Ventia Services Group Limited
ABN 53 603 253 541

Level 8, 80 Pacific Highway
North Sydney NSW 2060
AUSTRALIA

ventia.com

ASX and NZX Release

25 August 2023

Appendix 4D and Half-Year Financial Report

Enclosed are the following documents relating to Ventia Services Group Limited's results for the half-year ended 30 June 2023:

- Appendix 4D
- Half-Year Report

The following associated documents will be provided separately for lodgement:

- Notification of Dividend (Appendix 3A.1)
- Media Release
- Half-Year Presentation

This announcement was authorised by the Board.

-Ends-

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

VENTIA SERVICES GROUP LIMITED

ABN 53 603 253 541

Results for Announcement to the Market

APPENDIX 4D - Half-Year Report

	Half-year ended 30 June 2023 $'m	Half-year ended 30 June 2022 $'m	Change $'m	Change Percentage
Total revenue	2,786.8	2,510.0	276.8	11.0%
Profit from ordinary activities after income tax attributable to members of the parent entity	88.3	105.0	(16.7)	(15.9%)
Profit after income tax attributable to members of the parent entity	88.3	105.0	(16.7)	(15.9%)

Dividends	**Amount per security**	**Franked amount per security**	
Interim dividend - year ending 31 December 2023	8.31 cents	6.65 cents	80%
Final dividend - year ended 31 December 2022	8.28 cents	6.62 cents	80%

Key interim dividend dates	**Date**
Ex-dividend date	30 August 2023
Record date for determining entitlement to the dividend	31 August 2023
Date for payment of dividend	6 October 2023

	As at 30 June 2023	**As at 31 December 2022**	**As at 30 June 2022**
Net tangible liabilities backing per ordinary share	$ (0.72)	$ (0.76)	$ (0.81)

The remainder of the information requiring disclosure to comply with ASX Listing Rule 4.2A is contained in the Half-Year Financial Update and the Condensed Consolidated Financial Statements for the half-year ended 30 June 2023 which are lodged with this Appendix 4D.

24 August 2023

Half-Year Report
2023

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Acknowledgement of Country

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

Mihi

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


LIVING STRONGER

Half-Year Financial Update

Ventia Services Group Limited (Ventia or Company) and its subsidiaries (together referred to as the Group) is a leading essential services provider in Australia and New Zealand.

The Group has extensive capabilities across the full asset lifecycle and provides services across a diverse range of industry sectors through long-term contracts with a range of government agencies and blue chip organisations.

Ventia is structured across four sectors:

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

Ventia's strategy in Redefining Service Excellence is centered on three priorities: client focus, innovation and commitment to sustainability.

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

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

1. Statutory financial performance

1.1 Statutory Group financial highlights

	June 2023 $'m	June 2022 $'m	Change $'m	Change %
Revenue	2,786.8	2,510.0	276.8	11.0%
Profit after income tax	88.3	105.0	(16.7)	(15.9%)

	June 2023 cps	June 2022 cps	Change cps	Change %
Basic earnings per share	10.32	12.29	(1.97)	(16.0%)

		Other measures[i]		
	June 2023 $'m	June 2022 $'m	Change $'m	Change %
EBITDA	225.1	197.8	27.3	13.8%
EBITA	173.3	146.1	27.2	18.6%
EBIT before amortisation of acquired intangible assets	161.6	126.0	35.6	28.3%
NPATA	94.8	113.4	(18.6)	(16.4%)
Operating cash flow before interest and tax	200.2	153.3	46.9	30.6%
Operating cash flow conversion %[ii]	88.9%	77.5%	n/a	11.4pp
Work in hand	17,470.5	17,291.7	178.8	1.0%

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

EBITDA – Earnings before interest, tax, depreciation and amortisation
EBITA – Earnings before interest, tax and amortisation
EBIT – Earnings before interest and tax
NPATA – Net profit after tax, excluding the after tax impact of amortisation of acquired intangible assets

1.2 Statutory Group financial performance

	June 2023 $'m	June 2022 $'m	Change $'m	Change %
Revenue	2,786.8	2,510.0	276.8	11.0%
Expenses	(2,563.3)	(2,313.7)	(249.6)	10.8%
Share of profits of joint ventures	1.6	1.5	0.1	6.7%
Earnings before interest, income tax, depreciation and amortisation	**225.1**	**197.8**	**27.3**	**13.8%**
Depreciation expense	(51.8)	(51.7)	(0.1)	0.2%
Amortisation expense	(21.0)	(32.1)	11.1	(34.6%)
Earnings before interest and income tax	**152.3**	**114.0**	**38.3**	**33.6%**
Net finance costs	(26.8)	(15.5)	(11.3)	72.9%
Profit before income tax	**125.5**	**98.5**	**27.0**	**27.4%**
Income tax (expense)/benefit	(37.2)	6.5	(43.7)	(672.3%)
Profit after income tax	**88.3**	**105.0**	**(16.7)**	**(15.9%)**
Amortisation of acquired intangible assets (after tax)	6.5	8.4	(1.9)	(22.6%)
NPATA	**94.8**	**113.4**	**(18.6)**	**(16.4%)**

Revenue

Ventia reported an increase in revenue of $276.8 million, or 11.0%, to $2,786.8 million in HY23. The growth across all sectors was a result of increased volume of work on existing contracts and contribution from contracts won and commencing in the second half of 2022.

Section 3 provides further commentary on sector performance.

EBITDA

Statutory EBITDA increased by $27.3 million, or 13.8%, to $225.1 million in HY23. The increase in EBITDA is primarily due to the increase in revenue.

Depreciation expense

There was no significant change in depreciation expense compared to HY22.

Amortisation expense

Amortisation expense decreased by $11.1 million, or 34.6%. This decrease was mainly due to certain software assets being fully amortised as at 31 December 2022, resulting in no corresponding amortisation expense in HY23.

Net finance costs

Net finance costs increased by $11.3 million, or 72.9%. The interest rate of the Group's syndicated loan facilities is linked to the Bank Bill Swap Bid Rate (BBSY), which increased from 0.28% in June 2022 to 3.77% in June 2023. The Group partially hedges its interest risk exposure by entering into interest rate swap arrangements.

Income tax

Income tax expense was $37.2 million for HY23, representing an effective tax rate of 29.6%. The income tax benefit in HY22 was primarily due to the recognition of $35.2 million of previously unrecognised tax losses related to the Broadspectrum business. Excluding the recognition of these losses, the effective tax rate was 29.1% in HY22.

1.3 Statutory Group financial position

Net working capital

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

The net working capital balance increased by $34.1 million in HY23. Key movements include an increase in trade receivables of $108.9 million, offset by an increase in trade payables of $65.1 million. Trade receivables are seasonally higher in June compared to December due to higher work volumes in May and June of each year. Trade receivables increased by 43% in the period which is consistent with the prior corresponding period of 44%.

Net debt

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

Net debt decreased by $43.0 million to $559.5 million, mainly due to the increase in cash held at the end of HY23 of $41.0 million. The increase in cash held at the period end reflects the strong operating cash flows of the Group.

Total equity

The total equity of the Group has increased by $20.2 million, mainly driven by $88.3 million of profit after income tax. Other key movements in equity were payment of dividends of $69.8 million and an increase in cash flow hedge reserve of $1.4 million.

1.4 Statutory Group cash flow

Operating cash flow

Net cash generated from operating activities for HY23 was $159.9 million, representing an increase of $40.0 million from HY22. Improvement in cash flow was mainly due to an increase in EBITDA.

Investing cash flow

Total cash outflow from investing activities was $16.4 million for HY23, representing a $2.0 million decrease compared with HY22. Cash outflow for both years mainly comprised payments for acquisition of property, plant and equipment, and intangible assets. In addition, HY22 cash outflow included payment of $3.3 million in respect of the deferred consideration for the acquisition of Kordia Solutions Pty Ltd.

Financing cash flow

Total financing cash outflow of $101.8 million increased by $54.9 million compared to HY22. This was mainly due to an increase in dividends paid of $57.2 million.

2. Pro forma Group financial performance[i]

In June 2020, Ventia acquired the share capital in Broadspectrum. Due to the material nature of the acquisition, a pro forma view of Group results was presented in previous financial reports. The HY22 pro forma results have been calculated from the statutory measures by adjusting the results of the financial impact of the Broadspectrum acquisition. There are no pro forma adjustments in the HY23 results.

	Note	June 2023 $'m	June 2022 $'m
NPATA		**94.8**	**113.4**
Broadspectrum transaction and integration costs	1	–	5.5
Amortisation	2	–	5.8
Income tax adjustments	3	–	(39.5)
Pro forma NPATA		**94.8**	**85.2**

1. HY22 excludes integration costs relating to Broadspectrum.
2. HY22 excludes Ventia accelerated amortisation of brands and software not used post integration of Broadspectrum.
3. HY22 reflects the application of a pro forma tax rate of 30%, which is the Australian corporate tax rate.

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

3. Sector financial performance

3.1 Defence and Social Infrastructure

	June 2023 $'m	June 2022 $'m	Change $'m	Change %
Sector revenue	1,179.2	1,118.1	61.1	5.5%
Sector EBITDA	78.1	75.1	3.0	4.0%
Sector EBITA	69.8	66.4	3.4	5.1%

Defence and Social Infrastructure reported revenue of $1,179.2 million. This represents an increase of $61.1 million or 5.5% on HY22. This growth was underpinned by expansion into core markets of Justice and Living Services. Ventia achieved this growth through leveraging existing relationships with long-term clients and new contract wins such as the Department of Justice and Community Safety (Victoria).

The sector's performance also benefitted from an expansion of minor capital works, primarily driven by local and state councils looking to improve their facilities.

HY23 EBITDA was $78.1 million, an increase of $3.0 million or 4.0% on HY22. HY23 EBITA was $69.8 million, an increase of $3.4 million on HY22. This was primarily driven by increased revenue as noted above.

3.2 Infrastructure Services

	June 2023 $'m	June 2022 $'m	Change $'m	Change %
Sector revenue	632.6	559.3	73.3	13.1%
Sector EBITDA	56.0	53.7	2.3	4.3%
Sector EBITA	35.8	33.9	1.9	5.6%

Infrastructure Services reported revenue of $632.6 million. This represents an increase of $73.3 million or 13.1% on HY22. This was primarily due to higher volumes from clients operating across Environmental Services, Rig and Well Services, Electricity and Gas, and Resources and Industrial business units. Rig and Well Services performance has improved due to higher rig utilisation in HY23. The Electricity and Gas business benefitted from a new panel contract with Victoria's largest utility provider and higher maintenance volumes in New Zealand as a result of damage caused by severe weather events.

HY23 EBITDA was $56.0 million, an increase of $2.3 million or 4.3% on HY22. HY23 EBITA was $35.8 million, an increase of $1.9 million on HY22. This was primarily due to the increase in revenue and change in mix of work performed.

3.3 Telecommunications

	June 2023 $'m	June 2022 $'m	Change $'m	Change %
Sector revenue	654.4	580.8	73.6	12.7%
Sector EBITDA	84.1	74.4	9.7	13.0%
Sector EBITA	76.8	68.1	8.7	12.8%

Telecommunications reported revenue of $654.4 million. This represents an increase of $73.6 million or 12.7% on HY22. This increase was driven by key contracts with clients including Telstra and NBN.

New contracts from late 2022 continue to mobilise including SKA Observatory and other cross-sector opportunities for Ventia continue to emerge.

HY23 EBITDA was $84.1 million, an increase of $9.7 million or 13.0% on HY22. HY23 EBITA was $76.8 million, an increase of $8.7 million on HY22. This was primarily driven by increased revenue as noted above.

3.4 Transport

	June 2023 $'m	June 2022 $'m	Change $'m	Change %
Sector revenue	320.6	251.8	68.8	27.3%
Sector EBITDA	23.4	19.0	4.4	23.2%
Sector EBITA	17.8	14.4	3.4	23.6%

Transport reported revenue of $320.6 million. This represents an increase of $68.8 million or 27.3% on HY22. This increase was driven by contracts commencing in the second half of 2022, such as the Western Habour and Sydney Harbour Tunnels. The strong performance was also supported by higher road maintenance volumes in New Zealand as a result of damage caused by severe weather events.

HY23 EBITDA was $23.4 million, an increase of $4.4 million or 23.2% on HY22. HY23 EBITA was $17.8 million, an increase of $3.4 million on HY22. This was primarily driven by increased revenue as noted above.

4. Liquidity and capital management

As at 30 June 2023, the Group had liquidity of $721.0 million, comprising cash balances of $321.0 million and undrawn committed debt facilities of $400.0 million.

Syndicated loan facilities

Ventia has in place $750.0 million syndicated loan facilities and a $400.0 million revolving cash facility. The syndicated bank loan facilities are unsecured and committed, and comprise Australian dollar tranches with maturities in 2024, 2025 and 2026.

Covenants on financing facilities

The Group's financing facilities contain undertakings to comply with financial covenants and ensure that Group guarantors of these facilities collectively meet certain minimum threshold amounts of Group EBITDA and Group total tangible assets. The Group was in compliance with all its financial covenants as at 30 June 2023.

Bank guarantees and insurance bonds

The Group has $665.0 million (2022: $765.0 million) of bank guarantee and insurance bond facilities on a committed and uncommitted basis to support its contracting activities. The Group has utilised $362.0 million (2022: $393.0 million) of these facilities at 30 June 2023, with $303.0 million (2022: $372.0 million) unutilised.

Credit ratings

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

5. Sustainability

During March 2023, Ventia published its Sustainability Report. The Ventia Sustainability Strategy has three focus areas:

- Environment – creating a healthier planet;
- Social – people and community focused; and
- Governance – ethical and accountable in everything we do.

The Group's commitments and targets are set out in the 2022 Sustainability Report, which is accessible from the Ventia website (www.ventia.com).

6. Dividends

Ventia's dividend policy is to pay out between 60% and 80% of the Group's pro forma NPATA (refer Section 2) as a dividend. NPATA provides a proxy for Ventia's cash flows available to pay dividends before the after-tax amortisation of acquired intangible assets. It is a key measure of Ventia's financial performance.

On 24 August 2023, the Ventia Board resolved to pay an interim dividend of 8.31 cents per share, 80% franked, representing a payout ratio of 75%.

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

7. Outlook

Ventia has had a solid start to the year, including robust demand across all sectors with particular outperformance from Transport and Telecommunications. The successful renewal of the Defence Maintenance Contract combined with new work from NBN and Transurban Queensland provides work in hand as at 30 June 2023 of $17.5 billion. Ventia's work in hand position combined with a strong future pipeline of opportunity underpinned by solid demand drivers, provides a high level of confidence looking forward. Our half-year performance has given our Board the confidence to reaffirm our FY23 guidance at the top end of the range for growth in NPATA of 7-10% compared to FY22 pro forma NPATA.

Financial Report

for the half-year ended 30 June 2023

Contents

Notes to the Condensed Consolidated Financial Statements

Directors' Report

This is the report of the Directors of Ventia Services Group Limited (Ventia or Company) in respect of Ventia and the entities it controlled at the end of, or during, the half-year ended 30 June 2023 (together referred to as the Group).

Directors

The following persons held office as Directors of the Company during the half-year ended 30 June 2023 and up to the date of this report, unless otherwise stated:

Mr David Moffatt (Chairman)

Mr Dean Banks (Managing Director)

Mr Kevin Crowe

Mr Jeffrey Forbes

Ms Sibylle Krieger

Mr Steve Martinez (Alternate Director)

Ms Lynne Saint

Ms Anne Urlwin ONZM

Mr Damon Rees (appointed on 1 July 2023)

All of the current Directors are non-executive directors, except for Mr Dean Banks who is the Managing Director and Group Chief Executive Officer.

Principal activities

The Group is one of the largest essential services providers in Australia and New Zealand. The Group organises its operations into four sectors as follows:

- Defence and Social Infrastructure provides maintenance and support services to customers operating across defence, social infrastructure (education, health and state government), housing and community, local government and critical infrastructure. This sector also provides property and consulting services to public and private clients;
- Infrastructure Services supports the ongoing maintenance of infrastructure, including utilities (water, electricity and gas), resources and industrial assets (mining, gas and manufacturing) and resources development (mineral and gas). This sector also provides complex and large-scale environmental remediation and rehabilitation services, and leverages technologies aimed at enhancing customer productivity and sustainability;
- Telecommunications provides end-to-end service capabilities that span design, supply, minor construction, installation, commissioning and maintenance of telecommunications networks and infrastructure; and
- Transport provides maintenance, project delivery and technology solutions to owners and operators of road, motorway, tunnel and rail networks.

Further details of the results of operations and likely developments are set out in the Half-Year Financial Update on pages 2–7.

Significant changes in the state of affairs

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

Company Secretaries

Mr Zoheb Razvi

Ms Debbie Schroeder

Dividends

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

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

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 12.

Proceedings on behalf of the Company

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

Rounding of amounts

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

Matters subsequent to balance date

Since the end of the half-year, the Directors have resolved to pay an interim dividend of 8.31 cents per share, 80% franked.

In accordance with AASB 110 Events after the Reporting Period, the proposed interim dividend is not recognised as a liability as at 30 June 2023.

Unless disclosed elsewhere in the Condensed Consolidated Financial Statements, no other material matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- the Group's operations in future financial periods;
- the results of those operations in future financial periods; or
- the Group's state of affairs in future financial periods.

Other information

The following information, contained in other sections of this Half-Year Report, forms part of this Directors' Report:

- Half-Year Financial Update on pages 2 to 7; and
- Auditor's Independence Declaration on page 12.

This report is made in accordance with a resolution of the Directors of the Company and is dated 24 August 2023.

David Moffatt
Chairman

Auditor's Independence Declaration

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24 August 2023

The Board of Directors
Ventia Services Group Limited
Level 8, 80 Pacific Highway
North Sydney, NSW 2060

Dear Board Members

Auditor's Independence Declaration to Ventia Services Group Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Ventia Services Group Limited.

As lead audit partner for the review of the half year financial report of Ventia Services Group Limited for the half 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 review; and
(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

H Fortescue
Partner
Chartered Accountants

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 30 June 2023

	Note	June 2023 $'m	June 2022 $'m
Revenue	2.1	2,786.8	2,510.0
Expenses	2.2	(2,563.3)	(2,313.7)
Share of profits of joint ventures		1.6	1.5
Earnings before interest, income tax, depreciation and amortisation		**225.1**	**197.8**
Depreciation expense		(51.8)	(51.7)
Amortisation expense		(21.0)	(32.1)
Earnings before interest and income tax		**152.3**	**114.0**
Net finance costs		(26.8)	(15.5)
Profit before income tax (expense)/benefit		**125.5**	**98.5**
Income tax (expense)/benefit	3.6	(37.2)	6.5
Profit after income tax		**88.3**	**105.0**
Earnings per share (cents)			
Basic earnings per share	4.1	10.32	12.29
Diluted earnings per share	4.1	10.25	12.29
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign exchange translation differences	4.4	(1.5)	(2.2)
Cash flow hedges:			
– Gains arising on change in the fair value of hedging instruments	4.4	3.5	11.4
– Cumulative (gain)/loss reclassified to profit or loss	4.4	(1.5)	0.5
– Income tax effect of items above	4.4	(0.6)	(3.6)
Total cash flow hedges		1.4	8.3
Other comprehensive income		(0.1)	6.1
Total comprehensive income		**88.2**	**111.1**

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

Condensed Consolidated Statement of Financial Position

as at 30 June 2023

	Note	30 June 2023 $'m	31 December 2022 $'m
Current assets			
Cash and cash equivalents		321.0	280.0
Trade and other receivables	3.1	946.5	820.0
Inventories		47.5	42.7
Derivative assets		7.0	4.5
Total current assets		**1,322.0**	**1,147.2**
Non-current assets			
Trade and other receivables	3.1	10.1	11.0
Equity accounted investments		5.5	5.8
Derivative assets		4.3	5.2
Deferred tax assets		228.5	235.4
Right-of-use assets		120.7	124.5
Property, plant and equipment		146.9	156.9
Intangible assets		59.1	77.6
Goodwill	3.2	1,094.9	1,095.4
Total non-current assets		**1,670.0**	**1,711.8**
Total assets		**2,992.0**	**2,859.0**
Current liabilities			
Trade and other payables	3.3	1,069.6	974.6
Derivative liabilities		–	0.3
Employee benefit liabilities	3.4	141.9	157.6
Provisions	3.5	48.9	54.0
Lease liabilities		45.0	45.9
Current tax liability		33.3	16.0
Total current liabilities		**1,338.7**	**1,248.4**
Non-current liabilities			
Trade and other payables	3.3	41.9	21.1
Employee benefit liabilities	3.4	83.2	79.9
Provisions	3.5	155.2	157.2
Lease liabilities		85.5	86.6
Borrowings	4.5	746.4	744.9
Total non-current liabilities		**1,112.2**	**1,089.7**
Total liabilities		**2,450.9**	**2,338.1**
Net assets		**541.1**	**520.9**
Equity			
Share capital	4.3	374.5	374.5
Reserves	4.4	(33.6)	(35.0)
Retained earnings		200.2	181.4
Total equity		**541.1**	**520.9**

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

Condensed Consolidated Statement of Changes in Equity

for the half-year ended 30 June 2023

2023	Note	Share Capital $'m	Reserves $'m	Retained Earnings $'m	Total $'m
Balance at 1 January 2023		**374.5**	**(35.0)**	**181.4**	**520.9**
Total comprehensive income					
Profit after income tax		–	–	88.3	88.3
Other comprehensive income		–	(0.1)	–	(0.1)
Total comprehensive income		**–**	**(0.1)**	**88.3**	**88.2**
Transactions with owners					
Dividends paid	4.2	–	–	(69.8)	(69.8)
Share-based payments	4.4	–	1.5	0.3	1.8
Shares issued to employees	4.4	–	–	–	–
Total transactions with owners		**–**	**1.5**	**(69.5)**	**(68.0)**
Balance at 30 June 2023		**374.5**	**(33.6)**	**200.2**	**541.1**

2022	Note	Share Capital $'m	Reserves $'m	Retained Earnings $'m	Total $'m
Balance at 1 January 2022		**374.5**	**(48.1)**	**64.1**	**390.5**
Total comprehensive income					
Profit after income tax		–	–	105.0	105.0
Other comprehensive income		–	6.1	–	6.1
Total comprehensive income		**–**	**6.1**	**105.0**	**111.1**
Transactions with owners					
Dividends paid	4.2	–	–	(12.6)	(12.6)
Share-based payments expense	4.4	–	0.6	–	0.6
Shares issued to employees	4.4	–	4.0	1.6	5.6
Total transactions with owners		**–**	**4.6**	**(11.0)**	**(6.4)**
Balance at 30 June 2022		**374.5**	**(37.4)**	**158.1**	**495.2**

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

Condensed Consolidated Statement of Cash Flows

for the half-year ended 30 June 2023

	Note	June 2023 $'m	June 2022 $'m
Cash flows from operating activities			
Receipts from customers		2,988.7	2,701.9
Payments to suppliers and employees		(2,789.0)	(2,549.5)
Dividends received from joint ventures		0.5	0.9
Operating cash flow before interest and tax		**200.2**	**153.3**
Interest received		2.2	0.2
Payments for the interest component of lease liabilities		(3.5)	(3.5)
Interest and other costs of finance paid		(25.6)	(11.4)
Income tax paid		(13.4)	(18.7)
Net cash generated from operating activities		**159.9**	**119.9**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2.1	0.7
Payment for business combination, net of cash acquired		–	(3.3)
Payments for acquisition of intangible assets		(2.5)	(2.2)
Payments for acquisition of property, plant and equipment		(16.0)	(13.6)
Net cash used in investing activities		**(16.4)**	**(18.4)**
Cash flows from financing activities			
Repayments of principal portion of lease liabilities		(32.0)	(34.3)
Dividends paid	4.2	(69.8)	(12.6)
Net cash used in financing activities		**(101.8)**	**(46.9)**
Net increase in cash and cash equivalents		41.7	54.6
Cash and cash equivalents at start of period		280.0	180.2
Effect of movements in exchange rates on cash and cash equivalents		(0.7)	(0.6)
Cash and cash equivalents at end of period		**321.0**	**234.2**

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

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2023

1. Basis of preparation

1.1 Basis of preparation

Ventia Services Group Limited (Company) is a for-profit company limited by shares, incorporated and domiciled in Australia.

The address of the Company's registered office and principal place of business is Level 8, 80 Pacific Highway, North Sydney NSW 2060, Australia.

The Condensed Consolidated Financial Statements comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities).

The Condensed Consolidated Financial Statements are general purpose financial statements prepared in accordance with the *Corporations Act 2001* and AASB 134 Interim Financial Reporting (AASB 134). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The Condensed Consolidated Financial Statements do not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report for the year ended 31 December 2022.

The Condensed Consolidated Financial Statements were authorised for issue by the Board of Directors on 24 August 2023.

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

The Condensed Consolidated Financial Statements have been prepared on the going concern basis. The Group generated positive net cash from operating activities of $159.9 million (2022: $119.9 million) for the half-year ended 30 June 2023 and has net assets of $541.1 million (31 December 2022: $520.9 million) as at 30 June 2023. The Group is in a net current liability position of $16.7 million (31 December 2022: $101.2 million). The Group has current assets of $1,322.0 million (31 December 2022: $1,147.2 million), which include cash at bank and on hand of $321.0 million (31 December 2022: $280.0 million). Further supporting this position is a positive forecast operating net cash flow in 2023 and 2024, and $400.0 million of undrawn borrowing facilities currently available to the Group.

The Condensed Consolidated Financial Statements have been prepared on the historical cost basis except for derivative assets and liabilities, which are measured at fair value.

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

The accounting policies and methods of computation adopted in the preparation of the Condensed Consolidated Financial Statements are consistent with those adopted and disclosed in the annual financial report for the year ended 31 December 2022.

1.2 Significant accounting policies

New and amended standards adopted by the Group

The Group has applied the required amendments to standards and interpretations that are relevant to its operations and effective for the current reporting period for the first time for the financial year commencing 1 January 2023, including:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates;
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- AASB 17 Insurance Contracts; and
- AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules.

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

1.3 Key estimates and judgements

Significant estimates and judgements made in the application of the Company's accounting policies are consistent with those described in the annual financial report for the year ended 31 December 2022.

2. Group performance

2.1 Revenue

The Group enters into client contracts with relatively long-term durations under various contract profiles, including Schedule of Rates, Fixed Price and Cost Reimbursable. These contract profiles are defined as:

Contract Profile	Contract Profile Description
Schedule of Rates	Contracts that predominantly have a combination of: 1. unit pricing; and 2. variable volume of works typically based on work activities or number of client assets maintained. Overheads are often paid as a fixed monthly component of the fee. Contracts for the delivery of recurring services where the fees chargeable to the client are subject to an annual price escalation and/or where the fees chargeable are subject to a volume adjustment mechanism, are classified as Schedule of Rates.
Fixed Price	Contracts that predominantly have a fixed price (subject to variations) for an agreed outcome, meaning that the Group is paid for a proportion of works as they are performed, where the overall price is fixed and is not affected by the cost of delivery. Progress payments by the client are made either monthly or as a lump sum once a completion milestone has been reached.
Cost Reimbursable	Contracts that are predominantly structured to pass the actual costs through to the client plus a margin.

Disaggregation of revenue by contract profiles

	June 2023 $'m	June 2022 $'m
Schedule of Rates	2,045.2	1,894.0
Fixed Price	226.6	222.4
Cost Reimbursable	515.0	393.6
Total revenue	**2,786.8**	**2,510.0**

2.2 Expenses

	June 2023 $'m	June 2022 $'m
Labour	994.7	921.1
Subcontractors	1,264.7	1,132.4
Materials	206.6	166.6
Other	97.3	93.6
Total expenses excluding interest, tax, depreciation and amortisation	**2,563.3**	**2,313.7**

2.3 Segment disclosures

Operating segment reporting

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

Operating Segments	Segment Description
Defence and Social Infrastructure	Provides maintenance and support services to customers operating across defence, social infrastructure (education, health and state government), housing and community, local government and critical infrastructure. This segment also provides property and consulting services to public and private customers.
Infrastructure Services	Supports the ongoing operation and maintenance of infrastructure, including utilities (water, electricity and gas), resources and industrial assets (mining, gas and manufacturing) and resources development (mineral and gas). This segment also provides complex and large-scale environmental remediation and rehabilitation services, and leverages technologies aimed at enhancing customer productivity and sustainability.
Telecommunications	Provides end-to-end service capabilities that span design, supply, minor construction, installation, commissioning and maintenance of telecommunications networks and infrastructure.
Transport	Provides maintenance, project delivery and technology solutions to owners and operators of road, motorway, tunnel and rail networks.

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

June 2023	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Total $'m
Segment revenue	1,179.2	632.6	654.4	320.6	**2,786.8**
Segment result	69.8	35.8	76.8	17.8	**200.2**

June 2022	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Total $'m
Segment revenue	1,118.1	559.3	580.8	251.8	**2,510.0**
Segment result	66.4	33.9	68.1	14.4	**182.8**

Reconciliation of segment result to profit after income tax

	June 2023 $'m	June 2022 $'m
Segment result	200.2	182.8
Corporate costs including amortisation of computer software	(38.6)	(48.0)
Underlying EBIT before amortisation of acquired intangible assets	**161.6**	**134.8**
Acquisition and integration costs(i)	–	(8.8)
EBIT before amortisation of acquired intangible assets	**161.6**	**126.0**
Amortisation of acquired intangible assets(ii)	(9.3)	(12.0)
Earnings before interest and income tax	**152.3**	**114.0**
Net finance costs	(26.8)	(15.5)
Profit before income tax	**125.5**	**98.5**
Income tax (expense)/benefit	(37.2)	6.5
Profit after income tax	**88.3**	**105.0**

(i) Acquisition and integration costs relating to the acquisition and integration of BRS Holdco Pty Ltd (Broadspectrum) and the acquisition of Kordia Solutions Pty Ltd (Kordia) in the prior comparative period.

(ii) Amortisation of acquired intangible assets relating to customer contracts and relationships acquired as part of the acquisition of Broadspectrum and Kordia.

Other segment information

30 June 2023	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Corporate $'m	Total $'m
Segment assets	628.7	761.9	811.6	203.2	586.6	2,992.0
Segment liabilities	418.4	277.3	554.9	335.8	864.5	2,450.9

31 December 2022	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Corporate $'m	Total $'m
Segment assets	546.9	808.7	704.7	197.3	601.4	2,859.0
Segment liabilities	383.7	287.2	447.4	278.5	941.3	2,338.1

3. Assets and liabilities

3.1 Trade and other receivables

	30 June 2023 $'m	31 December 2022 $'m
Current		
Trade receivables	363.7	254.8
Contract assets	554.5	532.1
Impairment allowance	(5.1)	(3.7)
Trade receivables and contract assets, net of impairment allowance	913.1	783.2
Prepayments and other receivables	26.2	29.8
Amounts receivable from related parties	7.2	7.0
Total current trade and other receivables	**946.5**	**820.0**
Non-current		
Prepayments and other receivables	1.8	2.0
Amounts receivable from related parties	8.3	9.0
Total non-current trade and other receivables	**10.1**	**11.0**
Total trade and other receivables	**956.6**	**831.0**

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

	30 June 2023 $'m	31 December 2022 $'m
Gross aged receivables 0–90 days	353.4	246.3
Gross aged receivables more than 90 days	10.3	8.5
Total	**363.7**	**254.8**

3.2 Goodwill

Goodwill has been allocated to groups of cash-generating units (CGUs) represented by the Group's operating segments for the purpose of impairment testing.

	30 June 2023 $'m	31 December 2022 $'m
Defence and Social Infrastructure	251.2	251.4
Infrastructure Services	362.6	362.8
Telecommunications	426.5	426.6
Transport	54.6	54.6
Total goodwill	**1,094.9**	**1,095.4**

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

No impairment indicators have been identified for any of the CGUs as at 30 June 2023.

3.3 Trade and other payables

	30 June 2023 $'m	31 December 2022 $'m
Current		
Trade payables	406.3	341.2
Accruals	281.6	288.3
Contract liabilities	306.4	283.9
Other payables	70.7	53.4
Amounts payable to related parties	4.6	7.8
Total current trade and other payables	**1,069.6**	**974.6**
Non-current		
Contract liabilities	41.9	21.1
Total non-current trade and other payables	**41.9**	**21.1**
Total trade and other payables	**1,111.5**	**995.7**

3.4 Employee benefit liabilities

	30 June 2023 $'m	31 December 2022 $'m
Current		
Annual leave	85.6	92.0
Long service leave	25.0	24.7
Workers' compensation	6.8	6.7
Other employee benefits	24.5	34.2
Total current employee benefit liabilities	**141.9**	**157.6**
Non-current		
Long service leave	55.9	54.6
Workers' compensation	21.4	19.7
Other employee benefits	5.9	5.6
Total non-current employee benefit liabilities	**83.2**	**79.9**
Total employee benefit liabilities	**225.1**	**237.5**

3.5 Provisions

	30 June 2023 $'m	31 December 2022 $'m
Current		
Unfavourable contracts	5.4	12.5
Onerous contracts	12.5	10.0
Warranties and contract claims	24.2	19.1
Other provisions	6.8	12.4
Total current provisions	**48.9**	**54.0**
Non-current		
Unfavourable contracts	47.1	50.9
Onerous contracts	1.1	5.6
Warranties and contract claims	91.8	89.0
Other provisions	15.2	11.7
Total non-current provisions	**155.2**	**157.2**
Total provisions	**204.1**	**211.2**

3.6 Income tax

Reconciliation between profit before income tax and income tax expense/(benefit)

	June 2023 $'m	June 2022 $'m
Profit before income tax	125.5	98.5
Income tax expense using the Australian corporate tax rate of 30%	37.7	29.6
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:		
Recognition of tax losses[i]	–	(35.2)
Effect of different tax rates on overseas income	(0.5)	(0.4)
Other	–	(0.5)
Income tax expense/(benefit)	**37.2**	**(6.5)**

i. Represents the recognition of tax losses upon completion of the Australian Taxation Office audit of the tax affairs of Broadspectrum Pty Ltd, as disclosed in the annual financial report for the year ended 31 December 2022.

At 30 June 2023, the Group had unused tax losses for which no deferred tax assets had been recognised of $200.6 million (31 December 2022: $173.4 million).

4. Capital structure, financing and risk management

4.1 Earnings per share

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

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

	June 2023	June 2022
Profit after income tax attributable to equity holders of the parent entity used in earnings per share ($'m)	88.3	105.0
	88.3	**105.0**
Weighted average number of ordinary shares used in earnings per share (millions of shares)		
Basic earnings per share	855.3	854.2
Diluted earnings per share:		
– Weighted average number of ordinary shares on issue	855.3	854.2
– Adjustment to reflect potential dilution for equity incentive plans	5.9	–
	861.2	854.2
Basic earnings per share (cents)	10.32	12.29
Diluted earnings per share (cents)	10.25	12.29

4.2 Dividends

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

On 24 August 2023, the Board of Directors declared an interim dividend of 8.31 cents per share in respect of the 2023 financial year, 80% franked at a 30% tax rate. The amount will be paid on 6 October 2023. As the dividend was declared subsequent to 30 June 2023, no provision had been made at 30 June 2023.

4.3 Share capital

	30 June 2023		31 December 2022	
	Number millions	$'m	Number millions	$'m
Movement:				
Balance at start of period/year	855.5	374.5	855.5	374.5
Balance at end of period/year	855.5	374.5	855.5	374.5

Share capital

Holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share. In the event of winding up of the Company, ordinary shareholders rank after creditors and are entitled to any net proceeds on liquidation.

The total number of shares issued by the Company as at 30 June 2023 is 855,484,445 (31 December 2022: 855,484,445). This includes 151,354 treasury shares as at 30 June 2023 (31 December 2022: 345,591).

4.4 Reserves

June 2023	Treasury Share Reserve $'m	Cash Flow Hedge Reserve $'m	Foreign Currency Translation Reserve $'m	Share-based Payment Reserve $'m	Accumulated Losses Reserve $'m	Total $'m
Balance at start of period	(0.5)	6.4	(0.5)	2.0	(42.4)	(35.0)
Share-based payments expense	–	–	–	1.8	–	1.8
Shares issued to employees	0.2	–	–	(0.2)	–	–
Transfer of vested benefits to retained earnings	–	–	–	(0.3)	–	(0.3)
Cumulative gain arising on change in the fair value of hedging instruments	–	3.5	–	–	–	3.5
Income tax related to gains recognised in other comprehensive income	–	(1.0)	–	–	–	(1.0)
Cumulative gain arising on changes in fair value of hedging instruments reclassified to profit or loss	–	(1.5)	–	–	–	(1.5)
Income tax related to gain reclassified to profit or loss	–	0.4	–	–	–	0.4
Foreign exchange translation differences	–	–	(1.5)	–	–	(1.5)
Balance at end of period	**(0.3)**	**7.8**	**(2.0)**	**3.3**	**(42.4)**	**(33.6)**

June 2022	Treasury Share Reserve $'m	Cash Flow Hedge Reserve $'m	Foreign Currency Translation Reserve $'m	Share-based Payment Reserve $'m	Accumulated Losses Reserve $'m	Total $'m
Balance at start of period	(4.5)	(0.3)	(0.9)	–	(42.4)	(48.1)
Shares issued to employees	4.0	–	–	–	–	4.0
Share-based payments expense	–	–	–	0.6	–	0.6
Cumulative gain arising on change in the fair value of hedging instruments	–	11.4	–	–	–	11.4
Income tax related to gains recognised in other comprehensive income	–	(3.4)	–	–	–	(3.4)
Cumulative loss arising on changes in fair value of hedging instruments reclassified to profit or loss	–	0.5	–	–	–	0.5
Income tax related to gain reclassified to profit or loss	–	(0.2)	–	–	–	(0.2)
Foreign exchange translation differences	–	–	(2.2)	–	–	(2.2)
Balance at end of period	**(0.5)**	**8.0**	**(3.1)**	**0.6**	**(42.4)**	**(37.4)**

4.5 Borrowings

	30 June 2023 $'m	31 December 2022 $'m
Borrowings	750.0	750.0
Capitalised borrowing costs	(3.6)	(5.1)
Total borrowings	**746.4**	**744.9**

The Group has a syndicated facility agreement for the provision of syndicated term loan facilities and a syndicated revolving cash facility (Syndicated Banking Facilities).

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

- $750.0 million of term loan facilities, spread equally across three-year, four-year and five-year tranches, each of which is fully drawn at 30 June 2023; and
- a $400.0 million four-year revolving cash facility, which is undrawn at 30 June 2023.

The Syndicated Banking Facilities have variable interest rates, based on Bank Bill Swap Bid Rate (BBSY) plus a margin.

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

	Currency	Annual Interest Rate	Maturity	$'m
Syndicated term loan facilities (non-current)				
Term loan	AUD	BBSY + 140bps	23 November 2024	250.0
Term loan	AUD	BBSY + 150bps	23 November 2025	250.0
Term loan	AUD	BBSY + 160bps	23 November 2026	250.0
				750.0
Syndicated revolving cash facility	AUD		23 November 2025	**400.0**

4.6 Fair value measurement of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at each reporting date.

The following table provides information about how the fair values of these financial assets and financial liabilities are determined. They are grouped into levels 1 to 3 based on the degree to which the fair value measurement inputs are observable.

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair Value Asset		Fair Value Liability		
	30 June 2023 $'m	**31 December 2022 $'m**	**30 June 2023 $'m**	**31 December 2022 $'m**	**Fair Value Hierarchy**
Interest rate swaps	11.3	9.7	–	0.3	Level 2
Total	**11.3**	**9.7**	**–**	**0.3**	

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

Estimation of fair values

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

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

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

4.7 Commitments for capital expenditure

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

	30 June 2023 $'m	31 December 2022 $'m
Estimated capital expenditure under firm contracts, payable:		
Not later than one year	11.4	10.1
Later than one year, not later than two years	–	–
Beyond two years	–	–
Total capital expenditure commitments[i]	**11.4**	**10.1**

i There were no material commitments related to joint arrangements.

4.8 Receivable finance arrangements

The Group has a receivables financing facility with a banking institution. The level of non-recourse factoring across the Group was $35.2 million at 30 June 2023 (31 December 2022: $34.5 million).

Certified receivables are sold to this banking institution on a non-recourse basis and are acknowledged by the customer with payment only being subject to the passage of time. Under the factoring arrangements:

- the certified receivables are derecognised where the risks and rewards of the receivables have been transferred;
- the cash flow to the Group only arises when there is an amount certified by the customer and contractually due to be paid to the Group, and there are no disputes regarding the amounts due; and
- the receipt by the Group irrevocably removes the Group's right to the certified receivable due from the customers.

5. Group structure

5.1 Related parties

Related parties are persons or entities that are related to the Group as defined by AASB 124 Related Party Disclosures. This note provides information about transactions with related parties during the period.

The Company's two largest shareholders are AIF VIII Singapore Pte Limited (Apollo), a company domiciled in Singapore and CIMIC Group Investments No 3 Pty Limited (CIMIC), a company domiciled in Australia. The ultimate parent entities of the respective entities above are Apollo Global Management, LLC, a company incorporated in the United States and listed on the New York Stock Exchange, and Actividades de Construcción y Servicios, SA, a company incorporated in Spain and listed on the Bolsa de Madrid Stock Exchange.

During 2023, Apollo and CIMIC reduced their shareholdings and each holds 14.65% of the issued share capital in the Company as at 30 June 2023. As a result of the reduction of their shareholdings, they are no longer identified as a related party to the Group according to AASB 124 Related Party Disclosures. The Group had no material transaction with Apollo and CIMIC from 1 January 2023 up to the date they ceased to be related parties.

Transactions within the Group

During the period and previous periods, subsidiaries of Ventia Services Group Limited advanced loans to, received and repaid loans from, and provided treasury, accounting, legal, taxation, and administrative services to other Group entities.

Group entities also exchanged goods and services in sale and purchase transactions. All transactions occurred on the basis of normal commercial terms and conditions. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Transactions with related parties

In 2023, the Group entered into transactions with its joint arrangements during the period. The outstanding balances with related parties are disclosed in Note 3.1 and Note 3.3.

In 2022, the Group entered into transactions with Apollo and CIMIC related entities, and its joint arrangements during the period. The outstanding balances with related parties are disclosed in Note 3.1 and Note 3.3.

Key Management Personnel compensation

Remuneration arrangements of Key Management Personnel are disclosed in the annual financial report for the year ended 31 December 2022.

5.2 Equity accounted investments

The details of equity accounted investments of the Group are as follows:

Joint Venture	Country of Incorporation	Statutory Reporting Date	Ownership Interest 30 June 2023 %	Ownership Interest 31 December 2022 %
Aroona P&T Pty Ltd	Australia	31 December	50.0	50.0
Brisbane Motorway Services Pty Limited	Australia	30 June	50.0	50.0
Gateway Motorway Services Pty Limited	Australia	30 June	50.0	50.0
Skout Solutions Pty Limited	Australia	31 December	50.0	50.0
SV Joint Venture Pty Limited	Australia	31 December	50.0	50.0
Translink Investments Pty Limited	Australia	30 June	50.0	50.0
Ventia Boral Amey NSW Pty Limited(i)	Australia	31 December	66.6	66.6
Ventia Boral Amey QLD Pty Limited(i)	Australia	31 December	64.4	64.4
Venture Smart Pty Limited	Australia	31 December	50.0	50.0
Skout Solutions (NZ) Limited	New Zealand	31 December	50.0	50.0
Broadspectrum WorleyParsons JV (M) Sdn Bhd	Malaysia	31 December	50.0	50.0

i. While the Group holds a greater than 50% interest in these joint venture entities, voting rights on key matters are shared among the joint venture entity participants, and therefore the Group accounts for these joint venture entities using the equity method.

5.3 Joint operations

The details of joint operations of the Group are as follows:

Joint Operation	Country of Incorporation or Establishment	Ownership Interest 30 June 2023 %	Ownership Interest 31 December 2022 %
Allwater	Australia	50.0	50.0
Arup Pty Limited & BMD Constructions Pty Ltd and Ventia Pty Ltd (Smartways)	Australia	20.0	20.0
BRSJay	Australia	50.0	50.0
Confluence Water	Australia	42.5	42.5
Gold Coast Infrastructure Solutions	Australia	50.0	50.0
Trace UJV(i)	Australia	80.0	80.0
Utilita Water Solutions	Australia	50.0	50.0
Ventia Boral Amey NSW(i)	Australia	66.6	66.6
Ventia Boral Amey QLD(i)	Australia	64.4	64.4
Watersure	Australia	40.0	40.0

i. Whilst the Group holds a greater than 50% interest in these joint operations, as they are formed by contractual arrangements and are not entities, the Group recognises its share of assets, liabilities, revenue and expenses arising from these arrangements.

6. Other

6.1 Contingent liabilities

Indemnities

Indemnities given by third parties on behalf of the Group in the ordinary course of business are as follows:

	30 June 2023 $'m	31 December 2022 $'m
Insurance, performance and payment bonds	362.0	393.0
	362.0	**393.0**

Legal claims

Legal claims arise in the ordinary course of business. The Directors consider that appropriate provisions have been raised to reflect expected settlement amounts and finalisation of open matters and therefore no contingent liabilities for legal settlements have been noted, other than the matters below.

Gateway Motorway project

Claims have been made by Queensland Motorways Pty Limited (QM) in the Supreme Court of Queensland against various parties, including the head design, construction and maintenance contractors of the Gateway Motorway project (D&C Contractor) in relation to alleged defects in the motorway upgrade project.

Two companies in which the Group has an interest, Visionstream Australia Pty Limited (VA) (a wholly-owned subsidiary) and Gateway Motorway Services Pty Limited (GMS) (a 50/50 joint venture company), independently provided services to the D&C Contractor in connection with the project. The D&C Contractor has sought to pass down the nature and the value of certain claims made against it by QM to VA, and separately GMS.

Both VA and GMS have respectively served their defence to each allegation, denying all liability. The effect of contractual liability caps, any applicable insurance cover and other relevant matters, will need to be considered.

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

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

6.2 Events after the reporting period

Since the end of the half-year, the Directors have resolved to pay an interim dividend of 8.31 cents per share, 80% franked.

In accordance with AASB 110 Events after the Reporting Period, the proposed interim dividend is not recognised as a liability as at 30 June 2023.

Unless disclosed elsewhere in the Condensed Consolidated Financial Statements, no other material matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

Directors' Declaration

In the opinion of the Directors of Ventia Services Group Limited (Company):

a. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

b. the attached Condensed Consolidated Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and gives a true and fair view of the financial position as at 30 June 2023 and performance for the half-year then ended, of the Group; and

c. the Directors have been given the declarations required by Section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to Section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors:

David Moffatt
Chairman

24 August 2023

Independent Auditor's Review Report

Deloitte.

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Independent Auditor's Review Report
to the members of Ventia Services Group Limited

Conclusion

We have reviewed the half-year financial report of Ventia Services Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2023, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not 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 performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Company*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual 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 review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not 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 its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

H Fortescue
Partner
Chartered Accountants
Sydney, 24 August 2023

Corporate Directory

Ventia Services Group Limited

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Directors of Ventia Services Group Limited

David Moffatt (Chair)

Dean Banks (Managing Director and Group CEO)

Jeffrey Forbes

Lynne Saint

Anne Urlwin ONZM

Sibylle Krieger

Kevin Crowe

Steve Martinez (Alternate Director)

Damon Rees (appointed on 1 July 2023)

Company Secretaries

Zoheb Razvi

Debbie Schroeder

Corporate Governance Statement

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

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