair Value Liability		Fair Value (Loss)/Gain Recognised in Other Comprehensive Income	
	2023 $'m	2022 $'m	2023 $'m	2022 $'m	2023 $'m	2022 $'m	2023 $'m	2022 $'m
Cash flow hedges								
Interest rate swaps	1,275.0	750.0	5.5	9.7	2.7	0.3	(2.0)	13.0
Total	**1,275.0**	**750.0**	**5.5**	**9.7**	**2.7**	**0.3**	**(2.0)**	**13.0**

1. At 31 December 2023, the notional value for interest rate swaps includes $900.0 million of forward starting swaps (31 December 2022: $nil).

At the reporting date, the following items are designated as hedged items:

	Carrying Amount of Hedged Items		Cash Flow Hedge Reserve	
	2023 $'m	2022 $'m	2023 $'m	2022 $'m
Cash flow hedges				
Borrowings	375.0	750.0	1.9	6.4
Total	**375.0**	**750.0**	**1.9**	**6.4**

The above hedge relationships are assessed to be highly effective with insignificant hedge ineffectiveness.

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).

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 2023 and cash at bank and on hand of $338.7 million as at 31 December 2023, 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 financial liabilities and derivative financial liabilities and their contractual maturities.

	Maturity Analysis of Undiscounted Cash Outflow			
31 December 2023	One Year or Less $'m	One to Two Years $'m	Two to Five Years $'m	Total $'m
Non-derivative financial liabilities				
Borrowings	38.2	287.1	548.8	874.1
Trade and other payables	658.8	–	–	658.8
	697.0	287.1	548.8	1,532.9
Derivative financial liabilities				
Interest rate swaps	–	0.8	2.2	3.0
	–	0.8	2.2	3.0
Total	**697.0**	**287.9**	**551.0**	**1,535.9**

	Maturity Analysis of Undiscounted Cash Outflow			
31 December 2022	One Year or Less $'m	One to Two Years $'m	Two to Five Years $'m	Total $'m
Non-derivative financial liabilities				
Borrowings	43.2	292.0	540.8	876.0
Trade and other payables	690.7	–	–	690.7
	733.9	292.0	540.8	1,566.7
Derivative financial liabilities				
Interest rate swaps	0.3	–	–	0.3
	0.3	–	–	0.3
Total	**734.2**	**292.0**	**540.8**	**1,567.0**

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 receivables 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 2023 $'m	31 December 2022 $'m
Cash and cash equivalents	338.7	280.0
Trade receivables and contract assets, net of impairment allowance	841.9	783.2
Other receivables	6.7	2.2
Amounts receivable from related parties	14.1	16.0
Derivative assets	5.5	9.7
Total	**1,206.9**	**1,091.1**

The ageing of the Group's gross trade receivables before impairment allowance at the reporting date was:

	31 December 2023 $'m	31 December 2022 $'m
Gross aged receivables 0-90 days	308.4	246.3
Gross aged receivables more than 90 days	7.7	8.5
Total	**316.1**	**254.8**

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		
	2023 $'m	2022 $'m	2023 $'m	2022 $'m	Fair Value Hierarchy
Interest rate swaps	5.5	9.7	2.7	0.3	Level 2
Total	**5.5**	**9.7**	**2.7**	**0.3**	

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 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.

Material Accounting Policies

Derivatives

The derivative financial instruments of the Group qualify for a cash flow hedge.

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 2023 $'m	31 December 2022 $'m
Estimated capital expenditure under firm contracts, payable:		
Not later than one year	8.2	10.1
Later than one year, not later than two years	-	–
Beyond two years	-	–
Total capital expenditure commitments[1]	**8.2**	**10.1**

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 $35.2 million as at 31 December 2023 (2022: $34.5 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 Prior 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.

In 2022, $10.0 million was paid for deferred consideration for acquisition of Kordia in 2021.

5.2 Equity accounted investments

	2023 $'m	2022 $'m
Joint ventures		
Balance at start of year	5.8	4.9
Share of profits	3.6	3.5
Dividends received	(1.0)	(2.6)
Balance at end of year	**8.4**	**5.8**

Joint Venture	Country of Incorporation	Statutory Reporting Date	Ownership Interest 31 December 2023 %	Ownership Interest 31 December 2022 %
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:

	2023 $'m	2022 $'m
Carrying amounts		
Current assets	17.4	15.3
Non-current assets	8.4	9.9
Current liabilities	(8.6)	(9.4)
Non-current liabilities	(9.7)	(10.0)
Net assets	**7.5**	**5.8**
Total comprehensive income		
Profit after income tax	3.1	3.5
Total comprehensive income	**3.1**	**3.5**

There are no material commitments held by 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 2023 %	Ownership Interest 2022 %
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	50.0
Trace UJV[1]	Australia	80.0	80.0
Utilita Water Solutions	Australia	50.0	50.0
Ventia Boral Amey NSW[1]	Australia	66.6	66.6
Ventia Boral Amey QLD[1]	Australia	64.4	64.4
Watersure	Australia	40.0	40.0
Ventia-Wajarri Enterprises JV	Australia	50.0	–

1. 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.

5.4 Subsidiaries

5.4.1 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.

i. Parties to the Deed

Name of Entity		
Broadspectrum (Finance) Pty Ltd	Easternwell Group Pty Ltd	Ventia Services Group Limited
Broadspectrum (Holdings) Pty Ltd	Easternwell WA Pty Ltd	Ventia Services Pty Ltd
Broadspectrum (International) Pty Ltd	Piver Pty Ltd	Ventia Solutions Pty Limited
Broadspectrum (Oil & Gas) Pty Ltd	Ventia Asset Infrastructure Services Pty Limited	Ventia Utility Services Pty Limited
Broadspectrum Pty Ltd	Ventia Australia Pty Ltd	Visionstream Australia Pty Limited
BRS Holdco Pty Ltd	Ventia Finco Pty Ltd	Visionstream Pty Limited
Easternwell Group Assets Pty Ltd	Ventia Holdings I Pty Limited	Visionstream Services Pty Limited
Easternwell Group Investments Pty Limited	Ventia Property Pty Ltd	
Easternwell Group Operations Pty Ltd	Ventia 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:

	2023 $'m	2022 $'m
Revenue	5,095.0	4,550.2
Expenses	(4,687.0)	(4,215.7)
Share of profits of joint ventures	3.6	3.5
Earnings before interest, income tax, depreciation and amortisation	**411.6**	**338.0**
Depreciation expense	(82.5)	(79.7)
Amortisation expense	(36.5)	(35.1)
Earnings before interest and income tax	**292.6**	**223.2**
Net finance costs	(45.1)	(31.6)
Profit before income tax	**247.5**	**191.6**
Income tax expense	(58.2)	(17.0)
Profit after income tax	**189.3**	**174.6**

	31 December 2023 $'m	31 December 2022 $'m
Current assets		
Cash and cash equivalents	320.9	266.3
Trade and other receivables	323.4	247.1
Contract assets	486.3	484.5
Inventories	22.4	20.8
Current tax assets	11.1	–
Derivative assets	5.5	4.5
Total current assets	**1,169.6**	**1,023.2**
Non-current assets		
Trade and other receivables	15.0	11.0
Investment in subsidiaries	50.0	50.0
Equity accounted investments	8.4	5.8
Derivative assets	–	5.2
Deferred tax assets	191.2	229.1
Right-of-use assets	88.2	93.5
Property, plant and equipment	112.2	124.6
Intangible assets	45.7	67.7
Goodwill	1,072.6	1,072.6
Total non-current assets	**1,583.3**	**1,659.5**
Total assets	**2,752.9**	**2,682.7**
Current liabilities		
Trade and other payables	562.2	631.1
Contract liabilities	338.1	270.6
Derivative liabilities	–	0.3
Employee benefit liabilities	136.8	139.1
Provisions	33.6	26.3
Lease liabilities	32.6	34.2
Current tax liability	–	11.8
Total current liabilities	**1,103.3**	**1,113.4**
Non-current liabilities		
Contract liabilities	65.8	21.1
Employee benefit liabilities	74.7	77.8
Provisions	143.8	154.4
Derivative liabilities	2.7	–
Lease liabilities	63.9	67.5
Borrowings	745.8	744.9
Total non-current liabilities	**1,096.7**	**1,065.7**
Total liabilities	**2,200.0**	**2,179.1**
Net assets	**552.9**	**503.6**
Equity		
Share capital	374.5	374.5
Reserves	(30.7)	(30.3)
Retained earnings	209.1	159.4
Total equity	**552.9**	**503.6**

5.4.2 Details of subsidiaries

The subsidiaries of Ventia Services Group Limited are as follows:

		Interest Held %	
Name of Entity	Country of Incorporation	2023	2022
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 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
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
Ven Air Pty Ltd [1,3]	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

		Interest Held %	
Name of Entity	**Country of Incorporation**	**2023**	**2022**
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]	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
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, pursuant to the Instrument, with Ventia Services Group Limited as the holding entity under the Deed.
3. This entity was previously named as Easternwell Drilling Services Holdings Pty Ltd.

5.5 Parent entity information

As at, and throughout the financial year ended 31 December 2023, 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:

	2023 $'m	2022 $'m
Profit after income tax	162.6	70.4
Total comprehensive income	**162.6**	**70.4**

	31 December 2023 $'m	31 December 2022 $'m
Total current assets	11.1	1.0
Total non-current assets	464.3	453.0
Total assets	**475.4**	**454.0**
Total current liabilities	69.3	75.0
Total non-current liabilities	–	–
Total liabilities	**69.3**	**75.0**
Net assets	**406.1**	**379.0**
Share capital	374.5	374.5
Reserves	5.6	1.5
Retained earnings	26.0	3.0
Total equity	**406.1**	**379.0**

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 5.4.1.

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 (2022: nil), except as disclosed in Note 6.1.

5.6 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.

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

At 31 December 2022, the Company's two largest shareholders were 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 were 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.

Apollo and CIMIC reduced their shareholdings in the Company in 2023 through multiple sale transactions, and each holds no issued share capital in the Company as at 31 December 2023. As a result of the reduction of their shareholdings, they were no longer identified as a related party to the Group according to AASB 124 Related Party Disclosures. The Group had no material transactions with Apollo and CIMIC from 1 January 2023 up to the date they ceased to be related parties.

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:

2023	Revenue $'000	Expenses $'000	Current Receivables $'000	Non-Current Receivables $'000	Current Payables $'000
Joint arrangements	65,743	67,243	5,762	8,285	6,407
	65,743	**67,243**	**5,762**	**8,285**	**6,407**

2022	Revenue $'000	Expenses $'000	Current Receivables $'000	Non-Current Receivables $'000	Current Payables $'000
Apollo and CIMIC and related entities[1]	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**

All related party relationships are based on normal commercial arm's length terms. None of the non-executive directors were, or are, involved in any procurement of these products and services.

1. In the prior year, the Group recognised revenue of $15.1 million for delivering project services to entities controlled by CIMIC Group, and recognised expenses of $1.9 million for parent guarantee fees together with other project services performed by CIMIC related entities. In addition, the Group procured cloud computing services from a global IT services provider controlled by investment funds affiliated with Apollo Global Management Inc of $9.2 million.

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:

	2023 $'000	2022 $'000
Short-term employee benefits	4,429	4,831
Post-employment benefits	192	170
Other long-term benefits	36	36
Share-based payments	1,520	2,106
	6,177	**7,143**

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 2023 $'m	31 December 2022 $'m
Insurance, performance and payment bonds	**392.5**	**393.0**

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, other than disclosed below.

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 works performed by VA relate to intelligent transport signage, electrical works and light poles, with a subcontract value of $38 million. Based on documents currently filed in court in connection with the existing litigation, the Group understands the quantum of a claim against VA could be in the order of $64 million, based on other parties' estimates for (a) the potential future cost to rectify alleged defects and (b) the associated lane occupancy fees to perform rectification works.

At this stage it is not considered probable that a liability will arise as a result of this matter.

6.2 Auditors' remuneration

The auditors' remuneration for the Group is as follows:

	2023 $'000	2022 $'000
Deloitte Touche Tohmatsu and related network firms		
Audit or review of financial statements		
Group	1,410	1,325
Subsidiaries and joint operations	65	120
Total audit or review	1,475	1,445
Other assurance and agreed-upon procedures under other legislation or contractual agreements	54	83
Other services:		
Other non-assurance services	59	–
Total other services	113	83
	1,588	**1,528**

6.3 Events after the reporting period

Since the end of the financial year, the Directors have resolved to pay a final dividend of 9.41 cents per fully paid ordinary share, 80% franked at 30% tax rate.

In accordance with AASB 110 Events after the Reporting Period, the proposed final dividend is not recognised as a liability as at 31 December 2023.

Unless disclosed elsewhere in the Consolidated Financial Statements, no other material matter or circumstance has arisen since 31 December 2023 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 Notes 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

20 February 2024

Independent Auditor's Report

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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 2023, 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 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 2023 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 report 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 of the Group 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.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Recognition of revenue and recovery of related contract assets As disclosed in Note 2.1, the Group has recognised revenue of $5,676.4 million in the year and contract assets of $529.7 million as at 31 December 2023. Due to the range of services provided by the Group, a number of different contractual arrangements exist that support the recognition and measurement of this revenue. Management are required to exercise judgement in determining the timing of recognition and the amount of revenue which includes, amongst other matters, consideration of the following: • 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. When revenue is recognised a corresponding contract asset is also recorded in the consolidated statement of financial position representing the Group's right to consideration for the services transferred to date. Contract assets include amounts recognised as variable consideration.	Our procedures included, amongst others: • Evaluating management's processes and controls in respect of the recognition of revenue and related contract assets. As part of this process, we tested relevant controls including: - 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 controls over the monthly reporting for all contracts; and - project reviews undertaken by management. • Making enquiries of project leaders on a sample basis 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 risk factors which may indicate that a greater level of judgement is required in recognising revenue. These factors included, amongst others: - history of issues identified; - high potential impact and high likelihood of risk events; - material new contracts; - significant aged contract assets; - high value contracts; and - loss making contracts. • Selecting and testing a sample from the remaining population of contracts. For the contracts selected the following procedures were performed where relevant, amongst others: - obtaining and reviewing the key contract terms and conditions to evaluate whether these were reflected in management's recognition of revenue; - assessing whether the relevant performance obligations had been met and the value of revenue recognised is in accordance with the contractual terms;

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Contract assets are reclassified to trade receivables when these amounts have been certified or invoiced to a customer. We have focused on the recognition of revenue and of the related contract assets as a key audit matter due to the number and type of estimates made over the course of a contract and the unique nature of individual contract terms.	- where applicable, assessing the forecast costs to complete through enquiries of project managers and finance personnel and agreeing to relevant support; - 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 from 1 January 2024 to the date of this report to assess the validity of management's 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 2023, 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 gives 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 has 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.

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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.

- 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.

Deloitte.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Ventia Services Group Limited, for the year ended 31 December 2023, 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

H Fortescue
Partner
Chartered Accountants
Sydney, 20 February 2024

G Muller
Partner
Chartered Accountants
Sydney, 20 February 2024

Shareholder Information

Pictured: Ventia employees at CEO Strategy Roadshow (NSW)

Management commentary
(no financial statements)

The following information is provided regarding the Issued Capital of Ventia as at 2 February 2024:

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 under the code "VNT" with a secondary listing on the NZX. 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.

Unmarketable parcels

There were 76 holders of less than a marketable parcel of 157 shares.

Distribution schedule of ordinary shares

Range	Total holders	Securities	Percentage
1 - 1,000	1,394	743,029	0.09
1,001 - 5,000	4,542	12,417,916	1.45
5,001 - 10,000	2,331	17,853,011	2.09
10,001 - 100,000	2,784	66,171,562	7.73
100,001 Over	105	758,298,927	88.64
Total	**11,156**	**855,484,445**	**100%**

20 largest holders of ordinary shares

Rank	Name	Securities	Percentage
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	214,789,571	25.11
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	184,683,634	21.59
3	CITICORP NOMINEES PTY LIMITED.	166,711,187	19.49
4	NATIONAL NOMINEES LIMITED	54,762,012	6.40
5	VENTIA SERVICES EIP PTY LTD	22,604,302	2.64
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	21,235,231	2.48
7	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	18,342,023	2.14
8	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	10,450,000	1.22
9	BNP PARIBAS NOMS PTY LTD	9,637,549	1.13
10	CITICORP NOMINEES PTY LIMITED <143212 NMMT LTD A/C>	5,923,136	0.69
11	MR RICHARD OLIVIER KELLEWAY	4,273,525	0.50
12	BNPP NOMS PTY LTD HUB24 CUSTODIAL SERV LTD	3,478,066	0.41
13	FIRST SAMUEL LTD ACN 086243567 <ANF ITS MDA CLIENTS A/C>	3,143,677	0.37
14	NAVIGATOR AUSTRALIA LTD <SMA ANTARES INV DV BUILD A/C>	3,059,964	0.36
15	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,292,755	0.27
16	UBS NOMINEES PTY LTD	2,207,627	0.26
17	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,400,720	0.16
18	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING COLLATERAL>	1,379,600	0.16
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSI EDA	1,231,969	0.14
20	BURJOR PTY LTD <THE BURJOR FAMILY A/C>	1,224,705	0.14
Totals: Top 20 holders of Fully Paid Ordinary Shares (Total)		**732,831,253**	**85.66**
Total Remaining Holders Balance		**122,653,192**	**14.34**

Management commentary
(no financial statements)

Substantial shareholders of Ventia

Substantial shareholder	Effective Date	Securities	Percentage
Vanguard Group	24/01/2024	42,846,863	5.01%
Northcape Capital Pty Ltd	16/11/2023	45,739,722	5.35%
The Capital Group Companies	5/05/2023	47,276,758	5.53%

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 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 9.41 cents per share, franked to 80%, will be paid on 5 April 2024. The total dividend for 2023 is 17.72 cents. The final dividend is paid on a 75% payout ratio of NPATA, for the period from 1 January 2023 to 31 December 2023. 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 buy back

There is currently no on-market buyback program.

Management commentary
(no financial statements)

Corporate Directory

Ventia Services Group Limited

ABN 53 603 253 541

Level 8
80 Pacific Highway
North Sydney NSW 2060

Website

www.ventia.com

Investor Relations

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

Sibylle Krieger

Damon Rees

Kevin Crowe (resigned effective 21 February 2024)

Steven Martinez (alternate) (resigned effective 21 February 2024)

Company Secretary

Debbie Schroeder

Rebecca Tweedie

Sustainability Report

Our 2023 Sustainability Report was published on 21 February, along with the disclosure of our FY23 results.
The report is available on our website https://www.ventia.com/campaign/sustainability-report-2023

Corporate Governance Statement

Our Corporate Governance Statement is in the Corporate Governance section of our website
www.ventia.com/who-we-are/corporate-governance

Annual General Meeting

VNT's Annual General Meeting is scheduled to be held on Thursday 23 May 2024.

Closing date for the receipt of nominations from persons wishing to be considered for election as a director is 15 March 2023.

Management commentary
(no financial statements)

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