



2022

ANNUAL REPORT



CORPORATE REGISTRY

DIRECTORS

Michael Arnett
Chairman and Non-Executive Director

Julian Pemberton
Chief Executive Officer and
Managing Director

Jeff Dowling
Non-Executive Director

Peter Johnston
Non-Executive Director

Fiona Murdoch
Non-Executive Director

COMPANY SECRETARY

Kim Hyman

REGISTERED OFFICE

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ASX CODE

NWH – NRW Holdings Limited
Fully Paid Ordinary Shares

nrw.com.au

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ABOUT US

NRW is a leading provider of diversified contract services to the resources and infrastructure sectors.

With extensive operations across all of Australia, and an office in Canada and the USA, NRW's geographical diversification is complemented by its ability to deliver a wide range of services.

NRW's Civil business specialises in the delivery of private and public civil infrastructure projects, mine development, bulk earthworks and commercial and residential subdivisions. Civil construction projects include roads, bridges, tailings storage facilities, rail formation, ports, renewable energy projects, water infrastructure and concrete installations.

The Mining business provides mine management, contract mining, load and haul, dragline operations, drill and blast, coal handling prep plants, maintenance services and the fabrication of water and service vehicles.

The Minerals, Energy & Technologies (MET) business provides full Engineering Procurement Construction (EPC) capability in the mineral processing, energy and non-process infrastructure market segments. They offer comprehensive Original Equipment Manufacturer (OEM) capability, innovative materials handling design capability, specialist maintenance (shutdown services and onsite maintenance) for the metals and mining industry and provide industrial engineering and fabrication.

NRW has a workforce of around 7,000 people supporting projects around Australia for clients across the resources, infrastructure, industrial engineering, maintenance and urban subdivision sectors.





The focus of the business has been to **add capability, broaden the regions** in which we operate and **diversify** our service offering.



CHAIRMAN'S MESSAGE

On behalf of the Board of NRW Holdings, I am pleased to present the annual report for the 2022 financial year.

I would like to start by acknowledging our shareholders for their ongoing support this year and their continued confidence in NRW.

Despite the challenging economic conditions experienced in FY22, including widespread labour shortages and increased supply chain and inflationary pressures, NRW continued to deliver another year of strong financial growth and outstanding results for our clients. This has allowed the Board, in line with the Company's dividend policy, to resolve to pay a final fully franked dividend of 7.0 cents per share, up 40% on FY21. This final fully franked dividend increases the total dividends for the year to 12.5 cents, representing a 56% pay out of NPATA.

These strong results on the back of a challenging environment reflect our strategy of diversifying revenue streams over the past few years. The Company will continue to assess opportunities to diversify its services and support long-term sustainable growth.

NRW has reported revenues in FY22, including those generated by associates, of \$2.4 billion, a 4.6% increase from FY21. In addition, the strong cashflows underline the quality of the Company's earnings and our ability to deliver a disciplined approach to balance sheet management. Gearing at 11% is well within our target range. It provides flexibility for the business to not only manage through an expected higher interest rate environment but also provides opportunities for disciplined capital management.

Significant order wins in the year have increased the Order book to a new Group record of \$5.2 billion.

OUR PEOPLE

The safety and wellbeing of our people has always been our number one priority. Whilst the COVID-19 pandemic has continued to pose challenges throughout our operations, our businesses have continued to work closely with clients, contractors, and suppliers to support the continuation of safe, uninterrupted operations.

The attraction and retention of our workforce over the last 12 months has been challenging given the tightening labour market, post COVID-19 restrictions, and the broader reduction in the Australian unemployment rate. The Group has focused on executing targeted recruitment strategies to ensure we retain an appropriately skilled workforce.

I would like to express my gratitude to all 7,000 members of our workforce for their hard work and commitment to working with our clients to deliver our services safely.

SUSTAINABILITY

NRW is committed to the sustainable development of the Group's business by effectively managing its economic, environmental and social impacts. Our Sustainability Committee, led by Fiona Murdoch, is responsible for managing and reporting on our Environmental, Social and Governance (ESG) matters, details of which can be found within the Sustainability section of this Report.

In closing, I would like to thank my fellow Board members, Jules Pemberton and his leadership team, for their ongoing commitment and support. In particular, I would like to thank Andrew Walsh for his expert financial guidance over the last nine years, and I wish him all the best for his retirement.

I look forward to reporting on our further success in the 2023 financial year.

Michael Arnett
Chairman, NRW Holdings



The **safety and wellbeing of our people** has always been our number one priority.



CEO REVIEW OF OPERATIONS

It has been a great privilege to be part of NRW Holdings' leadership team for the last 25 years. There have been significant changes in the structure over this time, including strategic acquisitions that have enhanced our capability to deliver services across the whole lifecycle of projects. Consequently, it is with great pleasure that I present NRW Holdings' results of our consolidated group for the financial year ending 30 June 2022.

Before commenting on the operations, I would like to acknowledge all of our employees for their contributions over the last 12 months. The results and the work we have successfully delivered to our clients are a credit to the NRW Group workforce, who I would like to recognise and thank.

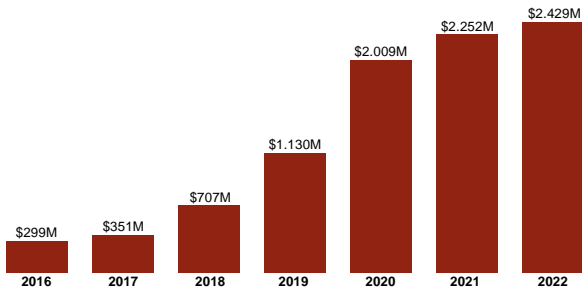
I would also like to acknowledge our CFO, Andrew Walsh, who is leaving us in December to start his well-earned retirement after nine years with NRW. Andrew Broad, EGM - Action Drill and Blast has also recently left the business to pursue other opportunities and I would thank him for his service over the last three years.

I have listed the highlights below, which includes a full 12-month contribution of the Primero business acquired in February 2021, offset by reducing volumes in the Civil business following the completion of a number of large Pilbara based projects.

FINANCIAL YEAR HIGHLIGHTS

- Revenue \$2.4 billion up 4.6% on FY21 and consistent with guidance
- EBITA \$157 million representing an upgrade compared to previous guidance range of \$150 million to \$155 million and 30.1% higher than FY21
- Statutory Net Profit \$97.4 million up 79.4% on FY21
- Normalised Earnings per share 22.5 cps up 30.3% on FY21
- Cash Holdings \$219.3 million up from \$146.5 million at 30 June 21
- Net debt lower at \$66.6 million compared to \$171.3 million at 30 June 21
- Very strong cash conversion at 111%
- Final Fully Franked Dividend declared of 7.0 cents per share up 40% on FY21, increasing total dividends for the year to 12.5 cents up 39% on FY21
- Major order wins in the year which have increased Order book to a new group record of \$5.2 billion

REVENUE GROWTH



The results demonstrate our strategy of diversification, offering our customers continuity of services across the whole project lifecycle, and working across a variety of commodities. The Group has also shown resilience against the ongoing challenges of COVID-19, labour shortages, inflationary pressures and significant 1 in 100-year weather events.

BUSINESS UNIT PERFORMANCE

We continue to grow and evolve the NRW brand through our range of businesses. The focus of the business over the last few years has been to add capability, broaden the regions in which we operate and diversify our service offering.

The highly strategic acquisition of the Primero Group significantly enhanced our capability to deliver services across the whole lifecycle of projects. It also opened opportunities to diversify our business streams into the new energy sectors of Hydrogen and Lithium.

The exposure to different sectors, commodities, service, and pricing cycle gives us growth opportunities and positions us to meet what we see as an exciting set of opportunities in the future.

NRW currently comprises three reportable segments, Civil, Mining, and Minerals, Energy & Technologies (MET). Business activities are conducted primarily in Australia, with some operations in Canada and the USA.



The **results** and the work we have **successfully delivered** to our clients are a credit to the **NRW Group workforce** who I would like to recognise and thank.

CEO REVIEW OF OPERATIONS CONTINUED

CIVIL

The Civil business reported revenue of \$483.3 million and EBIT of \$20.3 million.

Revenue was lower than the prior comparative period as major Pilbara based projects completed in FY21. The high activity level in FY21 resulted in a requirement for unprecedented staffing levels. Projects experienced cost increases as staff availability was severely impacted by COVID-19 measures including border closures. Lower activity levels in first half of FY22 have not seen the same staff availability and cost pressures experienced in FY21 which in turn have contributed to the margin improvement.

Earnings as measured by margin improved from 3.1% to 4.2%. Whilst activity was lower in FY22, the same cost pressures which negatively impacted margins in FY21 were not as challenging.

The outlook for the NRW Civil business is buoyant across both key markets - resources and public infrastructure.

Our expectation in iron ore is that the opportunities with blue chip clients will far outweigh our capacity to bid, win and deliver, with the potential to provide an opportunity to be more selective on the work we contract. The critical issue for FY23 is timing of release of new projects given broader industry pressures. Delivery will rely on the availability of experienced staff, which is expected to ease through FY23 providing the necessary resources to support increased activity.

In infrastructure, although a number of projects have been deferred due to resource pressures, new projects have been added to the pipeline set for release between now and the end of next calendar year.

MINING

The Mining business reported growth in revenue to \$1,273.2 million from \$1,177.2 million in FY21.

Earnings increased to \$106.6 million compared to \$83.9 million representing strong margin growth from 7.1% to 8.4%. The improvement was in part due to the impact of closing out lower margin projects, predominantly delivered during FY21, as a result of cost pressures related to COVID-19 measures. EBITDA reflects the underlying improvement in earnings offset by the lower depreciation following a Maintenance Services and Hire Agreement at Boggabri. You can read more about this transaction in the Directors' Report.

The Mining business secured a number of contract extensions underpinned by long-term relationships with our existing clients on projects including Phosphate Hill, Curragh, South Middleback Ranges, Baralaba and Kogan Creek.

The Karara Mining contract was formalised in December 2021 with an expected contract value of circa \$702 million. Operations at Karara commenced in March 2022 and continue to ramp up to full capacity in FY23.

The Mining business has secured most of the work expected to be delivered in FY23 and has long-term contracts for a number of years beyond. The focus will be on improving productivity and asset utilisation. Future investment in green metals has been prioritised.

MINERALS, ENERGY & TECHNOLOGIES

MET revenue increased to \$701.0 million compared to \$426.9 million in FY21 recognising expansion of revenue in Primero and inclusion of Primero for a full 12-month period following the acquisition of the business in February 2021 (five-month period of Primero results included in FY21).

Full year results have been bolstered with the continued ramp-up in execution delivery on Primero's major EPC contracts at Covalent Lithium's Mount Holland project and Strandline Resources Coburn Mineral Sands project, well supported by the transition from completion of Rio Tinto's Gudai-Darri NPI project and the two FMG crushing hubs and overland Conveyor delivered through RCR and Primero in the first half.

The MET business unit continues to see growth opportunity in the battery minerals and materials sector, increasing over the next three to five years. The Group's experience, capability and reputation is growing both locally and on a global scale in these sectors.

Contract operations and BOO opportunities are continuing to grow, with near-term negotiations and discussions taking place for multi-year base revenue contracts that would allow the Group to train and maintain a depth of experience to service the Group's own operations and those of our clients.

Opportunities in the energy sector include building on the Group's highly skilled and technically competent team that continues to support emerging and established clients in the hydrogen and natural gas space.

Further detail on the MET segment is provided in the Directors' Report.



CIVIL

NRW Civil
Golding Civil
Golding Urban

Main Roads WA



MINING

NRW Mining
Golding Mining
Action Drill & Blast
AES Equipment Solutions



MINERALS, ENERGY & TECHNOLOGIES

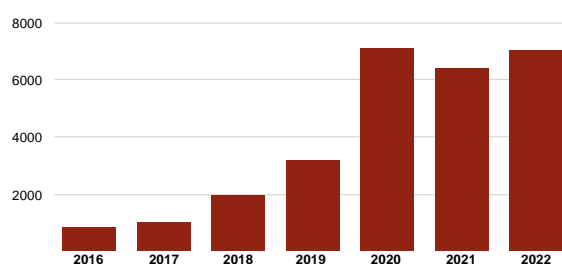
Primero
RCR Mining Technologies
DIAB Engineering

CEO REVIEW OF OPERATIONS CONTINUED

PEOPLE & SAFETY

As always, the welfare and safety of our people remains the highest priority. Maintaining a strong safety culture is an important part of the success of any organisation and at NRW, the wellbeing of our people and the communities that we operate in is vitally important. Equally important to our business are people and culture, helping to create an enjoyable and supportive workplace where we all succeed.

The Group headcount has increased over the past 12 months from 6,200 to 7,000.



Earlier this year, we appointed Brett McIntosh as EGM – HSE & Sustainability. Brett is working with the HSE Leads across the Group to develop a strategy that aligns with our values and vision.

Tanya Eales has recently joined us as EGM – People & Culture. Tanya will be focusing on our team and the culture of our businesses, both areas that are of huge importance to me.

The attraction and retention of our workforce over the last 12 months has been challenging given the tightening labour market, post COVID-19 restrictions and the broader reduction in the Australian unemployment rate. NRW has introduced separate attraction and retention strategies tailored to specific parts of the business to ensure that we can place our employees in all our projects. By utilising these strategies, we were able to deliver 250 employees for our Karara project and 103 employees for our Covalent project. This, along with the offering of competitive remuneration and benefits, has seen a consistently high rate of return of employees at the end of projects to the start of the next. Retaining a skilled workforce familiar with internal systems and processes supports positive outcomes on our projects.

NRW is committed to providing a positive and safe work environment for all employees and strongly advocates a diverse and inclusive culture. In light of recent reports and the findings from the Western Australian parliamentary inquiry into sexual harassment in the FIFO mining industries and the Enough is Enough report, our Civil & Mining and Action Drill & Blast entities have undertaken Diversity & Inclusion surveys.

The purpose of the surveys was to highlight if we had any areas of concern and also understand how the workforce perceived our response to workplace behaviour complaints. Through the survey results and a series of workshops, we have developed a set of initiatives that are designed to improve workplace diversity and culture, and to ensure a safe working environment for all. The survey results have shown a high level of engagement with our employees which will support the implementation of these initiatives.

You can read more information about the safety and people initiatives we have developed in the Directors' Report.

OUTLOOK

The overall group pipeline remains strong at \$19.8 billion of which circa \$3.5 billion are submitted tenders. The markets in which NRW operates continue to provide growth opportunities. The medium-term outlook is very positive, but the timing of client awards provides both risk and opportunity to FY23 revenue forecasts. The value of work secured for FY23 is around \$2.3 billion which is either in the order book, or is expected as repeatable business in Urban, RCRMT and DIAB Engineering.

Earnings for FY23 (EBITA) are expected to be between \$162 million and \$172 million. In providing this forecast, we have assumed that projects will still be subject to current resource and supply chain pressures, although we expect these to ease through the year.

Major order wins in the year have increased the Order book to a new group record of \$5.2 billion.

In closing, I would like to take this opportunity to thank my senior management team and all of our employees across the businesses for their incredible dedication and hard work this year. I would also like to thank my fellow directors and our shareholders and stakeholders for your continuing strong support of the business.

Jules Pemberton
CEO and Managing Director, NRW Holdings



NRW is committed to providing a **positive and safe work environment** for all employees and strongly advocates a **diverse and inclusive culture**.



CFO FINANCIAL REPORT

FINANCIAL PERFORMANCE

NRW reported revenues including those generated by associates of \$2,406.7 million (statutory revenue of \$2,377.7 million), a 4.6% increase on \$2,300.6 million (statutory revenue \$2,221.5 million) in FY21. The year-on-year growth included a full 12-month contribution of the Primero business acquired in February 2021, offset by reducing volumes in the Civil business following the completion of a number of large Pilbara based projects.

The table below provides key financial performance metrics for the current financial year compared to the prior comparative period:

	FY22		FY21	
	Revenue \$M	Earnings \$M	Revenue \$M	Earnings \$M
Total Revenue ⁽¹⁾ / EBITDA ⁽²⁾	2,406.7	272.4	2,300.6	266.7
Revenue from Associates	(29.0)		(79.1)	
Depreciation and Amortisation ⁽³⁾		(115.4)		(146.1)
Operating EBIT⁽⁴⁾		157.0		120.6
Amortisation of Acquisition Intangibles ⁽⁵⁾		(7.9)		(20.2)
Non-recurring transactions ⁽⁶⁾		-		(11.2)
EBIT		149.1		89.2
Net Interest		(12.9)		(13.3)
Profit before income tax		136.2		75.9
Tax		(38.8)		(21.6)
Statutory Revenue / Net earnings	2,377.7	97.4	2,221.5	54.3
NPATN⁽⁷⁾		100.9		75.1

Refer to definitions on page 7 of the Directors' Report.

The Group announced to the ASX on 12 July 2021 that Boggabri Coal Operations Pty Ltd (BCO), part of the Idemitsu Group, agreed to acquire the majority of the major mining equipment of Golding Contractors Pty Ltd (a wholly owned subsidiary of NRW) that is engaged under the Maintenance Services and Hire Agreement at the Boggabri Coal Mine (Boggabri transaction).

Operating EBIT of \$157.0 million was up 30.1% on FY21 (\$120.6 million) as profitability recovered across the business. Group EBITDA totalled \$272.4 million (FY21: \$266.7 million) reflecting the improved EBIT offset by the consequential lower depreciation costs following the Boggabri transaction.

Interest costs reflect the reduction of debt from the Boggabri transaction offset by the full year effect of the acquisition finance in support of the Primero acquisition and the funding of new capital expenditure in FY22.

Compared to FY21, Statutory Net Earnings increased by 79.4% to \$97.4 million from \$54.3 million and Statutory Earnings per Share (EPS) increased by 73.6% to 21.7 cents from 12.5 cents, signalling the significant improvement from the prior year.

Normalised Net Earnings (NPATN) increased by 34.4% to \$100.9 million compared to \$75.1 million in FY21, reflecting the recovery in profitability across the business.



Earnings per Share **increased by 73.6%** to 21.7 cents from 12.5 cents, signalling the **significant improvement** from the prior year.

CFO FINANCIAL REPORT CONTINUED

BALANCE SHEET, OPERATING CASH FLOW & CAPITAL EXPENDITURE

Cash balances ended the year at \$219.3 million. Debt repayments in the year included asset financing debt payments of \$46.6 million in line with agreements and \$28.8 million of corporate debt which mostly relates to business acquisition finance. New asset financing in the year totalled \$110.5 million mostly to fund new capital expenditure associated with the Karara Mining contract. Net debt improved to \$66.6 million.

Capital expenditure totalled \$206.3 million (2021: \$78.6 million) of which circa \$101.8 million was for the new Karara Mining project which commenced March 2022, \$24.7 million on crushing plants for BOO contracts in Primero.

The balance \$79.8 million represents sustaining and maintenance capital expenditure in line with previous guidance on annual spend rates of circa \$80.0 million.

Investments increased mostly due to shares acquired in Green Technology Metals Limited (ASX: GT1).

Net Assets increased in the year by \$53.2 million to \$598.3 million reflecting earnings in the year net of dividend payments.

Returns to shareholders included both a final dividend for FY21 of 5.0 cents paid in October 2021 and an interim dividend for the current financial year of 5.5 cents paid in April 2022. Overall dividend payments in the year totalled \$47.2 million.

A summary of the balance sheet as at the end of the current financial year and the previous financial year is provided below.

	30 Jun 22	30 Jun 21 ⁽¹⁾
	\$M	\$M
Cash	219.3	146.5
Financial debt	(233.2)	(261.9)
Lease debt	(52.8)	(55.9)
Net Debt	(66.6)	(171.3)
Property, Plant and equipment	423.5	321.4
Non-current assets held for sale	-	82.6
Lease assets (right of use)	44.5	48.2
Working capital	19.4	51.5
Investments in associates and listed equities	22.4	15.8
Tax Liabilities	(54.2)	(15.8)
Net Tangible Assets	389.0	332.5
Intangibles and Goodwill	209.3	212.6
Net Assets	598.3	545.1
Gearing	11.1%	31.4%
Gearing Excl. Lease debt	2.3%	21.2%

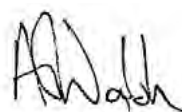
(1) Restated to reflect finalisation of Primero Group Limited purchase price accounting – refer to note 7.5.

FAREWELL

As recently announced I will be retiring later this year so these accounts, probably the best set of accounts I've been part of, are also the final accounts I shall preside over. The last nine years at NRW have been some of the most rewarding of my career. A big thank you to Jules for putting up with me and to the finance teams in the businesses and Group who do most of the work to complete these accounts.

I would also like to thank a relatively small group of advisors, who I won't name but they will know who they are, from Deloitte, KWM, Corrs, Euroz, UBS, Longreach and Bankwest who have supported the transformation of NRW through Jules' leadership into the NRW Group presented in these accounts.

It's been a fascinating journey only achievable through the support of Jules and the NRW board. The company doesn't need my best wishes for continued success but they have them anyway.



Andrew Walsh
CFO, NRW Holdings



SUSTAINABILITY REPORT



A MESSAGE FROM THE SUSTAINABILITY COMMITTEE

On behalf of the Board of Directors, I am pleased to present you with NRW's second Sustainability Report (Report) for the year ended 30 June 2022.

NRW continued its strong business and operational performance throughout FY22 despite tough economic conditions. This success is reflective of our strong corporate values and our ability to deliver safe, efficient, and sustainable business outcomes to all stakeholders.

NRW remains committed to driving this success forward whilst focusing on creating positive outcomes for our people, communities, and of course, our environment.

Last year we made a number of commitments and statements about our journey ahead. I am pleased with the progress NRW has made to further its environmental, social and governance (ESG) initiatives in FY22, and the continued commitment of the Company to improving our reporting practices.

We continued to review our company-wide approach to sustainability throughout FY22 and are expanding our remit and framework accordingly. We have taken active steps to ensure that we meet our environmental, social and governance obligations by implementing and driving several ESG initiatives this year including:

- Development of our internal sustainability strategy and work program to support sustainable value creation. The strategic plan has received Sustainability Committee endorsement and Board approval and focuses on material issues relevant to us and our stakeholders, including the identification of specific sustainability metrics and targets which we look forward to sharing with stakeholders over time.
- The appointment of Brett McIntosh – Executive General Manager – Health, Safety, Environment and Sustainability, and Tanya Eales – Executive General Manager – People & Culture. Both Brett and Tanya will be pivotal to furthering our ESG program.
- Completion of our first materiality assessment to validate our material economic, social, environmental and governance related issues relevant to our business and our stakeholders. The results of the survey validated the work done in FY21 and allowed our business to set priorities with regard to our ESG matters and identify ESG areas that will underpin our future strategic development and planning.

- Continued support to our clients including various investments and partnerships to further the objectives of a low carbon economy.
- Prioritising our workforce which we recognised as pivotal on the back of the tight labour market currently being experienced Australia wide. NRW has a renewed focus on psychosocial health initiatives to support mental health amongst the workforce and made a conscious effort to bolster training programs with a record number of Apprentices employed and the continued upskilling of employees through the NRW Training Centre.
- A continued commitment to supporting our communities as we work towards a more sustainable future, including business partnering with IronMerge, continued alignment with not-for-profit group GIVIT and involvement in various health awareness events and charitable giving throughout the year.

In addition, and in light of the recent 'Enough is Enough' inquiry into sexual harassment against women in the FIFO mining industry, NRW has taken several steps to ensure we remained focused on creating a strong workplace culture that includes zero tolerance towards sexual harassment. These steps included employee engagement to understand our workforce attitudes and experiences and have culminated in an agreed action plan which received executive support for roll out to our businesses. NRW's position is clear – sexual harassment is not tolerated anywhere, including within our workplace.

We noted in FY21 that our approach to ESG reporting may be adapted as international reporting frameworks further develop. Whilst we continue to monitor these developments, including the work of the International Sustainability Standards Board and its impact on Australian reporting guidelines, the reporting framework established in FY21 has proven a solid foundation for our current year Report, and remains unchanged.

I believe our ongoing drive and commitment to operating a sustainable business is reflected in this report and demonstrates to our stakeholders how our business values ESG matters.

I would like to thank all our stakeholders for their continued commitment to our journey.

Fiona Murdoch
Chair Sustainability Committee

SUSTAINABILITY SNAPSHOT

Aligned disclosure to the TCFD Recommendations	✓	Reporting in accordance with the GRI Standards	✓
Stakeholder Materiality Assessment Completed	61% response rate 75 surveys completed	Appointment of Brett McIntosh – Executive General Manager HSE & Sustainability	✓
Projects currently under the Infrastructure Sustainability Council's IS Rating Scheme	Four	Forrestfield Airport Link Project's Infrastructure Sustainability Council's IS Design Rating	Excellent Design v1.0 IS Rating

ENVIRONMENT

Emissions Intensity ¹ (Scope 1 + Scope 2) (tCO ₂ -e/\$m AUD)	4.33 ↓	Energy Intensity ¹ (GJ/\$m AUD)	50.5 ↓
Environmental Breaches or Fines	Nil	Published our Climate Position Statement	✓

SOCIAL

Total Workforce as at 30 June 2022	7,261 ↗	Female Workforce Participation Rate	15.65% ↗
Apprentices Onboarded	Over 200 ↗	NRW Civil & Mining Diversity & Inclusion Survey – Employee Participation	75%

GOVERNANCE

Cyber security review completed and findings reported to the Audit & Risk Committee	✓	Sustainability Committee Charter updated to include oversight of climate related strategy	✓
Identified actual or potential breaches of legal or regulatory frameworks	Nil	Australian Taxation Office's Justified Trust review program completed	High Assurance
Board and Committee Member attendance at meetings	100%		

(1) Intensity calculated with reference to total group revenue (\$Ms)

OUR PRIORITY SUSTAINABLE DEVELOPMENT GOALS (SDGs)



ABOUT THIS REPORT

REPORT PURPOSE

This Sustainability Report (Report) discloses a summary of NRW's material sustainability topics and performance information for the financial year 1 July 2021 to 30 June 2022 (FY22). NRW adopts an annual reporting cycle in line with our audited annual financial reporting. The purpose of this Report is to demonstrate how NRW is managing its environmental, social and governance risks and opportunities to deliver sustainable shareholder returns on an annual basis.

This Report forms part of NRW's Annual Report to demonstrate the interconnectivity and interdependency of sustainability, remuneration and financial performance. It also enables the Company the ability to integrate, across the whole report, the concept of creating value for its stakeholders – including shareholders, clients, employees and the communities in which it operates.

This Report should be read in conjunction with NRW's Annual Financial Statements and other periodic announcements lodged with the Australian Securities Exchange (ASX), including the Annual Financial Statements and Corporate Governance Statement, all of which are available on the NRW website (www.nrw.com.au) and the ASX platform.

REPORT COVERAGE

NRW Holdings Limited (ACN 118 300 217) is the parent entity of the NRW group of companies, and its shares are listed on the ASX (ASX Code: NWH). In this Report, unless otherwise stated, references to 'NRW', the 'Company' or 'NRW Group' refer to NRW Holdings Limited and its wholly owned subsidiaries listed on pages 74 – 75 of NRW's Annual Financial Statements for the year ended 30 June 2022 (2022 Annual Financial Statements) released to the ASX on 18 August 2022.

NRW's operations are primarily based in Australia, with an office in Canada (engaging approximately 30 employees) to support its North American operations. The Report is limited to the ESG impacts of the Australian operations only, due to the early phase of operational involvement overseas.

NRW is predominantly a contract service provider and does not own the mining tenure or resources on which we operate. As a result, NRW generally has limited operational control over the mines on which it operates, with this responsibility generally resting with our clients (usually, the mine owners).

REPORT FEEDBACK

Please forward any comments or requests for further information to:

Email: Jasmyn Wardell-Johnson
(jasmyn.wardell-johnson@nrw.com.au)
Post: PO Box 592 Welshpool WA 6986

REPORTING FRAMEWORKS

The Company has chosen to publish its sustainability information in accordance with elements of the following standards and frameworks. Over recent years there have been significant developments aimed at better quality and more consistent sustainability reporting. NRW will continue to monitor these developments and may adapt its reporting approach as needed in the future.

UNITED NATIONS (UN) SUSTAINABLE DEVELOPMENT GOALS (SDGs)



The UN SDGs are increasingly being used to guide reporting. Throughout this Report, NRW has highlighted where it considers its activities align with, and support, the SDGs. For a more comprehensive look at how our activities align with, and support, the SDGs please see our SDG Index on the Sustainability Section of our website.

GLOBAL REPORTING INITIATIVE STANDARDS



Last year, NRW committed to reporting in accordance with the Global Reporting Initiative (GRI) Standards as part of its Sustainability Reporting Plan. We are pleased to have delivered on this commitment and confirm that the FY22 Report that follows has been prepared in accordance with the GRI Standards. Our approach is guided by the GRI's principles for informing report content: materiality, completeness, context and stakeholder inclusiveness. Please see the GRI Reporting Index published on the Sustainability Section of our website.

TASKFORCE FOR CLIMATE RELATED FINANCIAL DISCLOSURE RECOMMENDATIONS



NRW reports for the first time in line with the TCFD recommendations under the headings of Governance, Strategy, Risk Management, and Metrics and Targets. The Company acknowledges its climate-related disclosures are evolving, and through a phased approach will work towards increased disclosure under the TCFD Reporting Framework in the future. Please see TCFD Recommendations Reporting Index on the Sustainability Section of our website.

SUSTAINABILITY AT NRW

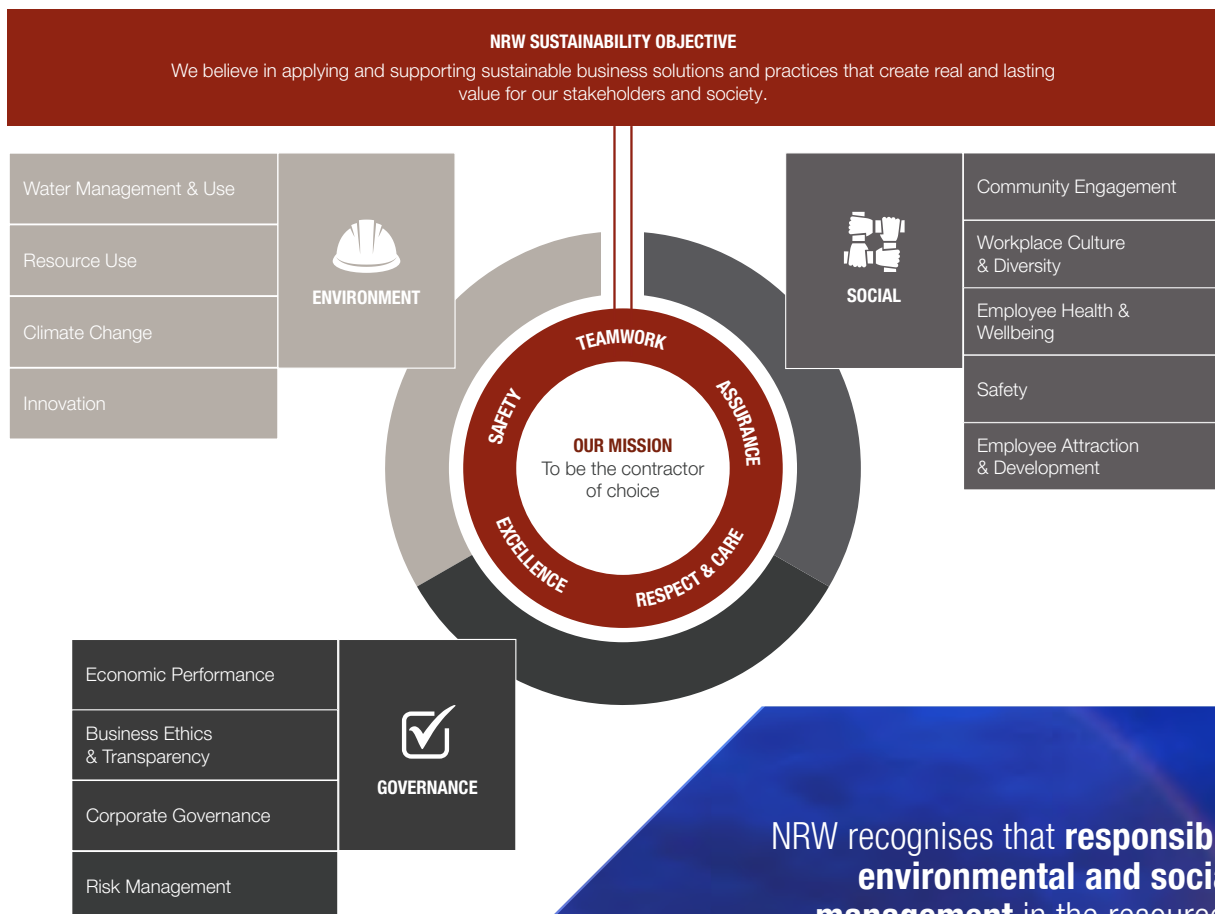
NRW is committed to contributing to a sustainable future through responsible business practices that deliver economic returns for our shareholders, provide employees with a safe and inclusive workplace, create value for the communities in which we operate and respect the environment. We believe in applying and supporting sustainable business solutions and practices that create real and lasting value for our stakeholders and society. How NRW achieves this objective will evolve through active engagement in innovation, progressive industry 'best practice' and government direction and legislation.

Although NRW does not own the resources or infrastructure projects on which we operate, we are committed to supporting, and where appropriate, partnering with our clients to enhance their sustainability objectives.

These objectives include employment targets which align with community and industry expectations such as diversity, safety benchmarks, adherence to environmental standards and climate-related initiatives to reduce or limit greenhouse gas emissions whilst on site. Within the facilities that we do manage, including workshops and offices, we are committed to addressing the environmental and social impacts of these operations in a sustainable manner.

OUR FRAMEWORK

It is NRW's mission to be the 'contractor of choice'. To fulfil our mission, NRW recognises the need to challenge ourselves to continue to improve our performance on key sustainability metrics and to invest in the area of sustainability. Ultimately, the way our business performs its work is integral to delivering products and services to standards above industry expectations. We believe this is critical to creating long-term sustainable value for our stakeholders.

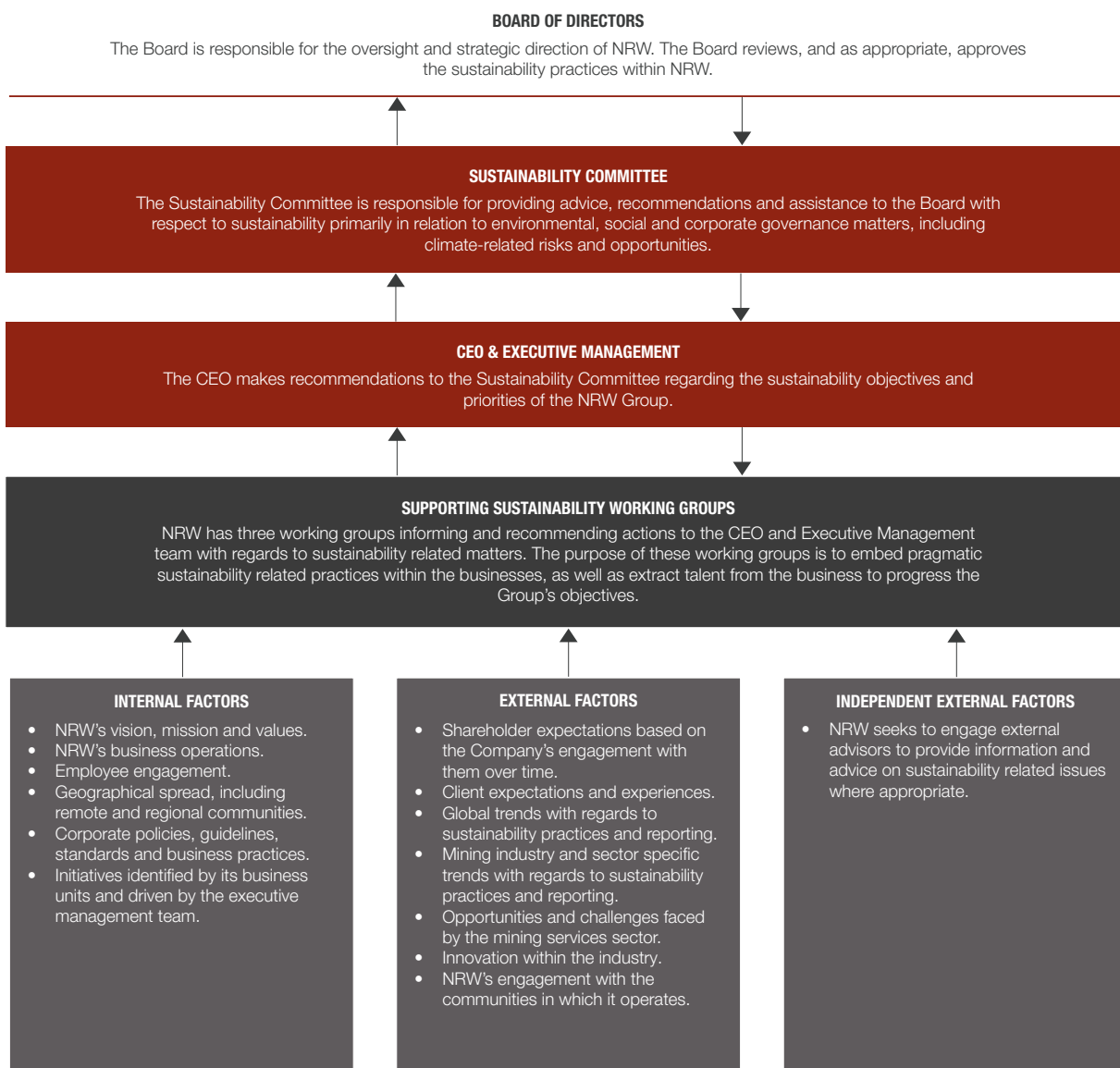


NRW recognises that **responsible environmental and social management** in the resources and infrastructure sectors plays a significant role in ensuring **sustainable outcomes** for the business and the planet.

SUSTAINABILITY AT NRW CONTINUED

OUR GOVERNANCE STRUCTURES

NRW's sustainability objective is central to our operation as a responsible business. NRW has set up its governance structures to ensure pragmatic sustainability practices are embedded within our organisation, starting with our Board. The Board delegates responsibility to the Sustainability Committee to review and set the objectives and targets of all ESG initiatives within the Company, and to monitor subsequent performance. The Sustainability Committee has determined the remit of directors and key executives with regards to the ESG matters for which they are accountable.



In accordance with the Charter of the Sustainability Committee, the Committee must have a minimum of three members, all of which must be Non-Executive Directors and the majority of which must be independent Directors. The Committee met three times during FY22 with all members in attendance.

The Committee comprises the following members:

Fiona Murdoch	Chair and Independent Non-Executive Director
Peter Johnston	Independent Non-Executive Director
Michael Arnett	Independent Non-Executive Director

Please find a copy of all available corporate governance documents referred to within the Report on the NRW website (nrw.com.au/about-us/corporate-governance).





SUSTAINABILITY AT NRW CONTINUED

OUR APPROACH

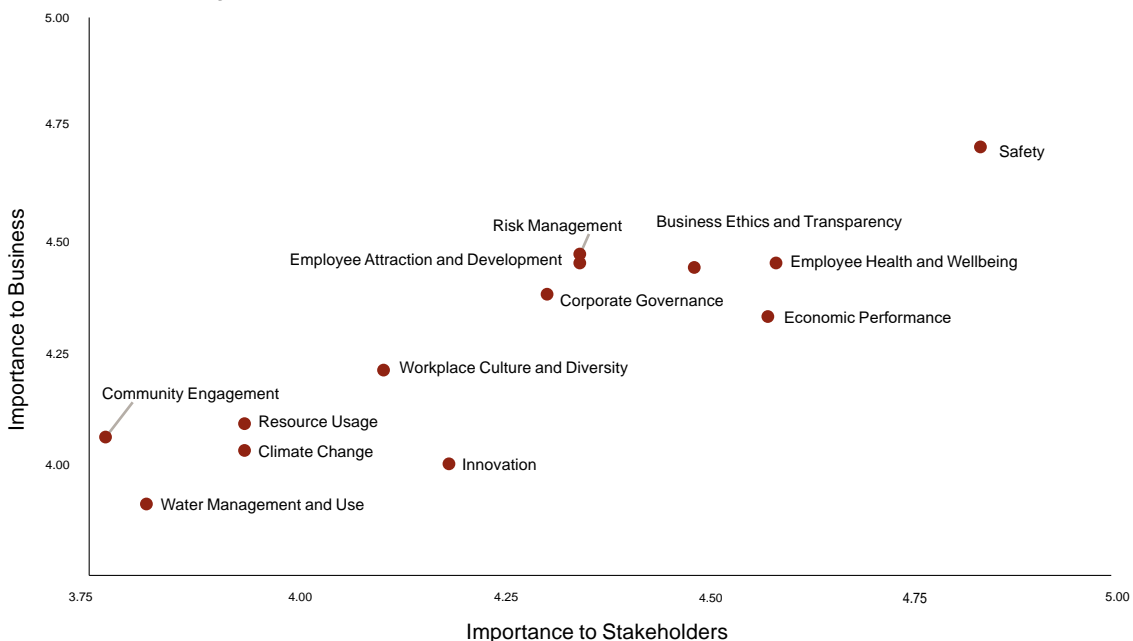
NRW is committed to reporting our sustainability performance annually and consistently improving our data and information collection processes to ensure better quality insights. As part of this commitment, NRW undertook a series of exercises to ascertain the topics that are most material to our business.

NRW applies GRI Reporting principles for informing report content by undertaking a thorough review process to understand our material sustainability topics. We did this by undertaking a materiality assessment which sought external validation of our material topics from stakeholders to ensure internal assessments are sufficiently reflective of stakeholder views with regards to ESG matters. In recognition of our operating model, the materiality exercises were conducted at the level of each of our operating businesses and results were aggregated to reflect areas most topical to the Group.

We received a total of 75 responses (a 61% response rate) from our materiality assessment, covering a broad range of stakeholders (internal and external), across all our business units. We are satisfied that the cohort surveyed was sufficiently representative of our stakeholder group, and therefore the results are representative of stakeholder sentiment. Our approach to the materiality assessment is shown below.

<p>Identification</p> 	<p>A list of potential material topics was compiled using a comprehensive range of inputs including our understanding of material risks and stakeholder expectations, peer (desktop) reviews, and global and industry trends. Whilst some topics were provided to ensure consistent prioritisation of potential core areas, the surveys allowed for open-ended responses to allow a full range of potential sustainability-related topics to be uncovered. In addition to topic prioritisation, NRW also sought stakeholder feedback on potential ESG risks and opportunities that may affect NRW's operations.</p>
<p>Prioritisation</p> 	<p>The materiality exercises were informed through consultation with a wide range of internal and external stakeholders, including operations, executives, suppliers, investors, clients and limited community groups. A representative sample of each of these groups of stakeholders was identified and contacted to complete a survey, providing quantitative data on the relative priority of the material topics. Material topics were then prioritised using two key dimensions: importance to the business (internal stakeholders), and important to our stakeholders (external stakeholders).</p>
<p>Validation</p> 	<p>Senior leaders within the Company reviewed and validated the outcomes of the exercises, and their input has helped define the material issues outlined in this Report. While the material topics are substantially similar to those identified in the prior year, some of the topics have been updated based on stakeholder feedback and our continuing alignment with the GRI Standards.</p>
<p>Action</p> 	<p>In undertaking the materiality exercises in FY22 NRW can now better understand the context to inform sustainability actions within the Company moving forward. The outcomes, which validated the initial work undertaken in FY21, will be used to guide the Company in refining and prioritising the identified material topics and will inform the future long-term action plan to achieve our sustainability objective.</p>

NRW is committed to undertaking a stakeholder materiality assessment every second year, or when the business or operating environment has materially changed and a new stakeholder assessment is warranted. The results of the assessment are shown below, noting participants were asked on a scale of 1 – 5 to rate the importance of NRW's material topics, 5 being 'material'.



SUSTAINABILITY AT NRW CONTINUED

STAKEHOLDER ENGAGEMENT

Across our businesses and at the Group level, a wide range of stakeholders is consulted with. NRW's business operations directly impact a wide range of stakeholders. Therefore, what is important to our stakeholders is important to the Company. This is how NRW engaged with its stakeholders during FY22.

Shareholders



NRW is focused on creating sustainable long-term value creation for its shareholders. Shareholders consist of institutional and retail investors.

Areas of Interest

- Financial performance
- Business strategy
- Business ethics
- Governance and risk management

Method of Engagement

- Annual General Meeting
- Investor calls and presentations
- Distribution of price-sensitive information to shareholders via the ASX
- Responses to regular investor, analyst and media enquiries

Clients



NRW is committed to supporting its clients through successful project delivery. Clients range from large listed organisations, government departments to medium sized private entities.

Areas of Interest

- Health, safety and wellbeing practices
- Project delivery, including product/service quality and pricing
- ESG practices
- Supply chain management
- Innovation

Method of Engagement

- Delivery of contract products and services
- Early Contractor Involvement opportunities
- Tendering opportunities and submissions which include provision of company safety, environmental and social performance
- Business networking events to develop long-lasting relationships

People



NRW values the health, safety and wellbeing of its workforce above all else, and strives to provide a workplace culture that recognises and values diversity and inclusiveness. NRW's workforce is large and diverse, engaging 7,000 people Australia wide.

Areas of Interest

- Health, safety and wellbeing practices
- Diversity and inclusiveness
- Training and development
- Remuneration practices
- Innovation

Method of Engagement

- Active communication through the NRW intranet, newsletters and toolbox meetings (for site and workshop employees)
- Important alerts via email and notice-board signage
- Training and development opportunities where these opportunities provide meaningful personal and professional development (for example through the NRW Training Centre)

Communities



NRW's long-term success depends on the wellbeing and development of the communities in which it operates. NRW maintains head offices in Perth and Brisbane, as well as other offices in local and regional areas across Australia.

Areas of Interest

- Level of community engagement
- The direct economic impacts of the business on the community
- Environmental impact of business operations

Method of Engagement

- Targeted recruitment of a local workforce where the required skills and expertise are available
- Prioritisation of spend with local vendors, particularly in remote and regional areas of operation
- Adoption of First Nations People participation plans
- In-kind and financial contributions to support community initiatives

Other Stakeholder Groups



This includes suppliers, contracting partners, government agencies and other regulatory bodies.

Areas of Interest

- Supplier terms and conditions
- Governance and risk management
- Climate related disclosure
- Regulatory compliance

Method of Engagement

- Supplier pre-qualification process
- Joint venture board and committee meetings
- Responding to requests from government agencies and other regulatory bodies

SUSTAINABILITY AT NRW CONTINUED

MATERIAL TOPICS

The topics identified below represent the material topics assessed as relevant to the NRW Group through our stakeholder consultation process. These material topics have been mapped to the SDGs to highlight how NRW's activities can support sustainable development. The Report that follows provides further information about each material issue and how NRW, as a business, manages them in line with its sustainability objective.

Material Topic	Definition	Page
Environment		
Climate Change	Considering and responding to climate related risks and opportunities, including managing NRW's contribution to climate change by reducing greenhouse gas emissions, where possible, from energy use.	29
Resource Use	Reducing the amount of inputs and outputs consumed by our operations through avoidance, reuse and recycling.	33
Water Management and Use	Managing the sustainable use of water through reducing and recycling water use from operations.	33
Innovation	Becoming a market leader through investing in technical innovation.	34
Social		
Safety	Maintaining a high safety standard and culture throughout the organisation and being accountable for safety performance.	39
Health and Wellbeing	Supporting the mental and physical wellbeing of our people at all times.	40
Employee Attraction and Development	Attracting and retaining a skilled workforce by establishing NRW as an employer of choice within the industries and sectors in which it operates and providing its workforce access to training and education to facilitate personal and professional development opportunities.	41
Workplace Culture, Diversity and Inclusiveness	Embedding a strong corporate culture underpinned by NRW's values and creating a diverse and inclusive workplace where employees have a positive attitude and feel valued.	43
Community Engagement	Supporting the communities in which NRW operates through partnerships, sponsorships, donations, training and employment opportunities.	45
Economic		
Economic Performance ¹	Demonstrating economic strength, strong operational efficiency and financial performance in line with expectations.	
Governance		
Corporate Governance	Adopting good corporate governance practices and remaining in compliance with its obligations to industry, government and other regulators.	51
Business Ethics and Transparency	Expecting all employees to act lawfully, ethically and responsibly at all times. This includes engaging with suppliers and contractors to mitigate the risks of, for example, modern slavery within supply chains.	53
Risk Management	Implementing risk management practices across the organisation to identify, assess and manage risks, including non-financial risks, that can materially impact the business's sustainability outcomes.	55

(1) NRW assesses and manages financial and operational risk within the business's broader risk management processes, commentary on which is included within the Annual Financial Statements.

NRW understands that **responsible environmental management** in the resources and infrastructure sectors plays a significant role in ensuring its **long-term viability**.





ENVIRONMENT

ENVIRONMENT

OUR OPERATING ENVIRONMENT AND INDUSTRY TRENDS

NRW's mining division operates within the capital and carbon-intensive mining services sector. The Company understands that the industry in which it operates, and therefore its work has an impact on the climate. Climate change is a rapidly evolving challenge for organisations in all sectors. As the impact of climate change starts to become apparent, there are increasing calls for emissions cuts, and in response the political, legal, regulatory investment and business environments are evolving at an increasing pace. Organisations in all sectors now must navigate evolving reporting requirements, increasing stakeholder expectations, and the transition to a low-carbon economy, creating both risks and opportunities alike.

NRW recognises that all sectors will be exposed to the transition to a low-carbon economy. Whilst proposed low-carbon pathways share a common focus of driving reduced GHG emissions, sectors with high intensity GHG emissions, such as mining and mining services, are facing increased pressure from stakeholders to find solutions in the short to medium term time frames. In acknowledging this shift, NRW is committed to partnering with leading organisations to further the development of low-carbon solutions that are relevant and practical to our business's operations.

In addition to Climate Change considerations, Australia's mining and mining services sector is committed to the protection and restoration of our unique environment and national heritage values. In addition to strict regulatory requirements, currently under review by the Australian Government in response to the "State of the Environment Report" released in July 2022, the industry is evolving to undertaking a range of voluntary conservation activities and partnering with local communities and First Nations people to support enduring environmental outcomes. The programs, supported by the mining services sector, extend well beyond the mine to surrounding regional areas. NRW acknowledges that mining and infrastructure projects can generate a large amount of waste, can require large amounts of water and without appropriate mitigating controls, can have the ability to impact water quality offsite and within the broader environment. NRW is committed to a partnership approach, where we work with our clients and stakeholders to make these conservation activities a reality.



ENVIRONMENT CONTINUED

OUR STRATEGY AND MANAGEMENT APPROACH

The effective management of our environmental aspects and impacts is fundamental to NRW's approach to the delivery of our services. NRW is committed to managing our obligations to the environment in a responsible manner and to mitigating the impact of our activities on the natural environment.

We do this by continually striving to improve the sustainability of our operations by developing and implementing environmental systems, strategies and plans to minimise harm to the environment, meeting our environmental compliance obligations, and engaging, where required, environmental professionals to monitor compliance with these obligations and encourage positive behaviour and high-quality outcomes.

We recognise that our approach to the environment impacts NRW's reputation, business value and ultimately shareholder returns. Our environmental approach and commitments are outlined in the following documents:

- Group Sustainability Policy
- Group Climate Position Statement
- Business-specific Environmental Policies
- Business-specific Corporate Social Responsibility Policies

These policies are critical to ensuring our employees and broader stakeholder groups are engaged with and aware of NRW's environmental commitments.




We place significant emphasis on ensuring effective controls are implemented through our business and continuous improvement through lessons learned to sustain the natural environment. We do this through NRW's environmental management systems (accredited to AS/NZ ISO 14001:2015) which provide the foundation for consistent delivery of the highest level of environmental management across projects. These systems ensure a consistent approach to identifying and controlling environmental hazards and risks and monitoring our environmental performance across the entire organisation.

Every project NRW undertakes involves careful environmental planning from project inception to the operational stages to identify environmental obligations and to set management procedures.

However, NRW has relatively low 'operational control' over a substantial amount of our emissions and project-specific environmental plans which include water management and resource use. Instead, these are controlled by our clients, the owners of the mining tenure and accompanying resources. Generally, NRW's operations are under the direction and control of our clients, including a requirement to work in accordance with the site policies, health and safety practices and environmental management plan.

Within the facilities that we do manage, including workshops and offices, we are committed to addressing the environmental impacts of these operations in a sustainable manner.

ENVIRONMENTAL-RELATED MATERIAL TOPICS AND PRIORITY SDGs

Material Topic	Priority SDG	Priority SDG Indicator
Climate Change	SDG 13 – Climate Action	 Sub-goal 13.1: strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Resource Use		
Water Management and Use		
Innovation	SDG 8 – Decent Work and Economic Growth	 Sub-goal 8.2: achieve higher levels of economic productivity through technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
	SDG 9 – Industry, Innovation, and Infrastructure	 Sub-goal 9.1: develop quality, reliable, sustainable and resilient infrastructure, to support economic development and human well-being

ENVIRONMENT CONTINUED

CLIMATE CHANGE

MANAGING CARBON EMISSIONS

Responding to the challenges presented by climate change, including the physical and transitional risks associated with moving to a low-carbon economy, is critical to our ability to operate sustainably. NRW is committed to reducing our impact on the climate and providing transparent reporting in regard to our climate related disclosures.

As stated in NRW's climate position statement, we acknowledge that climate change is one of the significant issues that will impact the long-term prosperity of the global economy and our way of life. As a business, we seek to operate across a range of commodities, including critical minerals important for the world's transition to low-carbon energy. A key challenge for us is the effective management of our carbon-related activities and the implementation of strategies to reduce our GHG emissions.

As a contractor to the civil, resources and infrastructure sectors, NRW's mine site GHG emissions typically increase or decrease proportionally in line with the contracted workload. NRW has determined its GHG emissions boundary using the definition of 'operational control' as prescribed by the National Greenhouse and Energy Reporting Act 2007 (NGER Act). The NGER Act introduced a single national framework for the reporting of Greenhouse Gas (GHG) emissions, energy use and energy consumption.

In accordance with the NGER Act, NRW is not required to include Scope 1 and Scope 2 GHG emissions on sites where it does not have 'operational control' of 'facilities'. However, we are required to report this data to the entity that does have operational control for inclusion in their NGER assessment, data which NRW provides to clients in monthly environmental reports. This concept is consistent with how NRW internally tracks, manages and reports on GHG Emissions.

NRW has areas of its business with Scope 1 and Scope 2 GHG Emissions, including a heat treatment facility, workshops, office buildings, transport-related emissions (pre-entry to site), and company vehicles. NRW does not currently exceed the legal threshold for reporting GHG Emissions under the NGER Act, however our FY22 GHG Emissions have been disclosed within the Performance Data Tables. NRW did not experience a material increase or decrease in emissions intensity in FY22 compared to FY21. The slight decrease in energy intensity during FY22 was due to our Welshpool heat treatment facility drawing less pipeline natural gas due to operational requirements.

During FY22, NRW began work to chart our Group's transition and pathway to emissions reduction through the formation of the Decarbonisation Working Group. The purpose of this group is to formulate and execute a strategy that maps the Company's pathway to a practical and appropriate level of decarbonisation for the business. Work will initially focus on reducing the Group's Scope 1 and Scope 2 emissions.

Carbon Reduction Initiatives

We will continually seek improvements in energy efficiency across our business to reduce the carbon intensity of our operations and minimise the impact on the environment. We are committed to doing this through a focused effort on business partnering opportunities.

INITIATIVES AND ACTION

Staggered Solar Powered System Roll Out Across the Business

NRW Group has been continually assessing our ability to roll out solar powered systems across our offices, workshops and facilities, in conjunction with and subject to landlord discussions and approvals. At this stage, we have an in-principle agreement to install a 99kWp Solar Powered System at one of our Hazelmere workshops, and another designed 99kWp solar roof installation at our Head Office.

NRW recognises the benefits of these transitional steps towards the wider adoption of renewable energy across the business. For example, DIAB Engineering's solar powered system on the Geraldton workshop produced approximately 110Mwh in the last twelve months reducing our carbon emissions by 110t.

NRW Civil and Mining Consider Carbon Emissions in Equipment Purchasing

A key element of NRW Civil and Mining's new equipment purchase assessment and selection criteria considers the environmental impacts of operating assets over their economic life cycles.

NRW Civil and Mining recently purchased two 600 tonne face shovels for its Karara project. These shovels incorporate the latest energy conservation technologies that are expected to reduce carbon emissions by up to 15% over the previous model. This is an estimated seven thousand tonne reduction in carbon emissions over the contract term. This upgrade and subsequent GHG Emission saving directly benefits our client, who reports on the project's GHG Emissions under the NGER framework.

NRW Civil and Mining Change Out of Transport Fleet

NRW has purchased two new prime movers to join the transport and logistics fleet. These new trucks have replaced ageing fleet, and more importantly have new fuel-efficient technology that has reduced fuel burn by 18% over the previous model.

ENVIRONMENT CONTINUED

TASKFORCE FOR CLIMATE RELATED FINANCIAL DISCLOSURE

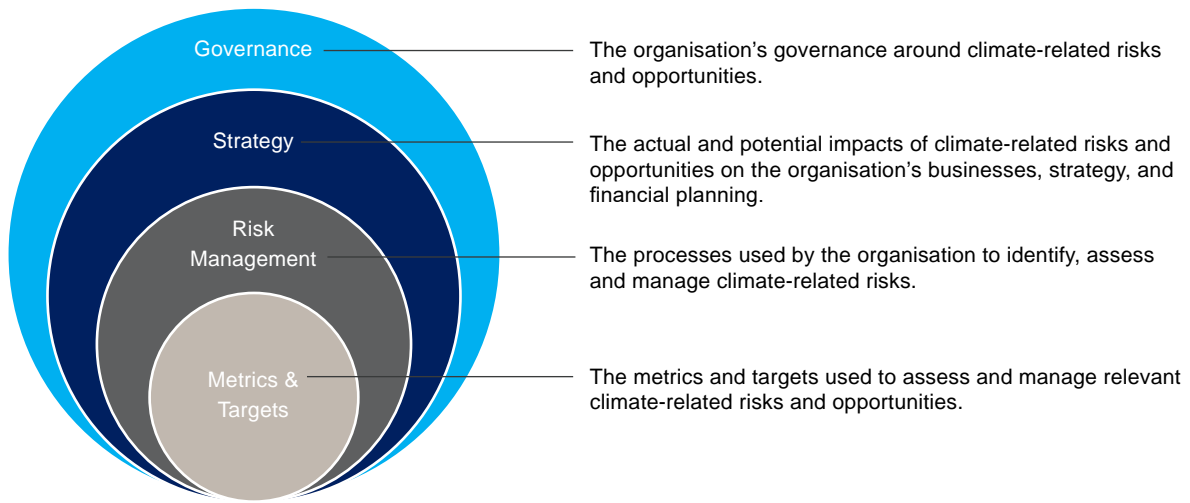
In FY21, NRW committed to adopting a phased approach to the TCFD Recommendations. In this report, NRW reports for the first time in line with the TCFD recommendations under the headings of Governance, Strategy, Risk Management, and Metrics and Targets.

The Financial Stability Board established the industry-led TCFD to develop a voluntary, consistent, climate-related financial disclosure framework for use by companies in providing information to investors, lenders, insurers and other stakeholders.

The TCFD developed four widely adoptable recommendations on climate-related financial disclosures that are applicable to organisations across all sectors.

These disclosures allow for more effective risk assessments, better-informed capital allocation decisions and better strategic planning with regards to climate. The TCFD structured its recommendations around four thematic areas that represent core elements of how organisations operate: Governance, Strategy, Risk Management and Metrics and Targets.

CORE ELEMENTS OF RECOMMENDED CLIMATE-RELATED FINANCIAL DISCLOSURES



NRW is utilising the TCFD Recommendations as the key driver not only to improve climate-related disclosure, but for integrating climate risk management into company practices. Consequently, and as outlined in FY21, NRW is planning to adopt a phased approach to implementing the TCFD Recommendations, as shown below.

NRW's internal expertise in the area of climate related risks is developing. NRW has aligned our climate-related disclosures with the TCFD Recommendations.

By aligning to the TCFD Recommendations, NRW has a clear structure for assessing climate-related risks and opportunities, and integrating these risks and opportunities into our strategic decision making. Our actions in FY22 focused on alignment with the Governance recommendations. It is expected that actions in FY23 will address Risk Management and Strategy, with further alignment to Metrics and Targets expected in FY24 and beyond.

Identify & Plan	Update & Integrate	Adopt & Implement
<i>Define governance and management of climate-related risks.</i>	<i>Update corporate policies and integrate climate-related processes.</i>	<i>Set metrics and targets for climate-related disclosure and perform scenario analysis.</i>
<ul style="list-style-type: none"> Define how climate-related risks and opportunities will be governed and managed within the business. Set corporate strategy and risk appetite with respect to climate-related risks. Identify industry best practice and relevant benchmarks, and perform a gap analysis. Perform a high level climate-related risk assessment. 	<ul style="list-style-type: none"> Update corporate policies to reflect governance and management frameworks. Integrate climate-related risk assessments into enterprise wide risk management frameworks. Assess climate-related risks and opportunities against business policies and procedures. 	<ul style="list-style-type: none"> Set metrics and targets for the business to guide and measure climate-related performance. Perform scenario analysis to test business resilience. Integrate results into strategic business planning.

ENVIRONMENT CONTINUED

TASKFORCE FOR CLIMATE RELATED FINANCIAL DISCLOSURE

TCFD Recommendation	NRW Approach	Our Progress
GOVERNANCE <i>Disclose the organisation's governance around climate-related risks and opportunities.</i>		
<p>Describe the Board's oversight of climate-related risks and opportunities</p>	<p>The NRW Board is responsible for the oversight of the strategic direction across NRW. The Board has delegated responsibility for ESG matters, including climate-related topics, to the Sustainability Committee. Together, NRW's Board and Sustainability Committee oversee the governance of climate-related risks and opportunities.</p> <p>In accordance with the Sustainability Committee Charter (https://nrw.com.au/about-us/corporate-governance/), the Committee is responsible for making recommendations to the Board regarding the Company's climate change strategy, providing oversight to ensure both physical and transitional climate-related risks and opportunities which affect the Company's ability to achieve its objectives are identified, assessed and where relevant, mitigated, and agreeing and monitoring climate-related metrics and targets. This includes oversight of a climate change strategy that maps the Company's pathway to a practical and appropriate level of decarbonisation for the business. The Committee reports to the Board periodically throughout the year on NRW's climate-related activities.</p> <p>The Sustainability Committee endorses policies that are relevant to the Company's management of climate-related risk, sustainability, and other key topics. The Sustainability Committee also oversees the management of specific climate-related risks and opportunities through regular review of global best practice, internal compliance programs and relevant sustainability frameworks.</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Updated Committee Charter to reflect 'climate-related' risks and opportunities <input checked="" type="checkbox"/> Three Committee meetings held during FY22 with all members in attendance <input checked="" type="checkbox"/> On recommendation from the Committee, the Board endorsed NRW's Climate Position Statement
<p>Describe management's role in assessing and managing climate-related risks and opportunities</p>	<p>The NRW executive team is responsible for the strategic and operational leadership and management of the Company, which includes the management of climate-related risks and opportunities. The Executive General Manager – Health, Safety, Environment and Sustainability (EGM – HSES) is charged with coordinating and updating the Board and Committee on management's progress and activities in this regard at each Committee Meeting.</p> <p>Supporting the EGM – HSES is the Sustainability Working Group. This Group consists of cross-functional members and contains representation from each of our business units. The Group meets monthly. Climate-related risks and opportunities and agreed actions are discussed in these forums and escalated, when required, to the Committee via the EGM - HSES.</p> <p>During FY22 NRW established a second working group to further support the EGM – HSES on more climate-specific matters. The Decarbonisation Working Group is responsible for matters and activities related specifically to decarbonisation projects to reduce NRW's carbon emissions. The working group will support the integration of climate change strategy into our businesses and be pivotal in progressing internal GHG targets across operations, ensuring that these are aligned with the Board's commitments (as and when they are established). The working group is comprised of subject matter experts and meets monthly.</p> <p>NRW's management is responsible for reviewing and monitoring, and reporting to the Board where appropriate, on matters including:</p> <ul style="list-style-type: none"> • The effectiveness of the Group's policies, systems and governance structure in identifying and managing climate-related risks that are material to the Group. • The coordination and review of climate-related risks, strategy, and reporting. • The development and implementation of initiatives regarding emissions reduction. • The policies and systems for ensuring compliance with applicable legal and regulatory requirements associated with climate-related matters. • The Group's performance in relation to climate-related matters. • The Group's reporting regarding climate-related matters. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Published NRW's Climate Position Statement <input checked="" type="checkbox"/> Establishment of the Decarbonisation Working Group <input type="checkbox"/> Work to enhance management's role in climate-related risks will continue during FY23

ENVIRONMENT CONTINUED

TCFD Recommendation	NRW Approach	Our Progress
STRATEGY <i>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.</i>		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term	Whilst NRW has not yet performed a comprehensive analysis of the potential impacts of climate change on its business, and therefore not fully identified the impacts of climate-related risks and opportunities on its business, strategy and financial planning, it does recognise that 'climate-related risks' are present and require mitigation. These risks have been disclosed in the Risk Management & Corporate Governance Statement contained in our Annual Report.	<input checked="" type="checkbox"/> Disclosure of climate-related risks and mitigating factors in our Risk Management & Corporate Governance Statement
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	In addition, our existing business unit strategy process considers key external drivers over the short, medium and long term. Consideration of these key drivers is built into the strategy sessions, and includes the impacts of climate-related risks and opportunities on our business units and business unit strategy.	<input checked="" type="checkbox"/> Considered climate-related risks and opportunities over the short, medium and long term within business unit strategy sessions
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	NRW is committed to improving our disclosure of the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	<input type="checkbox"/> Work to improve NRW's identification and disclosure of actual and potential climate-related impacts is scheduled to commence during FY23
RISK MANAGEMENT <i>Disclose how the organisation identifies, assesses and manages climate-related risks.</i>		
Describe the organisation's processes for identifying and assessing climate-related risks	NRW's overall approach to risk management is described in the Risk Management & Corporate Governance Statement contained in our Annual Report.	<input type="checkbox"/> Work to enhance NRW's climate-related risk management processes is scheduled to commence during FY23
Describe the organisation's processes for managing climate-related risks	NRW identifies, manages and discloses climate-related risk in line with the Group risk management process, and as part of our standard business practices. The risk management process comprehensively sets out the requirement for consistent identification, assessment, escalation, management and monitoring of risks across the Company.	
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	NRW is committed to continuously improving our risk management process in alignment to the TCFD Recommendations. NRW is looking to enhance its risk management processes for identifying, assessing and managing climate-related risks with a view to further integrate climate-related risks into our overall ERM framework. This work is due to commence during FY23.	
METRICS AND TARGETS <i>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.</i>		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	NRW discloses our energy consumption, Scope 1 and Scope 2 GHG emissions and carbon intensity per million dollars (\$M's) of revenue as part of our annual sustainability reporting. We calculate our GHG emissions in line with the Australian National Greenhouse and Energy Reporting Act (2007), and as administered by NGERs.	<input checked="" type="checkbox"/> Disclosed energy consumption, Scope 1 and Scope 2 Emissions, and carbon intensity per \$M's revenue
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks	NRW recognises that the setting of targets drives business decisions aligned to manage climate-related risks and opportunities, and ultimately reduce carbon emissions. NRW also recognises that the pathway towards a low-carbon economy is a shared responsibility and is committed to ensuring that our operations and businesses express targets and take actions that drive outcomes. However, NRW is still in the process of understanding the climate-related risks and opportunities for our business. Therefore, NRW has not set any climate related targets.	<input type="checkbox"/> Work to set the metrics and targets used to assess climate-related risks and opportunities is expected to commence in FY24 and beyond
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets		

ENVIRONMENT CONTINUED

RESOURCE USE

Across NRW, our teams, executives and business partners are committed to reducing our waste footprint and attaining more sustainable waste outcomes.

Waste generated by NRW consists primarily of general waste, sewerage and wastewater, tyres, batteries, scrap metal, oils and lubricants from company workshops. All waste is segregated into its respective waste streams on site, or at locations with appropriate recycling facilities. Waste types are generally tracked and recorded at each project site for review and, where possible, reduction.

All NRW operations are required to have waste management plans in place which address waste elimination, minimisation, storage, transportation and disposal. These waste management plans are contained within the project environmental management plan which is specific to each of the sites where NRW operates. These plans are in place to control the risks of waste impacts on the environment and local communities.

WATER MANAGEMENT AND USE

NRW is committed to sustainable water management and use. We work with our clients to prevent contamination and wastage on each project site. This is in recognition of the potential for the offsite impacts to water quality, as well as water being a limited resource.

We recognise that water management and use is important to our stakeholders; however, it is not a significant resource use for the Company. Access to, and the monitoring of water is commonly provided by our clients. This includes site specific water management plans which are often contained within the broader project environmental management plan and are developed by our clients. These environmental management plans describe the specific requirements, procedures and measures that will be implemented for each project in the appropriate management of resources, including water. NRW adheres to all project environmental management plans whilst operating on site.

RCR Implemented Closed System Wash Bay

CASE STUDY

RCR designed and installed a closed wash bay system at their Bunbury operations which improves the collection of contaminated water and prevents it from leeching into the water table. The wash bay is designed to contain all waste water, waste solids and hydrocarbons within the facility during the cleaning process of plant and equipment, and includes a water recycling unit. Water used during the cleaning process is independent of the mains water supply and is recycled for re-use.

The outcomes of the closed system wash bay include:

- Reduced water usage during the cleaning process.
- Improved ease of separation and removal of waste from contaminated water.
- Protection from contaminants entering the surrounding environment.



We recognise that the pathway towards a **low-carbon economy** is a **shared responsibility** and requires significant **investment and technological innovation** from all stakeholders.

ENVIRONMENT CONTINUED

INNOVATION

We are committed to empowering our people to seek innovative, safer and more efficient ways of working.

NRW regards the ability to adapt, innovate and leverage technology as being vital to all of our businesses' long term success. We recognise that our people need to keep up with evolving technology, industry trends, new product and service development and delivery, and evolving customer requirements in order to continue to deliver work above industry standard. We continue to support them with effective and innovative training and development opportunities that build the right skills and capabilities for future success.

In recent years the mining industry has seen a significant push towards decarbonisation through, for example, the adoption of renewable energy. NRW acknowledges that the ability to adapt, innovate and leverage technology in this space is vital to all our businesses' success. Therefore, at NRW, our innovation agenda is centered around ensuring we are equipped to transition our business, and support our clients' transition, to a low-carbon economy by focusing our actions on low-carbon initiatives. This requires NRW to work closely with our clients to understand their needs, and partner with other organisations (where required) to design and deliver against those needs.

Innovative Solutions for Our Clients		
NRW has initiatives underway to support decarbonisation through the delivery of innovative lower carbon technological solutions.		
INITIATIVES & ACTION	<p>RCR's Kiruna Wagon Helix Dumper</p> <p>RCR, in partnership with Kiruna Wagon, has the technology to offer clients a more energy-efficient solution for unloading heavy, fine-grained bulk goods. The Kiruna Wagon Helix Dumper requires less energy than its traditional car dumper alternative due to the innovative unloading station and discharge process.</p>	<p>Primero's Commercial Demonstration Hydrogen Plant</p> <p>Primero has successfully completed construction and cold commissioning of the Commercial Demonstration Hydrogen Plant for Hazer Group Limited. This production demonstration plant will be a global and Australian first in adopting a new hydrogen and graphite technology.</p>
		<p>RCR's In-Pit Crushing and Conveying</p> <p>RCR offers In-Pit Crushing & Conveying units that are designed to meet the needs of modern mining practices through a combination of feeding, screening, crushing and processing functions mounted on a single self-propelled mobile platform. This award-winning innovative product design, when compared to traditional mining/haul solutions, reduces carbon emissions by 75%.</p>

NRW recognises that in order to deliver work above industry standards, we must invest in ways to improve our safety performance, and that of our clients. This has resulted in a continued focus on innovative safety measures to reduce or eliminate critical risk areas throughout our operations. NRW is proud to design, develop and commercially produce innovative safety tooling systems that are highly valued by our clients.

Action Equipment Solutions Develops Critical Risk Mitigation Solution	
CASE STUDY	<p>Action Equipment Solutions was approached by our client, following a fatality at their site, to come up with a system that eliminated the critical risk element of an equipment part change-out.</p> <p>Action Equipment Solutions developed the tooling and system of works to eliminate the critical risk area, tested it, and deployed it onto our equipment. This option is now commercially available to our clients for purchase, and significantly mitigates the safety risk associated with this process.</p> <p>Due to the commercial success of this offering, Action Equipment Solutions is investigating similar technological processes and applying this to other equipment part change-outs. Currently, a prototype has been developed and may be made available commercially in the future.</p>





NRW's long-term success depends on the **safety, wellbeing and development** of its **people** and the **communities** in which it operates.



SOCIAL

SOCIAL

OUR OPERATING ENVIRONMENT AND INDUSTRY TRENDS

A major focus of the State and Federal Governments' economic response to COVID-19 is to stimulate the economy and job creation through construction and infrastructure spending. This, coupled with strong commodity demand, has created high competition for a limited resource pool that has already been affected by border closures and travel restrictions. This has led to record low unemployment rates and critical worker shortages across the industry impacting project costs.

NRW requires an appropriately skilled workforce in order to deliver our projects safely to a high standard and meet our mission to be the "contractor of choice". NRW has not been immune to these impacts within our operations – creating an even greater focus on supplementing our existing skilled workforce with more trainees and apprentices.

In addition to workforce shortages impacting the industry, employee expectations have evolved over the past decade. The evolution of technology has allowed for more flexible work arrangements, social pressures to increase equality, diversity and inclusion (particularly in the mining and mining services sector, and in leadership roles) have intensified, and the focus on employee mental health and wellbeing is the forefront of employer's minds – particularly on the back of the COVID-19 pandemic. Creating positive social change is therefore rising to the top of many corporate agendas – driving broad executive priorities and filtering down to every project.

NRW values effective health and wellbeing programs that encourage our employees to operate at their best, leading to improved physical and mental wellbeing, increased employee engagement and ultimately employee retention – which is critical in the current limited resource labour market.

Within the mining sector, stakeholders also have heightened their focus on a wide range of corporate behaviours including those related to organisational culture. Organisational culture has been a highly publicised issue over the past 12 months following the 'Enough is Enough' inquiry into sexual harassment against women in the FIFO mining industry. The final report, which makes 24 recommendations to identify and address these issues at the employer, industry, regulatory and legislative levels, was tabled in the Western Australian Parliament in June 2022. The inquiry found that ultimately, companies are responsible for what happens in workplaces, and for setting standards of acceptable behaviour. NRW recognises the importance of an organisational culture that fosters a safe and harassment-free work environment for its people.

NRW has taken several steps to ensure we remained focused on creating a strong workplace culture that includes zero tolerance towards sexual harassment. These steps included employee engagement to understand our workforce attitudes and experiences and have culminated in an agreed action plan which received executive support for roll out to our businesses. NRW's position is clear – sexual harassment is not tolerated anywhere, including within our workplace.



SOCIAL CONTINUED

OUR STRATEGY AND MANAGEMENT APPROACH

The nature of NRW's operations involves high-risk activities that if not managed correctly, could result in accidents or incidents causing injury or loss of life for its workforce. NRW recognises its moral, and legal, obligation to operate in a safe manner at all times and is committed to supporting the safety of our workforce. This commitment was reinforced in the outcomes of our materiality assessment, where safety ranked as NRW's highest priority material topic for both internal and external stakeholders.



Our commitment to the health, safety and wellbeing of our people and our communities is expressed in strong safety leadership, engagement with our workforce and stakeholders, and a continual focus on identifying and managing risks. We also understand we face challenges to maintain and improve our performance, and continuously engage with our people to safeguard against complacency in the workforce. NRW recognises that it is our people who deliver our services and build trusted relationships to enhance our reputation as the contractor of choice. Therefore, supporting the wellbeing of our people, attracting, developing and retaining a skilled workforce, and promoting an inclusive and diverse workplace culture are vital to NRW maintaining a competitive advantage and underpinning our future success.

We aim to enhance our clients' assets and support the communities in which we operate. We are committed to investing in our people for the longer term by ensuring that they are provided with opportunities to develop new skills and capabilities through training and education and are surrounded by a healthy workplace culture that is collaborative and supportive. This approach is evidenced through the following policies, management systems and programs:

- Code of Conduct – Obligations to Stakeholders
- Diversity Policy
- Company Paid Parental Leave Policy
- Apprenticeship/Graduate Programs
- Internal Leadership Programs
- Employee Assistance Program

NRW's workforce levels increased through the year to 7,261 as at 30 June 2022 (FY21: 6,376) due to a number of projects coming online. We anticipate this number will increase over the coming years as new work is secured. Of this total, 2,315 (FY21: 1,593) are contractors typically engaged to perform blue-collar work on site under subcontractor agreements or are engaged through labour hire companies. The majority of NRW's workforce is employed under a collective bargaining agreement. The working conditions and terms of employment of all other employees are determined through normal labour market legislation and conditions.

SOCIAL-RELATED MATERIAL TOPICS AND PRIORITY SDGs

Material Topic	Priority SDG	Priority SDG Indicator
Safety		
Health and Wellbeing		
Employee Attraction and Development	SDG 4 – Quality Education	 <p>Sub-goal 4.4: by 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p>
Workplace Culture and Diversity	SDG 5 – Gender Equality	 <p>Sub-goal 5.1: end all forms of discrimination against all women and girls everywhere Sub-goal 5.5: ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p>
Community Engagement		

SOCIAL CONTINUED

SAFETY

At NRW safety is a core value and intrinsically linked to the way we work. NRW is committed to delivering safety management practices that are known, valued, understood, and implemented by our leaders, employees and contractors. NRW is constantly striving to be a leader in safety management and in the provision of a safe workplace. NRW is committed to eliminating incidents and injuries through a critical risk reduction and risk control approach. We aim to create a culture where our people are engaged in the solution to eliminate or control critical risks so that everyone goes home safe every day.

NRW strives to provide a safe workplace for all its people by maintaining a set of robust safety systems, risk controls and processes. The Occupational Health and Safety (OHS) management systems NRW currently has in place are accredited to both AS/NZS 4801:2001, ISO 45001:2018, and the Government funded Federal Safety Commission. These certifications are regularly audited by external third parties to ensure that NRW continues to deliver a high level of safety for its workforce. Across the business, rigid policies and procedures support NRW's OHS management systems, including:

- Project risk assessments - held prior to work commencing on site that look to identify all project specific risks and mitigation strategies.
- Leading and lagging indicators - continuous monitoring and analysis of indicators with regards to safety.
- Site safety meetings – including site inductions, pre-starts, return to site briefings, and toolbox meetings.
- Site safe activities – including critical risk verifications, notice boards, alerts, job hazards analysis, hazard cards and safety inspections.
- Safety training – including critical risk management, incident investigation, supervisory and systems management.

- Safety management plans - each project site has OHS issues and risks which are unique to that project. The project management team will develop a safety management plan which addresses how safety issues and risks will be managed and controlled for that particular project.

Over the course of FY22, and subsequent to the appointment of NRW's Executive General Manager – Health, Safety, Environment and Sustainability, NRW has invested and furthered the below critical safety initiatives:

- NRW researched and trialed a number of integrated software platforms to enhance the collaborative interaction between all levels of the organisation by utilising technology that drives mobility and advancement. Implementation of the preferred integrated system has commenced and is due to be fully deployed in FY23. The system builds the fundamental technology for proactive data analytics and reporting, allowing for targeted proactive HSE campaigns and strategic planning with greater accuracy and in real time.
- NRW has documented our pathway forward for Critical Risk Management. Having identified those activities that expose the workforce to critical risk, Bow Tie Risk assessments have been undertaken to bring further attention to those critical controls and framework design for safety assurance to manage these activities.
- NRW recognises that safety awareness and training are critical factors in ensuring the provision of a safe workplace, and it is our responsibility to provide our leaders, employees and contractors with access to these resources. NRW is constantly challenging our internal leadership and development programs to ensure delivery of the most current information and leadership practices with regards to safety.
- Leveraging on the success of the existing NRW Graduate Program, work is underway to further develop and extend the program, providing NRW the ability to tap into aspiring HSE professionals. The program provides Graduates exposure to real world applied practical experience across a full range of operations.

RCR Invest in Robotic Welder Arm Technology for Safer Operations

CASE STUDY

RCR has procured a Robotic Welder Arm for use in their Bunbury workshop. The technology allows for precise and quick results, less waste, and greater safety. The Robotic Arm eliminates the need for the operator and other workers to be in close proximity to the welding, and in turn, eliminates the exposure to welding fumes and radiation hazards that were previously present. Prior to the Robotic Welder Arm being installed, the process of loading bulky rollers and carry-frames onto the cradles was conducted utilising manual handling and involved regular lifts to reposition and rotate the items to weld.

Not only did this increase the potential for manual handling injuries, it also presented the significant risks associated with the use of lifting devices. However, as the Robotic Arm incorporates manipulators, the items to be welded are locked, clamped, and bolted in position and the robot rotates the items as required during the welding process. This has had the impact of reducing the lifting requirements by up to 75% and eliminating the manual handling involved with the task. RCR has also designed a dedicated room for the Robotic Welder Arm and installed guarding, screens, additional ventilation units and light curtains. The safety barrier acts in the capacity of a “de-energisation switch” that automatically de-energises the Robotic Arm Welder if the barrier is breached.

SOCIAL CONTINUED

HEALTH AND WELLBEING

NRW recognises the importance of psychosocial health awareness in the workplace and the benefits of effectively addressing mental health issues within its workforce. We understand that effective health and wellbeing programs encourage our employees to operate at their best, leading to improved physical and mental wellbeing, increased employee engagement and ultimately employee retention.

We provide health and wellbeing programs and benefits to our workers and their families, including employee assistance programs that provide free professional counselling services addressing personal and professional related issues and career advice and coaching. These platforms, accessible 24/7 and from any device, host a variety of content like learning modules, videos and animations, articles, blogs, podcasts, meditations, self-assessments, activities and resources toolkits – all aimed at allowing employees, or their family members, to improve their mental health and wellbeing.

Supporting our health and wellbeing programs are the following employee benefits, selected to ensure our workforce, and their families, have access to appropriate and adequate health services.

- NRW maintains a corporate partnership with a variety of insurance providers who offer our employees, and their families, access to discounted private health insurance. This enables our workforce, and their families, to have access to essential medical and health care.
- NRW provides basic Income Protection for our employees through our corporate arrangement. Under this arrangement employees are covered for accidental injury and sickness benefits payable in the event of temporary total disablement from injury or illness for a sustained period of time.
- As part of NRW's corporate arrangement with MLC Insurance and Masterkey Business Superannuation, our employees have access to a unique service that allows them, and their families, access to leading medical advice through a benefit called Best Doctors.

During FY23, NRW will conduct a review of health and wellbeing programs and benefits to ensure that our employees continue to have the appropriate support.

Employee Health & Wellbeing Initiatives

In addition to several campaigns relating to physical health, NRW has an increasing focus on mental health and wellbeing.

INITIATIVES AND ACTION

Primero Develop Mental Health Strategy

Primero has designed a Mental Health Strategy and commenced deployment in FY22. The strategy initially focused on establishing and understanding current workplace practices and sentiment through employee engagement surveys and analysis.

In addition, the business is committed to performing a business system gap analysis, increasing training and development of its workforce in the area of psychosocial health and wellbeing, and furthering employee engagement strategies.

NRW Civil & Mining and Action Drill and Blast Support Mental Health and Breast Cancer Awareness on Site

NRW Civil & Mining is supporting breast cancer and mental health awareness on the Karara project site. The project team has elected to paint two dump truck trays blue in recognition of mental health awareness, and two dump truck trays pink for breast cancer awareness.

Action Drill & Blast is supporting the Blue Tree Initiative with a blue drill rig on the Greenbushes site. They are also promoting breast cancer awareness with a pink ute stationed at Roy Hill, and a pink bus at the Karara work site.

Mental Health First Aid Rolled Out at the Action Drill & Blast Business

Action Drill & Blast has rolled out mental health first aid training as part of their Performance Leadership Development Program. Delivered by clinical psychologists, the program provides an overview of mental health to increase awareness. It equips participants with tools to deal with their own mental health realities, in addition to identifying, supporting and referring others with accessing help.



SOCIAL CONTINUED

EMPLOYEE ATTRACTION AND DEVELOPMENT

TRAINING AND DEVELOPMENT

To support NRW's continued growth, the Company remains committed to training and developing its people. Investing in its people not only ensures the Company has the right skills, but also provides its workforce with the opportunity for personal and professional development and aids employee retention.

During the year, we designed and ran leadership programs throughout our businesses focused on developing and supporting our people to foster high performing teams and to lead effectively.

The internal programs are aimed at newly appointed supervisors (Supervisor Toolkit Training) and senior supervisors (NRW Leadership Training) and cover off on critical areas such as creating strong team culture, conflict management, problem solving, change management and productive systems. In addition, NRW continued to increase its focus on apprenticeships, graduates and traineeships during FY22.

NRW continues to provide a number of traineeships and entry-level employment opportunities to females and Aboriginal and Torres Strait Islander People to support skills and training and create a diverse workplace. This is generally done through the NRW Training Centre with jobs available post-completion of their training at NRW.

NRW Training Centre

CASE STUDY

NRW has established a training facility to give opportunities for unskilled people to join the mining industry. This facility will allow NRW the ability to address the skills shortage experienced during FY20 and FY21 by providing training and development opportunities to the local unskilled and skilled workforce. NRW is also committed to running courses targeted at Aboriginal and Torres Strait Islander Peoples and female trainees to increase participation from these sections of the workforce.

The training facility officially opened during FY22 with 36 participants having completed training and are now mobilised to NRW sites. NRW is proud to say that 50% (18) of participants who completed the training are female, and 2 identify as Indigenous.



- ✓ More than **200 apprentices** participated in Apprenticeship Programs specialising in automotive, fabrication and mechanical works.
- ✓ **85 graduates and undergraduates** were onboarded through a graduate training program, including engineering, surveying and commercial contracts students.
- ✓ **60 staff** participating in formal training programs.
- ✓ **295 staff** were selected and completed internal Leadership & Development programs.

SOCIAL CONTINUED

EMPLOYEE ATTRACTION

Our people are our greatest asset and essential to our long-term success. Activity levels remain strong within the sectors NRW operates in, which continues to stretch the already limited skilled labour talent pool. This, combined with NRW's large workforce, increases the importance of providing an inclusive workplace that not only attracts, develops and retains a skilled workforce but also recognises, values and manages talent over the longer term. At NRW, we strive to be an employer of choice for our people.

NRW employs a high-performing, experienced and appropriately qualified workforce who provide a wealth of knowledge at all levels of the business. The Company is particularly pleased to have a workforce that consistently returns to NRW as more projects are secured and positions become available. Previous NRW employees are considered as first preference wherever possible, and employees are transferred from completed projects to new projects to ensure retention of a skilled workforce.

NRW Civil & Mining Responding to the Competitive Labour Market

CASE STUDY

Given the increased demand for mining services during FY22, NRW Civil and Mining has experienced tightened labour availability and higher turnover rates. In response, NRW Civil and Mining has employed the following recruitment initiatives to attract and retain our people:

- Trade Upskill Program – we have implemented a trade upskill program for light vehicle fitters and heavy-duty fitters
- Increased Apprenticeships – we have increased capacity of our apprenticeship programs to allow for increased attrition rates across the industry
- Graduate and Undergraduate Programs – we have extended our graduate and undergraduate programs to identify and attract talent
- Operator Training Facility – a total of 36 participants were trained in the NRW Training Centre in FY22
- International Recruitment – an international focus on trade qualified maintenance employees and civil professionals is currently underway to tap into the international labour market
- Financial Incentives – the provision of sign-on bonuses offered for site-based employees



SOCIAL CONTINUED

WORKPLACE CULTURE, DIVERSITY AND INCLUSIVENESS

Diversity and inclusiveness contributes to business success. NRW strives to provide a working environment that encourages respect and fairness for all participants, at all times.

WORKPLACE DIVERSITY

NRW recognises the benefits of having a diverse workforce and seeks to create an inclusive workplace environment where people’s diverse experiences, perspectives, and backgrounds are valued and utilised in our business. Creating an inclusive and respectful workplace is recognised as a vital part of NRW’s success and strengthening this is a focus area in FY23.

The Company has a diverse workforce in various geographic regions across Australia comprising employees from varied ethnic backgrounds, age groups, races and gender. NRW does not discriminate in its business practices including based on gender, age, ethnicity, religion or cultural background.

The Company ensures that all employees are provided with the same opportunities through open and honest communication, training and development opportunities and annual remuneration reviews.

NRW’s objective is to increase participation across a range of demographics to ensure the Company recruits and retains a skilled workforce and endorses a safe and productive working environment.

In addition to supporting greater female and First Nations People workforce participation, NRW believes it also has an opportunity to further support people with disabilities to enter or re-enter the workforce with its progress in autonomous/remote-controlled equipment operation. Work in furthering support of this demographic is continuing.

Diversity Initiatives

NRW continues to focus on progressing its culture, diversity and inclusion agenda to promote business success.

INITIATIVES AND ACTION	<p>Primero Review Internal Barriers to Equal Opportunity Employment</p> <p>Primero recently implemented a new recruitment system and strategy. As well as reviewing their Diversity & Inclusion program, Primero took the opportunity to review their recruitment process, adverts, and interview questions to remove any potential bias or barriers to equal employment opportunities.</p> <p>Throughout this process, Primero identified opportunities to amend gendered words that may detract applications to certain positions to more neutral terms that are inclusive and representative of the wider labour market.</p> <p>In addition to amending its recruitment process, Primero is planning to run training with its hiring managers to raise awareness of unconscious bias, scheduling for roll out in FY23.</p>	<p>Action Drill & Blast is a Proud Corporate Member of PBF Australia Ltd (Paraplegic Benefit Fund) (PBF Australia)</p> <p>Action Drill & Blast is a corporate member of PBF Australia. As part of this corporate partnership, Action Drill & Blast is able to provide PBF Membership cover for employees and their families.</p> <p>In addition to PBF Membership, Action Drill & Blast has continued to engage PBF Australia to deliver information sessions across the business. These information sessions, delivered to site and leadership teams, focus on the long term physical and psychological impacts of workplace injuries and highlight the need to focus on workplace safety.</p> <p>Action Drill & Blast is also committed to understanding its ability to engage with people with disabilities to work within the business. By understanding how people with disabilities can be supported and engaged in the workforce, Action Drill & Blast can assess its ability to further these initiatives internally.</p>
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NRW’s female workforce participation rate is **up to 15.65%**

NRW’s Indigenous workforce participation rate has increased **up to 3.32%**

SOCIAL CONTINUED

WORKPLACE CULTURE

NRW recognises that the right workplace culture provides a significant competitive advantage in not only attracting and retaining a talented workforce but supporting our employees to reach their potential and to feel valued within the workplace. NRW aims to provide a work environment that promotes equal opportunity and diversity, allowing employees to reach their potential, in an environment that is free from discrimination, harassment and bullying.

NRW's stance is that any form of discrimination, bullying or harassment is completely unacceptable and has no place in any setting, including our workplace.

We are committed to providing a working environment that encourages respect and fairness at all times and believe that every person in our business is responsible for behaving in a way that is safe and respectful.

NRW maintains code of conduct policies which outline expected behaviour at all times. To supplement this, NRW is developing an updated Workplace Behaviour Policy – Harassment, Bullying and Discrimination, to clearly define NRW's position and responsibilities regarding acceptable workplace behaviour. This will be implemented in FY23.

NRW Civil and Mining's Response to Sexual Harassment within the Mining Industry

NRW Civil and Mining is responding to findings of unacceptable workplace cultures in the resources industry following the 'Enough is Enough' inquiry into sexual harassment against women in the FIFO mining industry. NRW Civil and Mining recognises the importance of an organisational culture that fosters a safe and harassment-free work environment for its people.

With an initial focus on our remote Western Australian workforce, we undertook a Diversity & Inclusion (D&I) Survey to identify key areas of concern. Following our D&I survey, NRW Civil and Mining ran a series of focus groups to better understand the workforce's experience of our D&I culture and gain further insight into areas of concern.

The sessions were facilitated by independent consultants and included employees from different areas of the business (project, position, role, tenure). Through the survey results and a series of workshops we have developed a list of initiatives that are designed to improve our workplace diversity and culture, and ensure a safe working environment for all our employees. The information gathered from the survey and focus groups has played a central role in shaping NRW Civil and Mining's action plan, which aims to promote greater diversity in our workforce and support continued improvement in our D&I strategy. The following action item list has been endorsed by the leadership team for implementation:

- Workplace Behaviour Policy – Harassment, Bullying & Discrimination - establishes an overarching policy that defines NRW's position and responsibilities regarding workplace behaviour, what constitutes acceptable and unacceptable behaviour, and the escalation process for incidents.
- Sexual Harassment Training - to be provided to all employees and contractors to help build a common understanding of what constitutes sexual harassment and will reinforce a baseline of behaviour that is expected.
- Enhanced reporting and feedback process – ensuring an appropriate level of investigation is undertaken when complaints are raised, and that employees who raise complaints are notified that the matter has been investigated and closed out appropriately.
- Future female leaders' development – build a strong team of female leaders to support the next generation of female talent in the business.
- Gender parity pay auditing and diversity targets - ensuring equality of pay for all employees and that we are moving toward gender parity in our business.
- Diversity champions network – to complement our Equal Employment Opportunity Contact Officer program and ensures a wider network of support for employees.
- Improved awareness of the Employee Assistance Program (EAP) service, grievance reporting and whistle-blowing process - to ensure employees know where and how to raise concerns and get support.

CASE STUDY



SOCIAL CONTINUED

COMMUNITY ENGAGEMENT

FIRST NATIONS PEOPLE PARTICIPATION

NRW respects the importance of the First Nations cultures and the rights of First Nations Peoples. Since inception, the Company has successfully employed and supported First Nations Peoples within its operations through training programs, employment, subcontracting and partnering opportunities. We also value the opportunity to work with our clients to provide opportunities for First Nations Peoples participation across our projects.

NRW has a proud history of partnering with First Nations businesses across Australia. Current and past joint venture partners include Ngarluma and Yindjibarndi People (represented through the Ngarluma and Yindjibarndi Foundation Limited), Eastern Guruma People (represented by Eastern Guruma Pty Ltd), Njamal and ICRG Joint Venture and Eastern Guruma and Wirlu-Murra Enterprises.

As NRW continues to diversify its business and increase its national footprint, the Company embraces the ongoing opportunities to learn from, and work with, First Nations People and their communities. NRW is focused on continuing to develop these relationships by supporting local community initiatives and harnessing community expertise and leadership.

Innovative Business Partnering with IronMerge and NRW

CASE STUDY

IronMerge is a Supply Nation business providing employment and procurement services to the resources and infrastructure sector. IronMerge delivers genuine opportunities to recirculate wealth within the communities of their clients and build sustainable employment pathways for Pilbara First Nations Peoples. NRW is proud to partner with IronMerge under the above arrangement.

In September 2021, IronMerge commissioned its Komatsu 30t PC290LC Excavator to work for NRW. The Komatsu machine was purchased by IronMerge and will be hired out to NRW for initial deployment on the FMG Iron Bridge project, operated by an experienced IronMerge driver.

The acquisition of the new excavator by IronMerge was made possible by NRW's commitment to engaging First Nation business leveraging a sustainable and innovative framework. IronMerge Chairman, Ian Taylor, acknowledged the support of NRW at the commissioning ceremony, "IronMerge is proud to take its relationship with NRW to the next level with the deployment of this new Komatsu excavator. It will be working on Nyamal Country, operated by IronMerge and delivering local impact".



SOCIAL CONTINUED

COMMUNITY INVESTMENT AND SUPPORT

Recognising our responsibility to contribute back to society, NRW strategically invests in our communities through financial and in-kind means. NRW has an established tradition of supporting the communities in which we operate. By supporting local communities NRW ensures ongoing community trust in its operations now, and in the future.

Our ties to our communities are strengthened by our employees, contractors and their families who often live in our operating areas, and through our relationships with educational institutions and charities local to our operations.

NRW contributes to the social and economic prosperity of local communities through employment, education, business development and in-kind donations and community contributions. NRW seeks to identify community sponsorship opportunities and partnerships that align the interests of the local communities with NRW's values. These sponsorships and opportunities are selected based on their capacity to positively impact the local community and enhance NRW's reputation as the contractor of choice.

The NRW Group has contributed financially and in-kind support to numerous organisations throughout FY22, including:

- Donations to major charities including GIVIT, Perth Homeless Winter Appeal, Mates in Construction and Foodbank Australia.

- Sponsorship of sporting programs that aim to meet specific local community needs including the Northampton Australian Rules Football Club and the Boggabri & District Rugby League Football Club.
- In-kind support for community organisations such as the donation of scrap metal and timber to local Men's Shed and the donation of furniture to a local YMCA youth hostel.
- Support for employee efforts in fundraising activities including the Cancer 200 and MSWA Ocean Ride, the Push-Up Challenge, Movember, and World's Greatest Shave initiatives.
- Engagement with and support of relevant education programs such as an annual donation to the Greenbushes Primary School Digital Technologies Program, the facilitation of mine site excursions for the GFG Foundation Student Program, and the development of a Primero Group Scholarship with WA School of Mines to financially support students to pursue a degree in metallurgy.
- Active sourcing of goods and services from local communities, in particular Bunbury, Geraldton, Tom Price, Karratha and Kalgoorlie, to support local businesses and employment.

Community Engagement			
NRW is proud to support numerous organisations to achieve mutually beneficial partnerships for long-term societal benefits.			
INITIATIVES AND ACTION	<p>Golding Contractors Partners with GIVIT to Support Local and Regional Communities</p> <p>Golding Contractors has been a GIVIT national partner for three years. GIVIT is a national not-for-profit organisation ensuring people get what they need when they need it most – whether recovering from an emergency event, or experiencing hardship due to circumstances such as drought, domestic and family violence, homelessness, disability, and mental health.</p> <p>Golding Contractors' support in FY22 has enabled GIVIT to facilitate close to 1.9 million donations to vulnerable Queensland communities to assist people in need. In addition, Golding Contractors' financial contribution also supported the GIVIT Digital Inclusion Appeal by donating 70 refurbished laptops and 120 quality bed frames which were accessed by six charity partners across Queensland, including four Indigenous organisations.</p>	<p>RCR Supporting Men's Health in the South West</p> <p>RCR hosted a 2-hour live radio broadcast from its workshop in Picton to raise awareness of men's health and support the Prostate Cancer Foundation of Australia (PCFA). In addition to the broadcast, sponsored by local station Spirit 621 South West, RCR also promoted the following:</p> <ul style="list-style-type: none"> • BBQs hosted at RCR's workplaces with guest speakers. • A raffle with prizes donated from local Bunbury businesses. • Donations from RCR and its employees, the proceeds of which were all pledged to PCFA. • Fully funded health checks for the local community and resources distributed including literature around men's health. 	<p>NRW Civil and Mining Provides Resources to the Metropolitan Migrant Resource Centre (MMRC)</p> <p>NRW Civil and Mining donated pre-owned iPhones to the MMRC in Mirrabooka. The MMRC is a not-for-profit community hub that provides critical assistance programs to predominantly refugee and migrant people who have recently relocated to Australia.</p> <p>The programs have a direct impact to help some of the most disenfranchised people in our community. The phones were presented to Rehana Khan - Migration and Partnerships Manager.</p> <p>She said, "Our resources have been stretched to the limit and the direct impact on these children is that their immediate education needs are not met and they cannot complete pieces of school work. The donation of these iPhones from NRW will assist with the participants' technology skills, in turn improving the students' progress at school, motivation levels and self-confidence. We are very grateful for the donation."</p>

Good corporate governance and **risk management practices** form the basis on which NRW delivers its **corporate strategy** and sustainability objective.





GOVERNANCE

GOVERNANCE

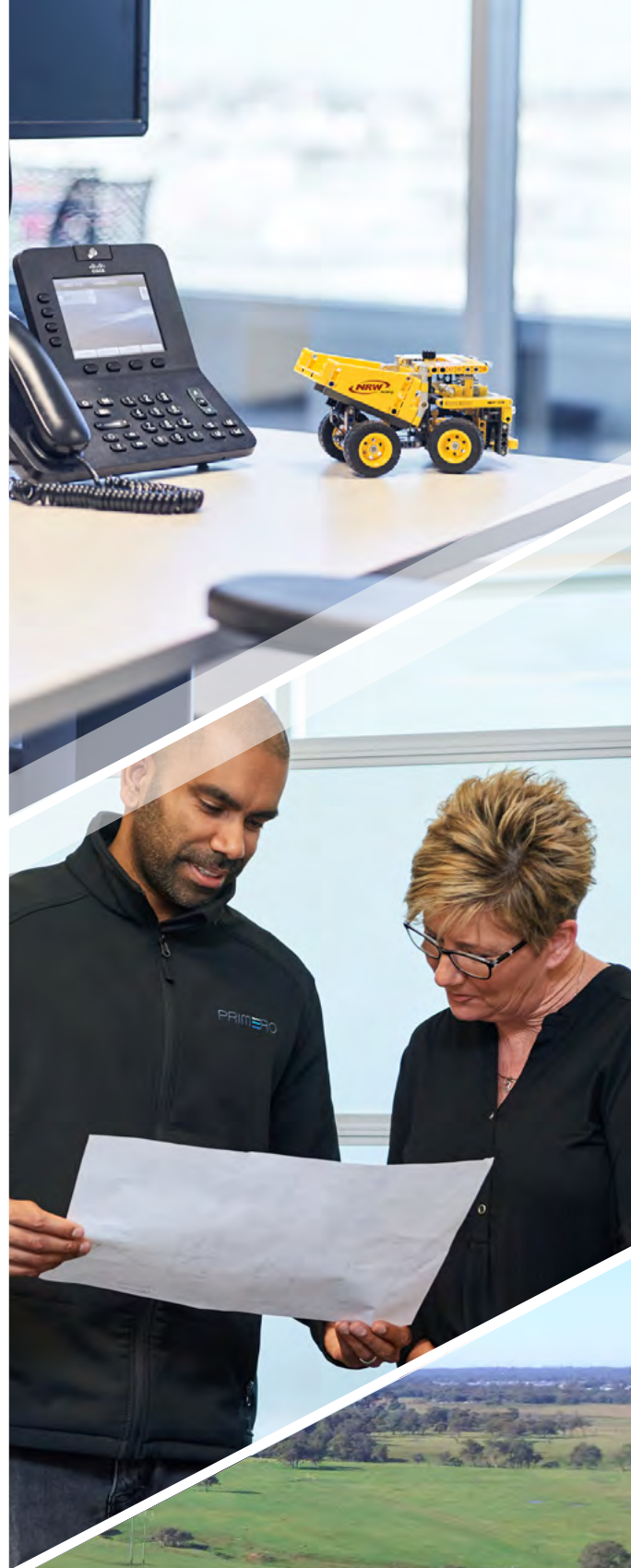
OUR OPERATING ENVIRONMENT AND INDUSTRY TRENDS

As an Australian company operating in Australia, NRW is governed by Australian Federal and State Government legislation, which promotes fair trading and competition. This strong regulatory environment has set the foundation for a robust and stable economy with strong governance practices that must be adhered to. Despite this, there is increased investor and analyst scrutiny of company disclosures influenced by local and global events where corporate governance, ethical conduct, and risk management have often been highlighted as a failing. Companies now face an increasingly complex array of governance and risk management regulation, both mandatory and voluntary, to meet growing stakeholder expectations around open, transparent and ethical disclosure.

Companies have embraced a principles-based approach to corporate governance as an important tool to enhance board and management accountability to stakeholders. In Australia, these best practice principles are set by the ASX Corporate Governance Council (the Council). The ASX Corporate Governance Principles and Recommendations (the Principles and Recommendations) set out recommended corporate governance practices for entities listed on the ASX that, in the Council's view, are likely to achieve good governance outcomes and meet the reasonable expectations of most investors in most situations.

NRW supports and adopts high ethical standards and business transparency in line with the Council's Principles and Recommendations as we recognise this creates loyalty and trust with our stakeholders and contributes to long-term sustainable value.

NRW recognises that risks are an inherent part of our business and management of those risks is therefore critical to the Company's performance. NRW has identified a number of risk factors both specific to the Company and of a general nature which may impact the future operating and financial performance of the Group.



Main Roads WA

GOVERNANCE CONTINUED

OUR STRATEGY AND MANAGEMENT APPROACH

NRW believes that adopting and applying high standards of corporate governance enhances the Company's performance and creates long-term shareholder value. We are therefore committed to promoting a culture of ethical corporate behaviour which is aligned to the NRW values and ultimately evidenced through the way we work. NRW and our stakeholders place high importance on corporate governance, which was reinforced in the outcomes of our materiality assessment.

The Board is ultimately responsible for the governance, risk and compliance frameworks of the Company. The Board's approach to corporate governance is underpinned by a documented and robust Corporate Governance Framework. This framework provides the platform from which NRW's Board provides strategic direction for the responsible and sustainable growth of the company. It also drives a culture that promotes high ethical standards and personal integrity.

Under our governance framework, NRW's management is accountable to the Board, and the Board is accountable to shareholders for the operations, performance and growth of the company. The primary goal the Board has set for management is to focus on enhancing shareholder value, which includes responsibility for NRW's ESG performance.

The Charter Documents which govern our Board and Board Committees are listed below:

- Board Charter
- Audit & Risk Committee Charter
- Nomination & Remuneration Committee Charter
- Sustainability Committee Charter

NRW's corporate governance framework is affected through a suite of policies and procedures, developed over time to ensure compliance with the various legislative and regulatory requirements applicable to the NRW business. These policies include:

- Code of Conduct for Directors and Key Officers
- Code of Conduct – Obligations to Stakeholders
- Shareholder Communication Policy
- Continuous Disclosure Policy
- Securities Trading Policy
- Whistleblowing Policy
- Modern Slavery Statement

Both the Board and Committee Charter documents and NRW's corporate governance policies are published on the NRW website (www.nrw.com.au/about-us/corporate-governance).

NRW's commitment to good corporate governance is also evidenced through the Board's endorsement of the ASX Recommendations which have been fully adopted by the Company for the year ended 30 June 2022, unless otherwise indicated. Adoption of the ASX Recommendations, and other information with regards to the Company's Corporate Governance Practices, are published in a Corporate Governance Statement. Please see the Company's Appendix 4G and accompanying Corporate Governance Statement which is released on the ASX platform annually for further information.

GOVERNANCE-RELATED MATERIAL TOPICS AND PRIORITY SDGs

The key topics identified as material to the NRW business under the heading 'Governance' are:

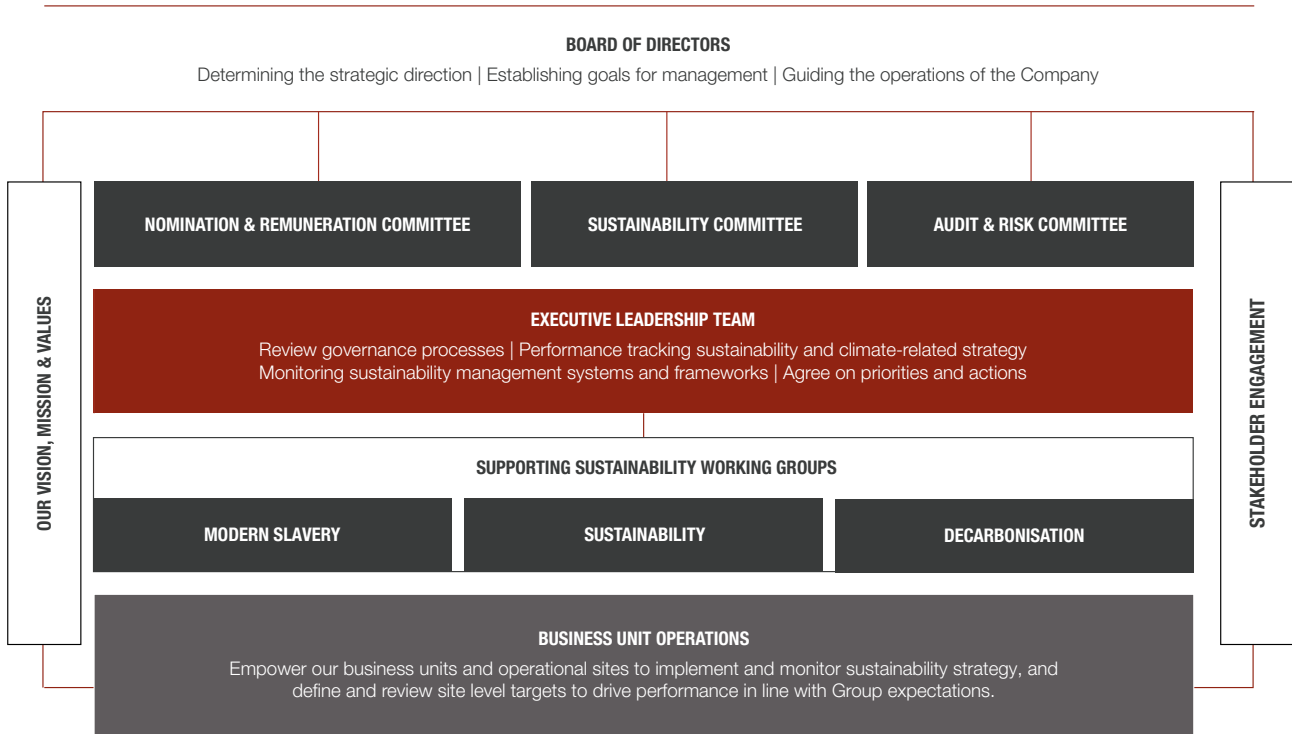
Material Topic	Priority SDG	Priority SDG Indicator
Corporate Governance		Sub-goal 16.6 Develop effective, accountable and transparent institutions at all levels
Business Ethics and Transparency	SDG 16 – Peace, Justice and Strong Institutions	Sub-goal 16.7 – Ensure responsive, inclusive, participatory and representative decision-making at all levels
Risk Management		



GOVERNANCE CONTINUED

CORPORATE GOVERNANCE

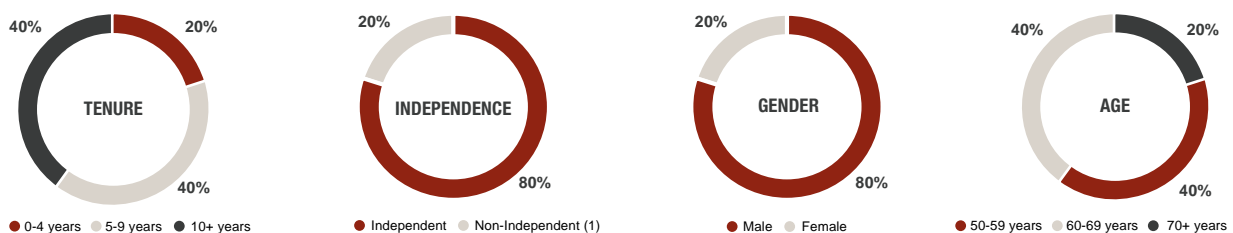
NRW's corporate governance structure consists of a Board of Directors whose role is to represent shareholders, promote and protect the interests of the Company, and to build sustainable shareholder value. The Board discharges this responsibility by having regard for the interests of all stakeholders. NRW's corporate governance structure is depicted below.



NRW BOARD OF DIRECTORS

The Board is NRW's highest governing authority and instils a culture of accountability, integrity, transparency, and compliance. The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. A Board Charter has been adopted which details the functions and responsibilities of the Company's Board and management. This Charter is regularly reviewed and updated to reflect changes and developments regarding the operation of the Board. NRW Board members and their credentials are published each year in the Annual Report, along with their Committee duties.

The Board comprises five directors with diverse skills, experience, and backgrounds to support NRW in effective and robust corporate governance practices. In line with the Board Charter, a majority of directors are independent and non-executive, including the Chair. The Nomination & Remuneration Committee is tasked with reviewing the size and composition of the Board. The Directors' skills, experience and diversity, and Board size are reviewed regularly by the Nomination and Remuneration Committee to ensure it remains fit for the Group's needs and in line with best practice requirements. The Board makeup according to gender, independence, tenure and age is depicted below. The Board has set a board gender diversity target of 33.33% female representation, to be achieved by 31 December 2023.



(1) NRW has one member of the Board who is not independent, being the Managing Director and Chief Executive Officer Jules Pemberton

GOVERNANCE CONTINUED

NRW SUB-COMMITTEES

The Board has the following sub-committees established to assist it in carrying out its primary role of guiding NRW's strategic direction.

Committee	Oversight
Audit & Risk Committee (ARC)	<p>Audit Matters</p> <p>The purpose of the ARC is to assist the Board in fulfilling its corporate governance and oversight responsibilities by monitoring and reviewing the integrity of financial statements, the effectiveness of internal financial controls, the independence, objectivity and competency of internal and external auditors, and the policies on risk oversight and management. In addition, the Audit & Risk Committee is responsible for making recommendations to the Board in relation to the appointment of external auditors and approving the remuneration and terms of their engagement.</p>
	<p>Risk Matters</p> <p>The purpose of the ARC is to assist the Board in fulfilling its responsibilities relating to the risk management and compliance practices of the Company. The Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of enterprise-wide risk oversight and management policies that set out the roles and respective accountabilities of the Board, the Committee, management and the internal audit function. The policies should cover the areas of oversight, risk profile, risk management, compliance and control and assessment of effectiveness.</p>
Nomination & Remuneration Committee (N&RC)	<p>Nomination Matters</p> <p>The purpose of the N&RC is to provide advice, recommendations and assistance to the Board with respect to identifying nominees for directorships and other key executive appointments, the composition of the Board, ensuring that effective induction and education procedures exist for new Board appointees and key executives, and ensuring that appropriate procedures exist to assess and review the performance of the Chair, executive and non-executive directors, senior management, Board committees and the Board as a whole.</p>
	<p>Remuneration Matters</p> <p>The purpose of the N&RC is to provide advice, recommendations and assistance to the Board with respect to putting in place remuneration policies which are designed to attract and retain senior managers and directors with the expertise to enhance the performance and growth of the Company, and ensuring that the level and composition of remuneration packages are fair, reasonable and adequate and, in the case of executive directors and senior managers, display a clear relationship between the performance of the individual and the performance of the Company.</p>
Sustainability Committee	<p>The purpose of the Committee is to provide advice, recommendations, and assistance to the Board with respect to sustainability primarily in relation to environmental, social and corporate governance matters and eliminate related risks or identify related opportunities. This includes adoption of a climate change strategy that maps the Company's pathway to a practical and appropriate level of decarbonisation for the business.</p>

Sustainable development and leadership are embedded throughout NRW with focused working groups formed with a targeted range of experience and business unit representation. These working groups provide support and guidance with regards to NRW's sustainability strategies, initiatives and reporting.

Working Group	Purpose	Focus Area FY22
Modern Slavery	The purpose of this group is to manage the work programme to ensure compliance with modern slavery laws, ensure there is no modern slavery in the Group's operations, take steps to minimise, and ideally eradicate, modern slavery in the Group's supply chains, and raise awareness within the Group and with its suppliers regarding modern slavery.	<ul style="list-style-type: none"> Continued roll-out of Modern Slavery training Targeted HR/Recruitment modern slavery alert Review and consideration of IT systems to improve identification of modern slavery practices within our supply chain
Sustainability	The purpose of this Group is to guide ESG initiatives and practices within the business and coordinate ESG reporting, in line with NRW's sustainability objectives.	<ul style="list-style-type: none"> Establishing data collection mechanisms for improved disclosure in line with GRI Standards Set minimum standards for Group ESG practices, formalised through the Sustainability Policy Increase business unit transparency with regards to ESG practices through sharing resources
Decarbonisation	The purpose of this Group is to formulate and execute a strategy that maps the Company's pathway to a practical and appropriate level of decarbonization for the business.	<ul style="list-style-type: none"> Updating risk management policies/procedures in line with TCFD Recommendations Establishing baseline GHG emissions Developing a decarbonisation roadmap

GOVERNANCE CONTINUED

BUSINESS ETHICS AND TRANSPARENCY

NRW believes consistent and proper business conduct creates loyalty and trust with our stakeholders and contributes to long-term sustainable value. Therefore, we are committed to promoting a culture of ethical corporate behaviour throughout our business.

NRW endeavours to be recognised as an organisation committed to the highest ethical standards in business. NRW expects that all directors, officers and employees act lawfully, ethically and responsibly, and always strive to contribute positively to NRW's reputation and performance. We are proud of the quality of our employees and of the professional reputation and market image built by their work. The following section sets out the policies that NRW has in place to promote lawful, ethical, and responsible business practices within the organisation.

CODE OF CONDUCT (REVISED DECEMBER 2019)

NRW's Code of Conduct (the Code) defines the Company's expectations with regards to director, officer and employee conduct, and is aligned to the Company's values. This document represents our commitment to upholding the highest standards of ethics within our business practices. This Code reflects our high standards of professional conduct and ethics in dealing with all of our stakeholders and our commitment to complying with all applicable state, national and international laws.

The Company is firmly committed to compliance with the Code and the Company's employees, consultants and suppliers (to the extent relevant) are required to comply with it. The code of conduct governs a range of aspects, including:

- Responsibilities to clients and customers, shareholders and the financial community, individuals, and the broader community
- Employment practices and participation
- Confidentiality
- Bribes & Gifts
- Agreements with competitors
- Environmental protection
- Human rights
- Drug and alcohol use
- International compliance

NRW encourages employees to speak up about any conduct that may be in violation of the Code or other policies of the Company, by reporting via the various channels set out in the Company's Whistleblowing Policy (or that of the relevant subsidiary of the Company). The Company does not permit any form of adverse treatment against any person who reports known or suspected violations of the Code or any other Company policy.

CONTINUOUS DISCLOSURE (REVISED JANUARY 2021)

NRW recognises that transparency and disclosure are vital to enabling current and future shareholders to make informed investment decisions and exercise their rights. As such, our Board mandates timely and equal access to material information concerning the Company.

This is affected through NRW's Continuous Disclosure Policy which imposes obligations and procedures on all directors, employees and consultants of the Company to ensure the timely and balanced disclosure of all material matters. This Policy ensures the Company is able to meet its continuous disclosure obligations under the ASX Listing Rules. NRW's Disclosure Officer is the Company Secretary.

ANTI-FRAUD, BRIBERY AND CORRUPTION (REVISED JANUARY 2022)

Fraud, bribery and corruption adversely affect the business environment by undermining legitimate business activities. NRW is committed to conducting business in accordance with the highest ethical and legal standards and avoiding bribery, corruption and fraud.

NRW is committed to:

- Ensuring efficient and effective systems, procedures and internal controls are in place to enable the prevention and detection of fraud, bribery and corruption.
- Ensuring managers identify fraud, bribery and corruption risks in their areas of business and that all systems, procedures and internal controls are properly implemented and enforced.
- Ensuring all members of staff understand that they have a duty to report any internal and external suspicions or incidents of fraud, bribery or corruption.
- Continuously reviewing our systems, procedures and internal controls through risk management processes and audit arrangements.

The Company has an Anti-fraud, Bribery and Corruption policy which sets out NRW's 'zero tolerance' towards fraud, bribery and corruption. The Company policy makes it clear that any conduct falling within the definition of fraud, bribery or corruption will thoroughly investigate and seek to take disciplinary and/or legal action against those who perpetrate, are involved in, or assist with fraudulent or other improper activities in any of our operations.

GOVERNANCE CONTINUED

SECURITIES TRADING POLICY (REVISED MARCH 2020)

NRW has adopted a Securities Trading Policy which details the Company's policy regarding the sale and purchase of Company securities by Directors and employees. The policy prohibits Directors and employees from buying or selling securities in the Company when they are in possession of price sensitive information which is not generally available to the market. It is contrary to the policy for Directors or employees to be engaged in short term trading of Company securities. In addition, trading in the Company's securities is not permitted by Directors and employees during closed periods which are the period from the end of the financial year or half financial year to the time of release of the annual or half year results.

MODERN SLAVERY (PUBLISHED DECEMBER 2021)

NRW's Modern Slavery Statement outlines the steps the NRW Group has taken to trace, monitor and address modern slavery risks in our operations and supply chains.

We seek to integrate respect for human rights into the way we operate to continuously improve our business and the way we deliver work. To this end, we work to continuously improve our understanding of modern slavery risks in our operations and supply chains.

We also work to raise awareness of the issue throughout our operations and supply chains and thereby support efforts to combat it by tracing, monitoring, and addressing the risk of modern slavery practices.

NRW is committed to:

- Continuously updating and furthering our action plan for Modern Slavery based on the priorities we identify, and our aspirational actions.
- Develop and roll out Modern Slavery training that is tailored to the needs of the organisation and our employees.
- Uphold our established recruitment processes and practices which continue to uphold ethical and non-discriminatory engagement of potential employees.
- Continue to perform supply chain due diligence for modern slavery and mitigate associated risks within our supply chain.

WHISTLEBLOWING (REVISED FEBRUARY 2020)

NRW expects and encourages the reporting of any suspected or actual unethical, illegal, corrupt, fraudulent or undesirable conduct involving our business, and prohibits any form of punishment, disciplinary or retaliatory action being taken against anyone for raising or helping to address a business conduct concern, as evidenced through our Whistleblowing Policy.

As part of this policy, NRW has committed to:

- Promoting and supporting a culture of honest and ethical behaviour, compliance and good corporate governance.
- Encouraging the reporting of any suspected or actual unethical, illegal, corrupt, fraudulent or undesirable conduct involving our business.
- Providing clear internal and external channels through which a person who becomes aware of reportable conduct may report its occurrence.
- Ensuring that employees and stakeholders who report their concerns may do so without fear of intimidation, disadvantage or reprisal.
- Investigating in a thorough and timely manner.
- Protecting whistleblowers to ensure confidentiality associated with the matters of reportable conduct.

The Whistleblowing Policy outlines the ways stakeholders can report matters they genuinely believe are in breach of the Code or are illegal (Reportable Matters). Please see our Whistleblowing Policy for guidance on what behaviour NRW considers to be a Reportable Matter.

We encourage employees to speak up about a Reportable Matter. A Reportable Matter exists if you see or have reasonable grounds to believe that we or any of our officers or employees have attempted to engage or have engaged in conduct that falls under this category. Reportable Matters can be reported through internal and external reporting channels. NRW ensures continued accessibility to our independent external whistleblowing service, which is widely communicated to employees and contractors.

Your Call (External, Independent Whistleblowing Service)

Website: www.yourcall.com.au/report

(Unique Identifier: NRW1994)

Telephone: 1300 790 228

National Relay Service: www.relayservice.gov.au

(request Your Call's hotline 1300 790 228)

Disclosure Officer (Kim Hyman)

Email: kim.hyman@nrw.com.au

Telephone: 08 9232 4200

Disclosure Officer (Jasmyn Wardell-Johnson)

Email: jasmyn.wardell-johnson@nrw.com.au

Telephone: 08 9232 4200

GOVERNANCE CONTINUED

RISK MANAGEMENT

Risk is an inherent part of NRW's business and management of risks is therefore critical to the Company's performance and financial strength.

There are a number of risk factors both specific to the Company and of a general nature which may impact the future operating and financial performance of the Group. The performance of the Company is also influenced by a variety of different general economic and business conditions, including interest rates, exchange rates, access to debt and capital markets, and government policies.

In conducting its business, NRW takes informed and appropriate commercial and business risks (including non-financial risks) to achieve its objectives and deliver shareholder value.

Through an enterprise-wide approach to risk management, NRW seeks to achieve:

- Compliance with laws and regulations;
- Assurance regarding the management of significant risks;
- Decisions that pay full regard to risk considerations; and
- Efficiency and effectiveness in operations, projects and strategy.

RISK OVERSIGHT

Risk management is overseen by the Board's Audit and Risk Committee. Consistent with its Charter, the Audit and Risk Committee is responsible for assisting the Board in fulfilling its responsibilities relating to the Company's risk management and compliance practices. This includes providing the Board with advice and recommendations regarding the ongoing development of risk oversight and management policies that set out the roles and respective accountabilities of the Board, the Committee, management and the internal audit function. The policies cover oversight, risk profile, risk management, compliance and assessment of effectiveness.

The Committee is also responsible for providing oversight of NRW's risk management and risk profile. This includes:

- Maintaining an up-to-date understanding of areas where the Company is, or may be, exposed to risk and compliance issues and seek to ensure that management is effectively managing those issues;
- Reviewing the adequacy and effectiveness of the Company's policies and procedures which relate to risk management and compliance;
- Making recommendations to the Board on the appropriate risk and risk management reporting requirements to the Board and this Committee;
- Providing advice to the Board on relevant corporate level performance indicators and targets for risk management and compliance activities;
- Undertaking an annual review of risk management policy and underlying strategies and procedures to ensure its continued application and relevance;
- If considered necessary, establishing a periodic and independent review of the implementation and effectiveness of the risk management policy to provide objective feedback to the Board as to its effectiveness;
- Receiving and considering reports on risk management and compliance programs and performance against policy and strategic targets;
- Reviewing the adequacy of the company's insurance coverage; and
- Examining any matters referred to it by the Board.

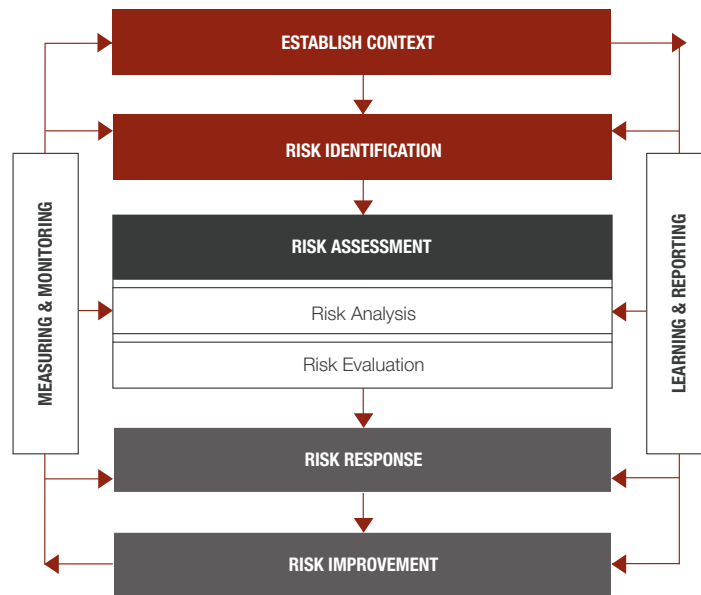


GOVERNANCE CONTINUED

ENTERPRISE WIDE RISK MANAGEMENT APPROACH

Our approach to Enterprise Wide Risk Management (ERM) is aligned to the requirements of the International Standard for Risk Management ISO 31000:2009, which supports NRW in managing and mitigating risks including sustainability risks and tracking our performance. NRW's Risk Management strategy is set out in the Risk Management Corporate Policy. The Risk Management Corporate Policy is reviewed annually and outlines the Board's mandate and commitment to ERM.

Supporting the Risk Management Corporate Policy is a documented Risk Management Procedure and the Risk Management Manual. This policy, procedure and manual, combined, assists the NRW Group with the identification, understanding, monitoring and management of risks and opportunities which can arise from operations, projects and strategies adopted by the Company. Supporting this is a dedicated risk and commercial function that embeds these frameworks within the business.



Understanding NRW's risks, and managing these risks appropriately, will enhance our ability to successfully deliver on objectives and provide greater certainty and confidence for shareholders, employees, customers and suppliers and the communities in which we operate.

Material risks that could adversely affect NRW are set out in the FY22 Annual Financial Statements. Consideration of all business risks, including environmental, social and governance risks, were included in this assessment of the most significant risks to the NRW Group.

NRW's Cyber Security Strategy Development

CASE STUDY

NRW's data and information volumes are expanding exponentially, and threat actors are evolving to become more sophisticated are taking advantage of increasingly global connectivity, and launching more cyberattacks than ever before to potentially compromise NRW data and information volumes. In response to this, during FY22, NRW developed its Cyber Security Strategy.

The Cyber Security Strategy, endorsed by the Audit & Risk Committee, outlines NRW's approach to managing the ever-increasing threat that cyber security issues raise across the group. As the business and its entities, pivot further towards digital-enabled business models, exponentially more data and digital information is generated and shared among the businesses, customers and third parties. This results in increased cyber security threats and risks which can cause significant financial loss, reputational damage, or cause outages that damage NRW's business operations.

The Cyber Security Strategy adopted by NRW is based on the National Institute of Standards and Technology (NIST) framework and applies to all NRW's business and subsidiary entities. The NIST framework is a set of standards, guidelines, and best practices focused on managing cyber security-related risk.

Moving forward, the ability to maintain a current understanding of the cyber threat environment and relevant organisation cyber risks is going to be necessary to effectively manage the increasing number of cyber threats. NRW's Cyber Security Strategy initiatives will provide the necessary controls to govern the management of these risks whilst enabling the business to operate efficiently.

PERFORMANCE DATA

Performance data is shown below for the period 1 July 2021 – 30 June 2022 for NRW Holdings Limited and its wholly owned subsidiaries.

Performance Metric	FY22		FY21 ¹	
ENERGY & EMISSIONS				
Scope 1 (ktCO ₂ -e) ²	6.23		5.89	
Scope 2 (ktCO ₂ -e) ²	4.08		4.38	
Scope 1 and Scope 2 (ktCO ₂ -e)	10.31		10.27	
Emissions Intensity ³ (Scope 1 + Scope 2) (tCO ₂ -e/\$m AUD)	4.33		4.62	
Energy Consumption (GJ)	120,048		117,506	
Energy Intensity ³ (GJ/\$m AUD)	50.5		52.9	
Revenue (\$m)	2,378		2,222	
ENVIRONMENT				
Environmental Fines/Sanctions (\$)	Nil		Nil	
Environmental Fines/Sanctions (Number)	Nil		Nil	
Environmental cases brought through dispute resolution mechanisms	Nil		Nil	
SAFETY				
Occupational Injuries and Work-related Fatalities (Employees and Contractors)				
Total Recordable Injury Frequency Rate	5.64 ⁴		6.25	
Lost Time Injury Frequency Rate	0.64		0.51	
Safety related fines or prosecutions	Nil		Nil	
Total number of work-related fatalities	0		0	
Total number of high-consequence work-related injuries	7		- ⁶	
Total number of recordable work-related injuries	79		94	
GOVERNING BODY				
Total Board of Directors	5		5	
Board of Directors By Gender	Male	Female	Male	Female
Number	4	1	4	1
Board of Directors By Age	Under 30	30-50	Over 50	Under 30
Number	0	0	5	0
				0
				5
WORKFORCE⁵				
Total Workforce	7,261		6,376	
Total Employees	4,946		4,783	
Total Contractors	2,315		1,593	
Employees by Contract by Gender	Male	Female		
Permanent	3,611	684		- ⁶
Fixed term (temporary)	248	43		- ⁶
Casual (non-guaranteed hours)	313	47		- ⁶
Employees by Contract by Region	National	Expats		
Permanent	4,270	25		- ⁶
Fixed Term (temporary)	288	3		- ⁶
Casual (non-guaranteed hours)	359	1		- ⁶
Employees by Employment Type by Gender	Male	Female		
Full-time	3,842	674		- ⁶
Part-time	17	53		- ⁶
Casual	313	47		- ⁶

PERFORMANCE DATA CONTINUED

Performance Metric	FY22			FY21 ¹
Employees by Employment Type by Region	National	Expats		
Full-time	4,489	27		-.6
Part-time	69	1		-.6
Casual (non-guaranteed hours)	359	1		-.6
Collective Bargaining Agreements (CBA)				
Percentage of employees covered by CBA	67.39%			-.6
Workplace related fines or prosecutions	Nil			Nil
Percentage of senior management hired from the local community	100%			100%
Total New Employee Hires during reporting period	2,809			-.6
Total Employee Turnover during reporting period	2,270			-.6
New Employee Hires During Reporting Period by Gender	Male	Female		
Number	2,359	450		-.6
New Employee Hires During Reporting Period by Age	Under 30	30-50	Over 50	
Number	678	1,347	784	-.6
New Employee Hires During Reporting Period by Region	National	Expats		
Number	2,809	0		-.6
Employee Turnover During Reporting Period by Gender	Male	Female		
Number	1,988	282		-.6
Employee Turnover During Reporting Period by Age	Under 30	30-50	Over 50	
Number	403	1,112	755	-.6
Employee Turnover During Reporting Period by Region	National	Expats		
Number	2,270	0		-.6
EMPLOYEE DIVERSITY				
Total Employees	4,946			4,782
Total Employees by Level				
Total Senior Management	178			-.6
Total Middle Management	209			-.6
Total General	4,559			-.6
Total Employees By Gender	Male	Female	Male	Female
Number	4,172	774	4,151	631
Total Employees By Age	Under 30	30-50	Over 50	
Number	977	2,593	1,376	-.6
Total Senior Management by Gender	Male	Female		
Number	166	12		-.6
Total Senior Management by Age	Under 30	30-50	Over 50	
Number	3	98	77	-.6
Total Middle Management by Gender	Male	Female		
Number	196	13		-.6
Total Middle Management by Age	Under 30	30-50	Over 50	
Number	3	136	70	-.6
Total General by Gender	Male	Female		
Number	3,810	749		-.6
Total General by Age	Under 30	30-50	Over 50	
Number	970	2,360	1,229	-.6

PERFORMANCE DATA CONTINUED

Performance Metric	FY22		FY21 ¹	
RATIO OF BASIC SALARY AND REMUNERATION FOR WOMEN TO MEN⁷	Ratio			
Senior Management	1:1.41		.6	
Middle Management	1:1.36		.6	
General	1:1.40		.6	
EMPLOYEE PARENTAL LEAVE BENEFITS	Male	Female	Male	Female
Employee Covered by Parental Leave Policy	3,302	694	3,560	506
Employees who took Parental Leave during the Reporting Period	15	38	13	27
Employees who returned to work post Parental Leave ending during the Reporting Period	15	9	13	12
Employees who returned to work post Parental Leave ending that were still employed 12 months after their return to work	12	4	12	9
TRAINING HOURS	Hours			
Total Training hours ⁸	104,967		.6	
Average training hours per employee⁹				
Male	21.76		.6	
Female	13.61		.6	
Senior Management	8.22		.6	
Middle Management	9.21		.6	
General	21.48		.6	
ECONOMY	\$'000		\$'000	
Community Donations and Contributions	431		356	
Financial Assistance Received from Government ¹⁰	893		.6	
Total monetary value of financial and in-kind political contributions made	Nil		Nil	
SUPPLY CHAIN				
Percentage of the procurement budget spent on suppliers in Australia	99.5%		98.5%	
COMPLIANCE WITH LAWS AND REGULATIONS				
Instances of non-compliance with laws and regulations	Nil		Nil	
Total fines issues for non-compliance with laws and regulations	Nil		Nil	
Other sanctions (non-monetary) for non-compliance with laws and regulations	Nil		Nil	
Anti-corruption				
Confirmed incidents of corruption	Nil		Nil	
Confirmed incidents in which employees were dismissed or disciplined for corruption	Nil		Nil	
Confirmed incidents when contacts with business partners were terminated or not renewed due to violations related to corruption	Nil		Nil	
Public legal cases regarding corruption brought against the organisation or its employees	Nil		Nil	
Anti-competitive Behaviour				
Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Nil		Nil	
Incidents of Discrimination and Corrective Actions Taken				
Total number of incidents of discrimination	Nil		Nil	
Incidents of Violations Involving Rights of Indigenous Peoples				
Total number of identified incidents of violations involving the rights of indigenous peoples	Nil		Nil	

PERFORMANCE DATA CONTINUED

Performance Metric	FY22	FY21 ¹
Incidents of Non-compliance Concerning the Health and Safety Impacts of Products and Services		
Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services:		
- Resulting in a fine or penalty	Nil	Nil
- Resulting in a warning	Nil	Nil
- Non-compliance with voluntary code	Nil	Nil
Incidents of Non-compliance Concerning Product and Service Information and Labelling		
Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling:		
- Resulting in a fine or penalty	Nil	Nil
- Resulting in a warning	Nil	Nil
- Non-compliance with voluntary code	Nil	Nil
Incidents of Non-compliance Concerning Marketing Communications		
Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship:		
- Resulting in a fine or penalty	Nil	Nil
- Resulting in a warning	Nil	Nil
- Non-compliance with voluntary code	Nil	Nil
Substantiated complaints concerning breaches of customer privacy and losses of customer data		
Total number of substantiated complaints received concerning breaches of customer privacy, categorized by:		
- Complaints received from outside parties and substantiated by the organisation	Nil	Nil
- Complaints from regulatory bodies	Nil	Nil

(1) Includes Primero Group from February 2021

(2) Scope 1 and Scope 2 GHG Emissions are calculated in accordance with the National Greenhouse and Energy Reporting Act 2007

(3) Intensity calculated with reference to total group revenue (\$M's)

(4) FY22 Total Recordable Injury Frequency Rate has been updated since release of our FY22 Annual Financial Statements due to the lag nature of incident reporting and subsequent verification of injuries.

(5) Workforce numbers (employees and contractors) reported as total headcount as at 30 June 2022

(6) This information is not able to be sourced for the FY21 comparative period. NRW are working on updating our data capture processes to enhance reporting in the future.

(7) Basic Salary includes total fixed remuneration excluding short and long term incentives such as cash bonuses

(8) Due to data availability, total training hours only includes NRW Civil and Mining, Golding Contractors, Primero, Action Mining Services and RCR Mining Technologies

(9) Due to data availability, total training hours only includes NRW Civil and Mining, Primero, Action Mining Services and RCR Mining Technologies

(10) Financial assistant relates primarily to rebates received for hiring, training and retaining apprentices within the business as part of the Australian Apprenticeships Incentive System

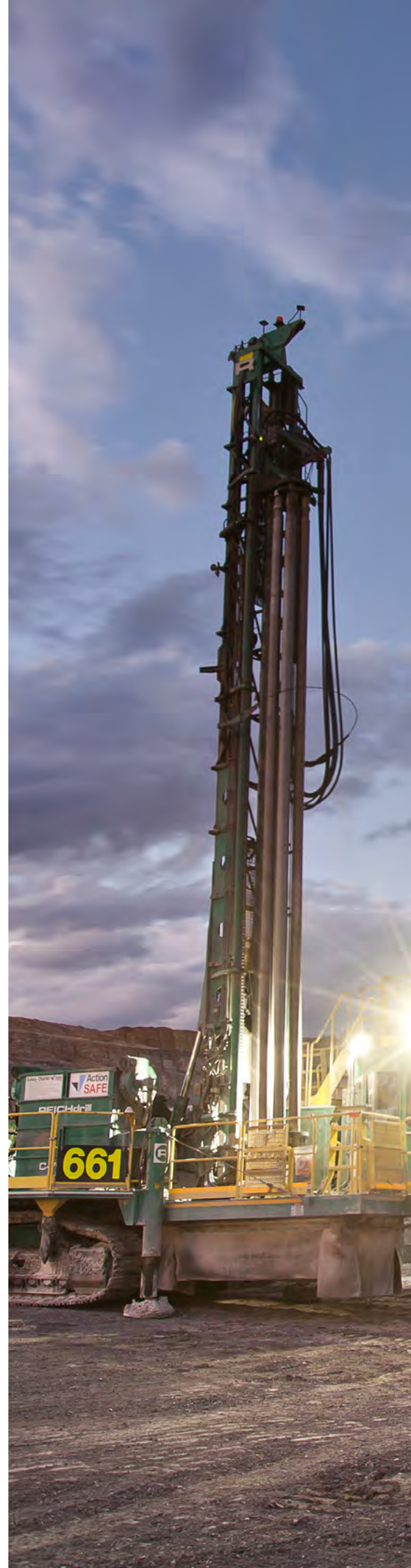


FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors present their report together with the financial statements of NRW Holdings Limited (the Company) and of the consolidated group (also referred to as 'the Group'), comprising the Company and its subsidiaries, for the financial year ended 30 June 2022.

DIRECTORS

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

Michael Arnett

Chairperson and Non-Executive Director

Mr Arnett was appointed as a Non-Executive Director on 27 July 2007 and appointed Chairperson on 9 March 2016.

Mr Arnett is a former consultant to, partner of and member of the Board of Directors and national head of the Natural Resources Business Unit of the law firm Norton Rose Fulbright (formally Deacons). He has been involved in significant corporate and commercial legal work for the resource industry for over 20 years.

Mr Arnett has held the following directorships of listed companies in the three-years immediately before the end of the financial year:

- Non-Executive Chairperson, Genmin Limited (Appointed 10 March 2021)

Jules Pemberton

Chief Executive Officer and Managing Director

Mr Pemberton was appointed as a Director on 1 July 2006 and appointed as Chief Executive Officer and Managing Director on 7 July 2010.

Mr Pemberton has more than 25 years' experience in both the resources and infrastructure sectors. He joined NRW in 1996, and prior to his appointment as Chief Executive Officer and Managing Director he held a number of senior management and executive positions at NRW including Chief Operating Officer.

Jeff Dowling

Non-Executive Director

Mr Dowling was appointed as a Non-Executive Director on 21 August 2013.

Mr Dowling has 36 years' experience in professional services with Ernst & Young. He has held numerous leadership roles within Ernst & Young which focused on the mining, oil and gas and other industries.

Mr Dowling has a Bachelor of Commerce from the University of Western Australia and is a fellow of the Institute of Chartered Accountants, the Australian Institute of Company Directors (AICD) and the Financial Services Institute of Australasia.

Mr Dowling has held the following directorships of listed companies in the three-years immediately before the end of the financial year:

- Non-Executive Director, S2 Resources Limited (Appointed 29 May 2015)
- Non-Executive Director, Fleetwood Corporation Limited (Appointed 1 July 2017)
- Non-Executive Director, Battery Minerals Limited (Appointed 25 January 2018)

Peter Johnston

Non-Executive Director

Mr Johnston was appointed as a Non-Executive Director on 1 July 2016.

Mr Johnston has served with a number of national and international companies.

Mr Johnston graduated from the University of Western Australia with a Bachelor of Arts majoring in psychology and industrial relations. He is also a Fellow of the AICD and AusIMM.

DIRECTORS' REPORT

CONTINUED

Mr Johnston has held the following directorships of listed companies in the three-years immediately before the end of the financial year:

- Non-Executive Director, Tronox Ltd (NYSE) (Appointed 1 August 2012)
- Chairperson, Jervois Global Limited (Appointed 19 June 2018)

Fiona Murdoch

Non-Executive Director

Ms Murdoch was appointed as a Non-Executive Director on 24 February 2020.

Ms Murdoch has over 30 years' resource and infrastructure experience in Australia and overseas, holding senior operational roles with AMCI Investments, MIM Holdings and Xstrata Queensland.

She has extensive domestic and international experience with major projects in Western Australia, Northern Territory and Queensland, and in South America, Dominican Republic, Papua New Guinea and the Philippines.

Ms Murdoch is a Graduate of the AICD Company Director program and holds an MBA as well as an Honours degree in Law.

Ms Murdoch has held the following directorships of listed companies in the three-years immediately before the end of the financial year:

- Non-Executive Director, Metro Mining Limited (Appointed 11 May 2019)
- Non-Executive Director, Ramelius Resources Limited (Appointed 1 December 2021)
- Non-Executive Director, KGL Resources Limited (Appointed 12 June 2018), resigned 15 October 2021

In addition, Ms Murdoch serves on the Joint Venture Committee for the Australian Premium Iron Joint Venture and is also Chairperson of The Pyjama Foundation, a not-for-profit organisation providing learning-based activities for children in foster care.

Kim Hyman

Company Secretary

Mr Hyman was appointed to the position of Company Secretary on 10 July 2007. Mr Hyman has responsibility for company secretarial services and co-ordination of general legal services, as well as the insurance portfolio.

DIRECTORS' MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Directors' Meetings Held	Directors' Meetings Attended
Michael Arnett	14	14
Jeff Dowling	14	14
Peter Johnston	14	14
Fiona Murdoch	14	14
Jules Pemberton	14	14

NOMINATION & REMUNERATION COMMITTEE

The members of the Nomination & Remuneration Committee (N&RC) are Peter Johnston (Chairperson), Michael Arnett, Jeff Dowling and Fiona Murdoch. During the 2022 financial year, two meetings of the N&RC were held with all members in attendance. Certain responsibilities of the N&RC were also considered at board meetings as required.

AUDIT & RISK COMMITTEE

The members of the Audit & Risk Committee are Jeff Dowling (Chairperson), Peter Johnston and Fiona Murdoch. During the 2022 financial year, four meetings of the Audit & Risk Committee were held with all members in attendance. In addition, some audit and risk matters were considered in the course of regular board meetings.

DIRECTORS' REPORT

CONTINUED

SUSTAINABILITY COMMITTEE

The members of the Sustainability Committee are Fiona Murdoch (Chairperson), Michael Arnett and Peter Johnston. During the 2022 financial year, three meetings of the Sustainability Committee were held with all members in attendance. The Committee provides advice, recommendations and assistance to the Board of Directors of the Company with respect to sustainability, primarily relating to environmental and climate related risks and opportunities, social and corporate governance matters.

The Company has adopted a sustainability reporting regime that will see material Environmental, Social and Governance topics disclosed within an annual Sustainability Report and published as part of the Annual Report. This report will highlight NRW's alignment with the United Nations Sustainable Development Goals (SDGs). This sustainability report will also be guided by relevant reporting frameworks including the Global Reporting Initiative (GRI) Standards and Taskforce for Climate Related Financial Disclosure Recommendations.

OPERATING AND FINANCIAL REVIEW

PRINCIPAL ACTIVITIES

NRW is a leading provider of diversified contract services to the resources and infrastructure sectors.

With extensive operations across all of Australia, and an office in Canada and the USA, NRW's geographical diversification is complemented by its ability to deliver a wide range of services.

NRW's Civil & Mining businesses provide civil construction, including bulk earthworks, road and rail construction and concrete installation, together with contract mining and drill and blast services.

The Minerals, Energy & Technologies (MET) operating unit offers tailored mine to market solutions, specialist maintenance (shutdown services and onsite maintenance), non-process infrastructure, innovative materials handling solutions, Build-Own-Operate (BOO) process plant solutions, and complete turnkey design, construction and operation of minerals processing and energy projects.

NRW also offers a comprehensive Original Equipment Manufacturer (OEM) capability, providing refurbishment and rebuild services for earthmoving equipment and machinery.

NRW has a workforce of around 7,000 people supporting projects around Australia for clients across the resources, infrastructure, industrial engineering, maintenance and urban subdivision sectors.

FINANCIAL PERFORMANCE

A summary of the key financial performance metrics for the current financial year (FY22) is provided below with comments on significant movements compared to the financial year ended 30 June 2021 (FY21).

NRW reported revenues including those generated by associates of \$2,406.7 million (statutory revenue of \$2,377.7 million), a 4.6% increase on \$2,300.6 million (statutory revenue \$2,221.5 million) in FY21. The year-on-year growth included a full 12-month contribution of the Primero business acquired in February 2021, offset by reducing volumes in the Civil business following the completion of a number of large Pilbara based projects.

These same drivers of changes in segment revenues are also reflected in the expense analysis in the Statement of Profit or Loss. Materials and consumables spend is higher due to increased activity on EPC projects in the MET segment. Subcontractor costs and Plant and equipment costs are lower due to the reduction in Civil activity.

The Group announced to the ASX on 12 July 2021 that Boggabri Coal Operations Pty Ltd (BCO), part of the Idemitsu Group, agreed to acquire the majority of the major mining equipment of Golding Contractors Pty Ltd (a wholly owned subsidiary of NRW) that is engaged under the Maintenance Services and Hire Agreement at the Boggabri Coal Mine (Boggabri transaction).

Operating EBIT of \$157.0 million was up 30.1% on FY21 (\$120.6 million) as profitability recovered across the business. Group EBITDA totalled \$272.4 million (FY21: \$266.7 million) reflecting the improved EBIT offset by the consequential lower depreciation costs following the Boggabri transaction.

These are the best results NRW have reported despite the challenging conditions the business has encountered over the last 12 months which required us to manage through the ongoing challenges of COVID-19, labour shortages, inflationary pressures and significant 1 in 100-year weather events.

DIRECTORS' REPORT

CONTINUED

FINANCIAL PERFORMANCE CONTINUED

Interest costs reflect the reduction of debt from the Boggabri transaction offset by the full year effect of the acquisition finance in support of the Primero acquisition and the funding of new capital expenditure in FY22.

Tax costs were recorded at 28.5% and offset prior year tax losses, as a consequence no cash tax expense was incurred.

Compared to FY21, Statutory Net Earnings increased by 79.4% to \$97.4 million from \$54.3 million and Statutory Earnings per Share (EPS) increased by 73.6% to 21.7 cents from 12.5 cents, signalling the significant improvement from prior year.

Normalised Net Earnings (NPATN) increased by 34.4% to \$100.9 million compared to \$75.1 million in FY21, reflecting the recovery in profitability across the business.

The table below summarises financial performance for FY22 with comparisons to FY21.

	FY22		FY21	
	Revenue \$M	Earnings \$M	Revenue \$M	Earnings \$M
Total Revenue ⁽¹⁾ / EBITDA ⁽²⁾	2,406.7	272.4	2,300.6	266.7
Revenue from Associates	(29.0)		(79.1)	
Depreciation and Amortisation ⁽³⁾		(115.4)		(146.1)
Operating EBIT⁽⁴⁾		157.0		120.6
Amortisation of Acquisition Intangibles ⁽⁵⁾		(7.9)		(20.2)
Non-recurring transactions ⁽⁶⁾		-		(11.2)
EBIT		149.1		89.2
Net interest		(12.9)		(13.3)
Profit before income tax		136.2		75.9
Tax		(38.8)		(21.6)
Statutory Revenue / Net earnings	2,377.7	97.4	2,221.5	54.3
NPATN⁽⁷⁾		100.9		75.1

(1) Revenue including our share of revenue earned by our associates and joint ventures.

(2) EBITDA is earnings before interest, tax, depreciation, amortisation of acquisition intangibles and non-recurring transactions.

(3) Includes depreciation and amortisation of software.

(4) Operating EBIT / EBITA, is earnings before interest, tax, and amortisation of acquisition intangibles and non-recurring transactions.

(5) Amortisation of intangibles as part of business acquisitions.

(6) Non-recurring transactions included transactions relating to Altura, Gascoyne and the acquisition of Primero.

(7) NPATN is Operating EBIT less interest and tax (at a 30% tax rate).

Refer to the above definitions throughout the report.

OPERATING SEGMENTS

NRW is comprised of three reportable segments, Civil, Mining and Minerals, Energy & Technologies (MET). Business activities are conducted primarily in Australia, with some operations in Canada and the USA. The results for each of the segments is provided below and in note 2 to these accounts. The Civil and MET segment results have been presented at EBIT level given the current low level of capital intensity in these businesses. The Mining business has been presented at both EBIT and EBITDA levels recognising that this segment has significantly higher capital intensity than the other two businesses.

Commentary on the performance of each segment follows:

Civil

The Civil business specialises in the delivery of private and public civil infrastructure projects, mine development, bulk earthworks and commercial and residential subdivisions. Civil construction projects include roads, bridges, tailings storage facilities, rail formation, ports, renewable energy projects, water infrastructure and concrete installations.

DIRECTORS' REPORT

CONTINUED

OPERATING SEGMENTS CONTINUED

Results summary (\$M)

	FY22		FY21	
Revenue	483.3		726.5	
EBIT	20.3	4.2%	22.9	3.1%

Revenue was lower than the prior comparative period as major Pilbara based projects completed in FY21. The high activity level in FY21 resulted in a requirement for unprecedented staffing levels. Projects experienced cost increases as staff availability was severely impacted by COVID-19 measures including border closures. Lower activity levels in first half of FY22 have not seen the same staff availability and cost pressures experienced in FY21 which in turn have contributed to the margin improvement.

Earnings as measured by margin improved from 3.1% to 4.2%. Whilst activity was lower in FY22, the same cost pressures which negatively impacted margins in FY21 were not as challenging.

The Civil business secured new work from Rio Tinto at Nammuldi and West Angelas, additional work at Iron Bridge for FMG, and a rail construction project for Pembroke's Olive Downs Coking Coal project. Infrastructure projects included a growing number of Urban projects mostly located in South-East Queensland, additions to the Bunbury Outer Ring Road and a contract to further develop intelligent freeways across the WA road network.

Current Resource projects include the Gudai-Darri Solar Farm, site infrastructure at Iron Bridge, storage facilities at Nammuldi and new heavy vehicle and light vehicle roads at West Angeles. Infrastructure projects include the Bunbury Outer Ring Road, the Hodges Drive to Hepburn Avenue freeway widening project, the Smart Freeway Mitchell Southbound, Reid Highway to Vincent Street project and the Boomerang Creek Diversion project at Peak Downs Mine.

Mining

The Mining business specialises in mine management, contract mining, load and haul, dragline operations, drill and blast, coal handling prep plants, maintenance services and the fabrication of water and service vehicles.

Results summary (\$M)

	FY22		FY21	
Revenue	1,273.2		1,177.2	
EBITDA	199.3	15.7%	212.8	18.1%
Depreciation	(92.7)		(128.9)	
EBIT	106.6	8.4%	83.9	7.1%

Underlying activity levels increased by 8.4% despite the impact of lower revenue (and depreciation) on the Boggabri project following the sale of the key mining fleet to Idemitsu in July 2021. Revenue increased to \$1,273.2 million from \$1,177.2 million in FY21.

Earnings increased to \$106.6 million compared to \$83.9 million representing strong margin growth from 7.1% to 8.4%. The improvement was in part due to the impact of closing out lower margin projects, predominantly delivered during FY21, as a result of cost pressures related to COVID-19 measures. EBITDA reflects the underlying improvement in earnings offset by the lower depreciation following the Boggabri transaction.

The Mining business secured a number of contract extensions underpinned by long-term relationships with our existing clients, including:

- A five-year extension at Phosphate Hill out to Sept 2026 extending the strong relationship with Incitec Pivot and valued at circa \$120 million;
- An extension of five years at the Curragh project and expansion to seven fleets (1 August 2022 start), valued at circa \$1.2 billion;
- South Middleback Ranges Projects secured a circa \$600 million extension for four years which included the Iron Knob Pit coming on line;
- A five-and-a-half-year extension to the Baralaba contract continuing the good relationship with Baralaba Coal Company and valued at circa \$800 million; and
- A four-year extension at the Kogan Creek project valued at circa \$150 million.

DIRECTORS' REPORT

CONTINUED

OPERATING SEGMENTS CONTINUED

The Karara Mining contract was formalised in December 2021 with an expected contract value of circa \$702 million. Operations at Karara commenced in March 2022 and continue to ramp up to full capacity in FY23. The key mining fleet includes 3 x 600 tonne shovels and 14 x 240 tonne trucks plus an ancillary fleet of dozers, loaders, graders, water carts and drills.

Minerals, Energy & Technologies

The Minerals, Energy & Technologies (MET) business includes RCR Mining Technologies (RCR), DIAB Engineering (DIAB) and Primero Group Limited (Primero). RCR Mining Technologies is a leading Original Equipment Manufacturer (OEM) that offers innovative materials handling design capability. DIAB Engineering has proven capabilities in the metals and mining industry and provides specialist maintenance (shutdown services and onsite maintenance), industrial engineering and fabrication. Primero provides a full Engineering Procurement Construction (EPC) capability that operates in the mineral processing, energy and non-process infrastructure market segments.

Results summary (\$M)

	FY22		FY21	
Revenue	701.0		426.9	
EBIT	48.3	6.9%	33.6	7.9%

MET revenue increased to \$701.0 million compared to \$426.9 million in FY21 recognising expansion of revenue in Primero and inclusion of Primero for a full 12-month period following the acquisition of the business in February 2021 (five-month period of Primero results included in FY21).

Full year results have been bolstered with the continued ramp-up in execution delivery on Primero's major EPC contracts at Covalent Lithium's Mount Holland project and Strandline Resources Coburn Mineral Sands project, well supported by the transition from completion of Rio Tinto's Gudai-Darri NPI project and the two FMG crushing hubs and overland Conveyor delivered through RCR and Primero in the first half.

These projects will continue to contribute to a significant portion of FY23 earnings with a consistent run rate maintained through the delivery of Core Lithium's Finnis EPC project awarded in FY22, and other design and construction works at Tianqi Lithium's Kwinana Refinery. Multiple year contract operations awards and Build-Own-Operate solutions at Savannah Nickel for Panoramic Resources and Atlas Iron's Mt Webber and Miralga projects have also contributed to the increased revenues throughout the year with recurring longer-term contracts a key addition to the Group's capability.

RCR's OEM design and manufacturing space has been strong in tendering and awards during the second half of FY22 with significant momentum continuing into FY23. The commencement of the long-term apron feeder service agreement with Rio Tinto in FY22 is adding significant parts and service scope into RCR's FY23 program which has been steadily growing year-on-year.

DIAB has secured a contract with Lynas Rare Earths for the filter building and associated equipment, a key part of Lynas' new processing facilities in Kalgoorlie. DIAB will carry out all the fabrication works for the filter building at its state-of-the-art fabrication facilities in Geraldton utilising local regional labour and local indigenous apprentices and trainees. Adding to the Lynas award, DIAB has secured further works with Rio Tinto for the fabrication and installation of multiple dust systems across several Rio sites with fabrication works being conducted in Geraldton.

DIRECTORS' REPORT

CONTINUED

BALANCE SHEET, OPERATING CASH FLOW AND CAPITAL EXPENDITURE

A summary of the balance sheet as at the end of the current financial year and the previous financial year is provided below.

	30 Jun 22	30 Jun 21 ⁽¹⁾
	\$M	\$M
Cash	219.3	146.5
Financial debt	(233.2)	(261.9)
Lease debt	(52.8)	(55.9)
Net Debt	(66.6)	(171.3)
Property, plant and equipment	423.5	321.4
Non-current assets held for sale	-	82.6
Lease assets (right of use)	44.5	48.2
Working capital	19.4	51.5
Investments in associates and listed equities	22.4	15.8
Tax liabilities	(54.2)	(15.8)
Net Tangible Assets	389.0	332.5
Intangibles and goodwill	209.3	212.6
Net Assets	598.3	545.1
Gearing	11.1%	31.4%
Gearing excl. Lease debt	2.3%	21.2%

(1) Restated to reflect finalisation of Primero Group Limited purchase price accounting – refer to note 7.5.

Cash balances ended the year at \$219.3 million. Debt repayments in the year included asset financing debt payments of \$46.6 million in line with agreements and \$28.8 million of corporate debt which mostly relates to business acquisition finance. New asset financing in the year totalled \$110.5 million mostly to fund new capital expenditure associated with the Karara Mining contract. Net debt improved to \$66.6 million.

Capital expenditure totalled \$206.3 million (2021: \$78.6 million) of which circa \$101.8 million was for the new Karara Mining project which commenced March 2022, \$24.7 million on crushing plants for BOO contracts in Primero. The balance \$79.8 million represents sustaining and maintenance capital expenditure in line with previous guidance on annual spend rates of circa \$80.0 million.

Tax balances are carried as net tax liabilities but included within that balance are further carried forward tax losses. The majority of tax expense was offset by tax losses, with minor amounts of tax paid in overseas jurisdictions and for Primero relating to the pre-acquisition period. NRW continues to benefit from the ATO's introduction of Temporary Full Expensing, which commenced in 2021 for eligible capital expenditure.

Returns to shareholders included both a final dividend for FY21 of 5.0 cents paid in October 2021 and an interim dividend for the current financial year of 5.5 cents paid in April 2022. Overall dividend payments in the year totalled \$47.2 million.

All banking covenants were in compliance at all times during the year and at 30 June 2022.

Investments increased mostly due to shares acquired in Green Technology Metals Limited (ASX: GT1).

As noted in the footnotes to the related disclosures in the financial statements, the values disclosed at 30 June 2022 have been adjusted for the finalisation of Primero purchase price accounting. The net effect of the adjustment was approximately \$5.5 million increase to the goodwill, for further details refer to note 7.5 of the financial statements.

Net Assets increased in the year by \$53.2 million to \$598.3 million reflecting earnings in the year net of dividend payments.

DIRECTORS' REPORT

CONTINUED

OCCUPATIONAL HEALTH AND SAFETY

The COVID-19 pandemic continues to pose challenges throughout our operations. The implementation of robust critical controls has ensured that our people and the communities that they work and live in are kept safe. We continue to work closely with clients, contractors and suppliers to support the continuation of safe, uninterrupted operations. Our people have displayed a remarkable resilience to the COVID-19 challenges as they arise, however we are managing some fatigue in parts of the business due to a strain across the labour market.

The wellbeing of our people remains our highest priority. We are passionate about ensuring the right controls are in place to safeguard our employees and contractors. We focus on identification, mitigation and where practical, elimination of hazards, so that everyone goes home in a safe and healthy condition. For this reason, our Occupational Health and Safety Management Systems are accredited to the applicable Australian and International Standards (AS4801:2001/ISO18001:2007) and are subject to continuous auditing by third parties.

NRW's Total Recordable Injury Frequency Rate (TRIFR) at June 2022 was 5.73 (FY21: 6.25).

PEOPLE AND CULTURE

The attraction and retention of our workforce over the last 12 months has been challenging given the tightening labour market, post COVID-19 restrictions and the broader reduction in the Australian unemployment rate. NRW has introduced separate attraction and retention strategies tailored to specific parts of the business to ensure that we can place our employees in all our projects. By utilising these strategies, we were able to deliver 250 employees for our Karara project and 103 employees for our Covalent project. This, along with the offering of competitive remuneration and benefits has seen a consistent high rate of return of employees at the end of projects to the start of the next. The retention of a skilled workforce familiar with internal systems and processes supports positive outcomes on our projects.

The Group headcount has increased over the past 12 months from 6,200 to 7,000.

The development of our workforce continues to be a priority and supports the retention of our employees. In addition to on-the-job learning, various development initiatives have been undertaken across the Group:

- Employment of more than 200 apprentices and trainees;
- Development and training of 85 graduates and undergraduates;
- Over 60 members of staff working through formal training programs;
- Leadership and development courses completed by 295 members of staff; and
- Over 8,000 training events undertaken via eLearning solutions.

NRW is committed to providing a positive and safe work environment for all employees and strongly advocates a diverse and inclusive culture. In light of recent reports and the findings from the Western Australian parliamentary inquiry into sexual harassment in the FIFO mining industries and the Enough is Enough report, our Civil & Mining and Action Drill & Blast entities have undertaken Diversity & Inclusion surveys. The purpose of the surveys was to highlight if we had any areas of concern and also understand how the workforce perceived our response to workplace behaviour complaints. Through the survey results and a series of workshops, we have developed a set of initiatives that are designed to improve workplace diversity and culture, and to ensure a safe working environment for all. The survey results have shown a high level of engagement with our employees which will support the implementation of these initiatives.

NRW recognises the value of a diverse workforce that is engaged and inclusive. A number of initiatives driven by our businesses and employees include:

- Mental health initiatives – mental health first aid training for site leadership teams, Blue Tree Project, and Movember;
- Employee initiatives – Memorial tree placed at Yarrabee, significant fundraising for workmate on long-term sick leave;
- Support of the RUOK charity day, promoting suicide prevention awareness;
- Involvement in various 'Women in Mining' events, promoting female participation in the resources sector;
- Engagement with various indigenous vendors for the supply of labour hire and subcontract employees; and
- Continued to increase our indigenous employment participation rate.

DIRECTORS' REPORT

CONTINUED

OUTLOOK

Civil

The outlook for the NRW Civil business is buoyant across both key markets – resources and public infrastructure.

Our expectation in iron ore is that the opportunities with blue chip clients will far outweigh our capacity to bid, win and deliver, with the potential to provide an opportunity to be more selective on the work we contract. The critical issue for FY23 is timing of release of new projects given broader industry pressures. Delivery will rely on the availability of experienced staff, which is expected to ease through FY23 providing the necessary resources to support increased activity.

In infrastructure, although a number of projects have been deferred due to resource pressures, new projects have been added to the pipeline set for release between now and the end of next calendar year.

The Golding business continues to track a solid pipeline of civil opportunities in sectors where Golding has a strong track record of delivery. Over the last 12 months, there has been a noticeable increase in the quantum of projects at, or soon to come to, the market which has resulted in an easing in what has traditionally been a very competitive sector.

There are also positive indications the market is generally moving away from the more traditional form of hard dollar contracting (fixed price) and towards a more collaborative form of contracting. The Urban business, despite the challenges faced through industry labour shortages and flood events during FY22, is also facing strong demand over the next 12 months.

Mining

The Mining business has secured most of the work expected to be delivered in FY23 and has long-term contracts for a number of years beyond. Focus will be on improving productivity and asset utilisation. As previously advised, the business has an objective to focus on green metals which is where future investment will be prioritised.

Minerals, Energy & Technologies

The MET business continues to see the battery minerals and materials sector as a growth opportunity, increasing over the next three to five years; sectors where the Group's experience, capability and reputation is growing both locally and on a global scale. An increasing requirement for raw materials supply security within North America and specifically lithium has led to equity investment in Green Technology Metals that may lead to project development and operating revenues over the coming years. Primero's North American operations have been centred around the Montreal office, established in 2017 predominantly with a front end design engineering and project management capability which has recently completed delivery of projects in Alaska for Northern Star Resources, and Quebec for Sayona Mining. To further support the growth of the North American business, a second office location has been established in Houston to assist with upcoming downstream Lithium refinery project works situated in the US.

Contract operations and BOO opportunities are continuing to grow, with near-term negotiations and discussions taking place for multi-year base revenue contracts that would allow the Group to train and maintain a depth of experience to service the Group's own operations and those of our clients.

Opportunities in the energy sector include building on the Group's highly skilled and technically competent team that continues to support emerging and established clients in the hydrogen and natural gas space.

Group

The overall group pipeline remains strong at \$19.8 billion of which circa \$3.5 billion are submitted tenders. The medium-term outlook is very positive, but as discussed above the timing of client awards provides both risk and opportunity to FY23 revenue forecasts.

The value of work secured for FY23 is around \$2.3 billion which is either in the order book, or is expected as repeatable business in Urban, RCRMT and DIAB Engineering.

SIGNIFICANT EVENTS AFTER PERIOD END

Other than as disclosed elsewhere in the Directors' Report, in the opinion of the Directors, there were no significant events after the reporting period.

DIRECTORS' REPORT

CONTINUED

DIVIDEND

The Directors have declared a final dividend for the financial year of 7.0 cents per share. This brings the total dividend for the year to 12.5 cents per share following the interim dividend paid in April 2022. The dividend will be fully franked and paid in October 2022.

DIRECTORS' INTERESTS

The relevant interest of each Director in the ordinary share capital are set out in note 8.2 of the Remuneration Report. There were no transactions between entities within the Group and Director related entities as disclosed in note 7.3 of the financial statements.

PERFORMANCE RIGHTS OVER UNISSUED SHARES OR INTERESTS

As at 30 June 2022 there are 9,231,011 Performance Rights outstanding (2021: 6,000,551).

Details of Performance Rights granted to Executives as part of their remuneration are set out in the Remuneration Report on pages 14 to 28.

DIRECTORS' REPORT

CONTINUED

LETTER FROM CHAIRPERSON OF THE NOMINATION & REMUNERATION COMMITTEE

Dear Shareholders,

On behalf of the Board, I am pleased to present our Remuneration Report (the Report) for the financial year ended 30 June 2022. The report that follows this letter details the governance, framework and outcomes of the Company's remuneration practices. NRW services a key sector within the Australian economy and has continued to do so during very challenging times. A key element of our continued success is the contribution made by the people working across all our businesses, and the Board is proud of the entire NRW workforce for its continued commitment during FY22.

The NRW remuneration framework has evolved over recent years to rebalance executive remuneration towards long-term, at-risk elements that reward performance aligned to shareholder interests. The N&RC believes the remuneration framework, which it continues to develop, provides a structure to retain and attract the right people whilst generating sustainable shareholder returns.

FY22 Business Performance

FY22 has been a successful year for the Company highlighted through record earnings and strong operating results. These results were delivered through tough economic conditions which included widespread labour shortages and increased supply chain and inflationary pressures. Despite these challenges, experienced widely across the sector, NRW was able to deliver on its projects and further its strategic objectives. This resulted in the following business outcomes:

- Record revenue of \$2,377.7 million and strong underlying earnings before interest, tax, depreciation, amortisation (EBITDA) of \$272.4 million;
- A final, fully franked dividend of 7.0 cents, bringing the total FY22 dividend to 12.5 cents;
- Earnings per share (EPS) at 21.7 cents; and
- Total Shareholder Return (TSR) for the period of \$170.9 million.

Short-Term Incentive (STI)

The continued commitment of the Executive Management Team in executing the businesses' strategic objectives and delivering the financial results outlined above resulted in the vesting of most short-term incentives, see section 6.1.1 of the Report for further details. This result, an improvement on FY21, is reflective of the businesses' strong financial performance during FY22. The plan also includes strategic targets which have been reviewed and assessed by the N&RC and appropriately recognised in FY22 remuneration outcomes.

Long-Term Incentive (LTI)

In FY22, no Performance Rights (Rights) vested to the CEO as there were no LTI plans with a vesting date in the period. This was due to the LTI plans transitioning from shorter performance periods, focusing on business recovery, to the now annual three-year performance period to focus on medium to long-term value creation.

NRW is pleased to report an improvement in total shareholder return due to an increase in the share price and continuation of dividends paid throughout the year. The structure still requires further share price recovery to meet the LTI performance objectives assessed later this calendar year, in line with the N&RC's intention. See section 6.2.2 of the Report for details of the current LTI plans in place.

FY22 Executive Remuneration Changes

During the year, the N&RC notes the following changes to Executive Remuneration:

- As detailed in the 2021 Notice of Meeting, the Board awarded Mr Pemberton a modest salary increase from \$1,200,000 to \$1,250,000 effective 1 July 2021. The current increase was tested through an independent remuneration consultant who confirmed both the fixed and variable (at-risk) values were appropriate. See section 3.3 of the Report for further details of this engagement. The Board is of the view that the salary increase is warranted in recognition of the expanded NRW business, and additional challenges and opportunities that the enlarged business presents to Mr Pemberton in his role as CEO.
- The N&RC has delivered on its commitment to an annual Rights award that focuses on medium to long-term business performance. I am pleased that our shareholders approved the FY22 Rights Plan at the 2021 Annual General Meeting, and it was particularly encouraging to see such strong support for the resolution.

DIRECTORS' REPORT

CONTINUED

LETTER FROM CHAIRPERSON OF THE NOMINATION & REMUNERATION COMMITTEE CONTINUED

- The FY22 Rights Plan was rolled out to the Executive Team during FY22 and has a three-year performance period up to 30 September 2024, as shown in section 4.3 of the Report.
- The Company's annual Rights Award has now transitioned to an EPS target rather than an Earnings before Interest, Tax, Amortisation (EBITA) target. The EPS target compliments TSR and Gearing. The N&RC acknowledges shareholder commentary with regards to the inclusion of Gearing, but notes it is fundamental to NRW's balance sheet strength and management of debt within the organisation and therefore has been determined to be an appropriate measure of performance for a capital-intensive contracting business.

Changes to Non-Executive Director Fees

Following approval by members at the November 2021 Annual General Meeting for a Director Fee Pool increase, the N&RC recommended a change to the Non-Executive Director fee structure. These changes were in line with advice and commentary sought from Egan Associates (Egan) during the year, see section 3.3 for further details. These changes represent the first change to this structure since 2012 and include the introduction of Board committee fees to recognise the significant workload inherent in service on these committees, and an increase in base fees for the Chairperson and Board members. The changes reflect the Company's increasing scale and scope with additional responsibilities incumbent on the Board as areas of governance risk (such as sustainability and workplace culture) become more complex and have a greater impact on company perception and market performance. In addition, given the recent acquisitions culminating in the Minerals, Energy & Technologies business, these changes maintain the Company's ability to attract suitably qualified and experienced directors commensurate with the size of the Company.

Looking Forward

In conclusion, the N&RC is satisfied that the FY22 remuneration outcomes reflect and support the Company's strategic and financial performance, giving us confidence that we are adopting effective remuneration frameworks.



Peter Johnston

Chairperson Nomination and Remuneration Committee

DIRECTORS' REPORT

CONTINUED

1 SCOPE OF REPORT

The Report for the year ended 30 June 2022 outlines the remuneration arrangements in place for the Key Management Personnel (KMP) of NRW Holdings Ltd (NRW, the Company) which includes Non-Executive Directors, Executive Directors, and those key executives who have authority and responsibility for planning, directing and controlling the activities of NRW during the financial year.

The pages of the Report that follow have been prepared in accordance with section 300A of the Corporations Act 2001 (Cth) (the Act) and audited in accordance with Section 308(3C) of the Act.

2 KEY MANAGEMENT PERSONNEL

The following persons were classified as KMP during the 2022 financial year and unless otherwise indicated, were classified as KMP for the entire year:

Key Management Personnel		Notice Period
Non-Executive Directors		
Michael Arnett	Chairperson and Non-Executive Director	
Jeff Dowling	Non-Executive Director	
Peter Johnston	Non-Executive Director	
Fiona Murdoch	Non-Executive Director	
Executive Directors		
Jules Pemberton	Chief Executive Officer (CEO) and Managing Director	6 months
Other Executives		
Andrew Walsh	Chief Financial Officer	6 months
Kim Hyman	Company Secretary	6 months
Brett McIntosh	Executive General Manager – Health, Safety, Environment (from 1 March 2022)	6 months
Geoff Caton	Executive General Manager – Golding	6 months
Ric Buratto	Executive General Manager – NRW Civil & Mining (retired 9 July 2021)	6 months
Andrew Broad	Executive General Manager – Action Drill & Blast	6 months
Ian Gibbs	Executive General Manager – RCR Mining Technologies and Heat Treatment (retired 30 June 2021)	6 months
Brendan Dorricott	Executive General Manager – RCR Mining Technologies and Heat Treatment (from 1 July 2021)	6 months
Glen Payne	Executive General Manager – DIAB Engineering	6 months
Cameron Henry	Executive General Manager – Primero Group (from 17 February 2021)	6 months

Executive Directors and Other Executives are together referred to as 'Executives' within this report.

The terms of employment for Executives are formalised within an employment contract (Executive Service Agreement). All Executives listed in the remuneration table are appointed under an Executive Service Agreement not for any fixed term and carry no termination payments other than statutory entitlements. The Executive Service Agreements in place contain non-compete provisions restraining Executives from operating or being associated with an entity that competes with the business of NRW up to six months after termination.

DIRECTORS' REPORT CONTINUED

3 REMUNERATION GOVERNANCE

Documented below are NRW's governance practices with regards to the remuneration and reward of KMPs within the organisation.

3.1 ROLE OF THE BOARD AND THE NOMINATION & REMUNERATION COMMITTEE

The roles and responsibilities of the NRW Board, Nomination and Remuneration Committee, management and external advisors in relation to remuneration for Executives and employees of NRW are outlined below.

Board	The Board is responsible for the oversight and strategic direction of NRW. The Board reviews, and as appropriate, approves the remuneration practices within NRW. The Board is responsible for the remuneration and remuneration outcomes for the CEO and Non-Executive Directors. Any changes to the Director fee pool are approved by Shareholders, in line with the Company Constitution.
Nomination and Remuneration Committee	NRW has established a Nomination & Remuneration Committee (N&RC) consisting of Peter Johnston (Chairperson), Michael Arnett, Jeff Dowling and Fiona Murdoch. The N&RC are governed by the N&RC Committee Charter. The N&RC is responsible for making recommendations to the Board on the remuneration arrangements for Non-Executive Directors and KMP. For further details in relation to the responsibilities of the N&RC, please see the N&RC Charter on the NRW website.
CEO and Management	The CEO makes recommendations to the N&RC regarding the remuneration of Key Executives.
External Advisors	NRW seeks to engage external advisors to provide information on remuneration related issues, including with regards to benchmarking and market data. The N&RC is mandated to engage external and independent remuneration advisors who do not have a relationship with or advise NRW management.

NRW uses the above information and analysis to make informed decisions on remuneration practices within the organisation in line with our guiding principles.

3.2 REMUNERATION STRATEGY

Our remuneration strategy is guided by our Remuneration Guiding Principles. The Board has adopted the following over-arching principles which recognise the importance of fair, effective and appropriate remuneration outcomes.

Remuneration Guiding Principles

Alignment	Attract and Retain	Motivate	Appropriate
Alignment of the remuneration strategy with the interests of the Company's shareholders.	The remuneration framework across NRW has been established and is regularly reviewed to ensure that the Company can attract and retain appropriate talent across our workforce.	Remuneration plans are structured to ensure that our top talent are rewarded for achieving both short and long-term business objectives. The Company's short and long-term variable reward is directly aligned to performance.	Remuneration packages are established and reviewed regularly to ensure that they reflect contemporary trends in sectors and regions relevant to the operations of NRW.

3.3 ENGAGEMENT OF INDEPENDENT REMUNERATION CONSULTANTS

The N&RC has previously engaged Egan Associates (Egan) to review its existing remuneration policies and to provide recommendations on executive short-term and long-term incentive plan design and non-executive director remuneration. The advice, first sought in 2019, was based on market analysis of remuneration trends on a comparative and industry specific basis. This advice resulted in changes to fixed remuneration, short-term incentives and the structure of the long-term incentive plan which were affected from 1 July 2019.

Since 2019, the N&RC has continued to engage Egan to ensure the advice sought and subsequent recommendations implemented remain relevant in the context of the broader market conditions. These engagements, conducted in both FY21 and FY22, focused on the role of the CEO, CFO and the second-highest paid executive among organisations of comparable scale across the broad market. Egan also provided research and commentary on fees paid to Non-Executive Directors, including Chairpersons and Committee member arrangements. The observations were provided to the N&RC for consideration, who then made some specific recommendations to the Board. Changes were implemented to the remuneration structures where the Board considered it appropriate and in line with Egan recommendations.

DIRECTORS' REPORT

CONTINUED

3.3 ENGAGEMENT OF INDEPENDENT REMUNERATION CONSULTANTS CONTINUED

Fees paid to Egan for the year ended 30 June 2022 are shown below.

	2022	2021
Fees paid to Egan Associates	9,240	13,629
Total	9,240	13,629

The Board is satisfied that the recommendations were made free from undue influence from any members of the Key Management Personnel due to the following arrangements:

- Egan was engaged by, and reported to, the Chairperson of the N&RC. The agreement for the provision of the remuneration consulting services was executed by the Chairperson of the N&RC under delegated authority on behalf of the Board, and the arrangement was executed by the Company Secretary;
- The report containing the remuneration recommendations was provided by Egan directly to the Chairperson of the N&RC; and
- Egan was permitted to speak to management throughout the engagement to understand company processes, practices and other business issues and obtain management perspectives, if so required. However, Egan was not permitted to provide any member of management with a copy of their draft or final report that contained remuneration recommendations.

4 EXECUTIVE REMUNERATION STRUCTURE

The remuneration framework is designed to support the Company's strategy and to reward its people for its successful execution. NRW's remuneration framework combines elements of fixed remuneration and 'at-risk' remuneration, comprising short and long-term incentive plans, as detailed below.

The NRW remuneration framework recognises that the Group's overall objectives of delivering profitable growth will ultimately lead to long-term shareholder returns.

	Fixed Remuneration	Short-Term Incentive (STI)	Long-Term Incentive (LTI)
Award	Cash - salary and superannuation capped at the relevant concessional contribution limit.	Cash - Executives can earn a cash based incentive by achieving specific objectives set by the CEO and N&RC ⁽¹⁾	Rights - Executives can participate in an equity based incentive through the award of Rights.
Structure	Fixed	STI award is based on a percentage of the Executive's TFR (see 4.1).	LTI award is based on a percentage of the Executive's TFR (see 4.1) and determined with reference to the 30-day Volume Weighted Average Price (VWAP) up to and including the start date of the performance period.
Purpose	Attract, engage and retain a high performing workforce to ensure NRW delivers on its strategic objectives.	Reward Executive performance against annual Key Performance Indicators (KPIs) to focus Executive effort on short-term business performance.	Align Executive and shareholder interests by rewarding long-term value creation measured through the delivery of strategic goals and promoting employee retention by requiring participants remain employed with NRW throughout the performance period, up to and including vesting date.
Approach	Fixed remuneration is set with reference to role, market and relevant experience, which is reviewed annually and upon promotion.	Annual STI objectives are set for each Executive based on core accountabilities. Awards vest through achieving a set of relevant business objectives. Awards up to the maximum amount payable can be achieved when performance is rated as superior reflecting the achievement of stretch objectives.	Annual LTI objectives are set for each Executive based on long-term value creation for shareholders. Rights which vest following the achievement of objectives are converted to shares on the vesting date.
Key Terms		<p>Continued Employment</p> <p>Participants must remain employed with the Group throughout the performance period for STI awards to vest. The normal performance period being one-year.</p> <p>Award Deferral</p> <p>Up to 25% of an award can be deferred for up to 12 months at the discretion of the N&RC, if they determine that additional time is required to provide more certainty on specific business-related outcomes.</p>	<p>Continued Employment</p> <p>Participants must remain employed with the Group throughout the performance period, up to and including the vesting date, for LTI awards to vest. The normal performance period being three-years.</p> <p>Other Key Provisions</p> <p>Other key provisions, including related to Breach of Obligation, Good Leaver, Change of Control and Ceasing of Employment, are outlined in NRW's Notice of Meeting under 'Other key provisions of the Plan' and detailed in NRW Holdings Limited Performance Rights Plan Terms and Conditions.</p>
Other Benefits	The opportunity to salary sacrifices benefits on a tax compliant basis is available upon request. NRW also provides basic income protection cover for all employees.		

(1) Executives can elect to convert the value of STI (cash) award into an equity based award of Performance Rights. Vesting of Rights under this award is subject to performance hurdles assessed in line with the applicable LTI Plans and is subject to approval by the N&RC.

DIRECTORS' REPORT

CONTINUED

4.1 FIXED REMUNERATION

As the NRW Group continues to grow, it is important to ensure that the remuneration levels of the Executive team support the Group in attracting and retaining high calibre staff to lead the delivery of strategic objectives. Remuneration for Executives is set dependent on a number of factors including, but not limited to, the scope of their role, experience and market conditions at the time of employment. NRW engages external consultants where required to benchmark remuneration practices to market.

During the year, the Board awarded Mr. Pemberton a fixed salary increase from \$1,200,000 to \$1,250,000 effective 1 July 2021. The Board is of the view that the salary increase is warranted in recognition of the expanded NRW business, and additional challenges and opportunities that the enlarged business presents to Mr. Pemberton in his role as CEO. The increase was tested through an independent remuneration consultant who confirmed both the fixed and variable (at-risk) values were appropriate. Details of this engagement can be found in section 3.3 of the Report. In addition, a number of changes were made to other KMP's TFR during the year to recognise the expanded business and to keep remuneration competitive within the wider market.

The table below provides information on the remuneration packages of Executives as at 30 June 2022.

	TFR ⁽¹⁾	STI	LTI ⁽²⁾
Jules Pemberton	1,250,000	80%	120%
Andrew Walsh	800,000	0% ⁽³⁾	180%
Kim Hyman	398,068	20%	20%
Brett McIntosh	400,000	33% ⁽⁴⁾	35%
Geoff Caton	685,000	33%	35%
Andrew Broad	521,768	33%	35%
Brendan Dorricott	333,568	33%	35%
Glen Payne	448,568	33%	35%
Cameron Henry	495,000	33%	35%

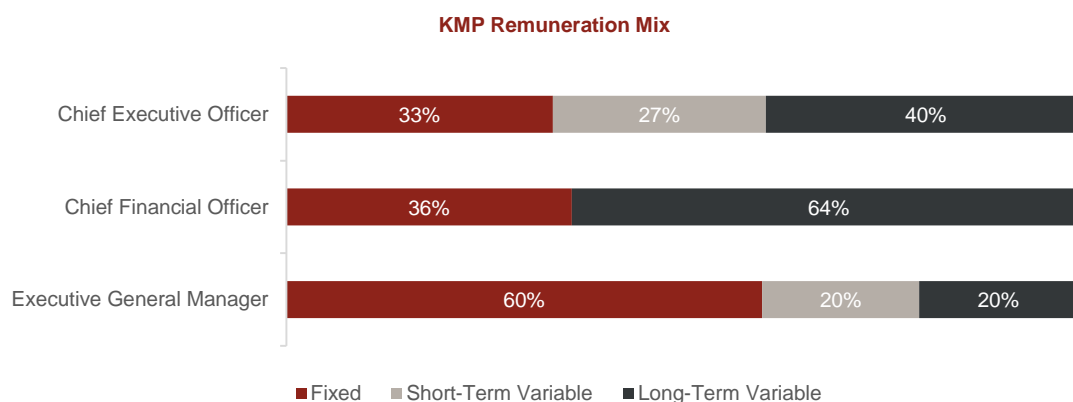
(1) Annual Total Fixed Remuneration (TFR) as at 30 June 2022.

(2) LTI Plan structure approved by N&RC.

(3) Mr. Walsh elected to convert the value of his discretionary STI into an equity based award of Performance Rights. Vesting of Rights under this award is subject to performance hurdles assessed in line with FY20 and FY21 LTI Plans. These changes were approved by the N&RC and supported by the independent remuneration consultant.

(4) Mr. McIntosh joined NRW on 1 March 2022 and was therefore not eligible for the FY22 STI Plan.

For FY22, the split between fixed and variable remuneration components if maximum at-risk remuneration is earned is as follows.



DIRECTORS' REPORT

CONTINUED

4.2 STI ARRANGEMENTS

Rewarding Executive performance against annual KPIs, focuses and rewards effort for delivering short-term business performance. The Board considers the financial measures contained within the STI plan to be appropriate as they are aligned with the Group's overall objectives of delivering profitable growth and ultimately over the long-term, shareholder returns. The non-financial performance measures of the CEO have been approved by the N&RC. Those non-financial performance measures of the other KMPs are approved by the CEO to drive strategic initiatives and performance consistent with the overall business strategy. The following table summarises the key components and operation of the FY22 STI plan for Executives.

Plan Name	FY22 STI Plan
Participants	All Executives
Performance Period	One-year performance period beginning 1 July 2021 and ended 30 June 2022
Award Value	Award value is equal to a percentage of the KMP's TFR (as shown in 4.1)
Performance Metrics	<p>KPIs are made up of two critical financial measures and four individual strategic measures. Hurdles for financial metrics are set to allow for a staggered approach to achievement of incentive targets. Objectives are based on achieving a minimum financial target in the performance period at which time a proportion of the total incentive will be earned. The balance of the total STI is accrued by achieving progressively higher earnings. Actual financial performance between targets is paid pro rata.</p> <p>Earnings (measured by EBIT / EBITA) Earnings before interest and taxes (EBIT) and amortisation (EBITA) is selected dependent upon business unit. EBIT / EBITA targets are used as a proxy for 'cash' generation at the business unit level.</p> <p>Revenue Growth Objectives NRW operates in a contracting environment where securing, as well as delivering, work is critical to sustaining earnings. Achievement of this financial target is measured against the extent to which the businesses approved FY23 budget reflects a revenue forecast at or above the objectives included in the businesses strategic plan.</p> <p>Key Performance Indicators (KPIs) Individual performance hurdles are set during the performance period for four strategic objectives. These strategic objectives vary for each Executive dependent upon the business units they manage.</p>
Testing Date	Incentive payments are determined in line with the approval of the Financial Statements for the end of the performance period – being the 30 June 2022 annual financial statements.
Relationship between performance and payment	Earnings 60%
	Target 1 20% earned
	Target 2 additional 20% earned
	Target 3 additional 20% earned
	Revenue Growth Objectives 20%
	Target 1 10% earned
	Target 2 additional 10% earned
KPIs 20%	
Other Terms and Conditions	The structure of the plan ensures that an STI cannot be earned for managing safety. If safety is not managed to expectations, then any STI earned can be adjusted downwards.
Calculation of Outcome	The above STI outcome percentages are then multiplied by the KPI weighting and individual STI opportunity to determine the payout amount.

DIRECTORS' REPORT

CONTINUED

4.3 LTI ARRANGEMENTS

The NRW LTI Plan seeks to align Executive and Shareholder interests by rewarding long-term value creation and success measured through the delivery of long-term strategic goals. The CEO was granted an award of Rights under the FY22 LTI Plan post approval of Shareholders at the 2021 AGM, as outlined below.

Plan Name	FY22 LTI Plan				
Participants	All Executives				
Plan Details	The structure of the plan and quantum of Rights awarded to the CEO was approved by Shareholders at the 2021 AGM. Please see the 2021 Notice of Meeting for further details.				
Performance Period	Three-year performance period starting year of award up to vesting date.				
Award Value	Grant of performance rights is equal to a percentage of the KMP's TFR (as shown in 4.1).				
Vesting Date	Subject to the achievement of the performance metrics across the performance period, Rights will vest on 30 September 2024.				
	The performance metrics chosen are focussed on delivering increased earnings and growth in shareholder value, whilst maintaining appropriate levels of gearing within the business. NRW operates a capital-intensive business where asset purchasing and maintenance are critical to successful operations. The management of gearing over the long-term is critical to ensuring debt is managed appropriately within the business.				
		Weighting	FY24		
Performance Metrics and Weighting	Total Shareholder Return (TSR)⁽¹⁾	33.3%	Min	\$2.81	TSR targets require minimum growth of 10% per annum based on an initial share price of \$1.92 ⁽²⁾ .
			Max	\$3.02	
	Earnings Per Share (EPS)⁽³⁾	33.3%	Min	27.8c	EPS targets require delivery of at least 10% per annum growth from FY21 actual results.
		Max	29.5c		
	Gearing⁽⁴⁾	33.3%	Below	40%	Gearing targets require growth to be funded through a balance sheet structure where debt to equity does not exceed 40%.
Testing Date	The vesting of Rights is determined in line with the approval of the Financial Statements at the end of the performance period.				
Relationship between performance and vesting	Executive Rights will vest in full subject to the above performance hurdles being met. Where performance is above the minimum objective but below the maximum objective, the performance rights will vest pro rata to actual achievement.				
Valuation Assumptions	The value per Right to determine the total Rights allocated under this plan is based on the 30-day VWAP to 30 June 2021, being \$1.52.				
Other Terms and Conditions	Gearing will be measured by the average Gearing across the performance period. TSR will be measured on sustaining returns at target level for a minimum two-month period in the performance period or any day the target is achieved in the final two months of the performance period.				

(1) The TSR objective is expressed as a target share price as a proxy for TSR. The final assessment of TSR will include appropriate adjustments which will include dividend payments and any equity raisings during the performance period to reflect actual TSR.

(2) TSR objective is set based on the 30-day VWAP to 30 June 2020 of \$1.92, which is a higher target than the 30-day VWAP to 30 June 2021 of \$1.52 that would normally have applied to this FY22 Award.

(3) EPS will exclude the amortisation of acquisition intangibles and non-operating transactions (acquisition transaction costs for example) at normal tax rates.

(4) The Company defines Gearing as net debt / total equity.

DIRECTORS' REPORT

CONTINUED

4.3 LTI ARRANGEMENTS CONTINUED

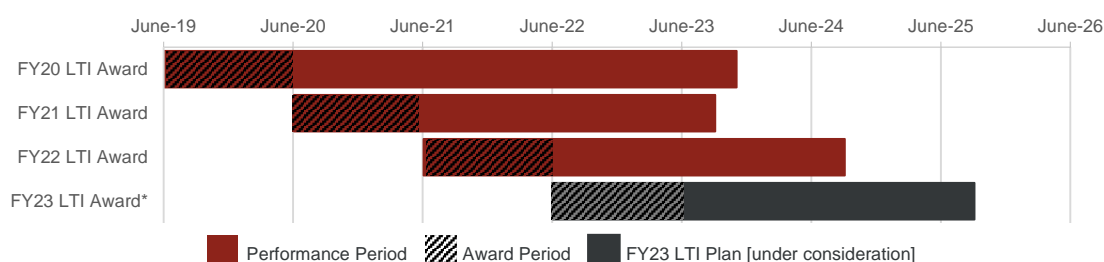
NRW's outstanding LTI Plans are outlined below. Rights awarded under each plan require substantial increments in shareholder returns, growth in earnings and management of debt.

Plan	FY22 LTI Plan	FY21 LTI Plan	FY20 LTI Plan							
Participants	All Executives	All Executives	All Executives							
Plan Details	The structure of the Plan was approved by Shareholders at the 2021 AGM.	The structure of the Plan was approved by Shareholders at the 2021 AGM.	The structure of the Plan was approved by Shareholders at the 2019 AGM.							
Performance Period	FY22, FY23, FY24	FY21, FY22, FY23	FY20, FY21, FY22, FY23							
Value Period	FY22	FY21	FY19, FY20							
Vesting Date	30 September 2024	30 September 2023 30 September 2024 (CFO)	30 November 2022 30 September 2023 (CFO) 30 November 2023							
	Details of the FY22 LTI Plan performance hurdles can be found above.	Details of the FY21 LTI Plan performance hurdles can be found in the FY21 Remuneration Report.	Details of the FY20 LTI Plan performance hurdles can be found in the FY20 Remuneration Report.							
Performance Hurdles	FY24		FY23		FY22		FY23			
	TSR	Min	\$2.81	TSR	Min	\$2.56	TSR	Min	\$3.22	\$3.46
		Max	\$3.02		Max	\$2.70		Max	\$3.36	\$3.66
	EPS	Min	27.8c	EBITA (\$M's)	Min	\$169	EBITDA ⁽¹⁾ (\$M's)	Min	\$224	\$245
		Max	29.5c		Max	\$176		Max	\$237	\$263
Gearing	Below	40%	Gearing	Below	40%	Gearing	Below	40%	40%	
Rights Vested	Nil		Nil		Nil					
Rights Outstanding	2,745,750		2,376,371		4,108,890					

(1) The performance hurdles set have been adjusted for the impacts of AASB16.

4.4 LTI AWARD CYCLE TIMEFRAME

The following chart summarises the remuneration cycle and timelines in place that impact the FY22 financial year for the LTI Plans in place for the CEO.



*The FY23 LTI Plan is currently under consideration and will be put for Shareholder approval at the 2022 AGM.

DIRECTORS' REPORT CONTINUED

5 COMPANY PERFORMANCE

A key underlying principle of NRW's Executive remuneration framework is the delivery of financial targets, recognising that the delivery of financial targets is the foundation for long-term value creation for Shareholders.

The following information summarises key financial performance of NRW over the medium-term.

Measure	2022	2021	2020	2019	2018
Market Capitalisation (30 June) - \$ million	761.4	657.9	793.6	943.5	630.1
Share Price (30 June) - \$	1.70	1.47	1.86	2.51	1.70
Total Revenue - \$ million	2,378	2,222	2,004	1,078	685
EPS	21.7 cents	12.5 cents	18.2 cents	8.6 cents	11.6 cents
Comparative EBITDA - \$ million ⁽¹⁾	272.4	266.7	250.0	143.9	93.4
Net Profit After Tax - \$ million	97.4	54.3	73.7	32.2	42.2
NPATN - \$ million ⁽²⁾	100.9	75.1	89.7	40.4	33.9
Interim Dividend Paid - cents	5.5	4.0	2.5	2.0	-
Final Dividend Declared in Respect of the Year - cents	7.0	5.0	4.0	2.0	2.0
Annual Total Shareholder ⁽³⁾ Return - \$ million	170.9	(143.2)	(244.5)	336.6	391.4

(1) Comparative EBITDA – As disclosed in the annual financial statements in the relevant year.

(2) NPATN – Net profit after tax adjusted for acquisition amortisation and or impairment losses at normal tax rates.

(3) Total shareholder return – change in market capitalisation adjusted for capital raisings plus dividends paid.

6 EXECUTIVE REMUNERATION OUTCOMES

6.1 STI OUTCOMES

6.1.1 FY22 PERFORMANCE AND VESTING

The following table provides information on the outcome of the STI Plan for each Executive for the year ended 30 June 2022. The value of the award is outlined in the remuneration table in section 8.1.

	FY22		FY21	
	STI Earned	STI Forfeited	STI Earned	STI Forfeited
Jules Pemberton	92%	8%	65%	35%
Andrew Walsh	-(1)	-(1)	-(1)	-(1)
Kim Hyman	92%	8%	65%	35%
Geoff Caton	92%	8%	100%	0%
Andrew Broad	50%	50%	100%	0%
Ian Gibbs	-	-	100%	0%
Brendan Dorricott	74%	26%	-	-
Glen Payne	50%	50%	100%	0%
Cameron Henry	74%	26%	-(2)	-(2)

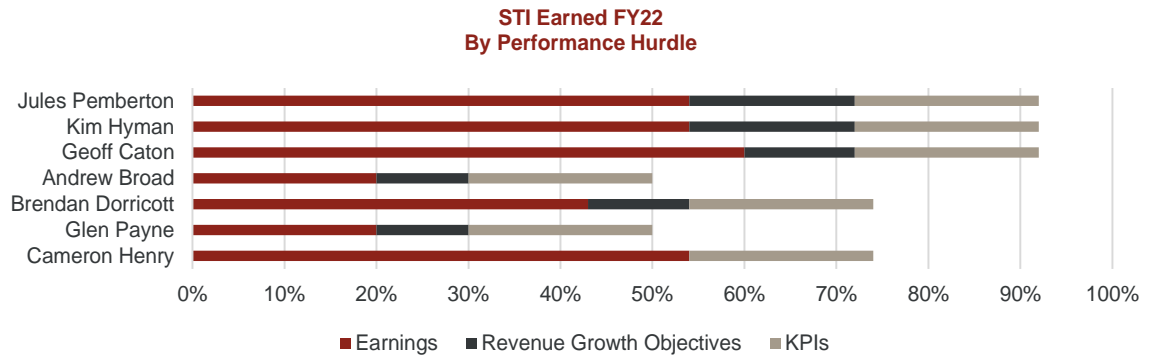
(1) Mr. Walsh elected to convert the value of his discretionary STI into an equity based award of Performance Rights. See note 3 under section 4.1.

(2) Mr. Henry joined in February 2021 and was therefore not eligible for the FY21 STI Plan.

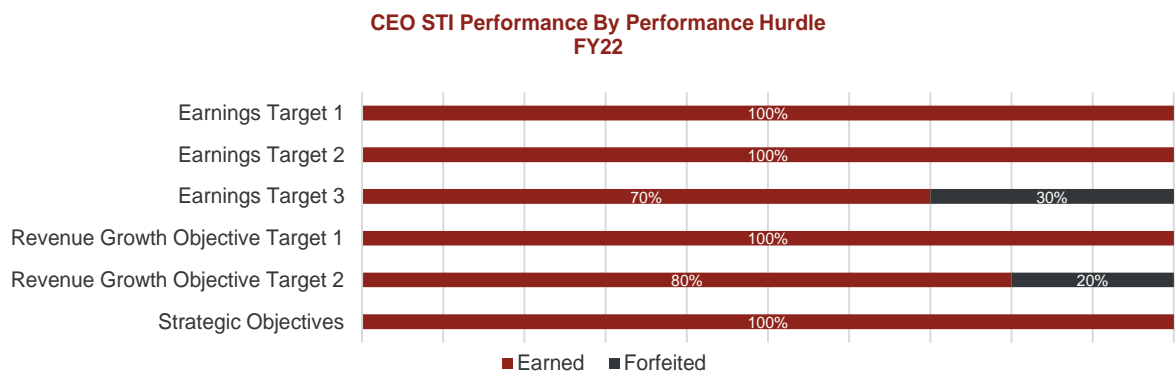
DIRECTORS' REPORT CONTINUED

6.1.1 FY22 PERFORMANCE AND VESTING CONTINUED

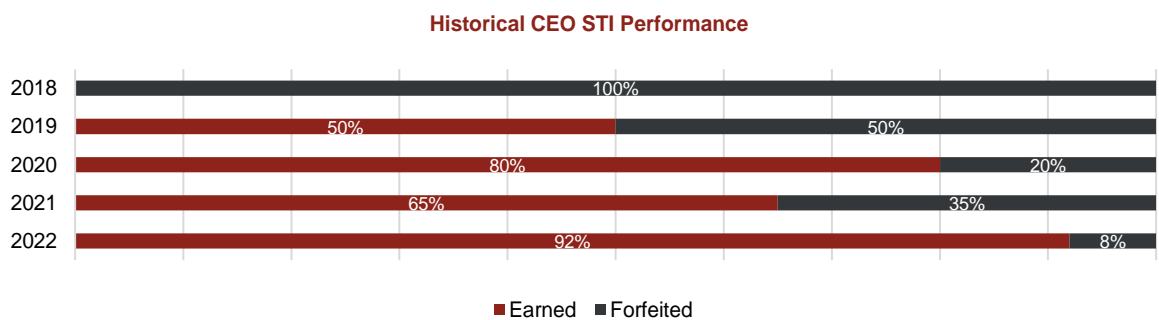
The outcomes by hurdle are shown below for each KMP who was eligible to participate in the FY22 STI Plan.



For clarity, the STI outcomes by hurdle for the CEO are included as listed below.



A summary of the CEO's STI performance over the last five-years is set out below.



DIRECTORS' REPORT

CONTINUED

6.1.2 FY21 PERFORMANCE MEASURES

To improve the transparency of its remuneration practices, NRW has committed to disclosing performance against financial metrics for the previous financial year. Disclosure has been limited to the CEO as representative of the broader management team.

Please see below performance metrics and outcomes of the FY21 STI Plan.

Performance Metric	STI Weighting	Target (\$M)	Result (\$M)	STI Earned	Performance Commentary
EBITDA	60%		\$266.7		The Board set aggressive stretch targets for FY21 in order to drive business performance post the BGC Contracting acquisition in FY20. During 2021, NRW began to experience the impacts of COVID-19 which resulted in increased costs which negatively impacted Group earnings. Consequently, the CEO did not meet stretch earnings objectives.
Target 1		\$260		20%	
Target 2		\$287		5%	
Target 3		\$300		-	
Order Intake	20%		\$2,654.9		
Target 1		\$2,300		10%	
Target 2		\$2,530		10%	Order Intake performance exceeded Target 2 resulting in a full award for this Performance Metric.
KPIs	20%			20%	Primarily related to acquisitions, integration and strategic growth.
	100%			65%	

6.2 LTI OUTCOMES

6.2.1 PERFORMANCE AND VESTING

No performance rights vested to Executives during FY22 as there was no requisite LTI Plan with a vesting date during this period. This is a result of the LTI plans previously moving from a one and two-year performance period to a three-year performance period.

The probability of Executives achieving the relevant performance hurdles for vesting of LTI plans currently outstanding has been reflected in the share based payment expense, detailed in note 4.7 to the financial statements.

6.2.2 PERFORMANCE RIGHTS AWARD AND STATUS

The above LTI Plans have resulted in the following movement of Rights during FY22. Further details in relation to the KMP long-term incentive awards are set out in note 4.7 to the financial statements.

Name	Allocation Date	Balance of Unvested Equity Awards as at 1 July 2021	Granted in FY22	Vested in FY22	Forfeited in FY22	Balance of Unvested Equity Awards as at 30 June 2022	Fair Value Per Security	Fair Value at Grant Date	Share Based Payments Expense FY22
		Number	Number	Number	Number	Number	Cents	\$	\$
Jules Pemberton	20/07/2020 to 17/06/2022	1,914,492 ⁽¹⁾	986,842	-	-	2,901,334	12.8 to 192	3,013,841	939,422
Andrew Walsh	01/06/2021	2,250,000	-	-	-	2,250,000	37.6 to 153	2,691,511	833,569
Kim Hyman	17/06/2022	-	92,508	-	-	92,508	12.8 to 192	75,163	25,055
Brett McIntosh	17/06/2022	-	30,617	-	-	30,617	12.8 to 152	18,957	6,319
Geoff Caton	20/07/2020 to 17/06/2022	275,960	276,220	-	-	552,180	12.8 to 192	603,994	185,882
Andrew Broad	20/07/2020	164,974	-	-	(164,974)	-	-	-	-
Brendan Dorricott	17/06/2022	-	83,850	-	-	83,850	12.8 to 192	56,082	18,694
Glen Payne	20/07/2020 to 17/06/2022	152,288	181,619	-	-	333,907	12.8 to 192	357,150	110,525
Cameron Henry	17/06/2022	-	143,222	-	-	143,222	12.8 to 192	101,711	33,904

(1) Updated to reflect the actual number of performance rights approved at the 2021 AGM.

DIRECTORS' REPORT

CONTINUED

7 NON-EXECUTIVE DIRECTORS' ARRANGEMENTS

Non-Executive Directors received a fixed fee for Board and Committee duties and are not entitled to any performance related remuneration. The NRW constitution provides that Non-Executive Directors' remuneration must not exceed the maximum aggregate sum determined by the Company in a general meeting. At the 2021 AGM, NRW sought Shareholder approval to increase the maximum aggregate Non-Executive Director sum from \$750,000 to \$1,500,000 per annum. This increase was approved by Shareholders.

Following approval by members at the November 2021 Annual General Meeting for a Director Fee Pool increase, the N&RC recommended a change to the Non-Executive Director fee structure. These changes were in line with advice and commentary sought from Egan during the year, see section 3.3 for further details. These changes represent the first change to this structure since 2012 and includes the introduction of Board committee fees to recognise the significant workload inherent in service on these committees, and an increase in base fees for the Chairperson and Board members. The changes reflect the Company's increasing scale and scope with additional responsibilities incumbent on the Board as areas of governance risk (such as sustainability) become more complex and have a greater impact on company perception and market performance.

Non-Executive Director fees (excluding superannuation and non-cash benefits) to be paid by the Company to the Chairperson is \$225,000 (2021: \$150,000) and to Non-Executive Directors is \$125,000 (2021: \$100,000). In addition, the Chairperson of the Audit & Risk Committee receives an additional fee of \$25,000 (2021: \$25,000), the Chairperson of the Sustainability Committee receives an additional fee of \$10,000 (2021: Nil) and the Chairperson of the Nomination & Remuneration Committee receives an additional \$10,000 (2021: Nil). Non-Executive Directors are also entitled to receive reimbursement for travelling and other expenses that they properly incur in attending Board meetings, attending any general meetings of the Company or in connection with the Company's business.

The table below sets out the remuneration arrangements for each of NRW's Non-Executive Directors:

		Remuneration		Post-Employment Benefits	Total
		Salary & fees	Non-cash benefit	Superannuation	
Michael Arnett	FY22	225,000	-	22,500	247,500
	FY21	150,000	-	14,250	164,250
Jeff Dowling	FY22	150,000	4,003	15,000	169,003
	FY21	125,000	-	11,875	136,875
Peter Johnston	FY22	135,000	-	13,500	148,500
	FY21	100,000	-	9,500	109,500
Fiona Murdoch	FY22	135,000	-	13,500	148,500
	FY21	100,000	-	9,500	109,500
TOTAL	FY22	645,000	4,003	64,500	713,503
	FY21	475,000	-	45,125	520,125

DIRECTORS' REPORT

CONTINUED

8 OTHER STATUTORY DISCLOSURES

8.1 EXECUTIVE REMUNERATION TABLES

The table below sets out the remuneration outcomes for each of NRW's Executive KMP for the year ended 30 June 2022.

	Year	Salary & Fees	Cash Based Awards (STI)	Annual Leave ⁽¹⁾	Post-Employment Benefits (Super)	Other Long-term Benefits ⁽²⁾	Cost of Equity Grants (LTI)	Total
EXECUTIVE DIRECTOR								
Jules Pemberton	2022	1,226,432	920,290	112,999	23,568	24,955	939,422	3,247,666
	2021	1,178,997	619,787	90,665	21,694	19,656	887,999	2,818,798
EXECUTIVES								
Andrew Walsh	2022	781,318	-(8)	29,309	23,568	24,122	833,569	1,691,886
	2021	741,497	-(8)	16,230	21,695	11,735	849,496	1,640,653
Kim Hyman	2022	374,500	73,268	11,155	23,568	9,842	25,055	517,388
	2021	363,568	50,328	22,365	21,694	6,060	-	464,015
Brett McIntosh ⁽³⁾	2022	121,616	-	9,353	7,919	2,027	6,319	147,234
	2021	-	-	-	-	-	-	-
Geoff Caton	2022	656,750	207,117	44,084	27,500	21,226	185,882	1,142,559
	2021	625,000	214,500	48,011	25,000	10,400	110,222	1,033,133
Ric Buratto ⁽⁴⁾	2022	88,083	-	(64,161)	2,145	(33,954)	-	(7,887)
	2021	557,645	-	21,456	21,694	9,296	-	610,091
Andrew Broad	2022	498,200	86,092	7,987	23,568	8,730	-	624,577
	2021	478,997	165,229	(3,695)	21,694	7,985	65,893	736,103
Ian Gibbs ⁽⁵⁾	2022	-	-	-	-	-	-	-
	2021	415,383	144,235	15,336	21,694	(43,935)	86,106	638,819
Brendan Dorricott ⁽⁶⁾	2022	310,000	78,748	17,300	23,568	5,001	18,694	453,311
	2021	-	-	-	-	-	-	-
Glen Payne	2022	419,769	74,014	50,994	23,568	13,415	110,525	692,285
	2021	408,000	141,799	26,668	21,694	6,801	60,826	665,788
Cameron Henry ⁽⁷⁾	2022	439,423	120,762	6,018	43,942 ⁽⁹⁾	6,580	33,904	650,629
	2021	151,923	-	10,059	14,433	3,205	-	179,620
Total 2022	2022	4,916,091	1,560,291	225,038	222,914	81,944	2,153,370	9,159,648
Total 2021	2021	4,921,010	1,335,878	247,095	191,292	31,203	2,060,542	8,787,020

(1) Represents the movement in accrued annual leave.

(2) Represents the movement in accrued long service leave.

(3) Mr. McIntosh joined on 1 March 2022 as Executive General Manager – Health, Safety, Environment.

(4) Mr. Buratto retired on 9 July 2021 as Executive General Manager – NRW Civil & Mining.

(5) Mr. Gibbs retired on 30 June 2021 as Executive General Manager – RCR Mining Technologies and Heat Treatment.

(6) Mr. Dorricott joined on 1 July 2021 as Executive General Manager – RCR Mining Technologies and Heat Treatment.

(7) Mr. Henry joined on 17 February 2021 as Executive General Manager – Primero.

(8) Mr. Walsh elected to convert the value of his STI award into an equity based award of Performance Rights. See note 3 under section 4.1.

(9) Superannuation for Mr. Henry is paid at a rate of 10% in line with employment contract.

DIRECTORS' REPORT CONTINUED

8.2 SHARE OWNERSHIP

The number of ordinary shares in NRW Holdings Ltd (ASX: NWH) held directly, indirectly or beneficially, by each individual (including shares held in the name of all close members of the Director's or Executive's family and entities over which either the Director or Executive or the family member has, directly or indirectly, control, joint control or significant influence) are shown below. These are ordinary shares held without performance conditions or restrictions for the preceding two financial years.

	Held at 30 June 2020	Purchases	Rights vested	Share Sales	Held at 30 June 2021	Purchases	Rights Vested	Share Sales	Held at 30 June 2022
Michael Arnett	1,012,534	-	-	-	1,012,534	-	-	-	1,012,534
Jeff Dowling	364,705	-	-	-	364,705	-	-	-	364,705
Peter Johnston	112,771	25,000	-	-	137,771	-	-	-	137,771
Fiona Murdoch	13,700	7,000	-	-	20,700	7,800	-	-	28,500
Jules Pemberton	9,320,997	-	2,137,500	-	11,458,497	-	-	(3,000,000)	8,458,497
Andrew Walsh	3,310,103	-	700,000	(700,000)	3,310,103	-	-	(862,179)	2,447,924
Ric Buratto	88,000	-	-	(88,000)	-	-	-	-	-
Brendan Dorricott	-	-	-	-	-	1,000	-	-	1,000
Ian Gibbs	-	-	77,885	-	77,885	-	-	-	.(2)
Cameron Henry	-	2,787,022 ⁽¹⁾	-	-	2,787,022	-	-	-	2,787,022
TOTAL	14,222,810	2,819,022	2,915,385	(788,000)	19,169,217	8,800	-	(3,862,179)	15,237,953

(1) Relates to share allotment as part of the takeover consideration received as part of the Primero acquisition.

(2) Ian Gibbs retired as a KMP during the year.

8.3 RELATED PARTY TRANSACTIONS

All transactions between the Company and its KMP or their associates during the 2022 financial year are disclosed at note 7.3 to the financial statements.

End of Remuneration Report (Audited)

CORPORATE GOVERNANCE & RISK MANAGEMENT

Good corporate governance and risk management are fundamental to all aspects of NRW's activities. Set out below is the Company's response to the corporate governance principles, followed by a review of the key risks.

CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

The Australian Securities Exchange (ASX) Corporate Governance Council sets out best practice recommendations, including corporate governance practices and suggested disclosures, through the ASX Corporate Governance Principles and Recommendations (the ASX Recommendations). ASX Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the ASX Recommendations and to give reasons for not following them.

The NRW Board endorses the ASX Recommendations which have been adopted by the Company for the year ended 30 June 2022, unless otherwise indicated. Please see the Company's Appendix 4G and accompanying Corporate Governance Statement which is released on the ASX platform annually for further information. The Company also has a Corporate Governance section on its website: www.nrw.com.au which includes the relevant documentation suggested for disclosure by the ASX Recommendations.

RISK MANAGEMENT

Risk is an inherent part of NRW's business and management of those risks is therefore critical to the Company's performance and financial strength. There are a number of risk factors both specific to the Company and of a general nature which may impact the future operating and financial performance of the Group. The performance of the Company is also influenced by a variety of different general economic and business conditions, including interest rates, exchange rates, access to debt and capital markets, and government policies.

Material risks that could adversely affect the Company have been identified below along with commentary on the risk and mitigating actions. The risks are not listed in order of significance nor are they all encompassing, rather they reflect the most significant risks identified at an enterprise-wide or consolidated level.

Workplace Health and Safety

NRW recognises its moral and legal responsibilities to provide a safe and healthy work environment for all employees and contractors. Any failure to adequately address these responsibilities could result in serious injury and/or death and negatively impact the Company's reputation and profitability including via the imposition of significant fines, the temporary shutdown of operations/sites, or the inability to win new work due to reputational damage.

Mitigation actions include an ongoing work program to embed a safety culture across the business through training and leadership. The Group maintains a high standard of safety systems, policies and procedures for all businesses which are overseen by health and safety specialists at all levels of the organisation.

Market Risk

NRW's financial performance is influenced by the level of activity in the resources and mining industry, and the construction and engineering sector, which is impacted by a number of factors outside the control of NRW. These factors include:

- Demand for mining production, which may be influenced by factors including (but not limited to) prices of commodities, exchange rates, the competitiveness of Australian mining operations, macro-economic cycles (in particular capital expenditure in natural resources), and government policy on infrastructure spend;
- The policies of mine owners including their decisions to undertake their own mining operations or to outsource these functions; and
- The availability and cost of key resources including people, earth moving equipment, and critical consumables.

Further, NRW operates in a competitive market, and it is difficult to predict whether new contracts will be awarded due to multiple factors influencing how clients evaluate potential service providers.

Mitigation actions include the development of a diversified service offering with contractual counterparties in infrastructure and across a range of commodities in the resources sector.

CORPORATE GOVERNANCE & RISK MANAGEMENT CONTINUED

RISK MANAGEMENT CONTINUED

Loss of Contracts / Reduction in Contract Scope

NRW's revenues are subject to underlying contracts with varying terms. There is a risk that NRW's contracts may be cancelled (whether for convenience or with cause) or may not be renewed if NRW's clients decide to reduce their levels of spending, potentially reducing revenue generated on those projects.

Contract operations are also vulnerable to the risk of interruption as a result of a variety of factors, which may be beyond NRW's control, including prolonged heavy rainfall or cyclones, geological instability, accidents or unsafe conditions, equipment breakdowns, industrial relations issues and scarcity of materials and equipment. Interruptions to existing operations or delays in commencing operations experienced by NRW's clients may result in lost revenue and, in some circumstances, result in NRW incurring additional costs, which may have a material adverse effect on NRW's business, results of operations and financial condition.

NRW is also dependant on our clients assessments of the financial viability of their projects which includes ensuring they have access to sufficient funding to meet project working capital and debt covenant requirements. If a client fails to obtain sufficient funding to successfully develop its project or otherwise fails to meet its working capital or debt covenant requirements, the client may seek to scale back or cancel its contract with NRW, which may have a material adverse impact on NRW's financial performance.

Mitigation actions include working closely with our clients to ensure we understand the issues faced by them and to identify opportunities where we can assist in ensuring the impact of the types of issues identified above are minimised.

Delivery Performance

NRW's execution and delivery of projects involves judgement regarding the planning, development and management of complex operating facilities and equipment. As a result, NRW's operations, cash flows and liquidity could be affected if the resources or time needed to complete a project are miscalculated, if it fails to meet contractual obligations, or if it encounters delays or unspecified conditions. Some of NRW's contracts are 'lump sum' in nature and to the extent costs exceed the contracted price, there is a risk these amounts may not be recovered. From time-to-time variations to the planned scope occurs or issues arise during the construction phase of a project not anticipated at the time of bid. This may give rise to claims under the contract with the clients in the ordinary course of business. Where such claims are not resolved in the ordinary course of business, they may enter formal dispute and the outcome upon resolution of these claims may be materially different to the position taken by NRW.

NRW is also exposed to input costs through its operations, such as the cost of fuel and energy sources, equipment and personnel. To the extent that these costs cannot be passed on to customers in a timely manner, or at all, NRW's financial performance could be adversely affected. If NRW materially underestimates the cost of providing services, equipment or plant, there is a risk of a negative impact on NRW's financial performance.

Mitigation actions include the development of robust tender and contract review processes which have been structured to identify risk and develop specific mitigation plans to address issues as they arise. A number of contracts include a rise and fall clause which mitigates changes in input costs to NRW.

Access to Resources

NRW's growth and profitability may be limited by loss of key management or operational personnel or due to being unable to recruit and retain skilled and experienced staff. Recent measures, including border closures imposed at a State and Federal level due to the COVID-19 pandemic, have significantly restricted the available labour pool. In addition, NRW is operating in an environment where competition for people has increased significantly, driven by both high construction activity and strong commodity demand. This restriction on available labour combined with the competitive labour market may lead to higher staff turnover, increased labour costs and lower productivity.

Further, NRW is reliant on third party equipment to perform contract obligations which may not be available or may be subject to pricing premiums in order to secure appropriate equipment. NRW's supply chain is reliant on overseas sourcing and normal logistical support timeframes, without which, it could experience delays to project timeframes which lead to increased costs.

CORPORATE GOVERNANCE & RISK MANAGEMENT CONTINUED

RISK MANAGEMENT CONTINUED

Mitigation actions include the maintenance of a database of staff who have worked for the Company on all of its projects and pricing of contracts includes estimates of the likely costs required to attract the right people to perform the contract. NRW has also developed strong working relationships with a number of equipment suppliers in order to ensure equipment requirements are understood ahead of time and to minimise any potential risk around availability.

Engineer Design Risk

NRW operates as a 'design, construct and operate' contractor in the engineering sector and as a Build-Own-Operate service provider. Such projects and contracts place an obligation on NRW to design 'fit for purpose' infrastructure and to give warranties to such effect. Any failure in design may see NRW exposed to contractual claims for breach of 'fit for purpose' or design obligations and, from time-to-time, to performance and liquidated damages.

NRW is particularly exposed to risk in circumstances where it has agreed to an engineering, procurement and construction (EPC) contract where it may suffer loss in the event expenses exceed anticipated costings for the project. NRW constructs large often complex processing plants which may operate under extreme conditions. The potential for failure of components is always present. If this failure results in a loss to NRW, NRW may have exposure to rectification of these failures which may result in a call on performance guarantees provided by NRW to its clients (if any), or in some cases, may exceed the quantum of any such performance guarantees.

Mitigation actions include maintaining professional indemnity insurance and also engaging appropriate third-party design consultants for complex or specialist design expertise.

Environmental, Social and Governance (ESG) Responsibility

NRW's stakeholders have expectations for the Company on a range of important environmental, social and governance matters. A failure to acknowledge and adequately address these expectations could negatively impact NRW's reputation and profitability. There is also a risk that investing in ESG programs and strategies to meet stakeholder expectations increase NRW's cost structure.

NRW is committed to approaching all aspects of our business operations in a sustainable and responsible manner to deliver lasting value to our stakeholders. We will do this by minimising our environmental footprint, making a positive social impact, and applying ethical business and governance practices to everything we do.

Mitigation actions include engagement with NRW stakeholders to understand material ESG topics, a sustainability strategy that embeds pragmatic ESG practices across the organisation, and a focus on ESG reporting that aligns to global best practice, including adoption of the GRI Standards and Taskforce for Climate Related Financial Disclosure (TCFD) Recommendations.

Climate Related Risks

NRW operates in industries that may have a negative impact on the environment, including with respect to greenhouse gas emissions, and recognises the potential challenges posed by a number of factors which can be grouped under the heading 'climate risk'. Responding to the challenges presented by climate risk is critical to our ability to operate sustainably. While these risks mainly relate to the operations of our clients which NRW currently works for, they will nonetheless impact our operations over the medium to long-term. Risks include reduction to current activity levels in certain sectors, the physical and transitional risks associated with moving to a low-carbon economy (for example, that our mining fleet meets current and forecast client demand), and increased Government policy and mandates.

Mitigation actions include ensuring climate related risks and opportunities form part of our strategic decision making process, updating our risk management process to include climate related risks and opportunities, identifying and implementing opportunities within our business that reduce our carbon footprint, offering our clients low-carbon solutions to support their emissions reduction targets, partnering with industry to invest in and drive low emissions technology development where relevant to our business, being transparent, clear and practical when setting objectives and actions in response to climate change, and adopting and reporting against the TCFD Recommendations.

CORPORATE GOVERNANCE & RISK MANAGEMENT CONTINUED

RISK MANAGEMENT CONTINUED

Regulatory Compliance

NRW must meet regulatory requirements that are subject to continual review, including inspection by regulatory authorities. Failure by NRW to continuously comply with regulatory requirements or failure to take satisfactory corrective action in response to adverse inspection, could result in enforcement actions.

NRW operates in a regulated environment with the potential for significant penalties for non-compliance with applicable laws and regulations. NRW's future growth prospects are reliant on its ability to market its services and any regulatory change, event or enforcement action which would restrict those activities, could have a material impact on NRW's growth and future financial performance. Amendments to current law and regulations governing operations or more stringent implementation of laws and regulations could have an adverse impact on NRW, including increases in expenses, capital expenditure and costs. The impact of future regulatory and legislative change upon the business of NRW cannot be predicted.

NRW is also dependent on various technical and financial accreditations to operate the business. These include safety accreditations, quality assurance standards, technical accreditations and various financial accreditations. Any failure to maintain or comply with accreditation can impact the eligibility of NRW to participate in certain projects and sectors.

Mitigation actions include the monitoring of regulatory and legislative changes that impact the organisation and ensuring NRW is up to date with its compliance obligations.

Intellectual Property

NRW's ability to leverage innovation and expertise depends upon its ability to protect intellectual property and any improvements to it. Such intellectual property may not be capable of being legally protected and may be the subject of unauthorised disclosure or unlawfully infringed. NRW may incur substantial costs in asserting or defending its intellectual property rights.

Mitigation actions include continual internal assessment to identify any potential intellectual property and where able, the legal protection of such rights.

Global Pandemic

The Group is exposed both directly and indirectly to the risks associated with pandemics, such as COVID-19, which has impacted certain underlying markets, labour availability, supply chain, and negatively impacted macroeconomic conditions and commodity prices. Key operational risks to the Group include the potential closure of locations such as sites, camps, workshops and offices, disruption to the supply chain, inability to access appropriately skilled labour and government mandated lockdowns. These risks may impact client demand and the ability of NRW to schedule and complete the work required to deliver our contracted works on a timely basis. This could result in additional costs being incurred by NRW.

Mitigation actions include ensuring our businesses have up to date Business Continuity Plans, flexible work structures which include IT infrastructure to support remote work arrangements, the maintenance of a database of staff who have worked for the Company on all of its projects in an attempt to combat labour shortages, and the development of strong working relationships with a number of equipment suppliers in order to ensure equipment requirements are understood ahead of time to minimise any potential risk around availability.

There is a risk that a material outbreak related to the COVID-19 virus may impact operations through both reductions in revenue and increases in costs, which could result in the carrying values of certain assets being overstated. NRW has carried out additional impairment scenario testing including stress testing the current business plan assumptions to ensure the carrying value of assets can continue to be supported.

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
NRW Holdings Limited
181 Great Eastern Highway
Belmont WA 6104

17 August 2022

Dear Board Members:

NRW Holdings 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 NRW Holdings Limited.

As lead audit partner for the audit of the financial statements of NRW Holdings Limited for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely


DELOITTE TOUCHE TOHMATSU



D K Andrews
Partner
Chartered Accountants

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

DIRECTORS' DECLARATION

THE DIRECTORS DECLARE THAT:

(a) in the Directors' opinion, 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) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1.2 to the financial statements;

(c) in the Directors' opinion, the attached 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 consolidated entity; and

(d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. 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 ASIC Class Order applies, as detailed in note 7.1 to the 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 s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Jules Pemberton

Chief Executive Officer and Managing Director



Michael Arnett

Chairperson and Non-Executive Director

Perth, 17 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2022

	Notes	Consolidated	
		2022 \$'000	2021 \$'000
REVENUE	2.2	2,377,728	2,221,479
Other income	2.3	23,624	14,346
Materials and consumables		(689,151)	(476,333)
Employee benefits expense	2.4	(795,056)	(720,130)
Subcontractor costs		(410,716)	(466,906)
Plant and equipment costs		(199,891)	(271,726)
Depreciation and amortisation expenses	2.4	(123,291)	(166,297)
Other expenses		(33,638)	(46,646)
Share of (loss) / profit from associates	3.6	(482)	1,435
Net finance costs	2.5	(12,880)	(13,332)
Profit before income tax		136,247	75,890
Income tax expense	6.1	(38,833)	(21,595)
Profit for the year		97,414	54,295
Profit and Other Comprehensive Income Attributable to:			
Equity holders of the Company		97,414	54,295
EARNINGS PER SHARE		Cents	Cents
Basic earnings per share	4.6	21.7	12.5
Diluted earnings per share	4.6	21.4	12.4

The consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	Consolidated	
		2022	2021 ⁽¹⁾
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents		219,338	146,549
Trade and other receivables	3.1	417,326	416,577
Lease receivables		180	2,974
Inventories	3.2	69,942	57,055
Non-current assets held for sale	3.9	-	82,612
Current tax assets	6.1	12	-
Other current assets		22,448	7,321
Total current assets		729,246	713,088
Non-current assets			
Property, plant and equipment	3.3	423,509	321,408
Lease assets (right of use)	3.4	44,468	48,163
Investments in listed equities	3.5	20,754	13,616
Investments in associates	3.6	1,599	2,233
Intangibles	3.7	40,803	44,123
Goodwill	3.8	168,467	168,467
Total non-current assets		699,600	598,010
Total assets		1,428,846	1,311,098
LIABILITIES			
Current liabilities			
Trade and other payables	3.10	391,040	339,755
Financial debt	5.3	69,439	92,056
Lease debt	5.4	13,261	13,621
Provisions	3.11	82,356	71,966
Current tax liabilities	6.3	-	418
Total current liabilities		556,096	517,816
Non-current liabilities			
Financial debt	5.3	163,721	169,852
Lease debt	5.4	39,500	42,303
Provisions	3.11	17,061	20,670
Deferred tax liabilities	6.3	54,169	15,334
Total non-current liabilities		274,451	248,159
Total liabilities		830,547	765,975
Net assets		598,299	545,123
EQUITY			
Contributed equity	4.2	383,416	383,416
Reserves	4.3	14,279	11,359
Retained profits	4.4	200,604	150,348
Total equity		598,299	545,123

(1) Restated to reflect finalisation of Primero Group Limited purchase price accounting – refer note 7.5.
The consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2022

	Notes	Contributed Equity	Foreign Currency Translation Reserve	Share Based Payment Reserve	Total Reserves	Retained Earnings	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2020		332,863	(208)	8,661	8,453	131,073	472,389
Total profit and other comprehensive income for the year	4.4	-	-	-	-	54,295	54,295
Issue of ordinary shares as part of business acquisition	4.2	50,553	-	-	-	-	50,553
Dividends paid	4.5	-	-	-	-	(35,020)	(35,020)
Movements in foreign currency		-	67	-	67	-	67
Share based payments	4.3	-	-	2,839	2,839	-	2,839
Balance at 30 June 2021		383,416	(141)	11,500	11,359	150,348	545,123
Total profit and other comprehensive income for the year	4.4	-	-	-	-	97,414	97,414
Dividends paid	4.5	-	-	-	-	(47,158)	(47,158)
Movements in foreign currency		-	62	-	62	-	62
Share based payments	4.3	-	-	2,858	2,858	-	2,858
Balance at 30 June 2022		383,416	(79)	14,358	14,279	200,604	598,299

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2022

	Notes	Consolidated	
		2022 \$'000	2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,665,470	2,363,455
Payments to suppliers and employees		(2,364,172)	(2,202,685)
Interest paid	2.5	(13,255)	(13,676)
Interest received	2.5	375	344
Income tax paid		(418)	-
Net cash flow from operating activities	5.1	288,000	147,438
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant and equipment		2,301	4,214
Proceeds from the sale of non-current assets held for sale		82,612	-
Proceeds from Associates	3.6	152	1,812
Acquisition of shares	3.5	(3,473)	(4,312)
Acquisition of property, plant and equipment	3.3	(201,431)	(77,895)
Acquisition of intangible assets	3.7	(4,915)	(703)
Payment for subsidiary		-	(44,796)
Net cash used in investing activities		(124,754)	(121,680)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	5.3	110,516	83,197
Repayment of borrowings	5.3	(139,264)	(82,092)
Repayment of lease debt	5.4	(14,613)	(15,523)
Payment of dividends to shareholders	4.5	(47,158)	(35,020)
Net cash used in financing activities		(90,519)	(49,438)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		72,727	(23,680)
Cash and cash equivalents at beginning of the year		146,549	170,229
Effect of foreign exchange rate changes		62	-
Cash and cash equivalents at the end of the year		219,338	146,549

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL NOTES

1.1 GENERAL INFORMATION

NRW Holdings Limited is a public company listed on the Australian Securities Exchange which is incorporated and domiciled in Australia. The address of the Company's registered office is 181 Great Eastern Highway, Belmont, Western Australia. The consolidated financial statements of the Company for the year ended 30 June 2022 comprises the Company and its subsidiaries together referred to as the Group. The Group is primarily involved in the provision of diversified contract services to the resources and infrastructure sectors in Australia.

1.2 BASIS OF PREPARATION

This section sets out the basis of preparation and the Group accounting policies that relate to the consolidated financial statements as a whole. Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements to which it relates.

The financial report is a general-purpose financial report which:

- Has been prepared in accordance with Australian Accounting Standards (AASBs), including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board, and the Corporations Act 2001. The financial report of the Group also complies with International Financial Reporting Standards (IFRS) and Interpretations as issued by the International Accounting Standards Board (IASB);
- Has been prepared on the basis of historical cost except for the revaluation of financial instruments. Historical cost is based on the fair values of the consideration given in exchange for goods and services;
- Is presented in Australian dollars (AUD);
- Is rounded to the nearest thousand (\$000), unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial & Directors' Reports) Instrument 2016/191;
- Adopts all new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2021. Refer to note 1.4 for further details;
- Does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective. Refer to note 1.4 for further details; and
- Has applied the Group accounting policies consistently to all periods presented.

The financial statements were authorised for issue by the Directors on 17 August 2022.

1.3 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

1.3 BASIS OF CONSOLIDATION CONTINUED

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to material transactions between members of the Group are eliminated on consolidation.

1.4 NEW ACCOUNTING STANDARDS

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current financial year:

Standard / Interpretation	
Conceptual Framework for Financial Reporting	AASB 2020-2 Amendments to Australian Accounting Standards

The table below summarises the amended reporting requirements that are not effective for financial years ending 30 June 2022. The Group has considered the following future Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) as being applicable:

Standard / Interpretation	Effective for annual reporting periods beginning on or after
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2023
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information	1 January 2023
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128, AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections, AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2023
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

1.5 OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements, are provided throughout the notes to the financial statements.

1.6 ACCOUNTING JUDGMENTS AND ESTIMATES

In applying the Group's accounting policies, which are described throughout the notes to the financial statements, management are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised:

- If the revision affects only that period; or
- In the period of the revision and future periods if the revision affects both current and future periods.

Throughout the notes to the financial statements, further information is provided about key judgements and estimates that we consider material to the financial statements.

2 BUSINESS PERFORMANCE

2.1 SEGMENT REPORTING

NRW is comprised of three reportable segments, Civil, Mining and Minerals, Energy & Technologies. Business activities are conducted primarily in Australia, with some operations in Canada and the USA.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (the Board of Directors) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Reportable Segments

NRW has structured its business reporting into three segments, Civil, Mining and Minerals, Energy & Technologies.

- **Civil:** The Civil business specialises in the delivery of private and public civil infrastructure projects, mine development, bulk earthworks and commercial and residential subdivisions. Civil construction projects include roads, bridges, tailings storage facilities, rail formation, ports, renewable energy projects, water infrastructure and concrete installations.
- **Mining:** The Mining business specialises in mine management, contract mining, load and haul, dragline operations, drill and blast, coal handling prep plants, maintenance services and the fabrication of water and service vehicles.
- **Minerals, Energy & Technologies:** The Minerals, Energy & Technologies business includes RCR Mining Technologies, DIAB Engineering and Primero Group Limited. RCR Mining Technologies is a leading Original Equipment Manufacturer (OEM) that offers innovative materials handling design capability. DIAB Engineering has proven capabilities in the metals and mining industry and provides specialist maintenance (shutdown services and onsite maintenance), industrial engineering and fabrication. Primero provides a full Engineering Procurement Construction (EPC) capability that operates in the mineral processing, energy and non-process infrastructure market segments and delivers Build-Own-Operate services to a range of clients.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise predominantly corporate expenses. Inter-segment pricing is determined on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2.1 SEGMENT REPORTING CONTINUED

Reportable Segment Revenues and Results

2022 \$'000	Civil	Mining	MET	Corporate / Eliminations	Total
Revenue ⁽¹⁾	483,344	1,273,178	700,974	(50,792)	2,406,704
Revenue from associates	(28,976)	-	-	-	(28,976)
Statutory revenue	454,368	1,273,178	700,974	(50,792)	2,377,728
EBITDA⁽²⁾	26,253	199,348	61,326	(14,509)	272,418
<i>EBITDA margin (%)</i>	5.4%	15.7%	8.7%	-	11.3%
Depreciation and amortisation ⁽³⁾	(5,928)	(92,714)	(12,981)	(3,778)	(115,401)
EBITA⁽⁴⁾	20,325	106,634	48,345	(18,287)	157,017
<i>EBITA margin (%)</i>	4.2%	8.4%	6.9%	-	6.5%
Amortisation of acquisition intangibles ⁽⁵⁾					(7,890)
Net interest					(12,880)
Profit before income tax					136,247
Income tax expense					(38,833)
Profit for the year					97,414

2021 \$'000	Civil	Mining	MET	Corporate / Eliminations	Total
Revenue ⁽¹⁾	726,514	1,177,240	426,907	(30,053)	2,300,608
Revenue from associates	(79,129)	-	-	-	(79,129)
Statutory revenue	647,385	1,177,240	426,907	(30,053)	2,221,479
EBITDA⁽²⁾	28,600	212,769	42,104	(16,738)	266,735
<i>EBITDA margin (%)</i>	3.9%	18.1%	9.9%	-	11.6%
Depreciation and amortisation ⁽³⁾	(5,739)	(128,888)	(8,547)	(2,916)	(146,090)
EBITA⁽⁴⁾	22,861	83,881	33,557	(19,654)	120,645
<i>EBITA margin (%)</i>	3.1%	7.1%	7.9%	-	5.2%
Amortisation of acquisition intangibles ⁽⁵⁾					(20,207)
Non-recurring transactions ⁽⁶⁾					(11,216)
Net interest					(13,332)
Profit before income tax					75,890
Income tax expense					(21,595)
Profit for the year					54,295

(1) Revenue including our share of revenue earned by our associates and joint ventures.

(2) EBITDA is earnings before interest, tax, depreciation, amortisation of acquisition intangibles and non-recurring transactions.

(3) Includes depreciation, and amortisation of software.

(4) EBITA is earnings before interest, tax and amortisation of acquisition intangibles and non-recurring transactions.

(5) Amortisation of intangibles as part of business acquisitions.

(6) Non-recurring transactions included transactions relating to Altura, Gascoyne and the acquisition of Primero.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2.1 SEGMENT REPORTING CONTINUED

Segment Assets and Liabilities

	Segment Assets		Segment Liabilities	
	2022	2021 ⁽¹⁾	2022	2021 ⁽¹⁾
	\$'000	\$'000	\$'000	\$'000
Civil	102,125	89,950	114,864	123,065
Mining	757,185	760,019	379,884	357,058
MET	336,715	283,057	196,101	170,019
Unallocated	232,821	178,072	139,698	115,833
Consolidated	1,428,846	1,311,098	830,547	765,975

(1) Restated to reflect finalisation of Primero Group Limited purchase price accounting – refer note 7.5.

Information About Major Customers

Included in the revenues arising from sales of the reportable segments are approximate revenues to arise from the sales to the Group's largest customers.

For the year end 30 June 2022, there were no individual customers contributing more than 10% of Group revenue.

For the year end 30 June 2021, these are summarised by segment below:

	Civil	Mining	MET	Total
	\$'000	\$'000	\$'000	\$'000
Major customer 1	215,363	96,101	208,447	519,911
Major customer 2	195,470	12,745	149,085	357,300
Total	410,833	108,846	357,532	877,211

2.2 REVENUE

	Consolidated	
	2022	2021
	\$'000	\$'000
Revenue - Group and equity accounted joint ventures ⁽¹⁾	2,406,704	2,300,608
Equity accounted investments in associates	(28,976)	(79,129)
Revenue from contracts with customers	2,377,728	2,221,479

(1) The Group defines aggregated revenue as revenue and income calculated in accordance with relevant accounting standards plus our share of revenue earned by our associates and joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2.2 REVENUE CONTINUED

(i) Construction Contracts

Revenues from construction contracts are recognised by reference to the stage of completion of the contract activity. Measurement is based on the proportion of contract costs incurred for work performed to date relative to the estimate total contract costs, except where this would not be representative of the stage of completion.

The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of performance obligations under AASB 15: *Revenue from Contracts with Customers*.

The Group becomes entitled to invoice customers for construction contracts based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work signed by a third-party assessor and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method, then the Group recognises a contract liability for the difference.

(ii) Service Contracts

Revenue from service contracts is recognised on the basis of the value of work completed. Customer contracts are generally based on schedule of rates for each of the activities performed which identify value for the work performed and hence the value of revenue to be recognised.

Revenue for preventative maintenance contracts is recognised progressively over the contract term.

Transaction Price and Contract Modifications

The transaction price is the amount of consideration to which the Company expects to be entitled to under the customer contract and which is used to value total revenue and is allocated to each performance obligation. The determination of this amount includes both 'fixed consideration' (for example the agreed lump sum, aggregated schedule of rates or pricing for services) and 'variable consideration'.

The main variable consideration elements are claims (contract modifications) and consideration for optional works and provisional sums, each of which need to be assessed. Contract modifications are changes to the contract approved by the parties to the contract. When determining whether approval has been granted by the parties to the contract, the Group takes into consideration factors including, but not limited to, contract terms, customary business practices, the status of the negotiation process, the ability to enforce the other party and expert legal opinion.

A contract modification may exist even though the parties to the contract may not have finalised the scope or price (or both) of the modification. Contract modifications may include a claim, which is an amount that the contractor seeks to collect as reimbursement for costs incurred (and/or to be incurred) due to reasons or events that could not be foreseen and are not attributable to the contractor, for more work performed (and/or to be performed) or variations that were not formalised in the contract scope.

The right to income from a contract modification shall be provided to the extent the agreement with the customer creates enforceable rights and obligations. Once the enforceable right has been identified, the Group applies the guidance given in AASB 15 in relation to variable consideration. This requires an assessment that it is highly probable that there will not be a significant reversal of this revenue in the future.

Costs to Obtain and Fulfil a Contract

Costs incurred during the tender/bid process are expensed, unless they are incremental to obtaining the contract and the Group expects to recover those costs or where they are explicitly chargeable to the customer regardless of whether the contract is obtained. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

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 financing component. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2.2 REVENUE CONTINUED

Warranties

Generally, construction and services contracts include defect and warranty periods following completion of the project. These obligations are not deemed to be separate performance obligations and are therefore estimated and included in the total costs of the contracts. Where required, amounts are recognised accordingly in line with AASB 137: *Provisions, Contingent Liabilities and Contingent Assets*. Refer to note 3.11 for further details.

Key Judgements and Estimates

Stage of completion

Determining the stage of completion requires an estimate of expenses incurred to date as a percentage of total estimated costs. Key assumptions regarding costs to complete include estimations of labour, technical costs, impact of delays and productivity. These estimates are performed by qualified professionals within the project teams.

Variable consideration

The measurement of the additional consideration arising from claims is subject to a high level of uncertainty, both in terms of the amounts that the customer will pay and the collection times, which usually depend on the outcome of negotiations between the parties or decisions taken by judicial/arbitration bodies. The Group considers all the relevant aspects and circumstances such as the contract terms, business and negotiating practices of the sector, the Group's historical experiences with similar contracts and consideration of those factors that affect the variable consideration that are out of the control of the Group or other supporting evidence when making the above decision.

Remaining Performance Obligations (Work in Hand)

The transaction price allocated to remaining performance obligations (unsatisfied or partially satisfied) at 30 June 2022 are set out below.

	Consolidated	
	2022	2021
	\$'000	\$'000
Civil	652,408	518,413
Mining	4,224,543	2,488,859
MET	332,106	341,308
Total	5,209,057	3,348,580

2.3 OTHER INCOME

	Consolidated	
	2022	2021
	\$'000	\$'000
Income from deferred settlement arrangements	14,132	12,437
Lease income	136	382
Profit / (loss) on sale of property, plant and equipment	1,255	(366)
Share investment revaluations (GT1 and BGD)	5,696	-
All other income	2,405	1,893
Total	23,624	14,346

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2.4 OTHER EXPENSES

	Consolidated	
	2022	2021
	\$'000	\$'000
EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	(744,128)	(667,893)
Superannuation contributions	(48,070)	(49,398)
Share based payments	(2,858)	(2,839)
Total	(795,056)	(720,130)
DEPRECIATION & AMORTISATION		
Depreciation of non-current assets (note 3.3 & 3.4)	(112,354)	(144,704)
Amortisation of intangibles (note 3.7)	(8,235)	(20,584)
Amortisation of capitalised contract costs	(2,702)	(1,009)
Total	(123,291)	(166,297)

2.5 NET FINANCE COSTS

	Consolidated	
	2022	2021
	\$'000	\$'000
Interest income	375	344
Total finance income	375	344
Interest expense on financial debt	(9,859)	(10,059)
Interest expense on lease debt	(3,396)	(3,617)
Total finance expenses	(13,255)	(13,676)
Net finance costs	(12,880)	(13,332)

Interest Income

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

Interest Expense

Interest expense is recognised using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

3 BALANCE SHEET

3.1 TRADE AND OTHER RECEIVABLES

	Consolidated	
	2022	2021 ⁽¹⁾
	\$'000	\$'000
Trade receivables	128,003	181,606
Contract assets	260,939	226,629
Other receivables including loans to associates	28,384	8,342
Total trade and other receivables	417,326	416,577

(1) Restated to reflect finalisation of Primero Group Limited purchase price accounting – refer note 7.5.

Trade Receivables

Trade receivables represent receivables in respect of which the Group's right to consideration is unconditional subject only to the passage of time. Trade receivables and other receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method, less an allowance for expected credit losses.

The average credit period on trade receivables ranges from 30 to 75 days in most cases. In determining the recoverability of a trade receivable, the Group used the expected credit loss model as per AASB 9. The expected credit loss model requires the Group to account for expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit default to have occurred before credit losses are recognised.

Contract Assets

AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue'. Contract assets represent the Group's right to consideration for services provided to customers for which the Group's right remains conditional on something other than the passage of time. Amounts are generally reclassified to trade receivables when contract performance obligations have been certified or invoiced to the customer. Contract liabilities arise where payment is received prior to work being performed.

Age of Trade Receivables That are Past Due

	Consolidated	
	2022	2021
	\$'000	\$'000
60 - 90 days	372	48
90 - 120 days	554	562
Total	926	610

Past due is defined under AASB 7 *Financial Instruments: Disclosures* to mean any amount outstanding for one or more days after the contractual due date. Past due amounts relate to a number of trade receivable balances where for various reasons the payment terms may not have been met. The expected credit losses are immaterial. Refer to note 4.1 for further details.

Key Judgements and Estimates

Estimation of contract revenue (contract assets)

Where performance obligations are satisfied over time, revenue is recognised in the consolidated income statement by reference to the progress towards complete satisfaction of each performance obligation. Fundamental to this calculation is a reliable estimate of the transaction price, refer to note 2.2 for judgements applied in determining the amount of unbilled revenue to recognise.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

3.2 INVENTORIES

	Consolidated	
	2022	2021
	\$'000	\$'000
Raw materials and consumables	57,831	47,507
Work in progress	12,111	9,548
Total inventories	69,942	57,055

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.3 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
COST					
Balance as at 30 June 2020	3,218	6,795	2,592	883,306	895,911
Acquisitions through business combinations (note 7.5)	-	-	940	7,559	8,499
Transfer to intangibles	-	-	-	(377)	(377)
Additions	-	281	294	77,320	77,895
Disposals	-	-	-	(31,082)	(31,082)
Assets held for sale	-	-	-	(112,151)	(112,151)
Balance as at 30 June 2021	3,218	7,076	3,826	824,575	838,695
Additions	-	173	654	200,604	201,431
Disposals	-	-	(116)	(27,224)	(27,340)
Balance as at 30 June 2022	3,218	7,249	4,364	997,955	1,012,786
DEPRECIATION					
Balance as at 30 June 2020	1,000	5,685	1,535	435,866	444,086
Depreciation expense	-	200	86	129,148	129,434
Transfers	-	-	-	(192)	(192)
Disposals	-	-	-	(26,502)	(26,502)
Assets held for sale	-	-	-	(29,539)	(29,539)
Balance as at 30 June 2021	1,000	5,885	1,621	508,781	517,287
Depreciation expense	-	209	669	97,406	98,284
Disposals	-	-	(116)	(26,178)	(26,294)
Balance as at 30 June 2022	1,000	6,094	2,174	580,009	589,277
CARRYING VALUES					
At 30 June 2021	2,218	1,191	2,205	315,794	321,408
At 30 June 2022	2,218	1,155	2,190	417,946	423,509

Recognition and Measurement

The value of property, plant and equipment is measured as the cost of the asset less accumulated depreciation and impairment. All property, plant and equipment, other than freehold land, is depreciated or amortised at rates appropriate to the estimated useful life of the assets or in the case of certain leased plant and equipment, the shorter lease term or hours (usage) reflecting the effective lives.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

3.3 PROPERTY, PLANT AND EQUIPMENT CONTINUED

A technical assessment of the operating life of an asset requires significant judgement. Useful lives are amended prospectively when a change in the operating life is determined.

The normal expected useful lives bands are:

Buildings	4 to 40 years
Leasehold improvements	2 to 7 years
Major plant and equipment	5 to 10 years (normally based on machine hours)
Minor plant and equipment	1.5 to 10 years
Office equipment	2 to 8 years
Furniture and fittings	2 to 5 years
Motor vehicles	3 to 7 years

The bands provide a range of effective lives regardless of methodology used in the depreciation process (either machine hours or straight line).

Depreciation rates and methods are normally reviewed at least annually. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.4 RIGHT-OF-USE (ROU) ASSETS

Lease Assets (Right of Use Assets)

The lease assets comprise the initial measurement of the corresponding lease debt, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Lease assets are depreciated over the shorter period of lease term and useful life of the underlying asset (refer to normal expected useful lives bands for details). If a lease transfers ownership of the underlying asset or the cost of the lease asset reflects that the Group expects to exercise a purchase option, the related lease asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Key Judgements and Estimates

Lease vs 'in substance' sale or purchase

When assessing the nature of a lease contract under AASB 16 *Leases*, the Group considers whether the contract transfers control of the underlying asset as opposed to conveying the right to control the use of the underlying asset for a period of time.

If the lease contract is assessed to transfer control of the asset, the asset is treated as property, plant and equipment and is not considered a lease asset under AASB 16.

If the lease contract is assessed not to transfer control of the asset, the contract is assessed against relevant criteria set out in AASB 16 and if it meets those criteria the asset is recognised as a lease asset.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3.4 RIGHT-OF-USE (ROU) ASSETS CONTINUED

	RoU buildings	RoU plant and equipment	Total
	\$'000	\$'000	\$'000
COST			
Balance as at 30 June 2020	48,040	22,603	70,643
Acquisitions through business combinations (note 7.5)	-	2,466	2,466
Additions	4,897	943	5,840
Disposals	(1,150)	(1,928)	(3,078)
Balance as at 30 June 2021	51,787	24,084	75,871
Additions	7,241	4,209	11,450
Disposals	(1,937)	(13,143)	(15,080)
Balance as at 30 June 2022	57,091	15,150	72,241
DEPRECIATION			
Balance as at 30 June 2020	6,469	5,898	12,367
Depreciation expense	6,415	9,047	15,462
Disposals	(26)	(95)	(121)
Balance as at 30 June 2021	12,858	14,850	27,708
Depreciation expense	8,448	5,622	14,070
Disposals	(862)	(13,143)	(14,005)
Balance as at 30 June 2022	20,444	7,329	27,773
CARRYING VALUES			
At 30 June 2021	38,929	9,234	48,163
At 30 June 2022	36,647	7,821	44,468

3.5 INVESTMENTS IN LISTED EQUITIES

	Consolidated	
	2022	2021
	\$'000	\$'000
Investments at fair value through profit and loss		
Gascoyne Resources Limited (ASX: GCY)	9,049	11,081
Barton Gold Limited (ASX: BGD)	1,421	1,496
Green Technology Metals Limited (ASX: GT1) ⁽¹⁾	9,857	-
Other listed equities	427	1,039
Total investments in listed equities	20,754	13,616

(1) Includes acquisition and subscription of shares during the period of \$3.5 million.

All equity investments in scope of AASB 9 are measured at fair value in the statement of financial position with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to present value changes in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

3.6 INVESTMENT IN ASSOCIATES

	Consolidated	
	2022	2021
Interest in Associates		
Salini Impregilo NRW Joint Venture	20%	20%
NewGen Drilling Pty Ltd	20%	20%

Reconciliation and Movement in the Group's Carrying Value of its Investments:

	Consolidated	
	2022	2021
	\$'000	\$'000
Opening balance of investment in associates	2,233	2,610
Share of (loss) / profit from equity accounted investments	(482)	1,435
Distributions received from associates	(152)	(1,812)
Closing balance of investment in associates	1,599	2,233

Investments in entities over which the Group has the ability to exercise significant influence, but not control, are accounted for using the equity method of accounting. The investment in associates is carried at cost plus post-acquisition changes in the Group's share of the associates' net assets, less any impairment in value.

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 an associate. 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 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.

Key Judgements and Estimates

Determination of control

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it control, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

3.7 INTANGIBLE ASSETS

	Software and System Development	Patent Technology	Brand Names	Customer Relationships	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
COST					
Balance as at 30 June 2020	21,142	9,460	13,929	45,418	89,949
Transferred from property, plant and equipment	377	-	-	-	377
Additions	703	-	-	-	703
Disposals	(9,029)	-	-	-	(9,029)
Assets recognised on business combinations (note 7.5)	-	-	4,038	25,628	29,666
Balance as at 30 June 2021	13,193	9,460	17,967	71,046	111,666
Software under development	4,649	-	-	-	4,649
Additions	266	-	-	-	266
Balance as at 30 June 2022	18,108	9,460	17,967	71,046	116,581
AMORTISATION					
Balance as at 30 June 2020	21,142	5,954	-	28,892	55,988
Transferred from property, plant and equipment	192	-	-	-	192
Amortisation expense	185	3,506	-	16,701	20,392
Disposals	(9,029)	-	-	-	(9,029)
Balance as at 30 June 2021	12,490	9,460	-	45,593	67,543
Amortisation expense	345	-	-	7,890	8,235
Balance as at 30 June 2022	12,835	9,460	-	53,483	75,778
CARRYING VALUES					
At 30 June 2021	703	-	17,967	25,453	44,123
At 30 June 2022	5,273	-	17,967	17,563	40,803

Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their deemed cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

Software and System Development

Software is recognised at cost of acquisition. Software has a finite life and is carried at cost less any accumulated amortisation and any impairment losses. Software is amortised over its useful life ranging from two to five years.

Patent Technology

Patents are initially recognised at their fair value at the acquisition date (which is regarded as their deemed cost). Patents have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. They are amortised over their useful life of up to five years.

Brand Names

Brand names recognised by the Group have an indefinite useful life and are not amortised. Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment at least annually or more frequently whenever there is the presence of other indicators of impairment.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

3.7 INTANGIBLE ASSETS CONTINUED

Customer Relationships

Customer relationships are initially recognised at their fair value at the acquisition date (which is regarded as their deemed cost). Customer relationships have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. They are amortised over their useful life of up to five-years.

3.8 GOODWILL

	Consolidated	
	2022	2021 ⁽¹⁾
	\$'000	\$'000
Balance at beginning of the period	168,467	85,036
Amounts recognised from business combinations occurring during the period (note 7.5)	-	83,431
Balance at end of the period	168,467	168,467

(1) Restated to reflect finalisation of Primero Group Limited purchase price accounting – refer note 7.5.

Goodwill arising on an acquisition of a business is carried at cost established at the date of the acquisition of the business less accumulated impairment losses, if any. Goodwill is not amortised, but it is tested for impairment annually or more frequently if there is an indication that it might be impaired.

Goodwill is attributable to Cash Generating Units (CGU) aggregated in the following reporting segments whose results are regularly reviewed by the Group's Chief Operating Decision Maker:

	2022	2021 ⁽¹⁾
	\$'000	\$'000
Civil	18,513	18,513
Mining	59,858	59,858
MET	90,096	90,096
Balance at end of the period	168,467	168,467

(1) Restated to reflect finalisation of Primero Group Limited purchase price accounting – refer note 7.5.

If the recoverable amount of a CGU or group of CGUs to which goodwill is allocated is less than its carrying amount, the impairment loss is allocated first to goodwill and then to the identifiable assets on a pro rata basis. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill cannot be reversed in subsequent periods. On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of Assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may have suffered an impairment loss.

The determination of the existence of impairment indicators requires a degree of management judgement. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of a CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives, intangible assets not yet available for use, and goodwill are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

3.8 GOODWILL CONTINUED

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The Company undertook formal impairment testing for those obligatory CGUs to which Goodwill and indefinite-life Intangibles are allocated, and those where the Company determined the existence of impairment indicators.

The Group has prepared five-year discounted cash flow forecasts and extrapolated the cash flows beyond the terminal year using a terminal growth rate.

The Group has paid particular attention to those indicators impacted by the global COVID-19 pandemic. We have considered the effect of the pandemic on our clients' activities which may include changes to long-term commodity prices, awards of new contracts, deferrals of existing contracts, disruptions to supply chain and disruptions to existing operations. To date, most of the Group's operations were classified as essential services and have continued materially unaffected. The management team continue to monitor and manage the impacts and risks arising from the global pandemic, and at the time of compiling future cash flows there were no known detrimental changes. Key areas of management judgement required in this assessment include:

Value in Use Assumptions and Key Estimates

Sales and earnings growth

The five-year cash flow estimates used in assessments for all CGUs were based on Board approved budgets for the year ending 30 June 2023 adjusted for material known transactions. Growth assumptions thereafter are 2.5% (2021: 2.5%) per annum for each future year. The terminal value assumes perpetual growth of 2.5% (2021: 2.5%). Growth rates do not exceed historical averages.

Discount rate

A pre-tax discount rate of 14.2% (2021: 13.3%), which includes a risk margin, was applied to the cash flows within each of the CGUs.

Working capital and capital expenditure

Working capital has been adjusted to return to, and continue to reflect, what management estimate to be normal operating levels in order to continue to support the underlying businesses.

Capital expenditure forecasts were based on the various strategic business plans and those levels considered appropriate to sustain current growth projections above current level of operating activities.

The Company was satisfied that the recoverable values were sufficiently in excess of their carrying values at reporting date. This conclusion was supported having applied a sensitivity analysis on the key assumptions used in determining the recoverable values.

Sensitivity Analysis

Short-term assumptions

The Company simulated several scenarios to sensitise future cash flows for different outcomes associated with the short-term COVID-19 risks identified in assessing indicators of potential impairment, highlighted above. These included the net future cash flow impacts of:

- An absolute, or timing delay, for disruptions at a current client's operations; or
- A non-award, or delay to an award, of future contracts.

Long-term assumptions

In addition, the Company undertook sensitivity analysis with regard to the longer-term drivers of future cash flow relating to:

- Future years' growth rate assumption adjusted to a range of 1.5%-3.5% growth per annum; and
- Pre-tax discount rate assumption increased from 14.2% to 15.2%, representing the higher degree of risk to returns through an extended period of higher uncertainty surrounding input costs due to global inflationary pressures, labour availability and supply chain constraints.

Each of these individual sensitivities were performed in isolation of the other and did not result in the carrying values of any CGU exceeding their respective recoverable amounts assessed at 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

3.9 NON-CURRENT ASSETS HELD FOR SALE

The Group announced to the ASX on 12 July 2021 that Boggabri Coal Operation Pty Ltd (BCO), part of the Idemitsu Group, agreed to acquire the majority of the major mining equipment of Golding Contractors Pty Ltd (a wholly owned subsidiary of NRW) that is engaged under the Maintenance Services and Hire Agreement at the Boggabri Coal Mine. Accordingly, relevant assets were presented as held for sale as at 30 June 2021.

No impairment losses were recognised on the reclassification of the plant and equipment to assets held for sale in 2021. Immediately prior to settlement, the Group repaid all outstanding financial debt relating to the plant and equipment.

Net proceeds from the sale of the above transaction were \$82.6 million.

Assets held for sale and associated liabilities:

	Consolidated	
	2022	2021
	\$'000	\$'000
Current assets		
Plant and equipment held for sale	-	82,612
Current liabilities		
Financial debt	-	18,220
Non-current liabilities		
Financial debt	-	46,961
Total liabilities	-	65,181

Key Judgements and Estimates

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one-year from the date of classification.

3.10 TRADE AND OTHER PAYABLES

	Consolidated	
	2022	2021 ⁽¹⁾
	\$'000	\$'000
CURRENT PAYABLES		
Trade payables	234,350	185,794
Goods and service tax	8,843	18,559
Other payables	36,165	23,299
Accruals	111,682	112,103
Total trade and other payables	391,040	339,755

(1) Restated to reflect finalisation of Primero Group Limited purchase price accounting – refer note 7.5.

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

The Group has financial risk management policies in place to ensure that all payables are paid within pre-agreed credit terms. All payables are expected to be settled within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

3.11 PROVISIONS

	Consolidated			
	Onerous Contracts	Warranty & Other	Employee Benefits	Total
	\$'000	\$'000	\$'000	\$'000
Total balance as at 30 June 2021	5,083	1,794	85,759	92,636
Provisions made during the year	-	4,830	78,356	83,186
Provisions applied during the year	(5,083)	(3,311)	(68,011)	(76,405)
Balance as at 30 June 2022	-	3,313	96,104	99,417
Current provisions	-	3,213	79,143	82,356
Non-current provisions	-	100	16,961	17,061
Total balance as at 30 June 2022	-	3,313	96,104	99,417

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 the 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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 (where the effect of the time value of money is material).

(i) Onerous Contracts

A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue. The provision is recognised in full in the period in which loss-making contracts are identified under AASB 137.

(ii) Warranties and Other

Provisions for warranties and defect claims are made for the estimated liability on all products still under warranty at balance sheet date and known defects arising under service and construction contracts.

(iii) Employee Benefits

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.

Key Judgements and Estimates

Onerous contracts

These provisions have been calculated based on management's best estimate of discounted net cash outflows required to fulfil the contracts (where the effect of the time value of money is material). The status of these contracts and the adequacy of provisions are assessed at each reporting date.

Warranties

The provision is estimated having regard to previous claims experience.

Long service leave

Management judgement is applied in determining employee entitlements for long service leave. This determination considers future increases in wages and salaries, future on cost rates, employee departures and period of service. Expected future payments are discounted using the market yield at the reporting date on Australian corporate bonds with terms to maturity and currencies to match, as close as possible, the estimate future cash outflows.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

4 CAPITAL STRUCTURE

The Group manages its capital structure to ensure that entities in the Group will be able to continue as a going concern while maximising returns to shareholders.

Gearing Ratio

The Board meets regularly to determine the level of borrowings and shareholder funding required to appropriately support business operations. The gearing ratio is a function of the capital structure, dividends and movements in debt. The gearing ratio was calculated at 30 June 2022 as:

	Consolidated	
	2022	2021
	\$'000	\$'000
Cash and cash equivalents	219,338	146,549
Financial debt	(233,160)	(261,908)
Lease debt	(52,761)	(55,924)
Net Debt	(66,583)	(171,283)
Total equity	598,299	545,123
Net Debt to Equity Ratio	11.1%	31.4%

4.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital Risk Management

The capital structure of the Group comprises of debt and equity. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or increase or decrease debt.

The Group's objectives when managing capital are to safeguard its ability to operate as a going concern so that it can meet all its financial obligations when they fall due, provide adequate returns to shareholders, maintain an appropriate capital structure to optimise its cost of capital and maintain an investment grade credit rating to ensure ongoing access to funding. The Group is subject to certain financing arrangement covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Financial Risk Management

The Group's overall financial risk strategy seeks to ensure appropriate funding levels, approved treasury directives to meet ongoing project needs and to allow flexibility for growth. The Board has ultimate responsibility for the Group's policy of risk management. The risk policies and procedures are reviewed periodically. In addition, the going concern basis is reviewed throughout the year, ensuring adequate working capital is available.

The financial instruments in the Group primarily consist of interest-bearing debt, cash, trade receivables and payables. The Group has minimal foreign currency risks.

Interest Rate Risk Management

Interest rate risk is the risk that the value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in the market interest rates. Sources of financial exposure include variable-rate borrowings (cash flow risk) and fixed-rate borrowings (fair value risk). Interest rate exposures are kept within an acceptable range as determined by the Board.

The Board continues to monitor the Group's exposure to market rate volatility. If the Group were to consider a movement of 200 basis points in interest rates or cost of funds, this would have an immaterial impact circa \$1.1 million to the cost of debt. Refer to the Consolidated Interest and Liquidity table on the following page for further details around interest rate profiles.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

4.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Foreign Exchange and Currency Exposure

The Group consolidated financial statements are presented in Australian dollars (AUD). The Board considers that movements in foreign currency will have virtually no impact on operating profits, given that most projects are agreed and billed in Australian dollars and cash holdings in other currencies other than AUD are negligible. Should foreign operations expand, suitable risk measures would be put in place accordingly. Any new developments which the Group considers or bids for are considered as part of the risk management reviews held by the Board. Other than specific transactions or purchases negotiated with the supplier, transactions dealing in foreign currency are dealt with at spot rates.

Liquidity Risk Management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining appropriate banking facilities, ensuring a suitable credit control program, continuously monitoring forecast and actual cash flows, and considering the level of capital commitment commensurate with project demands and other market forces.

The estimated contractual maturity for its financial liabilities and financial assets is set out in the following tables. The tables show the effective interest rates and average interest rates as relevant to each class.

Consolidated interest and liquidity analysis 2022

	Effective Interest Rate	Total	0 to 30 days	31 days to < 1 year	1 to 5 years	> 5 years
		\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS						
Cash and cash equivalents	0.4%	219,338	219,338	-	-	-
Trade and other receivables ⁽¹⁾		417,326	124,479	292,847	-	-
Lease receivables	6.7%	180	23	157	-	-
Subtotal		636,844	343,840	293,004	-	-
FINANCIAL LIABILITIES						
Bank loans	3.0%	54,489	3,239	9,375	41,875	-
Equipment finance	4.2%	178,454	4,922	51,686	121,846	-
Lease debt	6.2%	52,761	1,190	12,071	32,101	7,399
Trade and other payables ⁽²⁾		391,040	166,997	224,043	-	-
Other		217	36	181	-	-
Subtotal		676,961	176,384	297,356	195,822	7,399

(1) Normal trade receivable terms. See note 3.1.

(2) Normal trade payable terms. See note 3.10.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Consolidated interest and liquidity analysis 2021

	Effective Interest Rate	Total	0 to 30 days	31 days to < 1 year	1 to 5 years	> 5 years
		\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS						
Cash and cash equivalents	0.3%	146,549	146,549	-	-	-
Trade and other receivables ⁽¹⁾		416,577	178,428	238,149	-	-
Lease receivables	9.4%	2,974	242	2,732	-	-
Subtotal		566,100	325,219	240,881	-	-
FINANCIAL LIABILITIES						
Bank loans	2.3%	74,945	-	20,570	54,375	-
Equipment finance	4.3%	173,390	5,874	52,039	114,735	742
Lease debt	6.1%	55,924	1,169	12,452	42,303	-
Trade and other payables ⁽²⁾		339,755	163,699	176,056	-	-
Other		13,573	11,131	2,442	-	-
Subtotal		657,587	181,873	263,559	211,413	742

(1) Normal trade receivable terms. See note 3.1.

(2) Normal trade payable terms. See note 3.10.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. The carrying amount of financial assets recorded in the financial statements net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral.

Trade and other receivables payment terms are primarily 30 to 75 days. Cash retentions are low as clients require bonds and bank guarantees. The Group's exposure and the credit ratings of these counterparties are regularly monitored and transactions are diversified among approved counterparties.

Expected Credit Losses

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, including lease receivables, amounts due from customers and on loan commitments.

The Group has elected to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk of that financial instrument has increased significantly since initial recognition. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

In making the assessment, management takes into consideration Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

As at 30 June 2022 expected credit losses are immaterial.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

4.2 ISSUED CAPITAL

Fully Paid Ordinary Shares

	Consolidated	
	2022	2021
	\$'000	\$'000
ORDINARY SHARES		
449,193,491 fully paid ordinary shares (2021: 449,051,657)	383,416	383,416

All issued shares are fully paid and rank equally. Fully paid ordinary shares carry one vote per share and carry a right to dividends.

	Consolidated			
	2022	2022	2021	2021
	No. '000	\$'000	No. '000	\$'000
FULLY PAID ORDINARY SHARES				
Balance at the beginning of the financial year	449,052	383,416	426,686	332,863
Issue of shares to executives and employees	142	-	2,943	-
Issue of shares as part of business acquisition	-	-	19,423	50,553
Treasury shares transferred to contributed equity	-	-	-	-
Balance at the end of the period	449,194	383,416	449,052	383,416

4.3 RESERVES

	Consolidated	
	2022	2021
	\$'000	\$'000
Share based payment reserve	14,358	11,500
Foreign currency reserve	(79)	(141)
Total reserves	14,279	11,359

Share Based Payment Reserve

	Consolidated	
	2022	2021
	\$'000	\$'000
Balance at the beginning of the financial year	11,500	8,661
Share based payments	2,858	2,839
Balance at the end of the financial year	14,358	11,500

Information relating to performance rights, including details of issued, exercised and lapsed during the financial year and outstanding at the end of the financial year, is set out in the Remuneration Report and at note 4.7.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4.4 RETAINED EARNINGS

	Consolidated	
	2022	2021
	\$'000	\$'000
Balance at the beginning of the financial year	150,348	131,073
Net profit attributable to members of the parent entity	97,414	54,295
Dividends paid	(47,158)	(35,020)
Balance at the end of the financial year	200,604	150,348

4.5 DIVIDENDS

During the period, NRW Holdings Limited made the following dividend payments:

Fully paid ordinary shares	Consolidated year ended 30 June 2022		Consolidated year ended 30 June 2021	
	Cents per share	\$'000	Cents per share	\$'000
Final dividend (FY21 / FY20)	5.0	22,452	4.0	17,067
Interim dividend (FY22 / FY21)	5.5	24,706	4.0	17,953
Total dividend payments		47,158		35,020

The Directors have declared a dividend for the current financial year of 7.0 cents per share. The dividend will be fully franked and paid in October 2022.

Franking Account

	Consolidated	
	2022	2021
	\$'000	\$'000
Franking account balance at 1 July	34,819	43,101
Australian income tax paid	377	-
Franking credits transferred to head entity upon acquisition	-	6,727
Franking credits attached to dividends paid:		
As final dividend	(9,623)	(7,315)
As interim dividend	(10,588)	(7,694)
Franking account balance at 30 June	14,985	34,819
Franking credits that will attach to the payment of fully franked dividends declared but not paid as at reporting date	(13,476)	(9,623)
Net franking credits available	1,509	25,196

4.6 EARNINGS PER SHARE

	Consolidated	
	2022	2021
Profit for the year (\$'000)	97,414	54,295
Weighted average number of shares for the purposes of basic earnings per share (000's)	449,134	435,534
Basic earnings per share	21.7 cents per share	12.5 cents per share
Shares deemed to be issued for no consideration in respect of:		
Performance rights (000's)	6,136	4,063
Weighted average number of shares used for the purposes of diluted earnings per share (000's)	455,269	439,597
Diluted earnings per share	21.4 cents per share	12.4 cents per share

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

4.6 EARNINGS PER SHARE CONTINUED

Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares on issue during the financial year.

Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

4.7 SHARE BASED PAYMENTS

Share based compensation payments are provided to employees in accordance with the NRW Holdings Limited Performance Rights Plan (PRP) detailed in the remuneration report.

Share based compensation payments are measured at the fair value of the equity instruments at the grant date. The choice of valuation methodology is determined by the structure of the awards, particularly the vesting conditions:

- Market based valuations – a Monte-Carlo simulation valuation methodology is used to determine the share based payment cost relative to TSR growth. The valuation methodology used is chosen from those available to incorporate an appropriate amount of flexibility with respect to the particular performance and vesting conditions of the award; and
- Non-market-based valuations – EBITDA, EBITA, EPS and Gearing targets are based on a 30-day VWAP up to and including the grant date, risk-weighted for the likelihood of achievement of the vesting conditions. The valuation methodology assumes between 25% and 100% achievement of vesting conditions.

The variables in the valuation model are the share price on the date of the award, the duration of the award, the risk-free interest rate, share price volatility and dividend yield. The inputs used for each of the current schemes are provided below.

Scheme ID	Risk Free Interest Rate	Share Price Volatility	Dividend Yield	Value (cents per share)
L	1.35%	64.05%	1.20%	123.9
N	1.35%	53.62%	1.20%	101.1
O	0.29%	62.74%	1.34%	30.1 to 182
Q	0.27%	54.27%	3.62%	14.2
R	0.07%	62.74%	3.62%	37.6 to 40.3
S	0.29%	92.52%	3.62%	56.1 to 77.4
T	0.29%	87.82%	3.62%	60.5 to 61.1
U	0.27%	65.21%	3.62%	38.7 to 192
V	0.01%	48.57%	1.70%	35
W	1.02%	62.08%	6.57%	20.2 to 165.4
X	0.42%	62.12%	6.57%	12.8 to 152

For all awards, the volatility assumption is representative of the level of uncertainty expected in the movements of the Company's share price over the life of the award. The assessment of the volatility includes the historic volatility of the market price of the Company's share and the mean reversion tendency of volatilities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4.7 SHARE BASED PAYMENTS CONTINUED

Details of the awards for each scheme, the status of those awards and share based payment expense for KMPs and non KMPs is provided in the table below.

Name / Scheme	Scheme ID	Allocation Date	Vesting Date	Balance of Unvested Equity Awards as at 1 July 2021	Granted in FY22	Forfeited in FY22	Vested in FY22	Balance of Unvested Equity Awards as at 30 June 2022	Fair Value Per Security	Fair Value at Grant Date	Fair Value at Vesting Date	Share Based Payments Expense FY22
				Number of Rights	Number of Rights	Number of Rights	Number of Rights	Number of Rights	Cents	\$	\$	\$
J Pemberton												
FY20 Tranche 1	O	26/11/2019	30/11/2022	582,246	-	-	-	582,246	30.1 to 182	768,785	-	256,262
FY20 Tranche 2	O	26/11/2019	30/11/2023	582,246	-	-	-	582,246	30.1 to 182	835,411	-	213,278
FY21 Tranche 1	U	25/11/2021	30/09/2023	750,000	-	-	-	750,000	38.7 to 192	798,625	-	266,208
FY22 Tranche 1	X	25/11/2021	30/09/2024	-	986,842	-	-	986,842	12.8 to 152	611,020	-	203,674
Total				1,914,492	986,842	-	-	2,901,334		3,013,841	-	939,422
A Walsh												
FY20 Tranche 1	R	01/06/2021	30/11/2022	750,000	-	-	-	750,000	37.6 to 153	860,593	-	286,864
FY20 Tranche 2	S	01/06/2021	30/09/2023	750,000	-	-	-	750,000	58.2 to 153	927,343	-	309,114
FY21 Tranche 1	S	01/06/2021	30/09/2023	375,000	-	-	-	375,000	56.1 to 153	455,506	-	120,035
FY21 Tranche 2	T	01/06/2021	30/09/2024	375,000	-	-	-	375,000	61.1 to 153	448,069	-	117,556
Total				2,250,000	-	-	-	2,250,000		2,691,511	-	833,569
K Hyman												
FY21 Tranche 1	U	17/06/2022	30/09/2023	-	40,131	-	-	40,131	38.7 to 192	42,733	-	14,244
FY22 Tranche 1	X	17/06/2022	30/09/2024	-	52,377	-	-	52,377	12.8 to 152	32,430	-	10,811
Total				-	92,508	-	-	92,508		75,163	-	25,055
B McIntosh												
FY22 Tranche 1	X	17/06/2022	30/09/2024	-	30,617	-	-	30,617	12.8 to 152	18,957	-	6,319
Total				-	30,617	-	-	30,617		18,957	-	6,319

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4.7 SHARE BASED PAYMENTS CONTINUED

Name / Scheme	Scheme ID	Allocation Date	Vesting Date	Balance of Unvested Equity Awards as at 1 July 2021	Granted in FY22	Forfeited in FY22	Vested in FY22	Balance of Unvested Equity Awards as at 30 June 2022	Fair Value Per Security	Fair Value at Grant Date	Fair Value at Vesting Date	Share Based Payments Expense FY22
				Number of Rights	Number of Rights	Number of Rights	Number of Rights	Number of Rights	Cents	\$	\$	\$
G Payne												
FY20 Tranche 1	O	20/07/2020	30/11/2022	76,144	-	-	-	76,144	30.1 to 182	100,538	-	33,512
FY20 Tranche 2	O	20/07/2020	30/11/2023	76,144	-	-	-	76,144	30.1 to 182	109,251	-	27,892
FY21 Tranche 1	U	17/06/2022	30/09/2023	-	78,330	-	-	78,330	38.7 to 192	83,408	-	27,803
FY22 Tranche 1	X	17/06/2022	30/09/2024	-	103,289	-	-	103,289	12.8 to 152	63,953	-	21,318
Total				152,288	181,619	-	-	333,907		357,150	-	110,525
A Broad												
FY20 Tranche 1	O	20/07/2020	30/11/2022	82,487	-	(82,487)	-	-	-	-	-	-
FY20 Tranche 2	O	20/07/2020	30/11/2023	82,487	-	(82,487)	-	-	-	-	-	-
Total				164,974	-	(164,974)	-	-		-	-	-
G Caton												
FY20 Tranche 1	O	20/07/2020	30/11/2022	137,980	-	-	-	137,980	30.1 to 182	182,186	-	60,729
FY20 Tranche 2	O	20/07/2020	30/11/2023	137,980	-	-	-	137,980	30.1 to 182	197,975	-	50,542
FY21 Tranche 1	U	17/06/2022	30/09/2023	-	118,490	-	-	118,490	38.7 to 192	126,172	-	42,057
FY22 Tranche 1	X	17/06/2022	30/09/2024	-	157,730	-	-	157,730	12.8 to 152	97,661	-	32,554
Total				275,960	276,220	-	-	552,180		603,994	-	185,882
B Dorricott												
FY21 Tranche 1	U	17/06/2022	30/09/2023	-	9,344	-	-	9,344	38.7 to 192	9,950	-	3,317
FY22 Tranche 1	X	17/06/2022	30/09/2024	-	74,506	-	-	74,506	12.8 to 152	46,132	-	15,377
Total				-	83,850	-	-	83,850		56,082	-	18,694
C Henry												
FY21 Tranche 1	U	17/06/2022	30/09/2023	-	29,242	-	-	29,242	38.7 to 192	31,138	-	10,379
FY22 Tranche 1	X	17/06/2022	30/09/2024	-	113,980	-	-	113,980	12.8 to 152	70,573	-	23,524
Total				-	143,222	-	-	143,222		101,711	-	33,903

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4.7 SHARE BASED PAYMENTS CONTINUED

Name / Scheme	Scheme ID	Allocation Date	Vesting Date	Balance of Unvested Equity Awards as at 1 July 2021	Granted in FY22	Forfeited in FY22	Vested in FY22	Balance of Unvested Equity Awards as at 30 June 2022	Fair Value Per Security	Fair Value at Grant Date	Fair Value at Vesting Date	Share Based Payments Expense FY22
				Number of Rights	Number of Rights	Number of Rights	Number of Rights	Number of Rights	Cents	\$	\$	\$
Non KMP												
2019 Scheme 1 Tranche 2	L	15/02/2019	30/11/2021	77,885	-	-	(77,885)	-	123.9	96,500	135,908	11,871
2019 Scheme 2 Tranche 2	N	18/04/2019	30/11/2021	15,000	-	(15,000)	-	-	101.1	15,165	-	-
2019 Tranche 2	Q	14/07/2020	30/11/2021	12,500	-	-	(12,500)	-	14.2	1,775	21,813	287
FY19 Tranche 1	V	21/07/2021	30/11/2021	-	51,488	-	(51,488)	-	35	18,021	89,847	18,021
FY20 Tranche 1	O	20/07/2020	30/11/2022	568,726	-	(60,651)	-	508,075	30.1 to 182	750,935	-	223,618
FY20 Tranche 2	O	20/07/2020	30/11/2023	568,726	-	(60,651)	-	508,075	30.1 to 182	816,012	-	186,109
FY21 Tranche 1	U	17/06/2022	30/09/2023	-	600,834	-	-	600,834	38.7 to 192	639,788	-	213,263
FY22 Tranche 1	W	16/12/2021	30/03/2025	-	197,368	-	-	197,368	20.2 to 165	136,421	-	15,158
FY22 Tranche 1	X	17/06/2022	30/09/2024	-	1,029,041	-	-	1,029,041	12.8 to 152	637,147	-	212,382
Total				1,242,837	1,878,731	(136,302)	(141,873)	2,843,393		3,111,764	247,568	880,709
TOTAL				6,000,551	3,673,609	(301,276)	(141,873)	9,231,011		10,030,173	247,568	3,034,078

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

5 FINANCING

5.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Reconciliation of Profit for the Period to Net Cash Flows from Operating Activities

	Consolidated	
	2022	2021
	\$'000	\$'000
PROFIT FOR THE PERIOD	97,414	54,295
Adjustments for:		
(Profit) / loss on sale of property, plant and equipment	(1,255)	366
Depreciation and amortisation	123,291	166,297
Non-cash impairment	1,075	1,111
Share of loss / (profit) from associates	482	(1,435)
Share based payment expense	2,858	2,839
Movements in investments and listed equities	(3,664)	(6,769)
Net cash generated before movement in working capital	220,201	216,704
Change in trade and other receivables	(751)	(13,726)
Change in lease receivables	2,794	2,117
Change in inventories	(12,886)	3,847
Change in other assets	(17,828)	1,673
Change in trade and other payables	51,285	(45,164)
Change in provisions	6,780	(39,608)
Change in current tax liabilities	(430)	-
Change in deferred tax balances	38,835	21,595
Net cash from operating activities	288,000	147,438

5.2 GUARANTEES

	Consolidated	
	2022	2021
	\$'000	\$'000
Bank guarantees	29,775	32,825
Insurance bonds	164,575	202,982
Balance at the end of the financial year	194,350	235,807

The Group has contract performance bank guarantees and insurance bonds issued in the normal course of business in respect to its contracts.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

5.3 FINANCIAL DEBT

	Consolidated	
	2022	2021
	\$'000	\$'000
SECURED AT AMORTISED COST		
Current		
Bank loans	12,614	20,570
Equipment finance	56,608	57,912
Other	217	13,574
Total current financial debt	69,439	92,056
Non-current		
Bank loans	41,875	54,375
Equipment finance	121,846	115,477
Total non-current financial debt	163,721	169,852
Total financial debt	233,160	261,908

All loans and financial debt are initially recognised at fair value, being the amount received less attributable transaction costs. After initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

Various financial institutions provide the Group with fixed interest rate finance leases, secured by the underlying assets financed.

As at the date of signing the annual accounts, the Company is in compliance with its obligations under its facilities. The Company expects to be in compliance with agreed covenants throughout the year ending 30 June 2023.

The Company currently has in place a multi-option general banking facility with Bankwest and Bank of China. The agreement provides NRW with facilities to be used for contract guarantees, and facilities which can be used for either contract guarantees or as working capital (an overdraft facility).

Financial debt movement reconciliation for the year ended 30 June 2022:

	Consolidated	
	2022	2021
	\$'000	\$'000
Opening balance	261,908	244,795
Equipment finance assumed (through business acquisition)	-	4,736
Debts assumed (through business acquisition)	-	11,273
New equipment finance	110,516	33,197
Repayment of equipment finance	(46,568)	(60,720)
Net repayments related to sale of Boggabri assets	(63,883)	-
New financial debt	-	50,000
Net repayment of financial debt	(28,813)	(21,372)
Total financial debt	233,160	261,908

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

5.3 FINANCIAL DEBT CONTINUED

Interest Bearing Finance Facilities

Consolidated finance facilities as at 30 June 2022

Finance Description	Face Value (limit)	Carrying Amount (utilised)	Unutilised Amount
	\$'000	\$'000	\$'000
Banking facilities ⁽¹⁾	125,000	54,489	70,511
Equipment finance ⁽²⁾	320,605	178,454	142,151
Guarantees and insurance bonds ⁽³⁾	404,925	194,350	210,575

Consolidated finance facilities as at 30 June 2021

Finance Description	Face Value (limit)	Carrying Amount (utilised)	Unutilised Amount
	\$'000	\$'000	\$'000
Banking facilities ⁽¹⁾	99,945	74,945	25,000
Equipment finance ⁽²⁾	198,337	173,389	24,948
Guarantees and insurance bonds ⁽³⁾	434,231	235,807	198,424

(1) Includes: cash advance facilities, bank guarantee facilities (reflected within guarantees and insurance bonds line item) and an overdraft facility.

(2) Terms range from one to five years.

(3) \$10.0 million of the overall limit is interchangeable as an overdraft facility.

5.4 LEASE DEBT

	Consolidated	
	2022	2021
	\$'000	\$'000
Opening balance	55,924	65,058
New leases through a business combination (see note 7.5)	-	2,576
New leases	11,450	3,813
Net repayments	(14,613)	(15,523)
Balance at 30 June	52,761	55,924
Current	13,261	13,621
Non-current	39,500	42,303
Total lease debt	52,761	55,924

Group lease debt relates mainly to properties, the balance comprised of plant and equipment, various types of vehicles and IT equipment.

With the adoption of AASB 16 *Leases*, the Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a lease asset and a corresponding lease debt with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). 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 lease debt 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 lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease debt comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

5.4 LEASE DEBT CONTINUED

- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease debt is subsequently measured by increasing the carrying amount to reflect interest on the lease debt (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease debt (and makes a corresponding adjustment to the related lease asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease debt is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease debt is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- Lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease debt is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any material adjustments during the periods presented.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease debt and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

Key Judgements and Estimates

Determination of the existence of leases

Identifying a lease will sometimes require a significant amount of judgement based on the elements of the definition of a lease, including identification of the leased asset, whether the contract passes the right to obtain substantially all of the economic benefits from the use of identified assets within the defined scope of the contract and whether the supplier has a substantive right to substitute identified assets throughout the period of use.

Lease extension periods

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Incremental borrowing rate

In determining the present value of the future lease payments, the Group discounts the lease payments using an incremental borrowing rate (IBR). The IBR reflects the financing characteristics and duration of the underlying lease. Once a discount rate has been set for a leased asset (or portfolio of assets with similar characteristics), this rate will remain unchanged for the term of that lease. When a lease modification occurs, and it is not accounted for as a separate lease, a new IBR will be assigned to reflect the new characteristics of the lease.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5.5 CAPITAL AND OTHER COMMITMENTS

	Consolidated	
	2022	2021
	\$'000	\$'000
CAPITAL AND OTHER COMMITMENTS		
Not later than 12 months	87,255	3,234
Between 12 months and 5 years	422	-
Total capital and other commitments	87,677	3,234

6 TAXATION

6.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

	Consolidated	
	2022	2021
	\$'000	\$'000
CURRENT TAX EXPENSE		
Current year income tax	(12)	418
Adjustments for prior years income tax	(476)	(335)
Subtotal	(488)	83
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	39,321	21,512
Total income tax expense / (benefit)	38,833	21,595

6.2 RECONCILIATION OF EFFECTIVE TAX RATE

	Consolidated	
	2022	2021
	\$'000	\$'000
Profit before tax for the period	136,247	75,890
INCOME TAX USING THE COMPANY'S DOMESTIC TAX RATE OF 30%	40,874	22,767
Changes in income tax expense due to:		
Share based payments	(37)	(1,783)
Adjustments recognised in the current year in relation to the effect of tax consolidation in prior years	-	319
Effect of different income tax rates for subsidiaries operating in a different tax jurisdiction	60	4
Effect of impairment of financial assets relating to the Gascoyne Resources loan and equity instruments	-	1,569
Adjustments recognised in the current year in relation to the current tax of prior years (effect of expenses that are not deductible in determining taxable profit)	(2,547)	(1,624)
Non-deductible transaction costs	-	1,098
Deferred tax assets brought to account	134	-
Effect of expenses that are not deductible in determining taxable profit	349	(732)
Joint ventures	-	(23)
Total income tax expense / (benefit)	38,833	21,595

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

6.2 RECONCILIATION OF EFFECTIVE TAX RATE CONTINUED

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and 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.

Income taxes are paid in the jurisdictions where the Group operates, predominantly Australia. Significant judgement is involved in applying the tax rules and regulations relevant in deriving the final provision for income tax. If in subsequent periods, matters arise that cause the final tax outcome to vary to the reported carrying amounts, such differences will alter the deferred tax balances in the period the change is identified.

6.3 CURRENT AND DEFERRED TAX BALANCES

Current Tax Liabilities

Tax losses have been applied to offset any Australian taxable income. The reported current tax assets as at 30 June 2022 relate to tax refundable in foreign jurisdictions (2021: \$0.4 million liability).

Deferred Tax Balances

	Assets		Liabilities		Net	
	2022	2021 ⁽¹⁾	2022	2021 ⁽¹⁾	2022	2021 ⁽¹⁾
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables (contract assets)	-	-	(24,233)	(24,911)	(24,233)	(24,911)
Inventories	-	-	(4,717)	(5,716)	(4,717)	(5,716)
Other current assets	1,253	2,577	(8,835)	(4,985)	(7,582)	(2,408)
Property, plant and equipment	4,771	3,693	(62,045)	(50,918)	(57,274)	(47,225)
Investments in associates	1,393	2,843	-	-	1,393	2,843
Intangibles	-	-	(9,887)	(12,257)	(9,887)	(12,257)
Lease debt	17,860	21,864	(17,961)	(20,034)	(101)	1,830
Provisions	27,257	24,475	-	-	27,257	24,475
Payables	10,768	11,420	-	-	10,768	11,420
Cost of equity raising	497	226	-	-	497	226
Share based payments	1,956	1,453	-	-	1,956	1,453
Losses	7,754	34,936	-	-	7,754	34,936
Deferred tax assets / (liabilities)	73,509	103,487	(127,678)	(118,821)	(54,169)	(15,334)

(1) Restated to reflect finalisation of Primero Group Limited purchase price accounting – refer note 7.5.

Movement of Deferred Tax Balances

	Consolidated	
	2022	2021
	\$'000	\$'000
DEFERRED TAX EXPENSE		
Recognised in profit or loss (note 6.1)	(39,321)	(21,512)
Recognised directly in equity	-	7
Balance acquired through business combinations (note 7.5)	-	7,523
Balance restated to reflect finalisation of purchase price accounting	488	8,877
Total	(38,833)	(5,105)

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

6.3 CURRENT AND DEFERRED TAX BALANCES CONTINUED

Deferred tax is recognised on temporary 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. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is adjusted to recognise the estimated value of future tax liabilities likely to arise based on risk assessed forecasts.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. 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 set off 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.

Unrecognised Deferred Tax Balances

During the year there were no deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised.

6.4 RELEVANCE OF TAX CONSOLIDATION TO THE GROUP

The Company and its wholly owned Australian resident entities formed a tax-consolidated group under Australian taxation law with effect from 1 July 2014 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is NRW Holdings Limited. The members of the tax-consolidated group are identified in note 7.1.

Tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'stand-alone taxpayer' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Nature of Tax Funding Arrangements and Tax Sharing Agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, NRW Holdings Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax consolidated group.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

6.5 GOODS AND SERVICES

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- Receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

6.6 TAX POLICY, STRATEGY AND GOVERNANCE

Approach to Tax Governance

NRW has developed a Board approved Tax Risk Management Framework to govern the way in which the Group manages its tax obligations. The Tax Risk Management Framework has been designed in line with the Australian Taxation Office (ATO) Tax Risk Management and Governance Review Guide. The Tax Risk Management Framework applies to all entities within the NRW tax consolidated group.

In accordance with the Tax Risk Management Framework, decisions on tax risk are reviewed by the Chief Financial Officer and reported to the Audit and Risk Committee as appropriate. Ultimate responsibility for tax governance is borne by the Board. Tax risk assessments are conducted and are consistent with the risk tolerance levels applied to other decisions in the business.

Corporate Income Tax Contribution Summary

NRW is currently utilising available carry-forward Australian tax losses. As at 30 June 2022, NRW has estimated carry forward tax losses of \$7.8 million on its balance sheet as a deferred tax asset. This position results in zero income tax payable in Australia. The NRW tax consolidated group will commence paying corporate tax in Australia once these losses are fully utilised.

The ATO publish the income tax information of taxpayers with a total income of \$100 million or more. The information is published in the Report of Entity Tax Information online. NRW confirms the following disclosures under the ATO regime.

	2016-17	2017-18	2018-19	2019-20	2020-21 ⁽¹⁾
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Income	367,184	676,658	1,087,568	2,011,916	2,235,779
Taxable / Net Income	Nil	Nil	Nil	Nil	Nil
Tax Payable	Nil	Nil	Nil	Nil	Nil

(1) Not yet disclosed by the ATO under the Report of Entity Tax Information regime online.

Relationships with Tax Authorities

NRW is committed to open and transparent dealings with the ATO and other relevant tax authorities. NRW's approach to engagement with these authorities is to be compliant with tax laws to ensure its statutory obligations are met.

NRW is included in the ATO's Justified Trust review program. NRW's last assurance review under this regime was finalised in June 2022. The ATO obtained an overall high level of assurance that NRW paid the right amount of Australian income tax for the income years reviewed.

International Related Party Dealings

The NRW Group includes entities incorporated under foreign jurisdictions where corporate tax is remitted in accordance with the applicable taxation authorities and laws.

NRW does not have material operations located outside of Australia, resulting in minor international related party dealings. These dealings are disclosed to the ATO within the International Related Party Dealings Schedule.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

7 OTHER NOTES

7.1 SUBSIDIARIES

Information about the composition of the Group at the end of the reporting period is as follows:

Entity	Principal Activities	Country of Incorporation	Ownership Interest	
			2022	2021
NRW Holdings Limited (ACN 118 300 217) <	Holding Company	Australia	-	-
Actionblast Pty Ltd (ACN 058 473 331) <	Mining Equipment Solutions	Australia	100%	100%
Action Drill & Blast Pty Ltd (ACN 144 682 413) <	Drill & Blast	Australia	100%	100%
Hughes Drilling 1 Pty Ltd (ACN 011 007 702) <	Drill & Blast	Australia	100%	100%
NRW Pty Ltd (ACN 067 272 119) <	Civil & Mining	Australia	100%	100%
The trustee for NRW Unit Trust (ABN 69 828 799 317)	Civil & Mining	Australia	100%	100%
NRW Contracting Pty Ltd (ACN 008 766 407) <	Civil, Mining & Urban	Australia	100%	100%
NRW Contracting (NO.2) Pty Ltd (ACN 621 008 473) <	Mining	Australia	100%	100%
DIAB Engineering Pty Ltd (ACN 611 036 689) <	MET	Australia	100%	100%
NRW Intermediate Holdings Pty Ltd (ACN 120 448 179) <	Intermediary	Australia	100%	100%
Indigenous Mining & Exploration Company Pty Ltd (ACN 114 493 579) <	Investment Shell	Australia	100%	100%
NRW International Holdings Pty Ltd (ACN 138 827 451) <	Investment Shell	Australia	100%	100%
RCR Heat Treatment Pty Ltd (ACN 631 155 032)	Heat Treatment	Australia	100%	100%
RCR Mining Technologies Pty Ltd (ACN 107 724 274) <	MET	Australia	100%	100%
NRW Mining Pty Ltd (ACN 117 524 277) <	Investment Shell	Australia	100%	100%
Golding Group Pty Ltd (ACN 129 247 025) <	Holding Company	Australia	100%	100%
Golding Employee Equity Pty Ltd (ACN 134 623 680) <	Dormant	Australia	100%	100%
Golding Finance Pty Ltd (ACN 128 839 056) <	Holding Company	Australia	100%	100%
Golding Contractors Pty Ltd (ACN 009 734 794) <	Civil, Mining & Urban	Australia	100%	100%
Golding Civil Pty Ltd (ACN 628 709 777)	Civil	Australia	100%	100%
Golding Mining Pty Ltd (ACN 628 709 740)	Mining	Australia	100%	100%
Golding Services Pty Ltd (ACN 628 709 768)	Civil, Mining & Urban	Australia	100%	100%
Golding Urban Pty Ltd (ACN 628 709 759)	Urban	Australia	100%	100%
Golding PNG Limited	Mining	Papua New Guinea	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

7.1 SUBSIDIARIES CONTINUED

Entity	Principal Activities	Country of Incorporation	Ownership Interest	
			2022	2021
NRW Guinea SARL	Dormant	Guinea	100%	100%
The Trustee for NRW Holdings Employee Share Trust (ABN 85 324 493 658)	Dormant	Australia	100%	100%
Primero Group Limited (ACN 149 964 045)	MET	Australia	100%	100%
PGX Ops Pty Ltd (ACN 645 420 542)	MET	Australia	100%	100%
Primero Group Americas Inc	MET	Canada	100%	100%
Primero USA Inc	MET	USA	100%	100%

< Entered into ASIC Corporations instrument 98/1418 Deed of Cross Guarantee with NRW Holdings Limited.

All of the wholly owned subsidiaries and Parent entity, incorporated in Australia, form the Tax Consolidation Group.

Deed of Cross Guarantees

Pursuant to ASIC Corporations (Amendment and Repeal) Instrument 2016/914, the wholly-owned subsidiaries listed within this note as parties to the Deed of Cross Guarantee are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of Financial Reports and Directors' Reports.

The consolidated statement of comprehensive income of the entities party to the Deed of Cross guarantees is as follows:

	Consolidated	
	2022	2021
	\$'000	\$'000
STATEMENT OF COMPREHENSIVE INCOME		
Revenue	1,832,621	2,071,537
Other income	17,186	14,300
Materials and consumables used	(490,009)	(418,458)
Employee benefits expense	(622,274)	(665,596)
Subcontractor costs	(317,407)	(450,953)
Plant and equipment costs	(164,038)	(263,009)
Depreciation and amortisation expenses	(112,578)	(162,042)
Other expenses	(21,678)	(43,117)
Share of (loss) / profit in associate	(482)	1,435
Net finance costs	(11,801)	(12,588)
Profit before income tax	109,540	71,509
Income tax expense	(30,957)	(21,364)
Profit for the year	78,583	50,145
OTHER COMPREHENSIVE INCOME		
Total comprehensive income for the year	78,583	50,145

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7.1 SUBSIDIARIES CONTINUED

The consolidated statement of financial position of the entities party to the Deed of Cross guarantees is:

	Consolidated	
	2022	2021
	\$'000	\$'000
ASSETS		
Current assets		
Cash and cash equivalents	180,249	138,172
Trade and other receivables	341,562	368,006
Lease receivables	180	2,974
Inventories	64,590	52,782
Non-current assets held for sale	-	82,612
Other current assets	16,195	5,008
Total current assets	602,776	649,554
Non-current assets		
Property, plant and equipment	379,563	304,569
Lease assets (right of use)	37,873	45,913
Investment in listed equities	9,049	11,081
Investments in subsidiaries and associates	103,892	110,390
Intangibles	17,990	15,618
Goodwill	85,036	85,036
Total non-current assets	633,403	572,607
Total assets	1,236,179	1,222,161
LIABILITIES		
Current liabilities		
Trade and other payables	272,095	277,451
Financial debt	69,228	77,259
Lease debt	5,264	12,853
Provisions	63,417	61,251
Total current liabilities	410,004	428,814
Non-current liabilities		
Financial debt	145,002	166,669
Lease debt	39,500	40,711
Provisions	16,116	19,912
Deferred tax liabilities	56,019	22,638
Total non-current liabilities	256,637	249,930
Total liabilities	666,641	678,744
Net assets	569,538	543,417
EQUITY		
Contributed equity	383,413	383,413
Reserves	13,871	11,446
Retained earnings	172,254	148,558
Total equity	569,538	543,417

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

7.1 SUBSIDIARIES CONTINUED

Changes in the Group's Ownership Interests in Existing Subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

7.2 UNINCORPORATED JOINT OPERATIONS

The Group has significant balances in the following jointly controlled operations:

Name of Operation	Principal Activity	Country of Operation	Group Interest	
			2022	2021
BGC Contracting Pty Ltd & Laing O'Rourke Australia Construction Pty Ltd	NorthLink WA Roads	Australia	50%	50%
South-West Gateway Alliance	Bunbury Outer Ring Road	Australia	40%	40%
Intelligent Freeways Alliance	Smart Freeways	Australia	46.5%	-

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. 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 undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

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 Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

7.3 RELATED PARTIES

The ultimate parent entity within the Group is NRW Holdings Limited. The interests in subsidiaries are set out in note 7.1.

Key Management Personnel Transactions

During the financial year, rental of commercial properties to the value of \$444,948 (2021: \$442,556) was provided to the NRW Group on normal commercial terms and conditions from DJ & GA Payne Superannuation Fund and Payne Property Unit Trust, both related parties of Mr G Payne (Executive General Manager of DIAB Engineering Pty Ltd). This transaction dates back to when members of the Payne family owned the DIAB Engineering business. The premises are the main DIAB Engineering workshops and facilities in Geraldton which are key to operations of that business.

There are no other transactions and balances with key management personnel and their related parties.

7.4 PARENT ENTITY INFORMATION

As at, and throughout, the financial year ended 30 June 2022 the parent company of the Group was NRW Holdings Limited.

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

Financial Position

	Parent	
	2022	2021
	\$'000	\$'000
ASSETS		
Current assets	207,172	203,674
Non-current assets	271,121	311,473
Total assets	478,293	515,147
LIABILITIES		
Current liabilities	16,819	27,589
Non-current liabilities	43,543	65,997
Total liabilities	60,362	93,586
Net assets	417,931	421,561
EQUITY		
Contributed equity	383,416	383,416
Retained earnings	20,211	26,699
Share based payment reserve	14,304	11,446
Total equity	417,931	421,561

Financial Performance

	Parent	
	2022	2021
	\$'000	\$'000
Profit for the year	43,615	51,586
Total comprehensive income	43,615	51,586

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

7.4 PARENT ENTITY INFORMATION CONTINUED

Guarantees Entered into by the Parent in Relation to the Debts of its Subsidiaries

	Parent	
	2022	2021
	\$'000	\$'000
Asset finance	178,454	169,037
Total	178,454	169,037

7.5 BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share based payment arrangements of the Company entered into to replace share based payment arrangements of the acquiree are measured in accordance with AASB 2 *Share Based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Noncurrent Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on acquisition.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one-year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments, depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being 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.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

7.5 BUSINESS COMBINATIONS CONTINUED

Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Primero Group Limited acquisition

Details of the provisional fair values of the net assets acquired and goodwill was set in the 2021 Annual Report. The final fair values of the net assets acquired resulted in an additional \$5.5 million of goodwill being recognised from the disclosed provisional values. Final adjustments were made as a result of additional information being obtained within the measurement period.

Final Fair Value of Assets Acquired and Liabilities Assumed at the Date of the Acquisition

	2021
	\$'000
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	4,639
Trade and other receivables	35,074
Inventories	3,544
Other current assets	1,602
Total current assets	44,859
NON-CURRENT ASSETS	
Property, plant and equipment	8,499
Lease assets (right of use)	2,466
Investments in listed equities	2,536
Intangibles	29,666
Deferred tax asset	7,107
Total non-current assets	50,274
Total assets	95,133
LIABILITIES	
CURRENT LIABILITIES	
Trade and other payables	54,054
Financial debt	11,273
Lease debt	856
Provisions	2,534
Unearned revenue	2,416
Current tax liability	418
Total current liabilities	71,551
NON-CURRENT LIABILITIES	
Financial debt	4,736
Lease debt	1,720
Provisions	569
Total non-current liabilities	7,025
Total liabilities	78,576
NET ASSETS ACQUIRED	16,557

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7.5 BUSINESS COMBINATIONS CONTINUED

Goodwill Arising on Acquisition

	2021
	\$'000
Consideration paid in cash	49,435
Consideration paid in equity	50,553
Total consideration	99,988
Less fair value of identifiable net assets acquired	(16,557)
Goodwill	83,431

7.6 AUDITORS REMUNERATION

	Consolidated	
	2022	2021
	\$	\$
AUDIT SERVICES		
Auditors of the Company		
Deloitte Touche Tohmatsu	599,000	548,000
OTHER SERVICES		
Industry specific compliance audits	44,500	26,500
Assurance services related to business acquisitions	-	22,000
Non-audit services	13,419	-
Total	656,919	596,500

7.7 EVENTS AFTER THE REPORTING PERIOD

The Directors have declared a fully franked dividend for the current financial year of 7.0 cents per share, payable in October 2022.

Other than the events noted above, there has not arisen in the interval between the end of the financial year and the date of this report any transaction or event of a material nature likely in the opinion of the Directors, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 22 July 2022. NRW's contributed equity comprises 441,206,221 fully paid ordinary shares.

Distribution of Shareholdings

Range	Fully Paid Ordinary Shares	%	No of Holders	%
100,001 and over	373,125,898	84.58	208	2.28
10,001 to 100,000	47,616,762	10.79	1,739	19.03
5,001 to 10,000	10,906,485	2.47	1,441	15.77
1,001 to 5,000	8,258,924	1.87	2,988	32.69
1 to 1,000	1,298,152	0.29	2,762	30.23
Subtotal	441,206,221	100.00	9,138	100.00
Shares held in escrow	7,987,300	1.81	5	0.05
Unmarketable parcels	54,479	0.01	654	7.16

NRW's 20 Largest Shareholders

Rank	Name	Shares	% Interest
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	102,349,588	23.20
2	CITICORP NOMINEES PTY LIMITED	81,923,183	18.57
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	51,861,610	11.75
4	NATIONAL NOMINEES LIMITED	31,315,906	7.10
5	BNP PARIBAS NOMS PTY LTD	9,615,275	2.18
6	MR DAVID RONALDSON	8,020,392	1.82
7	JULIAN ALEXANDER PEMBERTON	7,973,702	1.81
8	BNP PARIBAS NOMINEES PTY LTD	5,405,546	1.23
9	CITICORP NOMINEES PTY LIMITED	3,962,765	0.90
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,956,735	0.90
11	MR ANDREW JOHN WALSH	2,447,924	0.55
12	GABRIELLA NOMINEES PTY LTD	2,221,713	0.50
13	JEFFRESS NOMINEES PTY LTD	2,213,920	0.50
14	MS LESLEY ANN JEFFRESS	2,120,989	0.48
15	MR PETER HOWELLS	2,053,355	0.47
16	MR STEVEN SCHALIT & MS CANDICE SCHALIT	1,612,125	0.37
17	WESTOR ASSET MANAGEMENT PTY LTD	1,567,842	0.36
18	SCHALIT SUPER PTY LTD	1,462,068	0.33
19	MR STEVEN SCHALIT	1,344,927	0.30
20	SCHALIT SUPER PTY LTD	1,281,698	0.29

Substantial holders of 5% or more of fully paid ordinary shares

As at the date of this report, the names of the substantial holders in the Company who have notified the Company in accordance with Section 671B of the Corporations Act 2001 are set out below:

Name	No. of shares	Ownership %
DIMENSIONAL FUND ADVISORS LP	22,893,882	5.02

Voting Rights

Every shareholder present in person or represented by a proxy or other representative, shall have one vote for each share held by them.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Members of NRW Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of NRW Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial 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.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

INDEPENDENT AUDITOR'S REPORT CONTINUED



Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Revenue recognition</p> <p>As disclosed in Note 2.2, the Group's revenues from construction contracts are recognised by reference to the stage of completion of the contract activity.</p> <p>Revenue is recognised by management after assessing all factors relevant to each contract, including:</p> <ul style="list-style-type: none"> • Determination of stage of completion and measurement of progress towards satisfaction of performance obligations; • Estimation of total contract revenue and costs including the estimation of cost contingencies; • Determination of contractual entitlement and assessment of the probability of customer approval of changes in scope and/or price; and • Estimation of the project completion date. <p>The Group recognises in contract assets and contract receivables progressive measurement of the goods and services transferred and valuation of work completed as well as amounts invoiced to customers. The recognition of these amounts is based on management's assessment of the expected amounts recoverable from the customer.</p> <p>NRW have submitted contract variations and claims on certain projects which requires management to exercise judgement in determining the amount of revenue to be recognised in relation to these items.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluating management's processes and controls in respect of the recognition of contract revenue. As part of this process we tested key controls including: <ul style="list-style-type: none"> ○ The review process conducted at the tendering phase; and ○ The preparation, review and authorisation of monthly valuation reports for contracts which includes forecasts costs to completion and unapproved variations. • Obtaining an understanding of the contract terms and conditions to evaluate whether these were reflected in management's estimate of forecast costs and revenue; • Testing a sample of costs incurred to date and agreeing these to supporting documentation; • Assessing the forecast costs to complete through challenge of changes of project managers and finance personnel regarding changes in margins, relations with customers and level of contingencies; • Evaluating significant exposures such as liquidated damages for late delivery of contract works and the probability of recovery of outstanding amounts by reference to: <ul style="list-style-type: none"> ○ Testing contractual entitlement for changes, variations and claims recognised within contract revenue by reference to the underlying contract ○ Evaluating the status of contract negotiations through review of correspondence, minutes, and discussions; and ○ Testing historical recoveries against previous estimates made. <p>We also assessed the appropriateness of the disclosures in Note 2.2 to the financial statements.</p>

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and Corporate Governance & Risk Management, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Chairman's Message, CEO Review of Operations, CFO Financial Report, and Sustainability Report, which are expected to be made available to us after that date.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Deloitte

Our opinion on the financial report does not cover the other information and we do not and will 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Chairman's Message, CEO Review of Operations, CFO Financial Report, and Sustainability Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Deloitte

- 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 14 to 28 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of NRW Holdings Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.


DELOITTE TOUCHE TOHMATSU



D K Andrews

Partner

Chartered Accountants

Perth, 17 August 2022

APPENDIX 4E

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the Year Ended 30 June 2022

	% Change up / (down)	Year Ended 30 June 2022	Year Ended 30 June 2021
		\$'000	\$'000
Revenues from ordinary activities	7.0%	2,377,728	2,221,479
Profit from ordinary activities after tax attributable to members	79.4%	97,414	54,295
Total Comprehensive Income	79.4%	97,414	54,295
INTERIM DIVIDEND			
Date dividend is payable		7 April 2022	8 April 2021
Record date to determine entitlements to dividend		22 March 2022	23 March 2021
Interim dividend payable per security (cents)		5.5	4.0
Franked amount of dividend per security (cents)		5.5	4.0
FINAL DIVIDEND			
Date dividend is payable		12 October 2022	13 October 2021
Record date to determine entitlements to dividend		23 September 2022	24 September 2021
Final dividend payable per security (cents)		7.0	5.0
Franked amount of dividend per security (cents)		7.0	5.0
RATIOS AND OTHER MEASURES			
Net tangible asset backing per ordinary security		\$0.87	\$0.75

Commentary on the Results for the Year

A commentary for the results for the year is contained in the statutory financial report dated 17 August 2022.

Status of Accounts

This statutory financial report is based on audited accounts.

NRW Holdings Limited - ACN 118 300 217





NRW HOLDINGS LIMITED

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