ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

NRW HOLDINGS LIMITED (ASX: NWH)

ABN 95 118 300 217

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CORPORATE REGISTRY

DIRECTORS

Michael Arnett

Chairperson and Non-Executive Director

Julian Pemberton

Chief Executive Officer and Managing Director

Jeff Dowling

Non-Executive Director

Peter Johnston

Non-Executive Director

Fiona Murdoch

Non-Executive Director

COMPANY SECRETARY

Kim Hyman

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 2023.

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 resources 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)

Julian 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 over 35 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)
- Non-Executive Director, Red 5 Limited (Appointed 1 July 2023)

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, holding senior operational roles with MIM Holdings, Xstrata Queensland and the AMCI Group.

She has extensive domestic and international experience with major projects and operations in Western Australia, Northern Territory and Queensland, and in the United Kingdom, Germany, 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	15	15
Jeff Dowling	15	15
Peter Johnston	15	15
Fiona Murdoch	15	15
Julian Pemberton	15	15

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 2023 financial year, three 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 2023 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 2023 financial year, five 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 engineering offices in Canada and the USA, NRW's geographical diversification is complemented by its ability to deliver a wide range of services.

NRW's Civil and 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 7,200 people supporting projects for clients across the resources, renewable energy, infrastructure, industrial engineering, maintenance and urban subdivision sectors.

FINANCIAL PERFORMANCE

A summary of the key financial performance metrics for the current financial year (FY23) is provided below with comments on significant movements compared to the financial year ended 30 June 2022 (FY22).

NRW reported revenues including those generated by associates, of $2,669.3 million (statutory revenue of $2,667.1 million) a 11.4% increase on $2,396.4 million (statutory revenue of $2,367.4 million) in FY22. The growth in revenue resulted from increased activity levels across the major contracts and projects in all three operating segments.

Operating EBIT of $166.3 million was up 13.3% from FY22, driven by a strong margin improvement in the Mining businesses. The margin performance across the individual businesses varied as each responded to significant and varying challenges in their respective markets, demonstrating the strength through diversification of the Group's business model. Overall margin performance was broadly consistent with FY22, increasing slightly to 6.2% from 6.1%.

During the year, employee benefit expenses increased by 17.2% as direct headcount increased by 10.0%, to support the requirements of construction projects. Plant costs also increased in line with revenue to support new and extended mining contracts.

FINANCIAL PERFORMANCE CONTINUED

Interest costs increased, reflecting rate rises and the funding of new capital expenditure during the year, to support the mining contract portfolio.

The effective tax rate for the year was 31.4% (FY22: 28.4%) mainly reflecting the impact of non-deductible expenses and non-recoverable withholding taxes. Current tax expense predominantly comprised taxes arising from the Group's foreign operations, due to the Group's Australian taxable income being offset by available carry forward tax losses.

Statutory earnings for the year totalled $85.6 million which was a reduction from the FY22 result of $90.2 million, with statutory earnings per share reducing from 20.1 cents per share in FY22 to 19.0 cents per share in FY23.

Normalised Net Earnings (NPATN) increased by 11.4% to $104.4 million from $93.7 million in the year prior, reflecting the growth that occurred across the Group.

The table below summarises the financial performance for FY23 compared to FY22.

	FY23		FY22[8]	
	Revenue	**Earnings**	**Revenue**	**Earnings**
	$M	$M	$M	$M
Total Revenue[1] / EBITDA[2]	**2,669.3**	**288.8**	**2,396.4**	**262.1**
Revenue from Associates	(2.3)		(29.0)	
Depreciation and Amortisation[3]		(122.5)		(115.4)
Operating EBIT / EBITA[4]		**166.3**		**146.7**
Amortisation of Acquisition Intangibles[5]		(5.9)		(7.9)
Non-recurring transactions[6]		(18.3)		-
EBIT		**142.1**		**138.8**
Net interest		(17.2)		(12.9)
Profit before income tax		**124.9**		**125.9**
Income Tax Expense		(39.3)		(35.7)
Statutory Revenue / Net earnings	**2,667.1**	**85.6**	**2,367.4**	**90.2**
NPATN[7]		**104.4**		**93.7**

(1) Revenue including NRW's share of revenue earned by its 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 Gascoyne Resources and Nathan River Resources.
(7) NPATN is Operating EBIT less interest and tax (at a 30% tax rate).
(8) Restated to reflect prior period adjustment – refer to note 1.9 of the financial statements.
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 engineering offices in Canada and the USA. The results for each of the segments are 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 segment has been presented at both EBIT and EBITDA levels, recognising that this segment has significantly higher capital intensity than the other two segments.

OPERATING SEGMENTS CONTINUED

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 formations, ports, renewable energy projects, water infrastructure and concrete installations.

Results summary ($M)

	FY23		FY22	
Revenue	550.3		483.3	
EBIT	20.7	3.8%	20.3	4.2%

Revenue in the Civil business increased from the prior period by 13.9% to $550.3 million as a number of multi-year projects continued to be delivered. Market conditions were however very challenging due to the impact of the La Niña weather pattern and the continuing delayed award of new projects, resulting in protracted tender activity and increased overheads. In addition, the Group's disciplined approach to responsible pricing and the maintenance of margins, resulted in some projects not being awarded to NRW. The combination of these factors impacted profitability during the year with the overall margin reducing to 3.8%.

The increase in revenue resulted from higher levels of activity on key multi-year projects in both Western Australia and Queensland. The key projects in Western Australia include the Bunbury Outer Ring Road, Smart Freeway Mitchell Southbound Reid Highway to Vincent Street and Hester Avenue to Warwick Road freeway widening projects for Main Roads WA. In Queensland, the Olive Downs Rail Loop and CHPP projects for Pembroke Resources, the Boomerang Creek Diversion project for BHP Mitsubishi Alliance and the Yarrabilba subdivision project for Lendlease, were the key contributing projects.

During the year, the Civil business successfully completed projects at Rio Tinto's West Angelas mine site and BCI Minerals Mardie Salt project. Construction also completed on Rio Tinto's Gudai-Darri Solar Farm (GDSF), notably the first solar renewable energy project for both Rio Tinto and NRW. GDSF achieved initial energisation in June 2023 and is the first of a number of renewable energy projects for the resources sector for which NRW is positioned.

The Civil business in the Pilbara secured new work from FMG at their Christmas Creek Hall Hub project and continued to undertake additional works post completion of the original contract works at FMG's Iron Bridge project, finally demobilising in May 2023. The business also undertook ECI work for tier one clients to assist in project development as well as positioning for the next round of projects with Main Roads WA, BHP, FMG, Rio Tinto and Roy Hill.

The award of the strategic Mackay Ring Road project marked Civil's re-entry into the road infrastructure business in Queensland. In addition, the Civil business was recently awarded a $113.0 million cost reimbursable contract by the Toowoomba Regional Council to reconstruct Council infrastructure assets that were damaged during the La Niña caused flood events.

The continuing public infrastructure expenditure programs in Queensland, together with the resilient residential market in South East Queensland and the infrastructure programs that will precede the 2032 Brisbane Olympic Games, support a strong outlook for continued growth opportunities in the public infrastructure market.

OPERATING SEGMENTS CONTINUED

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)

	FY23		FY22	
Revenue	**1,441.0**		**1,273.2**	
EBITDA	234.0	16.2%	199.3	15.7%
Depreciation	(100.0)		(92.7)	
EBIT	**134.1**	**9.3%**	**106.6**	**8.4%**

Mining delivered solid growth during the year, despite the La Niña weather pattern impacts experienced in the first half of the year. Revenue grew by 13.2% and earnings by 25.7%. Profit margin also improved to 9.3%.

The following existing long-term mining contracts were extended late in the prior year and during the current year:

- Baralaba - $800 million, five-year extension;
- Curragh - $1.2 billion, five-year extension; and
- Mt Webber Iron Ore Mine - $60 million, two-year extension.

These extensions demonstrate the strength of the long-term relationships with NRW's existing clients and are a testament to the high value outcomes delivered by the Group's people.

A number of new contracts were also awarded during the year including:

- A $65 million contract over five years to provide drill and blast services for Stanmore Resources at the South Walker Creek Mine;
- A $230 million mining services agreement with Jellinbah Mining to provide services at the Jellinbah East mine over a five-year term;
- A $300 million contract with Talison Lithium to provide drill and blast services over a seven-year term at the Greenbushes Mine;
- A $24 million surface mining and construction contract at the Bellevue Gold Project;
- A $179 million contract over 70 months with EQ Resources for the restart of mining operations at the Mt Carbine Tungsten Mine; and
- A $332 million contract for the provision of mining services over a three-year term for Allkem at the Mt Cattlin lithium mine.

The fleets for all of the above projects, with the exception of the Mt Cattlin and Talison contracts, have been fully mobilised to site and are generating revenue. The Mt Cattlin mining fleet is presently being mobilised to site to commence operations in September 2023. The Talison drill fleet is also in the midst of mobilisation to expand the existing drill fleet numbers on site to meet the increased production requirements under the new contract.

This large base of secured long-term work provides clear visibility of the future earnings of the Mining business and allows the business to be highly selective in the evaluation of future opportunities.

OPERATING SEGMENTS CONTINUED

Minerals, Energy & Technologies

The Minerals, Energy & Technologies (MET) business includes RCR Mining Technologies (RCR), DIAB Engineering (DIAB), Primero Group (Primero) and Overflow Industrial (OFI). RCR is a leading Original Equipment Manufacturer (OEM) that offers innovative materials handling design capability. DIAB is an engineering and fabrication services provider to the metals and mining industry and provides specialist maintenance (shutdown services and onsite maintenance), industrial engineering and construction services. Primero is a multidisciplinary engineering business that specialises in the design, construction, operation and maintenance of global resource projects across the mineral processing, energy and non-process infrastructure market segments. OFI specialises in industrial electrical engineering, automation, switchboard design and manufacture, instrumentation and electrical design and construction across a number of sectors including mining and resources, government and defence, fuels and explosives, infrastructure, utilities and industrial processing.

Results summary ($M)

	FY23		FY22[1]	
Revenue	**729.1**		**690.7**	
EBIT	**30.5**	**4.2%**	**38.0**	**5.5%**

(1) Restated to reflect prior period adjustment – refer to note 1.9 of the financial statements.

MET revenue increased to $729.1 million from $690.7 million in FY22. Earnings however decreased from $38.0 million in FY22 to $30.5 million in FY23. The reduction in earnings resulted from lower levels of sales activity at RCR due to the delayed award of new projects, and cost overruns incurred on fixed price projects in Primero. This resulted in the margin contribution from MET falling from 5.5% to 4.2%.

RCR

RCR's product support, maintenance and heat treatment divisions performed to expectations, however the Projects division suffered from a lack of volume of new work awards. This was caused by the significant delays in the award of new contracts by RCR's key customers.

Primero

In Primero, the impacts of a high inflationary environment, low labour productivity (resulting from a shortage of experienced labour) and legacy impacts from the commercial close out of pre COVID-19 fixed price construction contracts resulted in lower earnings. During the year, Primero reached a commercial settlement on the Gudai-Darri NPI project and completed the construction of Strandline Resources Coburn Mineral Sands project. Both of these completed fixed price projects delivered financial outcomes below expectations. These were however offset by better contributions from Primero's other construction projects and portfolio of engineering study projects in Australia and North America.

The construction of Covalent Lithium's Mount Holland concentrator project was the major driver of revenue in MET, accounting for 26.9% of FY23 revenue. This strategic project is nearing completion with commissioning well progressed at year end.

The multi-year Operations and Maintenance (O&M) contract at Core Lithium's Finniss mine, and Build-Own-Operate (BOO) contracts at Atlas Iron's Mt Webber and Miralga, have also contributed to the increase in revenues throughout the year. These recurring long-term contracts are a key addition to the Group's capability.

The recently awarded Western Range NPI project for Rio Tinto and the KCGM Fimiston Growth Project for Northern Star Resources, together with the O&M and BOO contracts, will underpin Primero's earnings in FY24. In particular, the Fimiston project, due to its size and alliance style incentivised target cost commercial model, will be a key contributor in FY24.

DIAB

DIAB had a very successful year substantially growing both revenue and earnings over the prior period to record levels. The Lynas Rare Earths contracts for the filter building and associated equipment underpinned this result. In addition, the contribution from the Rio Tinto dust suppression systems contract and DIAB's portfolio of repeatable maintenance contracts supported the business's strong performance.

OPERATING SEGMENTS CONTINUED

OFI

The OFI business was acquired late in the year and has made a minor contribution to the year's results. OFI's capabilities will augment and enhance the capabilities of the other MET businesses, as well as expand the Group's reach into new sectors such as defence and utilities. OFI's integration into the Group is well underway and is progressing in line with expectations.

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 23	30 Jun 22[1]
	$M	$M
Cash	227.6	219.3
Financial debt	(260.4)	(233.2)
Lease debt	(51.5)	(52.8)
Net Debt	**(84.3)**	**(66.6)**
Property, plant and equipment	491.0	423.5
Right-of-use assets	44.9	44.5
Working capital	8.9	9.2
Investments	26.9	22.4
Tax liabilities	(90.4)	(51.1)
Net Tangible Assets	**397.0**	**381.8**
Intangibles and goodwill	213.1	209.3
Net Assets	**610.1**	**591.1**
Gearing	13.8%	11.3%
Gearing excl. lease debt	5.4%	2.3%

(1) Restated to reflect prior period adjustment – refer to note 1.9 of the financial statements.

Cash balances ended the year at $227.6 million. Debt repayments in the year included asset financing debt repayments of $65.0 million, in line with agreements, and $12.5 million of corporate debt, which relates to business acquisition finance. New asset financing in the year totalled $104.4 million, mostly to fund new capital expenditure associated with the Karara Mining contract and other growth expenditure.

Capital expenditure totalled $187.3 million (2022: $206.3 million) of which circa $68.4 million was for the Karara Mining project. A total of $78.3 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 carried forward tax losses. The majority of tax expense was offset by tax losses, except for tax paid and payable in overseas jurisdictions and for OFI, relating to the pre-acquisition period. During FY23, NRW continued to benefit from the ATO's introduction of Temporary Full Expensing, which ended on 30 June 2023 for eligible capital expenditure.

Returns to shareholders included both a final fully franked dividend for FY22 of 7.0 cents paid in October 2022 and an interim unfranked dividend for the current financial year of 8.5 cents paid in April 2023. Overall dividend payments in the year totalled $69.8 million.

All banking covenants were in compliance at all times during the year and at 30 June 2023.

Investments increased mostly due to shares acquired in Green Technology Metals Limited (ASX: GT1) and Grid Metals Corp (TSXV: GRDM).

During the period, the Group acquired OFI, the net effect of which was approximately a $1.9 million increase to goodwill.

Net Assets increased in the year by $19.0 million to $610.1 million, reflecting earnings in the year net of dividend payments.

HEALTH AND SAFETY

In FY23, the Australian resources industry experienced a shortage of skilled labour. This has resulted in many new workers entering the resources industry. The Company recognises the risk this brings to the safety of operations as NRW seeks to recruit and mobilise a less experienced workforce. As a company, NRW remains committed to training and upskilling people, and reinforcing a safety-first culture on site.

NRW has continued to progress its critical risk management program across the Group. Workshops have been held within the Group with a number of subject matter experts across various disciplines to ensure NRW understands critical risks, and the practical controls that need to be in place to prevent fatality events. The program is due to commence rollout in the first half of FY24.

The Company performed a psychosocial hazard risk assessment during FY23 in line with the Work Health and Safety Act 2020 (WA) amendments, reflecting the Group's commitment to maintaining a safe and compliant workplace for NRW's people. The Human Resources (HR) and Health and Safety (HSE) teams are currently analysing the results for discussion with the operational leadership team, and business systems and processes are being updated to accommodate the new regulations.

NRW has robust safety management systems across the Group. NRW's 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 at 30 June 2023 was 5.06 (FY22: 5.73).

CLIMATE AND ENVIRONMENT

NRW is committed to undertaking all of the Group's business activities in an environmentally responsible manner and understands the needs of its stakeholders to adequately assess its carbon footprint in light of the impacts that climate change is having on the environment. NRW has progressed the development of the Group's carbon reduction roadmap which will drive its commitment to carbon reduction initiatives over the short, medium and long-term.

The Company assesses the Group as part of its compliance with the National Greenhouse and Energy Reporting Act, and reports relevant greenhouse gas emissions, and energy usage and production for the financial year to the Clean Energy Regulator.

The Company has adequate systems in place for the management of its environmental requirements and is not aware of any significant breach of those environmental requirements as they apply to the operations of the Group. NRW has not received any fines or penalties for environmental breaches during the period and is operating in compliance with all environment management plans and requirements.

During the period, the International Sustainability Standards Board (ISSB) published the following sustainability reporting standards:

- IFRS S1 General Requirements of Sustainability related Financial Information, which sets out the core content for a complete set of sustainability related financial disclosures, thereby establishing a comprehensive baseline of sustainability related financial information; and
- IFRS S2 Climate-related Disclosures, which will require the Group to provide information that enables the users of its financial statements to understand the Group's governance, strategy, risk management, and metrics and targets in relation to climate-related risks and opportunities.

Notwithstanding that these standards are not mandatory for adoption for the financial period ended 30 June 2023, the Group acknowledges the growing importance of sustainability related disclosures and has considered the potential impacts of sustainability related matters within the relevant notes in the financial statements.

PEOPLE AND CULTURE

NRW's people have played a pivotal role in driving success over the last year. Despite facing various challenges, the team has shown resilience and determination, and their efforts have led to several notable successes. In a competitive labour market, NRW's commitment to attracting and retaining top talent has remained constant. As a result, NRW has built a skilled and passionate workforce of 7,200 (FY22: 7,000) across the Group, enabling it to successfully deliver numerous projects and services. NRW's people continue to be the cornerstone of the Group's achievements, and the Company is grateful for their dedication and contributions.

The development of NRW's people remains a top priority, and the Company has continued to expand initiatives across the Group to foster growth and learning. These initiatives include employment of 234 apprentices and trainees, development and training of 32 graduates and undergraduates, over 240 members of staff working through formal training programs and various other leadership and development courses undertaken by members of staff.

NRW has worked to ensure compliance with the amendments to the Fair Work Act 2009 (Cth), Work Health and Safety Act 2020 (WA) and Work Health and Safety Act 2011 (QLD), reflecting the Group's commitment to maintaining a safe and compliant workplace for its people. Based on valuable feedback from NRW's workforce surveys and focus groups, a Workplace Behaviour Policy has been implemented and the Group has provided training on Workplace Behaviour and Identifying & Preventing Sexual Harassment. As a business, NRW knows that collaborative groups of operational, HR and HSE professionals remain at the forefront of driving and developing the Group's strategies to eliminate and mitigate psychosocial risks in the workplaces.

OUTLOOK

Civil

The outlook for the Civil business continues to be buoyant across the key markets of resources and public infrastructure. NRW expects the contribution from this segment to continue to recover from the years impacted by COVID-19. Across the country, governments continue to support large programs of new multi-year infrastructure projects and based on their published forward expenditure estimates, the public infrastructure market will continue to be robust for the foreseeable future in Western Australia and Queensland, particularly ahead of the 2032 Brisbane Olympic Games.

Both the NRW Civil and Golding businesses are well positioned in these markets with prominent existing projects and solid pipelines of current opportunities. The urban business in particular is well positioned in the South East Queensland land development market and is benefiting from the continuous growth in that region's residential market.

Activity levels in the private infrastructure sector are also recovering. In the resources sector, the iron ore replacement and Sustaining Capital cycle creates a visible pipeline of new mine developments, expansions and upgrades as the major miners continue to expand the footprint of their operations to access replacement tonnages, maintaining their production levels and supporting growth. These activities support a steady pipeline of new project opportunities. In addition, the renewable energy commitments of the resources sector's clients will drive significant new investment in mine site renewable energy generation and associated infrastructure, for which the Civil business is well positioned.

Beyond iron ore, the rapid expansion of the battery critical minerals sector is seeing the development of new mining and processing projects, often in very remote locations, driving a sustained need for supporting infrastructure.

The challenging macroeconomic environment, characterised by high inflation and tight labour market conditions, together with persistent delays in regulatory approvals continued to impact confidence levels in certain sectors, delaying clients' approvals of new projects. However, NRW has recently begun to see the impact of these factors fading as clients adjust their criteria for capital investment decisions to these conditions, which are expected to continue for the foreseeable future.

In addition, abnormally high rainfall levels in Queensland and parts of Western Australia that impacted the Civil business at the beginning of the year have abated.

Work in hand currently totals $0.6 billion and there are current active tenders totalling circa $0.4 billion.

OUTLOOK CONTINUED

Mining

The Mining business has a fully secured orderbook for FY24 which includes forecast growth. Further, the long-term nature of these contracts means there is currently a significant level of revenue secured in FY25 and beyond. This allows the business to be selective in targeting specific projects and commodities, including key battery critical minerals and gold. In addition, the strong order book supports the business maintaining its disciplined approach to the allocation of capital.

Work in hand in the Mining business currently totals $3.9 billion and there are current active tenders totalling circa $0.4 billion.

Minerals, Energy & Technologies

The MET business has a diversified portfolio of projects across the iron ore, gold, rare earths and battery critical minerals sectors. Each of these industry sectors is experiencing significant sustained capital investment which is delivering strategically important new project opportunities for MET.

In Australia, the sustained investment in the iron ore sector discussed above is resulting in contracts for the MET business across a number of capabilities including Non-Processing Infrastructure, materials handling, ore processing and beneficiation for key clients including Rio Tinto and FMG. This is repeated across the gold and rare earths sectors with major projects awarded in the current year, and continuing into FY24 and beyond, for Northern Star Resources, Lynas Corporation and Iluka Resources.

It is in the battery critical minerals sector that Primero continues to have an international market leading advantage. Across the Australian and North American markets, Primero is positioned as the leading process design and construction company for the refinement of ores into mineral concentrates, and now moving downstream into refined battery grade minerals. This reputation has been developed from Primero's direct involvement in most of the lithium concentration and refinery projects that exist today in Australia. Leveraging this reputation into North America, Primero is engaged in a number of detailed engineering scoping studies for the development of similar US based projects, which it supports from its Montreal and Houston offices. This market is some years behind the Australian market which is the largest producer globally.

During the year, the US Government's introduction of the Inflation Reduction Act, and similar legislation in Canada aimed at driving self-sufficiency in clean energy production, has provided a significant stimulus to the development of the battery critical minerals industry in North America – and will continue to do so for the foreseeable future. Primero's early-stage positioning in this market, supporting clients that range from single asset developers to global multi-asset owners and downstream clients, provides a strong growth trajectory over coming years.

In addition, MET is actively supporting clients on a range of green energy development projects, including hydrogen processing and production and decarbonisation projects. These capabilities, which are at the forefront of renewable and green energy technologies, are helping to position Primero as a leader in this emerging sector.

Work in hand in MET currently totals $1.4 billion and there are active tenders totalling $0.8 billion.

Group

The overall Group pipeline sits at $17.1 billion of which circa $1.6 billion are submitted tenders. Work in hand currently sits at $5.9 billion with the value of work secured for FY24 circa $2.7 billion. This provides clear visibility of the revenue and earnings potential for the Group for the future.

DIRECTORS' REPORT CONTINUED

SIGNIFICANT EVENTS AFTER PERIOD END

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

DIVIDEND

The Directors have declared a final fully franked dividend for the financial year of 8.0 cents per share, following an interim unfranked dividend of 8.5 cents per share paid in April 2023. This brings the total dividend for the year to 16.5 cents per share. The final dividend will be paid in October 2023.

DIRECTORS' INTERESTS

The relevant interests 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 2023, there are 9,242,336 Performance Rights outstanding (2022: 9,231,011).

Details of Performance Rights granted to Executives as part of their remuneration are set out in the Remuneration Report on pages 18 to 31.

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 2023. The report that follows this letter details the governance, framework and outcomes of the Company's remuneration practices.

The Nomination & Remuneration Committee (N&RC) continues to align NRW's executive remuneration framework to market best practice and respond to both internal and external developments, including a highly competitive talent environment. This ensures NRW's remuneration structures attract, retain and reward our people for executing on the Company's strategy and ultimately, delivering shareholder returns. Work in this area includes extending our short and long-term incentive plans more broadly within the business to drive deliberate and focused discretionary effort, and investing in key experienced personnel to improve operational leadership, oversight and overall business capability.

A key element of our continued success is the contribution made by the people working across our business, which has been particularly challenging in the current economic environment. The Board is proud of the entire NRW workforce for its continued commitment during FY23.

Business Performance

FY23 has been another successful year with the Group again delivering record earnings, supported by strong cashflow from operations. Despite the global macroeconomic factors that have affected the economy and the operational impacts caused by the La Nîna weather patterns in Queensland, NRW has delivered solid growth in the year. The Group's diversified business model allowed it to respond rapidly to these challenges and, moreover, to continue to grow its base across multiple commodities, services and industries. In FY23, the Group delivered the following outcomes:

- Record revenue of $2,669.3 million (statutory revenue of $2,667.1 million) and growth in underlying earnings before interest, tax and amortisation (EBITA) to $166.3 million;
- A final fully franked dividend of 8.0 cents per share, following an interim unfranked dividend of 8.5 cents per share, bringing the total FY23 to 16.5 cents per share;
- Earnings per share (EPS) at 23.2 cents;
- Total Shareholder Return (TSR) for the period of $463.6 million; and
- A record cash balance of $227.6 million and gearing excluding lease debt at 5.4%.

These strong results, together with the substantial capacity in the Group's balance sheet, strongly positions NRW to continue the growth from the ongoing implementation of the strategic plan.

Short-Term Incentive (STI)

The Executive Management Team, which has been restructured during the year, has successfully delivered a strong set of results as outlined above, improving on the performance of FY22, resulting in the vesting of most of the short-terms incentives as set out at section 8.1 of the Report. The plan also includes strategic targets which have been reviewed and assessed by the N&RC and appropriately recognised in FY23 remuneration outcomes. Due to the prior period restatement (see note 1.9 of the annual financial statements), cash paid under the FY22 STI Scheme was retrospectively reduced to reflect the reduction in EBITA for the FY22 financial year. This cash adjustment will be deducted from the relevant FY23 STI cash payment.

Long-Term Incentive (LTI)

The LTI award granted in FY20 was tested for vesting against the performance hurdles in FY23. The Total Shareholder Return (TSR), EBITDA and Gearing components all met threshold performance and vested at 100%.

In order to confirm the appropriateness of the vesting of the TSR hurdle, the N&RC requested a relative TSR assessment to be completed. Given the extreme fluctuations in the share market over the performance period due to COVID-19, labour shortages and price inflation, it was considered important to ensure relative performance to NRW's peers also reflected upper quartile performance (as anticipated when the absolute TSR hurdles were set). The relative TSR assessment put NRW's performance in the upper quartile of peers and on a relative TSR basis supports the vesting proposal. The Board feels this outcome is reflective of the Company's performance over the LTI performance period.

LETTER FROM CHAIRPERSON OF THE NOMINATION & REMUNERATION COMMITTEE CONTINUED

I am pleased that our shareholders approved the FY23 Performance Rights Plan at the 2022 Annual General Meeting. Following shareholder approval, the N&RC rolled out to the Executive Team the FY23 annual Performance Rights award. The award has a three-year performance period up to 30 June 2025 and focuses on medium to long-term business performance, as shown in section 5.3 of the Remuneration Report.

Executive Remuneration Changes

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

- As detailed in the 2022 Notice of Meeting, the Board awarded Mr Pemberton a fixed salary increase from $1,250,000 to $1,300,000 effective 1 July 2022. The fixed salary increase equates to a 4% pay rise to Mr Pemberton's base salary and is driven by and in line with broader market conditions and awards.
- Following the investment in key operational leadership capability, and in accordance with accounting standards, the role of Chief Operating Officer across the Group has been included as KMP and the remuneration structure for this position has been disclosed within this Report.
- In line with the N&RC's focus on delivering increased earnings and growth in shareholder value, the FY23 award has an increased weighting of Performance Rights allocated to TSR and Earnings Per Share (EPS), subsequently reducing the weighting of Gearing as a performance measure within the LTI performance rights plans. This has resulted in a 40:40:20 weighting to TSR, EPS and Gearing, respectively.
- Benchmark data was sought from Egan Associates during the year on the CEO and Executive remuneration structures. Egan's general observations were that our CEO and Executives are competitively rewarded, and the level of annual incentive participation and long-term incentive participation is in line with other organisations reflective of NRW's industry sector. This advice reinforced Board sentiment that our remuneration structures are sound and appropriate, and therefore no changes were made as a result of this advice.
- Fee levels for Board roles have remained unchanged since 1 July 2021.

Looking Forward

The N&RC is satisfied that the framework provides a balanced approach to remuneration that seeks to appropriately reward financial and non-financial performance and shareholder value creation. In addition, the FY23 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

REMUNERATION REPORT

1 SCOPE OF REPORT

The Report for the year ended 30 June 2023 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 Report that follows forms part of the Directors' Report, and has 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

With the aim to support the Group's continued growth and secure operational synergies, it was decided that the NRW executive leadership team would transition to a new operating model, with the appointment of Chief Operating Officers within the business. These key appointments support the Chief Executive Officer with oversight of operational leadership at a business unit level, in addition to providing strategic direction for the broader NRW Group, and in accordance with accounting standards, have resulted in a change to KMP during the financial year. As a result, the following persons were classified as KMP during the financial year ended 30 June 2023 and unless otherwise indicated, were classified as KMP for the entire year:

Key Management Personnel	
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	
Julian Pemberton	Chief Executive Officer and Managing Director (CEO)
Other Executives	
Andrew Walsh	Chief Financial Officer (retired 9 December 2022)
Richard Simons	Chief Financial Officer (appointed 3 October 2022)
Geoff Caton	Chief Operating Officer – Golding
Michael Gollschewski	Chief Operating Officer – Minerals, Energy & Technologies (appointed 1 February 2023)

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 Key Management Personnel table are appointed under an Executive Service Agreement not for any fixed term and carry no termination payments other than statutory entitlements.

All KMP have a notice period of six months. 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 for up to six months after termination.

3 REMUNERATION PRINCIPLES

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

Alignment	Alignment of the remuneration strategy with the interests of the Company's shareholders.
Attract and Retain	The remuneration framework across NRW has been established and is regularly reviewed to ensure that the Company can attract and retain appropriate talent across its workforce.
Motivate	Remuneration plans are structured to ensure that NRW's 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.
Appropriate	Remuneration packages are established and reviewed regularly to ensure that they reflect contemporary trends in sectors and regions relevant to the operations of NRW.

4 REMUNERATION GOVERNANCE

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

4.1 ROLES AND RESPONSIBILITIES

The roles and responsibilities of the NRW Board, Nomination & 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 the following independent Non-Executive Directors: • Peter Johnston (Chairperson) • Michael Arnett • Jeff Dowling • Fiona Murdoch The N&RC is 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. The N&RC convened regularly throughout FY23 and invited CEO and external advisor input where required. 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.

4.2 ENGAGEMENT OF INDEPENDENT REMUNERATION CONSULTANTS

During the year, the N&RC engaged Egan Associates (Egan) to provide benchmark guidance for key executive roles within NRW, including the CEO, taking both a broad market perspective and a more focused industry specific perspective to ensure its remuneration practices remain relevant in the context of the broader market conditions. Egan also provided research and commentary on fees paid to Non-Executive Directors, including Chairpersons and Committee member arrangements.

Egan's observations were provided directly to the Chairperson of the N&RC for consideration. Egan's general observations were that Executives are competitively rewarded, and the level of annual incentive participation and long-term incentive participation is broadly in line with organisations reflective of the industry sector. No significant changes were made to NRW's remuneration structure or arrangements in FY23, signalling that its remuneration structures are competitive and in line with Egan's recommendations. Fees paid to Egan for the year ended 30 June 2023 are shown below.

	2023 $	2022 $
Fees paid to Egan Associates	29,600	9,240
Total	**29,600**	**9,240**

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 N&RC Chairperson 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.

5 EXECUTIVE REMUNERATION ARRANGEMENTS

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 Performance Rights.
Structure	Fixed	STI award is based on a percentage of the Executive's TFR (see 5.1).	LTI award is based on a percentage of the Executive's TFR (see 5.1) 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 performance metrics (both financial and strategic) 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 long-term 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 stretch objectives are met.	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. **Award Adjustment** NRW may adjust the value of the award paid under this Plan in circumstances approved by the N&RC including, but not limited to, unpaid claims where the value of the claim has previously been assessed under this Plan.	**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 detailed in NRW Holdings Limited Performance Rights Plan Terms and Conditions. Vesting of Performance Rights under LTI Schemes are subject to Board discretion and approval.
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.*

REMUNERATION REPORT CONTINUED

5.1 FIXED REMUNERATION

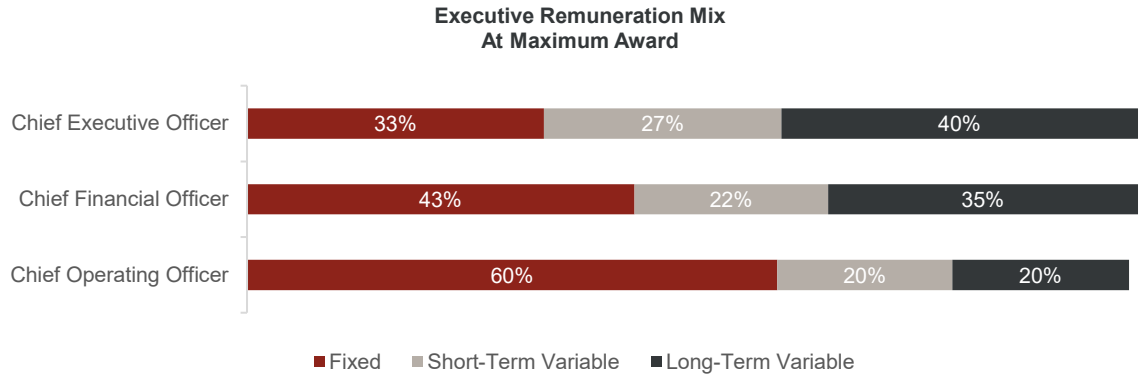
As the NRW Group continues to grow, it is important to ensure that the remuneration levels of the Executive team support the Group in attracting and retaining high calibre staff to lead the delivery of strategic objectives. Remuneration for Executives is set dependent on a number of factors including, 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 $1,250,000 to $1,300,000 effective 1 July 2022. The fixed salary increase equates to a 4% pay rise to Mr. Pemberton's base salary and is driven by and in line with broader market conditions and awards.

The table below provides information on the remuneration packages of Executives as at 30 June 2023.

	TFR[1]	STI	LTI[2]
Julian Pemberton	1,300,000	80%	120%
Andrew Walsh[3]	832,792	0%[4]	180%
Richard Simons[5]	675,000	50%	80%
Geoff Caton	711,692	33%	35%
Michael Gollschewski[6]	705,000	33%	35%

(1) Annual Total Fixed Remuneration (TFR) as at 30 June 2023.
(2) LTI structure approved by N&RC.
(3) Mr. A Walsh retired on 9 December 2022.
(4) Mr. A Walsh elected to convert the value of his STI into an equity based award of Performance Rights, the vesting of which 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.
(5) Mr. R Simons was appointed on 3 October 2022.
(6) Mr. M Gollschewski was appointed on 1 February 2023.



5.2 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 KMP 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 FY23 STI plan.

Plan Name	FY23 STI Plan	
Participants	All Executives	
Plan Approval	The structure of the plan and quantum of award to the CEO was approved by the N&RC.	
Performance Period	One-year performance period beginning 1 July 2022 and ended 30 June 2023.	
Award Value	Award value is equal to a percentage of the KMP's TFR (as shown in 5.1).	
Vesting Date	Subject to the achievement of the performance metrics across the performance period, cash will be paid post approval of the financial statements by the Board of Directors.	
Performance Metrics	Performance metrics are made up of two critical financial measures and four individual strategic measures. Hurdles for financial measures are set to allow for a staggered approach to achievement of incentive targets. **Earnings (measured by EBITA)** Earnings before interest, taxes, and amortisation (EBITA) is selected 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 FY24 budget reflects a revenue forecast at or above the objectives included in the businesses' strategic plan. **Strategic Objectives** 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 2023 annual financial statements.	
Relationship between performance and payment	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	**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
	Strategic Objectives	**20%**
Other Terms and Conditions	**Safety Moderator** If safety is not managed to expectations, then any STI earned can be adjusted downwards.	

5.3 LTI ARRANGEMENTS

The 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 Board considers the performance metrics chosen to be appropriate as they are focused on delivering increased earnings and growth in shareholder value, whilst maintaining appropriate levels of gearing within the business. The CEO was granted an award of Rights under the FY23 LTI Plan post approval of Shareholders at the 2022 AGM.

The following table summarises the key components and operation of the FY23 LTI Plan.

Plan Name	**FY23 LTI Plan**			
Participants	All Executives			
Plan Approval	The structure of the plan and quantum of Rights awarded to the CEO was approved by Shareholders at the 2022 AGM. Please see the 2022 Notice of Meeting for further details.			
Performance Period	Three-year performance period beginning 1 July 2022 and ending 30 June 2025.			
Award Value	Grant of performance rights is equal to a percentage of the KMP's TFR (as shown in 5.1).			
Valuation Assumptions	The value per Performance Right to determine the total Performance Rights allocated under this plan is based on the 30-day VWAP to 30 June 2022, being $1.81 per share.			
Vesting Date	Subject to the achievement of the performance metrics across the performance period, Rights will vest on 30 September 2025.			
Performance Metrics	Performance measures for the vesting of Performance Rights under the plan are included below.			
	Total Shareholder Return (TSR)[1]	Min	$2.92	TSR targets require minimum growth of 5% per annum based on an initial share price of $2.52 being the 30-day VWAP post FY22 Annual Financial Statements release.
		Max	$3.35	
	Earnings Per Share (EPS)[2]	Min	26.0 cents	EPS targets require delivery of at least 5% per annum growth from FY22 actual results.
		Max	29.9 cents	
	Gearing[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 – being 30 June 2025.			
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.			
	TSR		**40%**	
	At min		20% earned	
	At max		additional 20% earned	
	EPS		**40%**	
	At min		20% earned	
	At max		additional 20% earned	
	Gearing		**20%**	
Other Terms and Conditions	There are no other Terms and Conditions associated with this Plan.			

(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. TSR will be measured on sustaining returns at target level for a minimum three-month period in the performance period or any day the target is achieved in the final three months of the performance period.

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

(3) The Company defines Gearing as net debt / total equity and will be measured by the average Gearing across the performance period.

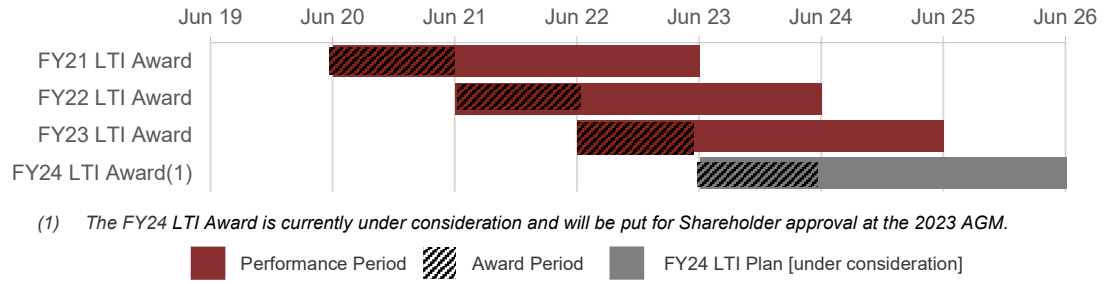
5.3 LTI ARRANGEMENTS CONTINUED

Details in relation to the outstanding LTI Plans identified above are outlined below.

Plan	FY23 LTI Plan	FY22 LTI Plan	FY21 LTI Plan	FY20 LTI Plan[2]
Participants	All Executives	All Executives	All Executives	All Executives
Plan Details	Plan approved by Shareholders at the 2022 AGM.	Plan approved by Shareholders at the 2021 AGM.	Plan approved by Shareholders at the 2021 AGM.	Plan approved by Shareholders at the 2019 AGM.
Performance Period	FY23, FY24, FY25	FY22, FY23, FY24	FY21, FY22, FY23	FY20, FY21, FY22, FY23
Value Period	FY23	FY22	FY21	FY20
Vesting Date	30 September 2025	30 September 2024	30 September 2023	30 November 2023
Performance Hurdles	Details of the FY23 LTI Plan performance hurdles can be found at section 5.3, above.	Details of the FY22 LTI Plan performance hurdles can be found in the FY22 Remuneration Report.	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.
	TSR – Min $2.92; Max $3.35	TSR – Min $2.81; Max $3.02	TSR – Min $2.56; Max $2.70	TSR – Min $3.46; Max $3.66
	EPS (cents) – Min 26.0; Max 29.9	EPS (cents) – Min 27.8c; Max 29.5c	EBITA ($M's) – Min $169; Max $176	EBITDA[1] ($M's) – Min $245; Max $263
	Gearing – Below 40%	Gearing – Below 40%	Gearing – Below 40%	Gearing – Below 40%
Rights Outstanding	2,607,948	2,517,297	2,156,396	1,960,695

(1) The performance hurdles set have been adjusted for the impacts of AASB16.
(2) The FY20 LTI Plan was issued in two Tranches, Tranche one vested in FY23. The vesting outcomes of which are within note 8.2.2.

The following chart summarises the remuneration cycle and timelines for the preceding three award periods in place for the CEO.



(1) The FY24 LTI Award is currently under consideration and will be put for Shareholder approval at the 2023 AGM.

Performance Period | Award Period | FY24 LTI Plan [under consideration]

6 NON-EXECUTIVE DIRECTORS' REMUNERATION 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 present, the maximum aggregate Non-Executive Director sum is $1,500,000 per annum.

6.1 NON-EXECUTIVE DIRECTOR FEES

Non-Executive Director fees (excluding superannuation and non-cash benefits) to be paid by the Company are outlined below.

$	FY23	FY22
Board Chairperson	225,000	225,000
Board Members	125,000	125,000
Audit & Risk Committee Chairperson(1)	25,000	25,000
Sustainability Committee Chairperson(1)	10,000	10,000
Nomination & Remuneration Committee Chairperson(1)	10,000	10,000

(1) Fees are in addition to Board Member fees recognising the additional work involved in Chairing Board Committees.

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.

$		Short-term Employment Benefits		Post Employment Benefits	Total
		Salary & fees	Non-cash benefit	Superannuation	
Michael Arnett	FY23	225,000	-	23,625	248,625
	FY22	225,000	-	22,500	247,500
Jeff Dowling	FY23	150,000	-	15,750	165,750
	FY22	150,000	4,003	15,000	169,003
Peter Johnston	FY23	135,000	-	14,175	149,175
	FY22	135,000	-	13,500	148,500
Fiona Murdoch	FY23	135,000	-	14,175	149,175
	FY22	135,000	-	13,500	148,500
TOTAL	**FY23**	**645,000**	**-**	**67,725**	**712,725**
	FY22	**645,000**	**4,003**	**64,500**	**713,503**

7 LINK BETWEEN REMUNERATION AND COMPANY PERFORMANCE

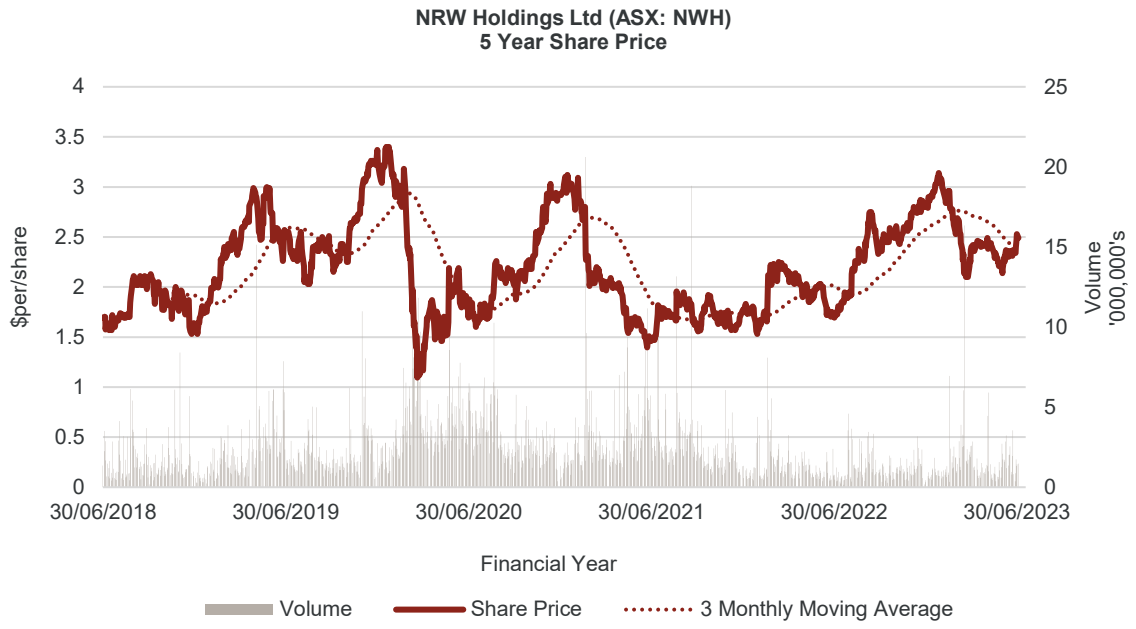
A key underlying principle of NRW's Executive remuneration framework is the delivery of financial targets, recognising that the delivery of financial targets is the foundation for long-term value creation for Shareholders.

The following information summarises key financial performance of NRW over the last five financial years.

Measure	2023	2022[1]	2021	2020	2019
Market Capitalisation (30 June) - $ million	1,141.7	761.4	657.9	793.6	943.5
Share Price (30 June) - $	2.53	1.70	1.47	1.86	2.51
Total Revenue - $ million	2,667	2,367	2,222	2,004	1,078
EPS	19.0 cents	20.1 cents	12.5 cents	18.2 cents	8.6 cents
Comparative EBITDA - $ million[2]	288.8	262.1	266.7	250.0	143.9
Net Profit After Tax - $ million	85.6	90.2	54.3	73.7	32.2
NPATN - $ million[3]	104.4	93.7	75.1	89.7	40.4
Interim Dividend Paid - cents	8.5[5]	5.5	4.0	2.5	2.0
Final Dividend Declared in Respect of the Year - cents	8.0	7.0	5.0	4.0	2.0
Annual TSR[4] - $ million	463.6	170.9	(143.2)	(244.5)	336.6

(1) Restated to reflect prior period adjustment – refer to note 1.9 of the annual financial statements.
(2) Comparative EBITDA – Earnings before interest, taxes, depreciation and amortisation as disclosed in the annual financial statements in the relevant year.
(3) NPATN – Net profit after tax adjusted for acquisition amortisation and or impairment losses at normal tax rates.
(4) TSR – Total shareholder return calculated as the change in market capitalisation adjusted for capital raisings plus dividends paid.
(5) This was an unfranked dividend.

The following graph shows the Group's share price over the last five financial years.



8 EXECUTIVE REMUNERATION OUTCOMES

8.1 STI OUTCOMES

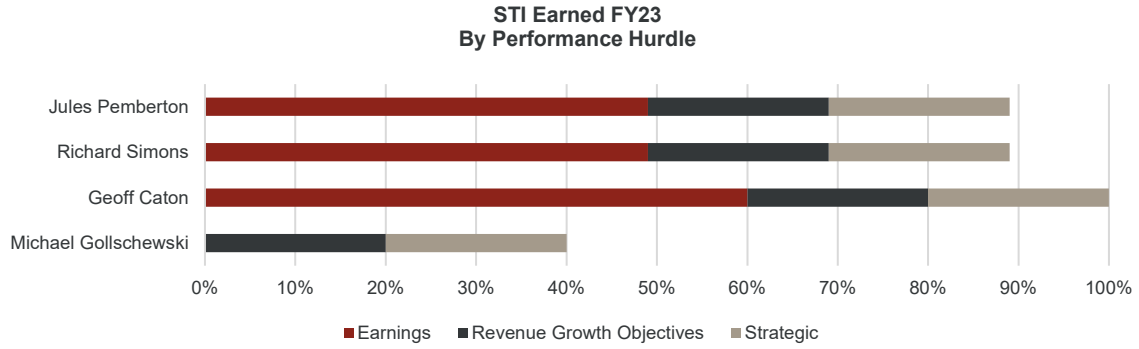
8.1.1 SHORT-TERM PERFORMANCE OUTCOMES

The following table provides information on the outcome of the STI Plan for each Executive for the year ended 30 June 2023. The value of the award is outlined in the remuneration table in section 9.1.

	FY23		FY22[6]	
	STI Earned	STI Forfeited	STI Earned	STI Forfeited
Julian Pemberton	89%	11%	71%[1]	29%[1]
Andrew Walsh[2]	-	-	-[3]	-[3]
Richard Simons[4]	89%	11%	-	-
Geoff Caton	100%	0%	92%	8%
Michael Gollschewski[5]	40%	60%	-	-

(1) Restated to reflect prior period adjustment – refer to note 1.9 of the annual financial statements.
(2) Mr. A Walsh retired on 9 December 2022 and was therefore not eligible for the FY23 STIP.
(3) Mr. A Walsh elected to convert the value of his STI into an equity based award of Performance Rights. See note 4 under section 5.1.
(4) Mr. R Simons was appointed on 3 October 2022 and was therefore not eligible for the FY22 STIP.
(5) Mr. M Gollschewski was appointed on 1 February 2023 and was therefore not eligible for the FY22 STIP.
(6) NRW transitioned to a new operating model during FY23 resulting in the following prior year KMP no longer being classified as KMP under the Australian accounting standards: Kim Hyman, Andrew Broad, Brendan Dorricott, Glen Payne, Cameron Henry and Brett McIntosh. FY22 remuneration related disclosure for these employees has therefore been removed from FY23 comparatives. Please refer to FY22 Annual report for remuneration with these KMP.

The outcomes by hurdle are shown below for each KMP who was eligible to participate in the FY23 STI Plan.



8.1.2 SHORT-TERM PERFORMANCE MEASURES

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

STI Performance Outcomes for the year ended 30 June 2023

FY23 has been another successful year with the Group delivering record earnings, supported by strong cashflow from operations. Despite the global macroeconomic factors that have affected the economy and the operational impacts caused by the La Nîna weather patterns in Queensland, NRW has delivered solid growth in the year. In FY23, the Group delivered the following outcomes:

- Record revenue of $2,669.3 million (statutory revenue of $2,667.1 million) and growth in underlying EBITA to $166.3 million;
- A final fully franked dividend of 8.0 cents bringing the total FY23 dividend to 16.5 cents;
- EPS at 23.2 cents and TSR for the period of $463.6 million; and
- A record cash balance of $227.6 million and gearing excluding lease debt at 5.4%.

The Executive Management Team has successfully delivered these results, improving on the performance of FY22, resulting in the vesting of most short-terms incentives. The STI Plan also includes strategic targets which have been reviewed and assessed by the N&RC and appropriately recognised in FY23 remuneration outcomes.

Performance Metrics	STI Weighting	Target ($M)	Result ($M)	STI Earned	Performance Commentary
EBITA	60%		$166.3	49%	The Company recognised FY23 EBITA of $166.3 million resulting in the partial vesting of this award.
Target 1		$155			
Target 2		$162			
Target 3		$172			
2024 Plan Revenue	20%			20%	FY24 Plan Revenue has been determined in June 2023 in accordance with the Board approved FY24 budget. This objective was met at stretch target, resulting in full vesting of this part of the award. Due to the commercially sensitive nature of the Plan Revenue target information, this result will be disclosed in FY24.
Target 1		Undisclosed			
Target 2		Undisclosed			
Strategic Objectives	20%			20%	Delivery of strategic objectives related to integration of the MET business, succession planning, development of the sustainability strategy and development of a strategy to support workplace culture.
	100%			**89%**	

STI Performance Outcomes for the year ended 30 June 2022

Due to the prior period restatement (see note 1.9 of the annual financial statements), cash paid under the FY22 STI Scheme was retrospectively reduced to reflect the reduction in EBITA for the FY22 financial year. This cash adjustment will be deducted from the FY23 STI cash payment.

Performance Metrics	STI Weighting	Target ($M)	Result ($M)	STI Earned	Performance Commentary
EBITA	60%		$146.7	33%	The Company produced EBITA of $146.7M. This amount has been restated to reflect the prior period adjustment in note 1.9 of the annual financial statements. These strong financial results resulted in the vesting of most of this award.
Target 1		$140			
Target 2		$150			
Target 3		$160			
2023 Plan Revenue	20%		$2,680	18%	FY23 Plan Revenue was determined in June 2022 in accordance with the Board approved FY23 budget was between base and stretch targets, resulting in partial vesting of this award.
Target 1		$2,600			
Target 2		$2,700			
Strategic Objectives	20%			20%	Delivery of strategic objectives primarily related to acquisitions and integration, risk management and diversity.
	100%			**71%**	

REMUNERATION REPORT CONTINUED

8.2 LTI OUTCOMES

8.2.1 LONG-TERM PERFORMANCE MEASURES

The first tranche of Performance Rights issued under the FY20 LTI Plan were tested for vesting following the end of the performance period. The Performance Rights were subject to TSR, EBITDA and Gearing measures under the Plan, and vesting outcomes have been shown below.

Performance Metrics	LTI Weighting	Target	Result	LTI Earned	Performance Commentary
TSR	33.33%		$3.57	100%	TSR has been measured on sustaining returns at a target level for a minimum two-month period within the performance period and assessed utilising a 60-day VWAP. The final assessment of TSR includes appropriate adjustments for dividend payments (+ 42 cents per share) and equity raisings (- 3 cents per share) to reflect actual TSR. This was achieved in the period January to February 2020.
Minimum		$3.22			
Maximum		$3.36			
EBITDA	33.33%		$262.1M[(1)]	100%	EBITDA was assessed in line with the audited financial statements and adjusted for the prior period adjustment outlined in note 1.9 of the annual financial statements. EBITDA for FY22 was $262.1 million[(1)] and consequently the maximum outcome for this hurdle has been achieved.
Minimum		$224M			
Maximum		$237M			
Gearing	33.34%		24.0%	100%	Gearing reduced significantly in FY22 following the sale of the Boggabri mobile equipment acquired as part of the BGC Contracting acquisition. Average Gearing for the period was well below 40%, resulting in the full vesting of this award.
Below		40%			
	100%			**100%**	

(1) Result assessed incorporating the prior period adjustment – refer to note 1.9 of the annual financial statements.

8.2.2 LONG-TERM PERFORMANCE OUTCOMES

The above LTI performance assessment has resulted in the following vesting of Performance Rights in FY23.

Name	LTI Plan	Allocation Date	Vesting Date	Performance Rights Granted	Performance Rights Vested	Value at Grant Date[(1)]
				Number	**Number**	**$**
Julian Pemberton	FY20 LTI Plan	20/07/2020	30/11/2022	582,245	582,245	1,438,145
Andrew Walsh	FY20 LTI Plan	01/06/2021	30/11/2022	750,000	750,000	1,852,500
Geoff Caton	FY20 LTI Plan	20/07/2020	30/11/2022	137,980	137,980	340,811

(1) Value at Grant Date is the number of Performance Rights issued multiplied by the 30 day VWAP to 30 June 2019 ($2.47).

8.2.3 PERFORMANCE RIGHTS AWARD AND STATUS

The above LTI Plans resulted in the following movement of Performance Rights during FY23. 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. Further details in relation to the KMP long-term incentive awards, including the share based payment expense, are set out in note 4.7 to the annual financial statements.

Name	Allocation Date	Balance of Unvested Equity Awards as at 1 July 2022	Granted in FY23	Vested in FY23	Forfeited in FY23	Balance of Unvested Equity Awards as at 30 June 2023	Fair Value Per Security	Fair Value at Grant Date	Share Based Payments Expense FY23
		Number	**Number**	**Number**	**Number**	**Number**	**Cents**	**$**	**$**
Julian Pemberton	20/07/2020 to 18/11/2022	2,901,334	862,167	(582,245)	-	3,181,256	12.8 to 252	4,428,657	1,103,599
Andrew Walsh	01/06/2021	2,250,000	-	(750,000)	(253,125)	1,246,875	37.6 to 153	2,575,593	744,102
Richard Simons	18/11/2022	-	221,298	-	-	221,298	47.9 to 252	363,150	121,050
Geoff Caton	20/07/2020 to 18/11/2022	552,180	137,620	(137,980)	-	551,820	12.8 to 252	829,829	192,386
Michael Gollschewski	08/02/2023	-	55,804	-	-	55,804	55.9 to 298	108,111	36,037

9 OTHER STATUTORY DISCLOSURES

9.1 EXECUTIVE REMUNERATION TABLES

The table below sets out the remuneration outcomes for each of NRW's Executive KMP for the year ended 30 June 2023.

	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								
Julian Pemberton	2023	1,292,096	714,968[3]	83,320	25,292	21,249	1,103,599	3,240,524
	2022	1,226,432	920,290	112,999	23,568	24,955	939,422	3,247,666
EXECUTIVES								
Andrew Walsh[4]	2023	644,408	-	(145,811)	12,646	(114,419)	744,102	1,140,926
	2022	781,318	-[5]	29,309	23,568	24,122	833,569	1,691,886
Richard Simons[6]	2023	474,786	221,681	(23,462)	18,969	-	121,050	813,024
	2022	-	-	-	-	-	-	-
Geoff Caton	2023	683,474	234,858	10,723	27,500	11,440	192,386	1,160,381
	2022	656,750	207,117	44,084	27,500	21,226	185,882	1,142,559
Michael Gollschewski[7]	2023	269,269	38,008	5,021	12,646	-	36,037	360,981
	2022	-	-	-	-	-	-	-
Total 2023	**2023**	**3,364,033**	**1,209,515**	**(70,209)**	**97,053**	**(81,730)**	**2,197,174**	**6,715,836**
Total 2022[8]	**2022**	**2,664,500**	**1,127,407**	**186,392**	**74,636**	**70,303**	**1,958,873**	**6,082,111**

(1) Represents the movement in accrued annual leave.
(2) Represents the movement in accrued long service leave.
(3) Adjusted to reflect prior period adjustment – refer to note 1.9 of the annual financial statements.
(4) Mr. A Walsh retired on 9 December 2022.
(5) Mr. A Walsh elected to convert the value of his STI into an equity based award of Performance Rights. See note 4 under section 5.1.
(6) Mr. R Simons was appointed on 3 October 2022.
(7) Mr. M Gollschewski was appointed on 1 February 2023.
(8) NRW transitioned to a new operating model during FY23 resulting in the following prior year KMP no longer being classified as KMP under the Australian accounting standards: Kim Hyman, Andrew Broad, Brendan Dorricott, Glen Payne, Cameron Henry and Brett McIntosh. FY22 remuneration related disclosure for these employees has therefore been removed from FY23 comparatives. Please refer to FY22 Annual report for remuneration with these KMP.

9.2 SHARE OWNERSHIP

9.2.1 Shareholding and Transactions

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 2021	Purchases	Share Sales	Held at 30 June 2022[1]	Rights Vested	Share Sales	Held at 30 June 2023
Michael Arnett	1,012,534	-	-	1,012,534	-	-	1,012,534
Jeff Dowling	364,705	-	-	364,705	-	-	364,705
Peter Johnston	137,771	-	-	137,771	-	-	137,771
Fiona Murdoch	20,700	7,800	-	28,500	-	-	28,500
Julian Pemberton	11,458,497	-	(3,000,000)	8,458,497	582,245	-	9,040,742
Andrew Walsh	3,310,103	-	(862,179)	2,447,924	750,000	(2,200,000)	997,924
Geoff Caton	-	-	-	-	137,980	(137,980)	-
TOTAL	**16,304,310**	**7,800**	**(3,862,179)**	**12,449,931**	**1,470,225**	**(2,337,980)**	**11,582,176**

(1) NRW transitioned to a new operating model during FY23 resulting in the following prior year KMP no longer being classified as KMP under the Australian accounting standards: Brendan Dorricott and Cameron Henry. FY22 remuneration related disclosure for these employees has therefore been removed from FY23 comparatives. Please refer to FY22 Annual report for remuneration with these KMP.

9.2 SHARE OWNERSHIP CONTINUED

9.2.2 Prohibition on Hedging of shares and invested equity awards

The Company's share trading policy prohibits employees (including KMP) from dealing in NWH shares if the dealing is prohibited under the Corporate Act. Therefore, in accordance with this policy, all KMP are prohibited from entering into arrangements in connection with NWH shares which operate to limit the executives' economic risk under any equity based incentive schemes.

The ability to deal with unvested Performance Rights is restricted in the relevant Performance Rights Plan Rules which apply to the Performance Rights which have been granted.

9.3 RELATED PARTY TRANSACTIONS

All transactions between the Company and its KMP or their associates during the 2023 financial year are disclosed at note 7.3 to the annual financial statements.

End of Remuneration Report (Audited)

CORPORATE GOVERNANCE AND 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 fully adopted by the Company for the year ended 30 June 2023. 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 risks is therefore critical to the Company's ability to deliver on its strategic objectives. 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, and that this responsibility extends to psychosocial hazards. 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 programs. These programs focus on critical risk management and control verification processes which provide the framework for managing serious injury and fatality risk. The Group also 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

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 the 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, macroeconomic 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; the availability and cost of key resources including people, earth moving equipment and critical consumables; and the rate of technological improvements within the resources and mining industry, including the potential for new competing technologies by direct and indirect competitors.

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. NRW also continues to monitor the market for new technologies relevant to NRW's business and deploys such technologies where appropriate.

RISK MANAGEMENT CONTINUED

Loss of Contracts / Reduction in Contract Scope

NRW's revenues is 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 its 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 an adverse material impact on NRW's financial performance.

Mitigation actions include working closely with NRW's clients to ensure an understanding of the issues faced by them and to identify opportunities where NRW 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 should costs exceed the contracted price, there is a risk these amounts may not be recovered. From time-to-time, variations to the planned scope occur or issues arise during the construction phase of a project that are 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. 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, leading 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.

Financial

NRW requires sufficient cash flow to be able to meet its financial obligations as they fall due. The ability of the Company to access cash could be impacted by counterparty risk, poor project performance and the inability of the businesses to repatriate cash on a timely basis. This could result in the withdrawal of financial support or an increased cost to finance businesses' operations.

NRW also requires access to capital to ensure the Group can meet its future growth ambitions and other funding requirements as and when required. The inability to access cash could impact the Group's ability to win new work, fund future growth plans and deliver on its overall strategic objectives.

Mitigating actions include a proactive approach to treasury management, the scale of the business and the large number of counterparties and projects that contribute to the Group's cash flows such that NRW is not reliant on any one project or counterparty. In addition, the Company maintains a stringent approach to cash flow forecasting such that it monitors and manages minimum liquidity levels within the Group to meet financial obligations. NRW also maintains a disciplined capital allocation process ensuring an appropriately balanced debt and equity capital structure to fund growth opportunities.

Engineer Design

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, liquidated damages.

NRW is particularly exposed to risk in circumstances where it has agreed to fixed price or lump sum contract terms where it may suffer loss in the event actual expenses exceed anticipated costings for the project. NRW constructs complex processing plants and infrastructure which may operate under extreme conditions. The potential for failure of components or NRW's design is always present. If this failure results in a loss to NRW, NRW may have exposure to rectification of these failures under warranties at NRW's own expense. Funding such potential expenses may place additional unforeseen pressure on NRW's cashflow.

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 of 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 its business operations in a sustainable and responsible manner to deliver lasting value to its stakeholders. NRW will do this by minimising its environmental footprint, making a positive social impact and applying ethical business and governance practices to everything the Group does.

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.

RISK MANAGEMENT CONTINUED

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 NRW's ability to operate sustainably. 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 its 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 its strategic decision making process; updating risk management process to include climate related risks and opportunities; identifying and implementing opportunities within the business that reduce NRW's carbon footprint; offering 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 Task Force for Climate-Related Financial Disclosures (TCFD) recommendations.

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 findings, 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.

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.

Cyber Security and Data Protection

NRW relies upon information technology systems and networks in connection with a variety of business activities and is therefore exposed to the growing frequency and sophistication of cyber security attacks, including the misuse and release of sensitive information, denial of service and ransomware attacks. Information technology security threats arise from situations such as user error or cyber security attacks designed to gain unauthorised access to NRW's systems, networks and data. The potential consequences of a material cyber security attack include reputational damage, litigation with third parties, government enforcement actions, penalties, disruption to systems, unauthorised release of confidential or otherwise protected information, corruption of data and increased cyber security protection and remediation costs. This in turn could adversely affect the Company's competitiveness, results of operations and financial condition.

RISK MANAGEMENT CONTINUED

Mitigation actions include significant investment in people, systems and infrastructure to protect NRW's information technology systems and networks, including the use of information technology security measures such as encryption, multi-factor authentication and penetration testing, provision of anti-malware / endpoint detection and response detection software, IT security awareness and training materials and business resilience planning.

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 and supply chains 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 contracted works on a timely basis. This could result in additional costs being incurred by NRW.

Mitigation actions include ensuring the Group has 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.

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

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

16 August 2023

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 2023, 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

Julian Pemberton

Chief Executive Officer and Managing Director

Michael Arnett

Chairperson and Non-Executive Director

Perth, 16 August 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2023

	Notes	Consolidated 2023 $'000	Consolidated 2022[1] $'000
REVENUE	2.2	**2,667,064**	**2,367,430**
Other income	2.3	6,001	23,624
Materials and consumables		(697,315)	(689,151)
Employee benefits expense	2.4	(931,412)	(795,056)
Subcontractor costs		(477,942)	(410,716)
Plant and equipment costs		(238,957)	(199,891)
Depreciation and amortisation expenses	2.4	(128,418)	(123,291)
Other expenses		(56,443)	(33,638)
Share of (loss) from associates	3.6	(495)	(482)
Net finance costs	2.5	(17,165)	(12,880)
Profit before income tax		**124,918**	**125,949**
Income tax expense	6.1	(39,283)	(35,744)
Profit for the year		**85,635**	**90,205**
Profit and Other Comprehensive Income Attributable to:			
Equity holders of the Company		85,635	90,205
EARNINGS PER SHARE		**Cents**	**Cents**
Basic earnings per share	4.6	19.0	20.1
Diluted earnings per share	4.6	18.6	19.8

(1) Restated to reflect prior period adjustment – refer to note 1.9.
The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANICAL POSITION

As at 30 June 2023

	Notes	Consolidated 2023 $'000	Consolidated 2022[1] $'000
ASSETS			
Current assets			
Cash and cash equivalents		227,580	219,338
Trade and other receivables	3.1	363,961	407,028
Lease receivables		-	180
Inventories	3.2	97,298	69,942
Current tax assets	6.3	-	12
Other current assets		25,142	22,448
Total current assets		**713,981**	**718,948**
Non-current assets			
Property, plant and equipment	3.3	490,959	423,509
Right-of-use assets	3.4	44,941	44,468
Investments in listed equities	3.5	25,822	20,754
Investments in associates	3.6	1,104	1,599
Intangibles	3.7	42,791	40,803
Goodwill	3.8	170,323	168,467
Total non-current assets		**775,940**	**699,600**
Total assets		**1,489,921**	**1,418,548**
LIABILITIES			
Current liabilities			
Trade and other payables	3.9	387,137	391,040
Financial debt	5.3	78,902	69,439
Lease debt	5.4	14,342	13,261
Provisions	3.10	81,280	82,356
Current tax liabilities	6.3	272	-
Total current liabilities		**561,933**	**556,096**
Non-current liabilities			
Financial debt	5.3	181,515	163,721
Lease debt	5.4	37,161	39,500
Provisions	3.10	9,093	17,061
Deferred tax liabilities	6.3	90,097	51,080
Total non-current liabilities		**317,866**	**271,362**
Total liabilities		**879,799**	**827,458**
Net assets		**610,122**	**591,090**
EQUITY			
Contributed equity	4.2	383,416	383,416
Reserves	4.3	17,477	14,279
Retained profits	4.4	209,229	193,395
Total equity		**610,122**	**591,090**

(1) Restated to reflect prior period adjustment – refer to note 1.9.

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 2023

	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 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 as reported at 30 June 2022		**383,416**	**(79)**	**14,358**	**14,279**	**200,604**	**598,299**
Prior period adjustment [(1)]		-	-	-	-	(7,209)	(7,209)
Restated balance as reported at 30 June 2022[(1)]		**383,416**	**(79)**	**14,358**	**14,279**	**193,395**	**591,090**
Total profit and other comprehensive income for the year	4.4	-	-	-	-	85,635	85,635
Dividends paid	4.5	-	-	-	-	(69,801)	(69,801)
Movements in foreign currency		-	77	-	77	-	77
Share based payments	4.3	-	-	3,121	3,121	-	3,121
Balance at 30 June 2023		**383,416**	**(2)**	**17,479**	**17,477**	**209,229**	**610,122**

(1) Restated to reflect prior period adjustment – refer to note 1.9.
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 2023

	Notes	Consolidated 2023 $'000	Consolidated 2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,993,310	2,665,470
Payments to suppliers and employees		(2,728,039)	(2,364,172)
Interest paid	2.5	(18,500)	(13,255)
Interest received	2.5	1,335	375
Income tax paid		(1,112)	(418)
Net cash flow from operating activities	5.1	**246,994**	**288,000**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant and equipment		10,593	2,301
Proceeds from the sale of shares in listed equities		35	-
Proceeds from the sale of non-current assets held for sale		-	82,612
Proceeds from Associates	3.6	-	152
Acquisition of shares in listed equities	3.5	(1,792)	(3,473)
Acquisition of property, plant and equipment	3.3	(183,400)	(201,431)
Acquisition of intangible assets	3.7	(3,896)	(4,915)
Payment for subsidiary		(2,113)	-
Net cash used in investing activities		**(180,573)**	**(124,754)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	5.3	104,411	110,516
Repayment of borrowings	5.3	(77,476)	(139,264)
Repayment of lease debt	5.4	(15,390)	(14,613)
Payment of dividends to shareholders	4.5	(69,801)	(47,158)
Net cash used in financing activities		**(58,256)**	**(90,519)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**8,165**	**72,727**
Cash and cash equivalents at beginning of the year		219,338	146,549
Effect of foreign exchange rate changes		77	62
Cash and cash equivalents at the end of the year		**227,580**	**219,338**

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 2023, 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 2022. 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; and
- Has applied the Group accounting policies consistently to all periods presented.

The financial statements were authorised for issue by the Directors on 16 August 2023.

1.3 GOING CONCERN

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore the Group has continued to adopt the going concern basis of accounting in preparing the financial statements.

1.4 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.

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

1.5 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
AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments
AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128

1.6 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.

1.7 ACCOUNTING JUDGMENTS AND ESTIMATES

In applying the Group's accounting policies, which are described throughout the notes to the financial statements, management is 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 the Group consider material to the financial statements.

1.8 CLIMATE RELATED CONSIDERATIONS

Climate related risk is a developing issue that can affect NRW's business through a reduction to current activity levels in certain sectors, the physical and transitional risks associated with moving to a low-carbon economy, and increased Government policy and mandates.

The accounting related measurement and disclosure items that are most impacted by commitments, and climate related risks more generally, relate to those areas in the financial statements that are prepared based on historical cost and subject to estimation uncertainties in the medium-term. Climate change impacts can also introduce greater volatility in assets measured or carried at fair value.

The Group's current climate related commitment is reflected in the Group's key judgments and estimates, and therefore the financial statements, within note 3.3 and note 3.8.

1.9 PRIOR PERIOD ADJUSTMENT

During the year, the Group identified a prior period error in how its subsidiary, Primero Group Limited (Primero), was recognising revenue. The effect of the error was to overstate revenue and margin by $10.3 million in the year ended 30 June 2022.

The error was in contravention of NRW's Group accounting policies and affected the reported financial results of certain projects that were completed in the 2022 financial year.

NRW has performed a full review of the financial results of projects completed in the prior period and projects completed and in progress in the 2023 year. This review has confirmed that the error does not extend beyond projects that were completed during the prior year.

Primero is required to restate its 30 June 2022 financial statements to correct the error.

The Directors are satisfied that the quantum of the error is not material in the context of the Group's prior period results (being 0.4% of reported revenue and 3.6% of EBITDA). However, NRW has restated the Group's 2022 results to correct the error in accordance with the requirements of Australian Accounting Standard AASB 108.

The correction of the error in the current period is presented as an adjustment to opening retained earnings at 1 July 2022.

Impact on Presentation of the Statement of Profit or Loss and Other Comprehensive Income

		Consolidated		
	Notes	2022 Reported	2022 Adjustment	2022 Restated
		$'000	$'000	$'000
REVENUE	2.2	**2,377,728**	**(10,298)**	**2,367,430**
EBITDA		**272,418**	**(10,298)**	**262,120**
Profit before income tax		**136,247**	**(10,298)**	**125,949**
Income tax expense	6.1	(38,833)	3,089	(35,744)
Profit for the year		**97,414**	**(7,209)**	**90,205**
Profit and Other Comprehensive Income Attributable to:				
Equity holders of the Company		97,414	(7,209)	90,205
EARNINGS PER SHARE		**Cents**		**Cents**
Basic earnings per share	4.6	21.7	(1.6)	20.1
Diluted earnings per share	4.6	21.4	(1.6)	19.8

1.9 PRIOR PERIOD ADJUSTMENT CONTINUED

Impact on Presentation of the Statement of Financial Position

	Notes	Consolidated		
		2022 Reported	2022 Adjustment	2022 Restated
		$'000	$'000	$'000
ASSETS				
Current assets				
Trade and other receivables	3.1	417,326	(10,298)	407,028
Total current assets		**729,246**	**(10,298)**	**718,948**
Total non-current assets		**699,600**	**-**	**699,600**
Total assets		**1,428,846**	**(10,298)**	**1,418,548**
LIABILITIES				
Current liabilities				
Total current liabilities		**556,096**	**-**	**556,096**
Deferred tax liabilities	6.3	54,169	(3,089)	51,080
Total non-current liabilities		**274,451**	**(3,089)**	**271,362**
Total liabilities		**830,547**	**(3,089)**	**827,458**
Net assets		**598,299**	**(7,209)**	**591,090**
EQUITY				
Retained profits	4.4	200,604	(7,209)	193,395
Total equity		**598,299**	**(7,209)**	**591,090**

The restatement changes did not have any impact on the Statement of Cashflows.

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 engineering offices 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). Their operating results are regularly reviewed by the Group's Chief Operating Decision Maker (the Board of Directors) who 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 formations, 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, Primero Group and Overflow Industrial. RCR Mining Technologies is a leading Original Equipment Manufacturer (OEM) that offers innovative materials handling design capability. DIAB Engineering is an engineering and fabrication services provider to the metals and mining industry and provides specialist maintenance (shutdown services and onsite maintenance), industrial engineering and construction services. Primero is a multidisciplinary engineering business that specialises in the design, construction, operation and maintenance of global resource projects across the mineral processing, energy and non-process infrastructure market segments. OFI specialises in industrial electrical engineering, automation, switchboard design and manufacture, instrumentation and electrical design and construction across a number of sectors including mining and resources, government and defence, fuels and explosives, infrastructure, utilities and industrial processing.

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

2023 $'000	Civil	Mining	MET	Corporate / Eliminations	Total
Revenue[1]	550,295	1,441,042	729,114	(51,125)	2,669,326
Revenue from associates	(2,262)	-	-	-	(2,262)
Statutory revenue	548,033	1,441,042	729,114	(51,125)	2,667,064
EBITDA[2]	**23,387**	**234,039**	**43,964**	**(12,587)**	**288,803**
EBITDA margin (%)	4.2%	16.2%	6.0%	-	10.8%
Depreciation and amortisation[3]	(2,727)	(99,986)	(13,500)	(6,315)	(122,528)
EBITA[4]	**20,660**	**134,053**	**30,464**	**(18,902)**	**166,275**
EBITA margin (%)	3.8%	9.3%	4.2%	-	6.2%
Amortisation of acquisition intangibles[5]					(5,890)
Non-recurring transactions[6]					(18,302)
Net interest					(17,165)
Profit before income tax					**124,918**
Income tax expense					(39,283)
Profit for the year					**85,635**

2022[7] $'000	Civil	Mining	MET	Corporate / Eliminations	Total
Revenue[1][7]	483,344	1,273,178	690,676	(50,792)	2,396,406
Revenue from associates	(28,976)	-	-	-	(28,976)
Statutory revenue[7]	454,368	1,273,178	690,676	(50,792)	2,367,430
EBITDA[2][7]	**26,253**	**199,348**	**51,028**	**(14,509)**	**262,120**
EBITDA margin (%)[7]	*5.4%*	*15.7%*	*7.4%*	-	*10.9%*
Depreciation and amortisation[3]	(5,928)	(92,714)	(12,981)	(3,778)	(115,401)
EBITA[4][7]	**20,325**	**106,634**	**38,047.0**	**(18,287)**	**146,719**
EBITA margin (%)[7]	*4.2%*	*8.4%*	*5.5%*	-	*6.1%*
Amortisation of acquisition intangibles[5]					(7,890)
Net interest					(12,880)
Profit before income tax[7]					**125,949**
Income tax expense[7]					(35,744)
Profit for the year[7]					**90,205**

(1) Revenue including NRW's share of revenue earned by its 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 Gascoyne Resources and Nathan River Resources.
(7) Restated to reflect prior period adjustment – refer to note 1.9.

2.1 SEGMENT REPORTING CONTINUED

Segment Assets and Liabilities

	Segment Assets		Segment Liabilities	
	2023	2022[1]	2023	2022[1]
	$'000	$'000	$'000	$'000
Civil	98,403	102,125	96,368	114,864
Mining	776,866	757,185	461,070	379,884
MET	375,062	326,417	191,640	196,101
Unallocated	239,590	232,821	130,721	136,609
Consolidated	**1,489,921**	**1,418,548**	**879,799**	**827,458**

(1) Restated to reflect prior period adjustment – refer to note 1.9.

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 2023, there was only one major customer contributing 11% of group revenue being $297.1 million for the Mining division.

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

2.2 REVENUE

	Consolidated	
	2023	2022[2]
	$'000	$'000
Revenue - Group and equity accounted joint ventures[1]	2,669,326	2,396,406
Equity accounted investments in associates	(2,262)	(28,976)
Revenue from contracts with customers	**2,667,064**	**2,367,430**

(1) The Group defines aggregated revenue as revenue and income calculated in accordance with relevant accounting standards plus NRW's share of revenue earned by its associates and joint ventures.
(2) Restated to reflect prior period adjustment – refer to note 1.9.

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.

2.2 REVENUE CONTINUED

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: *Revenue from Contracts with Customers* 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.

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 3.10 for further details.

2.2 REVENUE CONTINUED

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 2023 is set out below.

	Consolidated	
	2023	**2022[1]**
	$'000	$'000
Civil	591,477	652,408
Mining	3,886,150	4,224,543
MET	1,412,328	321,808
Total	**5,889,955**	**5,198,759**

(1) Restated to reflect prior period adjustment – refer to note 1.9.

2.3 OTHER INCOME

	Consolidated	
	2023	**2022**
	$'000	$'000
Gascoyne Resources and other settlements	(965)	14,132
Profit on sale of property, plant and equipment	1,997	1,255
Share investment revaluations	2,393	5,696
All other income	2,576	2,541
Total	**6,001**	**23,624**

2.4 OTHER EXPENSES

	Consolidated	
	2023	2022
	$'000	$'000
EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	(868,228)	(744,128)
Superannuation contributions	(60,063)	(48,070)
Share based payments	(3,121)	(2,858)
Total	**(931,412)**	**(795,056)**
DEPRECIATION & AMORTISATION		
Depreciation of non-current assets (note 3.3 & 3.4)	(121,867)	(112,354)
Amortisation of intangibles (note 3.7)	(6,551)	(8,235)
Amortisation of capitalised contract costs	-	(2,702)
Total	**(128,418)**	**(123,291)**

2.5 NET FINANCE COSTS

	Consolidated	
	2023	2022
	$'000	$'000
Interest income	1,335	375
Total finance income	**1,335**	**375**
Interest expense on financial debt	(15,424)	(9,859)
Interest expense on lease debt	(3,076)	(3,396)
Total finance expenses	**(18,500)**	**(13,255)**
Net finance costs	**(17,165)**	**(12,880)**

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	
	2023	**2022[1]**
	$'000	$'000
Trade receivables	108,423	128,003
Contract assets	240,085	250,641
Other receivables including loans to associates	15,453	28,384
Total trade and other receivables	**363,961**	**407,028**

(1) Restated to reflect prior period adjustment – refer to note 1.9.

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: *Financial Instruments*. 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	
	2023	**2022**
	$'000	$'000
61 - 90 days	888	372
91 days+	559	554
Total	**1,447**	**926**

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	
	2023	2022
	$'000	$'000
Raw materials and consumables	84,363	57,831
Work in progress	12,935	12,111
Total inventories	**97,298**	**69,942**

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 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**
Acquisitions from business combination	-	-	165	689	854
Additions	-	-	60	183,340	183,400
Disposals	-	(20)	-	(88,644)	(88,664)
Balance as at 30 June 2023	**3,218**	**7,229**	**4,589**	**1,093,340**	**1,108,376**
DEPRECIATION					
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**
Depreciation expense	-	223	232	107,753	108,208
Disposals	-	(18)	-	(80,050)	(80,068)
Balance as at 30 June 2023	**1,000**	**6,299**	**2,406**	**607,712**	**617,417**
CARRYING VALUES					
At 30 June 2022	**2,218**	**1,155**	**2,190**	**417,946**	**423,509**
At 30 June 2023	**2,218**	**930**	**2,183**	**485,628**	**490,959**

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 is not changed, that is, the change in depreciation rate or method is 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.

Property, plant, and equipment as well as intangible assets are systematically depreciated or amortised to their estimated residual values over their projected useful lives. The determination of these useful lives, and consequently the rate of depreciation or amortisation, aligns with NRW's climate related commitments.

The Group's policies regarding property, plant, and equipment, as well as intangible assets, are also subject to considerations of impairment estimation uncertainties, as detailed in note 3.8. This note provides information on key judgments and estimates related to climate related matters which could potentially impact the useful economic lives of the associated assets.

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.

	RoU Buildings	RoU Plant and Equipment	Total
	$'000	$'000	$'000
COST			
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**
Acquisitions from business combinations	235	-	235
Additions	5,718	8,179	13,897
Disposals	(3,590)	(4,411)	(8,001)
Balance as at 30 June 2023	**59,454**	**18,918**	**78,372**
DEPRECIATION			
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**
Depreciation expense	8,493	5,166	13,659
Disposals	(3,590)	(4,411)	(8,001)
Balance as at 30 June 2023	**25,347**	**8,084**	**33,431**
CARRYING VALUES			
At 30 June 2022	**36,647**	**7,821**	**44,468**
At 30 June 2023	**34,107**	**10,834**	**44,941**

3.5 INVESTMENTS IN LISTED EQUITIES

	Consolidated	
	2023	**2022**
	$'000	$'000
Investments at fair value through profit and loss		
Green Technology Metals Limited (ASX: GT1)[1]	11,960	9,857
Gascoyne Resources Limited (ASX: GCY)	9,964	9,049
Barton Gold Limited (ASX: BGD)	1,983	1,421
Grid Metals Corp. (TSXV: GRDM.V)[2]	1,644	-
Other listed equities	271	427
Total investments in listed equities	**25,822**	**20,754**

(1) Includes acquisition and subscription of shares during the period of $0.4 million.
(2) Includes acquisition and subscription of shares during the period of $1.3 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 Group has elected the option to present value changes in other comprehensive income if it is not held for trading. The fair value of the listed equities is determined based on prices quoted on stock exchanges at the close of trading on 30 June 2023. The quoted prices are derived from active markets, ensuring a high degree of reliability in the valuation process.

3.6 INVESTMENT IN ASSOCIATES

	Consolidated	
	2023	**2022**
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	
	2023	**2022**
	$'000	$'000
Opening balance of investment in associates	**1,599**	**2,233**
Share of (loss) / profit from equity accounted investments	(495)	(482)
Distributions received from associates	-	(152)
Closing balance of investment in associates	**1,104**	**1,599**

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.

3.6 INVESTMENT IN ASSOCIATES CONTINUED

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 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**
Additions	3,896	-	-	-	3,896
Assets recognised on business combinations	-	-	703	3,940	4,643
Balance as at 30 June 2023	**22,004**	**9,460**	**18,670**	**74,986**	**125,120**
AMORTISATION					
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**
Amortisation expense	661	-	-	5,890	6,551
Balance as at 30 June 2023	**13,496**	**9,460**	**-**	**59,373**	**82,329**
CARRYING VALUES					
At 30 June 2022	**5,273**	**-**	**17,967**	**17,563**	**40,803**
At 30 June 2023	**8,508**	**-**	**18,670**	**15,613**	**42,791**

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 seven years.

3.7 INTANGIBLE ASSETS CONTINUED

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.

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	
	2023	**2022**
	$'000	$'000
Balance at beginning of the period	168,467	168,467
Amounts recognised on business combinations	1,856	-
Balance at end of the period	**170,323**	**168,467**

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.

Increase in goodwill during the period represents goodwill generated from acquisition of OFI of $1.9 million effective 31 March 2023.

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.

	2023	**2022**
	$'000	$'000
Civil	18,513	18,513
Mining	59,858	59,858
MET	91,952	90,096
Balance at end of the period	**170,323**	**168,467**

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.

3.8 GOODWILL CONTINUED

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 (VIU). 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.

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 conducts assessments of recoverable amounts for assets or CGUs when there are indications of impairment or impairment reversal. When determining the recoverable amount using the VIU method, estimates are made regarding the present value of future cash flows. These estimates are based on internal budgets, forecasts and asset life plans. Factors such as prices, operating costs, capital expenditure, taxes, risk adjustments applied to cash flows and discount rates are considered in these projections. It should be noted that some assumptions and values may differ from those of market participants, as they reflect management's perspective.

All estimates involve management's judgments and assumptions, and they are inherently subject to risks and uncertainties beyond the control of the Group. Consequently, changes in circumstances have the potential to significantly impact projections, thereby affecting the recoverable amount of assets/CGUs at each reporting date.

The Group recognises that climate related impacts can affect NRW’s business and can potentially result in either an increase or decrease in demand for the Group's services due to policy, regulatory (including carbon pricing mechanisms), legal, technological, market or societal responses towards climate change, along with certain physical impacts which might arise from heightened risks stemming from more frequent or severe extreme weather events and long-term alterations in climate patterns. These impacts have been considered when assessing the recoverable amounts for assets or CGUs within the Group.

3.8 GOODWILL CONTINUED

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 2024 adjusted for material known transactions. Growth assumptions thereafter are 2.5% (2022: 2.5%) per annum for each future year. The terminal value assumes perpetual growth of 2.5% (2022: 2.5%). Growth rates do not exceed historical averages.

Discount rate

A pre-tax discount rate of 14.1% (2022: 14.2%), 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 climate related 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% to 3.5% growth per annum; and
- Pre-tax discount rate assumption increased from 14.1% to 15.5%, 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, supply chain constraints and climate related impacts.

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 2023.

3.9 TRADE AND OTHER PAYABLES

	Consolidated	
	2023	2022
	$'000	$'000
CURRENT PAYABLES		
Trade payables	250,060	234,350
Goods and service tax	9,416	8,843
Other payables	34,011	36,165
Accruals	93,650	111,682
Total trade and other payables	**387,137**	**391,040**

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.

3.10 PROVISIONS

	Consolidated			
	Onerous Contracts	Warranty & Other	Employee Benefits	Total
	$'000	$'000	$'000	$'000
Total balance as at 30 June 2022	**-**	**3,313**	**96,104**	**99,417**
Provisions obtained through business combinations	-	-	560	560
Provisions made during the year	130	2,656	76,058	78,844
Provisions applied during the year	-	(4,045)	(84,403)	(88,448)
Balance as at 30 June 2023	**130**	**1,924**	**88,319**	**90,373**
Current provisions	130	1,105	80,045	81,280
Non-current provisions	-	819	8,274	9,093
Total balance as at 30 June 2023	**130**	**1,924**	**88,319**	**90,373**

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).

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.

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.

3.10 PROVISIONS CONTINUED

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 estimated 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 2023 as:

	Consolidated	
	2023	**2022**[(1)]
	$'000	$'000
Cash and cash equivalents	227,580	219,338
Financial debt	(260,417)	(233,160)
Lease debt	(51,503)	(52,761)
Net Debt	**(84,340)**	**(66,583)**
Total equity	610,122	591,090
Net Debt to Equity Ratio	**13.8%**	**11.3%**
Net Debt to Equity Ratio (Excluding lease debt)	**5.4%**	**2.3%**

(1) Restated to reflect prior period adjustment – refer to note 1.9.

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 $0.8 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.

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.

4.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Consolidated interest and liquidity analysis 2023

	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	2.6%	227,580	227,580	-	-	-
Trade and other receivables[1]		363,961	147,194	216,767	-	-
Subtotal		**591,541**	**374,774**	**216,767**	**-**	**-**
FINANCIAL LIABILITIES						
Bank loans	6.0%	42,037	162	12,500	29,375	-
Equipment finance	5.0%	218,181	6,879	59,162	152,140	-
Lease debt	6.3%	51,503	1,217	13,125	34,133	3,028
Trade and other payables[2]		387,137	212,460	174,677	-	-
Other		199	33	166	-	-
Subtotal		**699,057**	**220,751**	**259,630**	**215,648**	**3,028**

(1) Normal trade receivable terms. See note 3.1.
(2) Normal trade payable terms. See note 3.9.

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][3]		407,028	124,479	282,549	-	-
Lease receivables	6.7%	180	23	157	-	-
Subtotal		**626,546**	**343,840**	**282,706**	**-**	**-**
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 3.9.
(3) Restated to reflect prior period adjustment – refer to note 1.9.

4.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

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 (ECL) 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 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 the 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 ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

As at 30 June 2023, expected credit losses are immaterial.

4.2 ISSUED CAPITAL

Fully Paid Ordinary Shares

	Consolidated	
	2023	**2022**
	$'000	$'000
ORDINARY SHARES		
451,247,975[(1)] fully paid ordinary shares (2022: 449,193,491[(1)])	383,416	383,416

(1) Amounts reported include 1,393,511 shares in escrow for FY23 and 7,987,309 shares in escrow for FY23

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			
	2023	**2023**	**2022**	**2022**
	No. '000	$'000	No. '000	$'000
FULLY PAID ORDINARY SHARES				
Balance at the beginning of the financial year	449,194	383,416	449,052	383,416
Issue of shares to executives and employees	2,054	-	142	-
Balance at the end of the period	**451,248**	**383,416**	**449,194**	**383,416**

4.3 RESERVES

	Consolidated	
	2023	**2022**
	$'000	$'000
Share based payment reserve	17,479	14,358
Foreign currency reserve	(2)	(79)
Total reserves	**17,477**	**14,279**

Share Based Payment Reserve

	Consolidated	
	2023	**2022**
	$'000	$'000
Balance at the beginning of the financial year	14,358	11,500
Share based payments	3,121	2,858
Balance at the end of the financial year	**17,479**	**14,358**

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	
	2023	**2022**[(1)]
	$'000	$'000
Balance at the beginning of the financial year	193,395	150,348
Net profit attributable to members of the parent entity	85,635	90,205
Dividends paid	(69,801)	(47,158)
Balance at the end of the financial year	**209,229**	**193,395**

(1) Restated to reflect prior period adjustment – refer to note 1.9.

4.5 DIVIDENDS

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

Fully Paid Ordinary Shares	Consolidated Year Ended 30 June 2023		Consolidated Year Ended 30 June 2022	
	Cents per share	$'000	**Cents per share**	$'000
Final dividend (FY22 / FY21)	7.0	31,444	5.0	22,452
Interim dividend (FY23 / FY22)	8.5[(1)]	38,357	5.5	24,706
Total dividend payments		**69,801**		**47,158**

(1) This was an unfranked dividend.

The Directors have declared a dividend for the current financial year of 8.0 cents per share. The dividend will be fully franked and paid in October 2023.

4.5 DIVIDENDS CONTINUED

Franking Account

	Consolidated	
	2023	**2022**
	$'000	$'000
Franking account balance at 1 July	**14,985**	**34,819**
Australian income tax paid	278	377
Franking credits transferred to head entity upon acquisition	972	-
Franking credits attached to dividends paid:		
As final dividend	(13,476)	(9,623)
As interim dividend	-	(10,588)
Accrued dividend paid to vendors of acquired company after acquisition	(961)	-
Franking account balance at 30 June	**1,798**	**14,985**
Franking credits that will attach to the payment of fully franked dividends declared but not paid as at reporting date	(15,471)	(13,476)

4.6 EARNINGS PER SHARE

	Consolidated	
	2023	**2022[1]**
Profit for the year ($'000)	85,635	90,205
Weighted average number of shares for the purposes of basic earnings per share (000's)	**450,404**	**449,134**
Basic earnings per share	19.0 cents per share	20.1 cents per share
Shares deemed to be issued for no consideration in respect of:		
Performance rights (000's)	9,063	6,136
Weighted average number of shares used for the purposes of diluted earnings per share (000's)	**459,467**	**455,269**
Diluted earnings per share	18.6 cents per share	19.8 cents per share

(1) Restated to reflect prior period adjustment – refer to note 1.9.

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)
O	0.29%	62.74%	1.34%	30.1 to 182.0
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 192.0
W	1.02%	62.08%	6.57%	20.2 to 165.4
X	0.42%	62.12%	6.57%	12.8 to 152.0
Y - F	3.12%	61.10%	8.13%	32.4 to 298.0

For all awards, the share price 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 KMP and non KMP is provided in the table below.

Name / Scheme	Scheme ID	Allocation Date	Vesting Date	Balance of Unvested Equity Awards as at 1 July 2022	Lapsed / Forfeited in FY23	Granted in FY23	Vested in FY23	Balance of Unvested Equity Awards as at 30 June 2023	Fair Value Per Security	Fair Value at Grant Date	Fair Value at Vesting Date	Share Based Payments Expense FY23
				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	1,490,547	-
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	-	194,208
FY22 Tranche 1	X	25/11/2021	30/09/2024	986,842	-	-	-	986,842	12.8 to 152	611,020	-	224,508
FY23 Tranche 1	Y	18/11/2022	30/09/2025	-	-	862,167	-	862,167	47.9 to 252	1,414,816	-	471,605
Subtotal				**2,901,334**	**-**	**862,167**	**(582,246)**	**3,181,255**		**4,428,657**	**1,490,547**	**1,103,599**
A Walsh												
FY20 Tranche 1	R	1/06/2021	30/11/2022	750,000	-	-	(750,000)	-	37.6 to 153	860,593	1,920,000	286,864
FY20 Tranche 2	S	1/06/2021	30/09/2023	750,000	(93,750)	-	-	656,250	58.2 to 153	811,425	-	270,475
FY21 Tranche 1	S	1/06/2021	30/09/2023	375,000	(46,875)	-	-	328,125	56.1 to 153	455,506	-	79,987
FY21 Tranche 2	T	1/06/2021	30/09/2024	375,000	(112,500)	-	-	262,500	61.1 to 153	448,069	-	106,776
Subtotal				**2,250,000**	**(253,125)**	**-**	**(750,000)**	**1,246,875**		**2,575,593**	**1,920,000**	**744,102**
R Simons												
FY23 Tranche 1	Y	18/11/2022	30/09/2025	-	-	221,298	-	221,298	47.9 to 252	363,150	-	121,050
Subtotal				**-**	**-**	**221,298**	**-**	**221,298**		**363,150**	**-**	**121,050**
M Gollschewski												
FY23 Tranche 1	C	8/02/2023	30/09/2025	-	-	55,804	-	55,804	55.9 to 298	108,111	-	36,037
Subtotal				**-**	**-**	**55,804**	**-**	**55,804**		**108,111**	**-**	**36,037**

4.7 SHARE BASED PAYMENTS CONTINUED

Name / Scheme	Scheme ID	Allocation Date	Vesting Date	Balance of Unvested Equity Awards as at 1 July 2022	Lapsed / Forfeited in FY23	Granted in FY23	Vested in FY23	Balance of Unvested Equity Awards as at 30 June 2023	Fair Value Per Security	Fair Value at Grant Date	Fair Value at Vesting Date	Share Based Payments Expense FY23
				Number of Rights		Number of Rights	Number of Rights	Number of Rights	Cents	$	$	$
G Caton												
FY20 Tranche 1	O	20/07/2020	30/11/2022	137,980	-	-	(137,980)	-	30.1 to 182	182,186	353,229	-
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	-	30,682
FY22 Tranche 1	X	17/06/2022	30/09/2024	157,730	-	-	-	157,730	12.8 to 152	97,661	-	35,884
FY23 Tranche 1	Y	18/11/2022	30/09/2025	-	-	137,620	-	137,620	47.9 to 252	225,835	-	75,278
Subtotal				**552,180**	**-**	**137,620**	**(137,980)**	**551,820**		**829,829**	**353,229**	**192,386**
Non KMP Summary												
FY20 Tranche 1	O	20/07/2020	30/11/2022	584,219	-	-	(584,219)	-	30.1 to 182	851,473	1,495,601	-
FY20 Tranche 2	O	20/07/2020	30/11/2023	584,219	-	-	-	584,219	30.1 to 182	925,263	-	214,001
FY21 Tranche 1	U	17/06/2022	30/09/2023	757,881	(60,600)	-	-	697,281	38.7 to 192	807,017	-	180,558
FY22 Tranche 1	W	16/12/2021	30/03/2025	197,368	-	-	-	197,368	20.2 to 165	136,421	-	50,007
FY22 Tranche 1	X	17/06/2022	30/09/2024	1,403,810	(228,453)	-	-	1,175,357	12.8 to 152	869,192	-	267,393
FY23 Tranche 1	Y	18/11/2022	30/09/2025	-	-	1,119,084	-	1,119,084	47.9 to 252	1,819,879	-	606,625
FY23 Tranche 1	Z	12/10/2022	30/09/2025	-	-	41,436	-	41,436	44.6 to 254	68,121	-	22,707
FY23 Tranche 1	A	6/12/2022	30/09/2025	-	-	23,481	-	23,481	56.1 to 260	40,462	-	13,487
FY23 Tranche 1	B	20/01/2023	30/09/2025	-	-	28,450	-	28,450	63.8 to 289	54,373	-	18,124
FY23 Tranche 1	C	8/02/2023	30/09/2025	-	-	55,804	-	55,804	55.9 to 298	108,111	-	36,037
FY23 Tranche 1	D	8/02/2023	30/09/2025	-	-	21,053	-	21,053	55.9 to 298	40,787	-	13,596
FY23 Tranche 1	E	20/03/2023	30/09/2025	-	-	25,814	-	25,814	32.4 to 240	39,091	-	13,030
FY23 Tranche 1	F	21/03/2023	30/09/2025	-	-	15,937	-	15,937	33.4 to 239	24,092	-	8,031
Subtotal				**3,527,497**	**(289,053)**	**1,331,059**	**(584,219)**	**3,985,284**		**5,784,282**	**1,495,601**	**1,443,596**
Grand Total				**9,231,011**	**(542,178)**	**2,607,948**	**(2,054,445)**	**9,242,336**		**14,089,622**	**5,259,377**	**3,640,770**

5 FINANCING

5.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks and 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	
	2023	**2022[1]**
	$'000	$'000
PROFIT FOR THE PERIOD	**85,635**	**90,205**
Adjustments for:		
Profit on sale of property, plant and equipment	(1,997)	(1,255)
Profit on sale of investments	(4)	-
Depreciation and amortisation	128,418	123,291
Non-cash impairment	-	1,075
Share of loss from associates	495	482
Share based payment expense	3,121	2,858
Movements in investments and listed equities	(3,307)	(3,664)
Net cash generated before movement in working capital	**212,361**	**212,992**
Change in trade and other receivables	44,687	9,547
Change in lease receivables	180	2,794
Change in inventories	(26,988)	(12,886)
Change in other assets	(2,597)	(17,828)
Change in trade and other payables	(8,108)	51,285
Change in provisions	(10,404)	6,780
Change in current tax liabilities	148	(430)
Change in deferred tax balances	37,715	35,746
Net cash from operating activities	**246,994**	**288,000**

(1) Restated to reflect prior period adjustment – refer to note 1.9.

5.2 GUARANTEES

	Consolidated	
	2023	**2022**
	$'000	$'000
Bank guarantees	27,410	29,775
Insurance bonds	154,740	164,575
Balance at the end of the financial year	**182,150**	**194,350**

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	
	2023	2022
	$'000	$'000
SECURED AT AMORTISED COST		
Current		
Bank loans	12,662	12,614
Equipment finance	66,041	56,608
Other	199	217
Total current financial debt	**78,902**	**69,439**
Non-current		
Bank loans	29,375	41,875
Equipment finance	152,140	121,846
Total non-current financial debt	**181,515**	**163,721**
Total financial debt	**260,417**	**233,160**

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 30 June 2023, 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 2024.

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 2023.

	Consolidated	
	2023	2022
	$'000	$'000
Opening balance	**233,160**	**261,908**
Equipment finance assumed (through business acquisition)	322	-
New equipment finance	104,411	110,516
Repayment of equipment finance	(65,006)	(46,568)
Net repayments related to sale of Boggabri assets	-	(63,883)
Net repayment of financial debt	(12,470)	(28,813)
Total financial debt	**260,417**	**233,160**

5.3 FINANCIAL DEBT CONTINUED

Interest Bearing Finance Facilities

Consolidated finance facilities as at 30 June 2023

Finance Description	Face Value (limit)	Carrying Amount (utilised)	Unutilised Amount
	$'000	$'000	$'000
Banking facilities[1]	**135,300**	42,037	93,263
Equipment finance[2]	**514,785**	218,181	296,604
Guarantees and insurance bonds[3]	**399,001**	182,150	216,851

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

(1) Includes cash advance facilities 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	
	2023	**2022**
	$'000	$'000
Opening balance	**52,761**	**55,924**
New leases through a business combination	235	-
New leases	13,897	11,450
Net repayments	(15,390)	(14,613)
Balance at 30 June	**51,503**	**52,761**
Current	14,342	13,261
Non-current	37,161	39,500
Total lease debt	**51,503**	**52,761**

5.4 LEASE DEBT CONTINUED

Group lease debt relates mainly to properties, with 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;
- 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 case, 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
- The 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.

5.4 LEASE DEBT CONTINUED

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	
	2023	**2022**
	$'000	$'000
CAPITAL AND OTHER COMMITMENTS		
Not later than 12 months	68,151	87,255
Between 12 months and 5 years	790	422
Greater than 5 years	16	-
Total capital and other commitments	**68,957**	**87,677**

6 TAXATION

6.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

	Consolidated	
	2023	**2022[1]**
	$'000	$'000
CURRENT TAX EXPENSE		
Current year income tax	1,521	(12)
Other adjustments	47	(476)
Subtotal	**1,568**	**(488)**
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	37,589	36,232
Deferred tax assets not brought to account	126	-
Total income tax expense / (benefit)	**39,283**	**35,744**

(1) Restated to reflect prior period adjustment – refer to note 1.9.

6.2 RECONCILIATION OF EFFECTIVE TAX RATE

	Consolidated	
	2023	**2022[1]**
	$'000	$'000
Profit before tax for the period	124,918	125,949
INCOME TAX USING THE COMPANY'S DOMESTIC TAX RATE OF 30%	**37,475**	**37,785**
Changes in income tax expense due to:		
Adjustments recognised in the current year in relation to the current tax of prior years	696	(2,547)
Non-deductible costs	1,425	349
Share based payments	(1,062)	(37)
Adjustments to carrying amounts for deferred tax balances	486	134
Non-recoverable withholding taxes	316	-
Effect of different income tax rates for subsidiaries operating in a different tax jurisdiction	(179)	60
Current year tax losses not recognised as deferred tax assets	126	-
Total income tax expense / (benefit)	**39,283**	**35,744**

(1) Restated to reflect prior period adjustment – refer to note 1.9.

6.3 CURRENT AND DEFERRED TAX BALANCES

Current Tax Liabilities

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 in the relevant jurisdictions 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 tax balances in the period the change is identified.

Tax losses have been applied to offset Australian taxable income. The reported current tax liabilities at 30 June 2023 relate to tax payable in foreign jurisdictions (2022: $12,000 tax asset).

Deferred Tax Balances

	Assets		Liabilities		Net	
	2023	**2022[1]**	**2023**	**2022[1]**	**2023**	**2022[1]**
	$'000	$'000	$'000	$'000	$'000	$'000
Accrued income	-	-	(28,828)	(26,514)	(28,828)	(26,514)
Inventories	-	-	(3,399)	(3,684)	(3,399)	(3,684)
Property, plant and equipment	37,462	5,004	(136,533)	(64,982)	(99,071)	(59,978)
Investments and joint ventures	-	95	(3,144)	-	(3,144)	95
Intangibles	-	-	(10,618)	(10,627)	(10,618)	(10,627)
Leases	23,911	23,047	(21,959)	(20,972)	1,952	2,075
Provisions	32,619	28,975	-	-	32,619	28,975
Accrued expenses	4,278	7,061	-	-	4,278	7,061
Corporate costs	949	1,197	-	-	949	1,197
Share based payments	2,381	1,956	-	-	2,381	1,956
Losses	13,381	10,843	-	-	13,381	10,843
Other	589	413	(1,186)	(2,892)	(597)	(2,479)
Deferred tax assets / (liabilities)	**115,570**	**78,591**	**(205,667)**	**(129,671)**	**(90,097)**	**(51,080)**

(1) Restated to reflect prior period adjustment – refer to note 1.9.

Movement of Deferred Tax Balances

	Consolidated	
	2023	**2022[1]**
	$'000	$'000
DEFERRED TAX EXPENSE		
Recognised in profit or loss (note 6.1)	(37,715)	(36,232)
Balance acquired through business combinations	(1,303)	-
Balance restated to reflect finalisation of purchase price accounting	-	486
Total	**(39,018)**	**(35,746)**

(1) Restated to reflect prior period adjustment – refer to note 1.9.

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 each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax 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

No deferred tax asset has been recognised in respect of current year foreign tax losses. During the year there were no deductible temporary differences or unused tax credits for which deferred tax assets have not 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 agreement 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 agreement.

6.4 RELEVANCE OF TAX CONSOLIDATION TO THE GROUP CONTINUED

Nature of Tax Funding Arrangements and Tax Sharing Agreements

Entities within the tax consolidated group have entered into a tax funding and a tax sharing agreement with the head entity. Under the terms of the tax funding agreement, 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.

Upon entering the tax consolidated group on 31 March 2023, the OFI entities formally entered into deeds of adherence to become parties to the tax sharing and tax funding agreements with NRW Holdings Limited.

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 2023, NRW has estimated carry forward tax losses of $13.4 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.

	2017-18	2018-19	2019-20	2020-21	2021-22[1]
	$'000	$'000	$'000	$'000	$'000
Total Income	676,658	1,087,568	2,011,916	2,235,779	2,390,037
Taxable / Net Income	Nil	Nil	Nil	Nil	12
Tax Payable	Nil	Nil	Nil	Nil	Nil

(1) Not yet disclosed by the ATO under the Report of Entity Tax Information regime online.

6.6 TAX POLICY, STRATEGY AND GOVERNANCE CONTINUED

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 considered to be a significant global entity and 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 laws and administrative guidance.

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, and to the ATO and other revenue authorities through annual Country by Country Reporting.

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	
			2023	2022
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) <	Dormant	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	
			2023	2022
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%
Overflow Industrial Unit Trust (ABN 99 227 134 227)	MET	Australia	100%	-
OFI Group Holdings Pty Ltd (ACN 613 144 513)	MET	Australia	100%	-
Overflow Industrial Pty Ltd (ACN 009 367 257)	MET	Australia	100%	-

< Entered into ASIC Corporations instrument 98/1418 Deed of Cross Guarantee with NRW Holdings Limited.

NRW Holdings Limited and its wholly owned subsidiaries incorporated in Australia, form the Tax Consolidated Group.

Deed of Cross Guarantee

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.

7.1 SUBSIDIARIES CONTINUED

The consolidated statement of comprehensive income of the entities party to the Deed of Cross Guarantee is as follows:

	Consolidated	
	2023	**2022**
	$'000	$'000
STATEMENT OF COMPREHENSIVE INCOME		
Revenue	2,087,186	1,832,621
Other income	940	17,186
Materials and consumables used	(533,741)	(490,009)
Employee benefits expense	(661,080)	(622,274)
Subcontractor costs	(400,741)	(317,407)
Plant and equipment costs	(198,706)	(164,038)
Depreciation and amortisation expenses	(116,442)	(112,578)
Other expenses	(40,805)	(21,678)
Share of (loss) in associate	(495)	(482)
Net finance costs	(15,932)	(11,801)
Profit before income tax	**120,184**	**109,540**
Income tax expense	(33,472)	(30,957)
Profit for the year	**86,712**	**78,583**
OTHER COMPREHENSIVE INCOME		
Total comprehensive income for the year	**86,712**	**78,583**

The consolidated statement of financial position of the entities party to the Deed of Cross Guarantee is:

	Consolidated	
	2023	**2022**
	$'000	$'000
ASSETS		
Current assets		
Cash and cash equivalents	179,831	180,249
Trade and other receivables	279,929	341,562
Lease receivables	-	180
Inventories	91,925	64,590
Other current assets	17,949	16,195
Total current assets	**569,634**	**602,776**
Non-current assets		
Property, plant and equipment	444,836	379,563
Right-of-use assets	39,468	37,873
Investment in listed equities	9,964	9,049
Investments in subsidiaries and associates	161,361	103,892
Intangibles	21,225	17,990
Goodwill	85,036	85,036
Total non-current assets	**761,890**	**633,403**
Total assets	**1,331,524**	**1,236,179**

7.1 SUBSIDIARIES CONTINUED

	Consolidated	
	2023	2022
	$'000	$'000
LIABILITIES		
Current liabilities		
Trade and other payables	304,763	272,095
Financial debt	73,409	69,228
Lease debt	12,749	5,264
Provisions	54,629	63,417
Total current liabilities	**445,550**	**410,004**
Non-current liabilities		
Financial debt	169,697	145,002
Lease debt	32,654	39,500
Provisions	8,414	16,116
Deferred tax liabilities	85,639	56,019
Total non-current liabilities	**296,404**	**256,637**
Total liabilities	**741,954**	**666,641**
Net assets	**589,570**	**569,538**
EQUITY		
Contributed equity	383,413	383,413
Reserves	16,992	13,871
Retained earnings	189,165	172,254
Total equity	**589,570**	**569,538**

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	
			2023	2022
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%	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

There are no 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 2023, 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	
	2023	**2022**
	$'000	$'000
ASSETS		
Current assets	175,917	207,172
Non-current assets	279,188	271,121
Total assets	**455,105**	**478,293**
LIABILITIES		
Current liabilities	15,797	16,819
Non-current liabilities	29,718	43,543
Total liabilities	**45,515**	**60,362**
Net assets	**409,590**	**417,931**
EQUITY		
Contributed equity	383,416	383,416
Share based payment reserve	17,426	14,304
Retained earnings	8,748	20,211
Total equity	**409,590**	**417,931**

Financial Performance

	Parent	
	2023	**2022**
	$'000	$'000
Profit for the year	58,340	43,615
Total comprehensive income	**58,340**	**43,615**

Guarantees Entered into by the Parent in Relation to the Debts of its Subsidiaries

	Parent	
	2023	**2022**
	$'000	$'000
Asset finance	218,181	178,454
Total	**218,181**	**178,454**

7.5 AUDITORS REMUNERATION

	Consolidated	
	2023	2022
	$	$
AUDIT SERVICES		
Auditors of the Company:		
Deloitte Touche Tohmatsu	639,000	599,000
OTHER SERVICES		
Industry specific compliance audits	38,500	44,500
Assurance services related to business acquisitions	-	-
Non-audit services	177,075	13,419
Total	**854,575**	**656,919**

7.6 EVENTS AFTER THE REPORTING PERIOD

The Directors have declared a fully franked dividend for the current financial year of 8.0 cents per share, payable in October 2023.

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 significantly affect 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 24 July 2023. NRW's contributed equity comprises 449,854,464 fully paid ordinary shares.

Distribution of Shareholdings

Range	Fully Paid Ordinary Shares	%	No of Holders	%
100,001 and over	390,815,162	86.88	189	2.23
10,001 to 100,000	40,949,842	9.10	1,483	17.48
5,001 to 10,000	9,425,417	2.10	1,239	14.61
1,001 to 5,000	7,322,679	1.63	2,677	31.56
1 to 1,000	1,341,364	0.29	2,895	34.12
Subtotal	**449,854,464**	**100.00**	**8,483**	**100.00**
Shares held in escrow	1,393,511	0.31	1	0.01
Unmarketable parcels	17,417	0.00	517	6.09

NRW's 20 Largest Shareholders

Rank	Name	Shares	% Interest
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	119,592,281	26.58
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	68,530,724	15.23
3	CITICORP NOMINEES PTY LIMITED	67,975,908	15.11
4	NATIONAL NOMINEES LIMITED	28,690,072	6.38
5	JULIAN ALEXANDER PEMBERTON	8,555,947	1.90
6	BNP PARIBAS NOMS PTY LTD	8,422,886	1.87
7	MR DAVID RONALDSON	8,020,392	1.78
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,064,080	1.57
9	BNP PARIBAS NOMINEES PTY LTD	5,203,573	1.16
10	CITICORP NOMINEES PTY LIMITED	3,862,840	0.86
11	UBS NOMINEES PTY LTD	2,365,565	0.53
12	JEFFRESS NOMINEES PTY LTD	2,233,920	0.50
13	GABRIELLA NOMINEES PTY LTD	2,221,713	0.49
14	MR PETER HOWELLS	2,053,355	0.46
15	MS LESLEY ANN JEFFRESS	1,969,000	0.44
16	NETWEALTH INVESTMENTS LIMITED	1,851,555	0.41
17	MR STEVEN SCHALIT & MS CANDICE SCHALIT	1,602,125	0.36
18	SCHALIT SUPER PTY LTD	1,462,068	0.33
19	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	1,386,733	0.31
20	MR STEVEN SCHALIT	1,351,627	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 %
Vanguard Group	23,256,528	5.17

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.

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Independent Auditor's Report to the Members of NRW Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of NRW Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of 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 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
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 liabilities 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; • Reconciling costs incurred for a sample of projects between general ledger records and contract valuation reports; • Assessing the forecast costs to complete through challenge of project managers and finance personnel in relation to margins, status of relationships 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 relation to revenue recognition included in Notes 1.9 and 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 is expected to be made available to us after that date.

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.

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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's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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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 18 to 31 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of NRW Holdings Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D K Andrews
Partner
Chartered Accountants
Perth, 16 August 2023

APPENDIX 4E

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the Year Ended 30 June 2023

	% Change up / (down)	Year Ended 30 June 2023	Year Ended 30 June 2022[1]
		$'000	$'000
Revenues from ordinary activities	12.7%	2,667,064	2,367,430
Profit from ordinary activities after tax attributable to members	(5.1%)	85,635	90,205
Total Comprehensive Income	(5.1%)	85,635	90,205
INTERIM DIVIDEND			
Date dividend is payable		6 April 2023	7 April 2022
Record date to determine entitlements to dividend		23 March 2023	22 March 2022
Interim dividend payable per security (cents)		8.5	5.5
Franked amount of dividend per security (cents)		-	5.5
Unfranked amount of dividend per security (cents)		8.5	-
FINAL DIVIDEND			
Date dividend is payable		11 October 2023	12 October 2022
Record date to determine entitlements to dividend		22 September 2023	23 September 2022
Final dividend payable per security (cents)		8.0	7.0
Franked amount of dividend per security (cents)		8.0	7.0
RATIOS AND OTHER MEASURES			
Net tangible asset backing per ordinary security		$0.88	$0.85

(1) Restated to reflect prior period adjustment – refer to note 1.9.

Commentary on the Results for the Year

A commentary on the results for the year is contained in the statutory financial report dated 16 August 2023.

Status of Accounts

This statutory financial report is based on audited accounts.

NRW Holdings Limited - ACN 118 300 217