Ventia Services Group Limited
ABN 53 603 253 541

Level 8, 80 Pacific Highway
North Sydney NSW 2060
AUSTRALIA

ventia.com

ASX and NZX Release

23 February 2022

Appendix 4E and Annual Report for CY21

Ventia Service Group Limited (ASX: VNT) today reports its results for the financial year ended 31 December 2021.

Attached is the Appendix 4E (Results for announcement to the market) and Annual Report for the financial year ended 31 December 2021.

This announcement was authorised by the Board.

-Ends-

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

VENTIA SERVICES GROUP LIMITED

ABN 53 603 253 541

APPENDIX 4E - Annual Report for the Financial Year Ended 31 December 2021

Results for Announcement to the Market

	Year ended 31 December 2021 $'m	Year ended 31 December 2020 $'m	Change $'m	Change Percentage
Total revenue from continuing operations	4,557.4	3,223.9	1,333.5	41.4%
(Loss)/profit after income tax from continuing operations attributable to members of the parent entity	(5.1)	24.1	(29.2)	(121.2%)
Profit after tax from discontinued operations	24.6	3.9	20.7	530.8%
Profit after tax attributable to members of the parent entity attributable to members of the parent entity	19.5	28.0	(8.5)	(30.4%)

Dividends - Year ended 31 December 2021	Amount per security	Franked amount per security	
Final dividend	1.47 cents	1.47 cents	100%
Interim dividend	6.25 cents	6.25 cents	100%

Key final dividend dates	Date
Ex-dividend date	28 February 2022
Record date for determining entitlement to the dividend	1 March 2022
Date for payment of dividend	6 April 2022

	31 December 2021	31 December 2020
Net tangible assets backing per ordinary share	$ (0.97)	$ (2.05)

The remainder of the information requiring disclosure to comply with ASX listing rule 4.3A is contained in the Operating and Financial Review section of the 2021 Directors' Report and the audited 2021 Financial Report, within the Ventia Services Group Limited Annual Report 2021, lodged with this Appendix 4E.

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ANNUAL REPORT 2021

CONTENTS

Acknowledgement of Country

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

Mihi

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

Wanaka Tree, New Zealand. Captured by Annette Hollitt, Ventia employee.

Ventia.
For when it's essential.

2021 performance highlights

Key CY2021 financial results have outperformed prospectus

STATUTORY CY2021

Ventia reported statutory EBITDA of $312.2 million and statutory profit after tax of $19.5 million.

This performance resulted in the Board declaring a final dividend of 1.47 cents per share, fully franked, representing a payout ratio of 75% of pro forma NPATA[1] for the 43 days from the initial public offering to 31 December 2021.

PRO FORMA[2] CY2021 AS AT 31 DECEMBER 2021

TOTAL REVENUE

$4,557.4m

↓ **1% on CY2020**
↑ **1% on prospectus**

EBITDA

$379.9m

↑ **7% on CY2020**
↑ **4% on prospectus**

EBITDA MARGIN

8.3%

↑ **0.6 percentage points on CY2020**
↑ **0.2 percentage points on prospectus**

CASH CONVERSION RATIO[3]

84.9%

↓ **2.1 percentage points on CY2020**
↑ **0.2 percentage points on prospectus**

NPATA

$146.8m

↑ **23% on CY2020**
↑ **5% on prospectus**

WORK IN HAND[4]

$16.8b

↑ **28% on CY2020**
↑ **8% on prospectus (31 July 2021)**

1. Net profit after tax excluding the after tax impact of amortisation of acquired intangibles.
2. Pro forma results are non-IFRS measures that are used by management to assess the performance of the business. They have been calculated from the statutory measures by adjusting the CY2020 and CY2021 results for the financial impact of the Broadspectrum acquisition, the Initial Public Offering (IPO) and related refinancing. Please refer to the Operating and financial review section for further details.
3. Calculated as pro forma operating cash flow divided by pro forma EBITDA.
4. Work in hand is defined as i) comprising 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.

2021 performance highlights

We recognise that every decision and action we take is an opportunity to make a positive impact on the people and world around us. Our approach encompasses the social impact we have with our people and communities, our environmental footprint and the way we conduct our business.

SAFETY AND PEOPLE

35,000 +

Workforce (employees and subcontractors)

0.45	**4.32**
SIFR[1]	**TRIFR**[2]
60% improvement on CY2020	28% improvement on CY2020

Celebrating our achievements

Silver medal

'Sustainable Change for Good' 2021 Edison Awards™

Kendall Bay Sediment Remediation Project

Finalist

Large Business Category Banksia NFP & NGO Award

SourceZone®

1. Serious injury frequency rate.
2. Total recordable injury frequency rate.

ENVIRONMENT

67.4

ktCO_2-e Scope 1 & 2 emissions

10.4% ↓

Reduction from base year

Committed to setting Science Based Targets including net zero

SOCIAL

30.9%

Female participation

↑ 0.7

Percentage point increase in female participation

4.8%

Indigenous participation[1]

$83.9m

Indigenous spend[2]

GOVERNANCE

First Modern Slavery Statement published

Board Safety and Sustainability Committee established

Winner

Best Mental Health Program

National Safety Awards of Excellence

Winner

Base Services Contractor Innovation of the Year Award

Defence Estate and Infrastructure Group (E&IG)

Winner

Company Secretary of the Year Award

Australian Law Awards 2021

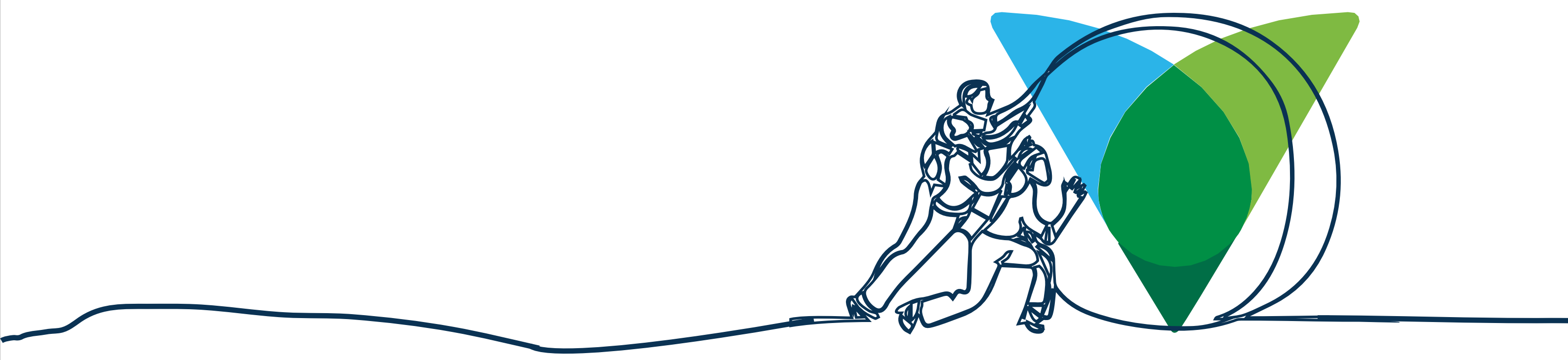
1. Ventia employees in Australia of Aboriginal and Torres Strait Islander descent, based on Ventia's most recent employee survey and analysis.
2. Procurement spend with Australian Indigenous partners.

Chairman’s message

Ventia’s purpose is making infrastructure work for our communities and by living our purpose and core values we believe we will achieve strong and sustainable results.

On behalf of the Board of Ventia, I welcome new shareholders and thank our existing shareholders for their commitment to Ventia.

The safety and health of our people is our number one commitment; I call it our number one promise. In 2021, we delivered significant improvement in our safety performance, and invested in proactive initiatives to keep our people healthy and safe in the years ahead. In December 2021, we were recognised as the winner for the 2021 Best Mental Health Program in the National Safety Awards of Excellence, for our Healthy Minds program, a great achievement in a period where most companies redoubled their efforts on workforce mental health.



On 19 November 2021, Ventia listed on the Australian Securities Exchange (ASX) and New Zealand's exchange, NZX with the ticker code VNT. The purpose of listing on the ASX and NZX was to raise new capital, ensuring we now have an unquestionably strong balance sheet, and to provide liquidity for existing shareholders.

During a complex operating period, with frequent COVID-19 pandemic related changes, including border closures and other workplace restrictions; revenues were resilient, margins stable, capital intensity low and cash conversion high.

Naturally, I acknowledge the entire Ventia team and thank them for their hard work and commitment to our business. Specifically, Group CEO Dean Banks and the executive team who demonstrated their resilience and the skills and abilities to meet or exceed clients and communities' needs without exposing the company to undue risk.

In CY2021, pro forma EBITDA was $379.9 million, a 4% increase on the prospectus forecast. Directors have declared a final dividend of 1.47 cents per share, fully franked, representing a payout ratio of 75% of NPATA.

2022 and beyond

Being client focused, innovative and sustainable in all that we do, matters to us, our clients and the communities we serve, and this will continue to be a company wide focus in 2022 and beyond.

While there are many external influences that impact our operating environment, sustainability, skills attraction, development and mobility and digitisation and data are noteworthy. Being embedded in our clients' critical infrastructure puts Ventia at the intersection of these contemporary themes and presents a unique opportunity for us to shape a more dynamic and productive future.

Sustainability

Our goal through our work and workforce practices is to create a healthier planet, be people and community focused and always ethical and accountable in everything we do.

The positive impact we are having in the communities where we operate, and our long-term commitments can be found in the sustainability section of this report and further details will be available in our Sustainability Report to be published in March 2022.

Skills attraction, development and mobility

Ventia is a people business and the successful delivery of our strategy and the delivery of essential infrastructure services require a committed workforce. The demand for a skilled workforce is increasing and digital and data is reshaping existing roles and creating new ones. We embrace this challenge and the opportunity to attract and retain the best and the brightest workforce, a workforce that reflects the diversity of the community.

People are attracted by opportunity, and we will provide this. An environment where people are bonded together by a common purpose, where people have the opportunity to work with others who genuinely want to do the right thing for society and one with clear career pathways and leadership opportunities. The future of the workforce is changing, the demand for skills increasing and we embrace the challenge to be an employer of choice.

Digitisation and data

Managing millions of individual infrastructure assets on behalf our clients, the data we collect and manage is immense. Our core technology platform, investment in a data platform and cyber security, have us ready to safely leverage data to drive efficiencies in our business and ready to ingest partner and client data to deliver new insights to drive productivity dividends for our clients.

Digitisation and leveraging data and analytics are important now and critical for the future.

In closing, it is my pleasure to lead an accomplished and committed Board. Each member brings a wealth of directly relevant experience to our business and a diversity of perspective, so vital in supporting management in executing our strategy and to achieving our 2022 objectives.

I look forward to the years ahead and a rewarding journey for all our stakeholders.

David Moffatt
Chairman

CEO's message

I am delighted to present Ventia's first annual report as a publicly listed company. I extend a warm welcome to our new Directors, new shareholders and recognise our existing shareholders for their continued support. Your commitment to Ventia is greatly appreciated.

During my first year as Ventia's Group CEO, I have had the opportunity to visit many of our sites and witness the capabilities and talents of our people in delivering our purpose of making infrastructure work for our communities. I have also had the opportunity to meet with many clients and other stakeholders. Through these interactions, I have learnt of the passion and pride of our people and the importance of the essential infrastructure services that we provide to communities throughout Australia and New Zealand.

As Group CEO, there is no more important priority than to ensure the safety and health of our people, it is our number one promise. In 2021, we delivered significant improvement in our safety performance, driven by a relentless focus and major initiatives including our Critical Risk Protocols, Healthy Minds and Healthy Bodies programs. In 2022 I will continue to champion the safety and health of our people, above all else.

Performance highlights

2021 was an incredibly eventful and successful year for Ventia. It is a testament to our team, that among the challenges of a global pandemic, we have continued to partner closely with clients, integrated Broadspectrum, delivered record work in hand, strong EBITDA and cash flow growth.

Having recently listed on the Australian Securities Exchange (ASX) and the New Zealand exchange, NZX, I am pleased that we have outperformed the key prospectus metrics for CY2021.

Our capital light business model, with predictable income and consistently high cash conversion, will enable stable and growing returns to shareholders. The strong performance in CY2021 is pleasing, as is the platform for 2022 and beyond.

The ongoing effects of COVID-19 have impacted the way that people go about their daily lives. We have navigated COVID-19 impacts with limited disruption and I am proud that we have continued to deliver essential services for our clients and the community. I would like to sincerely thank those who have been on the front line, for their dedication and commitment to providing service excellence.

Redefining Service Excellence

In 2021, we launched a strategy that offers the opportunity to differentiate. Ventia's strategy is to Redefine Service Excellence by being client focused, innovative and sustainable. This simple, common-sense approach is our blueprint for the future. I am encouraging my colleagues to raise the bar and improve every day in delivering for our clients and communities.

People

I am proud of the way our people have taken on the challenges of 2021 and I thank our people for their efforts. The developing capabilities of the team give me great confidence in the future. We have a team of talented and committed people and we will continue to leverage the breadth and depth of our people's capabilities in remote, regional, and metropolitan areas. Our people are at the heart of our success and we are dedicated to attracting and retaining the best and brightest by building a culture based on safety, wellbeing, diversity and inclusion.

Sustainability

Our sustainability strategy goes beyond reducing our environmental footprint. We have much to be proud of and to celebrate which you will read about in this report.

I am particularly proud and feel privileged to have spent time in my first year in Australia learning more about the history and culture of Australia from the perspective of its Indigenous people. It has helped to reinforce my commitment and that of Ventia, to strengthen relationships between Indigenous and non-Indigenous people and to help 'close the gap'. I look forward to spending more time with the people of New Zealand (Aotearoa) as restrictions ease where we continue to focus on building cultural capability and participation.

Outlook

The outlook for Ventia and the markets we serve is positive. Ventia operates in a large and growing market supported by favourable demand drivers. We are well placed to take advantage of the opportunity in front of us and pleasingly we are on track to meet our CY2022 prospectus expectations.

I am truly excited about the journey ahead and look forward to continuing to share progress and our stories with passion and pride.

Dean Banks
Group CEO

LEADERSHIP TEAM

> We have a very strong leadership team, led by Group CEO Dean Banks. We believe the team has the skills, experience and values to deliver profitable growth, by meeting our clients and the communities needs and by managing risk successfully.
>
> *David Moffatt, Chairman*

DEAN BANKS
Group Chief Executive Officer

Dean commenced as Ventia Group CEO in January 2021.

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

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

With a strong focus on safety and continuous improvement, Dean has an impressive track record of delivering improvements and successful outcomes to global organisations.

Dean is a visible and energetic leader who is passionate about building high performing teams, developing capability and creating networks of strategic partners to deliver long-term value for organisations.

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

JODIE BLAKE
Group Executive – People, Culture & Safety

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

Prior to joining Ventia, Jodie was the Executive General Manager – People, Safety, Legal & Corporate Affairs at Jemena. With more than 20 years' experience, Jodie has held senior leadership roles within the energy, utilities, pharmaceuticals and manufacturing sectors.

Through Jodie's extensive experience in human resources and health and safety management, she brings valuable insight and strategic thinking to talent management, adaptive change, operational excellence and industrial relations.

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

JONATHAN DOCKNEY
Group General Counsel

Jonathan joined Ventia in 2015.

Jonathan has advised international construction and service companies. His specialities include work winning strategies and risk identification, management and mitigation. He is the joint Company Secretary of Ventia and its subsidiaries.

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

TIM HARWOOD
Group Executive – Telecommunications

Tim was appointed Group Executive – Telecommunications in 2020.

Tim has nearly 30 years' experience in various project, general and executive management positions in Australia, Asia and the Middle East, working with the CIMIC Group since 1998 before joining Visionstream at the formation of Ventia in 2015.

Tim has worked in senior and executive management positions in the mining, construction, services and telecommunications sectors. He has a strong background in project management and leading multi-disciplinary teams.

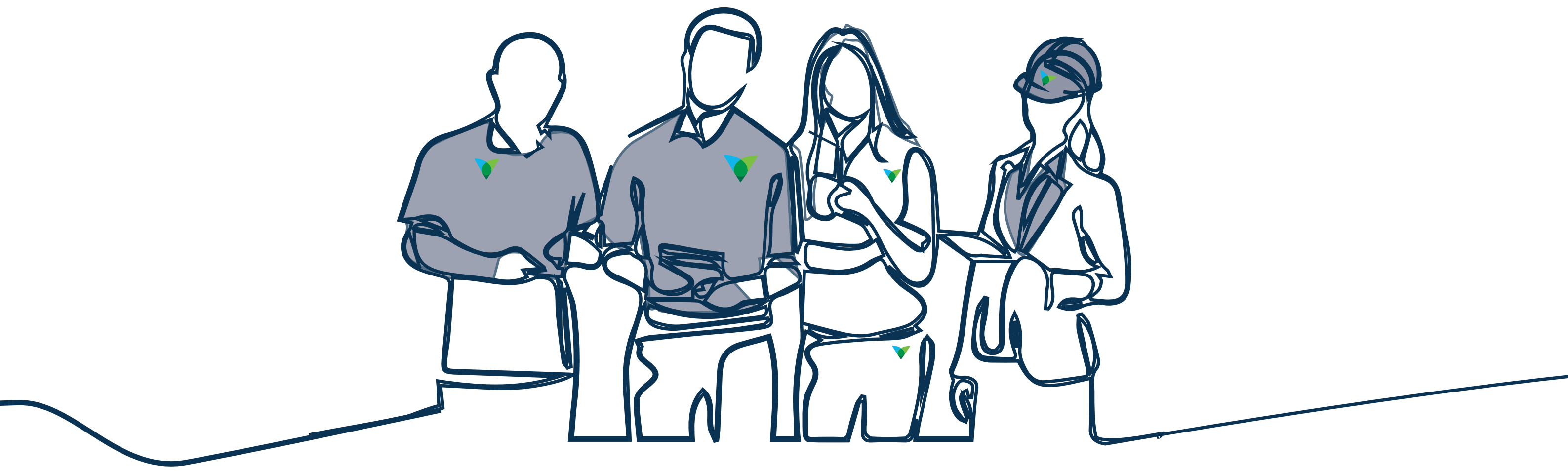
Tim holds a Bachelor of Applied Science (UTS) and a Master of Applied Science (UNSW).

STUART HOOPER
Chief Financial Officer

Stuart joined Ventia in 2015 as Group Executive – Strategy & Corporate Development. In 2018, he was appointed Chief Financial Officer accountable for driving governance, compliance and performance.

Prior to joining Ventia, Stuart worked at PricewaterhouseCoopers (PwC) for 14 years 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.



> Our leadership team is aware of the shadow they cast, striving to be role models for our values and exceeding client expectations.
>
> *Dean Banks, Group CEO*

ROD McCURDY
Group Executive – Infrastructure Services

Rod was appointed Group Executive – Infrastructure Services in 2022.

Prior to his commencement, Rod held the position of Partner, Major Programmes at KPMG Australia where he was responsible for advising and delivering on large-scale infrastructure and transformation programs. Rod has also held executive roles in services company Serco, including Managing Director – Enterprise Transformation & Citizen Services, and Chief Executive Officer – Defence Business Services.

Rod's 26 years' experience in delivering infrastructure, telecommunication, logistics and IT projects has taken him to North and South America, Asia, Australia, Europe, the United Kingdom, Africa and the Middle East. He is passionate about diverse and inclusive teams and driving sustainable outcomes for clients, shareholders, the environment and communities.

Rod holds a Bachelor of Science - Mechanical Engineering from Auburn University and an MBA in Finance & International Management from the Rotterdam School of Management, Erasmus University.

DAVID McPADDEN
Interim Group Executive – Transport

David commenced as Interim Group Executive – Transport in 2022.

David joined Ventia in 2020 as General Manager – Road Transport Operations.

Prior to this, David held the role of Executive General Manager for WBHO Infrastructure, where he was responsible for the restructure and growth of the business. He has also held a variety of senior operational management and project director roles at Leighton Contractors (now CPB) and BMD Constructions.

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's mentoring leadership style focuses on developing trust and accountability to empower individuals to deliver exemplary outcomes.

David holds a Bachelor of Engineering – Civil (Honours) from Swinburne University of Technology. David is a Director of Venture Smart and Gateway Motorway Services.

KAREN O'DRISCOLL
Group Executive – Digital Services

Karen commenced as Group Executive, Digital Services for Ventia in 2020.

During her 13 years at Broadspectrum, Karen has held several senior roles in the company's technology business. She has led several programs, including the design and deployment of a global applications platform, cloud and security transformation and the establishment of a digital eco-system to drive innovation, as well as delivering technology solutions for key contracts in water, roads, rail, power, social, defence and telecommunications.

Karen previously worked with Glaxo SmithKline delivering technology transformation programs in Europe and the United States.

Karen holds a Bachelor of Science (Hons) in Information Systems Management.

DEREK OSBORN
Group Executive – Defence and Social Infrastructure

Derek joined the Ventia Executive team in 2020, following Ventia's acquisition of Broadspectrum.

Derek is responsible for the strategic growth and delivery of services to the defence, local government, property and social infrastructure sectors, including education, health, housing and justice. In addition, his portfolio includes the Ventia network of contact centres.

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 Master in Building Science, and is a member of the Australian Institute of Company Directors.

MARK RALSTON
Group Executive – Strategy & Corporate Affairs

Mark joined Ventia at its formation in 2015.

Mark is responsible for portfolio strategy, sustainability, corporate development initiatives, M&A integration and corporate affairs.

Mark is a member of Ventia's Indigenous Advisory Board and 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. He has established and grown a strategy consulting business and has previously held executive roles in infrastructure and high-growth technology companies.

Mark holds a Bachelor of Applied Science from The University of Sydney.

BUSINESS OVERVIEW

OUR PURPOSE

Making infrastructure work for our communities

OUR VALUES

COLLABORATION
achieve more together

INTEGRITY
do what's right

CHALLENGE
drive to deliver

INGENUITY
create better ways

Safety and health is our #1 promise

REDEFINING SERVICE EXCELLENCE

CLIENT FOCUSED

INNOVATIVE

SUSTAINABLE

Our people are the heart of our success

Watch the many ways in which Ventia supports essential infrastructure assets.

Our people

At Ventia, we are known for our commitment to safety and health, our willingness to learn, an ability to solve problems and for the way we collaborate relentlessly.

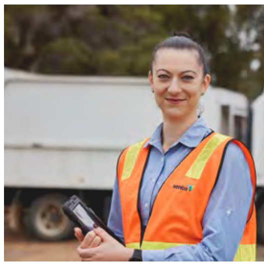
We find new and smarter ways to support our clients and to deliver sustainable solutions in the communities where we live and work.

We are proud of and aligned to our purpose of making infrastructure work for our communities.

Our diverse and inclusive culture allows us to thrive personally and professionally.

We take pride in our brand and collectively celebrate our success.

It's the way we do things.



Our people are at the heart of our success

Safety and health

Our #1 promise and license to operate

Through our Critical Risk Protocols, we set out the essential requirements and behaviours for managing risk on our projects and keeping employees, subcontractors, clients and communities safe.

We support a mentally healthy workplace with our Healthy Minds program. Our physical wellbeing program, Healthy Bodies, provides early intervention services and other health related support to employees.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Ventia's sectors and services

Ventia provides a broad range of maintenance services and other solutions across its four sectors which span the full infrastructure asset lifecycle. Ventia's service delivery capability is complemented by technology enabled solutions and technical expertise.

Sectors

DEFENCE AND SOCIAL INFRASTRUCTURE

Defence and Social Infrastructure provides maintenance and support services to clients operating across Defence, Social infrastructure (Education, Social Housing, Justice and Health), Local Government and Critical Infrastructure. Ventia also provides property and consulting services to public and private clients.

#1 Provider of defence estate and base services in Australia.

INFRASTRUCTURE SERVICES

Infrastructure Services supports the ongoing maintenance of infrastructure including utility infrastructure (Water and Electricity & Gas) and Resources and Industrial assets (mine operation facilities, Oil and Gas processing facilities, gas wells and industrial facilities). Ventia also provides complex and large-scale environmental remediation services and leverages technologies aimed at enhancing client productivity.

#1 Complex Environmental Services remediation provider in Australia.[1]

Services

Operations and Maintenance (O&M)

Soft Facilities Management (Soft FM)

Hard Facilities Management (Hard FM)

1. Based on Ventia's share of complex remediation projects greater than $20 million in Australia over the past 10 years, on the basis of both estimated revenue and the number of projects.

TELECOMMUNICATIONS

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

#1 Telecommunications infrastructure services provider in Australia and New Zealand.

TRANSPORT

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

#1 In private motorways and tunnels servicing and maintenance in Australia.[2]

Environmental Services (ES)

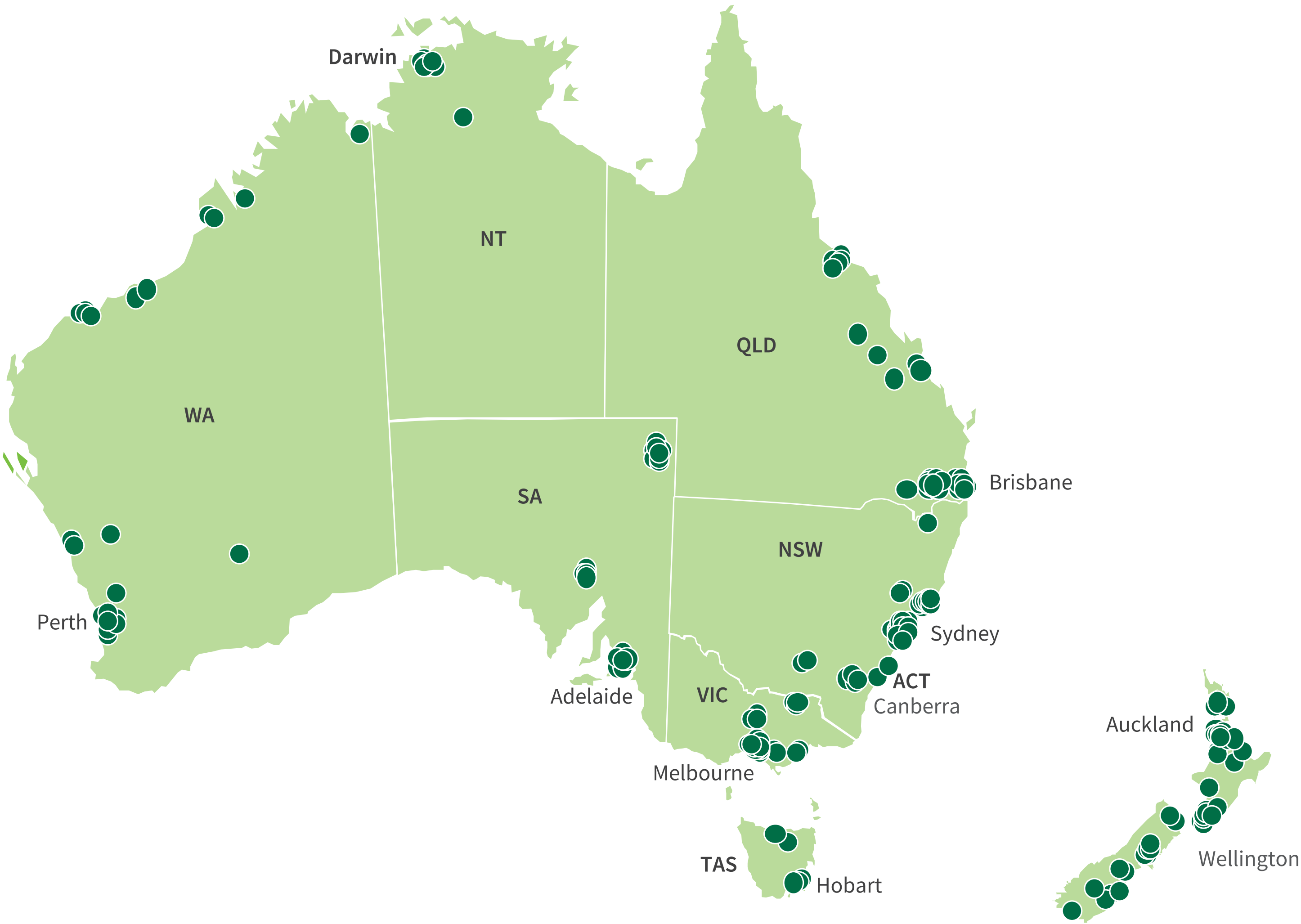
Minor Capital Works (MCW)

Other solutions (technology solutions, property and consulting)

2. Based on Ventia's share of total private tunnels and motorways serviced in Australia in 2021.

Ventia's geographic footprint

Ventia operates in all states and territories of Australia and throughout New Zealand.

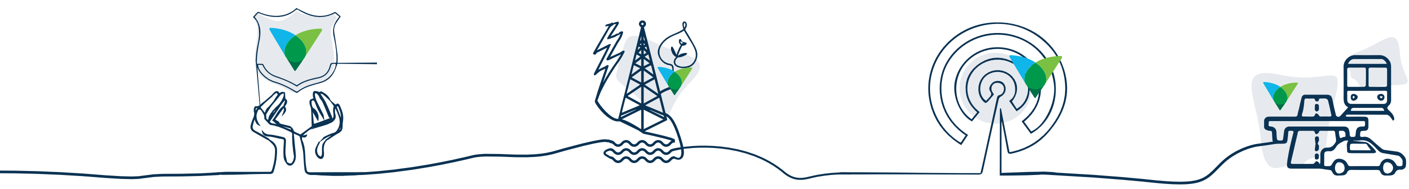


Defence and Social Infrastructure

Infrastructure Services

Telecommunications

Transport



2021 Project sites

35,000+

WORKFORCE

(employees and subcontractors)

400+

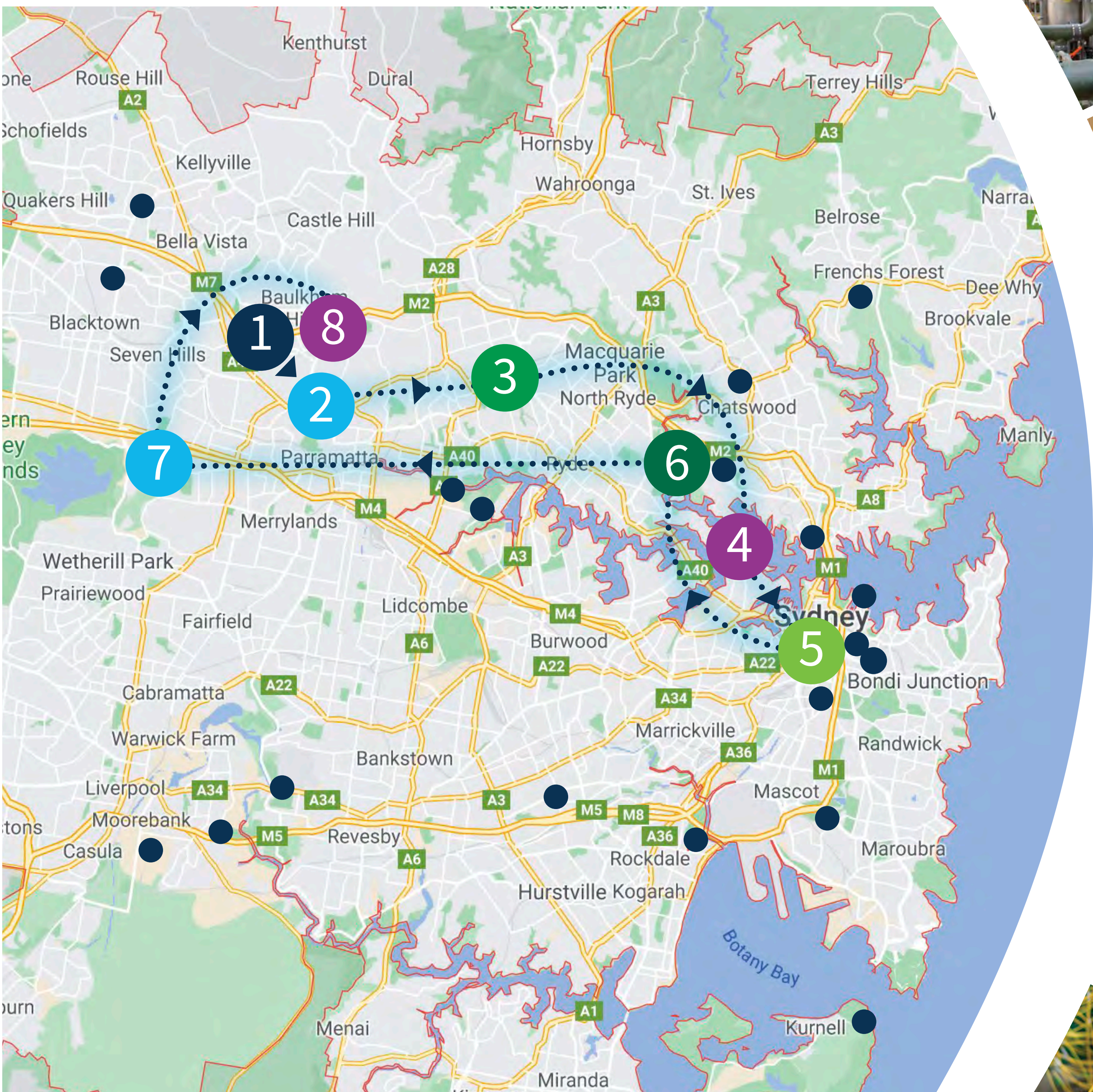
PROJECT SITES

40%+

OF OUR PEOPLE WORK IN REGIONAL AND RURAL AREAS

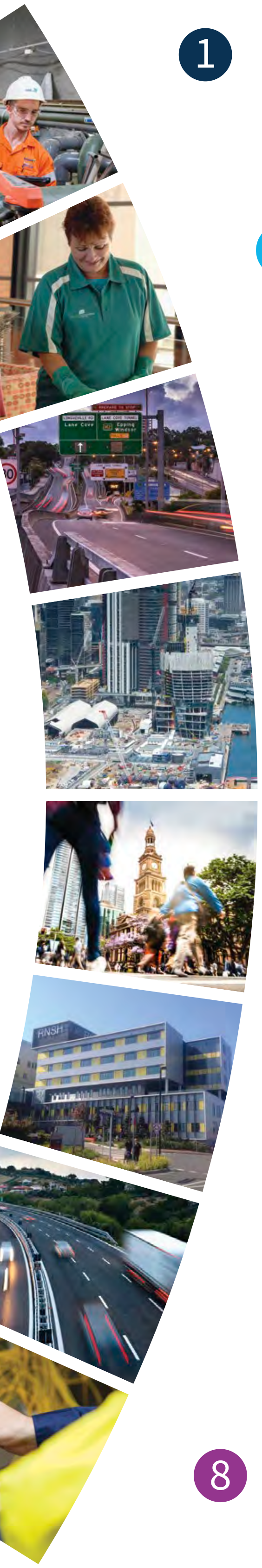
24 hours a day, 7 days a week, 365 days a year

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



● Ventia sites

When it has to happen, when it matters most, when it's essential... it's Ventia.



1 **7.00AM SHOWER AND PREPARE FOR WORK**
Sydney Water network maintenance provided by the Infrastructure Services team

2 **8.00AM DROP THE KIDS AT SCHOOL**
Cleaning services for schools in Western Sydney provided by the Social Infrastructure team

3 **8.30AM DRIVE TO WORK**
Motorways and tunnels maintenance provided by the Transport team on the M2 and Lane Cove Tunnel

4 **9.00AM ARRIVE AT WORK IN BARANGAROO**
Complex remediation services on the Barangaroo site provided by the Environmental Services team

5 **12.00PM MEET A FRIEND FOR LUNCH AT TOWN HALL**
Integrated Facilities Management services to Sydney's Town Hall provided by the Local Government team

6 **4.00PM VISIT A RELATIVE WHO IS UNWELL IN HOSPITAL**
Hard Facilities Management services at the Royal North Shore Hospital provided by the Social Infrastructure team

7 **6.00PM DRIVE HOME**
Roads in Western Sydney maintained by the Transport team

8 **9.00PM RELAX AT HOME WITH A MOVIE**
Home internet powered by the nbn™, provided through fibre cable laid by the Telecommunications team

Watch our people and teams in action, operating around the clock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Our strategy: Redefining Service Excellence

Redefining Service Excellence is our approach to delivering service excellence to our stakeholders.

We differentiate ourselves by focusing on three priorities: client focused, innovative and sustainable.

It’s our blueprint for success, brought to life by the pride and passion of our people.

Watch our people bring our strategy to life.

Client focused

Repeat clients are our ultimate performance indicator, so in order to differentiate, we develop long-term and strategic relationships that build trust and deliver service excellence.

Measuring our success

Be targeted: Implement a client segmentation model

Renew contracts: Repeat contracts/clients

Secure new clients: Continuous improvement in our bid success rate


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Innovative

We are obsessed with doing things better than we have ever done them before, and by working closely with our clients and partners we solve problems and create opportunities – either through evolution or revolution.

Measuring our success

Develop client solutions: Famous for solving client problems

Drive productivity: Enterprise technology platform in place to standardise and simplify operations

Data and analytics: Better informed decision making


FLAIM
TRAINER

Sustainable

We recognise that every decision and action we take is an opportunity to make a positive impact on the people and world around us.

Measuring our success

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

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

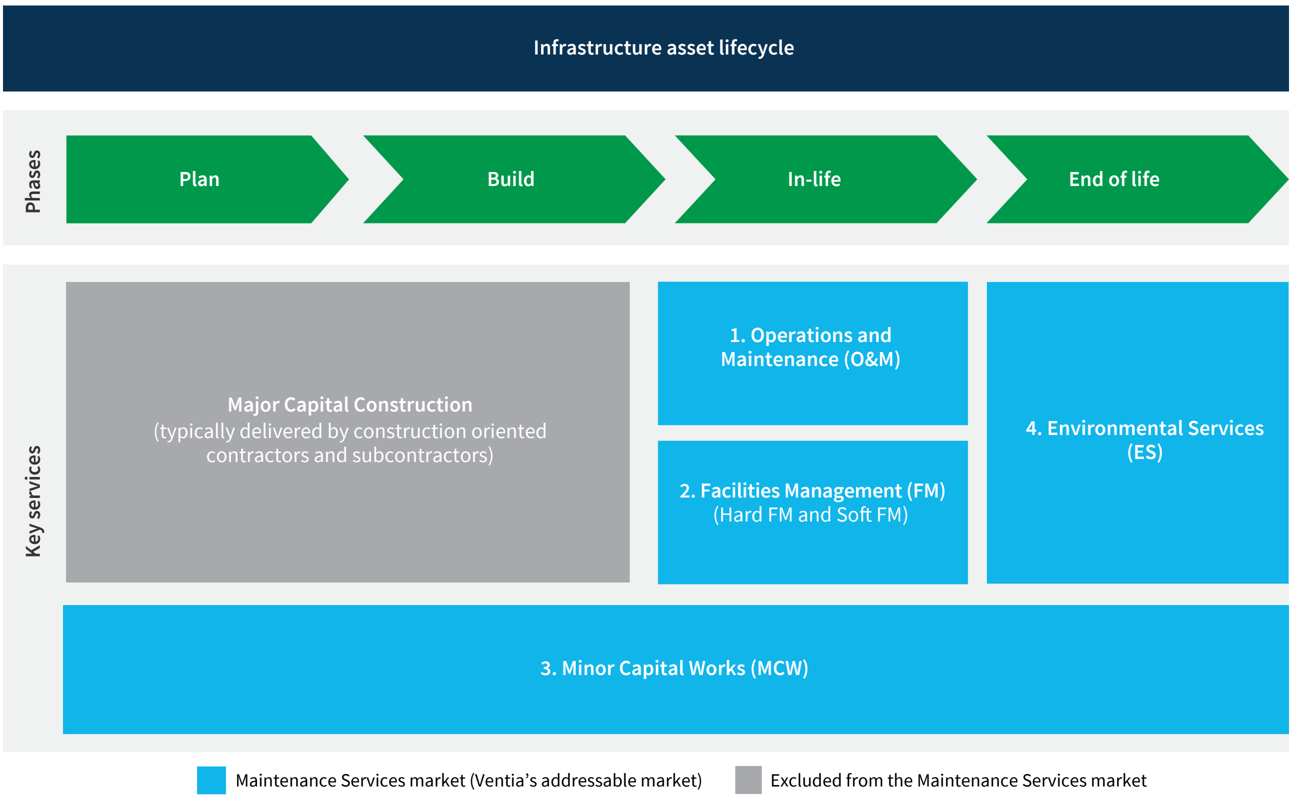
Deliver high standards of corporate governance: Exceed industry and society's expectations of corporate behaviour

Market overview

Ventia operates in the Maintenance Services market across Australia and New Zealand, across a broad range of industry segments. BIS Oxford Economics forecasts that the total addressable market for Maintenance Services in FY2022 will be $64.7 billion.[1]

Ventia's addressable market covers four service types comprising Operations and Maintenance (O&M), Facilities Management (FM), Minor Capital Works (MCW) and Environmental Services (ES).

Ventia's essential Maintenance Services capabilities span the asset lifecycle across plan, build, in-life and end of life phases, as summarised below. Whilst Ventia does not deliver Major Capital Construction services, construction activity supports growth in the asset base requiring Maintenance Services.[2]



1. BIS Oxford Economics (2021).
2. Major Capital Construction services have not been included in the estimated addressable market for any industry segment.

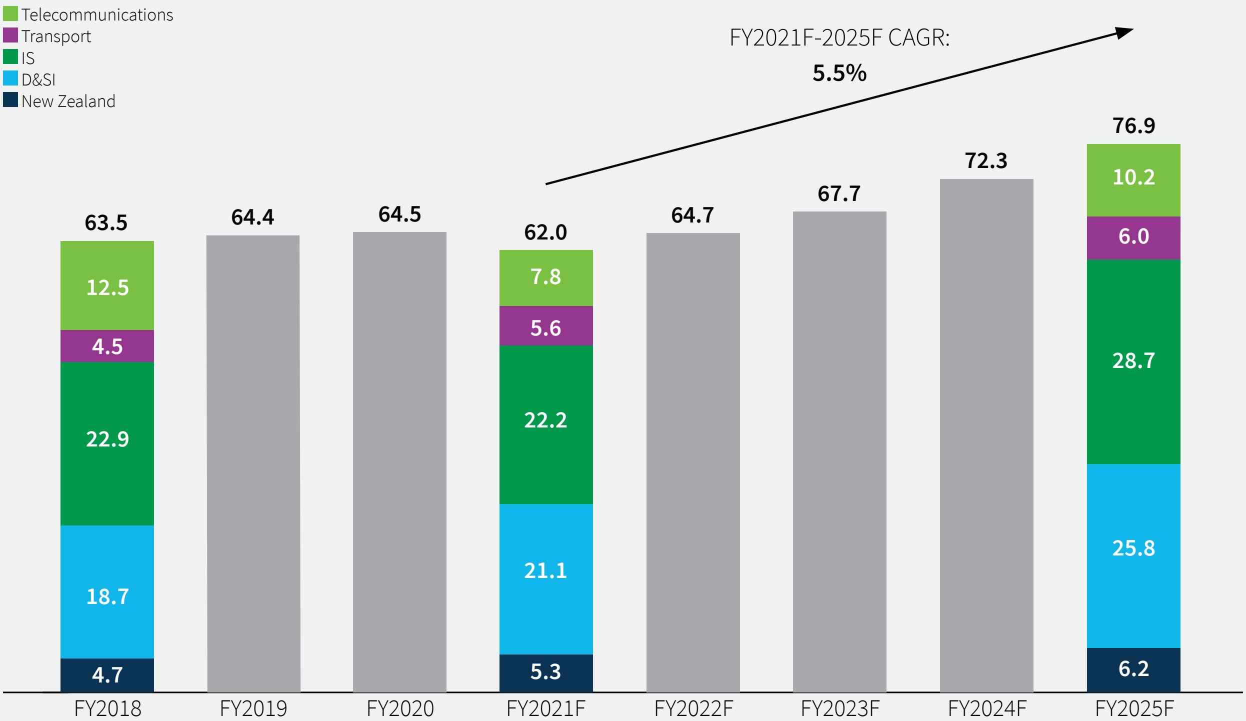
Estimated addressable market size

BIS Oxford Economics estimates the total addressable market for Maintenance Services in FY2021 to be $62.0 billion, and forecasts that it will grow to $64.7 billion in FY2022. The Maintenance Services market is estimated to contract from FY2018 to FY2021 at a compound annual growth rate (CAGR) of (0.8 %), driven by the decline in Telecommunications spending. During this same period, non-Telecommunications industry segments are estimated to grow at a CAGR of 2.1%.

From FY2021 to FY2025, the Maintenance Services market is forecast to grow at a CAGR of 5.5% supported by new investment in the Telecommunications industry segment (including upgrades to the nbn and the rollout of new technologies) and increased activity in the MCW components of the Water, Electricity Transmission and Distribution, and Electricity Generation industry segments.

BIS Oxford Economics forecasts Ventia's estimated addressable market to reach $76.9 billion in FY2025.

Estimated addressable market size across Australia & New Zealand ($bn)[1,2,3]



Demand drivers for Maintenance Services[1]

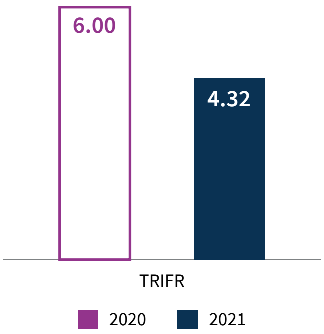
1. BIS Oxford Economics (2021). Refers to the financial years ended/ending 30 June.
2. Refer to the Prospectus for further information on the methodology BIS Oxford Economics used to estimate the addressable market.
3. Numbers presented in current prices (nominal value)

Safety, health and wellbeing

Ventia's number one promise is putting safety and health above all else. Given the nature of Ventia's operations, our workforce may be exposed to a number of health and safety risks in the performance of their duties. Ventia is committed to providing a safe environment for employees, subcontractors and the community by reducing the potential for safety incidents.

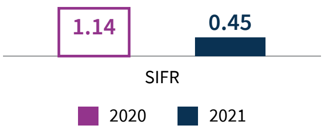
2021 PERFORMANCE

Injury trends



↓28%

on 2020 and ahead of target



↓60%

on 2020 and ahead of target

Ventia's Total Recordable Injury Frequency Rate (TRIFR)[1] in the 12 months to December 2021 was 4.32, a decrease of 28% from 2020. Ventia's Serious Injury Frequency Rate (SIFR)[2] in the 12 months to December 2021 was 0.45, a decrease of 60% from 2020.

Milestones achieved in 2021 include:

- Harmonising the Safety, Health, Environment and Quality (SHEQ) operating model and simplification of systems;
- Outsourcing of workers compensation claims management;
- Establishing and embedding keystone programs including Critical Risk Protocols (CRPs), Healthy Bodies and Healthy Minds; and
- Maintaining our licences to operate (third party certifications[3], accreditations and self-insurance licences).

Critical risk management

Ventia's CRPs, processes, systems and behaviours establish the essential requirements for managing safety risks and comprise three elements – critical controls, mandatory safety rules, and safe work fundamentals. CRPs are continuously embedded through refreshed leadership and supervisory tools, training and reporting. Ventia further focuses on innovation and the use of technology to better manage risks in the field, including the provision of in-vehicle monitoring systems to positively influence driver behaviour and the use of driverless equipment when working near traffic.

Workers compensation

In 2021, there was a 15% reduction in workers compensation claims received. This was driven by a focus on early intervention, injury prevention and leadership capability.

Increasing our focus on the health and wellbeing of our employees

Ventia's early intervention programs seek to improve employee wellbeing and reduce incident frequencies. Healthy Bodies is Ventia's physical wellbeing program, comprising early intervention injury management and other wellbeing initiatives.

Healthy Minds is Ventia's mental health program comprising employee assistance, leader training and support network. The introduction of 120 Healthy Minds champions further aims to reduce the stigma, raise awareness and encourage support-seeking behaviour. Ventia is proud to have won the 2021 National Safety Award for Excellence – Best Mental Health Program for its Healthy Minds Program.

1. Total number of recordable injuries, divided by hours worked in millions. Metric as at December 2021, potentially subject to adjustments over time to reflect additional information received regarding recordable incidents and other operational updates.
2. Total number of serious injuries, divided by hours worked in millions. Metric as at December 2021, potentially subject to adjustments over time to reflect additional information received regarding recordable incidents and other operational updates.
3. ISO9001, ISO14001 and ISO45001.

COMPENSATION CLAIMS

15% ↓

Reduction in workers compensation claims

HEALTHY MINDS PROGRAM

WINNER

Best Mental Health Program

28th Annual National Safety Awards of Excellence

UNIVERSAL SHORE POWER CABLE AND HOSE SOLUTION

WINNER

Large Enterprise Health & Safety New Initiative Award

Workplace Health & Safety Awards

Enhancing value through training

A key part of our approach to health, safety and environment is the provision of key skills training with more than 10,000 individuals across Ventia having completed one of our in-house training programs in 2021. In addition to our existing suite of programs, Ventia training commenced work on 46 new training initiatives in 2021, with 35 delivered within the calendar year and the remainder due for completion during 2022.

COVID-19 pandemic response

Throughout 2021, a comprehensive COVID-19 response plan was utilised to support our workforce including:

- Supporting worker welfare by offering a range of guidance, support and leave arrangements;
- Increased communication and feedback; and
- Establishing a coronavirus hub resource that operates 24/7 to support our managers, providing a timely and coordinated response to known COVID-19 cases.

FOCUS IN 2022

Our 2022 safety, health and wellbeing objectives aim to continue to reduce the frequency and severity of injuries. We will build capability of frontline leaders to focus on effectively managing risks and streamline the burden of compliance by embedding our unified SHEQ management system.

SUSTAINABILITY

Ventia's Sustainability Report will be published in March 2022, further sharing our commitments, targets, and case studies that demonstrate that our commitments are more than just words, and are backed by action.

Informing our approach – Ventia’s Sustainability Strategy

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

Ventia’s Sustainability Strategy was launched in 2021. Taking a collaborative approach to development, we sought to understand the issues that were of the highest importance for our business and to our people, our clients and the communities in which we work.

ENVIRONMENT

Creating a healthier planet

OBJECTIVES

- Achieve net zero emissions and reduce our clients' emissions
- Managing climate risk and resilience for us and our clients
- Leading in environmental protection and enhancement solutions

MEASURES

Pathway to net zero emissions defined with visible progress demonstrated

SOCIAL

People and community focused

OBJECTIVES

- Our people are safe and healthy and are as diverse as our communities
- We engage and respect the communities we work in
- We create value through our local and diverse supply chain

MEASURES

Continuous improvement in diversity and inclusion

GOVERNANCE

Ethical and accountable in everything we do

OBJECTIVES

- Sustainability is embedded in our decision making
- Trusted for our sustainable business practices
- Advancing sustainable and ethical procurement

MEASURES

Exceed industry and society’s expectations of our corporate behaviour

Environment

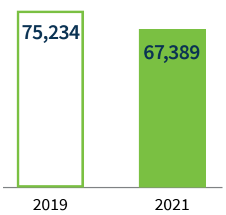
STRATEGY MEASURES

Pathway to net zero emissions defined with visible progress demonstrated

OUR TARGETS

- **Committed to the Science Based Targets initiative (SBTi) to set emission reduction and net zero targets**
- **100% renewable energy by 2030 (internal electricity usage)**
- **100% EV and hybrid fleet by 2030**

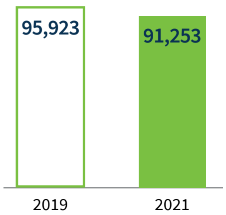
CARBON EMISSIONS (tCO_2-E)[1]



10.4%

Reduction from base year

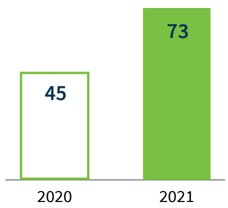
ELECTRICITY USAGE (GJ)



4.9%

Reduction from base year

EV/HYBRIDS IN OUR FLEET



62%

Increase

2021 PERFORMANCE

In 2021, our total Scope 1 and Scope 2 emissions were 67,389 tCO2-e. We achieved a reduction in emissions of 10.4% compared to the 2019 baseline year, meeting our target of a 10% absolute reduction in 2021. Emissions intensity[2] in 2021 reduced from 15.7t/$m to 14.8t/$m, an overall 5.6% intensity reduction.

Our emissions progress this year has been largely achieved through reductions related to transport fuels, our largest category of emissions. Fleet reduction and transition initiatives have reduced the use of vehicle fuel, supported by a focus on driver behaviour, in-vehicle monitoring and reduced vehicle idling.

Task Force on Climate-related Financial Disclosures (TCFD)

Ventia aims to align our risk management and reporting with the recommendations of the TCFD. Consistent with this approach, we are in the process of undertaking a detailed risk assessment of the business. We completed this assessment for our Telecommunications sector in 2021 and aim to complete the assessment for our remaining sectors in 2022. The risk assessment for Telecommunications has highlighted the opportunities for Ventia in supporting our clients' transition and resilience efforts and in responding to climate-related weather events. Our progress aligned to the key pillars of the TCFD will be included our 2021 Sustainability Report.

Fleet reduction and transition initiatives

It is a high priority for Ventia to transition our fleet. In the short term, use of hybrids will be adopted, while we will also use fully electric vehicles (EVs) where feasible. We introduced 28 EV and hybrids to our light vehicle fleet in 2021, taking the total number to 73, an increase of 62%. We were pleased to welcome our first fully EV roads maintenance truck to our Western Roads Upgrade contract and order our first EV Truck Mounted Attenuator. A fleet of electric mowers will also arrive in 2022.

Driver behaviour and education

In 2021, we partnered with EROAD to install in-vehicle monitoring (IVMS) to our fleet. IVMS provides feedback and alerts to the driver, encouraging safe and efficient driving behaviour and improves tracking of vehicle performance. The EROAD rollout is complemented by driver awareness training, teaching the environmental benefits of reducing idling and turning engines off when possible. In the six months of the EROAD rollout, idling has been reduced by 8%.

Resource management

Resource reduction plans have been introduced across Ventia, a tool to identify and track specific management initiatives – from installing solar panels, to energy efficiency audits, waste reduction and recycled materials use.

FOCUS IN 2022

In 2022, we will drive our current climate emissions reduction and environment initiatives to deliver on our commitments, including setting our Science Based Targets to achieve emissions reductions and improvements in our environmental management and performance. We will also continue collecting and analysing data, building an inventory to inform and formalise the baselines that we will measure our sustainability performance against in the future.

1. Scope 1 & Scope 2 emissions.
2. Emissions intensity is total Scope 1 and Scope 2 emissions measured in tonnes, divided by total revenue in $ millions.

Social

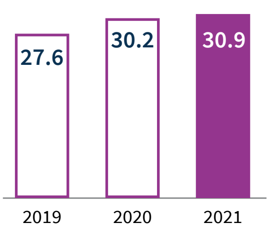
STRATEGY MEASURES

Continuous improvement in diversity and inclusion

OUR TARGETS

- **HESTA 40:40 Vision commitment**
- **40% Women In Senior Management**
- **40% female participation – all employees**
- **Retain Elevate RAP status**

FEMALE PARTICIPATION (%)

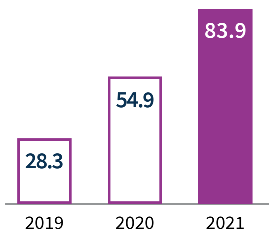


0.7
PPTS Increase

INDIGENOUS PARTICIPATION[1] (%)

4.8%

SPEND WITH INDIGENOUS BUSINESS[2] ($'m)



52.8%
Increase

2021 PERFORMANCE

Gender equality

In 2021, Ventia committed to align to the HESTA 40:40 Vision, an investor and business-led initiative to achieve gender balance in executive leadership by 2030. 40:40 stands for 40% women, 40% men and 20% any gender. At the close of 2021, 18% of our executive leadership team were female.

In addition to the HESTA 40:40 Vision, we have extended our commitment to achieving 40% female participation across all Ventia leaders and employees by 2030.

Our focus on initiatives which support progress in gender equality has driven an increase in female participation to 30.9% at December 2021.

Indigenous diversity and inclusion (Australia)

Our public commitment to reconciliation is set out in our Elevate Reconciliation Action Plan (RAP). Based on Ventia's most recent employee survey and analysis, 4.8% of Ventia's Australian employees are of Aboriginal and Torres Strait Islander descent. Our dedicated Indigenous employment team, TRECCA, placed 268 Indigenous people across Ventia contracts in CY2021.

Ventia's strong focus on Indigenous suppliers continued throughout the year with an increased spend of $83.9 million compared to $54.9 million in 2020. Spend with Indigenous suppliers represented 2.9% of total procurement spend in CY2021. Importantly, Ventia has $120 million in active contracts with Indigenous business.

Diversity and inclusion (Aotearoa)

This year, Ventia established the Te Ara o Rehua working party tasked to enhance Māori participation and build cultural capability across our New Zealand business. The working party has established close relationships with *Amotai*, an organisation that connects buyers with Māori and Pasifika owned businesses to support and enhance our supplier diversity and engagement in Aotearoa. We have also improved our internal systems to track and monitor our procurement spend with Māori and Pasifika businesses.

A diversity survey was undertaken with our employees to better understand our current Māori employment and cultural capability across the NZ business. This data will inform the working party to build strategies and initiatives for 2022 and beyond.

Engaging with our communities

Our community engagement approach ensures we build relationships with stakeholders in the communities in which we work and seek ways to create economic opportunities for underrepresented groups through local and social procurement. In CY2021, we spent $10.9 million with social enterprise.

FOCUS IN 2022

In 2022, we will take further action to increase our social value contribution, strengthening community partnerships, continuing to develop the diversity of our workforce and ensure inclusive workplaces, and deepening our local supply chain by expanding our network of Indigenous and social enterprises.

1. Ventia employees in Australia of Aboriginal and Torres Strait Islander descent, based on Ventia's most recent employee survey and analysis.
2. Procurement spend with Australian Indigenous partners.

Governance

STRATEGY MEASURE

Exceed industry and society's expectations of our corporate behaviour

OUR TARGETS

- **Compliance with the ASX Corporate Governance Council's principles and recommendations**
- **All significant suppliers complying with the Ventia Supplier Code of Conduct**

MODERN SLAVERY STATEMENT

✓ **Ventia published our first Modern Slavery Statement in June 2021**

SUSTAINABILITY COMMITTEE

✓ **Established our Board Safety and Sustainability Committee**

2021 PERFORMANCE

In 2021, Ventia reviewed, integrated, developed and established many of the key strategies, frameworks, standards and policies that play a fundamental role in governing how we operate and always do the right thing by our stakeholders.

Achievements in 2021 include the launch of our first Modern Slavery Statement, revamped Code of Conduct training and refreshed Sustainability Policy and Strategy.

Our approach to governance is based on our values, which guide how we behave, the way we do business and represent what we stand for. They are embedded in our governance framework and help to ensure we focus on what's right, and what's important to our clients and our people.

Governance of sustainability at Ventia is through the Board Safety and Sustainability Committee, established in 2021, which is responsible for:

- Reviewing and recommending health, safety and environment (HSE) policies for Board approval;
- Reviewing and recommending sustainability policies, the Sustainability Report and regulatory reporting on sustainability for Board approval; and
- Reviewing management reports related to HSE and sustainability, and monitoring compliance with obligations and delivery against targets.

Setting foundations for future success

In August 2021, the Board approved our revised Sustainability Policy, establishing our commitments across the elements of environment, social and governance (ESG). In September, we were pleased to launch our Sustainability Strategy, outlining our approach and objectives and supporting our refreshed sustainability commitments.

A suite of policies and governance documents were updated in 2021 including our Diversity and Inclusion Policy, Parental Leave Standard, Modern Slavery Policy, Environmental Policy, Health and Safety Policy, Procurement Policy, and our Equal Employment Opportunity and Discrimination Policy.

Code of Conduct training

Code of Conduct training is part of our induction process and is a mandatory annual training requirement for our employees, with 94% of full-time employees completing the training in 2021.

Modern slavery risk management

Ventia's Modern Slavery Policy confirms our commitment to the eradication of all forms of slavery. It requires a due diligence process to be in place to analyse Ventia's supply chains to ensure proper measures are taken to comply with the commitments set out in the Policy.

Ventia's Business Partners Standard and its associated due diligence are refreshed annually and combined with our International Trade Controls and Anti-Money Laundering Policy to supplement our approach, which is set out in our policy framework.

Ventia have designed a modern slavery due diligence questionnaire to be completed when we engage new overseas suppliers. It is also completed annually by all Australian suppliers who we spend greater than $1 million per annum with.

Ventia continue to work collaboratively with key industry peers to strengthen our response to modern slavery through the Infrastructure Sustainability Council (ISC) Road Sector Modern Slavery Coalition and will review opportunities to expand due diligence processes within our supply chain ongoing.

FOCUS IN 2022

2022 will provide another opportunity for Ventia to continue our crucial work developing and embedding the foundations and practices that will support good governance into the future.

Sustainability targets

Ventia has set clear sustainability targets for 2022 and beyond. Our targets align to recognised industry frameworks to ensure we deliver best practice outcomes. They have been selected and refined to ensure we are focused on meeting the expectations of our people, our clients, our investors and our communities.

ENVIRONMENT

Committed to setting Science Based Targets including net zero

100%
renewable energy by 2030

100%
EV and hybrid fleet by 2030

SOCIAL

Aligned to HESTA 40:40 Vision commitment

40%
female participation across all Ventia leaders and employees by 2030

Retain Reconciliation Australia's Elevate RAP status

GOVERNANCE

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

All significant suppliers compliant with our supplier Code of Conduct

Maintain and improve systems and processes to prevent modern slavery within our diverse businesses and supply chain

OPERATING AND FINANCIAL REVIEW

TABLE OF CONTENTS

1. OPERATING MODEL, BUSINESS STRATEGY AND OUTLOOK

Ventia Services Group Limited (formerly known as Ventia Services Group Pty Limited) (Company or Ventia) in respect of the Company and the entities it controlled at the end of, or during, the financial year ended 31 December 2021 (together referred to as the Group) is a leading essential infrastructure services provider in Australia and New Zealand. It has extensive capabilities across the full asset lifecycle and provides these services across a diverse range of industry segments through long-term contracts with a range of government agencies and blue chip organisations.

Ventia is structured across four sectors (also referred to as operating or reportable segments):

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

Ventia's strategy is to Redefine Service Excellence focusing on three priorities being client focused, innovative and sustainable.

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

- Winning new work;
- Growth within existing contracts; and
- Cross selling.

Ventia's current expectations for the year ending 31 December 2022 (CY2022) are consistent with the forecasts provided in the Initial Public Offering (IPO) prospectus. Further details regarding sector specific outlook commentary is provided in Sections 4.5 to 4.8 of this Operating and Financial Review.

2. SIGNIFICANT CHANGES IN OPERATIONS

On 7 October 2021, the Ventia Services Group Pty Ltd converted from a private company to a public company and accordingly is now known as Ventia Services Group Limited (the Company or Ventia). On 19 November 2021, an initial public offering (IPO) of the shares in the Company was completed and the Company was formally listed on both the Australian Securities Exchange (ASX) and New Zealand's Main Board (NZX). On 23 November 2021, the Company entered into a syndicated facility agreement (New Banking Facilities) including a $750.0 million syndicated term loan facility and a $400.0 million revolving cash facility. Funding provided under the New Banking Facilities together with the proceeds from the IPO of $360.9 million (net of costs) and surplus cash were used to repay the legacy Term Loan B debt facility.

3. STATUTORY FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS

On 30 June 2020, Ventia (through its wholly owned subsidiary Ventia Holdings I Pty Limited) acquired all of the share capital in Ferrovial Services Australia Pty Ltd, subsequently renamed BRS Holdco Pty Ltd (Broadspectrum), to form one of the largest infrastructure services providers in Australia and New Zealand.

Due to the material nature of the Broadspectrum acquisition, the IPO and related refinancing and their financial impact on the business, the Directors believe that in addition to the statutory analysis of results in this Section 3, a pro forma view of the Group and sector results for CY2021 compared to CY2020 provides additional information for users of the financial statements to understand the underlying business performance and cash flows of the operations on a more comparable basis. This pro forma view is presented in Section 4.

3.1 Statutory Group financial highlights

Statutory

	2021 $'m	2020 $'m	Change $'m	Change %
Total revenue from continuing operations	4,557.4	3,223.9	1,333.5	41.4%
Profit after tax for the year	19.5	28.0	(8.5)	(30.5%)
Basic earnings per share (cents)	3.12	4.69	(1.57)	(33.5%)

Other measures[1]

	2021 $'m	2020 $'m	Change $'m	Change %
EBITDA from continuing operations	312.2	265.8	46.4	17.5%
EBITA from continuing operations	203.3	186.5	16.8	9.0%
EBIT before amortisation of acquired intangibles	141.5	138.3	3.2	2.3%
NPATA	36.4	36.0	0.4	1.1%
Operating cash flow before interest and tax	245.9	153.0	92.9	60.7%
Operating cash flow conversion %	78.8%	57.6%	n/a	21.2pp
Work in hand	16,771.0	13,100.0	3,671.0	28.0%

1. Other measures are non-IFRS measures that have been derived from statutory information.
EBITDA – Earnings before interest, tax, depreciation and amortisation
EBITA – Earnings before interest, tax and amortisation
EBIT – Earnings before interest and tax
NPATA – Net profit after tax excluding the after tax impact of amortisation of acquired intangibles

3.2 Statutory Group financial performance

	2021 $'m	2020 $'m	Change $'m	Change %
Continuing operations:				
Services revenue	4,555.4	3,223.2	1,332.2	41.3%
Other income	2.0	0.7	1.3	185.7%
Total revenue	**4,557.4**	**3,223.9**	**1,333.5**	**41.4%**
Expenses	(4,250.4)	(2,961.2)	1,289.2	43.5%
Share of profits of joint venture entities	5.2	3.1	2.1	67.7%
Earnings before interest, income tax, depreciation and amortisation	**312.2**	**265.8**	**46.4**	**17.5%**
Depreciation expense	(108.9)	(79.3)	29.6	37.3%
Amortisation expense	(85.9)	(59.6)	26.3	44.1%
Earnings before interest and income tax	**117.4**	**126.9**	**(9.5)**	**(7.5%)**
Net finance costs	(137.2)	(92.5)	44.7	48.3%
(Loss)/profit before income tax benefit/ (expense)	**(19.8)**	**34.4**	**(54.2)**	**157.6%**
Income tax benefit/(expense)	14.7	(10.3)	25.0	(242.7%)
(Loss)/profit after income tax for the year from continuing operations	**(5.1)**	**24.1**	**(29.2)**	**(121.2%)**
Discontinued operations:				
Profit after income tax for the year from discontinued operations	24.6	3.9	20.7	530.8%
Profit after income tax for the year	**19.5**	**28.0**	**(8.5)**	**(30.4%)**

In CY2021, Ventia reported an increase in total revenue of $1,333.5 million to $4,557.4 million. This increase is mainly due to the prior year results only including six months of the Broadspectrum business, whereas the current year includes 12 months of revenue.

Statutory EBITDA increased by $46.4 million to $312.2 million in CY2021. This is due to an increase in EBITDA from 12 months of Broadspectrum results in CY2021 partially offset by significant items totalling $73.7 million. Significant items include $66.8 million of integration costs associated with the Broadspectrum acquisition and $6.9 million of IPO related costs.

Net finance costs increased by $44.7 million to $137.2 million. Net finance costs include amortisation of borrowing costs which increased from $8.2 million to $42.0 million. This increase is due to the write off of the remaining unamortised borrowing costs in respect of the legacy Term Loan B debt facility when the debt was settled following the IPO.

Income tax benefit was $14.7 million for the year representing an effective tax rate of 74.2% based on the loss before tax of $19.8 million. The effective tax rate is higher than the statutory corporate tax rate of 30% mainly due to the recognition of previously unrecognised tax losses. Excluding the recognition of these losses, the effective tax rate is 22% which is lower than the statutory corporate rate due to permanent differences arising from integration and restructuring activities and the lower tax rate in overseas jurisdictions, principally New Zealand.

Profit after tax from discontinued operations increased by $20.7 million to $24.6 million mainly due to a gain on disposal after tax of $23.0 million, relating to the divestment of APP Corporation Pty Ltd (APP) on 19 March 2021.

3.3 Statutory segment performance

The segment result represents Underlying EBITA (earnings before interest, income tax and amortisation of acquired intangible assets and before acquisition, integration and other restructuring costs). See Section 3.4 for the reconciliation of segment result to profit after income tax for the year.

Reconciliation of segment revenue to total revenue	2021 $'m	2020 $'m
Segment revenue	4,583.6	3,252.7
Other income	2.0	0.7
Share of revenue of equity accounted joint venture entities	(28.2)	(29.5)
Total revenue per Consolidated Statement of Profit or Loss	**4,557.4**	**3,223.9**

CY2021	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Consolidated Continuing Operations $'m
Segment revenue	1,874.8	1,215.2	989.6	504.0	4,583.6
Segment result	111.2	71.2	110.9	24.7	318.0

CY2020	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Consolidated Continuing Operations $'m
Segment revenue	908.2	794.3	1,160.7	389.5	3,252.7
Segment result	63.2	53.7	136.5	15.7	269.1

Change from CY2020	Defence and Social Infrastructure %	Infrastructure Services %	Tele-communications %	Transport %	Consolidated Continuing Operations %
Segment revenue	106.4%	53.0%	(14.7%)	29.4%	40.9%
Segment result	75.9%	32.6%	(18.8%)	57.3%	18.2%

The increase in segment revenue and segment result across Defence and Social Infrastructure, Infrastructure Services and Transport reflects the impact of the Broadspectrum acquisition which is included for 12 months of CY2021 and six months of CY2020. The acquisition of Broadspectrum did not materially increase the size of the Telecommunications segment. Telecommunications reported lower segment revenue and segment result in CY2021 due to the completion of the initial fibre network build program for Australia's national broadband network (nbn™) in CY2020.

3.4 Reconciliation of segment result to profit after income tax for the year

	2021 $'m	2020 $'m	Change $'m	Change %
Segment result	318.0	269.1	48.9	18.2%
Corporate costs including amortisation of intangible assets	(102.8)	(84.5)	18.3	21.7%
Underlying EBIT before amortisation of acquired intangibles	**215.2**	**184.6**	**30.6**	**16.6%**
Acquisition and integration costs(i)	(66.8)	(46.3)	20.5	44.3%
Offer related costs(ii)	(6.9)	–	6.9	n/m
EBIT before amortisation of acquired intangibles	**141.5**	**138.3**	**3.2**	**2.3%**
Amortisation of acquired intangible assets(iii)	(24.1)	(11.4)	12.7	111.4%
Earnings before interest and income tax from continuing operations	**117.4**	**126.9**	**(9.5)**	**(7.5%)**
Net finance costs	(137.2)	(92.5)	(44.7)	48.3%
(Loss)/ profit before income tax	**(19.8)**	**34.4**	**(54.2)**	**(157.6%)**
Income tax benefit/(expense)	14.7	(10.3)	25.0	242.7%
(Loss)/profit after income tax for the period from continuing operations	**(5.1)**	**24.1**	**(29.2)**	**(121.2%)**
Profit after income tax from discontinued operations	24.6	3.9	20.7	530.8%
Profit after income tax for the year	**19.5**	**28.0**	**(8.5)**	**(30.4%)**

(i) Acquisition and integration costs relating to the acquisition of Broadspectrum in CY2020, the integration of Broadspectrum in CY2021 and acquisition of Kordia Solutions Pty Ltd in CY2021.
(ii) Offer related costs associated with the IPO of Ventia Services Group Limited in CY2021.
(iii) Amortisation of acquired intangible assets relating to customer contracts and relationships acquired as part of the acquisition of Broadspectrum
n/m: not meaningful

3.5 Statutory cash flow

Operating cash flow

Net cash generated from operating activities for the year was $124.6 million, an increase of $42.1 million from the prior year. The improvement was mainly due to an increase in EBITDA with a $92.9 million increase in operating cash flow before interest and tax offset by a $20.0 million increase in interest payments and a $36.5 million increase in tax payments.

Investing cash flow

Total investing cash inflow of $55.9 million was due to $89.2 million proceeds from the sale of APP partially offset by capital expenditure of $36.3 million. Capital expenditure was $7.1 million higher than the prior year due to the prior year results including only six months of the Broadspectrum business.

Financing cash flow

Total financing cash outflow of $444.7 million includes a net reduction in borrowings of $698.8 million. This includes $1,441.4 million for the repayment of borrowings and settlement of related derivatives in relation to the legacy Term Loan B debt facility, partially offset by proceeds from the New Banking Facilities of $742.6 million net of transaction costs. Financing cash flow also includes $373.8 million received as proceeds from the issue of new shares in the IPO, partially offset by a $12.9 million of associated transaction costs. Financing cash flow also includes $63.8 million in respect of repayment of the principal portion of lease liabilities and dividends paid of $38.5 million in respect of the interim dividend for the year ended 31 December 2021.

3.6 Dividends

The Directors intend to pay out between 60% and 80% of the Ventia Group's pro forma NPATA (refer Section 4) as a dividend. NPATA provides a proxy for Ventia's cash flows available to pay dividends before the after-tax amortisation of acquired intangibles. It is a key measure of Ventia's financial performance.

On 23 February 2022 the Ventia Board resolved to pay a final dividend for the period between IPO completion on 19 November 2021 and 31 December 2021 of 1.47 cents per share, representing a payout ratio of 75%. The dividend will be fully franked.

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

4. PRO FORMA FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS

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

- Include the appropriate business perimeter;
- Reflect the cost base of Ventia as a listed company; and
- Update the financing costs to reflect the New Banking Facilities.

4.1 Pro forma Group financial highlights

	Pro forma			
	2021 $'m	2020 $'m	Change $'m	Change %
Total revenue	4,557.4	4,591.9	(34.5)	(0.8%)
EBITDA from continuing operations	379.9	354.5	25.4	7.2%
EBITA from continuing operations	240.1	201.0	39.1	19.5%
NPATA	146.8	119.5	27.3	22.9%
Operating cash flow before interest and tax	322.7	308.4	14.3	4.6%
Operating cash flow conversion %	84.9%	87.0%	n/a	(2.1pp)
Work in hand	16,771.0	13,100.0	3,671.0	28.0%

4.2 Pro forma Group financial performance

	2021 $'m	2020 $'m	Change $'m	Change %
Segment revenue	4,555.4	4,590.7	(35.3)	(0.8%)
Other income	2.0	1.2	0.8	66.7%
Total revenue	**4,557.4**	**4,591.9**	**(34.5)**	**(0.8%)**
EBITDA	379.9	354.5	25.4	7.2%
EBITDA %	8.3%	7.7%	n/a	0.6pp
Depreciation	(108.7)	(116.1)	7.4	(6.4%)
Amortisation of software	(31.1)	(37.4)	6.3	(16.8%)
EBITA	**240.1**	**201.0**	**39.1**	**19.5%**
EBITA %	5.3%	4.4%	n/a	0.9pp
Amortisation of acquired intangibles	(22.1)	(19.2)	(2.9)	15.3%
EBIT	**218.0**	**181.8**	**36.2**	**19.9%**
Net finance costs	(30.4)	(30.4)	–	–
Profit before tax	**187.6**	**151.4**	**36.1**	**23.8%**
Tax expense	(56.3)	(45.4)	(10.9)	23.9%
NPAT	**131.3**	**106.0**	**25.3**	**23.8%**
Amortisation of acquired intangibles (after tax)	15.5	13.4	2.1	15.5%
NPATA	**146.8**	**119.5**	**27.3**	**22.9%**

4.3 Reconciliation of statutory NPAT to pro forma NPAT

	Note	2021 $'m	2020 $'m
Statutory NPAT		**19.5**	**28.0**
Operating expense adjustments (pre-tax)			
Broadspectrum pro forma adjustments	1	(24.6)	(9.7)
Broadspectrum transaction and integration costs	2	67.5	49.9
Amortisation	3	32.7	24.0
IPO related costs	4	6.9	–
Listed public company costs	5	(5.5)	(8.7)
Ventia shareholder fee	6	2.5	3.0
Remuneration changes	7	(3.7)	(8.2)
Total operating expense adjustments (pre-tax)		**75.8**	**50.4**
Interest expense adjustments	8	107.0	73.1
Income tax adjustments	9	(71.0)	(45.5)
Total adjustments		**111.8**	**78.0**
Pro forma NPAT		**131.3**	**106.0**
Amortisation of acquired intangibles (after tax)		15.5	13.4
Pro forma NPATA		**146.8**	**119.5**

Notes:

1. Includes NPAT from Broadspectrum for H1 CY2020 prior to acquisition and excludes the financial performance and gain on sale of APP.
2. Excludes transaction and integration costs relating to the acquisition of Broadspectrum and the sale of APP.
3. Excludes Ventia accelerated amortisation of brands and software not used post integration of Broadspectrum.
4. Excludes IPO related costs which are expensed.
5. Includes incremental costs that are incurred as a listed company.
6. Excludes Ventia's previous shareholder fee structure which is no longer in place following the IPO.
7. Excludes the previous Executive Incentive Plan and includes Ventia's new share-based payment plan which will be implemented in CY2022.
8. Excludes costs associated with legacy debt arrangements and includes interest on the New Banking Facilities.
9. Application of a pro forma tax rate of 30%, which is the Australian corporate tax rate.

Refer to Sections 4.5 to 4.8 for details on sector performance.

In addition to the segment results, pro forma EBITDA and pro forma EBITA have increased over CY2020 reflecting net corporate costs decreasing from $71.1 million in CY2020 to $29.3 million in CY2021. This improvement is mainly due to the full year contribution of cost savings initiatives implemented during CY2020, further operational improvements and cost savings following the Broadspectrum acquisition, partly offset by investments in business development and data analytics capabilities.

4.4 Reconciliation of statutory segment performance to pro forma segment performance

2021	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Total Segment $'m
Statutory segment revenue	1,874.8	1,215.2	989.6	504.0	4,583.6
Share of joint venture revenue	–	(3.6)	–	(24.6)	(28.2)
Pro forma segment revenue	**1,874.8**	**1,211.6**	**989.6**	**479.4**	**4,555.4**
Segment EBITDA	128.7	118.5	129.6	32.5	409.3
Pro forma adjustments[1]	–	–	(0.1)	–	(0.1)
Pro forma segment EBITDA	**128.7**	**118.5**	**129.5**	**32.5**	**409.2**
Statutory EBITA (Segment result)	111.2	71.2	110.9	24.7	318.0
Pro forma adjustments[1]	–	1.1	(0.1)	–	1.0
Pro forma segment EBITA	**111.2**	**72.3**	**110.8**	**24.7**	**319.0**

2020	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Total Segment $'m
Segment revenue	908.2	794.3	1,160.7	389.5	3,252.7
Share of joint venture revenue	–	(2.5)	–	(27.1)	(29.5)
Pro forma adjustments[1]	648.3	437.8	129.3	152.1	1,367.6
Pro forma segment revenue	**1,556.5**	**1,229.6**	**1,290.0**	**514.5**	**4,590.7**
Segment EBITDA	87.8	88.5	166.0	24.4	366.7
Pro forma adjustments[1]	22.4	27.7	8.2	0.8	59.0
Pro forma segment EBITDA	**110.2**	**116.2**	**174.2**	**25.2**	**425.7**
Statutory EBITA (Segment result)	63.2	53.7	136.5	15.7	269.1
Pro forma adjustments[1]	25.3	13.3	11.8	0.2	50.6
Pro forma segment EBITA	**88.5**	**67.0**	**148.3**	**15.9**	**319.7**

1. Refer Section 4.3 for details of pro forma adjustments.

Details of each segment on a pro forma basis are included in Sections 4.5 to 4.8.

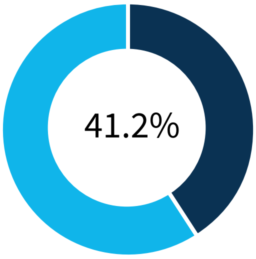
4.5 Defence and Social Infrastructure

2021 PRO FORMA SEGMENT EBITDA

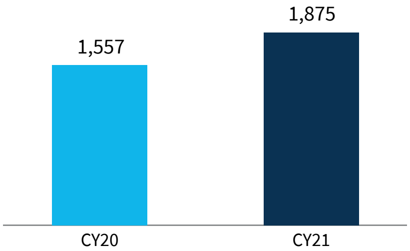
$128.7m

↑ 17% on 2020

% OF TOTAL PRO FORMA SEGMENT REVENUE



PRO FORMA SEGMENT REVENUE ($'M)



	2021 $'m	2020 $'m	Variance $'m	Variance %
Pro forma segment revenue	1,874.8	1,556.5	318.3	20.4%
% of total pro forma segment revenue	41.2%	33.9%	n/a	7.3pp
Pro forma segment EBITDA	128.7	110.2	18.5	16.8%
Pro forma segment EBITA	111.2	88.5	22.7	25.6%

PERFORMANCE

Defence and Social Infrastructure performed strongly in CY2021 with revenue increasing $318.3 million to $1,874.8 million. This represents a 20.4% increase on CY2020.

CY2021 EBITDA was $128.7 million, an increase of 16.8% on CY2020. CY2021 EBITA was $111.2 million, an increase of 25.6% on CY2020. These uplifts were driven primarily by increasing volumes within existing contracts; and the contribution of new contracts in Critical Infrastructure, Social Infrastructure and Local Government.

There were some negative impacts to the business in CY2021 due to COVID-19 restrictions across NSW and New Zealand in response to the Delta outbreak. Density levels on some client sites were reduced, impacting some works delivery.

OUTLOOK

Defence and Social Infrastructure is expecting continued strong performance in CY2022, due to contracts that commenced in the latter part of CY2021. These include key contracts such as the Across Government Facilities Management Agreement in South Australia and the Country Regional Network contract in NSW.

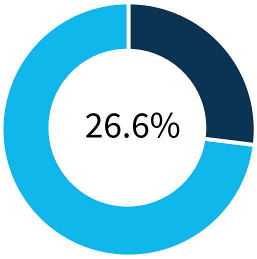
4.6 Infrastructure Services

2021 PRO FORMA SEGMENT EBITDA

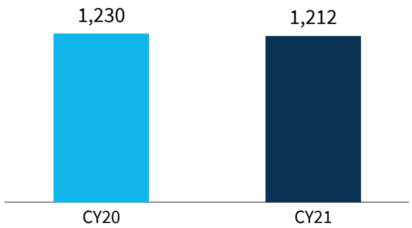
$118.5m

↑ 2% on 2020

% OF TOTAL PRO FORMA SEGMENT REVENUE



PRO FORMA SEGMENT REVENUE ($'M)



	2021 $'m	2020 $'m	Variance $'m	Variance %
Pro forma segment revenue	1,211.6	1,229.6	(18.0)	(1.5%)
% of total pro forma segment revenue	26.6%	26.8%	n/a	(0.2pp)
Pro forma segment EBITDA	118.5	116.2	2.3	2.0%
Pro forma segment EBITA	72.3	67.0	5.3	7.9%

PERFORMANCE

Revenue declined by 1.5% to $1,211.6 million. This was mainly due to fewer environmental remediation projects coming to market in CY2021, partly offset by an increase in revenue in the resources and industrial businesses as a result of new contract wins and increases in shutdown work.

CY2021 EBITDA was $118.5 million, an increase of 2.0% on CY2020, and CY2021 EBITA was $72.3 million, an increase of 7.9% on CY2020. These increases were due to a focus on productivity and cost efficiency.

OUTLOOK

The outlook is supported by strong market fundamentals including increasing demand for environmental services and remediation, a rebound in the resources market and the growing asset base derived from the transition of the energy sector towards renewable generation.

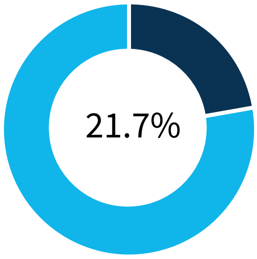
4.7 Telecommunications

2021 PRO FORMA SEGMENT EBITDA

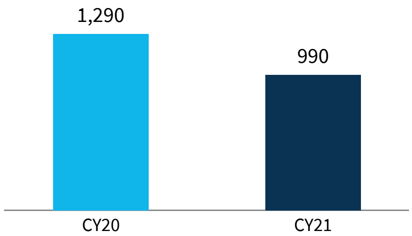
$129.5m

↓ 26% on 2020

% OF TOTAL PRO FORMA SEGMENT REVENUE



PRO FORMA SEGMENT REVENUE ($'M)



	2021 $'m	2020 $'m	Variance $'m	Variance %
Pro forma segment revenue	989.6	1,290.0	(300.4)	(23.3%)
% of total pro forma segment revenue	21.7%	28.1%	n/a	(6.4pp)
Pro forma segment EBITDA	129.5	174.2	(44.7)	(25.6%)
Pro forma segment EBITA	110.8	148.3	(37.5)	(25.3%)

PERFORMANCE

Telecommunications performed in-line with expectations reflecting market conditions following the completion of the initial fibre build program for Australia's national broadband network (nbn™) in CY2020.

Revenue was $989.6 million in CY2021, representing a reduction of 23.3% on CY2020.

CY2021 EBITDA was $129.5 million, a reduction of 25.6% on CY2020. CY2021 EBITA was $110.8 million, a reduction of 25.3% on CY2020. These reductions are mainly a result of reduced volumes within existing contracts.

Telecommunications was awarded a number of key contracts in CY2021 including the N2P Evolution and Fixed Wireless Services (FWS) contracts with NBN Co and the commencement of a long-term Network Modernisation Program and Field Services Contract with global aerospace and defence contractor L3Harris Technologies for Airservices Australia.

On 31 October 2021, Ventia completed the acquisition of Kordia Solutions Pty Limited (Kordia), adding additional capabilities, client relationships and work-in-hand.

OUTLOOK

The industry is undergoing a large structural shift and it is expected that the migration from copper to fibre will accelerate, as will the roll out of new technologies including new fibre builds. This is expected to increase the demand for network construction, deployment and maintenance.

The fixed networks business, including the N2P Evolution program with NBN Co is expected to be a major contributor to the segment's revenue and EBITDA in CY2022. The Kordia acquisition is also expected to help support a solid performance in CY2022.

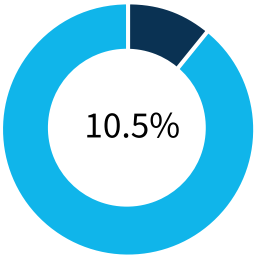
4.8 Transport

2021 PRO FORMA SEGMENT EBITDA

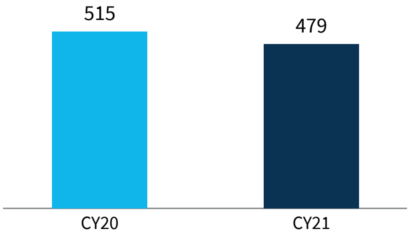
$32.5m

↑ 29% on 2020

% OF TOTAL PRO FORMA SEGMENT REVENUE



PRO FORMA SEGMENT REVENUE ($'M)



	2021 $'m	2020 $'m	Variance $'m	Variance %
Pro forma segment revenue	479.4	514.5	(35.1)	(6.8%)
% of total pro forma segment revenue	10.5%	11.2%	n/a	(0.7pp)
Pro forma segment EBITDA	32.5	25.2	7.3	29.2%
Pro forma segment EBITA	24.7	15.9	8.8	55.3%

PERFORMANCE

Revenue declined 6.8% to $479.4 million, largely due to the completion of several road and rail contracts. This was partially offset by new contracts commencing during the year.

CY2021 EBITDA was $32.5 million, an increase of 29.2% on CY2020. CY2021 EBITA was $24.7 million, an increase of 55.3% on CY2020. These increases were driven by synergies, operating model efficiencies and project improvements.

In July 2021, the team successfully mobilised the Sydney Road Asset Performance Contract which was secured in December 2020.

OUTLOOK

During CY2021, new contracts wins were secured and there is a pipeline of additional opportunities that are well advanced in the tendering process. A focus on securing additional minor capital works, adjacent to existing regional footprints is expected to also be a key driver in securing near-term revenues.

4.9 Pro forma cash flow

Operating cash flow

Operating cash flow for the year increased by 4.6% from $308.4 million in CY2020 to $322.7 million in CY2021 and represents a cash conversion of 84.9% of EBITDA (compared to 87.0% cash conversion in CY2020). The improvement in cash was driven by an increase in EBITDA combined with continued focus on working capital management.

Cash flow before financing and tax

Cash flow before financing and tax for the year increased by 8.5% from $197.6 million in CY2020 to $214.4 million in CY2021. This was driven by the operating cash flow described above and a reduction in lease payments from $80.8 million in CY2020 to $72.0 million in CY2021 as a result of property and plant rationalisation, offset against a $6.3 million uplift in capital expenditure.

5. FINANCIAL POSITION

5.1 Liquidity and capital management

As at 31 December 2021, the Group had liquidity of $580.2 million comprising cash balances of $180.2 million and undrawn committed debt facilities of $400.0 million.

During the year, the Group raised $360.9 million (net of costs) from the IPO, raised $742.6 million (net of costs) in new debt (New Banking Facilities) and settled debt and associated derivatives totalling $1,441.4 million.

New Banking Facilities

In November 2021, Ventia established New Banking Facilities comprising a $750.0 million syndicated loan facility and a $400.0 million revolving cash facility. This new facility replaces the legacy Term Loan B debt facility as the Group's primary source of financing.

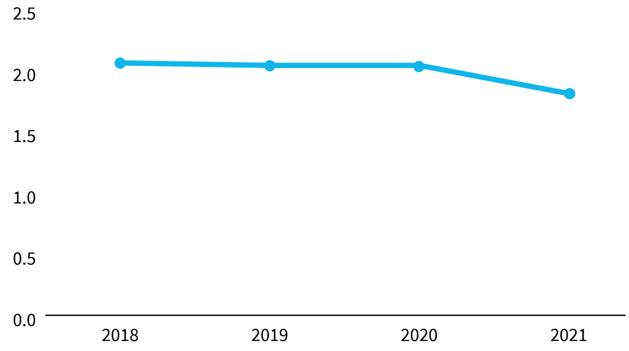
The syndicated bank loan facilities are unsecured, committed and comprise Australian dollar tranches with maturities in 2024, 2025 and 2026.

The weighted average cash interest rate of the Group's interest bearing liabilities as at 31 December 2021 was 2.3% (2020: 5.6%) per annum.

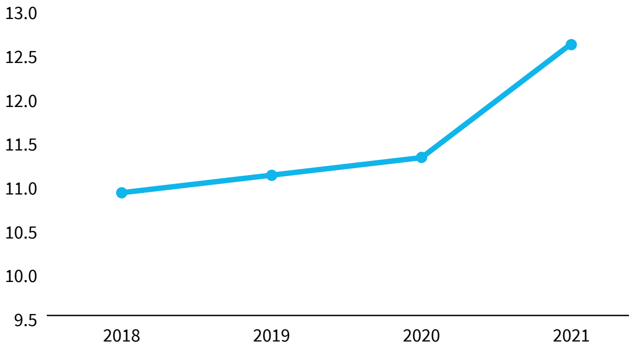
Covenants on financing facilities

Ventia 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 (for Ventia). The main financial covenants which the Group is subject to are net leverage and interest coverage. Financial covenants testing is undertaken monthly and reported at the Board meetings. Reporting of financial covenants to financiers occurs semi-annually for the rolling 12-month periods to 30 June and 31 December. Ventia was in compliance with all its financial covenants as at 31 December 2021.

Pro forma leverage ratio



Pro forma interest cover ratio



Bank guarantees and insurance bonds

The Group has $795 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. $424.4 million of these facilities were utilised as at 31 December 2021 with $370.6 million unutilised.

Credit ratings

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

5.2 Statutory Consolidated Statement of Financial Position

Net assets of the Group increased from $33.7 million to $390.5 million. This was mainly as a result of the increase in share capital following the IPO which raised $360.9 million (net of costs).

Net debt is calculated as borrowings (excluding lease liabilities) less cash and cash equivalents. Net debt has decreased by $306.6 million to $563.0 million due to the repayment of debt from the proceeds of the IPO of $360.9 million (net of costs).

Total trade and other receivables increased by 18.2%, or $107.6 million, to $700.1 million mainly driven by an increase in contract assets following the Kordia acquisition, as well as smaller increases relating to several other projects.

Current tax asset increased by $15.4 million to $20.0 million mainly reflecting the timing of a tax refund from a prior year.

Inventories increased marginally by $1.5 million or 4.9%, to $32.0 million.

Assets held for sale have decreased from $87.7 million to nil, following the sale of APP during the year.

Net deferred tax assets increased from $200.5 million to $220.1 million mainly due to an increase in temporary timing differences relating to certain integration expenditure and IPO related costs.

Right-of-use assets increased by $11.2 million to $136.7 million. The increase includes $81.4 million of additions partially offset by $68.9 million of depreciation during the year. The increase mainly relates to new lease arrangements entered into during the year for motor vehicles.

Property, plant and equipment decreased $13.4 million to $166.6 million. The decrease includes $27.0 million of additions offset by $40.0 million of depreciation during the year. Additions during the year represent 0.6% of total revenue.

Intangibles decreased by $75.7 million, to $127.6 million. The decrease includes $85.9 million of amortisation charges partially offset by $9.3 million of additions during the year. The amortisation charge includes $22.8 million in relation to brand names which will no longer be used by Ventia post-integration of Broadspectrum. Customer contracts and relationships were amortised by $22.1 million during the year. Software and system development assets were amortised by $41.0 million during the year including $9.9 million of accelerated amortisation relating to software that will not be used by Ventia post-integration of Broadspectrum.

Goodwill increased by $0.2 million to $1,093.2 million. This reflects the goodwill recognised on acquisition of Kordia. The purchase price accounting has been finalised for the Kordia acquisition as at 31 December 2021.

Total trade and other payables increased by 15.9%, or $119.5 million, to $871.5 million. This was driven by the consolidation of trade and other payables as part of the Kordia acquisition, as well as smaller increases across a number of contracts.

Derivative assets and liabilities decreased during the year. This is a result of the repayment of the legacy Term Loan B debt and the close-out of associated hedging arrangements. Derivative liabilities are $0.4 million as at 31 December 2021 which reflects hedging arrangements put in place as part of the New Banking Facilities.

Total employee benefit liabilities decreased by 7.2%, or $20.9 million to $269.8 million. Annual leave and long service leave made up $173.7 million, or 64.4% of this balance with the remainder covering workers compensation and other employee benefits.

Total provisions decreased by 16.5%, or $49.7 million to $251.1 million. The decrease is mainly driven by a reduction in the unfavourable contracts provision and onerous contracts provision. Unfavourable contracts provision reduced by $20.1 million during the year with $20.2 million of provisions utilised during the year. Onerous contracts provision decreased by $13.6 million with $9.0 million of additions offset by $22.6 million of provisions utilised during the year.

Total lease liabilities increased by 6.8%, or $9.1 million, to $142.4 million. The increase mainly relates to new lease arrangements entered into during the year for motor vehicles.

Current tax liability increased by $0.5 million to $12.5 million due to timing of tax payments.

Liabilities associated with assets held for sale decreased from $37.1 million to nil, following the sale of APP during the year

Total equity increased by $356.8 million, mainly driven by $371.9 million increase in share capital following the IPO equity raising, $19.5 million of net profit after tax and $12.4 million movement in cashflow hedge reserve offset by $38.5 million of dividends paid during the year.

6. RISK AND OPPORTUNITY MANAGEMENT

Risk and opportunity management is a fundamental component of Ventia's strategic and operational decision making. Risk management is embedded into our strategy, decision-making frameworks and the implementation of our operations. Ventia proactively deploys strategies, ensuring it has plans to manage risk in those deployments and conducts regular reviews of operations to assess the effectiveness of our risk management processes and undertake change as appropriate.

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

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

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 and generates opportunities which may impact Ventia's business outcomes and financial performance. The key risks, and Ventia's approach to managing them, are:

Risks	Management approach
Work winning and retention of work Ventia may fail to renew existing contracts or win new contracts. Successful panel tender processes may not guarantee new work. Commencement of new contracts may be delayed. Some counterparties may have the right to terminate their contract or renegotiate during the contract term. Ventia's existing and target clients may choose to change from outsourcing to insourcing 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.
Health and safety of our workforce Given the nature of Ventia's operations and their locations, its workforce consisting of more than ~15,000 employees and ~20,000 subcontractor across Australia and New Zealand, including in remote locations may be exposed to health and safety risks in the performance of their duties.	• Group wide Safety and Health Management System (comprising safety policies and standards, processes and system) underpins management of health and safety, minimising injury and illness and optimising return to work. • Mandatory Critical Risk Protocols, and their elements of critical controls, mandatory safety rules and safe work fundamentals, set the essential requirements and behaviours for managing high risk activities that may cause significant injury. • External and internal audits validate compliance and drive continuous improvement. • Healthy Minds and Healthy Bodies programs help the workforce prioritise and enhance their overall physical and psychological wellbeing.
Cyber security, data protection risks and third party technology providers Ventia relies on a complex information and communications technology platform to manage the delivery of its operations and services to its clients. Cyber threats that seek to attack/undermine Ventia and 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 provides the standards for the Group and is the foundation of Ventia's approach to information security. • The framework includes the requirements for service continuity and disaster recovery planning to enable the recovery of Ventia's critical business services in a timely manner to minimise the effect of disruptions and to maintain resilience. • Internal and external audits and reviews validate compliance and drive continuous improvement.
Pandemic and other public health risks (COVID-19) Ventia's employed workforce, subcontractors and clients may be subject to continuing COVID-19 risk and disruption. Further COVID-19 outbreaks as well as new and modified government restrictions or requirements may impact Ventia's operations, employed workforce and subcontractors with the potential to disrupt delivery of services to clients.	• A dedicated COVID-19 Incident Management Team co-ordinates the response to changing COVID-19 conditions and government requirements, with a focus on supporting workforce and customer safety and wellbeing whilst managing/minimising operational impacts. • Operations continuously manage and adjust COVID-19 impact planning and resourcing as well as supply chain support to those operations.

Risks	Management approach
Operational performance and service delivery under client contracts A contract performance failure may lead to a failure to deliver services on time and within budget resulting in financial loss, reputational damage, loss of client trust as well as having the potential to impact the ability to secure future work opportunities. Claims for abatements, damages or indemnities may arise in connection with Ventia's service delivery under client contracts. Ventia may fail to properly understand client requirements, drivers of client demands or cost inputs. Subcontractors or suppliers may fail to meet their delivery obligations.	• The tender risk management process evaluates opportunities before a commitment to contract is made. The process evaluates contract risk, liability exposure, existing capacity and capability as well as risk/reward return. Each opportunity is subject to review at a number of gates as each opportunity proceeds though the work winning process. • Project performance reviews by sector and the Group Chief Executive Officer and Chief Financial Officer monitor service delivery and drive early intervention/improvement. • Active risk and opportunity management at project level as part of project performance. • Material issues are reported to the Board and ARCC.
Non-compliance or change in regulation Ventia operates under a complex regulatory landscape of federal, state and local laws and regulations. Failure to comply may result in prosecution, fines and penalties, imposition of conditions or other sanctions. Changes in government policy or regulatory settings may increase complexity and cost of service delivery. A large payroll with varied industrial agreements creates payroll complexity. Failure to pay employees in line with statutory or other entitlements may result in regulatory intervention, loss of trust with employees and reputation damage.	• Compliance, and assessment of risk of changes to regulatory requirements, forms part of the work winning process and operational decision making. • Corporate direction and assistance to operations through the risk and opportunity framework drives compliance and consistency. • A proactive management approach to rationalisation and simplification of industrial agreements to comply with the regulatory regime.
Attracting and retaining capability in critical roles An ability to attract, motivate and retain the best people for critical roles demanding specific capabilities underpins performance and growth.	• Alignment of strategy with talent management. • Talent management identification and individual retention strategy. • Dedicated graduate programs and emerging leader programs provide pathways for career development within Ventia. • Continuing and increased focus on ensuring that the diversity of our workforce matches that of the communities in which Ventia operate. • Dedicated recruitment team to support project mobilisation.
Impact of extreme weather events from a changing climate Sustained high temperatures may limit the ability of Ventia staff to work outdoors. Extreme conditions such as bushfires and floods may make work sites inaccessible resulting in delayed or lost revenue.	• Safe systems of work applied to manage injury and wellbeing impact to staff. This can include review and planning for weather events prior to work. • Rostering considerations (time of day) • Contingency and emergency planning at locations • Redistribute resources to impacted areas by leveraging Ventia's broad geographical resource spread.
Changes in government policy and regulations, and stakeholder expectations in relation to climate change Increased capital expenditure and operating costs as supply chain impacted. More stringent lending requirements. Stakeholder and client changing expectations and consideration of value chain emissions.	• Climate risk and adaptation a key focus of Sustainability Strategy • Commitment to Science Based Targets initiative and net zero emissions • Monitoring and transparent reporting of sustainability performance including emissions

Risks	Management approach
Sustainability and environmental, social and governance (ESG) practices Ventia may be perceived to not comply with best practice sustainability and ESG practices. An environmental incident or unplanned event may occur that adversely impacts the environment and communities in which Ventia work.	• 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 and delivery of governance best practice. • Elevated Reconciliation Action Plan overseen and tested to deliver tangible results and drive continuous improvement. • Dedicated Te Ara o Rehua working party to enhance Māori participation, build cultural capability across our New Zealand business and further support Māori and Pasifika owned businesses.
Taxation Ventia's taxation affairs may be examined from time to time by the revenue authorities in the jurisdictions in which it operates (currently Australia and New Zealand). There is a risk that a revenue authority may dispute a position taken by Ventia which could lead to revised assessments of tax.	• Ventia maintains and operates a Tax Governance & Risk Policy which mandates 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.

DIRECTORS' REPORT

This is the report of the Directors of Ventia Services Group Limited (formerly known as Ventia Services Group Pty Limited) (Company or Ventia) in respect of the Company and the entities it controlled at the end of, or during, the financial year ended 31 December 2021 (together referred to as the Group).

Directors

The following persons held office as Directors of the Company during the financial year and up to the date of this report:

- Mr David Kenneth Hunter Moffatt (Chairman)
- Mr Stefan Camphausen (resigned 11 February 2021)
- Mr Marc Alexander Casal (Alternate Director) (resigned 3 May 2021)
- Mr Michael Cooper[1] (Alternate Director) (appointed 2 March 2021)
- Mr Robert Brian Cotterill
- Mr Kevin Edward Crowe
- Mr Jeffrey Forbes (appointed 25 October 2021)
- Ms Sibylle Krieger (appointed 25 October 2021)
- Mr Steve Martinez (resigned 25 October 2021) (appointed as Alternate Director 25 October 2021)
- Ms Miryam Meza (resigned 25 October 2021)
- Mr Trevor Mills (Alternate Director) (resigned 25 October 2021)
- Ms Lynne Saint (appointed 25 October 2021)
- Mr Ignacio Segura (appointed 2 March 2021)
- Ms Anne Urlwin (appointed 25 October 2021).

All of the current Directors are non-executive.

Principal activities

Ventia is one of the largest essential infrastructure 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 clients;
- Infrastructure Services supports ongoing maintenance of infrastructure including utility infrastructure (including Water and Electricity & Gas) and Resources & Industrial assets (including mine operation facilities, Oil & 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 client 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.

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

Further details of the results of operations and likely developments are set out in the Operating and Financial Review.

Significant changes in the state of affairs

On 7 October 2021, the Company converted from a private company to a public company and is now referred to as Ventia Services Group Limited. On 19 November 2021, an initial public offering (IPO) of the shares in the Company was completed and the Company was formally listed on both the Australian Securities Exchange (ASX) and New Zealand's exchange, NZX. On 23 November 2021, the Company entered into a syndicated facility agreement (New Banking Facilities) including the provision of a $750 million syndicated term loan facility and $400 million revolving cash facility. Funding provided under the New Banking Facilities together with the proceeds from the IPO of $373.8 million and surplus cash were used to repay the legacy Term Loan B facility. Refer to Note 4.6 to the Consolidated Financial Statements for further details.

On 31 October 2021, Ventia Holdings I Pty Limited (a controlled entity of Ventia Services Group Limited) acquired the entire share capital of Kordia Solutions Pty Limited from Kordia Pty Limited. The acquisition price was $11.2 million. Refer to Note 5.1.1 to the Consolidated Financial Statements for further details.

1. Mr Cooper was initially appointed as an Alternate Director to Ms Meza on 19 November 2020. He was then appointed as an Alternate Director to Mr Segura on 2 March 2021 and Mr Cotterill on 25 October 2021. As Ms Meza resigned as a Director on 25 October 2021, Mr Cooper's alternate directorship for Ms Meza effectively terminated on 25 October 2021. Accordingly, the earliest date of Mr Cooper's current alternate directorship for the Company is 2 March 2021.

Directors' shares

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

Director	Number of Shares
D Moffatt	9,962,179
R Cotterill	58,823
K Crowe	Nil
J Forbes	126,470
S Krieger	105,882
L Saint	88,235
I Segura	Nil
A Urlwin	106,955

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 2021.

	Board Meetings		Audit, Risk & Compliance Committee		People and Remuneration Committee		Safety and Sustainability Committee		Work Winning and Tender Committee	
Director	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
D Moffatt	12	12	6	6	4	4	3	3	12	11
S Camphausen[1]	–	–	–	–	–	–	–	–	–	–
R Cotterill	12	12	6	6	4	4	–	–	12	12
K Crowe	12	12	–	–	5	5	2	2	12	12
J Forbes[2]	5	4	2	2	–	–	–	–	2	1
S Krieger[2]	5	5	–	–	1	1	1	1	2	2
S Martinez[3]	7	7	4	4	–	–	–	–	–	–
M Meza[4]	7	6	–	–	–	–	2	2	–	–
L Saint[2]	5	5	2	2	1	1	1	1	–	–
I Segura[5]	11	11	–	–	1	1	1	1	–	–
A Urlwin[2]	5	5	2	2	1	1	1	1	–	–

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

1 Resigned 11 February 2021.

2 Appointed 25 October 2021.

3 Mr Martinez resigned as a Non-Executive Director on 25 October 2021 and was appointed an Alternate Director to Kevin Crowe on the same date. His attendance at meetings was during his tenure as a Non-Executive Director of the Company only.

4 Resigned 25 October 2021.

5 Appointed 2 March 2021.

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 below.

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'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 19 years with Bechtel Group where she served as Chief Audit Executive and Chief Financial Officer of the Mining and Metals Global Business Unit. Her expertise encompasses strong financial skills, corporate governance, enterprise risk, supply chain risk and project management.

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

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' experience as a commercial lawyer, economic regulator and Non-Executive Director of a broad range of companies across sectors including energy, water, professional services and fintech.

Sibylle's particular focus as a Non-Executive Director has been on corporate governance, organisational culture and remuneration governance. Her boards have included both private sector and government-owned corporations.

Sibylle is currently a Non-Executive Director of AEMO Services, Openpay Group and MyState Limited, and was previously Non-Executive Chair of Xenith IP Group Limited and a Non-Executive Director on the Boards of Vector Limited, AEMO and Sydney Ports Corporation.

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

Independent Non-Executive Director

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

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

Anne is a Non-Executive Director of Precinct Properties New Zealand Limited, Summerset Group Holdings Limited, Queenstown Airport Corporation Limited and Vector Limited.

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

Degrees/Qualifications: Anne holds a B Com 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 the Non-Executive Chair of Herron Todd White Group, and Non-Executive Director of Cardno Limited, PWR Holdings Limited. He recently 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.

Robert Cotterill

Non-Executive Director (Nominee of CIMIC)

Joined the Board in May 2016: Non-Executive Director (Nominee of CIMIC), Member of the Nominations Committee, Audit, Risk and Compliance Committee and Work Winning and Tender Committee.

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

Robert joined the CIMIC Group in 2007. He is a part of the CIMIC Group ELT and currently represents CIMIC on the Boards of Thiess and Ventia. He has held various positions within the CIMIC Group since 2007, including in CIMIC Group's acquisition of UGL, the creation of Ventia, sale of John Holland, and the 50% sale of Thiess.

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

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

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

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.

Current Non-Executive Directors	
 **Ignacio Segura** Non-Executive Director (Nominee of CIMIC)	**Joined the Board in March 2021:** Non-Executive Director (Nominee of CIMIC), Member of the People and Remuneration Committee and Safety and Sustainability Committee. **Skills and Experience:** Ignacio is Deputy Chief Executive Officer and Chief Operating Officer CIMIC. He joined the CIMIC Group in 2018. He was formerly the Chief Executive Officer of Dragados (2012-2017), an ACS Group company. Ignacio joined ACS Group in 1999 and held roles including General Manager of Galicia in ACS Proyectos, Obras y Construcciones (1999-2004), Executive General Manager for Building in Spain of Dragados (2004-2006) and Managing Director of Dragados (2006-2012). Ignacio is a civil engineer with 30 years of international experience in the construction sector. **Degrees/Qualifications:** Ignacio holds a Master of Science in Civil Engineering from the Polytechnic University of Madrid (1990).

Former Non-Executive Directors

Particulars relating to Directors who resigned during 2021 are provided below:

Former Non-Executive Directors
Miryam Meza Non-Executive Director (Nominee of CIMIC) **Joined the Board in November 2020 and resigned in October 2021.** **Skills and Experience:** Miryam is the head of tax for CIMIC Group Limited with over 20 years' experience in the tax profession advising on tax aspects of M&A transactions and corporate restructures, international tax planning and tax risk management. Miryam manages the tax strategy of the CIMIC Group and has advised on CIMIC's mergers and acquisitions including CIMIC's acquisition of UGL Limited and divestment of interests in Thiess, cross-border structuring and funding arrangements and major projects across the business. Miryam also works closely with Revenue Authorities in Australia and globally. Prior to joining CIMIC Group, Miryam worked with PwC in Sydney and London, McCullough Robertson Lawyers and was the head of tax for Sedgman Limited. Whilst a Non-Executive Director of Ventia, Miryam was the Chair of the Safety & Sustainability Committee. **Degrees/Qualifications:** Miryam holds a Master of Laws (Sydney University) and Bachelor of Business and Law (QUT), is a Chartered Tax Adviser with The Tax Institute and is admitted to the Supreme Court of NSW.
Steve Martinez Non-Executive Director (Nominee of Apollo) **Joined the Board in December 2014 and resigned 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. **Degrees/Qualifications:** Steve received an MBA from the Harvard Business School and a BA and BS from the University of Pennsylvania and the Wharton School, respectively.
Stefan Camphausen Non-Executive Director (Nominee of CIMIC) **Joined the Board in May 2017 and resigned in February 2021.** **Skills and Experience:** Stefan was CIMIC's Chief Financial Officer during his tenure as a Non-Executive Director of Ventia. Prior to that, Stefan was the Chief Financial Officer of CPB Contractors and Chief Financial Officer of Thiess. Stefan has held roles at CIMIC and HOCHTIEF and has experience in Australia and Europe. **Degrees/Qualifications:** Stefan Camphausen holds a Bachelor of Business Administration from the University of Applied Sciences in Essen, Germany and a Master of Business Administration from NIMBAS-Bradford Graduate School of Management in the Netherlands.

Company Secretaries

Details of company secretary experience and qualifications are set out below.

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

Jonathan Dockney

Group General Counsel

Joined Ventia in 2015.

Jonathan has advised international construction and service companies and developed work winning strategies for multi-billion dollar tenders and Public Private Partnerships. His specialties include risk identification, management and mitigation. Jonathan is the Company Secretary of Ventia and its subsidiaries.

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

Zoheb Razvi

Group Company Secretary

Joined Ventia in 2019.

Zoheb has over 15 years' experience as a commercial, corporate lawyer and governance professional. Prior to joining Ventia, he held several legal counsel and company secretary roles in Australia and New Zealand, including Coca-Cola Amatil and Sydney Water. In 2021, Zoheb won the Lawyers Weekly Company Secretary of the Year at the Australian Law Awards.

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

Dividends

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

	2021 $'m	2020 $'m
Final dividend for the full year 2021 of 1.47 cents per share to be paid on 6 April 2022 (fully franked)	12.6	–
Interim dividend for the full year 2021 of 6.25 cents per share paid on 31 March 2021 (fully franked)	38.5	–
Final dividend for the full year 2019 of 0.79 cents per share paid on 9 January 2020 (fully franked)	–	4.9

Since the end of the year, the directors have resolved to pay a final dividend of 1.47 cents per fully paid ordinary share, fully franked. In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the aggregate amount of the proposed final dividend of $12.6 million is not recognised as a liability at 31 December 2021.

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 2021, 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 90.

Proceedings on behalf of the Company

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

Rounding of amounts

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

Corporate Governance Statement

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

The Company's Corporate Governance Statement and Appendix 4G for the year ended 31 December 2021 is available on the Company's website, at https://www.ventia.com/who-we-are/corporate-governance.

Board Skills Matrix

Each year, the Skills Matrix will be reviewed and amended as appropriate, and each Director will then undertake a self-assessment against that skills matrix to identify his/her current skill level against each skill. These results will then be consolidated and reviewed by the Board, via the Nominations Committee, with the Board then identifying any skill gaps and/or opportunities to be targeted in future appointments to the Board and professional development initiatives for Directors.

As shown below, all areas in the skills matrix are currently well represented by the current Board.

Putting safety and health above all else

HEALTH, SAFETY & ENVIRONMENT
Experience in health, safety and environmental matters (**HSE**), policies and strategies.

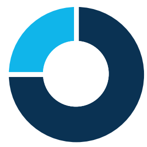
Providing our clients and their customers with excellence in service delivery

PROJECT DEVELOPMENT, PROJECT MANAGEMENT AND DELIVERY
Experience in all aspects of major infrastructure projects.

SOCIAL PERFORMANCE, COMMUNITY ENGAGEMENT AND HUMAN RIGHTS
Demonstrable understanding of social performance and the elements that contribute to a social license to operate, including experience in community engagement, investment measurement and governance.

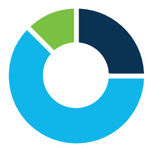
Being known for our talented and engaged people

PEOPLE & CULTURE
Experience in people matters, building workforce capability, setting a remuneration framework which attracts and retains a high calibre of executives, promoting workplace culture, diversity, succession and inclusion.

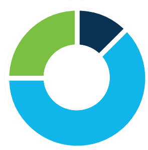


Creating value for our clients through low cost, quality solutions

CUSTOMER EXPERIENCE
Knowledge of, or experience in, organisations and operations managing large client bases.

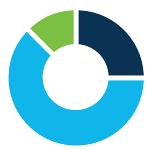


SUSTAINABILITY
Experience in understanding/improving sustainability initiatives in large public companies.



Bringing technology to deliver new and innovative ways of working

DIGITAL
Ability to leverage digital technology to support growth and drive competitive advantage.

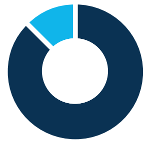


- *the director has professional qualifications in this area, and/or has particular expertise due to the nature and duration of his/her professional experience.*
- *the director has experience on Boards or business involvement in this area.*
- *the director has some, but not detailed, knowledge in this area.*

GENERAL SKILLS & EXPERIENCE

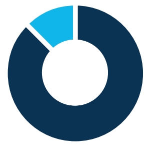
INDUSTRY EXPERIENCE
Specific experience, knowledge and expertise gained across infrastructure, transport, telecommunications and defence industries, including global experience.

FINANCIAL ACUMEN
Experience in financial accounting and reporting, corporate finance and/or restructuring corporate transactions and corporate accounting. Ability to probe the adequacies of financial and risk controls.



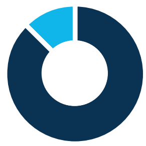
STRATEGY
Experience in implementing and developing business strategies.

CORPORATE DEVELOPMENT
Experience in business development, equity and debt funding strategies, capital and debt raising.

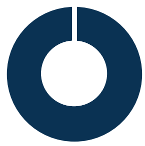


LEGAL, COMPLIANCE & REGULATORY
Experience with regulatory and legal compliance and litigation/disputes.

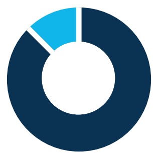
RISK MANAGEMENT
Experience in recognising and managing risks which have the potential to impact business objectives and reputation.



LEADERSHIP
Senior executive role or substantial Board experience in a publicly-listed company preferably an ASX200 or equivalent, with proven track record of leadership and governance skills.



HOLISTIC THINKING
Ability to holistically think and contribute in providing solutions that are aligned to the needs of our diverse client-base and the multicultural communities in which we operate.



- *the director has professional qualifications in this area, and/or has particular expertise due to the nature and duration of his/her professional experience.*
- *the director has experience on Boards or business involvement in this area.*
- *the director has some, but not detailed, knowledge in this area.*

Matters subsequent to balance date

Since the end of the financial year, the Directors have resolved to pay a final dividend of 1.47 cents per fully paid ordinary share, fully franked (2020: nil cents per share).

In accordance with AASB 110 Events after the Reporting Period, the aggregate amount of the proposed final dividend of $12.6 million (2020: $nil million) is not recognised as a liability as at 31 December 2021.

Unless disclosed elsewhere in the Consolidated Financial Statements, no other material matter or circumstance has arisen since 31 December 2021 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 44-61;
- Remuneration Report from pages 73-89; and
- Auditor's Independence Declaration on page 90.

This Report is made in accordance with a resolution of the Directors of the Company and is dated 23 February 2022.

David Moffatt
Chairman

REMUNERATION REPORT

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Letter from the Chair of People and Remuneration Committee

Dear Shareholder

2021 marked a significant milestone for Ventia Services Group Limited (Company or Ventia) with the Company listing on the Australian Securities Exchange (ASX) and New Zealand's exchange, NZX on 19 November 2021. On behalf of the Board, I present to you the Company's inaugural Remuneration Report (Report).

Whether previously as a privately-owned organisation or now as a publicly listed company, the purpose of Ventia's Executive remuneration framework has always been and is to facilitate long-term sustainable growth for Ventia's shareholders. This includes ensuring levels of remuneration are market-competitive and sufficient for the attraction, motivation and retention of suitably qualified individuals focused on Ventia's strategic priorities.

The performance conditions and measurement timeframes are consistent with the objective of long-term sustainable growth, and our performance targets are designed to be challenging. The payment vehicles and ownership requirements are designed to align executive and shareholder interests, and the deferral and vesting periods for appropriate risk management aligned with the longer-term nature of the Company's investment profile.

The Report describes the Group's Director and Executive remuneration frameworks and how they contribute to the execution of our business strategy and support our values. The Report also describes legacy remuneration arrangements in place prior to the Initial Public Offering (IPO).

2021 performance

As highlighted in our IPO Prospectus, Ventia's performance for any given year can primarily be assessed based on our safety and financial achievements. For 2021, Ventia's safety performance measured against forward-looking and backward-looking metrics was very strong and clearly reinforces our number-one brand promise of 'safety and health above all else'.

Our financial performance assessed against our key financial metrics was also strong particularly with respect to cash flow, work in hand and future revenue secured. While adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) was between threshold and target performance for the year, in the context of COVID-19, this represents a solid result.

Since the acquisition of Broadspectrum in July 2020, we have continued to focus on integration of the business and target performance was achieved against metrics designed to:

- Drive synergies and scalability of operating on a single IT platform across the Group; and
- Generate additional revenue and margin through the increased utilisation of internal capability.

2022 Executive remuneration framework

The Board took the opportunity, through Ventia's listing, to review its Executive remuneration framework with key changes being effective from 1 January 2022. The following principles were applied throughout the framework design:

- Executive remuneration arrangements should be fit-for-purpose for Ventia in that they must support Ventia's overall business strategy;
- Remuneration should be competitive to market to ensure that Ventia is able to attract, motivate and retain talented executive leaders;
- Remuneration, particularly Ventia's incentive arrangements, should be aligned to the interests of Ventia's shareholders;
- Executive remuneration should drive appropriate behaviours and support the desired culture; and
- Remuneration should be simple and transparent.

The key changes to the framework are detailed in Sections 4.3 – 4.4 of the Report and are summarised as follows:

- Short-term incentive: introduction of short-term incentive (STI) deferral – Whilst the construct of the STI program remains mostly unchanged, aligned with ASX market practice, STI deferral has been introduced effective for STI payments related to CY2022 and beyond;
- Long-term incentive: Ventia has introduced a long-term incentive (LTI) arrangement that has been designed to allow executives to share in value creation for shareholders. The LTI design aims to align with shareholders whilst providing executives with a simple, transparent and meaningful incentive; and
- Minimum shareholding requirements: consistent with ASX practice, Ventia has introduced minimum shareholding requirements for its Non-Executive Directors, Chief Executive Officer, Chief Financial Officer and other members of the executive leadership team such that each individual is required to build and maintain a minimum level of shareholding in Ventia to align their interests with those of shareholders.

Executive Incentive Plan

The Prospectus described the 2021 executive remuneration structure reflecting a mix of awards under the Executive Incentive Plan (EIP). The EIP arrangements put in place under private ownership before listing have significant value for the executives and, as such, will be effective in ensuring a continuity of management post-IPO. Further details are provided in Section 4.2 of the Report.

We welcome your feedback.

Sibylle Krieger

Chair, People and Remuneration Committee

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 2021 (CY2021). Ventia listed on 19 November 2021 and therefore, this Report provides details of the Company's pre and post listing remuneration arrangements.

1. KEY MANAGEMENT PERSONNEL

This Report outlines the remuneration strategy, framework and other conditions of employment for the Key Management Personnel (KMP) of Ventia for CY2021. 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.

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 Nomination Committee	Commenced 25 October 2021
Lynne Saint	Independent Non-Executive Director, Chair of the Audit and Risk Committee	Commenced 25 October 2021
Sibylle Krieger	Independent Non-Executive Director, Chair of the People and Remuneration Committee	Commenced 25 October 2021
Anne Urlwin	Independent Non-Executive Director, Chair of the Safety and Sustainability Committee	Commenced 25 October 2021
Kevin Crowe	Non-Executive Director, Chair of the Work Winning and Tender Committee	Full Year
Robert Cotterill	Non-Executive Director	Full Year
Ignacio Segura	Non-Executive Director	Commenced 2 March 2021
Executives		
Dean Banks	Group Chief Executive Officer (CEO)	Commenced 1 January 2021
Stuart Hooper	Chief Financial Officer (CFO)	Full Year

2. OVERVIEW OF EXECUTIVE REMUNERATION AT VENTIA FOR CY2021

2.1 Overview of the remuneration objectives

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

- **Create sustained long-term shareholder value**
- **Reward for Group, functional, sector and individual performance**
- **Attract, motivate and retain skilled employees and be market competitive**
- **Drive the right behaviours and alignment to Ventia's values, environment, social and governance (ESG) principles and risk appetite**
- **Ensure policies and practices are compliant with all relevant legislation**

2.2 Executive remuneration framework snapshot

The remuneration framework for CY2021 comprised three elements that each had a different way of driving Executive performance. CY2021 was a transformative year for Ventia, and the remuneration framework supported the transition and aligned Executives with the desired outcomes.

The three main elements are outlined below:

	Fixed remuneration (FR)	**Short-term incentive (STI)**	**Executive Incentive Plan (EIP)**
Purpose	Attract and retain top talent and to reward for day-to-day activities	Reward for performance against challenging annual objectives	Align the interests of Executives to the long-term strategy of the Company
Delivery mechanism	Cash	Cash	Equity – in the form of EIP shares
Performance measures	None	A mix of financial, strategic and safety measures	Share price and service
% of Fixed remuneration	N/A	<table><tr><th></th><th>CEO</th><th>CFO</th></tr><tr><td>**Target**</td><td>75%</td><td>50%</td></tr><tr><td>**Maximum**</td><td>112.5%</td><td>75%</td></tr></table>	Tailored to each KMP as appropriate, refer Section 4.2.
Timeframe before reward is realised	Immediate	1 year	Vesting over 3 to 5 years.[1]

Following Ventia's listing on the ASX, for 2022 onwards, the Executive remuneration framework has been redesigned to align with Ventia's strategy and values, and provide strong alignment with shareholders' interests over both the short and long term. These changes are outlined in Section 4.

Shareholders will note that consistent across both the pre-IPO and post-IPO Executive remuneration frameworks, Ventia's Board retains overall discretion on variable remuneration matters.

1. Refer note 4.4 to the Consolidated Financial Statements for further information. Vested EIP shares remain in escrow until the escrow period has expired (anticipated to be around February 2023). Unvested EIP shares are subject to vesting conditions.

3. LINK BETWEEN COMPANY PERFORMANCE AND REMUNERATION OUTCOMES

The Board considers the link between remuneration and Company performance to be of critical importance, as evidenced by our CY2021 and CY2022 remuneration arrangements. The Board is committed to providing shareholders with information regarding the link between Company performance and Executive remuneration outcomes.

As Ventia only listed on the ASX in November 2021, KMP incentive payments are primarily made in the context of Ventia's performance prior to listing.

3.1 2021 performance highlights

PRO FORMA TOTAL REVENUE

$4,557.4m

↓ 1% ON CY2020

↑ 1% ON PROSPECTUS

PRO FORMA EBITDA

$379.9m

↑ 7% ON CY2020

↑ 4% ON PROSPECTUS

PRO FORMA EBITDA MARGIN

8.3%

↑ 0.6PPTS ON ON CY2020

↑ 0.2 PPTS ON PROSPECTUS

PRO FORMA CASH CONVERSION RATIO

84.9%

↓ 2.1 PPTS ON CY2020

↑ 0.2 PPTS ON PROSPECTUS

NPATA

$146.8m

↑ 23% ON CY2020

↑ 5% ON PROSPECTUS

WORK IN HAND

$16.8b

↑ 28% ON CY2020

↑ 8% ON PROSPECTUS (JULY 21)

3.2 Overview of business performance

The table below outlines the Company's financial performance for CY2017 to CY2021:

	CY2021	CY2020	CY2019	CY2018	CY2017
Issue price of IPO shares	$1.70	N/A	N/A	N/A	N/A
Closing share price on 31 December	$2.00	N/A	N/A	N/A	N/A
Dividends declared (cents)	6.28	–	13.43	9.46	11.78
Statutory ($'m)					
Total revenue[1]	4,557.4	3,223.9	2,256.2	2,233.2	2,155.5
EBITDA[1]	312.2	265.8	235.8	203.6	211.9
NPAT[2]	19.5	28.0	62.1	70.1	70.5
Proforma ($'m)					
Total revenue	4,557.4	4,591.9	4,803.8	4,754.5	N/A
EBITDA	379.9	354.5	351.5	354.1	N/A
NPATA[3]	146.8	119.5	101.5	100.0	N/A
NPAT[2]	131.3	106.0	82.0	78.6	N/A

1. From continuing operations
2. Net profit after taxation (NPAT)
3. Net profit after taxation excluding amortisation on acquired intangibles (NPATA)

N/A: Not applicable

Proforma information for CY2018 to CY2020 is as disclosed in the IPO Prospectus. No amounts were presented for CY2017.

3.3 CY2021 remuneration outcomes

In a year of very considerable change, Ventia's management contributed significantly to the performance of the Company for CY2021 and their remuneration outcomes reflect this contribution.

3.3.1. Short-term incentive outcomes – link to performance

This section outlines the link between performance and STI and EIP outcomes for CY2021.

The table below provides a summary of Ventia's performance against the measures set out in the scorecard for CY2021 STI. Further detail on the nature of the scorecard measures and weighting is set out in Section 4.1.

CY2021 STI scorecard outcomes

Measure	Weighting	Performance against measure	Weighted outcome	Comments
Financial measures	70%	Threshold Target Maximum ▲ 77.1%	77.1%	Performance assessed against key financial measures was strong. With respect to cash flow, work in hand and future revenue secured, targets were significantly exceeded whereas adjusted EBITDA was between threshold and target performance. Overall outcome assessed between target and maximum.
Strategic measures	15%	Threshold Target Maximum ▲ 15%	15%	Target performance achieved against measures designed to drive synergies and scalability of operating on a single IT platform across the whole Company; and generate additional revenue and margin through the increased utilisation of internal capability.
Safety measures	15%	Threshold Target Maximum ▲ 20%	20%	Ventia's safety performance measured against forward-looking indicators (leader-led conversations) and backward-looking indicators (Total Recordable Injury Frequency Rate (TRIFR) and Serious Incident Frequency Rate (SIFR)) was very strong for the year.
Outcome	112.1% of target achieved through the scorecard			

Based on the above, the table below presents the STI awarded to Executive KMP with respect to performance in CY2021.

	Target $	Maximum $	Awarded $	% of target awarded	% of maximum awarded	% of maximum forfeited
Dean Banks (CEO)	900,000	1,350,000	1,008,900	112.1%	74.7%	25.3%
Stuart Hooper (CFO)	350,000	525,000	392,350	112.1%	74.7%	25.3%

3.3.2. Executive Incentive Plan outcomes

During CY2021, the hurdles relating to 243,676 (Tranche 1) and 180,943 (Tranche 2) of Mr Hooper's total EIP shares were met.

There was no other vesting of the EIP for KMP. The EIP shares were converted to ordinary shares on completion of the IPO. These shares remain in escrow with certain of the shares subject to vesting conditions as described in Section 4.2, such vesting conditions tied to time or performance of the listed share price and shareholder value creation over the longer term.

4. EXECUTIVE REMUNERATION STRUCTURE

The CY2021 remuneration framework was composed of FR, STI and the EIP. These plans were designed to not only reward Executives for short-term performance, but to align the interests of shareholders and Executives by providing an equity interest in the Company on IPO.

4.1 Short-term Incentive Plan

The following table summarises additional information of the STI plan that applied to Executive KMP in CY2021:

Feature	Description
Eligibility	Limited to select permanent employees, as determined by the Board, based on annual invitation.
Opportunity	**CEO:** 75% of FR at target **CFO:** 50% of FR at target The maximum STI opportunity is 150% of target.
Performance measures	Performance will be assessed against performance measures as follows: (see table below) Refer to 'Short-term incentive outcomes – link to performance' in Section 3.3.1 for further information regarding the performance outcomes.
Performance assessment	A significant proportion of outcomes are subject to the achievement of financial targets. The thresholds are challenging and meaningful, and objectives are set by the Board annually for each measure.
Payment	STI in CY2021 is fully paid in cash.

Performance measures		Weighting
Financial measures (70%)	Adjusted EBITDA	30%
	Adjusted free cash flow	20%
	Work in hand	10%
	Revenue secured	10%
Strategic measures (15%)	IT deployment	7.5%
	Internal revenue and cross selling	7.5%
Safety measures (15%)	Leader led conversations	5%
	TRIFR	5%
	SIFR	5%

4.2 Executive Incentive Plan

Ventia has an employee equity incentive plan in place, the Executive Incentive Plan (EIP).

The following table summarises additional information of the EIP plans that applied to Executive KMP in CY2021:

Feature	Description	
Eligibility	Limited to select permanent employees, as determined by the Board, based on invitation	
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 purchased in previous years • Tranche 1: 974,705 EIP shares • Tranche 2: 542,829 EIP shares • Tranche 3: 542,829 EIP shares
Vehicle	EIP shares	
Performance measure	• Time based vesting for a portion of the EIP shares • 30 day Volume Weighted Average Price (VWAP) of the listed share price for a portion of the EIP shares	
Vesting conditions	• Tranche 1: Time based vesting • Tranche 2: Time based vesting Tranche 3 vests after the escrow period has expired (anticipated to be around February 2023) and the following conditions are met: • 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 Tranche 3: vest after the escrow period has expired (anticipated to be around 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
Progressive vesting period	• Tranche 1: 1 January 2024 • Tranche 2: 1 January 2026 • Tranche 3: following the escrow period, the EIP shares will vest when the 30 day VWAP is above the targets set out above	• Tranche 1:75% had vested at 31 December 2021, 25% will vest on expiry of the escrow period. • Tranche 2: 33.3% 31 March 2021; 33.3% 31 March 2022; 33.3% 31 March 2023. • Tranche 3: following the escrow period, the EIP shares will vest when the 30 day VWAP is above the targets set out above

The EIP shares were converted to ordinary shares on completion of the IPO. These shares remain in escrow subject to vesting conditions as described above.

4.3 Executive remuneration framework for CY2022

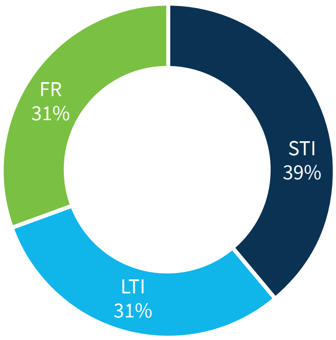
Outlined below is an overview of the remuneration arrangements for Ventia following the IPO. The remuneration arrangements have been designed to ensure they are fit-for-purpose and support the Company's overall business strategy whilst also aligning the interests of shareholders and Executives. Further detail of these programs, including performance measures will be included in next year's Remuneration Report.

4.3.1. Positioning of Executive remuneration

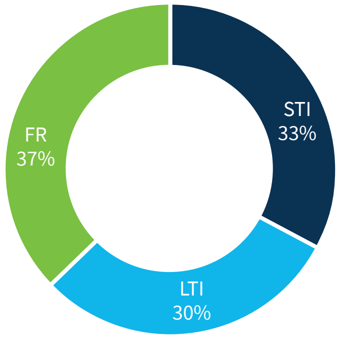
In order to ensure the market competitiveness of remuneration arrangements upon transition to a listed environment, Executive remuneration has been determined by reference a group of comparator companies of similar size and complexity and in similar industries. Specifically, the primary comparator group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

The following graphs show the CY2022 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



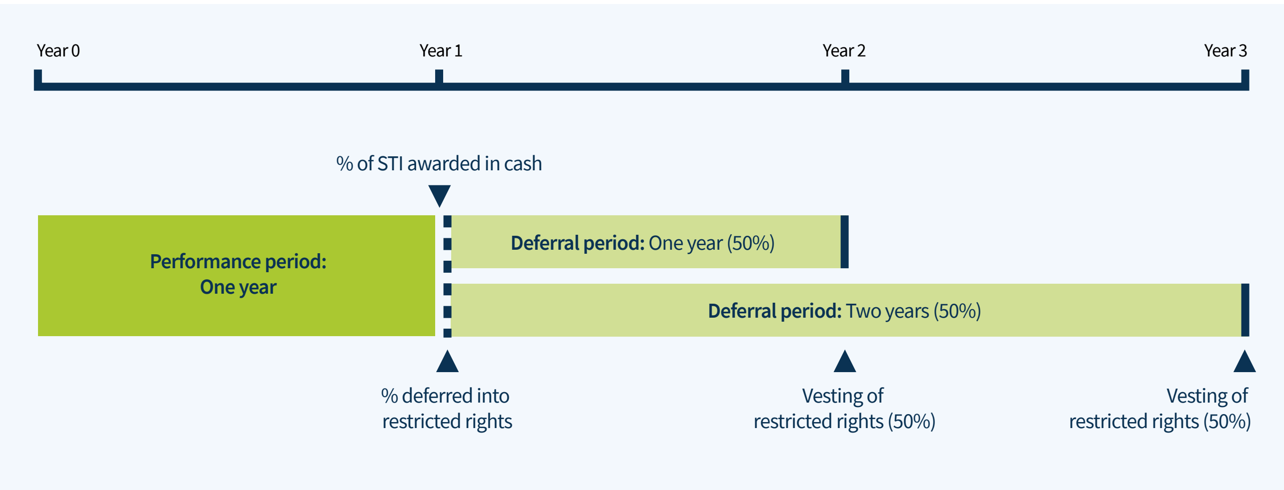
4.3.2. Fixed remuneration

Based on the remuneration benchmarking undertaken, Ventia's Executive KMP will receive an increase in FR for CY2022 to $1,350,000 for the CEO and $800,000 for the CFO. We note that the increase in FR is in line with the Company's remuneration positioning policy and reflects the additional responsibilities of these roles in a listed environment.

4.3.3. Short-term incentive plan

Outlined below is an overview of the operation of the STI plan from CY2022 onwards. 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 FR at target
CFO: 60% of FR at target
The maximum STI opportunity is 150% of target.</td></tr>
<tr><td>Performance measures</td><td>Subject to meeting an overall NPATA gateway, performance will be assessed against performance measures as follows:
<table>
<tr><th colspan="2">Performance measures</th><th>Weighting</th></tr>
<tr><td rowspan="3">Financial measures (80%)</td><td>Percent of next year revenue secured</td><td>20%</td></tr>
<tr><td>Free cash flow</td><td>25%</td></tr>
<tr><td>NPATA</td><td>35%</td></tr>
<tr><td rowspan="3">Non-financial measures (20%)</td><td>Safety</td><td>10%</td></tr>
<tr><td>Strategic initiatives</td><td>5%</td></tr>
<tr><td>Sustainability</td><td>5%</td></tr>
</table>
The Board may modify performance outcomes should there be a fatality and/or a material ESG 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 will be 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>STI deferral will be transitioned such that 25% of the STI outcome in relation to CY2022 will be deferred. For STI outcomes in relation to CY2023 onwards, 50% of the STI outcome will be deferred. STI deferrals will be into restricted rights, subject to a vesting period of one year (50% of deferred award) and two years (50% of deferred award), provided the overall STI award is at least $100,000. Dividends or dividend equivalents will be payable on vested restricted rights.</td></tr>
</table>

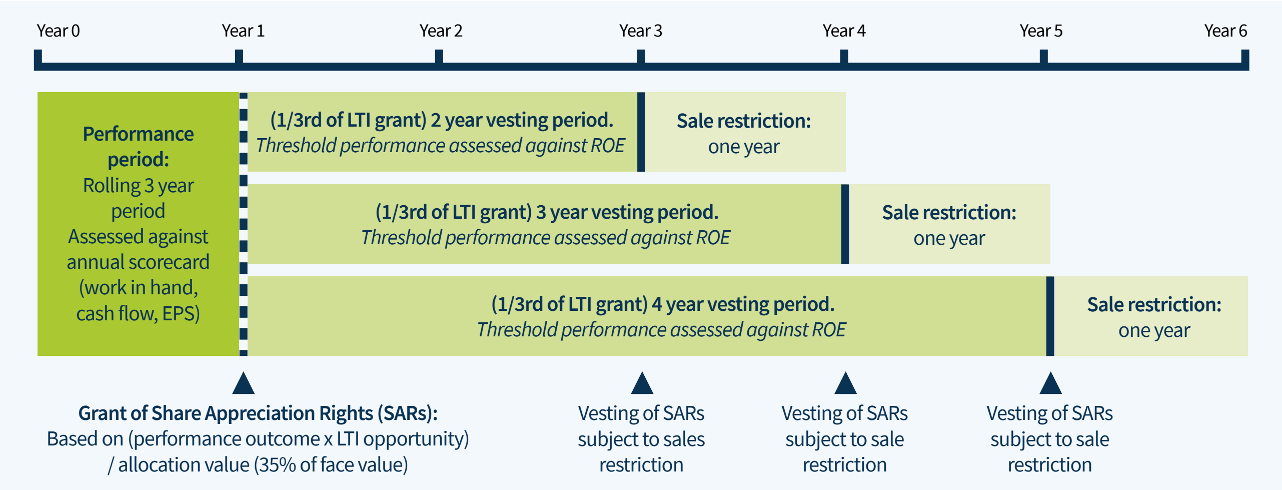
4.4 Long-term incentive plan

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

1. Delivery via Share Appreciation Rights (SARs) promotes strong focus on shareholder alignment by only rewarding executives for share price growth and dividends (to the extent the SARs vest and there has been share price growth);
2. Performance in the year prior to the LTI being granted (which will over time build to a three year rolling average) will moderate the actual LTI value to be awarded to Executives, thereby ensuring that the awards granted are not excessive and are set in the context of the company's overall performance;
3. A fixed allocation value of 35% of Ventia's share price 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;
4. A threshold level of return on equity (ROE) performance must be met before any vesting can occur to ensure long-term sustainability objectives are met; and
5. Progressive time vesting over two-four years provides Executives with 'skin in the game', with the additional sale restriction promoting long-term value creation.

Outlined below is an overview of the operation of the LTI plan from CY2022 onwards:

LTI illustration



Term	Description
Opportunity	**CEO:** 100% of FR **CFO:** 80% of FR
Vehicle	SARs, which provide a right to be allocated a number of fully paid ordinary shares in Ventia at a future date, based on the difference in share price across the applicable vesting period and the value of any dividends paid over the vesting period.
Allocation methodology	The number of instruments granted will be determined based on a set market valuation, being 35% of Ventia's face value at grant.
Performance period	**Performance affecting grant:** Three year rolling average (transitioned in relation to CY2022 and CY2023 grants as a three year rolling average will not be available).
Performance measures	**Performance affecting grant** • Work in hand • Cash flow conversion rate • Earnings per share (EPS) growth rate **Performance affecting vesting** • Longer-term performance will be assessed against ROE threshold performance measure (i.e. subject to a minimum level of acceptable performance)
Vesting schedule	Tranche vesting over years two, three and four (equally weighted), subject to threshold ROE performance
Strike price	Based on a VWAP of the share price at the time of grant (i.e. after the one year performance period affecting grant)
Reference share price at vesting/ exercise	Based on a VWAP at the end of the relevant vesting period (i.e. two, three or four years following grant) plus dividends paid over each of the relevant vesting periods. Dividends are only considered as part of the reference share price at vesting if there has been share price growth over the relevant vesting period
Settlement	SARs are automatically exercised at the end of performance/vesting period in restricted shares
Sale restriction	One year following the end of the relevant vesting period

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	9 months
CFO	Open	6 months	6 months	3 months

6. NON-EXECUTIVE DIRECTOR FEES

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

NED fees are reviewed annually by the Committee having regard to companies operating in similar industries to Ventia.

The following table sets out NED fees for CY2021 (exclusive of superannuation). There is no increase to NED fees for CY2022.

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

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

Total fees paid to NEDs in CY2021 remained within the aggregate annual fee pool of $2,000,000.

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

7. REMUNERATION GOVERNANCE

7.1 Roles and responsibilities

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

Board

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

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

Management

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

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

External consultants

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

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

People and Remuneration Committee

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

7.2 Minimum shareholding requirements

Minimum shareholding requirements (MSRs) are put in place to help ensure there is alignment between the interests of the Company's Directors, other KMP and shareholders. MSRs for CY2021 for NEDs and CY2022 for Executives are outlined below:

Position	Minimum shareholding	Timing to meet requirements
NED	100% of base fees	3 years
CEO	200% of FR	Immediately*
CFO	100% of FR	Immediately*

* 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. These ordinary shares remain in escrow subject to vesting conditions as described in Section 4.2. For future appointments, the timing to meet MSRs for both the CEO and CFO is five years.

Use of remuneration consultants

During CY2021, Ventia engaged with external consultants but did not receive any remuneration recommendations as defined in section 9B of the *Corporations Act 2001*.

Other provisions

Term	Description
Hedging provisions	Executives and NEDs are prohibited from trading financial products while in possession of material non-public information, and from hedging their exposure to vested or unvested Ventia equity.
Clawback	The Board may make a determination in its absolute discretion on how a participant's incentive award (Award) will be treated, such as deeming the Award has lapsed or forfeited, where (without limitation), in the opinion of the Board, a participant: • Has acted fraudulently, dishonestly or engaged in serious misconduct; • Breached his or her duties, responsibilities or obligations to any Group company; or • There occurs any other circumstance, which the Board has determined in good faith provides grounds for the Board to exercise its discretion for the treatment of a participant's Awards.
Change of control	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 may be exercised within a specific period only, otherwise they will lapse; • The Company, on behalf of the participant, will direct any trustee to transfer trust shares into the participant's name

8. ADDITIONAL STATUTORY DISCLOSURES

8.1 Statutory remuneration outcomes for KMP

8.1.1. Executive KMP remuneration

The table below provides the statutory remuneration disclosures for Executive KMP in CY2021. Amounts are prepared in accordance with Australian Accounting Standards and may differ from amounts presented in the Prospectus issued pre-IPO.

	Short-term benefits						Post-employment benefits	Long-term benefits				
Executive KMP CY2021	Salary and fees $	Awarded cash STI $	Other cash bonus $	Non-monetary benefits $	Annual leave $	Other $	Super-annuation $	Equity awards $	Long service leave $	Other $	Total $	% at risk
Dean Banks[1,2]	1,136,161	1,008,900	540,000	107,193	79,462	–	63,839	1,208,011	–	–	4,143,566	53.5
Stuart Hooper	676,432	392,350	–	1,964	40,158	–	23,568	140,743	32,633	–	1,307,848	40.7
Total	**1,812,593**	**1,401,250**	**540,000**	**109,157**	**119,620**	**–**	**87,407**	**1,348,754**	**32,633**	**–**	**5,451,414**	**50.4**

1. Other cash bonus refers to a "keep whole" sign-on bonus on joining the Company.
2. Non-monetary benefits include temporary housing, home leave and tax advice in relation to Mr Banks' relocation to Australia.

8.1.2. Remuneration paid to Non-Executive Directors

The table below outlines the remuneration paid to NEDs in CY2021.

	Short-term benefits		Post-employment benefits	
	Director Fees $	Non-monetary benefits $	Super-annuation $	Total $
David Moffatt[1]	753,025	1,964	18,974	773,963
Robert Cotterill[2]	–	–	–	–
Kevin Crowe[2]	–	–	–	–
Jeff Forbes[3]	123,507	–	12,351	135,858
Sibylle Krieger[3]	113,699	–	11,370	125,069
Lynne Saint[3]	118,740	–	11,874	130,614
Ignacio Segura[2]	–	–	–	–
Anne Urlwin[3]	88,082	3,253	8,808	100,143
Total	**1,197,053**	**5,217**	**63,377**	**1,265,647**

1. Prior to listing, Mr Moffatt's remuneration was based on a consultancy arrangement.
2. Nominee directors of the two major shareholders do not receive board membership or committee fees.
3. Each of the independent NEDs was paid for preparatory work undertaken by them in the period prior to the IPO pro-rata on the same fee basis as if they had been appointed directors and members/chairs of their relevant Board committees during that period. The table above reflects the total amounts paid or payable to the directors for CY2021.

8.2 Equity instruments: KMP ordinary share holding

8.2.1. Ordinary share holdings in Ventia for CY2021

The table below outlines ordinary share holding of KMP in CY2021:

Name	Balance at start of year	Acquired on market	Converted from EIP shares	Balance at end of year
Non-Executive Directors				
David Moffatt[1,2]	–	–	9,962,179	9,962,179
Robert Cotterill[2]	-	58,823	–	58,823
Kevin Crowe[2]	–	–	–	–
Jeff Forbes[2]	–	126,470	–	126,470
Sibylle Krieger	–	105,882	–	105,882
Lynne Saint[2]	–	88,235	–	88,235
Ignacio Segura	–	–	–	–
Anne Urlwin	–	106,955	–	106,955
Executives				
Dean Banks[2,3]	–	–	9,000,000	9,000,000
Stuart Hooper[2,4]	–	–	2,310,363	2,310,363
Total	**–**	**486,365**	**21,272,542**	**21,758,907**

1. Mr Moffatt's fully vested EIP shares were converted to ordinary shares on completion of the IPO and are in escrow until February 2023 free from further vesting conditions.
2. Includes shares held indirectly through a nominee or agent (e.g. family trust)
3. Mr Banks' EIP shares were converted to ordinary shares on completion of the IPO and remain in escrow subject to vesting conditions as described in Section 4.2.
4. Mr Hooper's EIP shares were converted to ordinary shares on completion of the IPO and remain in escrow. Of these 1,148,393 remain subject to vesting conditions as described in Section 4.2

8.3 Other transactions

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

There were no other transactions entered into with KMP and their related parties during CY2021.

AUDITOR’S INDEPENDENCE DECLARATION

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23 February 2022

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 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

H Fortescue
Partner
Chartered Accountants

FINANCIAL REPORT

Financial Report
for the year ended 31 December 2021

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2021

	Note	2021 $'m	2020 $'m
Continuing operations:			
Services revenue	2.1	4,555.4	3,223.2
Other income	2.1	2.0	0.7
Total revenue	2.1	**4,557.4**	**3,223.9**
Expenses	2.2	(4,250.4)	(2,961.2)
Share of profits of joint ventures	5.2	5.2	3.1
Earnings before interest, income tax, depreciation and amortisation		**312.2**	**265.8**
Depreciation expense	3.3, 3.4	(108.9)	(79.3)
Amortisation expense	3.5	(85.9)	(59.6)
Earnings before interest and income tax		**117.4**	**126.9**
Net finance costs	2.4	(137.2)	(92.5)
(Loss)/profit before income tax benefit/(expense)		**(19.8)**	**34.4**
Income tax benefit/(expense)	3.8	14.7	(10.3)
(Loss)/profit after income tax for the year from continuing operations		**(5.1)**	**24.1**
Discontinued operations:			
Profit after income tax for the year from discontinued operations	5.4	24.6	3.9
Profit after income tax for the year		**19.5**	**28.0**
Earnings per share (cents)			
Basic earnings per share	4.1	3.12	4.69
Diluted earnings per share	4.1	3.12	4.47
Earnings per share from continuing operations (cents)			
Basic earnings per share	4.1	(0.81)	4.03
Diluted earnings per share	4.1	(0.81)	3.84
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign exchange translation differences	4.4	(0.1)	(1.1)
Cash flow hedges:			
– Fair value gains arising during the year	4.4	54.3	20.2
– Reclassification adjustments for amounts recognised in profit or loss	4.4	(36.4)	(35.9)
– Income tax effect of items above	4.4	(5.4)	4.7
Total cash flow hedges		12.5	(11.0)
Other comprehensive income for the year		12.4	(12.1)
Total comprehensive income for the year		**31.9**	**15.9**

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

Consolidated Statement of Financial Position

as at 31 December 2021

	Note	31 December 2021 $'m	Restated* 31 December 2020 $'m
Current assets			
Cash and cash equivalents	4.5	180.2	444.3
Trade and other receivables	3.1	691.5	583.5
Current tax asset	3.8	20.0	4.6
Inventories	3.2	32.0	30.5
Derivative assets	4.7	–	0.5
Assets held for sale	5.4	–	87.7
Total current assets		**923.7**	**1,151.1**
Non-current assets			
Trade and other receivables	3.1	8.6	9.0
Equity accounted investments	5.2	4.9	10.1
Deferred tax assets	3.8	220.1	200.5
Right-of-use assets	3.3	136.7	125.5
Property, plant and equipment	3.4	166.6	180.0
Intangible assets	3.5	127.6	203.3
Goodwill	3.6	1,093.2	1,093.0
Total non-current assets		**1,757.7**	**1,821.4**
Total assets		**2,681.4**	**2,972.5**
Current liabilities			
Trade and other payables	3.9	848.0	720.0
Derivative liabilities	4.7	0.2	8.7
Employee benefit liabilities	3.10	159.4	218.6
Provisions	3.11	53.4	78.6
Lease liabilities	3.3	64.2	49.7
Borrowings	4.6	–	5.7
Current tax liability	3.8	12.5	12.0
Liabilities associated with assets held for sale	5.4	–	37.1
Total current liabilities		**1,137.7**	**1,130.4**
Non-current liabilities			
Trade and other payables	3.9	23.5	32.0
Employee benefit liabilities	3.10	110.4	72.1
Provisions	3.11	197.7	222.2
Derivative liabilities	4.7	0.2	90.3
Lease liabilities	3.3	78.2	83.6
Borrowings	4.6	743.2	1,308.2
Total non-current liabilities		**1,153.2**	**1,808.4**
Total liabilities		**2,290.9**	**2,938.8**
Net assets		**390.5**	**33.7**
Equity			
Share capital	4.3	374.5	2.6
Reserves	4.4	(48.1)	(11.7)
Retained earnings		64.1	42.8
Total equity		**390.5**	**33.7**

* The Consolidated Statement of Financial Position as at 31 December 2020 has been restated to reflect finalisation of acquisition accounting. Refer to Note 5.1.2 for details.

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 2021

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

2020	Note	Share Capital $'m	Reserves $'m	Retained Earnings $'m	Total $'m
Balance at 1 January 2020		**3.2**	**4.7**	**14.8**	**22.7**
Total comprehensive income					
Profit after income tax for the year		–	–	28.0	28.0
Other comprehensive income for the year		–	(12.1)	–	(12.1)
Total comprehensive income for the year		**–**	**(12.1)**	**28.0**	**15.9**
Transactions with owners					
Shares bought back	4.3	(4.0)	–	–	(4.0)
Share-based payments	4.4	–	(0.9)	–	(0.9)
Net transfer from reserves to share capital	4.4	3.4	(3.4)	–	–
Total transactions with owners for the year		**(0.6)**	**(4.3)**	**–**	**(4.9)**
Balance at 31 December 2020		**2.6**	**(11.7)**	**42.8**	**33.7**

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

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

Consolidated Statement of Cash Flows

for the year ended 31 December 2021

	Note	2021 $'m	2020 $'m
Cash flows from operating activities			
Receipts from customers		4,971.9	3,617.8
Payments to suppliers and employees		(4,726.0)	(3,464.8)
Operating cash flow before interest and tax		**245.9**	**153.0**
Interest received		1.0	0.7
Payments for the interest component of lease liabilities	3.3.2	(8.2)	(6.3)
Dividends received from joint ventures		9.2	1.9
Interest and other costs of finance paid		(88.0)	(68.0)
Income tax (paid)/refunded		(35.3)	1.2
Net cash generated from operating activities	4.5.2	**124.6**	**82.5**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		3.2	0.5
Acquisition of subsidiary, net of cash acquired	5.1	(0.2)	(234.8)
Net proceeds from sale of subsidiary		89.2	–
Acquisition of intangible assets		(9.3)	(8.6)
Acquisition of property, plant and equipment		(27.0)	(20.6)
Net cash generated from/(used in) investing activities		**55.9**	**(263.5)**
Cash flows from financing activities			
Proceeds from issue of new shares		373.8	–
Payment for purchase of treasury shares		(4.5)	–
Transaction costs on issue of shares		(12.9)	–
Capital reductions		–	(4.1)
Proceeds from borrowings		750.0	478.8
Repayments of principal portion of lease liabilities	3.3.2	(63.8)	(52.9)
Repayments of borrowings		(1,384.6)	(20.1)
Settlement of derivatives		(56.8)	56.1
Borrowing costs paid		(7.4)	(37.4)
Dividends paid	4.2	(38.5)	(4.9)
Net cash (used in)/generated from financing activities		**(444.7)**	**415.5**
Net (decrease)/increase in cash and cash equivalents		(264.2)	234.5
Cash and cash equivalents at start of year		444.3	212.0
Effect of movements in exchange rates on cash and cash equivalents		0.1	(2.2)
Cash and cash equivalents at end of year	4.5	**180.2**	**444.3**

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 2021

1. BASIS OF PREPARATION

1.1 Basis of preparation

Ventia Services Group Limited (the 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 2021 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities).

The Consolidated Financial Statements were authorised for issue by the Board of Directors on 23 February 2022.

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

The Consolidated Financial Statements have been prepared on the going concern basis. The Group generated positive net cash from operating activities of $124.6 million (2020: $82.5 million) and has net assets of $390.5 million (2020: $33.7 million). The Group is in a net current liability position of $214.0 million (2020: net current assets of $20.7 million). The Group has current assets of $923.7 million (2020: $1,151.1 million) which include cash at bank and on hand of $180.2 million (2020: $444.3 million). Further supporting this position is a positive forecast operating net cash flow in 2022 and $400.0 million of undrawn borrowing facilities currently available to the Group.

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

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

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

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.

The Group has finalised the accounting for the acquisition of BRS Holdco Pty Ltd and its controlled entities (refer to Note 5.1.2). Accordingly, the Consolidated Statement of Financial Position as at 31 December 2020 has been restated. Certain comparative amounts have been re-presented to conform with the current year's presentation to better reflect the nature of the financial position and performance of the Group.

1.2 Significant accounting policies

1.2.1. Basis of consolidation

The Consolidated Financial Statements incorporate the assets, liabilities, and results of all subsidiaries as at and for the year ended 31 December 2021. 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.

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

1.2.2. Foreign currency

(i) Functional and presentation currency

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

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

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

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

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

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

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

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

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

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

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

1.2.3. Goods and services tax (GST)

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

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

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

1.2.4. New and amended standards adopted by the Group

The Group has applied new and revised accounting standards and amendments that are mandatorily effective for an accounting period that begins on or after 1 January 2021, as follows:

- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2.

This standard does not materially affect the Group's accounting policies or any of the amounts recognised in the Consolidated Financial Statements.

1.2.5. Implementation of the International Financial Reporting Standards Interpretations Committee (IFRIC) agenda decision relating to Software-as-a-Service (SaaS) arrangements

During the year ended 31 December 2021, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented below. This change in accounting policy had no material impact on the Consolidated Financial Statements of the Group as to date the Group has not incurred material upfront configuration and customisation costs in implementing SaaS arrangements which have been capitalised.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to, the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premises systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in an accounting estimate.

1.2.6. 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 and 2020-6 – Classification of Liabilities as Current or Non-current;
- AASB 2020-3 – Onerous contracts and the recognition and measurement rules relating to the cost of fulfilling a contract;
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates; and
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

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

1.2.7. Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to the understanding of the Consolidated Financial Statements are provided throughout the notes. Where required, the prior year balances are restated for comparative purposes.

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 judgements and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Judgements and estimates 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.

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

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

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

1.4 Financial reporting impacts of COVID-19

The Group's business has remained resilient during 2021 despite the continuing impact of COVID-19 on the broader economies of Australia and New Zealand. COVID-19 has impacted the Group's operations in a number of ways, including:

- Delays in some existing projects and in the commencement of some new projects;
- Reductions in the scope of work or deferrals in the expansion of services in respect of some projects; and
- Localised temporary restrictions on the Group's ability to undertake certain work in Australia and New Zealand; offset in part by increased demand for cleaning services; and
- Increased revenue associated with greater government spending following government stimulus measures introduced in response to COVID-19.

The Group has received $3.2 million (2020: $4.1 million) under the New Zealand Government's Wage Subsidy Scheme to eligible business adversely impacted by the COVID-19 pandemic. The Group has not received any COVID-19 related subsidy from the Australian Government. Refer to Note 2.5.

2. GROUP PERFORMANCE

2.1 Revenue and other income from continuing operations

	2021 $'m	2020 $'m
Services revenue	4,555.4	3,223.2
Other income	2.0	0.7
Total revenue	**4,557.4**	**3,223.9**

The amount of revenue recognised in 2021 from performance obligations satisfied (or partially satisfied) in previous years is $31.3 million (2020: $54.6 million) and is mainly due to the changes in probability that a significant reversal of the revenue recognised will not occur.

$201.5 million (2020: $217.2 million) of revenue was recognised in 2021 (2020) which was included in the Contract liabilities balance as at the beginning of the year.

Significant Accounting Policies

Revenue

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

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

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

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

- The majority of the Group's contracts are contracts with Schedule of Rate profiles where value is transferred to the customer over time as the services are delivered. Therefore, in most cases revenue will be recognised on the time elapsed output method with revenue linked to the deliverables provided to the customer. In these contracts, the services are substantially the same and are transferred with the same pattern of consumption over time in such a way that the customer receives and consumes the benefits of the services as the entity provides them;
- In 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; 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. The Group assesses these requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance.

Contract modification

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

Contract fulfilment costs

Costs incurred prior to the commencement of a contract may arise due to mobilisation/site setup 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 deferred revenue and allocated to the performance obligations within the contract and recognised as revenue over the course of the contract.

Significant financing components

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

Onerous contracts

Provisions for onerous contracts are recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The onerous 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.

Other income

Other income primarily includes gains on sale of property, plant and equipment.

Key Estimates and Judgements

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

- Determination of stage of completion;
- Estimation of total contract revenue and contract costs;
- Estimation of project completion date; and
- Assumed levels of project execution productivity.

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

2.2 Expenses

	2021 $'m	2020 $'m
Labour	1,802.0	1,144.1
Subcontractors	1,914.5	1,504.2
Materials	354.6	227.3
Other	179.3	85.6
Total expenses excluding interest, tax, depreciation and amortisation	**4,250.4**	**2,961.2**

Significant Accounting Policies

Government grants

Government grants are recognised under the requirements of AASB 120 Accounting for Government Grants and Disclosure of Government Assistance. Government grants are only recognised where there is reasonable assurance that the conditions attached will be complied with, and the grant will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants are recognised immediately in profit or loss if they are a receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no further related costs. Government grants are recorded against the related expense in profit or loss.

Government grants include income received under the New Zealand Government's Wage Subsidy Scheme available to eligible businesses that were adversely impacted by the COVID-19 pandemic for $3.2 million (2020: $4.1 million). The Group elects to present these subsidies as an offset in labour cost as allowed under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance.

2.3 Segment disclosures from continuing operations

2.3.1. Operating segment reporting from continuing operations

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

Operating Segments	Segment Description
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 segment 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 & Gas) and Resources & Industrial assets (including mine operation facilities, oil & gas processing facilities, gas wells and industrial facilities). The segment 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.
Transport	Provides maintenance, project delivery and technology solutions to owners and operators of road, motorway, tunnel and rail networks.

The Group acquired BRS Holdco Pty Ltd on 30 June 2020 and as a result reorganised its operations on 1 July 2020. Accordingly, the operating segments for the year to 31 December 2020 reflect this reorganisation.

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

2021	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Consolidated Continuing Operations $'m
Segment revenue	1,874.8	1,215.2	989.6	504.0	4,583.6
Segment result	111.2	71.2	110.9	24.7	318.0

2020	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Consolidated Continuing Operations $'m
Segment revenue	908.2	794.3	1,160.7	389.5	3,252.7
Segment result	63.2	53.7	136.5	15.7	269.1

	2021 $'m	2020 $'m
Segment revenue	4,583.6	3,252.7
Other income	2.0	0.7
Share of revenue of equity accounted joint ventures	(28.2)	(29.5)
Total revenue per Consolidated Statement of Profit or Loss	**4,557.4**	**3,223.9**

Reconciliation of segment result to profit after income tax for the year	2021 $'m	2020 $'m
Segment result	318.0	269.1
Corporate costs including amortisation of intangible assets	(102.8)	(84.5)
Underlying EBIT before amortisation of acquired intangible assets	**215.2**	**184.6**
Acquisition and integration costs(i)	(66.8)	(46.3)
Offer related costs(ii)	(6.9)	–
EBIT before amortisation of acquired intangible assets	**141.5**	**138.3**
Amortisation of acquired intangible assets(iii)	(24.1)	(11.4)
Earnings before interest and income tax from continuing operations	**117.4**	**126.9**
Net finance costs	(137.2)	(92.5)
(Loss)/profit before income tax	**(19.8)**	**34.4**
Income tax benefit/(expense)	14.7	(10.3)
(Loss)/profit after income tax for the year from continuing operations	**(5.1)**	**24.1**
Profit after income tax from discontinued operations	24.6	3.9
Profit after income tax for the year	**19.5**	**28.0**

(i) Acquisition and integration costs relating to the acquisition of BRS Holdco Pty Ltd (see Note 5.1.2) and the acquisition of Kordia Solutions Pty Ltd (see Note 5.1.1).

(ii) Offer related costs associated with the IPO of Ventia Services Group Limited.

(iii) Amortisation of acquired intangible assets relating to customer contracts and relationships acquired as part of the acquisition of BRS Holdco Pty Ltd.

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

Other segment information

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

31 December 2020	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Corporate $'m	Disposal Group Held for Sale $m	Total $'m
Segment assets	559.5	856.2	750.7	141.6	576.8	87.7	**2,972.5**
Segment liabilities	266.8	319.4	423.3	222.0	1,670.2	37.1	**2,938.8**

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

2020	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Corporate $'m	Consolidated Continuing Operations $'m
Depreciation expense	10.5	31.1	21.5	4.7	11.5	**79.3**
Amortisation expense	3.8	0.1	2.3	–	53.4	**59.6**
Share of profits of joint ventures	–	–	–	2.6	0.5	**3.1**

Major customers

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

In 2020, a customer of the Defence and Social Infrastructure segment and a customer of the Telecommunications 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 2021 and 2020.

2.3.2. Geographical information

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

	Australia		New Zealand		Consolidated Continuing Operations	
	2021 $'m	2020 $'m	2021 $'m	2020 $'m	2021 $'m	2020 $'m
Services revenue	3,939.2	2,757.8	616.2	465.4	4,555.4	3,223.2
Other income	1.7	0.7	0.3	–	2.0	0.7
Total revenue	**3,940.9**	**2,758.5**	**616.5**	**465.4**	**4,557.4**	**3,223.9**
Total non-current assets	**1,673.4**	**1,733.9**	**84.3**	**87.5**	**1,757.7**	**1,821.4**

Significant Accounting Policies

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

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

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

* This represents amortisation of the intangible assets acquired as part of acquisition of BRS Holdco Pty Ltd (refer to Note 5.1.2).

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

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

2.4 Net finance costs

	2021 $'m	2020 $'m
Interest paid and payable on bank facilities	80.2	73.5
Amortisation of borrowing costs[1]	42.0	8.2
Bank guarantee costs	7.8	5.0
Interest paid and payable on lease liabilities	8.2	6.3
Interest income	(1.0)	(0.5)
Net finance costs	**137.2**	**92.5**

1. Includes the write-off of capitalised borrowing costs relating to Term Loan B facility of $35.5 million due to the repayment of the facility in November 2021. Refer to Note 4.6.2.

Significant Accounting Policies

Finance costs

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

Interest income

Interest income is recognised based on effective interest rate method.

2.5 Employee benefit expense

	2021 $'m	2020 $'m
Short-term employee benefits	1,660.9	1,032.5
Post-employment benefits	113.5	81.6
Share-based payments	3.8	(0.9)
Termination benefits	23.8	30.9
Total employee benefit expense	**1,802.0**	**1,144.1**

The total employee benefit expense is net of $3.2 million (2020: $4.1 million) received by the Group under the New Zealand Government's Wage Subsidy Scheme to eligible business adversely impacted by the COVID-19 pandemic. The Group has not received any COVID-19 related subsidy from the Australian Government.

3. ASSETS AND LIABILITIES

3.1 Trade and other receivables

	31 December 2021 $'m	31 December 2020 $'m
Current		
Trade receivables	241.4	223.4
Impairment allowance	(4.8)	(9.2)
Trade receivables, net of impairment allowance	236.6	214.2
Contract assets	422.8	313.9
Prepayments and other receivables	23.4	26.2
Amounts receivable from related parties (Note 5.7)	8.7	29.2
Total current trade and other receivables	**691.5**	**583.5**
Non-current		
Amounts receivable from related parties (Note 5.7)	8.6	9.0
Total non-current trade and other receivables	**8.6**	**9.0**
Total trade and other receivables	**700.1**	**592.5**
Movement in impairment allowance		
Carrying amount at start of year	9.2	0.2
Recognised on acquisition of a subsidiary	3.9	7.9
Allowance raised	0.7	1.1
Allowance utilised	(9.0)	–
Carrying amount at end of year	**4.8**	**9.2**

Significant Accounting Policies

Trade and other receivables

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

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

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

The Group assesses on a forward-looking basis any expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, contract assets and other receivables, the Group applies the simplified approach permitted by AASB 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

3.2 Inventories

	31 December 2021 $'m	31 December 2020 $'m
Raw materials and consumables	32.0	30.5
Total inventories	**32.0**	**30.5**

Significant Accounting Policies

Inventories

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

3.3 Leases

3.3.1. Right-of-use assets

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

2020	Property $'m	Plant and Equipment $'m	Motor Vehicles $'m	Total $'m
Cost	74.5	35.5	80.9	190.9
Less: Accumulated depreciation	(22.5)	(8.1)	(34.8)	(65.4)
Carrying amount at end of year	**52.0**	**27.4**	**46.1**	**125.5**
Movement:				
Carrying amount at start of year	30.2	22.1	28.2	80.5
Recognised on acquisition of a subsidiary	33.9	18.4	32.2	84.5
Additions	8.3	3.6	10.6	22.5
Disposals	(1.6)	(0.4)	(0.4)	(2.4)
Depreciation	(19.2)	(8.7)	(24.4)	(52.3)
Reclassified to assets held for sale	–	(7.7)	–	(7.7)
Effect of movement in exchange rates	0.4	0.1	(0.1)	0.4
Carrying amount at end of year	**52.0**	**27.4**	**46.1**	**125.5**

3.3.2. Lease liabilities

	2021 $'m	2020 $'m
Movement:		
Carrying amount at start of year	133.3	82.9
Additions	70.1	22.1
Recognised on acquisition of a subsidiary	2.8	88.4
Transfer to liabilities associated with assets held for sale	–	(7.2)
Interest expense	8.2	6.3
Payments for the interest component of lease liabilities	(8.2)	(6.3)
Repayments of the principal component of lease liabilities	(63.8)	(52.9)
Carrying amount at end of year	**142.4**	**133.3**
Current	64.2	49.7
Non-current	78.2	83.6
Carrying amount at end of year	**142.4**	**133.3**

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

Weighted Average Lease Expiry[1]	2021 Years	2020 Years
Property	2.1	1.5
Plant and equipment	1.8	1.7
Motor vehicles	1.6	3.0

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

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

	2021 $'m	2020 $'m
Interest paid and payable on lease liabilities (included in net finance costs)	8.2	6.3
Expense relating to short-term leases, service components of leases, and variable payments	2.2	13.8

3.3.4. Amounts recognised in the Consolidated Statement of Cash Flows

	2021 $'m	2020 $'m
Payments for short-term leases, service components of leases, and variable payments (included in payments to suppliers and employees)	(2.2)	(13.8)
Payments for the interest component of lease liabilities	(8.2)	(6.3)
Repayments of the principal component lease liabilities	(63.8)	(52.9)
Total cash outflow for leases	**(74.2)**	**(73.0)**

Significant Accounting Policies

The Group as lessee

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

Measurement and presentation of lease liability

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

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

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

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

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

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

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

Measurement and presentation of right-of-use assets

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

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

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

The Group as lessor

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

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

3.4 Property, plant and equipment

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

2020	Leasehold Improvements $'m	Plant and Equipment $'m	Motor Vehicles $'m	Total $'m
Cost	17.0	179.8	4.3	201.1
Less: Accumulated depreciation and impairment	(7.8)	(13.0)	(0.3)	(21.1)
Carrying amount at end of year	**9.2**	**166.8**	**4.0**	**180.0**
Movement:				
Carrying amount at start of year	3.6	24.6	0.2	28.4
Recognised on acquisition of a subsidiary	8.9	145.8	4.3	159.0
Additions	0.1	20.4	0.1	20.6
Disposals	–	(0.8)	(0.1)	(0.9)
Depreciation	(4.4)	(22.1)	(0.5)	(27.0)
Transfers	1.0	(1.0)	–	–
Reclassified to assets held for sale	–	(1.0)	–	(1.0)
Effect of movement in exchange rates	–	0.9	–	0.9
Carrying amount at end of year	**9.2**	**166.8**	**4.0**	**180.0**

Significant Accounting Policies

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

Depreciation

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

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

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

Subsequent expenditure

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

Derecognition

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

3.5 Intangible assets

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

2020	Brand Names $'m	Customer Contracts and Relationships $'m	Software and System Development $'m	Total $'m
Cost	33.2	172.3	172.3	377.8
Less: Accumulated amortisation and impairment	(10.4)	(93.7)	(70.4)	(174.5)
Carrying amount at end of year	**22.8**	**78.6**	**101.9**	**203.3**
Movement:				
Carrying amount at start of year	31.2	–	70.9	102.1
Recognised on acquisition of a subsidiary	3.5	96.2	60.2	159.9
Additions	–	–	8.6	8.6
Amortisation	(10.4)	(11.4)	(37.8)	(59.6)
Reclassified to assets held for sale	(1.5)	(6.2)	–	(7.7)
Carrying amount at end of year	**22.8**	**78.6**	**101.9**	**203.3**

On 1 July 2020, the Group announced that it was branded as Ventia and the use of brand names such as Broadspectrum, Easternwell and Visionstream would be phased out. As a result, the Visionstream brand name has been amortised on a straight-line basis over its remaining effective life of 18 months from 1 July 2020. Similarly, the Group accelerated amortisation of the software that will not be used post-integration of the Broadspectrum acquisition.

Significant Accounting Policies

Brand names

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

Customer contracts and relationships

Customer contracts and relationships were acquired as part of a business combination. Customer contracts and relationships are carried at their fair value at the date of acquisition less accumulated amortisation and any impairment losses. Customer contracts are amortised on the straight-line basis over the remaining contract term. Customer relationships are amortised over a period of up to 5 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 5 years on the straight-line basis.

Derecognition

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

Impairment

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

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

3.6 Goodwill

3.6.1. Carrying amounts of, and movements in, goodwill

	31 December 2021 $'m	31 December 2020 $'m
Cost	1,093.2	1,093.0
Less: Accumulated impairment	–	–
Carrying amount at end of year	**1,093.2**	**1,093.0**
Movement:		
Carrying amount at start of year	1,093.0	842.4
Recognised on acquisition of subsidiary (Note 5.1)	0.2	301.4
Reclassified to assets held for sale	–	(50.8)
Carrying amount at end of year	**1,093.2**	**1,093.0**

3.6.2. Allocation of goodwill to cash-generating units

	31 December 2021 $'m	31 December 2020 $'m
Defence and Social Infrastructure	251.4	251.4
Infrastructure Services	360.7	360.7
Telecommunications	426.5	426.3
Transport	54.6	54.6
Total goodwill	**1,093.2**	**1,093.0**

Significant Accounting Policies

Goodwill arising from a business combination (refer to Note 5.1) is not amortised but is tested for impairment annually or more frequently if there is an indication that it may be impaired. Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing.

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

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

3.7 Impairment of non-financial assets

Goodwill

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

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

No impairment has been identified for any of the CGUs.

Significant Accounting Policies

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

An asset's recoverable amount is the greater of fair value less costs of disposals and VIU. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the CGU to which the asset belongs.

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

Key Estimates and Judgements

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

The VIU calculation is based on a 5-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% per annum which reflects the organic growth expectations of the industry. Whilst there continues to be a significant degree of uncertainty associated with the impacts of COVID-19, the assessment of the recoverable amounts represents management's best estimate taking into account the impacts on the Group and, this has not resulted in a material change in the recoverable amount.

The key assumptions utilised used in determining recoverable amounts are set out below:

	2021			2020		
	EBITDA growth*	Long-term growth rate	Pre-tax discount rate	EBITDA growth*	Long-term growth rate	Pre-tax discount rate
Defence and Social Infrastructure	2.7%	2.0%	13.7%	5.5%	2.0%	14.2%
Infrastructure Services	4.3%	2.0%	14.3%	4.3%	2.0%	14.2%
Telecommunications	2.1%	2.0%	14.5%	-4.1%	2.0%	14.2%
Transport	3.9%	2.0%	15.3%	8.8%	2.0%	14.2%

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

Notes to the Consolidated Financial Statements *continued*
for the year ended 31 December 2021

3.8 Income taxes

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

	2021 $'m	2020 $'m
Current tax expense	11.2	33.0
Deferred tax benefit	(25.9)	(22.7)
Total income tax (benefit)/expense	**(14.7)**	**10.3**

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

	2021 $'m	2020 $'m
(Loss)/profit before income tax benefit/expense	(19.8)	34.4
Income tax (benefit)/expense using the Australian corporate tax rate of 30%	(5.9)	10.3
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	0.2	1.2
Share of (profits)/losses from joint ventures	(1.4)	(1.7)
Adjustment relating to non-assessable, non-exempt income	1.1	–
Recognition of tax losses for Ventia NZ Operations Limited	(10.5)	–
Effect of different tax rates on overseas income	(0.6)	(0.4)
Other	2.4	0.9
Income tax (benefit)/expense	**(14.7)**	**10.3**

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

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

2020	Carrying Amount at Start of Year $'m	Recognised in Profit or Loss $'m	Recognised in Other Comprehensive Income $'m	Acquisitions and Other $'m	Transfers to Assets Held for Sale $'m	Carrying Amount at End of Year $'m
Net deferred tax assets/ (liabilities)						
Contract liabilities/(assets)	(36.0)	21.3	–	20.1	–	5.4
Property, plant and equipment	(5.9)	13.2	–	10.1	–	17.4
Intangible assets	(9.4)	(22.1)	–	(10.0)	–	(41.5)
Capitalised borrowing costs	3.5	(0.3)	–	(1.3)	–	1.9
Acquisition costs	2.1	(2.1)	–	–	–	–
Other items	1.8	(0.8)	–	(29.3)	–	(28.3)
Hedging	(15.4)	16.1	4.7	–	–	5.4
Trade and other payables	8.5	(25.4)	–	34.0	–	17.1
Provisions	33.2	22.8	–	133.4	(7.3)	182.1
Tax losses	–	–	–	41.0	–	41.0
Net deferred tax assets/ (liabilities)[1]	**(17.6)**	**22.7**	**4.7**	**198.0**	**(7.3)**	**200.5**

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.

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

Unrecognised tax losses

	2021 $'m	2020 $'m
Unused tax losses for which no deferred tax asset has been recognised	339.0	372.9
Potential tax benefit	101.7	111.9

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

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

	31 December 2021 $'m	31 December 2020 $'m
Current tax asset	20.0	4.6
Current tax liability	(12.5)	(12.0)
Net current tax asset/(liability)[1]	**7.5**	**(7.4)**

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

3.8.5. Uncertain tax positions

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

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

Ferrovial Services Australia Pty Ltd and its subsidiaries (Ferrovial Services Australia group) had a similar policy in place and was fundamentally aligned with the business values of the Group as they pertain to tax and financial reporting. The acquisition of Ferrovial Services Australia group has not increased the tax governance risk of the Group although it has inherited the tax history of Ferrovial Services Australia group. Both the Group and Ferrovial Services Australia group, historically and currently, have their tax affairs under examination by revenue authorities. Once a revenue authority's position is concluded, the Group will make further appropriate disclosures to the extent not already accounted.

3.8.6. ATO audit

The Australian Taxation Office (ATO) is conducting an audit into historical aspects of the former Broadspectrum and Transfield businesses, being Broadspectrum Pty Ltd and Ferrovial Services Australia Pty Ltd (BRS) that the Group acquired from Ferrovial S.A. In particular, the ATO is reviewing the way in which BRS allocated profits associated with historical Regional Processing Centre (RPC) contracts between Australia and the RPC jurisdictions (Nauru and Manus Island) for tax purposes. The ATO has not raised any contention that BRS' allocation of profits was motivated by a tax avoidance purpose.

The ATO's audit covers the period from 1 July 2012 to 31 December 2017. BRS filed its income tax returns based on allocations of revenue that were specified in the RPC contracts that it had entered into with the Australia Government in accordance with external transfer pricing advice. The Group maintains that the position adopted by BRS in its income tax returns is correct.

The Group understands that the ATO is reviewing its position based on the information and documents that the Group has provided and, where appropriate, will continue to provide.

As the ATO has not yet determined its final position on the audit, it is difficult to quantify the risk to the Group. However, if the ATO maintains its preliminary position, the Group understands that the ATO would propose to seek to cancel carry forward losses with a tax-effected value of up to $101 million and, in addition, seek to assess for up to $107 million of cash tax payable. However, the Group would have recourse to the Mutual Agreement Procedure under the Double Tax Treaty between Australia and Papua New Guinea to mitigate such an outcome given the significant taxes paid in Papua New Guinea.

The ATO has not conveyed its position on administrative penalties and shortfall interest.

The Group has not made a provision for any cash tax, penalties or interest that may be payable as assessments have not been issued and the Group's future liability, if any, cannot be reasonably determined at this stage.

As disclosed at Note 3.8.3, the Group has not recognised any of the associated carry forward tax losses that relate to the period covered by the ATO audit.

3.8.7. Tax consolidation

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

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

Significant Accounting Policies

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax

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

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

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

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

Notes to the Consolidated Financial Statements *continued*

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Key Estimates and Judgements

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

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

3.9 Trade and other payables

	31 December 2021 $'m	31 December 2020 $'m
Current		
Trade payables	234.8	152.7
Accruals	344.7	294.7
Contract liabilities (Note 2.1)	195.6	201.5
Other payables	69.1	68.2
Amounts payable to related parties (Note 5.7)	3.8	2.9
Total current trade and other payables	**848.0**	**720.0**
Non-current		
Contract liabilities (Note 2.1)	23.5	32.0
Total non-current trade and other payables	**23.5**	**32.0**
Total trade and other payables	**871.5**	**752.0**

3.10 Employee benefit liabilities

	31 December 2021 $'m	31 December 2020 $'m
Current		
Annual leave	74.4	80.0
Long service leave	26.2	48.4
Workers' compensation	25.6	27.1
Other employee benefits	33.2	63.1
Total current employee benefit liabilities	**159.4**	218.6
Non-current		
Annual leave	22.0	11.7
Long service leave	51.1	23.6
Workers' compensation	19.4	19.6
Other employee benefits	17.9	17.2
Total non-current employee benefit liabilities	**110.4**	72.1
Total employee benefit liabilities	**269.8**	**290.7**

Significant Accounting Policies

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

Key Estimates and Judgements

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

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

3.11 Provisions

	31 December 2021 $'m	31 December 2020 $'m
Current		
Unfavourable contracts	16.7	20.9
Onerous contracts	17.9	28.6
Warranties and contract claims	11.6	17.0
Other provisions	7.2	12.1
Total current provisions	**53.4**	**78.6**
Non-current		
Unfavourable contracts	67.1	83.0
Onerous contracts	24.2	27.1
Warranties and contract claims	88.8	95.6
Other provisions	17.6	16.5
Total non-current provisions	**197.7**	**222.2**
Total provisions	**251.1**	**300.8**

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

2021	Unfavourable Contracts $'m	Onerous Contracts $'m	Warranties and Contract Claims $'m	Other Provisions $'m	Total $'m
Current	20.9	28.6	17.0	12.1	78.6
Non-current	83.0	27.1	95.6	16.5	222.2
Carrying amount at start of year	**103.9**	**55.7**	**112.6**	**28.6**	**300.8**
Movement:					
Carrying amount at start of year	103.9	55.7	112.6	28.6	300.8
Recognised on acquisition of a subsidiary	–	–	2.1	0.8	2.9
Additions	–	9.0	28.4	1.3	38.7
Provisions used	(20.2)	(22.6)	(43.1)	(6.1)	(92.0)
Effect of exchange rates	0.1	–	0.4	0.2	0.7
Carrying amount at end of year	**83.8**	**42.1**	**100.4**	**24.8**	**251.1**
Current	16.7	17.9	11.6	7.2	53.4
Non-current	67.1	24.2	88.8	17.6	197.7
Carrying amount at end of year	**83.8**	**42.1**	**100.4**	**24.8**	**251.1**

Significant Accounting Policies

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

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

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

Unfavourable contracts

A provision is made for unfavourable contracts where the fair value of the contract is deemed unfavourable relative to expected market returns and they are recognised 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 acquired contracts or contracts entered in to by the Group in which the unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received.

4. CAPITAL STRUCTURE, FINANCING, AND RISK MANAGEMENT

4.1 Earnings per share

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

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

	2021	2020
(Loss)/profit after income tax for the year attributable to equity holders of the parent entity used in earnings per share ($'m)		
Continuing operations	(5.1)	24.1
Discontinued operations	24.6	3.9
	19.5	**28.0**
Weighted average number of shares used in earnings per share (millions of shares)		
Basic earnings per share	625.7	598.4
Diluted earnings per share		
Weighted average number of ordinary shares on issue	625.7	598.4
Adjustment to reflect potential dilution for Legacy Ventia Executive Incentive Plan[1]	–	28.7
	625.7	627.1
Basic earnings per share (cents)		
Continuing operations	(0.81)	4.03
Discontinued operations	3.93	0.66
Continuing and discontinued operations	3.12	4.69
Diluted earnings per share (cents)		
Continuing operations	(0.81)	3.84
Discontinued operations	3.93	0.63
Continuing and discontinued operations	3.12	4.47

1. As the basic earnings per share from continuing operations is a loss per share for the year ended 31 December 2021, the potential ordinary shares outstanding in respect of the Legacy Ventia Executive Incentive Plan are considered anti-dilutive as their conversion would reduce the loss per share.

Notes to the Consolidated Financial Statements *continued*
for the year ended 31 December 2021

4.2 Dividends

	2021			2020		
	Cents per Share	Total Amount $'m	Date of Payment	Cents per Share	Total Amount $'m	Date of Payment
Current year interim	6.25	38.5	31 March 2021	–	–	–
Prior year final[1]	–	–	–	0.79	4.9	9 January 2020
Dividends paid during the year	**6.25**	**38.5**	**–**	**0.79**	**4.9**	**–**

1. No dividends were declared in respect of the year ended 31 December 2020. A final dividend for the year ended 31 December 2019 was declared on 28 June 2019 and therefore this dividend was provided for during the year ended 31 December 2019. Payment of this dividend was made on 9 January 2020.

All dividends paid were fully franked at a 30% tax rate.

On 23 February 2022, the Board of Directors declared a final dividend of 1.47 cents per share in respect of the 2021 financial year, fully franked at a 30% tax rate. The amount will be paid on or around 6 April 2022 and is expected to be $12.6 million. As the dividend was declared subsequent to 31 December 2021, no provision had been made at 31 December 2021.

Franking credit balance

	31 December 2021 $'m	31 December 2020 $'m
Franking credits available for future financial periods (tax paid basis, 30% tax rate)	14.1	–

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

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

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

4.3 Share capital

	2021		2020	
Share Capital	Number millions	$'m	Number millions	$'m
Movement:				
Balance at start of year	615.8	2.6	616.9	3.2
Transfer to capital redemption reserve	–	–	–	2.1
Shares issued as part of the IPO	219.9	373.8	–	–
Capital raising costs (net of tax)	–	(9.0)	–	–
Vested EIP shares/Transfers from share-based payments reserve	19.8	7.1	4.1	1.3
Shares bought back	–	–	(5.2)	(4.0)
Balance at end of year	**855.5**	**374.5**	**615.8**	**2.6**

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 2021 is 855,484,445. This includes 2,670,590 treasury shares as at 31 December 2021.

Legacy Ventia Executive Incentive Plan (EIP)

During the year, there were no partly paid EIP shares issued under the EIP. During the prior year, 4,342,633 partly paid EIP shares were issued under the EIP and paid to $0.001 each and with outstanding calls of $0.920 each.

At completion of the initial public offering of the Company's shares, all of the EIP Shares were reclassified as fully paid ordinary shares and the EIP ceased to exist and was replaced by the Ventia Incentive Plan.

Ventia Incentive Plan

Details of the Ventia Incentive Plan are included in section 4.2 of the remuneration report. No awards had been made under the Ventia Incentive Plan as at 31 December 2021.

Significant Accounting Policies

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

4.4 Reserves

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

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

2020	Cash Flow Hedge Reserve $'m	Foreign Currency Translation Reserve $'m	Share-Based Payments Reserve $'m	Capital Redemption Reserve $'m	Total $'m
Balance at start of year	(1.8)	0.3	6.2	–	4.7
Gains arising on change in the fair value of hedging instruments entered into for cash flow hedges	20.2	–	–	–	20.2
Income tax related to gains recognised in other comprehensive income	(6.1)	–	–	–	(6.1)
Cumulative loss arising on changes in fair value of hedging instruments reclassified to profit or loss	(35.9)	–	–	–	(35.9)
Income tax related to losses reclassified to profit or loss	10.8	–	–	–	10.8
Currency translation differences	–	(1.1)	–	–	(1.1)
Share-based payments expense	–	–	(0.9)	–	(0.9)
Transfer to share capital	–	–	(1.3)	(2.1)	(3.4)
Balance at end of year	**(12.8)**	**(0.8)**	**4.0**	**(2.1)**	**(11.7)**

Share-based payments reserve

Legacy Ventia Executive Incentive Plan

The Legacy Ventia Executive Incentive Plan (EIP) share scheme is designed to provide incentives to attract, motivate and retain those whose contributions are important to the Company's success. In accordance with the terms of the EIP plan, as approved by shareholders and the Board of the Company, an executive employee or Director of the Company or its subsidiaries may be invited to participate in the EIP at the discretion of the Board of the Company. If the invitation is accepted, the executive employee or Director will be granted a class of share called an "EIP share" which is unvested upon issue.

Unvested EIP shares will vest in accordance with the time vesting and performance vesting conditions outlined in the EIP plan. Only vested EIP shares will be able to be sold for market value, subject to certain trigger events set out in the EIP plan.

EIP shares do not carry any voting rights but may become voting shares under certain circumstances outlined in the rules of the EIP plan. However, these voting rights cannot be exercised until the EIP shares are vested and the trigger events in the EIP plan have materialised.

The participating executive employee or Director may pay for their EIP shares with their own money or by taking out a limited recourse loan with the Company. If the executive employee or Director chooses to pay for their EIP shares using a limited recourse loan, then there are additional requirements in relation to the receipt and treatment of dividends or other distributions.

The number of EIP shares granted and the price of the EIP shares are at the discretion of the Board.

The following share-based payment arrangements were in existence during the current and prior years:

EIP NUMBER	GRANT DATE	NUMBER OF EIP SHARES GRANTED	FAIR VALUE AT GRANT DATE
EIP No. 1	31 March 2015	31,028,107	$0.36
EIP No. 1	1 January 2016	3,898,819	$0.33
EIP No. 2	1 January 2016	650,000	$0.33
EIP No. 2	19 May 2016	2,000,000	$0.33
EIP No. 2	9 January 2017	433,333	$0.33
EIP No. 1	1 July 2017	433,333	$0.33
EIP No. 2	1 July 2017	666,666	$0.33
EIP No. 1	1 September 2018	600,000	$0.33
EIP No. 1	1 October 2019	1,085,658	$0.33
EIP No. 1	17 December 2019	2,714,146	$0.18
EIP No. 1	31 March 2020	1,628,488	$0.25
EIP No. 1	3 August 2020	2,950,000	$0.41
EIP No. 2	1 January 2021	9,000,000	$0.41
EIP No. 1	1 March 2021	727,274	$0.41

The following reconciles the EIP shares outstanding at the start and the end of the year:

	2021		2020	
	Number millions	Weighted Average Exercise Price	Number millions	Weighted Average Exercise Price
Balance at start of year	11.6	$0.51	16.9	$0.17
Granted	9.7	$0.41	7.3	$0.97
Forfeited	(1.5)	–	(8.5)	–
Vested	(3.5)	–	(4.1)	–
Converted to ordinary shares	(16.3)	–	–	–
Balance at end of year	**–**	**–**	**11.6**	**$0.51**

In accordance with the terms of the EIP plan, all of the EIP shares were converted to ordinary shares in the Company immediately prior to the completion of the IPO, and consequently the entire balance was transferred to share capital. As shown above 16.3 million unvested EIP shares were converted to ordinary shares. In addition, 20.9 million vested shares were converted to ordinary shares.

Following the IPO, the EIP ceased to exist and was replaced by the Ventia Incentive Plan.

Ventia Incentive Plan

Details of the Ventia Incentive Plan are included in section 4.2 of the remuneration report. No awards had been made under the Ventia Incentive Plan as at 31 December 2021.

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

Significant Accounting Policies

Treasury shares

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

Cash flow hedge reserve

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

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

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

Foreign currency translation reserve (FCTR)

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

Share-based payment reserve

Ventia Incentive Plan

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

No awards have been granted under the Ventia Incentive Plan as at 31 December 2021.

Legacy Ventia Executive Incentive Plan (EIP)

EIP shares were provided to executive employees via the EIP. The EIP was approved by the shareholders and was designed to provide incentives to attract, motivate and retain key people within the Group whose contributions are important to the Group's success.

The EIP is administered by Ventia Services Group EIP Pty Limited (Trustee) and the Company. The Trustee is a wholly-owned subsidiary of the Company.

The fair value of the EIP shares is recognised as an expense with a corresponding increase in the share-based payments reserve. The share-based payments reserve is used to recognise the fair value of share-based payments issued to executive employees over the vesting period, and to recognise the value attributable to the share-based payments during a year.

The total amount of the expense is determined by reference to the fair value of EIP shares granted:

- Including any market performance conditions (e.g. the Group's equity valuation);
- Excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an executive employee of the Group over a specified time period); and
- Including the impact of any non-vesting conditions (e.g. the requirement for executive employees to save or hold shares for a specified period of time).

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

A portion of the EIP shares issued to executive employees under the EIP are funded by a limited recourse loan and therefore are treated like share options in accordance with AASB 2 Share-based Payment.

Immediately prior to the completion of the IPO, all of the EIP shares were reclassified as fully paid ordinary shares.

Accumulated losses reserve

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

Capital redemption reserve

The capital redemption reserve arises on the repurchase of shares by the Company and consists of the difference between the value attributed at grant date to share options issued under the EIP and the value of the shares which have been repurchased by the Company. On cessation of the EIP prior to the completion of the IPO, the balance of the capital redemption reserve has been transferred to retained earnings.

4.5 Cash and cash equivalents

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

	31 December 2021 $'m	31 December 2020 $'m
Cash at bank and on hand	180.2	444.3
Total cash and cash equivalents	**180.2**	**444.3**

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

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

	2021 $'m	2020 $'m
Profit after income tax for the year	19.5	28.0
Adjustments for:		
Profit after income tax for the year from discontinued operations	(24.6)	(3.9)
Income tax (benefit)/expense	(14.7)	10.3
Income tax refund/(payment)	(35.3)	1.2
Depreciation	108.9	79.3
Amortisation	85.9	59.6
Share of profits of joint ventures	(5.2)	(3.1)
Dividends received from joint ventures	9.2	1.9
Gain on sale of property, plant and equipment	(2.0)	(0.7)
Amortisation of capitalised borrowing costs	42.0	8.2
Share-based payments	3.1	(0.9)
Hedging cost	–	0.8
Realised exchange (gain)/loss from financing activities	(0.1)	2.2
Changes in working capital:		
Trade and other receivables	(57.8)	60.4
Inventories	(0.4)	1.2
Trade and other payables	83.4	(131.6)
Employee benefit liabilities	(27.4)	(7.6)
Provisions	(59.9)	(22.8)
Net cash generated from operating activities	**124.6**	**82.5**

Significant Accounting Policies

Cash and cash equivalents

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

4.6 Borrowings

4.6.1. Capital structure

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

4.6.2. Borrowings

	31 December 2021 $'m	31 December 2020 $'m
Current		
Borrowings	–	5.7
Total current borrowings	**–**	**5.7**
Non-current		
Borrowings	750.0	1,350.2
Capitalised borrowing costs	(6.8)	(42.0)
Total non-current borrowings	**743.2**	**1,308.2**
Total borrowings	**743.2**	**1,313.9**

(i) Syndicated Banking Facilities

In the prior years, the Group had a Term Loan B facility in place which was due to mature on 22 May 2026. 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 (New Banking Facilities). Funding provided under the facility agreement for the New Banking Facilities of $750.0 million (together with surplus cash on hand and proceeds from the issue of new shares on listing of the Company on ASX/NZX) was utilised to repay the Group's pre-existing Term Loan B facility. During the year, the non-cash change in borrowings (before capitalised borrowing costs) was movement in the exchange rate of the Term Loan B facility of $28.7 million. The change in the borrowings arising from cash flows were repayment of Term Loan B facility of $1,384.6 million and proceeds from the New Banking Facilities of $750.0 million. Upon repayment of the pre-existing debt, the associated security granted by the Group was discharged.

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

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

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

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

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

(ii) Covenants on financing facilities

The Syndicated Banking Facilities are unsecured and contain financial undertakings which are tested monthly and reported semi-annually. The financial undertakings include a leverage ratio and an interest cover ratio. The Group was in compliance with all of its financial covenants as at 31 December 2021.

(iii) Bank guarantees, insurance bonds and letters of credit

The Group has $795.0 million (2020: $555.0 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. $424.4 million (2020: $323.4 million) of these facilities were utilised as at 31 December 2021 with $370.6 million (2020: $231.6 million) unutilised.

(iv) Credit ratings

The Group has investment grade credit ratings of Baa3 (Outlook Stable) from Moody's and BBB- (Outlook Stable) from S&P as at 31 December 2021.

Notes to the Consolidated Financial Statements *continued*

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(v) Maturity profile

The maturity profile of the Group's borrowing arrangements by financial year is represented in the below table by facility limit:

	CURRENCY	INTEREST RATE	EFFECTIVE INTEREST RATE AT 31 DECEMBER 2021	MATURITY	$'m
Syndicated term loan facilities (non-current)					
Term loan	AUD	BBSY + 140bps	1.52%	23 November 2024	250.0
Term loan	AUD	BBSY + 150bps	1.62%	23 November 2025	250.0
Term loan	AUD	BBSY + 160bps	1.72%	23 November 2026	250.0
Syndicated revolving cash facility	AUD			23 November 2025	400.0

Significant Accounting Policies

Borrowings

Borrowings are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method.

Under the effective interest method, any transaction fees, costs, discounts, and premiums directly related to the borrowings are recognised in profit or loss over the expected life of the borrowings.

Interest bearing borrowings are classified as current liabilities where the borrowings has been drawn under a financing facility which expires within 12 months. Amounts drawn under financing facilities which expire after 12 months are classified as non-current.

4.7 Financial risk management

The Group's activities expose it to several financial risks including market risk (interest rate and foreign exchange risk), liquidity risk and credit risk.

The Group manages financial risk through Board approved policies and procedures. These specify the responsibility of the Board of Directors and senior management regarding the management of financial risk. Financial risk is managed centrally by the Group's treasury and finance team under the direction of the Board of Directors. 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 of Directors.

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 foreign exchange rates, interest rates and equity prices will affect the Group's financial performance or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial asset or financial liability will change as a result of changes in market interest rates. The Group is exposed to interest rate risk as it borrows at floating interest rates and adverse movements in floating interest rates will increase the cost of floating rate debt. The Group's exposure to market interest rates relates primarily to its long-term borrowings. All interest rate exposures are identified, quantified, monitored and managed centrally by the Group's treasury team. The Group has a list of approved financial instruments which can be used to manage interest rate risk.

Sensitivities have been based on a movement in interest rates of 25 basis points across the yield curve of the relevant currencies. The selected basis point increase or decrease represents the Group's assessment of the possible change in interest rates on variable rate instruments. At the reporting date, an increase/decrease in interest rate of 25 basis points will:

- Decrease/increase full year net profit after income tax of $0.4 million (2020: $0.8 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) of $1.3 million (2020: $4.3 million) as a result of the changes in fair value of derivatives designated in 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. Subsequent to the repayment of Term Loan B facility (refer to Note 4.6.2), the Group's has no borrowings denominated in foreign currencies at the reporting date.

At the reporting date, a 5% appreciation/depreciation in New Zealand dollars against the Australian dollar will increase/decrease full year other comprehensive income by $2.5 million. The movement represents the Group's assessment of the possible changes in spot foreign exchange rates.

(iii) Hedging arrangements

At the reporting date, the fair value and notional amounts of derivatives entered into for hedging purposes for the Group are:

	Notional Value		Fair Value Asset		Fair Value Liability		Fair Value Gain/(Loss) Recognised in Other Comprehensive Income	
	2021 $'m	2020 $'m	2021 $'m	2020 $'m	2021 $'m	2020 $'m	2021 $'m	2020 $' m
Cash flow hedges								
Interest rate swaps	600.0	220.0	–	–	0.4	0.2	(0.4)	–
Cross currency swaps	–	795.4	–	0.5	–	98.8	54.7	20.2
Total	**600.0**	**1,015.4**	**–**	**0.5**	**0.4**	**99.0**	**54.3**	**20.2**

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

	Carrying Amount of Hedged Items		Cash Flow Hedge Reserve	
	2021 $'m	2020 $'m	2021 $'m	2020 $'m
Cash flow hedges				
Borrowings	750.0	1,355.9	(0.3)	(12.8)
Total	**750.0**	**1,355.9**	**(0.3)**	**(12.8)**

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

Cross currency swaps

The cross currency swaps were designated in a cash flow hedge on exposure from the Term Loan B facility which was repaid during the year (refer to Note 4.6.2). At the reporting date, there were no outstanding cross currency swaps.

Interest rate swaps

The interest rate swaps are designated in a cash flow hedge on exposure from the variable rate borrowings (refer to Note 4.6.2).

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 2021 and cash at bank and on hand of $180.2 million as at 31 December 2021, 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 have been breached during the period.

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

The following tables detail the Group's undiscounted non-derivative liabilities and derivative liabilities and their contractual maturities. The maturity profile of the Group's undiscounted lease liabilities is included in Note 3.3.2.

Maturity Analysis of Undiscounted Cash Outflow

31 December 2021	One Year or Less $'m	One to Two Years $'m	Two to Five Years $'m	Over Five Years $'m	Total $'m
Non-derivative liabilities					
Borrowings	12.0	12.0	774.0	–	798.0
Trade and other payables[1]	652.4	–	–	–	652.4
Lease liabilities	70.3	32.0	45.3	9.2	156.8
	734.7	44.0	819.3	9.2	1,607.2
Derivative liabilities					
Interest rate swaps	0.1	0.7	(0.5)	–	0.3
	0.1	0.7	(0.5)	–	0.3
Total	**734.8**	**44.7**	**818.8**	**9.2**	**1,607.5**

Maturity Analysis of Undiscounted Cash Outflow

31 December 2020	One Year or Less $'m	One to Two Years $'m	Two to Five Years $'m	Over Five Years $'m	Total $'m
Non-derivative liabilities					
Borrowings	85.7	80.0	240.0	1,341.2	1,746.9
Trade and other payables[1]	518.5	–	–	–	518.5
Lease liabilities	59.8	37.4	39.9	13.9	151.0
	664.0	117.4	279.9	1,355.1	2,416.4
Derivative liabilities					
Interest rate swaps	0.3	0.1	(0.2)	–	0.2
Cross currency swaps	7.8	36.3	54.8	–	98.9
	8.1	36.4	54.6	–	99.1
Total	**672.1**	**153.8**	**334.5**	**1,355.1**	**2,515.5**

1. Excludes contract liabilities.

For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last repricing date. Cash flows represented are contractual and calculated on an undiscounted basis, based on current rates at the reporting date.

4.7.3. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group is exposed to counterparty credit risk arising from its operating activities (primarily customer receivables) and financing activities, including deposits with banks and financial institutions, foreign exchange and other financial instruments. The maximum exposure to credit risk arising from potential default of the counterparty is equal to the carrying amount of the financial assets.

Credit risks related to balances with banks and financial institutions are managed by the Group's finance team in accordance with approved policies. Such policies only allow financial derivative instruments to be entered into with high credit quality financial institutions.

Trade receivables consist of receivables from government agencies and corporations. Receivables balances are monitored regularly with the result that the Group's exposure to credit losses to date have been negligible.

At the reporting date, no material credit risk exposure existed in relation to potential counterparty failure on such financial instruments, except for certain trade and other receivable with impairment allowance recognised (refer to Note 3.1).

Guarantees

Details of outstanding guarantees are provided in Note 6.1. The Group is, in the normal course of business, required to provide guarantees and letters of credit on behalf of controlled entities, joint ventures and related parties in respect of their contractual performance related obligations.

Maximum credit exposure

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	31 December 2021 $'m	31 December 2020 $'m
Cash and cash equivalents	180.2	444.3
Trade receivables, net of impairment allowance	236.6	214.2
Contract assets	422.8	313.9
Other receivables	3.9	7.8
Amounts receivable from related parties	17.3	38.2
Derivative assets	–	0.5
Total	**860.8**	**1,018.9**

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

	31 December 2021 $'000	31 December 2020 $'000
Gross aged receivables 0-90 days	239.1	210.1
Gross aged receivables more than 90 days	2.3	13.3
Total	**241.4**	**223.4**

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).

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

	Fair Value Asset		Fair Value Liability		
	2021 $'m	2020 $'m	2021 $'m	2020 $'m	Fair Value Hierarchy
Interest rate swaps	–	–	0.4	0.2	Level 2
Cross currency swaps	–	0.5	–	98.8	Level 2
Total	**–**	**0.5**	**0.4**	**99.0**	

There were no transfers between level 1, level 2, or level 3 during the year.

Estimation of fair values

The fair value of interest rate and cross currency swaps is determined using a discounted cash flow model where future cash flows are estimated based on market forward rates as at the end of the year and the contract rates, discounted at a rate that reflects the credit risk of the various respective counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying value of cash and cash equivalents, financial assets, bank and other loans, and non-interest bearing monetary financial liabilities of the Group approximate their fair value.

Significant Accounting Policies

Derivatives

Derivative financial instruments are stated at fair value. Where derivative financial instruments qualify for hedge accounting, recognition of changes in fair value depends on the nature of the item being hedged. Hedge accounting is discontinued when the hedging relationship is revoked, or the hedging instrument expires, is sold, terminated, exercised, or no longer qualifies for hedge accounting.

The derivatives financial instruments of the Group qualify for cash flow hedge. Refer to Note 4.4 for the accounting policy.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Otherwise, they are classified as current.

4.8 Commitments for capital expenditure

Capital expenditure commitments of the Group at the reporting date are as follows:

	31 December 2021 $'m	31 December 2020 $'m
Estimated capital expenditure under firm contracts, payable:		
Not later than one year	9.3	4.3
Later than one year, not later than two years	–	–
Beyond two years	–	–
Total capital expenditure commitments[1]	**9.3**	**4.3**

1. There were no material commitments related to joint arrangements.

4.9 Receivable finance arrangements

The Group has a receivables financing facility with a banking institution. The level of non-recourse factoring across the Group was $30.3 million as at 31 December 2021 (2020: $25.7 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 Ventia, 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 Acquisition of subsidiary

5.1.1. Kordia Solutions Pty Limited

On 31 October 2021, Ventia Holdings I Pty Limited (a controlled entity of Ventia Services Group Limited) acquired the entire share capital of Kordia Solutions Pty Limited (Kordia). Kordia provides design, consultancy, maintenance and construction services for fixed and mobile indoor and outdoor telecommunications networks to major public and private built environments and its acquisition will strengthen Group's telecommunication offering.

Details of the purchase consideration and net assets assumed are summarised as follows:

	Final Fair Value $'m
Purchase consideration	
Cash consideration paid	1.2
Deferred consideration[1]	10.0
Net assets acquired at fair value	(11.0)
Goodwill	**0.2**

1. The deferred consideration is included in current Trade and other payables.

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

The recognised amounts of assets and liabilities as a result of the acquisition are as follows:

	$'m
Cash and cash equivalents	1.0
Trade and other receivables	52.5
Inventories	1.1
Total current assets	**54.6**
Right-of-use assets	2.8
Property, plant and equipment	0.8
Intangible assets	0.9
Total non-current assets	**4.5**
Total assets	**59.1**
Trade and other payables	31.6
Employee benefit liabilities	6.5
Provisions	2.9
Lease liabilities	2.8
Total current liabilities	**43.8**
Deferred tax liabilities	4.3
Total non-current liabilities	**4.3**
Total liabilities	**48.1**
Total identifiable net assets acquired	**11.0**

From the date of acquisition, Kordia's contribution to revenue and profit after income tax for the year was not material. If the acquisition had occurred at the start of the reporting period, management estimates that the consolidated revenue and profit after income tax for the year would not have been materially different to what has been reported.

5.1.2. BRS Holdco Pty Ltd and its controlled entities

On 30 June 2020, Ventia Holdings I Pty Limited (a controlled entity of Ventia Services Group Limited) acquired the entire share capital of Ferrovial Services Australia Pty Ltd from Ferrovial S.A. (a Spanish public limited liability company). The acquisition price was $460 million. Ferrovial Services Australia Pty Ltd is the parent entity of Broadspectrum Pty Ltd (Broadspectrum). Broadspectrum delivers operations, maintenance, asset management and project management services in Australia and New Zealand. On 8 July 2020, Ferrovial Services Australia Pty Ltd changed its name to Ventia Investment Holdings Pty Ltd. Subsequently on 27 October 2020, Ventia Investment Holdings Pty Ltd changed its name to BRS Holdco Pty Ltd.

Details of the purchase consideration and net assets assumed are summarised as follows:

	Provisional Fair Value $'m	Final Fair Value $'m
Purchase consideration		
Cash consideration	460.0	460.0
Net assets acquired at fair value	(185.2)	(158.6)
Goodwill	**274.8**	**301.4**

The recognised amounts of assets and liabilities as a result of the acquisition are as follows:

	Provisional Fair Value $'m	Final Fair Value $'m
Cash and cash equivalents	225.2	225.2
Trade and other receivables	414.3	406.6
Inventories	21.3	21.4
Total current assets	**660.8**	**653.2**
Trade and other receivables	10.3	–
Equity accounted investments	2.2	2.2
Deferred tax assets	263.9	204.0
Right-of-use assets	84.5	84.5
Property, plant and equipment	169.0	159.0
Intangible assets	163.8	159.9
Total non-current assets	**693.7**	**609.6**
Total assets	**1,354.5**	**1,262.8**
Trade and other payables	517.6	527.3
Provisions	207.6	233.5
Lease liabilities	28.3	28.3
Total current liabilities	**753.5**	**789.1**
Trade and other payables	–	38.8
Provisions	292.0	216.2
Deferred tax liabilities	53.7	–
Lease liabilities	56.5	60.1
Other liabilities	13.6	–
Total non-current liabilities	**415.8**	**315.1**
Total liabilities	**1,169.3**	**1,104.2**
Total identifiable net assets acquired	**185.2**	**158.6**

The acquisition accounting was performed on a provisional basis at 31 December 2020 with the key values for final determination relating to adjustments resulting from Allocable Cost Amount calculations and finalisation of provisions. At 30 June 2021, the acquisition accounting was finalised. The provisional and final fair value of assets and liabilities recognised as a result of the acquisition is noted above.

In accordance with AASB 3 Business Combinations, the provisional fair values of assets and liabilities acquired are retrospectively adjusted to reflect information obtained during the measurement period that existed at acquisition date. Therefore, the Consolidated Statement of Financial Position as at 31 December 2020 has been revised. There are no changes to the Consolidated Statement of Profit or Loss and Other Comprehensive Income or the Consolidated Statement of Cash Flows from the amounts noted for the 2020 financial year as the impact is not material.

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

Significant Accounting Policies

The acquisition method of accounting is used to account for all business combinations. The consideration for the acquisition of a controlled entity comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any pre-existing equity interest in the controlled entity. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. Where the consideration is less than the fair value of the net identifiable assets of the controlled entity acquired, the difference is recognised directly in profit or loss as a gain on acquisition of a controlled entity.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

5.2 Equity accounted investments

	2021 $'m	2020 $'m
Joint ventures		
Balance at start of year	10.1	7.9
Recognised on acquisition of a subsidiary	–	2.2
Share of profits/(losses)	5.2	3.1
Share of income tax expense[1]	(1.2)	(0.8)
Dividends received	(9.2)	(2.3)
Balance at end of year	**4.9**	**10.1**

1. The share of income tax expense is included in the Income tax benefit/(expense) in the Consolidated Statement of Profit or Loss.

			Ownership Interest	
Joint Venture	Country of Incorporation	Statutory Reporting Date	31 December 2021 %	31 December 2020 %
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
Ventia Boral Amey NSW Pty Limited[1]	Australia	31 December	64.4	64.4
Ventia Boral Amey QLD Pty Limited[1]	Australia	31 December	66.6	66.6
Venture Smart Pty Limited	Australia	30 June	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:

	2021 $'m	2020 $'m
Carrying amounts		
Current assets	12.0	20.5
Non-current assets	11.2	9.1
Current liabilities	(8.4)	(16.9)
Non-current liabilities	(9.9)	(2.6)
Net assets	**4.9**	**10.1**
Total comprehensive income		
Profit after income tax for the year from continuing operations	4.0	2.3
Total comprehensive income	**4.0**	**2.3**

There are no material commitments held by joint ventures.

Significant Accounting Policies

The Group's interests in equity accounted investees comprise interests in joint venture entities only.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated statement of financial position at cost, including transaction costs and goodwill on acquisition, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

The requirements of AASB 136 Impairment of Assets are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 as a single asset by comparing its recoverable amount (higher of value in use, and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Consolidated Financial Statements only to the extent of interests in the joint venture that are not related to the Group.

Dividends are recognised when the dividend is declared. Dividends received reduce the carrying amount of the investment in joint ventures.

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

5.3 Joint operations

The Group has the following interests in joint operations whose primary activity is providing services:

		OWNERSHIP INTEREST	
Joint Operation	Country of Incorporation or Establishment	2021 %	2020 %
Allwater	Australia	50.0	50.0
Aroona Alliance	Australia	50.0	50.0
Arup Pty Limited & BMD Constructions Pty Ltd and Ventia Pty Ltd (Smartways)	Australia	20.0	20.0
BRSJay	Australia	50.0	50.0
Confluence Water	Australia	42.5	42.5
MTC-Broadspectrum	Australia	50.0	50.0
Optus Wireless Project (OWP)	Australia	50.0	50.0
Trace UJV [1]	Australia	80.0	80.0
Transcom Connect	Australia	50.0	50.0
Utilita Water Solutions	Australia	50.0	50.0
Ventia Boral Amey NSW[1]	Australia	64.4	64.4
Ventia Boral Amey QLD[1]	Australia	66.6	66.6
Watersure	Australia	40.0	40.0

1. Whilst the Group holds a greater than 50% interest in these joint operations, as they are formed by contractual arrangements and are not entities, the Group recognises its share of assets, liabilities, revenue and expenses arising from these arrangements.

Significant Accounting Policies

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for its share of jointly held assets, liabilities, revenues and expenses of joint operations.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Consolidated Financial Statements only to the extent of other parties’ interests in the joint operation.

When a Group entity purchases assets from a joint operation in which a Group entity is a joint operator, the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

5.4 Discontinued operations

APP Corporation Pty Ltd (APP) delivers professional services to the property and infrastructure sectors, and was a wholly-owned subsidiary of BRS Holdco Pty Ltd which was acquired by the Group on 30 June 2020. On 1 July 2020, the Group announced its intention to sell APP and its subsidiaries, and actively started to market the business for sale. Therefore, APP was considered to be a subsidiary acquired exclusively with a view to resale and was classified as an asset held for sale at 31 December 2020.

On 3 March 2021, Broadspectrum (Holdings) Pty Ltd (a controlled entity of Ventia Services Group Limited) signed an agreement with a third party to sell the entire share capital of APP. Completion of the transaction took place on 19 March 2021.

The disposal group comprised the following assets and liabilities:

	31 December 2021 $'m	31 December 2020 $'m
Assets held for sale		
Trade and other receivables	–	12.9
Property, plant and equipment	–	1.0
Right-of-use assets	–	7.7
Intangible assets	–	7.7
Goodwill	–	50.8
Deferred tax assets	–	7.3
Other non-current assets	–	0.3
Total assets held for sale	**–**	**87.7**
Liabilities associated with assets held for sale		
Trade and other payables	–	21.6
Provisions	–	8.3
Lease liabilities	–	7.2
Total liabilities associated with assets held for sale	**–**	**37.1**

The results of APP for the period up to the date of disposal were as follows:

	Period ended 19 March 2021 $'m
Revenue	18.2
Expenses	(15.9)
Profit before income tax expense	2.3
Income tax expense	(0.7)
Profit after income tax for the year from discontinued operations	**1.6**

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

The net assets of APP at the date of disposal were as follows:

	Period ended 19 March 2021 $'m
Total consideration	**92.2**
Net assets disposed of excluding goodwill	12.3
Attributable goodwill	50.8
Total assets disposed of	**63.1**
Gain on disposal before income tax	29.1
Income tax expense on disposal	(6.1)
Gain on disposal after income tax	**23.0**
Profit after income tax from discontinued operations	1.6
Gain on disposal after income tax	23.0
Total profit after income tax for the year attributable to discontinued operations	**24.6**

Significant Accounting Policies

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and the sale is considered highly probable.

Assets held for sale are measured at the lower of their carrying amount, and fair value less costs to distribute or sell, except for assets such as deferred tax assets, assets arising from employee benefits, and financial assets which are specifically exempt from this measurement requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell or distribute. A gain is recognised for any subsequent increases in fair value less costs to sell or distribute of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of derecognition.

Assets are not depreciated or amortised while they are classified as held for sale.

Interest and other expenses attributable to the liabilities associated with assets held for sale continue to be recognised.

5.5 Subsidiaries

5.5.1. Deed of Cross Guarantee

Ventia Services Group Limited and each of the wholly-owned subsidiaries set out below (together referred to as the Closed Group) have entered into a Deed of Cross Guarantee (Deed), as defined in ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (the Instrument). The effect of the Deed is that each entity in the Closed Group guarantees the payment in full of all debts of the other entities in the Closed Group in the event of their winding up.

Pursuant to the Instrument, the wholly-owned subsidiaries within the Closed Group are relieved from the requirement to prepare, audit, and lodge separate financial reports.

(i) Parties to the Deed

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

(ii) Financial position and performance

A Statement of Profit or Loss and Statement of Financial Position, for the entities which are party to the Deed at the reporting date are as follows:

	2021 $'m
Continuing operations:	
Services revenue	3,939.2
Other income	1.7
Total revenue	**3,940.9**
Expenses	(3,684.3)
Share of profits of joint ventures	5.2
Earnings before interest, income tax, depreciation and amortisation	**261.8**
Depreciation expense	(93.7)
Amortisation expense	(84.7)
Earnings before interest and income tax	**83.4**
Net finance costs	(133.7)
Loss before income tax benefit	**(50.3)**
Income tax benefit	12.5
Loss after income tax for the year from continuing operations	**(37.8)**

Notes to the Consolidated Financial Statements *continued*
for the year ended 31 December 2021

	31 December 2021 $'m
Current assets	
Cash and cash equivalents	164.4
Trade and other receivables	622.6
Current tax asset	19.7
Inventories	31.0
Total current assets	**837.7**
Non-current assets	
Trade and other receivables	8.6
Investment in subsidiaries	50.0
Equity accounted investments	4.8
Deferred tax assets	214.6
Right-of-use assets	116.5
Property, plant and equipment	145.5
Intangible assets	125.0
Goodwill	1,072.6
Total non-current assets	**1,737.6**
Total assets	**2,575.3**
Current liabilities	
Trade and other payables	803.5
Derivative liabilities	0.2
Employee benefit liabilities	143.9
Provisions	38.1
Lease liabilities	54.1
Total current liabilities	**1,039.8**
Non-current liabilities	
Trade and other payables	23.5
Employee benefit liabilities	108.0
Provisions	202.0
Derivative liabilities	0.2
Lease liabilities	68.1
Borrowings	743.2
Total non-current liabilities	**1,145.0**
Total liabilities	**2,184.8**
Net assets	**390.5**
Equity	
Share capital	374.5
Reserves	(42.7)
Retained earnings	58.7
Total equity	**390.5**

5.5.2. Details of subsidiaries

The subsidiaries of Ventia Services Group Limited are as follows:

		Interest Held %	
Name of Entity	Country of Incorporation	2021	2020
APP Corporation Pty Ltd[5]	Australia	–	100
Appoint Consulting Pty Ltd[5]	Australia	–	100
Australian Drilling Solutions Pty Ltd[1]	Australia	–	100
Australian Quality Assurance & Superintendence Pty Ltd[5]	Australia	–	100
BE & MG Pty Ltd[2]	Australia	100	100
BR & I Pty Ltd[2, 4]	Australia	100	100
Broadspectrum (Asset Management Optimisation) Pty Ltd[1]	Australia	–	100
Broadspectrum (Chile) Pty Ltd[1]	Australia	–	100
Broadspectrum (East Timor) Pty Ltd[2]	Australia	100	100
Broadspectrum (Finance) Pty Ltd[2, 3, 4]	Australia	100	100
Broadspectrum (Holdings) Pty Ltd[2, 3, 4]	Australia	100	100
Broadspectrum (India) Pty Ltd[1]	Australia	–	100
Broadspectrum (International) Pty Ltd[2, 3, 4]	Australia	100	100
Broadspectrum (Oil & Gas) Pty Ltd[2, 3, 4]	Australia	100	100
Broadspectrum (QLD) Infrastructure Pty Ltd[1]	Australia	–	100
Broadspectrum (USM) Holdings Pty Ltd[2]	Australia	100	100
Broadspectrum Australia (QLD) Pty Ltd[2]	Australia	100	100
Broadspectrum Escrow Pty Ltd[2]	Australia	100	100
Broadspectrum Holdings (Delaware) Pty Ltd[2]	Australia	100	100
Broadspectrum Metrolink Pty Ltd[1]	Australia	–	100
Broadspectrum Pty Ltd[2, 3, 4]	Australia	100	100
Broadspectrum Services Pty Ltd[2]	Australia	100	100
BRS Employee Plan Co Pty Limited[1]	Australia	–	100
BRS Holdco Pty Ltd[2, 3, 4]	Australia	100	100
ChargePoint Pty Limited[2, 4]	Australia	100	100
CI Australia Pty Limited[5]	Australia	–	100
Collinsville Operations Pty Ltd[1]	Australia	–	100
Delron Cleaning Pty Ltd[2, 4]	Australia	100	100
Delron Group Facility Services Pty Limited[2, 4]	Australia	100	100
Eastern Catering Services Holdings Pty Ltd[2]	Australia	100	100
Eastern Catering Services Pty Ltd[2]	Australia	100	100
Eastern Pressure Control Pty Ltd	Australia	51	51
Eastern Well Rigs Pty Ltd[2,4]	Australia	100	100
Eastern Well Service No 2 Pty Ltd[2, 4]	Australia	100	100

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

Name of Entity	Country of Incorporation	Interest Held % 2021	Interest Held % 2020
Easternwell Drilling Holdings Pty Ltd[2, 4]	Australia	100	100
Easternwell Drilling Labour Hire Pty Ltd[1]	Australia	–	100
Easternwell Drilling Services Assets Pty Ltd[2]	Australia	100	100
Easternwell Drilling Services Holdings Pty Ltd[2]	Australia	100	100
Easternwell Drilling Services Labour Pty Ltd[2]	Australia	100	100
Easternwell Drilling Services Operations Pty Ltd[2]	Australia	100	100
Easternwell Energy Rigs Pty Ltd[2, 4]	Australia	100	100
Easternwell Engineering Pty Ltd[1]	Australia	–	100
Easternwell Group Assets Pty Ltd[2, 3, 4]	Australia	100	100
Easternwell Group Investments Pty Limited[2, 3, 4]	Australia	100	100
Easternwell Group Operations Pty Ltd[2, 3, 4]	Australia	100	100
Easternwell Group Pty Ltd[2, 3, 4]	Australia	100	100
Easternwell WA Pty Ltd[2, 3, 4]	Australia	100	100
Gorey & Cole Drillers Pty Ltd[2]	Australia	100	100
Gorey & Cole Holdings Pty Ltd[2]	Australia	100	100
ICD (Asia Pacific) Pty Limited[2, 4]	Australia	100	100
Kordia Solutions Pty Limited[2, 3, 6]	Australia	100	–
O.G.C. Services Pty Ltd[2]	Australia	100	100
Piver Pty Ltd[2, 3, 4]	Australia	100	100
Sides Drilling Contractors Pty Ltd[1]	Australia	–	100
Sides Drilling Pty Ltd[1]	Australia	–	100
Silcar Pty Ltd[2, 4]	Australia	100	100
Silver City Drilling (QLD) Pty Ltd[1]	Australia	–	100
Ten Rivers Pty Ltd[2]	Australia	100	100
Transhare Plan Company Pty Ltd[1]	Australia	–	100
TS (Procurement) Pty Ltd[2]	Australia	100	100
Ventia Asset Infrastructure Services Pty Limited[2, 3, 4]	Australia	100	100
Ventia Australia Pty Ltd[2, 3, 4]	Australia	100	100
Ventia Environmental Services Pty Limited[2]	Australia	100	100
Ventia Finco Pty Limited[2, 3]	Australia	100	100
Ventia Holdings I Pty Limited[2, 3]	Australia	100	100
Ventia Investment Holdings (Consolidated) Pty Ltd[1]	Australia	–	100
Ventia IP Holdings Pty Ltd[2, 7]	Australia	100	100
Ventia Leasing Pty Limited[2, 4]	Australia	100	100
Ventia NBH Pty Limited[1]	Australia	–	100
Ventia Property Pty Ltd[2, 3, 4]	Australia	100	100

Name of Entity	Country of Incorporation	Interest Held % 2021	2020
Ventia Pty Limited[2, 3, 4]	Australia	100	100
Ventia Services Group EIP Pty Ltd[2]	Australia	100	100
Ventia Services Pty Ltd[2, 3, 9]	Australia	100	100
Ventia Training Pty Ltd[2, 8]	Australia	100	100
Ventia Utility Services Pty Limited[2, 3, 4]	Australia	100	100
Vision Hold Pty Limited[2, 4]	Australia	100	100
Visionstream Australia Pty Limited[2, 3, 4]	Australia	100	100
Visionstream Pty Limited[2, 4]	Australia	100	100
Visionstream Services Pty Limited[2, 3, 4]	Australia	100	100
Transfield Services (Asia) Sdn Bhd	Malaysia	100	100
Broadspectrum (Mauritius) Limited	Mauritius	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
Visionstream Pty Ltd (NZ Branch)[1]	New Zealand	–	100
Ventia (PNG) Ltd[1]	Papua New Guinea	–	100
Ventia Deco LLC	United States of America	100	100

1. These entities have been deregistered in 2021.
2. Entities included in the Tax Consolidated Group.
3. Entities party to the Deed of Cross Guarantee entered into on 17 December 2021, pursuant to the Instrument, with Ventia Services Group Limited as the holding entity under the Deed.
4. Entities party to the Deed of Cross Guarantee entered into on 22 December 2020, pursuant to the Instrument, with Ventia Holdings I Pty Limited as the holding entity under the Deed. This Deed was revoked on 17 December 2021.
5. These entities were disposed of as part of the sale of APP Corporation Pty Ltd on 19 March 2021.
6. This entity was acquired on 31 October 2021.
7. This entity was renamed from Broadspectrum (IP) Holdings Pty Limited on 23 August 2021.
8. This entity was renamed from Broadspectrum Training Services Pty Ltd on 11 March 2021.
9. This entity was renamed from Ventia Midco Pty Limited on 18 June 2021.

Notes to the Consolidated Financial Statements *continued*
for the year ended 31 December 2021

5.6 Parent entity information

As at, and throughout, the financial year ended 31 December 2021 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 is set out below:

	2021 $'m	2020 $'m
Statement of Profit or Loss		
Profit after income tax for the year	25.9	–
Total comprehensive income for the year	**25.9**	**–**

	31 December 2021 $'m	31 December 2020 $'m
Statement of Financial Position		
Total current assets	10.0	25.7
Total non-current assets	395.6	41.1
Total assets	**405.6**	**66.8**
Total current liabilities	29.0	41.0
Total non-current liabilities	–	–
Total liabilities	**29.0**	**41.0**
Net assets	**376.6**	**25.8**
Share capital	374.5	2.6
Reserves	(4.5)	1.9
Retained earnings	6.6	21.3
Total equity	**376.6**	**25.8**

Guarantees

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries. Further details on the Deed of Cross Guarantee and the subsidiaries subject to the Deed are disclosed in Note 5.5.1.

Other guarantees held by the parent entity are the same as those held by the Group as disclosed in Note 6.1.

Commitments for capital expenditure and contingent liabilities

The parent entity does not have any commitments or contingent liabilities (2020: nil) except as disclosed in Note 6.1.4.

Significant Accounting Policies

Financial information for the Company, Ventia Services Group Limited, has been prepared on the same basis as the Consolidated Financial Statements. The following are accounting policies that are significant to the Company only as the related transactions are either not material for the Group or eliminated on consolidation.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost and are tested for impairment in accordance with the policy adopted for non-financial assets in Note 3.7. Dividends received from subsidiaries are recognised in profit or loss when a right to receive the dividend is established.

5.7 Related parties

Related parties are persons or entities that are related to the Group as defined by AASB 124 Related Party Disclosures. This note provides information about transactions with related parties during the year.

The Company's two largest shareholders are AIF VIII Singapore Pte Ltd (Apollo), a company domiciled in Singapore and CIMIC Group Limited (CIMIC), a company domiciled in Australia and listed on the Australian Securities Exchange.

The ultimate parent entities of the respective entities above are Apollo Global Management, LLC a company incorporated in the United States of America and listed on the New York Stock Exchange and Actividades de Construcción y Servicios, SA (ACS) a company incorporated in Spain and listed on the Bolsa de Madrid Stock Exchange.

Transactions within the Group

During the year and previous years, subsidiaries of Ventia Services Group Limited advanced loans to, received and repaid loans from, and provided treasury, accounting, legal, taxation, and administrative services to other Group entities.

Group entities also exchanged goods and services in sale and purchase transactions. All transactions occurred on the basis of normal commercial terms and conditions. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Transactions with related parties

Ventia SaleCo Limited

On 29 September 2021, Ventia SaleCo Limited (SaleCo) was incorporated to facilitate the sale and transfer of shares from the existing shareholders of Ventia Services Group Limited (the Company) to the successful applicants as part of the IPO. The sole shareholder of SaleCo is Fremac Nominees Pty Ltd (ACN 001 430 913). Robert Cotterill, Kevin Crowe, David Moffatt and Ignacio Surinach were appointed as Directors of SaleCo on 29 September 2021.

On 19 November 2021, the IPO of the shares in the Company was completed and the Company was formally listed on both the Australian Securities Exchange (ASX) and New Zealand's Exchange (NZX). In total, SaleCo held 37,634,104 shares at a value of $63,977,976 representing 11.9% of the shares on issue at completion of the IPO. As at 31 December 2021, SaleCo held no shares in Ventia Services Group Limited.

Other related party transactions

The following table provides the total amount of transactions that have been entered into with other related parties and outstanding balances at the end of reporting period.

2021	Revenue $'000	Expenses $'000	Current Receivables $'000	Non-Current Receivables $'000	Current Payables $'000
Apollo and CIMIC related entities	5,331	10,513	1,450	–	1,113
Joint arrangements	100,526	58,883	7,251	8,590	2,723
	105,857	**69,396**	**8,701**	**8,590**	**3,836**

2020	Revenue $'000	Expenses $'000	Current Receivables $'000	Non-Current Receivables $'000	Current Payables $'000
Apollo and CIMIC related entities	3,653	6,502	454	–	68
Joint arrangements	82,440	20,159	28,740	8,992	2,818
	86,093	**26,661**	**29,194**	**8,992**	**2,886**

Notes to the Consolidated Financial Statements *continued*

for the year ended 31 December 2021

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 is as follows:

	2021 $'000
Short-term employee benefits	5,185
Post-employment benefits	151
Other long-term benefits	33
Share-based payments	1,348
	6,717

The Group reported total Key Management Personnel (KMP) compensation of $8,470,000 for the year ended 31 December 2020 in relation to the Chief Executive Officer, Chief Financial Officer and the Executive General Managers of each of its operating segments. During the year ended 31 December 2021 the Group redefined its KMP to be the Directors, the Chief Executive Officer and the Chief Financial Officer.

Equity instrument disclosures relating to Key Management Personnel

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 2021 $'m	31 December 2020 $'m
Insurance, performance and payment bonds	424.4	323.4
Letters of credit	3.3	3.3
	427.7	**326.7**

6.1.2. Legal claims

Legal claims arise in the ordinary course of business. The Directors consider that appropriate provisions have been raised to reflect expected settlement amounts and finalisation of open matters and therefore no contingent liabilities for legal settlements have been noted.

6.1.3. Gateway Motorway project

Claims have been made by Queensland Motorways Pty Limited (QML) in the Supreme Court of Queensland against various parties, including the head design, construction and maintenance contractors of the Gateway Motorway project (D&C Contractor) in relation to alleged defects in the motorway upgrade project.

Two companies in which the Group has an interest, Visionstream Australia (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 Visionstream Australia, and separately GMS.

Visionstream Australia disputes the nature and value of the claims and intends to defend them vigorously. The Group understands that GMS intends to defend the claims vigorously. In both instances, the effect of contractual liability caps, any applicable insurance cover and other relevant matters, will need to be considered.

The future liability arising from the above matters, if any, cannot be reasonably determined at this stage.

6.1.4. ATO audit

As disclosed in note 3.8.6 the Group is subject to an ATO audit.

6.2 Auditors' remuneration

The auditors' remuneration for the Group is as follows:

	2021 $'000	2020 $'000
Deloitte Touche Tohmatsu and related network firms		
Audit or review of financial statements		
Group	1,030	1,100
Subsidiaries and Joint operations	90	74
Total audit or review of the Consolidated Financial Statements	1,120	1,174
Statutory assurance services required by legislation to be provided by the auditor	–	–
Other assurance and agreed-upon procedures under other legislation or contractual agreements[1]	1,885	48
Other non-assurance services	10	10
Total other services	1,895	58
	3,015	**1,232**

1. In 2021, other assurance and agreed-upon procedures include $1,875,000 in relation to assurance services with respect to the initial public offering of shares in the Company, and $10,000 in relation to assurance services with respect to other legislation or contractual agreements (2020: other assurance and agreed-upon procedures include $47,900 in relation to assurance services with respect to licensing regulatory compliance).

The Group paid KPMG Audit SARL (KPMG) $6,000 for the audit of an overseas subsidiary in respect of the year ended 31 December 2020. No audit fees were incurred, paid or payable to KPMG in respect of the year ended 31 December 2021.

6.3 Events after the reporting period

Since the end of the financial year, the Directors have resolved to pay a final dividend of 1.47 cents per fully paid ordinary share, fully franked (2020: nil cents per share).

In accordance with AASB 110 Events after the Reporting Period, the aggregate amount of the proposed final dividend of $12.6 million (2020: $nil million) is not recognised as a liability as at 31 December 2021.

Unless disclosed elsewhere in the Consolidated Financial Statements, no other material matter or circumstance has arisen since 31 December 2021 that has significantly affected or may significantly affect:

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

Directors' Declaration

In the opinion of the Directors of Ventia Services Group Limited (Company):

(a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) the attached Consolidated Financial Statements are in compliance with International Financial Reporting Standards, as stated in Note 1.1 to the Consolidated Financial Statements;

(c) the attached Consolidated Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; and

(d) the Directors have been given the declarations required by Section 295A of the *Corporations Act 2001*.

At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the Instrument applies, as detailed in Note 5.5.1 to the Consolidated Financial Statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors.

David Moffatt

David Moffatt
Chairman
23 February 2022

Deloitte.

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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 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors’ declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group’s financial position as at 31 December 2021 and of its financial performance for the year then ended; and

(ii) 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 and 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 for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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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 services revenue of $4,555.4 million in the year. Due to the range of services provided by the Group a number of different contractual arrangements exist that underpin the recognition and measurement of this revenue. Management are required to exercise judgement in determining the timing of recognition and quantum of measurement which includes, amongst other matters, consideration of the following: • 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 services revenue is recognised a corresponding contract asset balance is also recorded on the balance sheet representing the Group's right to consideration for the services transferred to date. Contract assets include amounts recognised as variable consideration. Contract assets are reclassified to trade receivables when these amounts have been certified or invoiced to a customer. We focused on the recognition of services revenue as a key audit matter due to the significance of revenue to the financial statements, the number and type of estimation events over the course of a contract and the unique nature of individual contract terms.	Our procedures included, amongst others: • Evaluating management's processes and controls in respect of the recognition of services revenue. As part of this process, we tested key 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 control over the monthly reporting packs for all contracts; and - the project reviews that are undertaken by Group management on a monthly basis. • Holding calls with a sample of project leaders at sites across the Group's operating sectors to enhance our understanding of the Group's contracting processes, the consistency of their application, and to discuss directly with project management the risks and opportunities in relation to individual contracts. • Selecting a sample of contracts for testing based on a number of quantitative and qualitative factors which may indicate that a greater level of judgement is required in recognising revenue, including: - history of issues identified; - high potential impact and high likelihood of risk events; - material new contracts; - unapproved claims or variations; - high value contracts; and - loss making contracts. • We also selected a sample of contracts from the remaining population of contracts. • For the contracts selected the following procedures were performed where relevant, amongst others: - obtaining an understanding of the contract terms and conditions to evaluate whether these were reflected in management's method for recognition of contract revenue; - assessing the measurement of the value to customers of goods and services transferred, and evaluating evidence of such transfer;

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<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td></td><td>
- where applicable, assessing the forecast costs to complete through discussion with and challenge of project managers and finance personnel;
- testing contractual entitlement relating to contract modifications, variations and claims recognised within contract revenue to supporting documentation and by reference to the underlying contracts; and
- evaluating contract performance in the period since year end to audit report date to assess the validity of management’s year end revenue recognition judgements.
• Assessing the adequacy of the relevant disclosures in the financial statements.
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Finalisation of the acquisition accounting for BRS Holdco Pty Ltd

As disclosed in Note 5.1.2 on 30 June 2020 the Group acquired all of the share capital of Ferrovial Services Australia Pty Ltd (now BRS Holdco Pty Ltd), the parent company of Broadspectrum Limited. The consideration for the transaction was $460.0 million and goodwill of $301.4 million was recognised on acquisition.

In accordance with AASB 3 Business Combinations management performed a purchase price allocation process to allocate the purchase consideration to the fair value of the assets acquired and liabilities assumed. The acquisition accounting was finalised during the current financial year and during the measurement period (the 12 month period following the date of acquisition) management has retrospectively adjusted the provisional fair values of assets and liabilities acquired for new information obtained relating to the facts and circumstances that existed as of the acquisition date.

We focused on the finalisation of the provisional accounting as acquisition accounting is a complex and judgmental exercise, requiring management to determine:
• If information obtained during the measurement period was reflective of the facts and circumstances that existed at acquisition date;
• If an acquired contract is considered unfavourable relative to expected market returns and/or onerous;
</td><td>
Our procedures included, amongst others:
• Evaluating the design and implementation of management’s processes and controls in respect of the acquisition accounting process.
• Reading the transaction agreements to obtain a detailed understanding of the terms and conditions.
• Challenging management’s determination that information obtained during the measurement period reflected facts and circumstances that existed at acquisition date.
• Challenging the assessment performed by management to identify contracts that were considered unfavourable when compared to expected market returns and/or onerous where the unavoidable costs of meeting the contractual obligations exceeded the economic benefits expected to be received.
• In conjunction with our valuation specialists, evaluating the competence, capability and objectivity of management’s external experts and performing a detailed review of their signed valuation reports to understand the scope of their engagement and any limitations in the reports.
• Challenging the appropriateness of the values attributed to the acquired intangible assets by:
- assessing the identification and valuation of customer contracts and relationships and the appropriateness of the amortisation rate;
- analysing cash flow assumptions including revenue growth rates, gross margin and contributory asset charges; and
</td></tr>
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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
• The identifiable intangible assets such as customer contracts and relationships, to be recognised separately from goodwill; and • The allocation of goodwill to the cash generating units ("CGUs") that are expected to benefit from the synergies of the business combination.	- assessing the discount rate used and challenging the reasonableness of the valuation outputs. • Challenging management's qualitative and quantitative basis for the allocation of the acquired goodwill to CGUs. • Assessing the adequacy of the relevant disclosures in the financial statements.

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 2021, 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 identified above 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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism 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

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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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 76 to 89 of the Directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Ventia Services Group Limited, for the year ended 31 December 2021, 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, 23 February 2021

SHAREHOLDER INFORMATION

“Journey within country” by Monique Rennie, a proud Kamilaroi woman, TRECCA – a Ventia initiative.

SHAREHOLDER INFORMATION

The following information is provided regarding the issued capital of Ventia as at 3 February 2022.

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. 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 44 holders of less than a marketable parcel of 230 shares.

Distribution schedule of ordinary shares

Range	Total holders	Securities	Percentage
1 - 1,000	472	260,009	0.03%
1,001 - 5,000	2,957	7,484,310	0.87%
5,001 - 10,000	952	7,214,889	0.84%
10,001 - 100,000	1,140	25,736,176	3.01%
100,001 and over	49	814,789,061	95.24%
Rounding			**0.01**
Total	**5,570**	**855,484,445**	**100%**

20 largest holders of ordinary shares

Rank	Name	Securities	Percentage
1	AIF VIII SINGAPORE PTE LTD	280,366,971	32.77%
1	CIMIC GROUP INVESTMENTS NO 3 PTY LIMITED	280,366,971	32.77%
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	63,374,801	7.41%
4	VENTIA SERVICES EIP PTY LTD	34,730,693	4.06%
5	CITICORP NOMINEES PTY LIMITED.	34,550,604	4.04%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	32,884,750	3.84%
7	UBS NOMINEES PTY LTD	19,106,987	2.23%
8	NATIONAL NOMINEES LIMITED	13,930,577	1.63%
9	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	10,543,154	1.23%
10	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	9,577,480	1.12%
11	BNP PARIBAS NOMS PTY LTD <DRP>	6,301,950	0.74%
12	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	6,281,580	0.73%
13	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	4,505,238	0.53%
14	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	3,564,544	0.42%
15	CPU SHARE PLANS PTY LTD <VNT EST UNALLOCATED A/C>	2,670,591	0.31%
16	BNP PARIBAS NOMS (NZ) LTD<DRP>	1,852,680	0.22%
17	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,150,673	0.13%
18	MARK RALSTON	1,085,658	0.13%
19	PETER BORDEN	1,000,000	0.12%
20	BNP PARIBAS NOMINEES PTY LTD <IOOF INVMT MNGT LTD DRP>	975,000	0.11%
	Totals: Top 20 holders of FULLY PAID ORDINARY SHARES	**808,820,902**	**94.55%**
	Total remaining holders balance	**46,663,543**	**5.45%**

Substantial Shareholders of Ventia

Substantial Shareholder	Effective Date	Securities	Percentage
Apollo Group Management Inc.	23/11/2021	280,366,971	32.77%
CIMIC Group Limited	23/11/2021	280,366,971	32.77%
The Capital Group Companies	25/11/2021	65,521,193	7.66%

Disclaimer

The information in this annual report is given in good faith and derived from sources believed to be accurate at the date of publication but no warranty of accuracy or reliability is given and no responsibility arising in any way, including for reason of negligence for errors or omission herein is accepted by Ventia Services Group Limited or its respective officers. This annual report is general advice and does not take into account the particular investment objectives, financial situation or particular needs of the investor. Before making any investment in Ventia, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment advisor if necessary.

INVESTOR INFORMATION

Website access

Ventia's Investor Centre is available online at https://www.ventia.com/investor-centre.

The Investor Centre provides you with easy access to important information about Ventia's performance, including annual reports, investor presentations, share price graphs and general securityholder 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 Ventia'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 1.47 cents per share, fully franked, will be paid on 6 April 2022. The dividend is paid on a 75% payout ratio of pro forma NPATA, for the period from 19 November 2012 to 31 December 2021. 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.

CORPORATE DIRECTORY

Ventia Services Group Limited

ABN 53 603 253 541
Level 8
80 Pacific Highway
North Sydney NSW 2060

Website

https://www.ventia.com

Investor Relations

https://www.ventia.com/investor-centre
Email: investors@ventia.com

Directors of Ventia Services Group Limited

David Moffatt (Chair)

Lynne Saint

Sibylle Krieger

Anne Urlwin

Jeff Forbes

Robert Cotterill

Kevin Crowe

Ignacio Segura

Group Chief Executive Officer

Dean Banks

Company Secretaries

Jonathan Dockney

Zoheb Razvi

Sustainability Report

Our 2021 Sustainability Report will be published in March 2022. The report will be available on our website.

Corporate Governance Statement

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

Annual General Meeting

Ventia's Annual General Meeting is scheduled to be held on Thursday, 5 May 2022.

Closing date for the receipt of nominations from persons wishing to be considered for election as a Director is 28 February 2022.

www.ventia.com