ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NRW HOLDINGS LIMITED (ASX: NWH)

ABN 95 118 300 217

NRW Holdings

CONTENTS PAGE

Corporate Registry	3
Directors' Report	4
Corporate Governance & Risk Management	29
Auditor's Independence Declaration	33
Directors' Declaration	34
Consolidated Statement of Profit or Loss & Other Comprehensive Income	35
Consolidated Statement of Financial Position	36
Consolidated Statement of Changes in Equity	37
Consolidated Statement of Cash Flows	38
Notes to Financial Statements	39
Shareholder Information	82
Independent Auditor's Report	83
Appendix 4E	87

CORPORATE REGISTRY

DIRECTORS

Michael Arnett

Chairperson and Non-Executive Director

Jules 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

Company Secretary

REGISTERED OFFICE

181 Great Eastern Highway, Belmont WA 6104

AUDITOR

Deloitte Touche Tohmatsu

Tower 2

Brookfield Place

Level 9

123 St Georges Terrace

Perth WA 6000

SHARE REGISTRY

Link Market Services Limited

Level 12, QV1 Building

250 St Georges Terrace

Perth WA 6000

ASX CODE

NRW Holdings Limited shares are listed on the Australian Stock Exchange.

ASX Code: NWH

nrw.com.au

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.

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.

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.

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	**Earnings**	**Revenue**	**Earnings**
	$M	$M	$M	$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.

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.

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 incudes 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 Finniss 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.

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.

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.

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.

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.

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

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.

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.

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		**Continued Employment** Participants must remain employed with the Group throughout the performance period for STI awards to vest. The normal performance period being one-year. **Award Deferral** 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.	**Continued Employment** 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. **Other Key Provisions** 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.
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.

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.

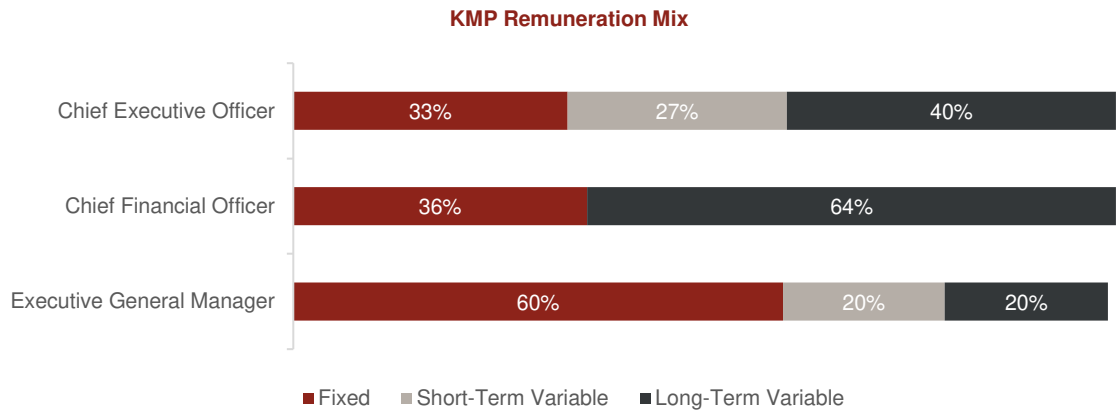
During the year, the Board awarded Mr. Pemberton a fixed salary increase from $1,200,000 to $1,250,000 effective 1 July 2021. The Board is of the view that the salary increase is warranted in recognition of the expanded NRW business, and additional challenges and opportunities that the enlarged business 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.



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	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. **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. **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. **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.	
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.	

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.				
Performance Metrics and Weighting	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**		
	Total Shareholder Return (TSR)[1]	33.3%	Min Max	$2.81 $3.02	TSR targets require minimum growth of 10% per annum based on an initial share price of $1.92[2].
	Earnings Per Share (EPS)[3]	33.3%	Min Max	27.8c 29.5c	EPS targets require delivery of at least 10% per annum growth from FY21 actual results.
	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.

4.3 LTI ARRANGEMENTS CONTINUED

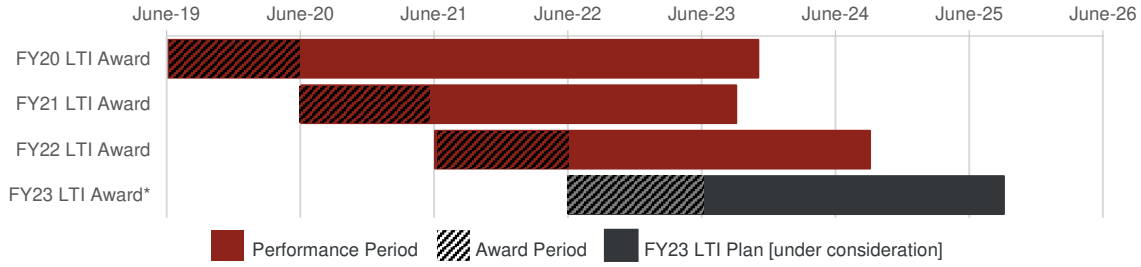
NRW's outstanding LTI Plans are outlined below. Rights awarded under each plan require substantial increments in shareholder returns, growth in earnings and management of debt.

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
Performance Hurdles	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.
	FY24	**FY23**	**FY22 / FY23**
	TSR – Min $2.81; Max $3.02	TSR – Min $2.56; Max $2.70	TSR – Min $3.22 / $3.46; Max $3.36 / $3.66
	EPS – Min 27.8c; Max 29.5c	EBITA ($M's) – Min $169; Max $176	EBITDA[1] ($M's) – Min $224 / $245; 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.*

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

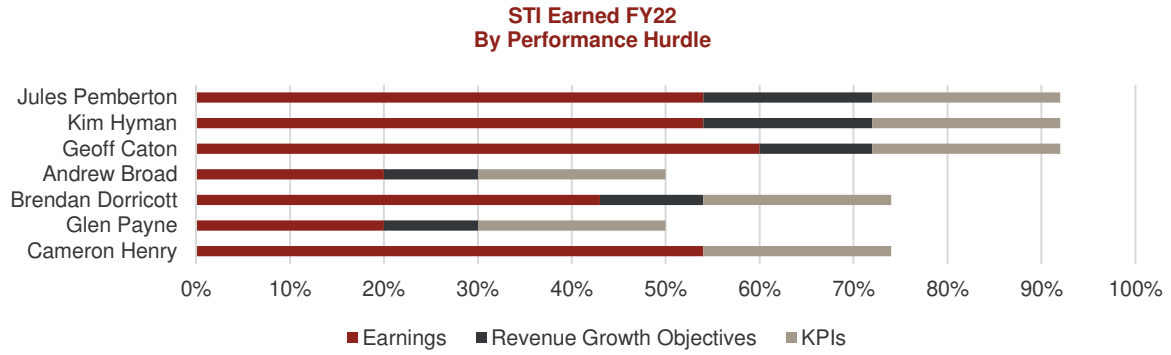
The following table provides information on the outcome of the STI Plan for each Executive for the year ended 30 June 2022. The value of the award is outlined in the remuneration table in section 8.1.

	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)

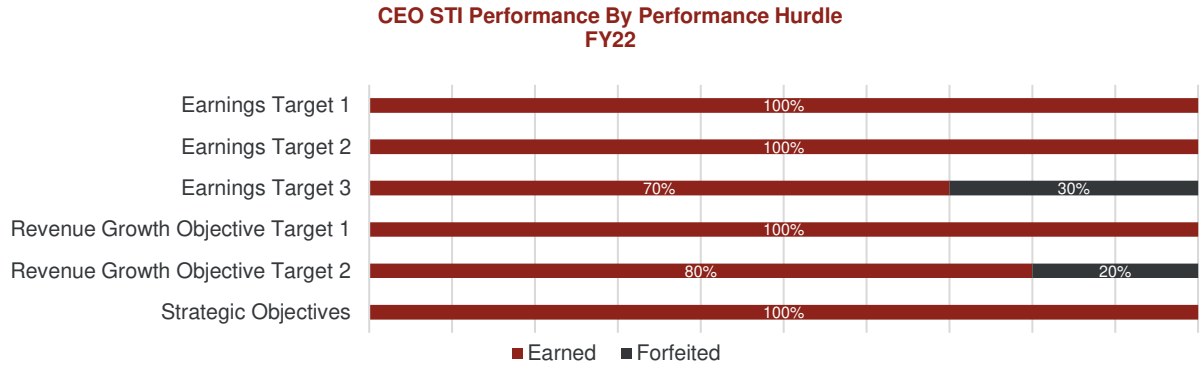
(1) Mr. Walsh elected to convert the value of his discretionary STI into an equity based award of Performance Rights. See note 3 under section 4.1.
(2) Mr. Henry joined in February 2021 and was therefore not eligible for the FY21 STI Plan.

6.1.1 FY22 PERFORMANCE AND VESTING CONTINUED

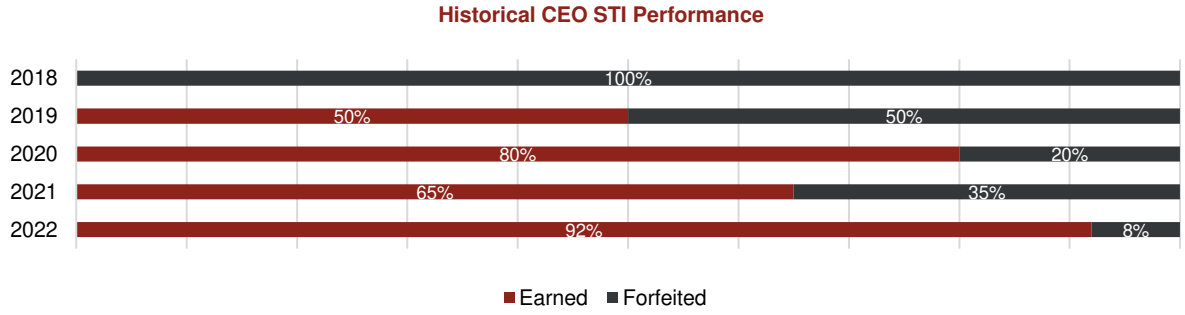
The outcomes by hurdle are shown below for each KMP who was eligible to participate in the FY22 STI Plan.



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.



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		Order Intake performance exceeded Target 2 resulting in a full award for this Performance Metric.
Target 1		$2,300		10%	
Target 2		$2,530		10%	
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.

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**

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.

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.

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.

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.

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
ABN 74 490 121 060

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

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

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 & OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2022

	Notes	Consolidated 2022 $'000	Consolidated 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 FINANICAL POSITION

As at 30 June 2022

	Notes	Consolidated 2022 $'000	Consolidated 2021[1] $'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	Consolidated 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.

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.

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

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 incudes 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.

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**
EBITDA margin (%)	*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**
EBITA margin (%)	*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**
EBITDA margin (%)	*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**
EBITA margin (%)	*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.

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.

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.

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**

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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

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.

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**

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**

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**

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.

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**

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;

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.

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**

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)**

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.

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.

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%

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**

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**

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.

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**

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.

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**

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.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

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.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Revenue recognition
 	
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.
 	
Revenue is recognised by management after assessing all factors relevant to each contract, including:
 	
• 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.
 	
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.
 	
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.
	Our procedures included, but were not limited to:
	
	• Evaluating management's processes and controls in respect of the recognition of contract revenue. As part of this process we tested key controls including:
	  ○ 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:
	  ○ 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.
	
	We also assessed the appropriateness of the disclosures in Note 2.2 to the financial statements.

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.

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.

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

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