

COURAGE

RESPECT



OWNER'S MINDSET

AGILITY

An Owner's Mindset
is our guiding principle
reflected in our values and
our operational discipline.



This approach enables us to
confidently look towards the
horizon, with the conviction to
achieve outcomes and create
value for our stakeholders.

A handwritten signature in dark ink, appearing to read 'Ryan Stokes', is positioned above the name and title.

Ryan Stokes AO
Managing Director & CEO

Owner's Mindset

Employees feel a substantial personal stake in the company performance creating a culture of accountability.

Courage

Empowering and trusting our people to recognise and pursue opportunities and strive to fundamentally improve the way we do business.



Respect

Fostering an inclusive culture to embrace diversity, collaborating constructively with all stakeholders to drive value.

Agility

Evolving our business and transform our markets with an innovative opportunistic approach to sector, structure and geography.

In this report

Leadership

04



Our Businesses

16

Sustainability

30



Operating and Financial Review

38

Our Businesses

03	Performance highlights
04	Chairman's Letter
08	MD & CEO's Letter
12	Our Strategy
16	Our Businesses
18	WesTrac
22	Coates
24	Boral
26	Energy
28	Media
29	Other Investments
30	Sustainability
32	People

Performance Review

38	Operating and Financial Review
44	Risk Factors

Directors' Report

52	Board of Directors
54	Executive Management
56	Corporate Governance Overview
63	Directors' Report
66	Remuneration Report
95	Auditor's Independence Declaration

Financial Report

97	Primary Statements
101	Notes to the Financial Statements
166	Directors' Declaration
167	Independent Auditor's Report

Other Information

172	Shareholder Information
173	Investor Information
173	Company Information
BC	Corporate Directory

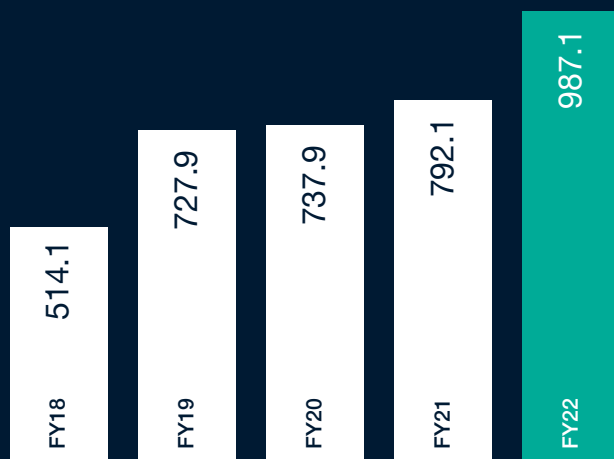
Performance highlights

Revenue

\$8,013.4m **65.6%**▲

Underlying EBIT \$m

▲ 24.6%



2022 \$8,013.4m

2021 \$4,838.7m

Revenue – continuing

2022 \$1.52

2021 \$1.46

Underlying EPS – continuing

2022 \$1,465.0m

2021 \$1,052.4m

Underlying EBITDA

Five year results \$m

	2022 ^(a)	2021	2020	2019	2018 ^(a)
Revenue	8,965.7	4,838.7	4,562.6	4,084.0	3,397.8
Underlying results^(b)					
EBITDA	1,615.8	1,052.4	1,001.2	999.8	642.7
EBIT	1,137.9	792.1	737.9	727.9	514.1
Profit before tax	879.8	634.2	587.8	567.2	410.3
Underlying EPS (\$)	1.73	1.46	1.39	1.37	1.00
Statutory results					
Profit before tax	773.5	762.7	231.1	309.0	483.8
Profit after tax	607.4	634.6	117.5	202.9	415.6
Reported EPS (\$)	1.54	1.84	0.34	0.60	1.27
Operating cash flow per share ^(c) (\$)	1.41	1.81	1.59	1.40	0.82
Free cash flow per share ^(d) (\$)	(0.22)	1.31	0.83	0.61	0.34
Full year fully franked ordinary dividend paid per share (\$)	0.46	0.44	0.42	0.42	0.42

(a) 2022 and 2018 figures include continued and discontinued operations.

(b) Underlying results comprise statutory results adjusted for significant items and are separately disclosed in Note 3: Significant items of the Financial Report to assist users in understanding the financial performance of the Group. Underlying results are reconciled to statutory performance on page 38. They are a non-IFRS measure and have not been audited or reviewed.

(c) Operating cash flow per share is calculated by dividing the operating cash flow of the Group by the weighted average number of ordinary shares outstanding during the year.

(d) Free cash flow is operating cash flow less net capital expenditure of the Group divided by the weighted average number of ordinary shares outstanding during the year.

Chairman's Letter



Terry Davis
Chairman

On behalf of the Board, I am pleased to report that 2022 has delivered improved financial performance and significant decisions which we think will set SGH up to continue to deliver value to all our stakeholders in the years ahead.

Over the last five years, the Group's industrial services businesses – WesTrac and Coates have evolved and improved their respective business models to better support the market, ensuring our market leading businesses are positioned to support our customers.

The year presented many opportunities and a degree of unique challenges to our businesses. Our people responded to inflation, supply chain disruption, reduced access to skilled labour, extreme weather, not to mention lockdowns and border closures associated with COVID. The result delivered this year clearly demonstrates the quality businesses within the Group and particularly the exceptional workforce.

Our confidence in the ability of the executive team to manage through these challenges led the Board to support management's strategic growth agenda which culminated in a full takeover bid for Boral. The takeover ultimately delivered SGH a 70 per cent shareholding and control of Boral.

We understand how to drive industrial businesses. We take a long-term view, founded on operational excellence, disciplined execution and exceptional people. In that regard, our focus now is to support Boral management to deliver improved operational performance and returns.

This acquisition was enabled by the Group having undertaken a \$533 million share placement, which gave key banking partners the confidence to provide the Group a \$6.2 billion bridge acquisition facility. They had confidence in management's ability to both take on and manage the significant portfolio which saw Boral sell their interest in the USG Joint venture and sell both their buildings products and fly ash businesses in America realising \$5.8 billion in net proceeds. This not only enabled the deleverage of Boral but also provided the capital to support the \$3 billion capital return.

Each of these transactions is notable for a variety of reasons, but more importantly, enabled the \$3 billion bridge debt to be fully repaid within nine months and for Coates to successfully raise \$905 million of longer-term fixed rate debt, lengthening the Groups debt duration and reducing its exposure to rising interest rates. These transactions also indicate that SGH will continue to evolve with a core focus on maximising return to shareholders through long term sustainable value creation.

While SGH's performance over a particular year is important, being the principal focus of market and analysts, it is not what drives us.

Rather, we are focused on the long term. Corporate success often requires foregoing immediate profits in return for growth, an issue often not appreciated outside the company.

At the AGM last year, Kerry Stokes outlined his history with the various businesses across the Group spanning back to his acquisition of Wigmore's in 1988 which was the foundation of WesTrac. He spoke of chartering two 747 aircraft to fly parts to ensure customers were supported through the transmission of CAT dealership in NSW. He gave us some perspective on his personal involvement in building the WesTrac dealership in China and ultimately selling it, working with private equity to create Australia's largest equipment rental business, Coates, and the

various incarnations of Seven West Media which have led it to its market leading position. Whilst the history was captivating, for me the real insight was Kerry's ability to seize opportunities and then support talented management to help achieve his vision. These fundamental traits have been inculcated in SGH's DNA and are best encapsulated in the core value of "Owner Mindset".

Interestingly, the investment in parts this year to ensure that customers could continue to be supported, and that WesTrac has the ability to capture increased market share in FY23, reflect that his entrepreneurial and customer centricity are alive and well in the organisation. But what I am even more pleased to highlight to you, is that by retaining Kerry's services as a strategic adviser, the Board have retained access to this commercial acumen and judgment that has not only created SGH but continues to support its evolution and success.

Key Investment Thematics

Rather than present our businesses I thought it would be more interesting to talk to the investment thematics for our business. As a diversified holding company, we are constantly evaluating the portfolio and how we want to position SGH for relevant themes and underlying drivers. We are strongly oriented across three key themes of mining production, construction & infrastructure investment and energy transition.



CAT 793F AHS Rip Conversions, Marandoo WA

Mining Production

When we talk mining production, we are referencing production volumes, best characterised by export volumes. Global economic activity levels have continued to create demand through some significant economic disruptions.

Iron ore demand is expected to continue at a high level for the foreseeable future with a geographic shift in mix driven by highly populated South-East Asian countries with growing steel intensity. Coal exports are continuing at record levels which will only grow as China looks to ease import restrictions.

WesTrac is well positioned to support these mining customers. WesTrac’s key driver is the level of wear and tear, and the resulting level of maintenance required through parts and service, and ultimately, the need to replace fleet.

Customers are extending the life of their fleet, creating a high level of demand for support activity. WesTrac is investing in facility expansion to meet the level of demand, investing in our people to meet the labour shortage and building technology leadership to continue supporting our customers.

Infrastructure

We are seeing the construction activity increase to support delivery of the infrastructure pipeline. The level of infrastructure investment is expected to substantially grow over the next three years and combined with the strong general construction activity should drive significantly greater demand for equipment and materials.

Over the next three years, demand for equipment is expected to grow by 140 per cent and demand for materials is expected to grow by 120 per cent. Within materials, the strongest growth is projected in quarry products, particularly bluestone at 240 per cent growth, driven by its use in rail projects.

In this regard, infrastructure and related engineering represent a sizable proportion of the end markets of Boral and Coates. With the strength of the infrastructure pipeline, the opportunities for our businesses are material. Together, Boral and Coates provide exposure across the lifecycle of major projects.

Energy

Energy markets are currently reflecting a strong level of demand, translating to oil sustaining prices above US\$100 per barrel and LNG above US\$35 per Mmbtu. This reflects the strong demand and imbalance of supply.

The LNG outlook over the decade is for greater supply required to meet the projected level of demand. Domestically, gas supply remains tight with regulators taking unprecedented action to mitigate current gas supply constraints being experienced by the East Coast markets.

These trends are set to benefit the Group with Beach progressing its Waitsia development with Mitsui and looking to sign its first LNG contract for 2024 offtake. SGHE has taken the Final Investment Decision at Crux, allowing us to appoint advisors to examine a potential sale.

Media

In Media, advertising has rebounded strongly through FY22 with the phrase “Total TV” coming to greater prominence and saw Seven West reclaiming the number one position in free-to-air TV ratings. This year was also dominated by the return of sport, with major events, particularly the Tokyo Olympics.

Seven West utilised their BVOD platform to extend their coverage of the Olympics, giving audiences a broader opportunity to consume live and on demand content. SWM is well positioned for future growth, with the integration of Prime delivering reach supported by enhanced content to distribute across multiple platforms, and improved balance sheet with debt under 1X.

Sustainability

Following extensive consultation with stakeholders we have prioritised the ten most material ESG issues for our wholly owned operating businesses. Details on aspirations, actions, metrics and progress against targets for these issues will be available in our second Sustainability Report, due for release on our website in late September.

Board

Through the year Mr Kerry Stokes AC, the consultant to the Board, provided valuable input to the Board. He was called upon to participate in key strategic discussions within Board meetings as well as support key partner and stakeholder relationships. This included with Caterpillar and key customers. The Board greatly values the experience and insights of Mr Stokes.

#1

Total television network

140%

▲ Infrastructure equipment growth expectation



Lotta Stroem Tal
Process Engineer at BassGas Plant



Reconciliation Action Plan artwork on two agitators at Canberra Plant

The Board continues to review its composition and we intend to continue the process of Board renewal, recognising the benefits of directors with a broad range of skills, experience and perspectives.

This year we welcome the appointment of Ms Rachel Argaman as an Independent Non-Executive Director. Ms Argaman brings over 30 years of operational experience and proven leadership skills and capability across a number of sectors. She is currently the Chief Executive Officer of Opal HealthCare, Australia's largest private residential aged care provider.

Conclusion

I would like to thank our management teams across our operating businesses and the SGH team led so capably by our Managing Director, Ryan Stokes. Together with the approximately 13,500 employees who continue to adapt to the ever-changing environment and ensure our businesses remain strong and competitive. The Board and I appreciate your efforts, commitment and contribution to reposition the Group for the next phase of profitable growth.

In this, my first year as Chairman, my special thanks also go to my Board colleagues who have devoted many hours and enthusiastically participated in all the transformational decisions taken in 2022.

We believe that the combination of our assets, people and opportunities will allow SGH to continue to deliver growth, enhancing long term shareholder value.

Your Board is focused on driving greater returns for all shareholders, and on behalf of the Board I thank you, our shareholders, for your continuing support and commitment to your Company.

Terry Davis
Chairman

Managing Director and Chief Executive Officer's Letter



Ryan Stokes
Ryan Stokes AO

Dear Shareholders,

We are pleased to deliver a strong financial result this year with record earnings for SGH. This result is a testament to our outstanding people who have worked hard throughout the year to support our customers. The 2022 financial year presented many opportunities for our businesses with strong activity levels and demand across the group.

The scale and diversity of our businesses mean that we are deeply engaged in key elements of the Australian economy including supporting our mining customers production, infrastructure investment and construction, as well as the domestic gas energy market and media.

I am incredibly proud of the resilience, agility and discipline of our people that enabled all our businesses to support our customers and deliver revenue growth, through this we delivered Group profit growth.

Owner's Mindset Supporting Operational Excellence

For SGH, the idea of the Owner's Mindset is a core value and something we strongly believe in, and that we believe will continue to help set apart our performance. Beyond just being a value, it is a guiding principle for how we approach business and the strong operational discipline we bring.

As part of our Group Strategic Framework, our values are Respect, Owner's Mindset, Courage, and Agility. We feel these values best represent who we are and also provide a very clear guiding pathway for how we operate. I am proud that we live these and display them. They drive us and we remain true to them.

Under an Owner's Mindset principle, key management is more disciplined and effective operators of business and with capital allocation, to deliver superior returns. It is not only the efforts by executives, who live and breathe the Owner's Mindset, but all our people who work hard to ensure we provide the best support to our customers.

We continue to build a performance culture, a culture that strives for better, with the expectation of excellence and the humility to know we can always improve. These are some of the attributes that are important to build with an Owner's Mindset.

Group Performance

In terms of financial performance, revenue from continuing operations of \$8 billion was up 65.6 per cent (3.2 per cent pro-forma). Group underlying EBIT from continuing operations was \$987.1 million, up 24.6 per cent (8.3 per cent pro-forma). The WesTrac and Coates strong results were particularly pleasing. For Boral the result was lower than expected and FY23 will see a focus on pricing and margin discipline, which is expected to deliver earnings uplift and progress towards restoring appropriate profitability to an iconic Australian brand.

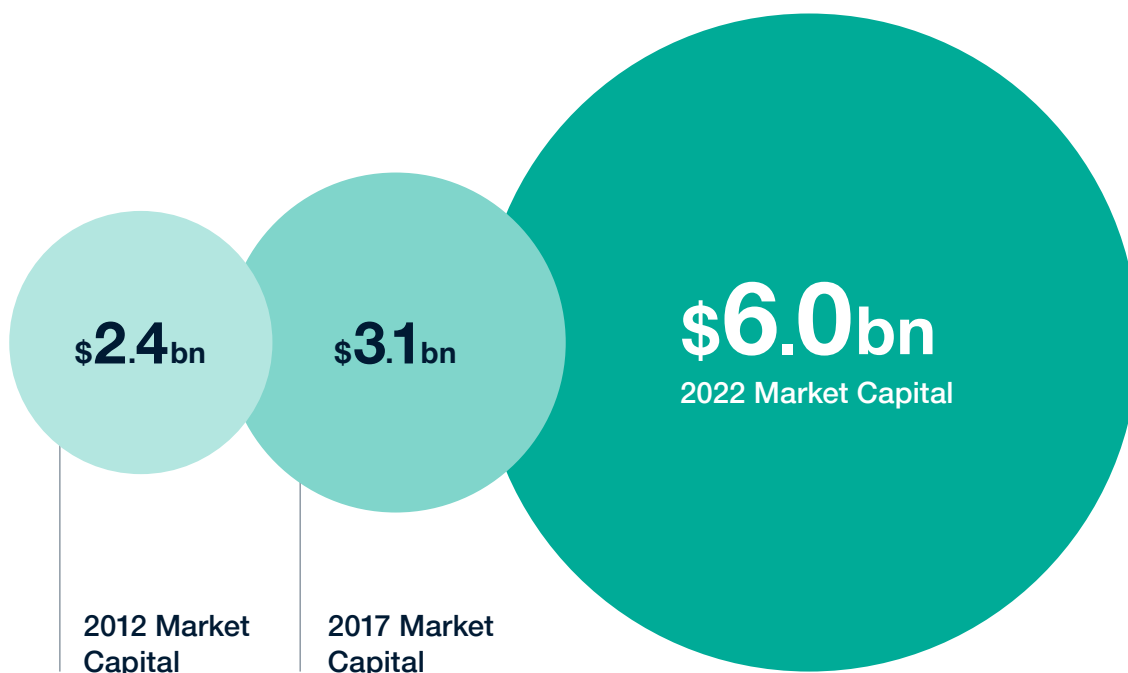
New sales in WesTrac were supported by fleet replacement in KCGM and Boddington whilst construction sales increased, supporting increased infrastructure development. Product support revenue grew 8.6 per cent benefitting from ongoing demand for parts and services created by the high level of mining

production coupled with an ageing fleet. The outlook for WesTrac remains strong. There are opportunities with servicing an aging fleet and WesTrac is well-positioned for the year ahead.

What has been particularly encouraging has been the recent advancements Caterpillar has made in offering zero emission equipment solutions. This includes entering agreement with global mining companies on co-developing and piloting solutions. These are expected over the next 3 to 5 years. We are excited about the opportunities to support this energy transition represents as WesTrac supports customers extend the life of their existing assets until the next generation of equipment is available.

Coates continued to benefit from strong customer demand with the increased infrastructure activity as more projects commenced. Coates has a market-leading position across the rental sector and through the year the focus on productivity has enabled Coates to lift margins. Over FY22, Coates delivered \$1 billion revenue, up 6.7 per cent and \$246 million of EBIT up 16.3 per cent. The Time Utilisation of the fleet (TU) was up 7.4 per cent over the year, reaching 59.6 per cent for the year. This result demonstrates the scale advantage from the \$1.8 billion original costs fleet enabled by our national branch footprint and leading Tier-1 customer solutions.

10 years of growth and value for our stakeholders



In FY23, Coates will continue to focus on extending its growth into differentiated higher margin product offerings, such as end-to-end engineering/industrial solutions and HVAC whilst embedding its Bunnings partnership to drive expansion into the trades segment.

Boral financial performance from continuing operations saw revenue increase 1.1 per cent however their underlying EBIT excluding property was down 32.3 per cent on a pro-forma basis reflecting a disappointing result. Through the year customer activity was strong, however there were a number of challenges that were not effectively mitigated including construction lockdowns, extreme rain, and unhedged energy price exposure, this impacted profitability and margins.

Having successfully refocused the portfolio on domestic construction materials, we now turn to improving Boral's financial performance, particularly around how we drive operational and margin improvement. Successful implementation of margin improvement strategies at Coates gives us confidence in the Group's ability to improve Boral performance. To support this relentless focus on performance, we have appointed a new CEO with proven track record to drive returns.

Energy prices have been a net positive for the Group with the strong results for Beach. The post COVID economic recovery in energy demand has seen a growing imbalance in supply and demand has been driving up oil, LNG, and domestic gas prices. Against this backdrop, Beach delivered strong operating performance leveraging production increase underpinned by higher customer gas demand. This delivered full year production of 21.8 MMboe and sales revenue growth of 13.4 per cent on prior year.

Beach is expected to continue this strong momentum into FY23 targeting mid-2023 for connection of the four Thylacine wells and Enterprise to the Otway Gas Plant. Pleasingly, Waitsia Stage 2 remains on schedule for first LNG sales in the second half of FY23 with the first three of six wells drilled and a new gas plant under construction.

Net zero emissions by 2040 for WesTrac and Coates

The Crux development achieved Final Investment Decision (FID) which was approved by SGH Energy and our partner Shell. This has allowed the Group to commence a sale process for its 15.5 per cent interest in Crux with the potential to realise near-term value in a strong LNG market.


Seven West Media (SWM) is benefiting from the successful transformation undertaken in recent years. FY22 has been a successful year reclaiming the number one position in free-to-air TV ratings by producing market leading content supported by a roster of world-class sporting events. This has allowed SWM to drive profit growth. The acquisition of Prime provides the ability to reach more than 90 per cent of Australia's population which SWM can build out on its successful digital platform. The company has been able to de-lever and improve its capital position, providing multiple opportunities.

SGH remains committed and focused on the delivery of enablers of our strategy – margin expansion, cost control and cash generation. Our market leading industrial services businesses provide quality, recurrent cashflows underpinning cash generation through the cycle.

\$987.1m
Group underlying EBIT

65.6%
▲ Revenue increase



 Hydraulic Shoring – Coates

The conglomerate structure of SGH also allows us to allocate capital effectively to different parts of the Group and, where appropriate, to ensure our operations can derive synergies by cooperating and saving costs. The strength of SGH's businesses can be gauged by the successful completion of a group-wide \$2.5 billion refinancing program in the financial year in a difficult market, which provided certainty for all our businesses.

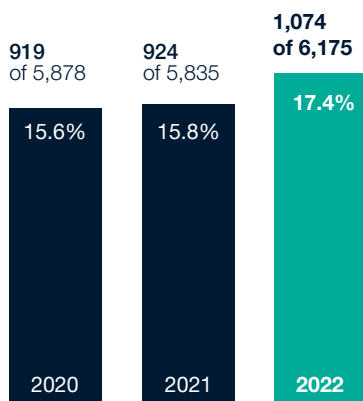
Sustainability and Diversity

In the 2022 financial year, we made significant commitments for our operating businesses WesTrac and Coates to achieve net zero Scope 1 and 2 emissions by 2040. Our energy and construction materials businesses, have the aspiration to achieve net zero emissions by 2050, and are adopting market-leading approaches to the management and disclosure of their emissions intensity.

We also increased the representation of women in senior management positions from 13.8 to 17.2 per cent and are making progress towards our target of 25 per cent Female Representation in Leadership by 2025.

We are proud of our progress made with regards to our Reconciliation Action Plans (RAP), with Coates completing all their "Reflect" RAP commitments in FY21. WesTrac formalised their approach to indigenous issues with the development and approval of a "Reflect" RAP in FY22.

Proportion of women in whole of organisation



SX5 D10T2 Equipment Handover Ceremony, WA

Growth Outlook

Growth in mining production, infrastructure investment and energy are forecast to continue through FY23 and beyond. The Group expects to capitalise on this momentum, leveraging its industry leading positions in each sector.

I would like to again acknowledge the efforts of our team members for their contribution during a very demanding year, and a special thanks to our leadership team of Richard Richards, Gitanjali Bhalla, James Goth, Jarvas Croome, Adrian Howard, Murray Vitlich and Margaret Hall. The results delivered in the last year could not have been achieved without these key staff going above and beyond on a regular basis.

We believe that the combination of our assets, people and opportunities will allow SGH to continue to deliver shareholder value.

On behalf of the Management team, I thank you, our shareholders, for your continuing support and commitment to your Company.

Ryan Stokes AO
Managing Director & CEO

Our Strategy

Our Purpose

Recognising and serving exceptional businesses

Our Strategic Objective

Maximise return to stakeholders through long-term sustainable value creation

Our Values

Respect

Owner's Mindset

Courage

Agility

Pillars

Exceptional People

Operational Excellence

Financial Returns

Assets

Our Strategy

SGH's objective is to deliver long-term sustainable returns to Stakeholders by exercising financial discipline and decisive management of a diversified portfolio of operating businesses.

Firstly we look to strengthen our existing business through operating discipline and satisfying customer needs. By doing this we have the financial strength to pursue long-term value accretive growth opportunities. We are consistently reviewing and refining our portfolio of operating business and value-adding by our use of innovative capital markets solutions to support growth. We do this whilst ensuring sustainability via measured GHG commitments.

Strategic objectives

- 1 Evolving and systematising our operating model to drive and serve our operating businesses.
- 2 Securing value from our investments and driving new opportunities.
- 3 Shaping the Group in a changing environment.

Our Values

Respect

- Fosters an inclusive culture and embrace diversity in all its forms
- Collaborate constructively with all stakeholders to drive shareholder value

Owner's mindset

- Commit to achieving our long-term objectives and delivery of outcomes
- Invest in businesses where the investment opportunity exceeds the return requirements
- Pursue a high-performance culture where we continuously strive for efficiency and growth

Courage

- Empower and trust our People to recognise and pursue opportunities
- Strive to fundamentally improve the way we do business

Agility



- Overcome our challenges and achieve great outcomes
- Evolve our businesses and transform our markets
- Opportunistic approach to sector, structure and geography

Our Business Model

Seven Group Holdings Limited is a leading Australian diversified operating and investment Group with market leading businesses.

Our Structure

Industrial Services	\$778.2m ▲ 19.8%
UEBIT	
WesTrac	\$425.6m ▲ 6.3%
100% Owned	
Coates	\$246.1m ▲ 16.3%
100% Owned	
BCRAL™	\$106.5m ▼ 32.3% ¹
70% Owned	

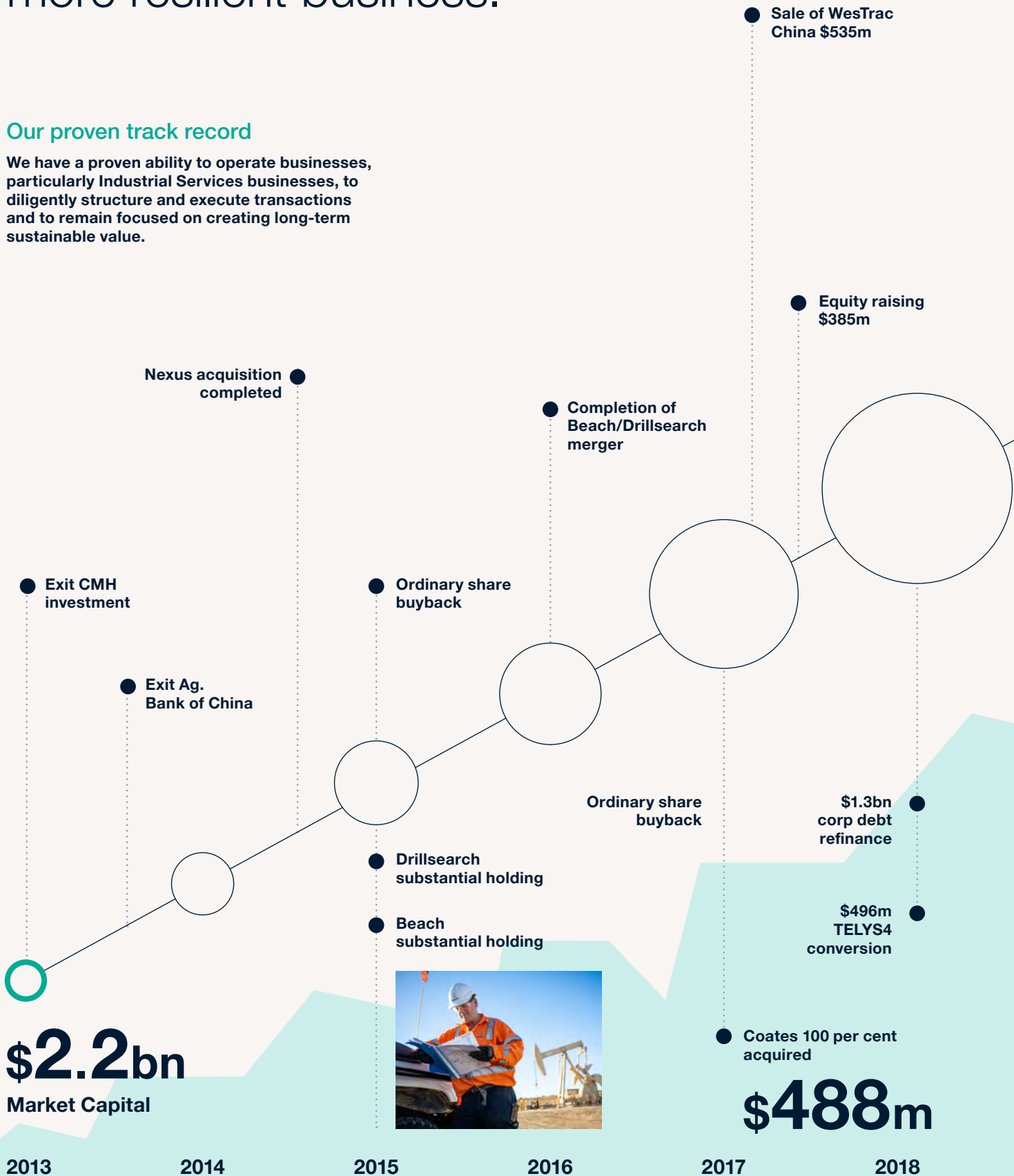
Energy	\$153.2m ▲ 49.8%
UEBIT	
SGH Energy	100% Owned
 beach	30% Owned
Media	\$79.6m ▲ 39.6%
UEBIT	
 7M	39% Owned

1. Against FY21 pro-forma.

A track record of growth enables us to evolve to become a stronger and more resilient business.

Our proven track record

We have a proven ability to operate businesses, particularly Industrial Services businesses, to diligently structure and execute transactions and to remain focused on creating long-term sustainable value.





Beach investment

\$111m

● Ordinary share buyback

\$6.0bn
Market Capital

● Boral Mr Ryan Stokes AO appointed as Chairman of Boral to support its ongoing transformation

● \$500m underwritten equity placement

● Takeover bid launched, acquiring 69.6 per cent interest in Boral

● WesTrac USPP issued

\$460m

● Secured \$6.2bn of funding to support Boral bid

● Beach 1.5 per cent creep

● Boral assets sold

\$5.8bn

● Boral 3 per cent creep

● Boral capital return

\$3.0bn

● Committed to Net zero GHG by 2040 for WesTrac and Coates

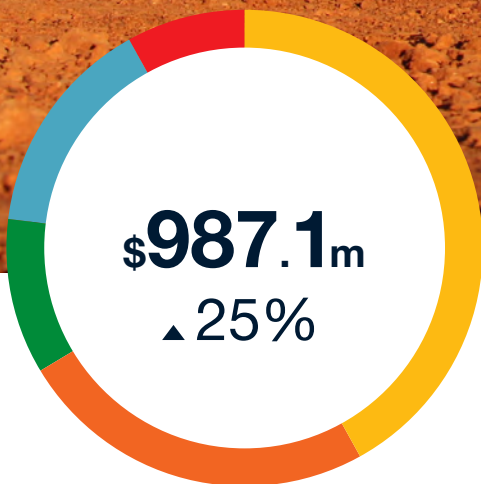
● Boral substantial shareholding

● Coates \$905m USPP

● Bridge facility retired



Our Businesses



Underlying EBIT

- \$425.6m ● \$153.2m
- \$246.1m ● \$79.6m
- \$106.5m



WesTrac

Top 5 global dealer, leveraged to mining production cycle, high market share, strong customer base, recurring after market support revenue, CAT product technology advantage.

\$425.6m

UEBIT
▲ 6%



Coates

Infrastructure exposure without direct contract risk, national network, diversified end markets, operating leverage and scale, opportunity to grow into ancillary services.

\$246.1m

UEBIT
▲ 16%



Our diverse portfolio of exceptional businesses are market leaders in their industries.

Importantly, the strong performance at SGH would not have been possible without the commitment and capabilities demonstrated by our leadership team and employees who have been meeting complex customer demands with compelling customer propositions and differentiated service.



Boral

Vertically integrated Australian asset base, infrastructure/ industrial exposure, barriers to entry, portfolio and performance enhancement opportunity.

\$106.5m

UEBIT
▼ 32%

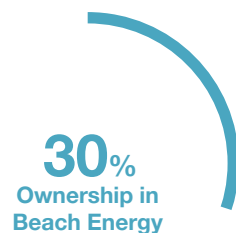


Energy

Diversified production hubs and gas markets, high proportion of contracted gas revenue, strong balance sheet and cash flow generation, exploration and development upside.

\$153.2m

UEBIT
▲ 50%

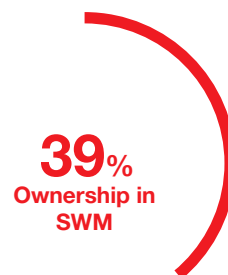


Media

#1 Free to Air ratings, content led growth strategy, digital innovation and growth, investment in new ventures, industry consolidation opportunities.

\$79.6m

UEBIT
▲ 40%



WesTrac

Underlying EBIT

2021

\$400.2m

2022

\$425.6m



CAT 793F AHS Rio Conversions, Marandoo WA

WesTrac is well placed for sustainable growth as we continue to invest in our team and facilities to meet our customers' needs.

WesTrac is proud to represent Caterpillar in WA, NSW, and the ACT and we work closely with our customers to provide a wide range of machinery and construction equipment as well as comprehensive whole-of-life management solutions to ensure they achieve outstanding organisational outcomes.

The business had a strong FY22, with new equipment deliveries robust across both the resources and construction industries, despite significant global supply chain challenges. In resources, continued mine expansions across WA has seen significant deliveries of new and used equipment to customers including BHP, Mineral Resources, Northern Star, Newmont, Newcrest, and Rio Tinto. Significantly, these deliveries included the first autonomous haul truck fleet which was delivered to Newmont's Boddington gold mine.

This is the first use of this technology in a gold mining application in Australia. In NSW/ACT, record coal prices and robust coal production ensured demand for new fleet equipment was also strong.

In construction, all our markets remained strong with a continuation of many major government projects and sustained investment in the construction and property development sectors with demand for construction equipment in NSW at record levels as a result of strong infrastructure work, residential demand, and tax incentives.

WesTrac was recognised by Caterpillar during the year with a WesTrac NSW win at the Global Dealer 2021 Marketing and Sales Awards in one of the eight categories Excellence in Data Management and Insights. This award recognises our use of data insights and good process to improve customer satisfaction through different areas of business including workshops, field service, and parts. WA took out gold for both 'Parts Excellence' and 'Digital Excellence' in Caterpillar's Operational Excellence Program.

Machine operating hours remained strong throughout the year, driving strong demand for aftermarket parts, service, and rebuilds. WesTrac's facilities infrastructure investments are continuing to help meet this growing demand with further capacity expansion underway to ensure the network remains well placed to support our customers. Regional expansion has taken place in WA in Port Hedland, Newman, and Geraldton to enable more capacity and growth on these sites. WesTrac are now able to offer more solutions to their customers with this increased expansion, Rio Tinto's rebuilds of their Pilbara-based heavy machinery are now able to take place at WesTrac Geraldton, a great example of how WesTrac are committed to expanding our offerings in regional centres and continually provide efficient outcomes for our customer. In NSW we have recently opened branches on the Central Coast and Coffs Harbour to support the growing needs of this region and additional investment in our Tomago facility to cater for machining work has also been completed.

WesTrac has continued to roll out the FitFleet Portal to all customers with excellent adoption across finance, plant and service users. Using data-driven insights into the overall health and utilization of machines, customers can also select from an entry-level do-it-yourself and pay-as-you-go model to a full-service offering under which WesTrac takes care of all maintenance and repair requirements, notifying customers when service is required and making bookings for it to be carried out.

Technology and Innovation continue to be a main driver of our and our customer's successes. Many of our customers working closely with Caterpillar and WesTrac have been able to implement industry-leading technology, including autonomy solutions, that continue to provide incremental productivity and performance benefits in a wide range of applications.

“WesTrac works with our customers to provide ground-breaking equipment solutions that help build the world in a safe, sustainable and profitable way.”

Jarvas Croome
WesTrac CEO

To help support our autonomous solutions, further expansion is taking place at the WesTrac Training Technology Centre. This centre was opened in August 2020 and is a world-class, purpose-built facility supporting Technology Training in Mining. This facility is one of only two globally and helps support the growth and development of the workforce that the industry and our customers require to install and maintain autonomous fleets.

Since its opening, the WesTrac Technology Training Centre has delivered training to over 350 customers and hosted several visitor and media events, including youth from local primary and high schools.

Progress is being made to expand this facility to allow for growth in classroom capacity, communications infrastructure, training options, and support of the Motivation Foundation and will include securing additional land to create a purpose-built Remote Dozing training area using Caterpillars Command for Dozing solution. This will allow industry and local workforces to learn the skills needed to operate a mining dozer via Remote Operating Stations (ROS) or a Line of Site (LOS) console.

WesTrac are proud to be involved with Rio Tinto's Gudai-Darri mine site, one of the most technologically advanced iron ore mines in the world. Gudai-Darri brings together a suite of innovations, including 23 CAT 793F autonomous haul trucks and three CAT MD6310 autonomous drills. The trucks implement real-time ore tracking using sensors to provide live dig face progression, while data-informed modelling from the drills helps to build more accurate assessments of existing ground conditions and improve safety. With a predicted 40-year mine life it demonstrates the importance of long-term relationships with our key customers and the important role that WesTrac play in the success of the WA community.

“As the energy transition accelerates, WesTrac will be well positioned to service electrified mining fleets.”

Adrian Howard

WesTrac CEO NSW/ACT

In NSW, we have seen ever-increasing interest in the application of autonomous technology as an option to further extend mine lives and drive down operation costs. In collaboration with Caterpillar and WesTrac, Thiess introduced a new Caterpillar MD6250 drill rig with autonomous drilling capability at Mount Pleasant. The autonomous drilling product uses state-of-the-art guidance technologies to assist operators drill holes to the exact location and depth specified by the drill plan, resulting in safer and more efficient blasting. Thiess have invested further in three Cat drills at their Mt Arthur Coal Mine in NSW, one MD6250 and two MD6310s.

In the construction industry, technology continues to play a pivotal role in improving productivity, safety, and cost-efficiency. The embedded 3D capability in the modern Next Generation excavators provides customers with additional opportunity to cost-effectively realise the productivity and cost benefits of technology. WesTrac are committed to a continued focus on Sustainability, work has progressed in this area with the implementation of a 100kW renewable system in Port Hedland and further solar panel implementations are planned. Caterpillar in conjunction with several large mining customers is advancing the development of zero-emissions autonomous haul trucks and has a road map to have Pilot trucks in the field from 2025 and machines in production from 2027.

WesTrac will continue building its capability and capacity to service electrified mining fleets as adoption of the technology increases.

Another increasingly important part of the WesTrac business and our sustainability focus is the opportunity that Caterpillar products provide for rebuild and reuse. A rebuild strategy is the most cost-effective way to ensure a full-service life from a mining machine and its major components. WesTrac works constructively with customers to refurbish old components and equipment, returning them to a like-new state that ensures a longer productive life. This helps our customers manage capital expenditure and total life cycle costs as well as benefit from the circular economy.

WesTrac Team members are integral to the success of the WesTrac business, our culture is underpinned by collaboration, openness, and transparency and our team are a critical element in delivering the best outcomes for our customers. WesTrac has consistently shown strong retention, offering a unique employee value proposition, underpinned by industry-leading training.

Our team members also play a critical part in our local communities, getting involved in supporting local charities and we are proud of the roles they play not only in supporting our customers, however supporting our community in the volunteer work they do whether it be fighting bush fires, floods, ambulance officers and surf lifesavers.

At WesTrac, we are committed to developing our new and existing team members and leaders and provide this investment for our people through our two institutes in WA and NSW. We play a critical role in developing the future skilled workforce through our national apprenticeship accredited training in Plant Mechanic and Auto Electrician disciplines. We also provide a range of technical training in post-trade and technology training as well as business and leadership training. We are continuing to build on the learnings of our award winning our culture and safety program, Built By Us and this is why one of our key strengths is our ability to attract, retain and train the best talent in the industry.

Looking forward, the outlook remains robust, commodity volumes remain strong with further predicted growth for iron ore over the coming years, particularly at current elevated prices.

There is increasing interest and growth in gold, lithium, nickel, and other minerals and coal remains incredibly resilient with solid volumes a reflection of the quality of the NSW product with high calorific values and low impurities. Parts exchange and full rebuilds continue to grow to support extending fleet lives and all our businesses will benefit from an aging equipment population supporting continued fleet replacement and solid parts and services requirements. We are ready and look forward to capitalising on these strong market opportunities with our service network, our infrastructure, and our strong Employee Value Proposition.

\$3.96bn
Revenue

\$426m
EBIT
▲ 6.3%



WesTrac Technology Training Centre,
Collie, Western Australia

WesTrac Technology Training Centre

The WesTrac Technology Training Centre in Collie WA, opened in June 2020. The centre teaches technicians the critical skills required to install and maintain the rapidly growing number of autonomous mining fleets operating in Australia. The purpose built facility includes a fully operational autonomous Cat 789D, and a full MineStar installation.


It is the only one of its kind outside of North America and will be a key part of future training programs in WA. Given the success of the centre to date and strong customer demand, there is scope for future expansion of the facility.

Coates



Underlying EBIT



 Coates hybrid LED lighting tower

Equipped for anything. Australia's leading equipment hire company.

As Australia's leading equipment and solutions provider, Coates continues to evolve their offering of turnkey solutions such as temporary works engineering, industrial shutdown management and safety training, and has introduced specialist offerings including HVAC (heating, ventilation and air conditioning) and Technology (telemetry enhancements and partnering with research institutions to develop new products and techniques). With a national footprint of over 150 branches, more than one million pieces of equipment and almost 2,000 highly skilled employees, Coates plays an essential role in supporting the operations of industries such as construction, engineering, mining and resources, infrastructure, manufacturing, agriculture and major events, servicing almost 19,000 customers.

In FY22, Coates continued to effectively manage the effects of the pandemic with ongoing lockdowns, construction stoppages and project delays. Notwithstanding all of this, the company delivered year-on-year earnings growth through disciplined cost management, responsible equipment investment, relentless customer focus and teamwork.

The acceleration of their solutions offerings resulted in Coates Engineering Solutions delivering a strong year of growth through structural propping, shoring and water treatment services, and Coates Industrial Solutions expanding their technical capabilities in drones and digital twins, as well as SmartSite technology that tracks and traces equipment during shutdowns and maintenance. Their successful partnership with Bunnings also expanded to increase market share among trades.

Throughout supply chain and industry disruptions, Coates delivered 32,000 equipment hires per month across their \$1.8 billion fleet and continued to work on major infrastructure projects all over Australia, including; the Parramatta Light Rail, Snowy Hydro 2.0, WestConnex M4-M5 Interchange, and Moorebank Intermodal Terminal in NSW; the Westgate Tunnel Project, Monash Freeway and Melbourne Metro Rail in Victoria; the Bruce Highway upgrades and Carmichael Rail projects in Queensland; and the Joy Baluch AM Bridge and Port Wakefield Overpass in South Australia. Coates also continued to provide equipment hire and solutions to major customers such as BHP, Rio Tinto, Fortescue Metals, Boral, and to major construction customers such as CPB, BMD, Downer, John Holland, Acciona, Laing O'Rourke and Fulton Hogan.

To support the company vision to be the market leader in safe, smart and sustainable equipment solutions, Coates launched its first sustainability strategy titled "Towards sustainability, the smart way" which aims for business growth, customer enhancements as well as positive society-wide benefits. To meet net-zero targets by 2040, Coates set mid-term targets and established reporting frameworks to track progress.

The Coates sustainability plan is underpinned by a transition to renewable energy sources and a circular model that builds economic, natural and social capital for all stakeholders through minimising resource use, enhancing performance and designing for reuse and recyclability, which will help Coates become a more sustainable organisation for their people, customers, communities, shareholders and investors.

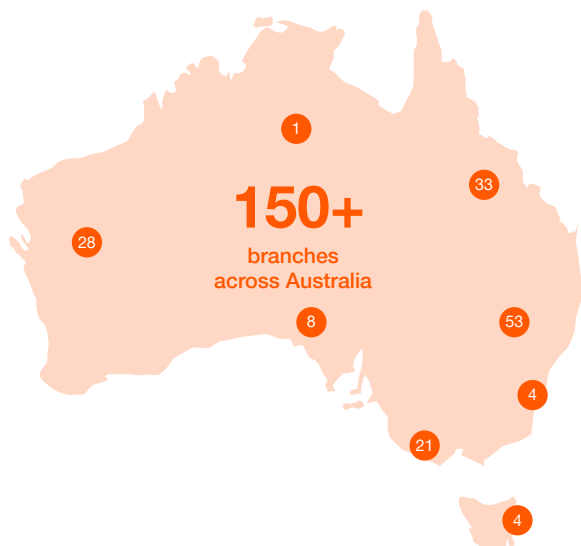
The sustainability framework includes five key pillars; Our People, Our Communities, Resilience, Greener Choices and Eco-efficiency that guides the implementation of exciting initiatives, such as; Coates Greener Choices offering customers tangible opportunities to reduce emissions, improve efficiencies and commit to best practice environmental sustainability standards; the Leading Excellence And Performance (LEAP) program which is developing future female leaders; and the launch of Coates second Reconciliation Action Plan 'Innovate' to continue their commitment to reconciliation.

To keep people safe, Coates established a Safety First Council and implemented a new system, Safety Hub. The company also formalised their support of local communities with the launch of the Coates Foundation, and are striving to become the partner of choice in disaster management by supporting communities with recovery efforts in times of need. The second stage of the Coates culture change program 'The Hire Road' maintains momentum which is helping the team realise their full potential by embedding the company values; Be our Best, Customer Focused, Care Deeply and One Team.

Looking ahead to FY23, the Coates Team25 growth and transformation strategy will focus on optimising the general hire network operating model and physical footprint to better utilise the company's size and scale, making it easier to service customers.

\$1.8bn
Original fleet cost

32,000
Equipment hires per month



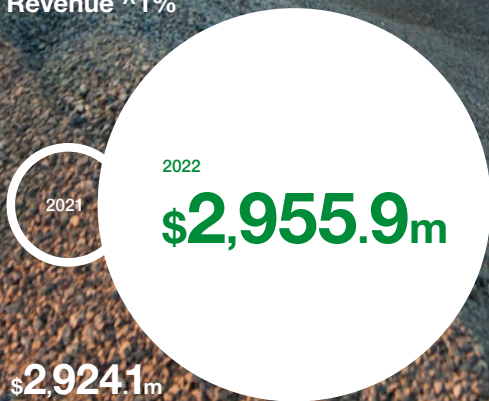
“When I look back over FY22, I genuinely feel proud. Our growth and transformation strategy is delivering great results and our team is strong. We look ahead with confidence.”


Murray Vitlich,
Coates CEO

Boral



Revenue [^]1%



 Boral Side Tipper Road Train, Howard Springs, NT

“It has been a year of change for Boral, successfully realigning the portfolio and simplifying the organisational structure. In short, Building a better Boral.”

Ryan Stokes AO

Boral is the largest integrated construction materials company in Australia, producing and supplying a broad range of construction materials including quarry products, cement, concrete, asphalt and recycled materials. With a national network of 356 operating sites, it delivers products and solutions for a range of applications from homes to commercial buildings, to infrastructure projects, such as roads and highways.

Though strong customer demand allowed Boral to grow revenue this year, the business faced a number of unprecedented external challenges, significantly impacting its financial results. Namely, construction shutdowns in the first half of FY22, and persistent rainfall across NSW and Queensland, coupled with sharp energy cost increases in the second half of FY22.

These challenges resulted in a combined \$136 million impact on its earnings compared to FY21.

While the construction industry faced supply chain constraints, resulting in construction work delays, there was strong underlying construction activity and demand.

Boral's management team has taken action to respond, including working to mitigate the impact of dynamic and heightened inflationary cost pressures, which accelerated in the last three months of FY22, and are expected to continue in FY23.

The team implemented an out-of-cycle price increase in January and February, which is expected to significantly benefit earnings in FY23. In addition, Boral introduced transport surcharges to recoup higher fuel costs, and has brought forward its typical annual price increase to August 2022, from October.

Boral also implemented a more simplified corporate organisational structure in late June 2022 to accelerate its performance orientation. This will reduce overhead costs, and importantly, deliver a more effective operating model.

Boral continued to execute its refreshed strategy set in FY21. It completed the realignment of its business portfolio, exiting from its non-core Boral North America and Australian Building Products businesses for combined proceeds of \$4.2 billion.

Boral subsequently returned \$3 billion in surplus capital to shareholders. The more streamlined portfolio has positioned Boral well to focus on its core Australian operations.

Boral remains firmly focused on delivering improved performance and margins by positioning the business for long-term success. To achieve this, it continued to focus on delivering its performance enhancement program, targeting returns on invested capital above the cost of capital through the cycle.

The company is also enhancing its network position to take advantage of demand opportunities, and maximising value creation from Boral's property assets and operational footprint.

In FY22, Boral established a new property strategy to maximise long-term value from its material property portfolio. Its refreshed approach is focused on growing the company's leading integrated network, optimising utilisation of its operating property footprint, and repurposing property assets through the best combination of recurring and divestment earnings. This will deliver significant earnings benefits over the coming years. Boral's current portfolio of assets to be repurposed are valued at more than \$1.0 billion.

Boral is also reshaping to become a leader in decarbonisation and circular construction, including by offering more customer-focused differentiated solutions which are providing earnings growth opportunities. During the year, it accelerated the focus on offering of lower carbon concrete products across key regions, substantially growing the proportion of concrete sales volumes from lower carbon, higher performing concrete. At the end of FY22, lower carbon concrete represented 19 per cent of concrete volumes.

As Boral moves to the next phase of its transformation journey focused on prioritising efficiency, new opportunities and growth, the company announced that Vik Bansal will replace Zlatko Todorcevski as CEO & Managing Director. Vik is a seasoned leader with deep strategic and operational experience and a track record of instilling discipline and efficiency in complex businesses.

Boral's strategy remains focused on building a more agile and customer-focused organisation that delivers increased returns across the cycle.

Looking forward to FY23, Boral is well positioned to take advantage of strong construction demand, underpinned by a growing infrastructure pipeline and improving outlook for non-residential construction.

\$5.8bn
Asset sales

\$3.0bn
Surplus capital returned to shareholders



1. At 30 June 2022. Includes 10 transport, fly ash and R&D sites. Concrete and asphalt sites include mobile plants. Excludes mothballed plants, distribution and administration sites.




Energy



Underlying EBIT



 Well platform, Taranaki Basin Kupe, New Zealand

Global economic growth has driven a recovery in demand for energy to pre-pandemic levels, however, energy supply is struggling to keep pace due to a lack of industry investment over a decade. Energy security is an issue around the world and Australia is in a strong position to support current energy needs and allow a stable transition to the lower emissions energy mix of the future.

The SGH energy investments are well positioned in this environment, with exposure to the global LNG market through the Crux Project and through the Beach Energy investment in the Waitsia Project.

As we look at the energy transition, gas is a fundamental source of firming capacity to support the growth of renewable power. Over the next decade demand for gas, particularly transportable gas as LNG, is forecast to grow to support this transition.

Forecasts of an exceptionally tight Australian East Coast gas market have materialised in 2022 and the SGH investments in gas projects in Victoria, South-Australia and South-west Queensland provide exposure to the strong demand and associated pricing.

21.8m

Barrels of production

The SGH Energy interests are leveraged to the strong global demand for LNG that is expected to prevail through the current decade, as well as the Australian East Coast gas market that is urgently seeking additional gas production to backfill existing supplies and support the progressive exit of coal-fired electricity generation.

The Crux Project (15.5 per cent SGH Energy interest), operated by Shell Australia in the Browse Basin in offshore Western Australia, has significantly progressed over the last 12 months. The Crux gas project will be developed with minimal upstream facilities and will be tied into the existing Prelude floating LNG facility, to deliver equity LNG, LPG and condensate products to the Crux owners and be available for the global market. The Final Investment Decision was agreed by Shell and SGH in May 2022, having completed the Front-End Engineering and Design, secured the Crux Production Licence, and finalised the commercial agreements for backfill processing through the Prelude FLNG facility. Construction will commence in the second half of 2022.

Crux will offer a very cost competitive source of LNG and is coming from a project with a strong and solid operator, and a greater security of supply than many of the alternatives or from the spot market. We have the potential to realise near-term value through divestment of our interests in the asset. We are in the first stage of a process to market our Crux interest which will continue into FY23 and is optimally positioned to take advantage of a significant upward market cycle for LNG.

SGH Energy's wholly owned Longtom project continues to work toward restarting production and the development of further resources from its permit area in the Gippsland Basin.

The 30 per cent equity holding in Beach Energy also provides SGH with exposure to the global demand for LNG and the Australian East Coast gas market. The Beach share of gas production from Victoria, South Australia and South-West Queensland currently supplies approximately 12 per cent of the current East Coast gas demand. Gas production from the recently completed seven well, eighteen-months offshore drilling program operated by Beach Energy in the Victorian Otway Basin, will further increase gas supply into the East Coast market and will materially contribute to Beach Energy free cash flow through 2023.

Production in the Cooper Basin was impacted by flooding events through the year. Additional workover units have been deployed to recover and ramp up production and oil appraisal success was found at the Martlet field. A final investment decision was also reached with Santos on the Moomba Carbon Capture and Storage Project – being a material emissions abatement project for Beach Energy.

Five production hubs supplying five commodity markets



 Beach employee at Bass Gas

In the Perth Basin, the Waitsia gas project is advancing with the commencement of drilling in March 2022 and construction of the new gas plant facilities. The fully termed LNG supply agreement with BP is also being finalized for the 3.75 million tonnes share of LNG to be processed through tie-in to the North-West Shelf Joint Venture LNG plant in FY24.

The high and sustained commodity pricing yielded a strong financial result for Beach Energy in FY23 and supported a favourable net cash position at financial year end.

Beach had several operational highlights in FY22. The Otway Offshore drilling program was completed on time and on budget, with all wells coming in at or above pre-drill expectations. The first two development wells (Geographe 4 and 5) were connected into the Otway Gas Plant in January 2022, increasing plant production capacity.

The Kupe Compression Project was also successfully completed, increasing production output of the plant.

Seismic surveys were completed in both the Bass and SA Otway Basins, allowing future growth opportunities to be assessed.

FID was reached on the 1.7mtpa Cooper Basin carbon capture and storage project, with expected start in 2024.

Beach enjoyed its seventh consecutive injury free year at the Otway Gas Plant and fourth injury free year at Beharra Springs.

Media

Underlying EBIT

2021

\$57.0m

2022

\$79.6m



The Sunrise Team – Seven's Martin Place Studios, Sydney, NSW

Reflecting the success of its transformation, Seven West Media now reaches 90% of Australians, making it the undisputed national total television market leader.

Seven West Media (SWM) is Australia's #1 commercial broadcast company. It is home to the country's largest and #1 total television network, #1 BVOD service and the fastest-growing news, print and digital brands in the country.

SWM's media business include the Seven Network and its affiliate channels 7two, 7mate, 7flix; broadcast video on demand platform 7plus; 7NEWS.com.au; *The West Australian*; thewest.com.au; *The Sunday Times*; *PerthNow Local*, with 10 titles across Perth; *Perthnow.com.au* and 19 regional newspaper publications in WA.

SWM has successfully executed its strategy to grow and strengthen the business through content-led growth, digital transformation, a strengthened balance sheet and the acquisition of the assets of Prime Media Group.

The outstanding success of Seven's television broadcast business – coupled with the strong growth of 7plus – has made Seven the undisputed leader in the national total television market across capital cities, regional and BVOD audiences.

In calendar year 2021, Seven returned to leadership as the most-watched television network in Australia for the first time in three years, while 7plus was the #1 BVOD service for the second year in a row. Seven was also the only network to increase its audience shares in total people and people 25 to 54, 16 to 39 and under 50.

Seven is the #1 choice to reach and engage with existing and potential customers, with Seven reaching more people nationally and in the capital cities every single day than any of its competitors.

This result has been driven by the ongoing success of Seven's dominant core programs – *7NEWS*, *Sunrise*, *The Chase Australia*, *Home and Away*, *Better Homes and Gardens* and *The Morning Show* – key tentpole programs such as *The Voice*, *Dancing With The Stars: All Stars*, *Big Brother* and *SAS Australia*, and key sports including the AFL, Olympic Games Tokyo 2020 and Olympic Winter Games Beijing 2022.

West Australian Newspapers has focused on its strategy to maintain its print success, turbo charge digital growth and reduce costs. The successful execution of this strategy has delivered the highest level of EBIT in over five years.

This year also marked the first full year contribution from the Google and Facebook news platform agreements.

In 2021–22, SWM has outperformed the market to deliver increased revenue and earnings as well as significant progress in rebalancing the company with its digital businesses, including 7plus, accounting for more than 40 per cent of earnings, compared with 2 per cent four years ago.

Seven's 40.3 per cent metropolitan revenue share in the first half of the 2021–22 financial year was its highest revenue share since the December 2016 half-year period.

Across 2021–22, Seven's share of the total television advertising market was 39 per cent. That included the BVOD market, where we secured a 40 per cent share, and the regional television market, where we achieved a 44 per cent share.

SWM reported a statutory profit from continuing operations before tax of \$283.4 million for the year ended 25 June 2022. This compares to a corresponding year statutory profit of \$445.6 million. Excluding significant items, the 2021–22 profit after tax of \$200.8 million was up 60 per cent on the previous year equivalent profit of \$125.5 million.

The improvement in SWM's balance sheet, with net debt at its lowest level for many years, has placed the company in the strongest financial position in over a decade. This has enabled the expansion of Seven West Ventures, and importantly, SWM's acquisition of the Prime Media Group. The Prime acquisition has given SWM direct access to Australia's largest regional audience, and made Seven the undisputed national total television market leader. The company is now strongly positioned to capitalise on the momentum in broadcast ratings and revenue; maximise the Prime and national sales opportunity and continue capturing share in the fast growing BVOD market.

#1
Total TV
network

Less
than 1x
leverage

Other Investments

SGH has simplified its historical portfolio of opportunistic investments in sectors it believes it can contribute to generate value. SGH's internal investment committee has a dual track process, monitoring market developments and trends for dislocation that may see assets priced below its assessment of their intrinsic value as well as evaluating over-the-horizon trends for threats and opportunities. Included in the portfolio is AllightSykes, a manufacturer of lighting towers, Sykes pumps, distribution of FG Wilson generators and dewatering equipment and distributor of Perkins engines. The Group's listed portfolio at 30 June 2022 has a book value of \$52.0 million. The Group maintains adequate financial capacity and flexibility so that

when appropriate it can act decisively to take advantage of opportunities to drive shareholder returns.

The Group also holds legacy property assets which it will look to develop or realise over time. These include the Kings Square 6 and Kings Square 7 developments on the site of the former Perth Entertainment Centre as well as the Dianella residential development on the site of the former Seven television studios in Perth and an investment in a property development business Flagship.



Sustainability

SGH now publishes a separate annual Sustainability Report, which provides more detail around our approach and actions relating to environmental, social and governance (ESG) issues.

Ten issues emerged from our sustainability review as the most material issues for us to focus on across our Group.

While specific actions and targets on each issue will differ for each of our businesses, a common aspiration is shared for each across the Group:

1	Safety	To be recognised by our teams, customers and regulators for safety excellence.
2	Energy & Emissions	To play a leading role in each of our sectors in meeting the Paris Agreement's goal to limit global temperature rises to well below 2°C.
3	Waste & Water	To play a positive role in helping Australia reduce its reliance on landfill and attain more sustainable water outcomes.
4	Materials	To be a leading Australian corporate contributor to the circular economy.
5	Technology & Innovation	To bring the benefits of technology and innovation, including digital, to our teams and customers.
6	Diversity	To have 25 per cent female participation in our workforce by 2025.
7	Employment	To be an employer of choice across all categories of employment, known for fairness, empathy, development and contribution.
8	Training	To engage, educate, develop and inspire our people.
9	Indigenous Inclusion	To make a meaningful contribution to the full realisation of the rights of Aboriginal and Torres Strait Islander peoples in the communities we operate in.
10	Local Communities	To be an engaged and constructive participant in the communities in which we operate.

Comprehensive approach to Sustainability

SGH has a long and proud history in corporate social responsibility. In FY21 we enhanced this with a robust exercise across our Coates and WesTrac operating businesses to identify the sustainability issues that are most material to our business and to our stakeholders, and in September 2021 we published the first SGH Sustainability Report, for FY21.

That report detailed the ten material issues our resulting Sustainability strategy focuses on, and provided information, targets and quantitative metrics in line with the Global Reporting Initiative (GRI) framework and the standards of disclosure recommended by the Task Force on Climate-Related Financial Disclosures (TCFD).

Our FY22 Sustainability Report is due for release in September 2022.

In addition to our SGH Sustainability Report, which primarily covers Coates and WesTrac, our equity-accounted listed businesses Boral and Beach Energy also publish standalone Sustainability Reports.

We encourage the reader to consult each of these Sustainability Reports for detailed information on our businesses' approaches and actions relating to environmental, social and governance issues.

Further information and links regarding SGH's sustainability strategy and actions can be found at SGH's website at sevengroup.com.au/sustainability.

SGH material issues

Following extensive consultation with stakeholders and materiality analysis, we have prioritised ten material ESG issues for our fully-owned operating businesses.

Details on aspirations, actions, metrics and targets for these issues can be found in our separate SGH Sustainability Report, with the following representing a high level overview of FY22 progress on our ten material ESG issues.

Safety

We continue to put Safety as our number one priority throughout our businesses. While we found ourselves tested in this area at times over the past 12 months, we are proud to say that on each occasion our businesses responded immediately and effectively to these challenges. We are never complacent in this area and are humble enough to know that we can always continue to improve.

Emissions

Another area of strong focus for our businesses has been in the area of Emissions reduction. In FY22, Coates and WesTrac embarked on their respective roadmaps to meet their aspirations of zero Scope 1 and 2 emissions by 2040; with a 30 per cent reduction from 2020 levels by 2025 and 50 per cent by 2030. WesTrac's workshop at Port Hedland became the first site in our network to

install solar panels, and business cases were approved for imminent installation in further tranches of sites across Coates' and WesTrac's networks.

Waste

Waste has been a major area of focus as well in FY22, with both businesses undertaking extensive exercises for the first time to establish and confirm comprehensive quantitative baseline metrics in terms of overall waste footprint and the amounts of each source of waste currently going to landfill. In FY23 we will look to build targets and roadmaps aimed at both reducing waste and increasing the proportion of our waste diverted from landfill.

Materials

In the area of Materials, both businesses continue to make crucial contributions to the circular economy. WesTrac has a material and growing stream of business focused on machine and component rebuilds and on salvaging parts from end of life equipment. Coates' launch in FY22 of its Greener Choices offer and the establishment of a Circular Systems Program cements the leading role we play in the sector in helping our customers reducing their emissions and materials footprint.

Training, Diversity and Employment

Our strong record on Training, Diversity and employment continued in FY22 and put us in good stead to deal with the labour market pressures felt right throughout the Australian economy in FY22. We continue to look for ways to develop and train our teams and provide workplaces characterised by a strong culture, a respect for diversity and a focus on performance.

Technology and Innovation

Technology & Innovation is an increasing area of focus for our businesses, especially through our leveraging of partnerships with institutions and suppliers. WesTrac in particular continues to be at the forefront of the introduction of autonomy technology to the Australia construction and mining sectors.

Communities and Indigenous inclusion

Our businesses also continued in FY22 to play their historical role in helping local communities, with Coates in particular playing a key role in recovery from east coast flooding. Coates also leads the way for the SGH Group in indigenous inclusion, moving into execution of their Innovate Reconciliation Action Plan in FY22 and working closely with the Clontarf Foundation. WesTrac also launched its own Reflect Reconciliation Plan in FY22.

More detail on SGH's overall approach to Sustainability, including key metrics, assurance statement, and how our efforts contribute to the UN Sustainable Development Goals, is in our FY22 SGH Sustainability Report due for release in September 2022.

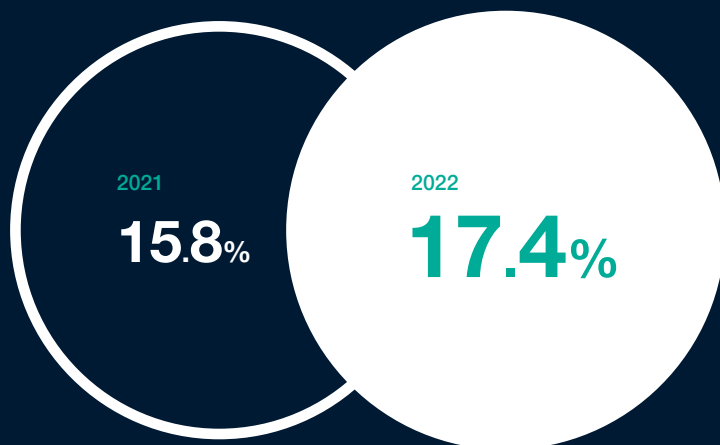
People

People are our most valuable asset. We understand that for people to engage with their work and feel energised in the workplace, they need positive relationships, purposeful work and opportunities to learn and grow.

—
2.4
FY22 LTIFR

—
9.6
FY22 TRIFR

Female representation



~**1,500**

Apprentices successfully completed their Apprenticeship Programs over the past 10 years

The health, safety and wellbeing of our people across SGH is core to our approach to business, and we place great value on the preventative and protective measures that support our people.

We recognise the need to protect the physical and mental wellbeing of our people in the workplace, and our approach to physical safety, physical health and mental health and wellbeing reflects this.

Building a safety culture that values wellbeing

We are proud of the significant progress our businesses have made in recent years to build 'safety-first zero harm' into their workplace culture. Our businesses place an increasing emphasis on a proactive approach to safety and in addition to a focus on safety culture. WesTrac's safety cultural transformation journey through the "Built by Us" program has been particularly successful over the last few years supporting a genuine shift in mindset when it comes to safety.

During FY22, additional safety metrics were introduced, namely Potential Serious Harm Incidents (PSHI) and Actual Serious Harm Incidents (ASHI) to proactively monitor severity of potential and actual incidents and perform and report on root cause analysis and effectiveness of safety intervention and remediation plans. In addition to PSHIs and ASHIs, both WesTrac and Coates now have a range of leading KPIs in place that are regularly reviewed all the way from the workshop level through to the Board level.

We also continue to support a greater focus on psychological safety and well-being, recognising the impact of the pandemic and disruption this has caused to the lives of our team members. To support our teams during these challenging times, gift vouchers of up to \$150 were provided as part of a Vaccination Drive resulting in more than 90 per cent of the Workforce being vaccinated. We also supported teams with rostering flexibility and work from home arrangements and flexible leave during the height of the pandemic.

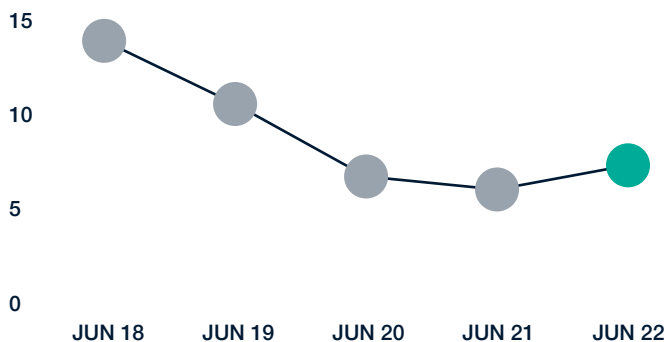
FY22 Safety performance

While there has been marked improvement in safety performance across the Group over the last five years, Coates had a deterioration in the performance of their lag indicators whilst WesTrac remained relatively stable. There were a number of causation factors which included an increased number of new starters and contractors unfamiliar with safety standards and practices; instances of COVID-19, fatigue and loss of focus on physical safety; absence of visible safety leadership given COVID-19 restrictions and general increase in risk tolerance. This resulted in multi-pronged safety intervention and remediation plans being launched across all areas of the business with a strong focus on face-to-face communications, 'back to basics' approach for key workplace safety practices, and improved onboarding and induction programs for new starters. Pleasingly the initiatives saw an almost immediate response, with lower injury rates and improved safety awareness.

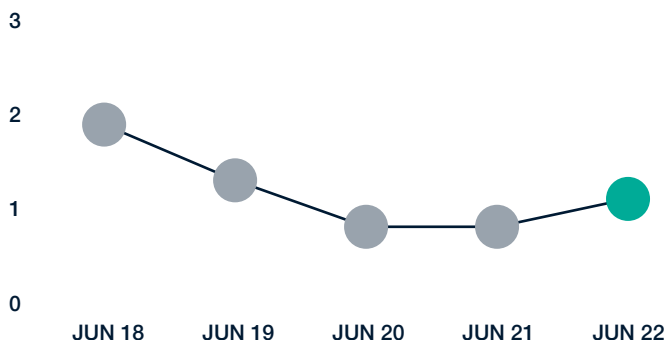
WesTrac NSW's focus on recurring 'Hands and Fingers' incidents included strong emphasis during the onboarding of new employees as well as monthly tracking of results at the workshop level and as a result of this focus, there has been a 32 per cent reduction in such injuries in our NSW business. The focus to improve safety performance continues with all businesses aligned to ensure a Safety First Zero Harm mindset among our people.

32%
Reduction in hand and finger injuries at WesTrac NSW

Rolling 12 Month TRIFR



Rolling 12 Month LTIFR



For comparability purposes, the above charts exclude Boral's LTIFR (FY22:3.6) and TRIFR (FY22:11.8) respectively.



Coates Industrial Solutions
Coates serviced tool store, Belmont WA

We are proud of all we have achieved as a Team in FY22, against a challenging macroeconomic backdrop. This has been a testament to the exceptional people we have at SGH.

Embedding a Values driven culture

Our values of Respect, Owner’s mindset, Courage and Agility provide the overarching cultural framework on how we operate and work together to deliver a differentiated Employee Value Proposition and deliver on our Purpose and Strategic Objective of maximising returns to shareholders through long term sustainable value creation.

We are committed to a respectful and collaborative workplace where we strive for continuous improvement and where employees can fulfil their individual career aspirations and reach their potential. Our aim is to foster a high-performance culture where employees are rewarded for their actions as much as they are rewarded for results and outcomes. Clarity of objectives and key performance measures are a critical thematic within all our businesses to ensure alignment to delivering the Group strategy and objectives.

Our values ensure we continue to meet the high standards we set for ourselves in serving our customers, our stakeholders, and the community. We refreshed our people policies and frameworks in FY22, to provide further clarity and reinforce the standards of behavior expected from our people that is aligned to our Values.

Our commitment to a strong values led culture has been reinforced through the continued investment we have made in cultural transformation programs across our business units. WesTrac’s award winning cultural transformation “Built By Us” program continues to drive improvements in workplace safety, engagement and culture and is entering its second phase with more than 89 per cent participation rate. At Coates, the innovative and highly engaging customer orientated “Hire Road” program was rolled out in FY22 and by the end of June 2022, 230 leaders had already completed Phase 2 of the program. Boral will look to invest in a similar purpose driven cultural transformation program to build engagement and alignment in FY23.

The SGH Employee Share Purchase Plan commenced in FY22 with take up rates of ~25 per cent, demonstrating high levels of engagement and commitment of our people to live the “Owner’s mindset” value and share in the returns that they help generate for shareholders.

Increasing Diversity, Equal Opportunity and Inclusion

We are committed to supporting open and inclusive workplaces that embrace and promote diversity and equal opportunity. We are an Equal Opportunity employer and actively invest in programs that foster a diverse and inclusive culture. We recognise a diverse workforce and inclusive culture are fundamental elements for providing diversity of thought and ideas that lead to improved business performance and sustain our competitive advantage.

Our approach to diversity also increasingly focuses on improved indigenous participation and other elements of diversity such as nationality, ethnicity, physical abilities, sexual orientation, body type, gender identity, generation/age, disability, socio-economic status, religious belief, parental status, professional and educational background as well as global and cultural experiences.

Progress against FY22 measurable objectives

Our businesses employ a range of initiatives and measures to progress Diversity, Equality and Inclusion, including practices encouraged by the Workplace Gender Equality Agency (WGEA). Our people policies and frameworks, specific work practices and guidelines underpin these measures to ensure year on year improvement in gender diversity across the Group.

Based on the March 2022 WGEA submission Whole of organization female representation increased to 17.4 per cent (from 15.8 per cent) and Senior Managers/Managers representation increased across the Group to 17.2 per cent (from 13.8 per cent).



WesTrac WA, Customer Service Manager

Proportion of women

2022	3 of 9	33.3%
2021	2 of 9	22.2%
2020	2 of 9	22.2%

Board

2022	117 of 682	17.2%
2021	78 of 567	13.8%
2020	84 of 629	13.4%

Senior Managers/Managers

2022	1,074 of 6,175	17.4%
2021	924 of 5,835	15.8%
2020	919 of 5,878	15.6%

Whole of organisation

Senior Managers/Managers includes Executive Directors of Seven Group Holdings Limited and its subsidiaries as well as all other Managers as defined by the Workforce Gender Equality Agency (WGEA).

For the purpose of this section of the report, employee numbers and statistics have been calculated based on information as at March 31, provided to WGEA as part of the SGH annual reporting requirements.

Both WesTrac and Coates are making steady progress towards their target of 25 per cent Female Representation in Leadership by 2025, with WesTrac already at 18.5 per cent at 30 June 2022. The SGH Board comprises 33 per cent female directors, exceeding the 30 per cent target.

We continue to progress our measurable objectives which include supporting flexibility in the workplace, Equal Opportunity and Career Development and Progression. Where necessary, changes have been made to the relevant strategies and/or policies that are in place, to ensure these remain relevant and effective in the context of the Group and emerging market practices and developments.

Supporting flexibility

Our businesses continued to support our employees during various lockdowns and COVID-19 restrictions during the year with fit for purpose flexibility strategies for our site based and office-based staff. WesTrac and Coates have implemented formal policies to provide structure and best practice tools and guidance to ensure productivity and wellbeing, whilst working in a hybrid environment. Given the increase in employees entering flexible work arrangements, manager support in the form of capability sessions were also conducted to equip leaders with the skills on how to manage conversations around flexible work arrangements and the various options available to employees. Although flexible working for our site based employees who by the very nature of their roles made performing their work remotely very challenging or impossible, our businesses continued to review options available with flexible rostering, adjustments to working hours, patterns of work and work locations and job sharing to balance work with family, carer or other responsibilities.

Additional policy changes included increasing Primary Carer paid leave by 2 weeks to 12 weeks in addition to Government Payment.

Equal opportunity

From an Equal Opportunity perspective and to ensure decisions are made in a transparent and fair manner, that excludes conscious or unconscious biases that might discriminate against certain employees or candidates, the Board approved the SGH Discrimination, Bullying and Harassment Policy and SGH Diversity and Equal Employment Opportunity Policy. Together with the Code of Conduct, these policies set the tone of the organisational culture around Equal Opportunity and reinforce that discrimination on any basis is not acceptable.

Decisions regarding employment and remuneration are based on merit, ability, performance and potential. Our businesses have a deliberate and active approach to recruitment that has resulted in increased female participation across the Group. Regular reporting and dashboards actively track and monitor recruitment (applications received and converted), development and training programs and turnover to provide immediate feedback on diversity targets or trends that may be impacting equal opportunity or inclusion in our workplaces. As a result, progress has been made on increasing female participation in apprentice programs and trade roles, as well as the proportion of females in supervisory and management roles.

SGH also supports providing equal pay for employees irrespective of their characteristics and conducts annual gender pay reviews to identify any employees with a difference in base pay for like for like roles. Any differences are addressed on an ongoing basis to ensure gender pay parity.

Career Progression and Development

We continue to evolve our talent and succession planning processes to encourage and promote the inclusion of more women at all levels of the businesses, particularly in operational roles. This process provides greater understanding of talent across the Group and potential successors to key roles. Bespoke programs to develop the female leadership pipeline are in place such as the Women of WesTrac program and the Coates Leading Excellence and Performance (LEAP) initiative, aimed at empowering and developing emerging female leaders. Pleasingly, 20 per cent of the participants in the LEAP program secured promotions during FY22.

Our talent and succession planning processes continue to evolve to encourage and promote the inclusion of more women at all levels of the businesses, particularly in operational roles. This process provides greater understanding of talent across the Group and potential successors to key roles.

Indigenous Relations

SGH recognises Aboriginal and Torres Strait Islanders as the traditional landowners of Australia, and we acknowledge that listening to First Nations voices strengthens our ability to positively contribute to the full realisation of the rights of Indigenous peoples.

We are particularly committed to providing support to the Indigenous communities where our work takes place, and this support includes employing and training Indigenous workers and supporting Indigenous businesses. We look to structure our actions in line with the framework espoused by Reconciliation Australia.

We are proud of our progress made with regards to our Reconciliation Action Plans (RAP) – Following the launch of the Coates “Reflect” RAP in FY21, all of the actions in that plan were completed in FY22. Coates are now implementing their second “Innovate” RAP, and working with Indigenous-owned companies, chambers of commerce and not-for-profit organisations to turn good intentions into measurable actions. WesTrac formalised their approach to indigenous issues with the development and approval of a “Reflect” RAP in FY22.

Coates’ partnership continued with the Clontarf Foundation that supports 137 Clontarf Academies located where we co-exist. The Clontarf program is designed to improve the education, discipline, life skills, self-esteem and employment opportunities of young Aboriginal and Torres Strait Islander men. Coates hosts visits to Coates work sites and provides opportunities such as work experience, career pathways and apprenticeships. In FY22, Coates provided employment to five Clontarf graduates.

Other community programs supported by the Group, include the Carey Bindjareb program, which provides industry training for Aboriginal and Torres Strait Islanders engaged in the criminal justice system, and Olabud Doogethu, which provides training for Indigenous Halls Creek locals to operate Caterpillar equipment. Both programs aim to help provide locals with employment and career opportunities.

Further details on these initiatives and other Community initiatives will be provided in our Sustainability Report.

Investing in capability

SGH remains committed to investing in leadership development and specialist training to improve the leadership and technical capability of our people. We have invested over \$10 million in training programs across the Group and strive to provide an environment in which our people can continuously improve their skills and leadership capabilities to deliver value to our customers and stakeholders.

Regular reviews, including setting key performance indicators and ongoing career development, are a key part of how we drive a high performing culture across the Group. These practices, together with robust talent and succession planning processes has resulted in a deeper review of people and their potential, including opportunities for female talent, thereby strengthening the overall employee value proposition at SGH from a career development and growth perspective.

The Apprenticeship program at WesTrac, for employees and customers, continues to grow from strength to strength, delivering apprentices with critical trade and technical skills needed by WesTrac and the resources and construction industry generally. There are currently more than 600 apprentices and trainees enrolled in our apprentice and traineeship programs at WesTrac WA and NSW, with over 1,500 qualified apprentices having successfully completed their apprenticeship training over the past 10 years.

We have a particular focus on programs such as operational training, apprenticeships, and trade upgrades to ensure we have access to the skilled labour we need in order to serve our customers. Both Coates and WesTrac are Registered Training Organisations. WesTrac’s Collie Technology Training Centre, launched in FY21 to provide autonomous training to the Australian resource sector and the first of its kind outside the USA, with over three hundred members and customers having graduated from specialist training programs.

\$10m
Expended on
training programs

Our priority will always be the safety and wellbeing of our people.



WesTrac NSW Fit Fleet Customer, Brunswick Heads, NSW

Operating and Financial Review

SGH has delivered a strong Group result for the year, achieved through outstanding performances from the majority of our businesses. Against a backdrop of robust customer demand, WesTrac and Coates delivered resilient earnings, which coupled with strength at Beach and SWM, ultimately resulted in solid earnings growth for the Group.

—
\$8.0bn

Revenue
▲ 66%

—
\$987.1m

UEBIT
▲ 24.6%

Financial Performance

	Underlying trading performance ^(a)		Significant items ^(b)		Statutory results	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Continuing operations						
Revenue	8,013.4	4,838.7	—	—	8,013.4	4,838.7
Other income	59.3	47.0	(1.9)	—	57.4	47.0
Share of results from equity accounted investees	252.9	195.4	4.3	44.0	257.2	239.4
Revaluation of equity accounted interest on acquisition of Boral Limited	—	—	756.8	—	756.8	—
Impairment of intangible assets	—	—	(728.4)	—	(728.4)	—
Impairment of equity accounted investee	—	—	(83.4)	92.9	(83.4)	92.9
Expenses excluding depreciation and amortisation	(6,860.6)	(4,028.7)	(100.4)	(3.4)	(6,961.0)	(4,032.1)
Profit before depreciation, amortisation, net finance expense and tax	1,465.0	1,052.4	(153.0)	133.5	1,312.0	1,185.9
Depreciation and amortisation	(477.9)	(260.3)	3.4	—	(474.5)	(260.3)
Profit before net finance expense and income tax	987.1	792.1	(149.6)	133.5	837.5	925.6
Net finance expense	(253.6)	(157.9)	(12.1)	(5.0)	(265.7)	(162.9)
Profit before income tax	733.5	634.2	(161.7)	128.5	571.8	762.7
Income tax expense	(156.2)	(129.6)	27.6	1.5	(128.6)	(128.1)
Profit for the year - continuing operations	577.3	504.6	(134.1)	130.0	443.2	634.6
Discontinued operations	108.8	—	55.4	—	164.2	—
Profit for the year	686.1	504.6	(78.7)	130.0	607.4	634.6

(a) Underlying trading performance is comprised of reported results adjusted for significant items. This is separately disclosed and reconciled to statutory performance to assist users in understanding the financial performance of the Group. Underlying trading performance measures are non-International Financial Reporting Standards (IFRS) measures and have not been subject to audit or review.

(b) Detailed information regarding the composition of significant items is provided in Note 3: Significant Items of the Financial Report.

The Group has delivered Underlying earnings before interest and taxation (Underlying EBIT) from continuing operations of \$987.1 million for the year ended 30 June 2022, up 24.6 per cent on the prior year. Revenue from continuing operations also increased by 65.6 per cent to \$8,013.4 million. The increase in Revenue and Underlying EBIT reflect strong operational performance from WesTrac and Coates, consolidation of the results from Boral and increased contribution from Beach and Seven West Media.

The Group completed the takeover offer for Boral on 29 July 2021 with the Group obtaining a 69.6 per cent interest and Mr Ryan Stokes AO was appointed as Boral Chair on 30 July 2021. On 7 July the Group obtained a 40 per cent effective interest in Boral which has been determined as the date that the Group obtained control of Boral under AASB 3: Business Combinations and the Group has consolidated the results of Boral from that date. The acquisition has significantly impacted the financial performance and position of the Group and is discussed further below. As Boral has discontinued operations relating to sale of Boral North America Building Products, Australian Building Products and North America Fly Ash during the year, the Group has consolidated and separately disclosed these as Group discontinued operations and remainder of the Group as continuing operations. All commentary below relates to the Group's continuing operations unless otherwise stated.

The Group has delivered on FY22 Group Guidance of 8 to 10 per cent on FY21 pro-forma EBIT from continuing operations, excluding property, with Underlying EBIT up 8.3 per cent on the FY21 pro-forma Underlying EBIT of \$911.3 million¹. Further the Group has delivered on guidance provided for WesTrac, being low single digit EBIT growth on FY21 and exceeded low double digit EBIT growth against FY21 for Coates.

WesTrac EBIT increased by 6.3 per cent to \$425.6 million, with the impact of supply chain constraints, including extended lead times, shipping disruption and industrial actions at ports, being more than offset by increased customer demand from higher production to capitalise on high commodity prices resulting in improved product support sales. COVID-19 has continued to have a limited impact on WesTrac. In FY23, WesTrac is expected to benefit from strong customer activity and an ageing mining fleet, driving growth in support sales and a robust pipeline of committed new equipment deliveries.

Coates' EBIT of \$246.1 million was 16.3 per cent higher than the prior year, which reflects the significant revenue growth of 6.7 per cent, with growth across all geographic regions (except WA) and customer segments from increasing infrastructure investment and expanding solutions offering, and Coates continued focus on performance and utilisation. COVID-19 construction lock downs in Sydney and Melbourne in early FY22 and flooding in Northern NSW and South East Queensland impacted Coates revenue in affected locations. Coates is expected to benefit from robust customer activity and demand for solutions which gives us confidence in the outlook for FY23.

Boral's Underlying EBIT of \$106.5 million, whilst higher than the prior year's equity accounted profit of \$38.0 million, was impacted by COVID-19 construction lock downs in Sydney and Melbourne, record wet weather on the East Coast and inflation in energy and transport costs. Looking forward, Boral's performance journey is set to accelerate with a strong focus on pricing discipline and margin improvement.

1. Refer to 22 February 2022 Presentation of Half-Year Results, slide 22 Financials-Earnings on a pro-forma basis for reconciliation of FY21 pro-forma Underlying EBIT of \$911.3 million.



Boral – Envisia concrete being supplied to Crown Resort Sydney

The Group's equity accounted investees performed well and have a strong FY23 outlook. Beach Energy benefited from high global oil and domestic gas demand, which is expected to continue into FY23. An improved advertising market and digital growth benefited SWM enabling further reduction in debt and the acquisition of the Prime Media Group, increasing national audience reach. In FY23, SWM expects to capitalise on its position as the number one total TV network in Australia, to grow revenue share and digital earnings.

Statutory net profit after tax from continuing operations for the year of \$443.2 million is down 30.2 per cent. Statutory net profit after tax from Boral discontinued operations for the year is \$164.2 million. Statutory net profit after tax for the year of \$607.4 million is down 4.3 per cent. The statutory result was impacted by significant items as a result of the acquisition of Boral including a \$756.8 million gain on revaluation of the equity accounted investment in Boral on consolidation, acquisition costs of \$8.1 million and finance cost of \$12.1 million and fair value adjustments of \$5.7 million. An impairment of Boral's goodwill of \$728.4 million has been recognised following Boral's performance during the year and the extended time to deliver increased returns. The Group has also consolidated Boral's significant items of transformation and restructuring costs of \$73.0 million. The Group result was also impacted by a \$83.4 million mark to market impairment and \$10.2 million loss on dilution of the Group's investment in SWM, and \$4.3 million share of the Group's significant items relating to equity accounted investees. On an underlying basis, NPAT increased by \$181.5 million, or 36.0 per cent, to \$686.1 million. Refer to page 38 for a reconciliation of statutory to underlying results.

Operating cash flow of \$512.4 million, a decrease of 17.7 per cent on the prior year reflects the investment in net working capital in WesTrac to manage supply chain disruption. We expect this working capital to return to historic levels over the next 18 months. Net capex (excluding intangibles) of \$593.6 million includes investment in Coates' hire fleet, WesTrac's capacity expansion and rental fleet investment and Boral's investment in strengthening their network position.

At a Group level, we're expecting high single to low double-digit underlying EBIT growth in FY23, underpinned by the quality of our businesses.



Boral's Petrie quarry, Queensland

Revenue and Other Income

Revenue of \$8,013.4 million was up \$3,174.7 million or 65.6 per cent on the prior year, principally from the consolidation of Boral revenue of \$2,955.9 million and growth achieved by both WesTrac and Coates.

Building material sales from Boral of \$2,668.0 million was up on Boral's FY21 revenue of \$2,631.3 million, this was despite Boral's revenue in first half of FY22 being impacted by construction lock downs in Sydney and Melbourne and second half impacted by record wet weather on the East Coast.

Product sales of \$1,458.6 million were down by \$46.9 million or 3.1 per cent reflecting the impact of supply chain disruption on timing of receipt by WesTrac and delivery of machines to customers. Compared to FY21 there was a reduction in the number of deliveries of new fleet orders to WA mining customers. Construction activity for WesTrac strengthened in both WA and NSW, with the impact of major government infrastructure projects and government instant asset write off tax incentives. Revenue from product support was up 8.2 per cent to \$2,574.4 million, impacted by the Caterpillar parts price increase reflecting inflation in October 2021.

Hire revenue increased by 7.3 per cent to \$1,019.9 million, with Coates benefiting from increased market activity following recovery from construction lock downs in Sydney and Melbourne in first half of FY22 and activity on major infrastructure projects.

Rendering of services revenue of \$80.6 million from Boral was up on Boral's FY21 revenue prior to consolidation of \$69.3 million reflecting improved market activity. Contracting businesses revenue of \$207.3 million was down on Boral FY21 of \$223.5 million.

Oil and gas revenue was \$4.6 million, up 64.3 per cent on the prior year due to higher realised commodity prices more than offsetting lower production at Bivins Ranch.

Other income of \$57.4 million was up 22.1 per cent on the prior year, primarily due to profit on sale of assets.

The Group's share of results from equity accounted investments of \$257.2 million was up \$17.8 million on the prior year, reflecting the results of the Group's existing equity accounted investments in Beach Energy and Seven West Media and increase from consolidation of Boral's equity accounted investments of \$19.9 million that partially offset the reduction in Boral's equity accounted contribution in FY21 of \$38.0 million. Beach Energy's underlying contribution was up 47.1 per cent to \$154.2 million, reflecting stronger commodity prices and lower depreciation, partly offset by lower volumes. Beach's statutory result was impacted by provision of shareholder class action legal costs and were \$65.3 million higher than FY21 statutory results that were impacted by impairment of onshore Otway reserves. Seven West Media's underlying EBIT contribution of \$76.7 million was up \$26.2 million or 51.9 per cent, reflecting the acquisition of the Prime regional TV business, improved

advertising market and digital earnings growth, allowing SWM to continue to reduce external debt. SWM's statutory results benefitted from distributions from Prime less acquisition and refinancing costs but were \$45.9 million lower than FY21 statutory results that benefitted from a \$208.5 million (at 100 per cent) reversal of previously impaired television licenses.

Expenses

Total expenses excluding depreciation and amortisation increased 72.6 per cent to \$6,961.0 million on a statutory basis, reflecting the consolidation of Boral's expenses. Materials cost of inventory sold and used in product sales and support increased 3.3 per cent to \$2,785.8 million, reflecting the higher cost of product inventory to supply product sales revenue. Material cost of inventory sold and used in building materials, rendering of services and contracting by Boral of \$2,270.2 million has been consolidated following the acquisition and reflecting significant increases in energy and transport costs.

Repairs, maintenance and consumables used in equipment hire of \$119.7 million, are up \$4.5 million or 3.9 per cent due to increased hire volume and cost inflation. Employee benefits expenditure has increased to \$1,061.2 million, reflecting the consolidation of Boral employee costs and wage cost inflation.

Other expenses are up 100.8 per cent, reflecting consolidation of Boral and include \$8.8 million in additional credit loss allowance being included in Coates and Boral's calculations for elevated default risk arising from COVID-19 and contractors on fixed price contracts.

Significant Items

The Group's trading results were impacted by several significant items. The acquisition of Boral resulted in:

- a \$756.8 million gain on revaluation of the equity accounted investment in Boral on consolidation;
- acquisition costs of \$8.1 million and financing costs of \$12.1 million;
- fair value adjustments from Purchase Price Allocation of \$5.7 million; and
- \$728.4 million impairment of Boral goodwill following Boral's performance during the year and the extended time to deliver increased returns.

The Group has also consolidated Boral's significant items of transformation and restructuring costs of \$73.0 million.

The Group result was also impacted by a \$83.4 million mark to market impairment and \$10.2 million loss on dilution of the Group's investment in SWM, and \$4.3 million share of the Group's significant items relating to equity accounted investees.



 WesTrac Plant Mechanics – Field Service, Tomago, NSW

Discontinued Operations

During the current year, Boral has completed the following divestments:

- sale of the North American Building Products business in October 2021, which generated net cash proceeds of \$2.9 billion and a profit before tax for Boral of \$973.1 million;
- sale of the Timber products business in October 2021, which generated net cash proceeds of \$58.5 million and a loss before tax for Boral of \$5.9 million;
- sale of the 50 per cent interest in the Meridian Brick joint venture in October 2021, which generated net cash proceeds of \$167.0 million and a profit before tax for Boral of \$12.8 million;
- sale of the Roofing and Masonry business in November 2021, which generated net cash proceeds of \$12.0 million and a loss before tax for Boral of \$3.8 million; and,
- sale of the North American Fly Ash business in February 2022, which generated net cash proceeds of \$964.7 million and a profit before tax for Boral of \$157.3 million.

Due to the acquisition of Boral in the year by the Group, the fair value of the disposed businesses was incorporated into the fair value of assets held for sale and deferred tax acquired from Boral in the Purchase Price Allocation. As a result, the related gain on sale recognised by Boral in their year-end report has not been recognised at a Group level other than recycling of foreign currency reserves from the acquisition date of \$52.9 million that has been included as gain on sale of discontinued operations along with the financial performance of the businesses prior to sale in the total Statutory Profit for the year from Discontinued operations of \$164.2 million.



WesTrac goods-to-person automation, parts distribution – South Guildford WA

Statement of Financial Position

At 30 June 2022, the Group's cash holding was \$1,254.6 million, reflecting consolidation of Boral cash holding of \$1,107.1 million. Boral's cash reflects proceeds remaining from Boral's sale of discontinued operations after share buyback, debt repayment and a \$2,923.2 million capital return.

Current trade and other receivables have increased by \$666.7 million to \$1,499.0 million, including consolidation of Boral's receivables of \$496.9 million. The increase reflects an increase in product sales near year end and contract assets in WesTrac.

The provision for expected credit loss on trade receivables in Coates and Boral was increased, reflecting the higher risk of COVID-19 and the impact of inflation on contractors with fixed price contracts, noting COVID-19 has had a limited impact to date. Receivables includes \$112.5 million of cash collateral in relation to equity settled swaps.

Current Inventory across the Group has increased \$543.4 million to \$1,347.6 million. The increase includes consolidation of Boral inventory fair value adjustment to the value of finished goods and current land development projects of \$24 million from Purchase Price Allocation. The increase also reflects an increase in volume of parts inventory in WesTrac to mitigate the impact of supply chain disruption and increase in the value of inventory following CAT price increase during the year. During the year, supply chains have been impacted by extended lead times, shipping disruption and industrial actions at ports increasing WesTrac inventory in transit included in Other assets of \$139.0 million. Non-current inventory of \$345.2 million relates to fair value of non-current land development projects recognised on consolidation of Boral.

The carrying value of investments accounted for using the equity method at 30 June 2022 was \$1,628.6 million, down \$1,158.8 million from the prior year. This is due to the derecognition of the Group's equity accounted investment in Boral on consolidation, along with an increase in value from the recognition of

the Group's share of equity accounted investees NPAT of \$257.2 million and share of reserve movements. The carrying value was reduced by impairment of investment in SWM of \$83.4 million and dividends received from Beach Energy of \$13.7 million.

Other financial assets have decreased to \$162.7 million following partial sale of listed investment portfolio. Net mark-to-market movement in the listed investment portfolio including realised gains has been recognised in fair value reserve consistent with the requirements of AASB 9: Financial Instruments. The decline in the listed portfolio is combined with a decrease in the unrealised fair value gain for the Group's unlisted investment portfolio. Non-capital distributions of \$2.3 million were received from China Media.

Property, plant and equipment increased by \$2,457.5 million to \$3,424.7 million, primarily due to consolidation of Boral PP&E of \$2,237.7 million including fair value adjustment of \$311.4 million, investment in new hire fleet by Coates and heavy rental fleet by WesTrac, and WesTrac's Perth Capacity Expansion project. Right of use assets of \$706.9 million increased \$111.9 million with consolidation of Boral's leases of \$122.7 million, partially offset by the Group's repayment of lease obligations during the year.

Producing and development assets increased from \$112.2 million to \$365.7 million on the reclassification of Crux LNG development project in the Browse Basin which is operated by Shell Australia Pty Limited (Shell) from Exploration and evaluation assets following Final Investment Decision in May 2022 that increased the Group's interest to 15.5 per cent. There was no change to the value of the Group's investment in Longtom and the Group's investment in Bivins Ranch continues to be fully impaired at 30 June 2022, with the movement in accumulated impairment reflecting revaluation from exchange differences.

Intangible assets increased by \$601.6 million to \$2,229.0 million due to recognition of goodwill on acquisition of Boral of \$1,232.7 million, offset by the subsequent impairment of Boral goodwill of \$728.4 million due to Boral's performance during the year and the extended time to deliver increased returns, as well as fair value adjustment of \$97.7 million for other intangibles acquired, including the Boral brand name.

Current trade payables increased by \$422.1 million to \$1,007.4 million including consolidation of Boral payables of \$459.1 million, partially offset with reduction in other payables. Deferred income has increased by \$99.8 million on the prior year, as a result of significant increase in machine deposit advance payments due to extended lead times for major machine deliveries in WesTrac.

Total current and non-current provisions have increased from \$100.2 million to \$591.2 million, due to the consolidation of Boral provisions and recognition of fair value of contingent liabilities of Boral.

Total current and non-current interest-bearing loans and borrowings increased by \$3,230.2 million, including consolidation of Boral debt of \$1,674.0 million. During the year the Group repaid the Bridge Facility that was drawn to \$2,970 million during for the takeover of Boral. The Group entered additional equity settled swaps for Boral shares of \$12.1 million as part of the takeover and the Group retains total swaps of \$269.6 million for Boral and \$45.2 million for Beach. During the year, the Group raised additional borrowings of \$905 million US Private Placement in January 2022 and \$280 million Tranche C of the Syndicated Facility. The Group repaid the \$431.0 million facility with Caterpillar Finance Australia Limited in July 2021 as well as a US\$85.0 million tranche of the USPP in August 2021 and US\$235 million of Boral US senior notes. Current interest-bearing liabilities includes the \$322.5 million convertible note that has an initial redemption date in January 2023.

Contributed equity increased by \$5.3 million for Treasury shares purchased on market to be used to satisfy future executive share plan obligations, offset by shares vested to employees.

Net debt and capital management

Net debt at June 2022 was \$4,408.0 million. Major cash outflows during the year included the acquisition of Boral shares to 40 per cent and subsequent acquisition of non-controlling interest in Boral takeover of \$2,159.9 million. Net capex (excluding intangibles) within WesTrac, Coates and Boral representing \$593.6 million. These major cash outflows were partially offset by the Group's net operating cash flow totaling \$512.4 million, compared to \$622.4 million in the prior year, following additional investment in WesTrac inventory and machine advance payments.

At year end, the Group had access to cash and undrawn borrowing facilities including Boral's of \$2,332.5 million. The Group's listed portfolio continues to be considered a source of liquidity.

Approximately 49 per cent (2021: 53 per cent) of the Group's drawn debt is fixed or effectively hedged with the overall effective borrowing cost for the Group being 4.0 per cent (2021: 3.9 per cent), while weighted average facility maturity is 4.6 years (2021: 3.4 years) for drawn facilities.

Whilst the Group does not disclose a formal dividend policy, decisions regarding future dividend payout ratios and franking levels are made with reference to the Group's medium term underlying profitability, Australian tax payable position, total number of ordinary shares on issue and alternative investment opportunities available. Within these constraints, the Group aims to maintain dividends per share through the cycle with a view to increasing the dividend over the long-term. The Group's FY22 interim dividend was 23.0 cps during the year and is proposing 23.0 cps for the 2022 final dividend.

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A better performing lower carbon concrete.*

ENVISIA®. It's possible.

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 Can we achieve up to 40% less shrinkage and higher early strength?
 Faster cycle times to suit the pace of today's construction?
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 It may seem impossible, but with Boral ENVISIA®, it's possible.

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Punchbowl Mosque, made possible with ENVISIA® lower carbon concrete.
 *Achieves better performance and lower embodied carbon compared to standard concrete.
 Boral, the Boral logo and ENVISIA are trade marks or registered trade marks of Boral Limited or one of its subsidiaries.

Risk Factors

The business activities of SGH are subject to various risk factors that may impact on the future performance and position of the Group.

These risks are both specific to the Group's activities as well as general commercial and economic risks. Such risks may, either individually or in combination, affect the future operating and financial performance of the Group and the value of SGH shares.

Risk Management Framework

The Board has established a risk management framework to actively identify, monitor and manage risks across the Group. The framework is administered by the Audit & Risk Committee, which is responsible for assisting the Board to identify and manage financial and non-financial risks. The Committee's responsibilities are set out under "Principle 7 – Recognise and Manage Risk" in the Corporate Governance Statement available on the Company's website.

The Committee maintains a Strategic Risk Assessment register, established in collaboration with subject matter experts throughout the Group's businesses who identify and assess the risk factors. The Committee evaluates the potential impact and likelihood of each risk occurring and ranks these accordingly. Risk controls including policies and procedures are established for each risk factor, and the responsibility to manage, monitor and report these risks is delegated to the CEOs of each business and appropriately skilled senior management. External advisors are engaged to assist in this process where required.

Similar risk management processes are undertaken at WesTrac, Coates and Boral with each subsidiary presenting to the SGH ARC their consolidated risk register at least annually. The material issues are then also carried up into the SGH risk register with mitigation strategies and are reported to the ARC semi-annually.

The composition of the Board has been specifically considered to ensure that relevant expertise is represented at the Board having regard to the Group's material risks. Page 58 sets out the relevant skills matrix.

Risks that are identified as material to the Group are summarised below. This information should not be regarded as an exhaustive list of all risks that affect the Group, furthermore, the items have not been prioritised.

Material Business Risk

Commodity Price Risk

SGH has an operating interest in oil and gas assets located in Australia and the United States of America. These investments expose SGH to commodity price risk from fluctuations in the prices of oil, natural gas and other condensates and natural gas liquids. SGH does not currently hedge its direct exposure to oil and gas commodity price risk.

The prices of oil and natural gas can be volatile as a result of many factors outside of the Group's control, including global supply and demand, the level of economic activity in the markets that its energy, investments supply, regional political developments and military conflicts in oil and gas producing regions, as seen with the impact of the Ukraine War and sanctions imposed on Russian energy since March 2022, the price and availability of new technology and the cost of alternative sources of energy. A material and/or prolonged decline in the realised prices of oil and gas may have a material adverse impact on the financial results and future prospects of the Group and/or the ability to fund future exploration, appraisal and development activities.

Beach Energy may be exposed to movements in gas prices as its existing gas sales agreements expire or undergo price review events and are re-contracted at prevailing market prices.

Government legislation and policy in the energy sector, including gas reservation, hydraulic fracturing restrictions and environmental requirements, may impact the supply of oil and gas in Australian domestic markets and therefore prices in those markets.

Boral is directly exposed to commodity price risk on coal and gas whilst also being indirectly exposed to commodity price risk from prices of coal and gas that impact energy costs, as inputs to lime, cement and asphalt manufacturing operations. Boral may partially hedge its exposure to coal commodity price risk and enters energy contracts to partially hedge exposure to energy costs.

The Group, particularly Coates and Boral, is exposed to increase in oil price on diesel fuels that impact transport costs, both a direct cost of owned vehicles and as an input cost for transport contractors and lorry owner drivers and as an input to asphalt production in Boral, Boral partially hedges its exposure to coal and diesel fuel commodity price risk.

The Group is indirectly exposed to adverse movements in the prices of iron ore, gold, copper, lithium, thermal coal and other commodities through customers that operate in these sectors. The profitability of these customers, the majority of whom are in the lowest quartile of the global production cost curve, is a driver of the level of demand for the equipment, parts and service that is supplied by WesTrac and Coates.

Competition

The markets in which the Group's industrial services businesses operate are highly competitive. Customers have alternative sources of supply, including in some cases imported supply, therefore requiring competitive pricing and high customer service levels to retain market share. The competitive environment can be significantly affected by local market forces, such as new entrants, production capacity, utilisation, disruptive product innovation, customer strategies and preferences, and changes in mining and construction methods and construction materials. An increase in competition could result in a loss of market share or decrease in prices that could impact the Group's profitability.

Seven West Media competes for audience share and advertising revenues with all forms of media such as free-to-air television, newspapers, magazines, radio, outdoor advertising, pay television, direct mail, cinema and the internet, including social media and search. The Australian media industry is highly concentrated and competitive, with a number of operators competing for market share and advertising revenue through the same or alternative products. The actions of an existing competitor, the entry of new competitors into the market, and the introduction of new forms of media, may result in audience fragmentation in television and/or a reduction in newspaper readership, resulting in advertising revenue declines and lower profitability for Seven West Media. Media reform may provide an opportunity to mitigate these factors.

The demand for oil, gas and other products of SGH's energy assets may be adversely affected by competition from alternative sources of oil or gas, competition from other sources of energy supply, technological developments in energy efficiency, changes in consumer behaviour, policy shifts towards lower carbon emissions, changes to competition policy and a large number of other factors outside of the Group's control.

Boral has specific competition risks in relation to customer concentration, production innovation and product substitution.



WesTrac Field Service Technician, Brunswick Heads, NSW

Mining Production

Parts of SGH's business, especially WesTrac (and to a lesser extent Coates), have an exposure to the Australian major miners who export significant quantities of iron ore and coal and who represent a large portion of WesTrac's annual revenue. The medium to long-term future of both iron ore and coal exports may be negatively impacted by changes in the Asian markets that are the traditional importers of the products, as they potentially adjust their consumption and preferred suppliers over time. In addition to changes in economic growth and development in China, the possible changes to environmental policy and the impact on thermal coal imports may negatively impact coal prices, which could adversely affect SGH's financial performance. Any increased political tensions between Australia and other foreign Governments could negatively impact export volumes and therefore SGH's financial performance.

Funding, Access to Capital Markets and Liquidity Risk

SGH relies in part on debt and debt-like instruments to fund its business operations. SGH and its subsidiaries will need to refinance debt and derivative facilities as they mature over time. SGH is exposed to adverse changes in global equity or credit market conditions. There is a risk that SGH could have difficulty obtaining financing on commercially reasonable terms if there was a material deterioration in the cash generation of the business operations, which may negatively impact SGH's ability to implement strategy or undertake investments, as well as potentially increasing the cost of funding.

The ability to refinance can be impacted by many factors outside of the Group's control, including global supply of credit, level of economic activity and credit defaults, perceptions of carbon intensity and credit providers' assessment of aggregated credit risk to the Group and its investments.

Liquidity risk arises from the possibility that the Group may not be able to settle or meet its obligations as they fall due. Failure to meet applicable covenants or undertakings in its financing arrangements could adversely impact SGH by accelerating payment obligations or requiring the renegotiation of existing financing. The Group manages this risk by maintaining sufficient cash balances, liquid securities and undrawn bank facilities from a variety of lenders to ensure these obligations can be met.

The Group also has policies in place to ensure that exposure to counterparty credit risk is mitigated.

Contract Risk

SGH is subject to the risk that material contracts with suppliers, customers and others are terminated, expire, are not renewed or are renegotiated on less favourable terms to SGH. This may have an adverse impact on SGH's financial performance and position. SGH is party to agreements with service providers for a number of ongoing services, which if terminated might have significant financial and operational implications for SGH's businesses. SGH is also exposed to the risk that it does not manage, or that third party service providers do not manage, obligations in line with contractual or operational standards, which could result in financial losses as well as reputational damage to SGH. Such a risk is heightened by the difficulties caused by COVID-19.

WesTrac term maintenance contracts, Coates Specialist Engineering and Boral contracting business projects may have work delivery challenges that manifest in actual costs increasing from earlier estimates. Coates Specialist Engineering and Boral contracting business may have normal contractor's liability in relation to projects and may have normal design liability for projects where design is contracted. These liabilities may include litigation against Coates and Boral. Coates and Boral may also provide performance guarantees and indemnities for projects and the value of these guarantees and indemnities is indeterminable in amount.

Customer Default

SGH's businesses have large and diversified customer bases and are not reliant on any single customer. However, there is the risk that customers may default due to bankruptcy or other reasons, including general economic downturn. Such risks have been manifested across the building and construction sector due to the adverse impacts of inflation impacting builders who have taken on fixed price construction risk.

A customer's termination of, or default under, a contract could result in a loss of expected revenues and additional expenses. Accordingly, the termination of, or default under, a contract by any of SGH's customers could have an adverse effect on SGH's business, financial condition and results of operations.



Coates Hire, Belmont NSW

Project Activity

Australian infrastructure policy has long been the foundation for economic growth through the development and ultimately investments of large-scale projects, e.g., Snowy Mountains Hydro Scheme. The current forecast for infrastructure across Australia, specifically the East Coast, is forecast to provide a significant stimulus to the economy over the next decade. WesTrac, Coates and Boral are exposed to the infrastructure activity and have factored the increases in activity into their strategic outlooks, any material change in this outlook could have an adverse effect on SGH's financial performance.

Government Policy

Changes in government, policies, taxation and other laws can have a significant influence on the outlook for the Group. In this regard, the Group has a strong exposure to both infrastructure and natural resources policy. In Australia, natural resources are regulated by State and Federal Governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine safety, toxic and radioactive substances, native title and a range of other matters. The Group faces the potential changes to permitted activity under pandemic related industry or geographic restrictions on activity.

In regard to the infrastructure industry, the Group is exposed to a variety of factors that may adversely affect its businesses or operations, regulation by various governmental authorities, service interruption due to environmental, operational or other mishaps; the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards; and general changes in market sentiment towards infrastructure assets.

Equity Market Risk

The Group's listed and unlisted investments are subject to price, liquidity and other risks associated with any investment in such assets, including the risk that distributions paid to shareholders will be reduced.

The Group's financial performance may be impacted by fluctuations in the value of its listed and unlisted investments due to numerous factors. These include changes in Australian and international stock markets and investor sentiment, domestic and world economic conditions and outlook, consumer and business sentiments, occupancy rates, inflation rates, interest rates, employment and taxation legislation and other changes to government policy, legislation or regulation.

Reserve, Exploration and Production Risk

Quarry, oil and gas reserves and resources are estimated using subjective judgements and modelling based on available geological, technical, contractual, licence, permit and economic information. Estimates can change over time due to new information from drilling or production, changes in economic factors such as quarry product, oil and gas prices, regulation or other events.



Innovo asphalt containing recycled asphalt, plastic, rubber and glass being laid in Welshpool WA (2021)

Quarry, oil and gas reserves and resources are finite and are depleted on an ongoing basis through production, with replacement only possible through the discovery of new resources through successful exploration or the acquisition of resources. Exploration for quarry products and hydrocarbons is inherently risky and subject to geological interpretations and technological uncertainties. Failure to secure access to licenses and permits and sub-economic exploration results could lead to declining reserves and resources impacting long term growth. Boral holds production rights to a number of quarries.

SGH Energy holds production rights to a number of offshore oil and gas fields. Any quarry, oil or gas project may be exposed to production decline or stoppage, which may be the result of facility shut-downs, mechanical or technical failure, climate-related events and other unforeseeable events. A significant failure to maintain production could result in lower production forecasts, loss of revenue and additional operational costs to restore production.

Foreign Exchange Risk

The Group is exposed to movements in foreign exchange rates. WesTrac, and to a lesser extent Coates and Boral, is exposed to foreign exchange risk through the purchase of plant and equipment, inventory and products denominated in foreign currency, principally US Dollars. As part of its pricing of equipment globally, CAT periodically resets pricing for mining equipment and parts which are denominated in US Dollars reflecting exchange rate movements and underlying inflation.

Movements in the pricing of equipment impacts WesTrac's cost of machines and may also affect the overall profit earned on the sale of equipment to customers which may be denominated in either Australian Dollars, US Dollars or both.

Boral is exposed to foreign exchange risk through Boral's remaining international subsidiaries, and through imported products and acquisition of plant and equipment. Boral also currently hold US denominated debt which is currently hedged via the holding of US Dollar cash deposits.

Fluctuations in foreign exchange rates, including the AUD/USD exchange rate could have an adverse impact on the Group's business, financial condition and results of operations which are reported in Australian Dollars.

The revenue generated from the Group's energy assets is partly denominated in US Dollars. The Group does not currently hedge the expected revenues from these activities, resulting in the risk of lower earnings for the Group upon conversion to Australian Dollars if there has been an adverse movement in the exchange rate. Furthermore, the capital development costs of these projects are substantially denominated in US Dollars and unhedged, with SGH Energy relying on the natural hedge of the expected revenue flows also being US Dollars denominated.

The Group may from time to time hold cash and investments, including investments in overseas equity funds, denominated in US Dollars, exposing the Group to foreign exchange risk.

Interest Rate Risk

The Group is exposed to the risk of an increase in net interest costs through the impact of adverse changes in market interest rates on the cost of debt. The Group's policy is to hedge a portion of this risk by utilising a mixture of fixed and floating rate debt facilities and through the use of derivatives including interest rate swaps and options.

Investment Risk

Investment Opportunities

The financial performance of the Group will be affected by the recognition and availability of suitable investment opportunities in the future coupled with the operating performance of the existing businesses to support this growth. There is no guarantee that the Group will be able to identify and successfully implement future investment opportunities. Investment opportunities, and the Group's ability to divest its existing investment are subject to market conditions and other factors outside of the control of the Group. With SGH's ongoing focus on growth and diversification, the next opportunity to significantly add to the current businesses controlled by SGH will carry additional risk due to the size and potentially the nature of those businesses. Given the complexity of any transaction undertaken, SGH faces risks in undertaking sufficient due diligence and reaching a level of assurance as to the merits of acquiring the potential target. Due diligence may not reveal all material issues, which could impact on the returns from the investment. If SGH does undertake further investments in the future, there are risks associated with the integration of any business into SGH, including potential delays and costs in implementing necessary changes and integrating various operations, and failure to achieve potential synergy benefits.



Coates training in partnership with the Clontarf Foundation – Cecil Andrews Yarning Circle

Minority Investments

SGH holds investments in a number of ASX-listed, and unlisted, companies that it does not control, including Seven West Media and Beach Energy. Where SGH holds an investment and is limited in its ability to exert control over the investee entity, it may become subject to the operational control of others and the financial performance this may entail. Additionally, SGH will be exposed to the price, liquidity and other risks inherent in minority shareholdings, including the risk that distributions paid to security holders will be reduced, adversely impacting the yield of the broader portfolio. SGH may also not be able to achieve an easy or profitable exit from its investments. This could lead to a reduction in the financial performance of SGH. Listed equity markets fluctuate with time, and the price of shares in SGH's portfolio may rise or fall due to numerous factors, which may affect the market performance of SGH. These include changes in Australian and international stock markets and investor sentiment, domestic and world economic conditions and outlook, inflation rates, interest rates, employment, taxation and changes to government policy, legislation or regulation.

Media Investments

SGH's investment in Seven West Media exposes it to the various risks facing the media industry. Viewer fragmentation in television and reduction in newspaper readership results in declines in advertising markets across key platforms. This could negatively impact the future level of profitability of the media sector and their free cash flow generation. Media reform, and potential for media consolidation transactions, may also impact on SGH's media investments. The investment in listed company Seven West Media is equity accounted. The investment has been previously impaired due to a significant decline in observable market value.

Energy Assets

A sustained or long-term weakness in oil or gas prices may negatively impact the carrying value of SGH's oil and gas operations. In addition, the development timetable of SGH's energy assets is subject to the decision making of controlling and operating partners in relation to factors such as access to processing infrastructure, approval of drilling programs and finalisation of development concepts. If differences arise in the economic motivations of SGH Energy and its partners, the development timetables for each asset could be deferred, impacting the recoverable value of the Group's energy assets.

SGH Energy participates in the CRUX joint ventures. Failure to reach agreement on exploration, development and production activities may have a material impact on SGHE's business. Failure of SGHE's JVPs to meet financial and other obligations may have an adverse impact on SGH Energy's business. SGH Energy works closely with its JVPs to minimise joint venture misalignment.

Management and Personnel

Loss of key management and other personnel, including board directors, may have a negative impact on SGH's businesses and SGH faces the risk that it cannot promptly or adequately replace key directors, management or personnel that leave SGH. Difficulties attracting and retaining skilled employees may also impair SGH's ability to conduct its business. A local or global shortage of suitably qualified and experienced technicians and operational staff could impact the ability of WesTrac, Coates and Boral to achieve their operational objectives and also result in an increase in operational costs through higher salaries required to attract and retain staff.

Many of SGH's businesses' employees, including permanent and casual employees, are covered by awards, enterprise bargaining agreements and other workplace agreements. These arrangements are complex and require interpretation, including in determining payments and accrual of employee benefits, are subject to change in interpretation, government regulation and periodically require renegotiation and renewal. These arrangements could result in issues which may lead to disruptions to operations and an increase in direct and in-direct labour costs, which may have negative impacts on the Group and the Group's financial performance.

WesTrac Dependence on Caterpillar

WesTrac's predecessor companies have been associated with Caterpillar since 1925 and WesTrac's association with Caterpillar has been since 1990. As is customary in dealer agreements with Caterpillar, the WesTrac dealer agreements with Caterpillar can be terminated by either party upon 90-day notice at any time. The dealer agreements also contain provisions for automatic or accelerated termination in certain circumstances, such as material breach, insolvency events, and changes in control without Caterpillar consent, and are not exclusive. The Caterpillar dealer agreements are not, however, subject to periodic

renewal requirements and are perpetual in nature (subject to the termination right noted above).

In the event Caterpillar terminates or appoints another dealer or deals directly in the territories in which WesTrac operates, it would have a material adverse effect on WesTrac's business, financial condition and results of operations as well as trigger accelerated prepayments across the SGH's key funding arrangements. In the event Caterpillar changes the scope of current or future activities able to be provided by WesTrac under the dealer agreements, it may have an adverse effect on WesTrac's business, financial condition and results of operations.

WesTrac is dependent on Caterpillar for timely supply of equipment and parts from their global manufacturing factories and distribution warehouses. During periods of intense demand or in the event of disruption to Caterpillar's business there may be delays in the supply of equipment and parts to WesTrac. In the event that Caterpillar is unable to supply its products in the quantities and timeframes required by WesTrac's customers, it may have a material adverse effect on WesTrac's business, financial condition and results of operations.

WesTrac is also dependent on Caterpillar to maintain product development and innovation to ensure that it has a quality product offering for its customers.

Manufacturing Operations

Boral's manufacturing operations and related services depend on critical plant. Any unanticipated failures, outages or force majeure events could lead to failure to meet financial performance. Boral's performance is exposed to inflationary impacts from rising input costs, including energy. Disruption in the supply of raw materials or other critical inputs for manufacturing as a result of force majeure type events could impact Boral's ability to manufacture products and meet market demand. Specific business interruption risks for Boral include plant and systems failure, weather, access to future reserves and resource supply constraints.

Infrastructure Access

The Group's energy assets and investments rely on access to infrastructure on commercially acceptable terms in order to supply oil and gas production to customers. Failure to secure and maintain access to infrastructure on such terms, or events that result in a significant disruption to access, could result in the loss of revenue, loss of investment income or require additional costs to restore or find alternative access.

Remediation and Restoration Costs

The Group holds provisions for the future remediation and restoration costs of quarries and removal costs of offshore and oil and gas production facilities and pipelines at different stages of the development, construction and end of their economic lives. Most of these restoration and decommissioning events are many years in the future and the precise requirements that will have to be met when the restoration event

occurs are uncertain. Decommissioning technologies and costs are constantly changing, as are political, environmental, safety and public expectations. The timing and amounts of future obligations are subject to significant uncertainty and estimation is required in determining the amounts of provisions to be recognised. The Group maintains a provision for remediation and restoration obligations representing the Group's best estimate based on current industry practice, current regulations, technology, price levels and expected plans for end-of-life remediation. Changes to current industry practice could result in increased costs, which may have negative impacts on the Group and the Group's financial performance.

Global Pandemic

The Group's operating businesses are exposed both directly and indirectly to the risks associated with pandemics such as COVID-19 which has impacted certain underlying markets, customers, supply chain, and negatively impacted macroeconomic conditions and commodity prices. Uncertainty remains regarding the extent and duration of the COVID-19 pandemic, particularly from new variants, and the extent of Australian Commonwealth or State Government action to limit the spread of infection and support for businesses during the pandemic.

Key operational risks to the Group include the potential closure of locations such as branches and workshops, disruption to field services, disruption to the supply chain, closure of customer locations, and government mandated lockdown, as seen in the construction industry in Sydney and Melbourne in early FY22. These risks may impact customer demand and the ability of WesTrac, Coates and Boral to schedule and complete the work required to provide equipment, services and products to customers on a timely basis. The ability of customers to pay for equipment, product and services within agreed terms may also be impacted, as may the solvency of a limited number of customers.

Both Australian and international economies have experienced, and continue to experience, challenging economic conditions as a result of the COVID-19 pandemic, including high inflation. Continued uncertainties related to the magnitude, duration and persistent effects of the COVID-19 pandemic may adversely affect SGH's businesses.

The Group and its operating businesses have Business Continuity Plans and maintain a level of crisis liquidity for events such as COVID-19. Supply chains have been significantly impacted and the Group has increased inventory levels in WesTrac, including increased orders of critical long lead time parts and new equipment where increased lead times necessitated going on risk to enable WesTrac to meet expected customer demands. Coates have also seen equipment delivery times extend and have slowed the rate of fleet disposals accordingly to ensure they have sufficient fleet to meet current customer demand.

Essential services such as mining, oil and gas have not to date been materially disrupted. By contrast, construction and related services, in Sydney and Melbourne during early FY22, were subject to lockdown restrictions. Furthermore, Western Australia border remained closed for the majority of FY22 in order to protect key export industries and vulnerable communities putting increased pressure on the availability of skilled labour in the State.

As a result, the Group has experienced significant impact on Boral, limited impact in WesTrac and some impact in Coates to date. A future increase in COVID-19 cases from new variants may result in additional restrictions on business activities for an extended period of time.

The Group has been indirectly impacted by the COVID-19 pandemic through the impact on equity accounted and other investments.

Tax Risks

The Group may be subject to reviews by taxation authorities from time to time in the ordinary course of business. These reviews may result in the taxation authorities taking a different view on the tax treatment of particular transactions from that of the Group, which could lead to additional tax liabilities.

Workplace Safety and Security

Employee safety is a fundamental principle in all the Group's activities. However, the nature of the Group's operations involves a variety of risks which could result in accidents or environmental incidents, causing injuries or loss of life for its workforce, including staff and contractors, and the public, and could result in regulatory action, legal liability and damage to the Group's reputation.

The Group has sought to mitigate these risks by assessing, understanding and mitigating the risk factors in each of its operating businesses by implementing safety rules and safety commitments which provide direction and guidance on these critical risks.



Bruce McAvaney, Seven Network

The Group is committed to providing a safe workplace and maintains comprehensive workplace safety policies and systems which are overseen by health and safety specialists within the human resources departments and dedicated risk, safety and security teams within each business. Procedures relating to security at the Group's business sites are prioritised and are subject to review and continuous improvement.

Chain of responsibility legislation also extends the Group's obligations beyond existing operations to contractors and potentially their sub-contractors, over whom the Group has less control and there are strategies in place to manage this risk within each operating business unit.

Crime, Technology and Cyber Security

The Group is subject to risk of misappropriation of assets and information by both individuals and organisations.

The Group's rental activities necessitate the loss of physical control of assets increasing the risk of misappropriation, mitigated where possible by identity checks and obtaining security deposits before hire and on certain high value serialised equipment GPS tracking devices. The Group secures assets within its control at locations using a variety of physical measures including locks, alarms, fencing, closed circuit television and security guards.

We rely upon information technology systems and networks in connection with a variety of business activities. Information technology security threats from user error to cyber security attacks designed to gain unauthorised access to our systems, networks and data, are increasing in frequency and sophistication. The Group secures business and customer information using information technology security measures, including encryption, multi-factor authentication and independent security penetration testing.

We have experienced cyber security threats and vulnerabilities in our systems and those of our third-party providers, and we have experienced viruses and attacks targeting our information technology systems and networks. Such prior events, to date, have not had a material impact on our financial condition, results of operations or liquidity. However, the potential consequences of a future 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, which in turn could adversely affect our competitiveness, results of operations and financial condition.

Due to the evolving nature of such security threats, the potential impact of any future incident cannot be predicted. Further, the amount of insurance coverage we maintain may be inadequate to cover claims or liabilities relating to a cyber security attack. In addition, data we collect, store and process are subject to a variety of laws and regulations which may carry significant potential penalties for non-compliance.

There are risks of loss to SGH's businesses arising from failed, corrupted, breached or inadequate information technology systems, including loss of confidentiality, integrity and availability of sensitive or critical data as well as business disruptions. Cyber security issues, including cyber-attacks, could result in financial loss, loss of information integrity, or breaches of SGH's obligations under applicable laws.

Weather, Environment and Climate Change

Extreme weather is a risk for mining, quarry, oil and gas, construction and construction materials industries. Periods of extreme weather can interrupt the Group's production, operations, and ability to supply products to the market and limit customer's production and operations postponing demand. Prolonged periods of wet weather can impact Boral's performance through lower productivity and loss of fixed cost recovery.

SGH operates in industries that may have a negative impact on the environment, including in respect of land, air, and water pollution and greenhouse gas emissions. SGH is considering solutions to reduce its energy consumption and greenhouse gas emissions and is seeking to transition to a lower carbon economy including a commitment to net zero emissions by 2040 for WesTrac and Coates. Boral's pathway to net zero is dependent on further development and commercial viability of new and emerging technologies. There are risks that new technologies are not developed or are not viable and these strategies increase SGH's cost structure (including the cost of carbon offsets) or SGH is unable to satisfy the future regulatory requirements relating to these matters impacting SGH's social licence to operate. There is a risk that SGH incurs liability under applicable environmental regulations that could adversely impact SGH's financial and business performance. Customers are increasingly looking to lower their greenhouse gas emissions, which may result in increased electrification or use of alternative fuels (such as hydrogen) of mining fleet, reducing future demand for support (parts and service) of traditional diesel combustion engines or use of alternative construction materials, reducing future demand for aggregates, cement and concrete.

Strategic, regulatory and operational risks and opportunities associated with climate change are incorporated into Company policy, strategy and risk management processes and practices. The Group actively monitors current and potential areas of climate change risk and takes actions to prevent and/or mitigate any impacts on its objectives and activities including setting of targets to reduce carbon emissions. Reduction of waste and emissions is an integral part of delivery of cost efficiencies and forms part of the Group's routine operations.

Board of Directors



1

1. Terry Davis

Chairman of Seven Group Holdings Limited

Since 17 November 2021

Director

Since 1 June 2010

Member of the Independent & Related Party Committee and member of the Remuneration & Nomination Committee.

Group Managing Director, Coca-Cola Amatil Limited from November 2001 to March 2014.

Director of St. George Bank Limited from December 2004 to December 2008.

Over fifteen years' experience in the global wine industry including Managing Director of Beringer Blass (the wine division of Foster's Group Limited) and Managing Director of Cellarmaster Wines Group between 1987 and 1997.

Council Member of the University of New South Wales Council from June 2006 to June 2014.



2

2. Ryan Stokes AO

Managing Director & Chief Executive Officer of Seven Group Holdings Limited

Since 16 February 2010

Mr Ryan Stokes AO is Managing Director & Chief Executive Officer of Seven Group Holdings and has been an Executive Director of the Company since February 2010. He was previously Chief Operating Officer of SGH from August 2012 until June 2015.

Mr Stokes is Chairman of WesTrac and Chairman of Coates. Mr Stokes is Chairman of Boral and a Director since September 2020.

Mr Stokes has been a Director of Seven West Media since August 2012. He was appointed a Director of Beach Energy in July 2016 and became an alternate Director of Beach Energy in November 2021.

Mr Stokes was appointed Chairman of the National Gallery of Australia in July 2018. He is also a member of the IOC Olympic Education Commission. Mr Stokes was Chairman of the National Library of Australia from 2012 to 2018. He was a member of the Prime Ministerial Advisory Council on Veterans' Mental Health established from 2014 to 2019.

Mr Stokes holds a BCom from Curtin University and is a Fellow of the Australian Institute of Management (FAIM). Mr Stokes was appointed an Officer in the General Division of the Order of Australia in the Queen's Birthday honours announced on 8 June 2020.



3

3. Rachel Argaman (Herman) OAM

Director of Seven Group Holdings Limited

Since 7 February 2022

Member of the Remuneration & Nomination Committee.

Ms Argaman brings a wealth of operational experience and proven leadership skills and capability across a number of sectors. Ms Argaman has been the Chief Executive Officer of Opal HealthCare, Australia's largest private residential aged care provider, since August 2018. Prior to this she held executive roles at TFE Hotels, as Chief Executive Officer for 11 years, Charter Training Group and Imperial Car Rental.

As the Chief Executive Officer of Opal Healthcare, Ms Argaman has worked to create a customer and purpose led organisational culture that focuses on the delivery of strong social and commercial outcomes to enable the provision of the infrastructure to support Australia's aging population live well. She has also led the business through its response to the COVID-19 pandemic and the Royal Commission into Aged Care, Quality and Safety.

Ms Argaman holds a Bachelor of Arts (Hons) and MBA in Services Industries Management from the University of the Witwatersrand.



4

4. Annabelle Chaplain AM

Director of Seven Group Holdings Limited

Since 24 November 2015

Chair of the Audit & Risk Committee; member of the Remuneration & Nomination Committee and member of the Independent & Related Party Committee.

Ms Chaplain brings to Seven Group Holdings extensive experience in financial services and mining, engineering and infrastructure services.

Ms Chaplain is the Chairman of Canstar Pty Ltd, MFF Capital Investments Ltd since August 2019 and a Non-Executive Director of Super Retail Group Ltd since March 2020. Previously she was Chairman of Queensland Airports Ltd and a Non-Executive Director of a number of companies including Downer Group, Coal and Allied Industries and Credible Labs Inc. In the public sector she has previously served as a member of the Board of Taxation and as a Director of EFIC.

Since April 2017, Ms Chaplain has served as a Director of the Australian Ballet and was also the Chair of St Margaret's Anglican Girls School from 2011–2014 and the inaugural chair of the St Margaret's Foundation and NED, The Australian Youth Orchestra, 2007–2011.

Ms Chaplain is a Fellow of the AICD. She holds an MBA from the University of Melbourne, a BA majoring in Economics and Mandarin from Griffith University and a diploma from the SIA.

In 2016, she was awarded an honorary doctorate by Griffith University in recognition of her service to banking, finance and the community.

Ms Chaplain was appointed a Member in the General Division of the Order of Australia in the Australia Day honours on 26 January 2020.



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5. Katherine Farrar

Director of Seven Group Holdings Limited

Since 18 February 2019

Chair of the Remuneration & Nomination Committee, member of the Audit & Risk Committee and member of the Independent & Related Party Committee.

Ms Farrar was appointed as Brighter Super's Chief Executive Officer in April 2018. Ms Farrar led the growth of Brighter Super's predecessor fund from \$10B to now over \$30B, through the merger of LGIAsuper and Energy Super and the acquisition of Suncorp Super in FY21.

Ms Farrar remains responsible for delivering exceptional experiences and outcomes to all of Brighter Super's members, through change and transformation that builds on Brighter Super's proud heritage.

Ms Farrar has 35 years' experience in leadership roles across the finance and energy sectors. Her previous roles include Managing Director of QEnergy, Chief Operating Officer at Ergon Energy Retail, and senior positions at Morgans Stockbroking, Barclays de Zoete Wedd, and Suncorp Investment Management. Prior to joining LGIAsuper, she was a Junior Partner (equivalent) at McKinsey & Company.

Ms Farrar has a Bachelor of Music (Honours) Degree and a Masters degree in Econometrics and Finance. She is also a graduate of INSEAD's Advanced Management Programme.

6. Christopher Mackay

Director of Seven Group Holdings Limited

Since 1 June 2010

Member of the Audit & Risk Committee and member of the Independent & Related Party Committee.

Managing Director of MFF Capital Investments Limited since 1 October 2013.

Former Chairman of Magellan Financial Group Limited.

Mr Mackay co-founded Magellan after retiring as Chairman of the investment bank UBS Australasia in 2006, having previously been its Chief Executive Officer.

Considerable experience in business management, capital allocation, risk management and investment. A former investment banker and corporate and banking lawyer, with broad experience in the financial and corporate sectors over many years.

A Director of Consolidated Media Holdings Limited from March 2006 until November 2012, when the company was taken over by News Corporation.

Mr Mackay was a member of the Federal Treasurer's Financial Sector Advisory Council and the Business Council of Australia, and a Director of the International Banks & Securities Association.

7. David McEvoy

Director of Seven Group Holdings Limited

Since 27 May 2015

Member of the Audit & Risk Committee and member of the Independent & Related Party Committee.

Mr McEvoy has been engaged in the upstream oil and gas industry for over 40 years, in a variety of technical, senior executive and non-executive director roles. He was employed for almost 34 years with ExxonMobil including his executive career as Vice President, Business Development, ExxonMobil.

Mr McEvoy graduated from the University of NSW with a degree in Science and a graduate diploma in Applied Geophysics.

Mr McEvoy is a former Non-Executive Director of AWE Limited (2006 – 2018), Woodside Petroleum Limited (2005 – 2017), Acer Energy (formerly Innamincka Petroleum Limited) and Po Valley Energy Ltd.

8. The Hon. Warwick Leslie Smith AO

Director of Seven Group Holdings Limited

Since 12 September 2014

Member of the Audit & Risk Committee and member of the Remuneration & Nomination Committee.

Mr Smith has been Chairman of Advisory Board Australian Capital Equity since November 2006. Mr Smith also holds the position of Chairman at Ord Minnett; Director of Estia Health Limited between 2017 – 2022. He is Executive Chairman of AL Capital and Aqualand Australia and Director of Global Strategy, Shanghai Shenlong Investment Group Limited.

He has served as Chairman of the Australia-China Council for over eight years and was the Founding Chair of the National Foundation of Australia-China Relations. He is Chairman of the Global Engagement Committee of the Business Council of Australia of which he is a member.

Mr Smith is a former Senior Managing Director of the Australia New Zealand Banking Group Limited (ANZ), of which he was also Chairman of New South Wales & Australia Capital Territory, Chairman ANZ Thailand and Chairman and Director, ANZ Greater China.

Formerly Executive Director with Macquarie Bank, Chairman of E*TRADE Ltd and the Australian Sports Commission. He was a Federal Government Minister with a parliamentary career spanning 15 years. He was also Australia's first Telecommunications Ombudsman.

Mr Smith has also received a Centenary Medal and was twice awarded the Order of Australia.

9. Richard Uechtritz

Director of Seven Group Holdings Limited

Since 1 June 2010

Member of the Remuneration & Nomination Committee and Chairman of the Independent & Related Party Committee.

Chief Executive Officer and Director of JB Hi-Fi Limited from June 2000 to May 2010. Mr Uechtritz has been a Director of JB Hi-Fi since May 2011.

Over thirty years' experience in retailing. Co-founder of Rabbit Photo and Smith's Kodak Express. Director of Kodak (Australasia) Proprietary Limited from July 1998 to July 2000.

Executive Management



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1. Ryan Stokes AO

Managing Director & Chief Executive Officer – Seven Group Holdings

B.Com, FAIM

Mr Ryan Stokes AO is Managing Director & Chief Executive Officer of Seven Group Holdings and has been an Executive Director of the Company since February 2010. He was previously Chief Operating Officer of SGH from August 2012 until June 2015.

Mr Stokes is Chairman of WesTrac and Chairman of Coates. Mr Stokes is Chairman of Boral and a Director since September 2020.

Mr Stokes has been a Director of Seven West Media since August 2012. He was appointed a Director of Beach Energy in July 2016 and became an alternate Director of Beach Energy in November 2021.

Mr Stokes was appointed Chairman of the National Gallery of Australia in July 2018. He is also a member of the IOC Olympic Education Commission. Mr Stokes was Chairman of the National Library of Australia from 2012 to 2018. He was a member of the Prime Ministerial Advisory Council on Veterans' Mental Health established from 2014 to 2019.

Mr Stokes holds a BCom from Curtin University and is a Fellow of the Australian Institute of Management (FAIM). Mr Stokes was appointed an Officer in the General Division of the Order of Australia in the Queen's Birthday honours announced on 8 June 2020.



2

2. Richard Richards

Chief Financial Officer – Seven Group Holdings

B.Com/Law (Hons), LL.M (Hons), MAppFin (Hons), CA and Admitted Solicitor

Mr Richard Richards has been Chief Financial Officer of SGH since October 2013. He is a Director of SGH Energy and is a Director and Chair of the Audit and Risk Committee of WesTrac and Coates. He is a Director of Boral and is a member of their Audit and Risk and Safety Committees, he is also a Director of Beach and is a member of their Audit and Risk, Safety and Remuneration Committees and he is also a Director of Flagship Property Holdings.

Mr Richards joined SGH from the diverse industrial group, Downer EDI, where he was Deputy Chief Financial Officer responsible for group finance across the company for three years. Prior to joining Downer EDI, Mr Richards was CFO for the Family Operations of LFG, the private investment and philanthropic vehicle of the Lowy Family for two years. Prior to that, Mr Richards held senior finance roles at Qantas for over 10 years.

Mr Richards is a former Director and the Chair of Audit and Risk Management Committee of KU – established in 1895 as the Kindergarten Union of New South Wales, KU is one of the most respected childcare providers in Australia. He was also a member of the Marcia Burgess Foundation Committee.



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3. Gitanjali Bhalla

Chief People Officer – Seven Group Holdings

BA, LL.B. (Hons), MIB, MAICD

Ms Gitanjali Bhalla joined SGH in 2017 and is Chief People Officer responsible for the People, Culture and Safety functions across the Group. Ms Bhalla is also a Director of WesTrac and Coates.

Ms Bhalla has more than 22 years' experience in professional services and corporate roles, delivering people strategy and business transformational change across a number of sectors and countries. Ms Bhalla partners with business leaders to deliver innovative and commercially focused solutions, to increase leadership capability, capacity and employee performance, thereby elevating the standards of excellence and operational discipline across the Group's diverse businesses.

Prior to joining SGH, Ms Bhalla spent a number of years in professional services Firms, including Ernst & Young, consulting to private equity and ASX listed companies in Australia and overseas, before holding global senior human resources, corporate services and business transformation roles at UGL and Cushman & Wakefield.

Ms Bhalla is an Ambassador for Good Return, a not for profit organisation committed to empowering women through microfinance. Ms Bhalla is also a Board member of Carriageworks, a leading contemporary multi arts organisation.



4

4. James Goth

Chief Operating Officer – Seven Group Holdings

B.Econ (Hons), LL.B (Hons), MBA

Mr James Goth joined SGH in March 2020 as Chief Operating Officer for the Group, working across the portfolio of businesses within SGH. He is a Director of WesTrac, Coates, and SGH Energy.

As COO of SGH, Mr Goth's focus is on driving the operational and financial performance of the businesses across the SGH portfolio, driving the development and delivery of key strategic initiatives and sustainability, as well as supporting Group-level relationships with key partners and customers.

Mr Goth joined SGH from Woolworths Group, where he was CEO of Woolworths Petrol. At Woolworths Mr Goth also held the positions of Chief Strategy Officer and Director of Corporate Development with a remit across strategic partnerships and mergers and acquisitions.

Prior to that, Mr Goth was a Partner and MD at the Boston Consulting Group, where he led the Sydney office and consulted to public and private corporations across a range of industries including transport, retail and financial services. Mr Goth has also held Board positions at Quantum and ActionAid Australia.



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5. Jarvas Croome

Chief Executive Officer – WesTrac

B.Eng. (Mechanical) (Hons), B.Comm. (Management), CPEng

Mr Jarvas Croome has been Chief Executive Officer of WesTrac since March 2014. Mr Croome is a Director of WesTrac and Allight.

Mr Croome joined WesTrac from Woodside Energy (USA) where he was the President of the US organisation based in Houston TX. Prior to that time, he had held various executive management roles at Woodside Energy in Australia including Vice President Australian Business Unit and Vice President for Technical Services. Prior to Woodside, he had worked as a global Product and Sales manager for Shell Australia and a subsea engineer with Kvaerner RJ Brown.

He holds Chartered Professional Engineering (CPEng) status with Engineers Australia and has been previously registered on the National Professional Engineers Register. Mr Croome plays an active role in his local community and is on the board for Motivation Foundation, a not-for-profit organisation.

6. Adrian Howard

Chief Executive – WesTrac (NSW/ACT)

B.Comm, CA, GAICD

Mr Adrian Howard was appointed Chief Executive of WesTrac in NSW and the ACT in July 2021 following six years working with the company. Over that time, Mr Howard's areas of responsibility included strategic growth, and customer and operational excellence. He worked in a range of executive positions including Chief Operating Officer.

Prior to joining WesTrac, Mr Howard worked in senior management roles across various sectors including manufacturing, distribution, logistics, construction and mining.

His previous experience included time with Patrick and OneSteel Limited (now InfraBuild), with roles in general management, strategy, business development and finance.

7. Murray Vitlich

Chief Executive Officer – Coates

B.Bus. (Econ & Fin)

Mr Murray Vitlich joined SGH in June 2017 as Chief Operating Officer for the Group, working across the portfolio of industrial businesses within SGH. In July 2019, Mr Vitlich was appointed Acting Chief Executive Officer, Coates and was formally awarded the role of Chief Executive Officer, Coates. He is a Director of Coates and was formerly a Director of SGH Energy and AllightSykes.

Prior to joining SGH, Mr Vitlich previously held senior operational roles at Asciano, UGL and Wesfarmers.

8. Margaret Hall

Chief Executive Officer – SGH Energy

B.Eng. (Met) (Hons), GAICD, MIEAust, SPE

Ms Margaret Hall was appointed Chief Executive Officer of SGH Energy in September 2015 and is also a Director of SGH Energy.

The CEO role holds responsibility for delivering value from the SGH Energy oil and gas assets within Australia and the USA as well as driving growth of this business segment for the parent company.

Ms Hall has over 29 years of experience in the oil and gas industry, spanning both super-major and independent companies. From 2011 to 2014, she held senior management roles in Nexus Energy with responsibilities covering Development, Production Operations, Engineering, Exploration, Health, Safety and Environment. This was preceded by 19 years with ExxonMobil in Australia, across production and development in the Victorian Gippsland Basin and Joint Ventures across Australia.

Ms Hall has been a Director of Beach Energy Limited since November 2021.

9. Zlatko Todorcevski

Chief Executive Officer – Boral

B.Comm, MBA

Mr Zlatko Todorcevski commenced as Chief Executive of Boral in July 2020. Prior to Boral, Mr Todorcevski was on the Board of Adelaide Brighton Limited, where he served as both Chairman, and Deputy Chairman and Lead Independent Director.

Mr Todorcevski started his career in the downstream building products arm of BHP Steel and held a number of executive roles with BHP's Petroleum business before being appointed the Chief Financial Officer (CFO) for Energy at BHP. He later joined Oil Search Limited as CFO and was also previously the CFO of Brambles Limited.

Mr Todorcevski holds a Bachelor of Commerce and MBA from the University of Wollongong. He is also a Fellow of CPA Australia, a Fellow of FINSIA, a Fellow of the Governance Institute of Australia and a Member of AICD.

10. Warren Coatsworth

Company Secretary & Legal Counsel

BA, LLB (Hons), LLM, FCSA

Mr Warren Coatsworth has been Company Secretary & Legal Counsel of Seven Group Holdings since April 2010.

Mr Coatsworth is a solicitor holding a current practising certificate with degrees in Arts and Law (Hons) from the University of Sydney. He holds a Master of Laws in Media and Technology Law from the University of New South Wales as well as a Graduate Diploma in Applied Corporate Governance. He is a qualified Chartered Company Secretary and a Fellow and member of the Governance Institute of Australia.

He has an extensive experience as Legal Counsel at the Seven Network advising broadly across the company; and was formerly a solicitor at Clayton Utz. Mr Coatsworth was included on Doyle's Guide list of Leading In-House Technology, Media & Telecommunications Lawyers in Australia for 2016 and 2017.

Mr Coatsworth has held the role of Company Secretary of Seven West Media since April 2013 and Seven Network since 2005.

Corporate Governance Overview

For the year ended 30 June 2022

This Corporate Governance Overview outlines the Company's main corporate governance practices that were in place throughout the financial year.

The Company's full 2022 Corporate Governance Statement, which set out the Company's compliance with the 4th edition of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (ASX Recommendations), unless otherwise stated, is available in the "Corporate Governance" section of the Company's website at www.sevengroup.com.au/who-we-are/corporate-governance. Board and Committee Charters and a number of the corporate governance policies referred to in the 2022 Corporate Governance Statement are also available at the above link.

Role and Responsibilities of the Board

The Board is empowered to manage the business of the Company subject to the Corporations Act and the Company's Constitution. The Board is responsible for the overall corporate governance of the Group and has adopted a Board Charter, which is available on the Company's website. The Board Charter sets out the role and responsibilities of the Board as well as those functions delegated to Management.

Delegation to Management

Subject to oversight by the Board and the exercise by the Board of functions which it is required to carry out under the Company's Constitution, Board Charter and the law, it is the role of management to carry out functions that are expressly delegated to Management by the Board, as well as those functions not specifically reserved to the Board, as it considers appropriate, including those functions and affairs which pertain to the day-to-day management of the operations and administration of the Company.

Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively, including information concerning the Company's compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or Code of Conduct of the Company.

Board Composition

The Company's Constitution provides for a minimum of three Directors and a maximum of 12 Directors on the Board. As at the date of this statement, the Board comprises nine Directors, including eight Non-Executive Directors.

The Independent Directors in office are:

- Mr Terry Davis, Board Chairman;
- Ms Rachel Argaman (Herman) OAM, Director;
- Ms Annabelle Chaplain AM, Director;
- Ms Kate Farrar, Director;
- Mr David McEvoy, Director;
- Mr Christopher Mackay, Director; and
- Mr Richard Uechtritz, Director.

The Non-Independent Directors in office are:

- Mr Ryan Stokes AO, MD&CEO; and
- The Hon. Warwick Smith AO, Director.

The qualifications, experience, expertise and period in office of each Director of the Company at the date of this report are disclosed in the Board of Directors section of this Annual Report on pages 52 and 53.

Chairman

The roles of the Chairman and MD&CEO are separate. Mr Terry Davis is Non-Executive Chairman of the Company. The Chairman is responsible for leading the Board, facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and Management.

Mr Terry Davis was appointed Chairman effective from the retirement of the ex-Executive Chairman, Mr Kerry Stokes AC, on 17 November 2021. On Mr Davis' appointment to that role, the Board has had an Independent Director as Chairman.

Board Independence

The Board currently comprises a majority of Independent Directors with seven Independent Directors and two Non-Independent Directors. Prior to the appointment of Ms Rachel Argaman OAM on 7 February 2022, the Board comprised two Non-Independent Directors and six Independent Directors. Prior to the retirement of Mr Kerry Stokes AC as a Director on 17 November 2021, the Board comprised three Non-Independent Directors and six Independent Directors.

In determining whether a Director is independent, the Board conducts regular assessments and has regard to whether a Director is considered to be one who:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, or represents or has been within the last three years an officer or employee of, a substantial shareholder of the Company;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;
- is, or has previously been, employed in an executive capacity by the Company or another Group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor of, or a material consultant to, the Company or another Group member, or an employee materially associated with the service provider;
- is a material supplier or customer of the Company or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has been a director of the entity for such a period that their independence from Management and substantial holders may have been compromised; or
- has a material contractual relationship with the Company or another Group member other than as a Director.

The Board determines the materiality of a relationship on the basis of fees paid or monies received or paid to either a Director or an entity which falls within the independence criteria above. If an amount received or paid may impact the Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of the Group in the previous financial year by more than five per cent, then a relationship will be considered material.

Due to his position as Managing Director & Chief Executive Officer, Mr Ryan Stokes AO is not considered to be independent.

The Hon. Warwick Smith AO is not considered to be independent as he is the chairman of the advisory board of Australian Capital Equity Group of companies, the entities deemed to be controlled by Mr Kerry Stokes AC and which are associated with the Company's major shareholder.

In the Board's view, the Independent Directors referred to above are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Directors' ability to act with a view to the best interests of the Company.

The Board believes the management of the Company benefits from, and it is in the interests of shareholders for Directors on the Board to have a mix of tenures as currently represented by Directors on the Board, such that some Directors have served on the Board for a longer period and have a deeper understanding of the Company and its operations, and new Directors bring fresh ideas and perspectives.

While the Board does not consider that independence can be assessed with reference to an arbitrary and set period of time, the Board has specifically considered the independence of longer-serving Non-Executive Directors during the financial year. The Board determined that these Directors are independent and their periods of tenure do not interfere with the capacity of each of these Directors to bring independent judgement to bear on issues before the Board and to act in the best interests of the entity as a whole.

The Board also considers that given the Company has diverse operations within a conglomerate structure that have grown considerably over time, the Company's performance and shareholders benefit from having an appropriate number of longer-serving Directors with detailed knowledge of the history and experience of the Group's operations as part of the overall composition of Directors on the Board.

As part of succession planning on the Board, the Board's management of tenure of Directors on the Board also aims to achieve a period of knowledge transfer between longer-serving and more recently appointed Directors, prior the rotation of longer-serving Non-Executive Directors from the Board.

Appointment of Directors

The policy and procedure for the selection and appointment of new Directors is set out in an attachment to the Board Charter. Appointed Directors receive a formal letter of appointment which set out the terms of their appointment. The date at which each Director was appointed to the Board is announced to the ASX and is provided in this Annual Report on pages 52 and 53.

Directors appointed to fill casual vacancies hold office until the next Annual General Meeting and are then eligible for election by shareholders. In addition, each Director must stand for re-election at the third Annual General Meeting of the Company since they were last elected. The Notice of Meeting for the Annual General Meeting discloses material information about Directors seeking election or re-election, including appropriate biographical details, qualifications and other key current directorships.

Company's Purpose and Strategic Objective

The Board has approved the Company's purpose as "Recognising and serving exceptional businesses". The Company's purpose is an aspirational reason for being that inspires a call to action for our people, operating businesses and stakeholders. "Recognising" refers to the potential of our assets and people, understanding the impact our actions and behaviours have, harnessing collective capability across the Group to realise future opportunities and ensuring operating businesses are accountable for delivering results. "Serving" refers to our individual and collective contributions, being valued by our people, customers and suppliers and facilitating problem solving opportunities across the business and outside the Group. "Exceptional businesses" applies to our investments, our substantive holdings and to our customers who are critical to the Company's success.

The Board and Management believe that fulfilling the Company's purpose will create more value for the Company's operating businesses and will achieve the Company's strategic objective which is "Maximising returns to stakeholders through long-term sustainable value creation." The Company will deliver its strategic objective and create shareholder value through successful execution across the following five key areas:

- Diligent application of capital to maximise outcomes and returns.
- Unlocking the potential of our people with effective processes and systems.
- Focused execution of our strategies and ability to adapt to dynamic environments.
- Operating efficiently and effectively across different sectors and realise the full potential of our businesses.
- Contributing to our societies through creating better outcomes via our involvement.

Board Skills Matrix

The Board has developed a Board Skills Matrix set out in the table on the following page which is reviewed and updated each year to reflect the desired skills and experience required to be able to deliver the strategic objective of the Company. The Board believes that these skills and experiences are well represented by its current composition which provides a mix of Directors with specialised knowledge relating to particular industries in which the Group businesses operate as well as general corporate, executive and Director experience which are appropriate for the Company.

The table also outlines percentage of current Directors possessing those skills and experience on a weighted average basis.

Corporate Governance Overview

Skills and Experience	Percentage
Executive leadership Significant business experience and success at a senior executive level.	100%
Financial analysis, risk management and reporting Executive or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls and an ability to probe the adequacies of financial and risk controls.	87%
Industrial services Executive or Board level experience in the industrial services industry, including aspects such as mining, infrastructure, construction/ building materials and in-depth knowledge of the legislative and regulatory framework governing this industry.	73%
Media industry Executive or Board level experience in the media industry, including in-depth knowledge of the legislative and regulatory framework governing this industry.	63%
Energy, oil and gas Executive or Board level experience in the energy, oil and gas industry, including in-depth knowledge of the legislative and regulatory framework governing this industry.	73%
Information Technology & Cyber Security Executive or Board level experience in the strategic use and governance of information management, information technology, cyber security as well as the oversight of implementation of major technology projects.	80%
Strategy and corporate activity Track record in identifying, developing and implementing a successful strategy, including appropriately probing and challenging Management on the delivery of strategic objectives and developing an asset or investment over the long-term.	100%
Corporate governance, regulatory, sustainability and community engagement Commitment to the highest standards of corporate governance (including sustainability and community and stakeholder relations) and Executive or Board experience with an organisation that is subject to rigorous governance and regulatory standards.	97%
People, culture and safety Board remuneration committee membership or Executive experience relating to human resource management, workplace health and safety, including incentive arrangements and the legislative framework governing employees and remuneration.	90%
Customer value proposition Experience in entities where the profitability and success is driven to a large degree, by the strong customer experience, effective pricing and price realisation, and superior customer value proposition.	93%

Board Committees

The Board is assisted in carrying out its responsibilities by the Audit & Risk Committee, the Remuneration & Nomination Committee and the Independent & Related Party Committee. Each Committee has its own written Charter which is reviewed on an annual basis. The Charter of each Committee is available on the Company's website.

The Directors' Report on page 66 sets out the number of Board and Committee meetings held during the 2022 financial year under the heading "Meetings of Directors" as well as the attendance of Directors at those meetings.

Audit & Risk Committee

The Audit & Risk Committee comprises the following members, all of whom are Independent Directors except for The Hon. Warwick Smith AO:

- Ms Annabelle Chaplain AM (Chair);
- Ms Kate Farrar;
- Mr Chris Mackay;
- Mr David McEvoy; and
- The Hon. Warwick Smith AO.

Ms Chaplain possesses extensive professional experience on Audit and Risk Committees of substantial Australian listed companies and her career includes senior roles in investment banking, financial services, mining, engineering and major infrastructure services companies. Ms Farrar brings significant finance, investment and management and board experience to the Committee. Mr Mackay, a former investment banker and corporate and banking lawyer, has financial expertise and considerable experience in business management, capital allocation, risk management and investment. Mr McEvoy brings significant board experience and expertise in accounting matters and operations, including relating to the oil and gas industries as well as extensive risk management experience. Over the course of a highly distinguished career, Mr Smith AO has held a variety of senior roles in finance, banking and government and is considered to possess financial expertise. For further details, see the biographical details of the Committee members at pages 52 and 53.

The Board considers the Audit & Risk Committee is comprised of high-quality members who individually and collectively possess deep and invaluable knowledge and experience in financial and audit matters gained across multiple complex ASX companies. The Committee's collective financial expertise in recent years has been further strengthened by the appointment to the Committee of Ms Kate Farrar in August 2019, increasing the number of Committee members to five, providing greater breadth and depth of highly relevant experience on the Committee in executive, director and audit committee roles.

It is also noted that many CFOs in the ASX now come from a diverse set of backgrounds but are not necessarily professional accountants. Furthermore, most Chartered Accountants with Board roles would have completed their professional qualifications many years prior and may not necessarily have the most current expertise across preparation of financial statements and interpretation of international accounting standards.

Having regard to the experience of the Committee members, the Board is confident of the Committee's Chairman's and Committee's strong capability to perceptively review financial statements and engage constructively with the Company's External Auditors to ensure compliance with relevant reporting obligations and for the Committee to together satisfy any guidelines concerning audit and financial expertise on the Committee.

Remuneration & Nomination Committee

The Remuneration & Nomination Committee is currently comprised of the following members, all of whom are Independent Directors except for The Hon. Warwick Smith AO:

- Ms Kate Farrar (Chair);
- Ms Rachel Argaman OAM;
- Ms Annabelle Chaplain AM;
- Mr Terry Davis;
- The Hon. Warwick Smith AO; and
- Mr Richard Uechtritz.

Ms Farrar was appointed to the Committee as its Chairman, effective from 17 November 2021 at which time Mr Terry Davis transitioned from Chairman of the Committee to a member. Ms Rachel Argaman was appointed to the Committee on 7 February 2022.

Attendance at Committee meetings by Management is at the invitation of the Committee. Directors who are non-Committee members may also attend any meeting of the Committee by invitation.

Independent & Related Party Committee

The Independent Directors (identified on page 56 are members of the Independent & Related Party Committee (IRPC), which has Mr Richard Uechtritz as its Chairman. Mr Uechtritz was appointed Chairman of the Committee effective from 17 November 2021 at which time Mr Terry Davis transitioned from Chairman of the Committee to a member.

The Committee provides a forum for the review of material transactions between the Company and its related parties, including transactions with Australian Capital Equity Pty Limited and interests associated with Mr Kerry Stokes AC.

Review of related party transactions by the Committee occurs without Non-Independent Directors present.

During the period of the FY22 prior to the retirement of Mr Kerry Stokes AC as a Director, the Chair of the Independent & Related Party Committee performed the function of a Lead Independent Director on the Board.

The Committee recently reviewed the Committee's function and the Company's governance requirements with regards to interests associated with entities controlled by Mr Kerry Stokes AC, noting that:

- Since the Company's inception the Committee has overseen the majority of the Company's complex related party transactions, being collapsed or externalized to unrelated third parties, with only a number of branch and residential property leases, on arm's length terms, with entities controlled by Mr Kerry Stokes AC remaining. This has principally involved the conclusion of legacy service arrangements or the transfer of property interests and leases relating to several key business sites to third parties. This concerted effort of the Committee and interests associated with the Company's major shareholder has resulted in the Company's annual related party transactions being reduced from \$46 million in FY15 to ~\$4 million in FY22.
- The IRPC was established when the Company's Executive Chairman of the Board was Mr Kerry Stokes AC, a non-independent Director. As such, the IRPC provided a forum to meet without non-independent Directors present. Following the retirement of Mr Kerry Stokes AC from the Board in November 2021, the appointment of Independent Director, Mr Terry Davis, as Board Chairman and the appointment of Ms Rachel Argaman OAM in February 2022, the Board has been comprised of seven Independent Directors and two non-independent Directors. Accordingly, the Board has strong majority Independent representation and is compliant with the recommendations of ASX Corporate Governance Principles with regard the composition of the Board and appointment of an Independent Chair.
- The Board has approved a new SGH Related Party Transaction Policy (RPT Policy) which sets out processes and procedures for considering related party transactions whereby any such proposed transaction with interests associated with the Company's major shareholder is referred to the Committee for consideration.

Having regard to the foregoing matters, the Board has determined that meetings of IRPC will be convened from time to time, as required, to review any proposed related party transactions with interests associated with the Company's major shareholder in accordance with the RPT Policy.

In view of the expected infrequency of such transactions, the IRPC and the Board has decided that from August 2022 IRPC members will no longer receive separate IRPC fees.

Corporate Governance Overview

Board, Committee and Director Performance Evaluation

During the financial year, Directors completed a Board Evaluation questionnaire concerning Board, Committee and Director, including Chairman, performance from which aggregated data and responses were provided to the Chairman and then presented to the Board for discussion and feedback.

The aggregated questionnaire results also provide the basis of individual discussions between Directors and the Chairman. The Chairman and each Board member consider the performance of that Board member in relation to the expectations for that Board member and consider any opportunities for enhancing future performance.

During the reporting period, performance evaluations of the Board, its Committees and individual Directors were carried out in accordance with this process.

Assessment of Management Performance

The performance of the MD&CEO is formally reviewed by the Board against the achievement of strategic and budgetary objectives in respect of the Group's operations and investments whilst also having regard for his personal performance in the leadership of the Group. The Board's review is carried out annually in regard to certain goals against which he is assessed, and throughout the year in regard to others, and forms the basis of the determination of the MD&CEO's performance-based remuneration.

The performance of senior executives of the Company are reviewed on an annual basis in a formal and documented interview process with either the MD&CEO or the particular executive's immediate supervisor, who evaluates performance against agreed performance goals and assessment criteria in relation to the senior executive's duties and material areas of responsibility, including management of relevant Business Units within budget, motivation and development of staff and achievement of, and contribution to, the Company's objectives. A performance evaluation of the MD&CEO and other senior executives took place during the year in accordance with this process.

Governance and SGH Subsidiary Operating Businesses

The Company's key operating businesses (subsidiaries), WestTrac, Coates and SGH Energy are each subject to the additional oversight of separate management committees which function as subsidiary 'boards' with the rigour and formality of a board structure involving regular meetings and reporting.

These 'boards' each consist of Group Executives, including the MD&CEO, CFO, COO, Chief People Officer and the subsidiary Chief Executive, and provide a forum to review the operations of the business and to hold each subsidiary accountable.

The subsidiary business Chief Executive has overall operational accountability for their individual businesses including performance and day-to-day management, while the Company's Group level corporate resources provide central oversight of strategy, finance and accounting, legal and human resources. The subsidiary operating business 'boards' are supplemented by specialised operating business committees which assist in relation to the oversight of key aspects of the business, such as finance, health and safety, remuneration and/or project management, as required.

Each of the Company's key operating businesses reports to the Company's Board through regular comprehensive 'vertical' business board reports as well as through aggregated 'horizontal' Group-level reviews, including finance, health and safety, risk, human capital management, strategy and customer relations. This management structure enables the Company to set Group minimum standards, disseminate and reinforce a Group culture, implement compliance controls and procedures across the Group and ensure the Group's businesses maintain focus on shareholder returns. It also appropriately safeguards and reinforces the Group's processes in relation to integrity in corporate reporting, management of the Group's disclosure obligations and the Group's ability to manage risk.

Core Values

In accordance with its Charter, the Board has reviewed and approved the following core values of the Company below which function as guiding principles and expectations for behaviour and the culture the Board and Management are seeking to embed across all the Group.

- Respect
- Owner's Mindset
- Courage
- Agility

Diversity and Inclusion

The Board is committed to supporting open and inclusive workplaces that embrace and promote diversity and equal opportunity. The Group is an Equal Opportunity employer and actively invests in programs to build capability and foster a positive and inclusive culture. The Board values diversity, including in relation to age, gender, cultural background and ethnicity and recognises the benefits it can bring to the organisation. The Board has adopted a Diversity and Equal Employment Policy, which is available on the Company's website, that sets out the Board's commitment to working towards achieving an inclusive and respectful environment. Refer to page 34 of this Annual Report for reporting on the Diversity Policy and the measurable objectives and initiatives relating thereto.

As set out in the 2021 Annual Report, it was the Board's ambition to achieve a diversity target of 30 per cent minimum gender representation at the Board level. Since the appointment of Ms Rachel Argaman OAM on 7 February 2022, female Directors have comprised 33 per cent of the Board. The Board will continue to review its composition to ensure that it remains appropriate for the Company, including with regard to gender diversity, as it manages succession on the Board.

The key accountabilities for the Board and Executive Team, to support this agenda are outlined below:

Board

- Sets objective and works to ensure that organisational behaviour is consistent with an inclusive workplace that embraces diversity.

Management

- Sets objectives and demonstrates behavior consistent with an inclusive workplace that embraces diversity.
- Adheres to the minimum standards of behavior outlined in the Code of Conduct and Diversity and Equal Employment Opportunity Policies.
- Reports unacceptable behavior and appropriately deals with any complaints made.

Gender Balance

Regular updates are provided to the Board regarding progress against Measurable Objectives, including Flexible Work Practices, Equal Opportunity and Career Development and Progression. Where necessary, changes are made to the relevant strategies and/or policies that are in place, to ensure these remain relevant and effective in the context of the Group and emerging market practices and developments.

Indigenous Relations

The Group has a strong history of supporting and working closely with local Indigenous organisations. WesTrac developed and received approval of their first "Reflect" Reconciliation Action Plan (RAP). Coates having delivered the actions of their first RAP are implementing their second RAP 'Innovate' in FY22 and working with Indigenous-owned companies, chambers of commerce and not-for-profit organisations, to turn good intentions into measurable actions.

Please refer to page 34 of this Annual Report for reporting on Our People and Diversity, Equality and Inclusion initiatives. The Company's Workplace Gender Equality Act Public Reports for 2021–2022 is available on its website, which contains the Company's Gender Equality Indicators, in the 'Corporate Governance' section of its website.

Code of Conduct and other Company policies

The Board regularly reviews and approves the Code of Conduct, including for Directors, available on the Company's website, which establishes guidelines for their conduct in matters such as ethical standards and the disclosure and management of conflicts of interests.

The Board has implemented a number of other policies and procedures to maintain confidence in the Company's integrity and promote ethical behaviour and responsible decision-making, including the following policies which are available on the Company's website:

- Continuous Disclosure policy;
- Share Trading policy;
- Whistleblower policy;
- Fraud and Corruption policy;
- Modern Slavery statement;
- Diversity and Equal Employment Opportunity policy; and
- Workplace Health and Safety policy.

Communications with security holders

As disclosed in the Shareholder Communications policy, which is available on the Company's website, the Board aims to ensure that security holders are informed of all major developments affecting the Company's state of affairs and that there is effective two-way communication with security holders. Shareholders are encouraged to participate in general meetings and are invited to put questions to the Chairman of the Board in that forum.

Security holders are given the option to receive communications from, and to send communications to, the Company and the Company's Share Registry electronically, to the extent possible. It is the Company's policy that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

The Company's website www.sevengroup.com.au provides various information about the Company.

Risk Oversight and Management

The Board requires Management to design and implement a risk management and internal control system to manage the Group's material business risks and report to it on the management of those risks. During the reporting period, Management reported to the Board as to the effectiveness of the Company's management of its material business risks.

Internal Control Framework and Risk Management Policy

Throughout the financial year, the Company's Internal Audit and Process Improvement function evaluated the effectiveness of the Company's governance, risk management and internal control processes by conducting detailed reviews in the areas of accounting, technology, information and business processes and operations. The Audit & Risk Committee reviewed and approved the Internal Audit plan, its resourcing and monitored its independence and performance.

PricewaterhouseCoopers (PwC) has been appointed to conduct the Company's Internal Audit reviews under in-house oversight. The Board considers that this appointment provides an enhanced level of capability and technical depth which serves to embed a stronger risk and compliance culture across the organisation, whilst drawing on best practice and knowledge across operational and emerging issues. Additionally, efficiencies are gained by the externally resourced Internal Audit function working closely with the Group's external auditor, Deloitte, to ensure audit efforts are not duplicated and Internal Audit work can be relied upon.

The Company's Risk Management Policy is available on the Company's website.

Corporate Governance Overview

Material Risks

Under the risk framework described above, the Company has identified investment, financial, operational, environmental and social risks which it manages and mitigates. Each of the foregoing material business risks is monitored and managed by appropriate senior management within the Company who are delegated responsibility to manage or escalate issues to the Company's senior executive team. Where appropriate, external advisers are engaged to assist in managing the risk. More detail concerning these risks, and how the Company manages these risks is set out in the Operating and Financial Review of this Annual Report on pages 38 to 51 and the Company's commentary on its environmental compliance and human capital related initiatives as well as its community engagement on page 31 and pages 33 to 36 of this Annual Report.

Environment and Sustainability

The Company is mindful of climate change and managing the environmental impact of its operations. Environmental risks are considered as part of the Company's risk assessment processes. Refer to page 33 of this Annual Report for more information on the Group's environmental practices and efforts to minimise the environmental footprint of its businesses. The Company will provide further sustainability and climate change-related commentary and disclose in its FY22 Sustainability Report to be released in September 2022.

External Audit Function

The Audit & Risk Committee meets periodically with the External Auditor without Management being present. Each reporting period, the External Auditor provides an independence declaration in relation to the audit. Additionally, the Audit & Risk Committee provides advice to the Board in respect of whether the provision of non-audit services by the External Auditor are compatible with the general standard of independence of auditors imposed by the Corporations Act.

The Company's External Auditor attends all Annual General Meetings and is available to answer shareholders' questions about the conduct of the audit and the preparation and content of the Auditor's report.

Declarations by the MD&CEO and CFO

Before the Board approves the financial statements for each of the half-year and full year, it receives from the MD&CEO and the CFO a written declaration that, in their opinion, the financial records of the Company have been properly maintained and the financial statements are prepared in accordance with the relevant accounting standards and present a true and fair view of the financial position and performance of the consolidated group. These declarations also confirm that these opinions have been formed on the basis of a sound system of risk management and internal compliance and control which is operating effectively.

The required declarations from the Chief Executive Officer and Chief Financial Officer have been given to the Board for the half-year ended 31 December 2021 and financial year ended 30 June 2022.

Verification of Integrity of Periodic Corporate Reports

Corporate reports which are not audited or reviewed by the external auditor are prepared by Executive Management by reference to company records and systems, with external professional assistance where appropriate. Such reports, as are included in the non-audited sections of this Annual Report, are submitted to a Committee or the Board for consideration.

Remuneration

The Directors consider that the attraction, retention and motivation of its Directors and senior executives is of critical importance in securing the future growth of the Company, its profits, share price and shareholder returns. The aggregate remuneration for Non-Executive Directors is approved by shareholders. Fees for Directors are set out in the Remuneration Report on pages 66 to 93.

The objective of the remuneration process for Executive Directors and senior executives is to ensure that remuneration packages properly reflect the duties and responsibilities of employees and that remuneration is at an appropriate but competitive market rate which enables the Company to attract, retain and motivate people of the highest quality and best skills from the industries in which the Company operates.

This policy provides for the MD&CEO to consider the remuneration packages paid within the industry and the impact these people are expected to have on the operational and financial performance of the Company.

Remuneration matters concerning WesTrac's and Coates' Executives who are Key Management Personnel (KMP) of the Company are brought to the Remuneration & Nomination Committee for its consideration. Otherwise, WesTrac's and Coates' remuneration arrangements and approvals are generally respectively overseen by a WesTrac People Committee and Coates People Committee within a budget approved by the Board and reported to the Remuneration & Nomination Committee.

Hedging Policy

The Company's Share Trading policy prohibits employees, Directors and KMP from dealing in the Company's shares, if the dealing is prohibited under the Corporations Act. Therefore, in accordance with this policy, all KMP are prohibited from entering into arrangements which operate to limit the executives' economic risk in connection with Seven Group Holdings securities which are unvested or remain subject to a holding lock. The ability to deal with unvested rights is restricted in the Employee Share Option Plan and LTI Plan rules, which apply to any options over shares in the Company which may be granted from time to time.

This Corporate Governance Overview and the Corporate Governance Statement, which is available in the "Corporate Governance" section of the Company's website at www.sevengroup.com.au/who-we-are/corporate-governance, have been approved by the Board and are current as at 24 August 2022.

Directors' Report

For the year ended 30 June 2022

The Directors present their report together with the consolidated financial statements of the Group consisting of Seven Group Holdings Limited and the entities it controlled at the end of, or during, the year ended 30 June 2022 and the auditor's report thereon.

Board

The following persons were Board members of Seven Group Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Terry James Davis (Chairman)
(appointed Chairman 17 November 2021);
Kerry Matthew Stokes AC (Executive Chairman)
(retired and resigned 17 November 2021);
Ryan Kerry Stokes AO (Managing Director &
Chief Executive Officer);
Rachel Helen Argaman (Herman) OAM (appointed
7 February 2022);
Sally Annabelle Chaplain AM;
Katherine Leigh Farrar;
Christopher John Mackay;
David Ian McEvoy;
The Hon. Warwick Leslie Smith AO; and
Richard Anders Uechtritz.

Particulars of their qualifications, experience, special responsibilities and any directorships of other listed companies held within the last three years are set out in this Annual Report under the headings "Board of Directors" on pages 52 and 53 and "Corporate Governance Overview" from page 56 and form part of this report.

Mr Warren Walter Coatsworth has been Company Secretary of Seven Group Holdings Limited since 28 April 2010 and has been Company Secretary of Seven West Media Limited since April 2013. Mr Coatsworth is a solicitor holding a current practising certificate with degrees in Arts and Law (Hons) from the University of Sydney. He holds a Masters of Law in Media and Technology Law from the University of New South Wales as well as a Graduate Diploma in Applied Corporate Governance. He is a qualified Chartered Company Secretary and a Fellow and member of the Governance Institute of Australia. Mr Coatsworth has extensive experience as Legal Counsel at the Seven Network advising broadly across the company and was formerly a solicitor at Clayton Utz.

Principal Activities

The principal activities of the Group during the financial year were those of a diversified operating and investment group; with interests in heavy equipment sales and service, equipment hire, construction materials, media, broadcasting and energy assets.

During the year, the Group materially increased its investment in building products and construction materials via investment in Boral Limited.

There were no other significant changes in the nature of the Group's principal activities during the financial year.

Business Strategies, Prospects and Likely Developments

Information on the Group's operations and the results of those operations, financial position, business strategies and prospects for future financial years has been included in the Operating and Financial Review on pages 38 to 51.

The Operating and Financial Review also refers to likely developments in the Group's operations in future financial years and the expected results of those operations. Information in the Operating and Financial Review is provided to enable shareholders to make an informed assessment about the operations, financial position, business strategies and prospects for future financial years of the Group.

Significant Changes in the State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the financial year.

Matters Subsequent to the End of the Financial Year

Repurchase of certain US144A Notes

On 12 July 2022, the Group has repurchased for cash US\$300 million of its outstanding US\$500 million principal 3.75 per cent Guaranteed Senior Notes due 2028 under a tender offer to holders. The consideration paid to accepting holders was US\$966.47 per US\$1,000 principal amount of Notes accepted.

Movement in share prices of listed investments

Subsequent to year end, there has been movement in the share prices of listed investments and as a result, the value of the Group's investments have varied from what is presented in this financial report. Refer to Note 30: Events subsequent to balance date for further detail.

Except for the above, in the opinion of the Directors there are no other matters or circumstances that have arisen since 30 June 2022 that have significantly affected or may significantly affect:

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

Directors' Report

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2022, and the number of those meetings attended by each Director, were:

Director	Board		Audit & Risk		Remuneration & Nomination		Independent & Related Party	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Terry James Davis	11	11	4	4	6	6	–	–
Kerry Matthew Stokes AC*	5	5	–	–	–	–	–	–
Ryan Kerry Stokes AO	11	11	7	7	6	6	–	–
Rachel Helen Argaman (Herman) OAM [^]	4	4	1	1	2	2	–	–
Sally Annabelle Chaplain AM	11	11	7	7	6	6	–	–
Katherine Leigh Farrar	11	11	7	7	4	4	–	–
Rachel Argaman (Herman) OAM [^]	4	4	1	1	2	2	–	–
Christopher John Mackay	11	11	7	7	–	–	–	–
David Ian McEvoy	11	10	7	6	–	–	–	–
The Hon. Warwick Leslie Smith AO	11	11	7	7	6	6	–	–
Richard Anders Uechtritz	11	10	1	1	6	6	–	–

(a) The number of meetings held while the Director concerned held office during the year.

(b) The number of meetings attended. Please note Directors may attend meetings of Committees of which they are not a formal member, and in these instances, their attendance is also included in the above. A Director may also have been absent from a meeting, or part thereof, if there was a conflict of interest.

* Retired 17 November 2021.

[^] Appointed 7 February 2022.

Dividends – Ordinary Shares

Since the start of the financial year, a final fully franked dividend for the 2021 financial period of 23.0 cents per share, amounting to \$83.5 million, was paid on 29 October 2021.

Since the start of the financial year, an interim fully franked dividend for the 2022 financial year of 23.0 cents per share, amounting to \$83.6 million, was paid on 6 May 2022.

A final fully franked dividend for the 2022 financial year of 23 cents per share, amounting to \$83.5 million will be paid on 28 October 2022, based on the number of issued shares at the date of this report.

Environmental Disclosure

In respect of the environmental regulations under any laws of the States, Territories and Commonwealth of Australia, the significant regulations that apply to the media operations of the entities the Company holds investments in are those guidelines and standards issued by the Australian Communications and Media Authority.

It is the Directors' understanding that the Group is fully compliant with the provisions of these guidelines and standards. Various State Environmental Protection Authorities have issued licenses to the Company under the laws of the respective States. All requirements and conditions of these licenses have been complied with to the satisfaction of the issuing authority.

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

The Group is also subject to significant environmental regulations in respect of resources exploration, development and production activities. The Group is committed to undertaking all of its exploration, development and production activities in an environmentally responsible manner. The Board believes that the Group 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 resources operations of the Group.

There are no other particular and significant environmental regulations under a law of the Commonwealth or of a State or Territory applying to the Group.

Directors' Interests in Securities

The relevant interest of each Director in ordinary shares, options, performance rights or share rights issued by the companies within the Group at the date of this report is as follows:

	Ordinary Shares	Options over Ordinary Shares	Performance Rights	Share Rights
Terry James Davis	104,000	Nil	Nil	Nil
Ryan Kerry Stokes AO	501,734	Nil	Nil	72,922
Rachel Helen Argaman (Herman) OAM	Nil	Nil	Nil	Nil
Sally Annabelle Chaplain AM	35,860	Nil	Nil	Nil
Katherine Leigh Farrar	17,587	Nil	Nil	Nil
Christopher John Mackay	11,521	Nil	Nil	Nil
David Ian McEvoy	32,860	Nil	Nil	Nil
The Hon. Warwick Leslie Smith AO	49,760	Nil	Nil	Nil
Richard Anders Uechtritz	335,063	Nil	Nil	Nil

Options or Performance Rights granted over Ordinary Shares in Seven Group Holdings Limited

On 1 July 2022, 169,177 deferred share rights vested to Executives under the Company's FY20 STI Plan.

At the date of this report, there are 37,675 deferred share rights in the Company that were issued to Mr R Stokes AO and a further 124,683 deferred share rights to other Executives under the Company's FY21 STI Plan.

An award of 177,361 deferred share rights were made to KMP Executives on 1 July 2022 under the Company's FY22 STI Plan.

Award	Grant date	Expiry	Number
2020 LTI Plan ^(a)	1 Jul 19	1 Sep 22	296,808
2021 LTI Plan	1 Jul 20	1 Sep 23	380,265
2022 LTI Plan	1 Jul 21	1 Sep 24	397,891
2023 LTI Plan	1 Jul 22	1 Sep 25	405,761
Total			1,480,725

(a) All performance rights granted under the 2020 LTI Plan will forfeit following testing of the performance hurdles, resulting in zero per cent of the award vesting.

These rights do not carry an entitlement to participate in any share issue. Rights were granted for nil consideration. No other options or rights have vested or been exercised during or since the end of the financial year, nor have they expired.

Convertible Notes

The Company has 3,500 Convertible Notes which are listed on the Singapore Stock Exchange and mature seven years from their issue date at their nominal value. The total number of ordinary shares which will be issued if the Notes are converted is 14,607,680. At the date of this report no Notes had been converted.

Remuneration Report

Year ended 30 June 2022

Message from the Chair of the Remuneration & Nomination Committee

Dear Shareholders,

On behalf of the Board, and as your newly appointed Chair of the Remuneration & Nomination Committee (RNC or the Committee), I am pleased to present the Remuneration Report for the 2022 financial year (FY22) which sets out remuneration information for Key Management Personnel (KMP) Executives and Non-Executive Directors (NED). I acknowledge the work done by Mr Terry Davis as former Chairman of the Committee (now Chairman of the Board) and welcome Ms Rachel Argaman OAM as a member of the Board and RNC.

The RNC continues to review and refine SGH's Executive Remuneration Framework to better align to market best practice and respond to both internal and external developments including a highly competitive talent environment. This ensures SGH's remuneration programs remain fit for purpose to attract, retain and reward participants for sustainable performance outcomes that are risk aligned and balance shareholder interests. SGH also continues to drive value creation through a deliberate and focused talent management strategy that includes ensuring the right leadership capability and talent to deliver a high performing, safe and inclusive culture.

Pleasingly, the SGH Employee Share Purchase Plan commenced in FY22 with take up rates of ~25 per cent, demonstrating the commitment of our People to live the "Owner's Mindset" Value and share in the returns that they help generate for shareholders.

FY22 BUSINESS PERFORMANCE

Overall, the Group delivered a strong set of results for FY22 with underlying earnings growth of 8.3% ahead of the prior comparative period. Strong performance at WesTrac, Coates and our other investments, Beach and Seven West Media, helped offset the performance at Boral. Our People continued to work through the challenge of lockdowns, supply chain and skilled labour shortages to deliver for our customers. Their relentless focus alongside the concentrated efforts of the Executive Management team, and the disciplined approach to execution of our strategy has supported the delivery of performance outcomes in FY22.

FY22 REWARD OUTCOMES

All remuneration decisions with respect to FY22 were carefully considered by the Board, in the context of the Group's financial and non-financial performance, the current economic and market environment, shareholder interests and the broader community. It is important to note that for the third successive year, no adjustments were made to FY22 Short Term Incentive (STI) targets or Long Term Incentive (LTI) vesting outcomes for the impact of COVID-19.

STI outcomes for FY22 continue to demonstrate the link between business performance and rewards for KMP Executives, with STI outcomes ranging from 0% to 106% reflecting the differentiated performance across the Group. Boral's STI gateway was not achieved and consequently no incentives were accrued.


Performance rights granted under the FY20 LTI award were tested against the performance hurdle of relative Total Shareholder Return (TSR) for the period 1 July 2019 to 30 June 2022 and did not vest as performance was below the vesting threshold.

Further details on the remuneration outcomes and link to performance are included at Section 3 of the report.

KMP EXECUTIVE CHANGES

Following the acquisition of 69.6% of Boral Limited on 7 July 2021 and in accordance with Accounting Standards, Boral's CEO & Managing Director (Boral CEO) has been included as a KMP during the year with his remuneration arrangements disclosed in SGH's FY22 remuneration report. Boral's remuneration structures are largely consistent with SGH and will continue to be reviewed to ensure they are aligned with shareholder interests going forward.

As part of the ongoing review of SGH's Remuneration Framework, the Committee takes into account feedback from stakeholders to ensure its practices reflect contemporary corporate governance and are aligned with SGH's strategic objective and shareholder views. We thank you for your ongoing support and look forward to meeting with you at our upcoming 2022 Annual General Meeting (AGM).



Kate Farrar

Chair of the Remuneration & Nomination Committee

Remuneration Report – Audited

The Remuneration Report for the year ended 30 June 2022 (FY22) outlines the remuneration arrangements of the Company and the Group in accordance with the *Corporations Act 2001* (Cth) (Corporations Act) and applicable accounting standards. This information has been audited as required by section 308(3C) of the Corporations Act.

The Remuneration Report is presented under the following main headings:

1. **Introduction**
2. **Remuneration Governance**
3. **Summary of Group Performance and Incentive Outcomes**
4. **Executive Remuneration Principles**
5. **KMP Executive Remuneration Framework (Group)**
 - 5.1 **KMP Executive Remuneration Framework (Boral CEO)**
6. **Chairman and Non-Executive Director Remuneration Framework**
7. **Link Between Remuneration and Group Performance**
8. **Summary of Executive Contracts**
9. **KMP Equity Holdings**
10. **KMP Related Party Transactions**
11. **Remuneration in Detail**

Remuneration Report

1. Introduction

The Remuneration Report outlines key aspects of the Group's remuneration policy and framework and provides details of remuneration awarded to Key Management Personnel (KMP) during FY22.

KMP includes Executive Directors, Non-Executive Directors (NED) and certain senior executives of the Group who have authority and responsibility for planning, directing and controlling the activities of the Group (Group Executives). Executive Directors and Group Executives are hereafter collectively referred to in this report as KMP Executives.

The Group's KMP for FY22 are listed in the table below.

Executive Director	Title	FY22 Status	KMP Status
Ryan Kerry Stokes AO	Managing Director & Chief Executive Officer	Full Year	Current
Non-Executive Directors			
Terry James Davis ^(a)	Non-Executive Chairman/Director	Full Year	Current
Rachel Helen Argaman (Herman) OAM ^(b)	Director	Part Year	Current
Sally Annabelle Chaplain AM	Director	Full Year	Current
Katherine Leigh Farrar	Director	Full Year	Current
Christopher John Mackay	Director	Full Year	Current
David Ian McEvoy	Director	Full Year	Current
Warwick Leslie Smith AO	Director	Full Year	Current
Richard Anders Uechtritz	Director	Full Year	Current
Group Executives			
Gitanjali Bhalla	Group Chief People Officer	Full Year	Current
Jarvas Ernest Croome	Chief Executive Officer, WesTrac	Full Year	Current
James Nathan Goth	Group Chief Operating Officer	Full Year	Current
Richard Joseph Richards	Group Chief Financial Officer	Full Year	Current
Zlatko Todorcevski ^(c)	Boral CEO & Managing Director (Boral CEO)	Part Year	Current
Murray John Vitlich	Chief Executive Officer, Coates Hire	Full Year	Current
Former Executive Director			
Kerry Matthew Stokes AC ^(a)	Executive Chairman	Part Year	Former

(a) Mr Terry Davis was appointed as Chairman of the Board following the retirement of Mr Kerry Stokes AC, Executive Chairman of SGH at the 2021 AGM, held on 17 November 2021. Prior to this Mr Davis was Chairman of the Remuneration & Nomination Committee (RNC) and the Independent & Related Party Committee (IRPC).

(b) On 7 February 2022, Ms Rachel Argaman (Herman) OAM was appointed to the SGH Board as an Independent NED. Ms Argaman is a member of the RNC.

(c) Following the Boral acquisition of 69.6% interest effective 7 July 2021, Mr Zlatko Todorcevski became a KMP of the Group and his remuneration details for the FY22 have been incorporated into this report from that date. In June 2022, the Boral Board announced the appointment of Mr Vik Bansal as incoming Boral CEO. Mr Bansal is expected to commence in the role on or before 5 December 2022. Mr Zlatko Todorcevski is expected to remain in the Boral CEO role until transition to Mr Bansal is completed.

2. Remuneration Governance

Role of the Remuneration & Nomination Committee

The role and responsibilities of the RNC are explained in detail in the Corporate Governance Statement.

The key responsibilities of the RNC are summarised below and include the following:

- Make recommendations to the Board in relation to the remuneration of the MD&CEO and Non-Executive Directors, as necessary, or as requested by the Board;
- Review and make recommendations to the Board on all proposed equity offers and grants made pursuant to the Company's equity plans and the overall functioning of the equity plans; and
- Review and advise on senior management remuneration, diversity and inclusion strategies, succession planning and employee development policies, as requested by the Board or the MD & CEO.

During the financial year, Ms Kate Farrar was appointed Chair of the RNC following Mr Terry Davis' appointment to Board Chair. Ms Rachel Argaman OAM also joined the Committee in February 2022. There were no other changes to Committee membership – Ms Annabelle Chaplain AM, Mr Warwick Smith AO and Mr Richard Uechtritz remain on the Committee.

Engagement of remuneration advisors

During FY22, no remuneration advisors were engaged by the Company to make any remuneration recommendations relating to KMP as defined by the Corporations Act.

Remuneration Report approval at 2021 Annual General Meeting (AGM)

The FY21 Remuneration Report received positive shareholder support at the 2021 AGM, with 98.7 per cent of votes in favour of adoption.

3. Summary of Group Performance and Incentive Outcomes

FY22 was another year of solid financial performance with the continued strengthening of the Group's diversified portfolio with the increased investment in Boral to 69.6% and the delivery against strategic financial and non-financial performance objectives. Achievement against performance targets set at the beginning of the financial period has resulted in incentives being awarded to KMP Executives.

Group Performance – Key Highlights

Revenue \$m ¹		Underlying EBIT \$m ¹	
2018	\$3,397.8m	2018	\$514.1m
2019	\$4,084.0m	2019	\$727.9m
2020	\$4,562.6m	2020	\$737.9m
2021	\$4,838.7m	2021	\$792.1m
2022	\$8,965.7m	2022	\$1,137.9m

Statutory EBIT \$m ¹		Operating Cash Flow \$m	
2018	\$570.4m	2018	\$253.1m
2019	\$470.7m	2019	\$468.2m
2020	\$381.2m	2020	\$538.2m
2021	\$925.6m	2021	\$622.4m
2022	\$1,043.7m	2022	\$512.4m

1. Includes continuing and discontinued operations in 2018 and 2022.

Solid Financial Performance

The solid financial performance delivered in FY22 was driven by outperformance at WesTrac, Coates, Beach and Seven West Media, who delivered above target outcomes despite challenging operating conditions. The Group saw an increase in earnings and bottom line contribution with the following consolidated financial outcomes for FY22:

- Revenue from continuing operations of \$8,013.4m, up 65.6% on a reported basis
- UEBIT of \$987.1m, up 24.6% on a reported basis and 8.3% on pro-forma basis
- NPAT on continuing operations of \$577.3m, up 14.4%
- Underlying EPS of 173 cents per share, up 18.5%
- Fully franked ordinary dividend per share of 46 cents
- Statutory NPAT \$607.4m, down 4.3%

The financial performance outcomes reflect the resilience of our operating businesses and demonstrate the benefit of a diverse portfolio to deliver returns through the cycle. The delivery of key strategic priorities coupled with strong customer focus and cost discipline in the operating business units, culminated into a successful performance year overall with the following achievements:

Boral acquisition and portfolio rationalisation

- Increased investment in Boral to 69.6%;
- Non Australian businesses exited with a focus on Australian Construction Materials; and
- Reset of the cost base for continuing operations with a recent restructure to improve efficiency and agility.

Capital management

- \$3 billion Boral bridge finance raised and repaid within nine months;
- Boral portfolio alignment supported the sale of \$5.8 billion of assets and a \$3 billion capital return;
- Coates USPP oversubscribed partially refinancing the Bridge Facility and locking in 10 year fixed financing extending duration and proportion of fixed rate debt; and
- Strong institutional support for a new \$280 million Tranche C of the Syndicated Facility providing additional financial flexibility and optionality.

Remuneration Report

Customer focus, operational excellence and ongoing cost discipline delivering results

- Stable and strong revenue growth resulting in key account and tender wins across WesTrac and Coates;
- Growth in Coates Industrial services and solutions businesses in accordance with strategy; and
- Strategic business metrics focused on business excellence and high performance met.

Seven West Media turnaround

- Turnaround strategy successfully delivered, with revenue up 20.3% with strong cost control;
- Balance sheet deleveraged to sub 1x with debt restructure completed; and
- Acquisition of Prime completed.

People and Sustainability

- SGH Board now comprises 33% female Directors, with an increase in female representation in leadership positions and the workforce;
- Effective COVID management kept our people safe whilst navigating lockdowns and border closures;
- Emissions targets set and roadmaps approved with the first Sustainability Report in FY22.

FY22 Incentive outcomes linked to performance

The Group's reward structure comprises a significant component of Executive Remuneration tied to financial performance outcomes. Under the STI performance outcomes are differentiated for individual performance assessed using a balanced scorecard approach. Performance Measures are aligned with the Group's Strategy as outlined in the table below:

Alignment of Executive Remuneration with Strategy

Performance Measure	STI	LTI	Reason for Selection
UEBIT	✓		Underlying EBIT (UEBIT) measures the underlying profitability and performance
Cash Flow	✓		Cash flow is a key measure of SGH's ability to generate cash to fund organic and acquisitive growth and provide returns to our shareholders via dividends and share buybacks
ROCE	✓		Return on Capital Employed (ROCE) is a key measure of SGH's ability to create value through excellent rewards on investments and capital employed
TSR		✓	Relative Total Shareholder Return (TSR) is a key measure of SGH's returns to shareholders through the cycle
Strategic Objectives	✓		Personal strategic objectives enable a focus on specific factors aligned with SGH's short and medium-term strategic objectives that promote long-term performance
People	✓		People objectives take into account progress against clearly defined executive succession and transition objectives including performance interventions; development of key talent; robust IR framework; engagement objectives and progress against measurable diversity and inclusion objectives
Safety and Sustainability	✓		Safety and Sustainability objectives are included to drive progress against the Material Issues identified in the SGH Sustainability Strategy as well as a Safety First Zero Harm working environment and policies and practices, to assist in further developing the diversity of our workforce and leadership teams, which will positively contribute to growing shareholder value over the longer term

Short Term Incentive (STI)

Under the STI, the FY22 SGH financial performance gateway was met and incentives accrued to executives. Individual outcomes ranged between 0% to 106% of target. Mr Murray Vitlich was awarded an above target incentive for outperformance against key financial and strategic objectives. The Boral CEO was not eligible for an STI as the Boral financial performance gateway was not met and as such no STI awards will be made. Further details on STI outcomes are included at Section 7.

Long Term Incentive (LTI)

Under the FY20 LTI, the relative Total Shareholder Return (TSR) performance hurdle was tested at the end of the three year performance period being 30 June 2022. The Company's relative TSR percentile was below the 51st percentile ranking required for vesting and therefore no awards vested.

Award	Performance Period	Performance Hurdle
FY20 LTI	1 July 19 – 30 June 22 – 3 years	Relative TSR

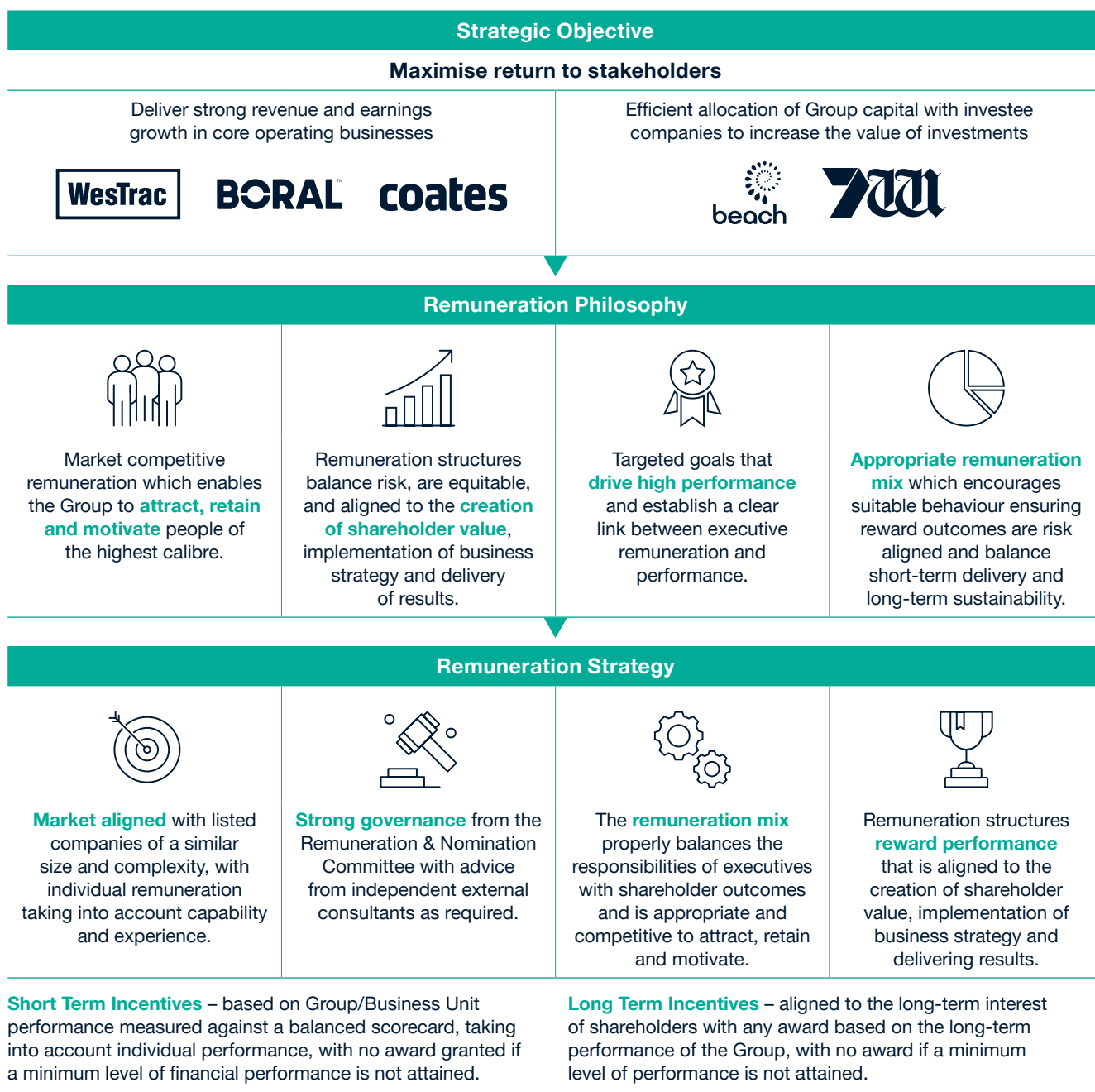
The Boral CEO did not have LTI awards subject to testing in FY22.

4. Executive Remuneration Principles

Remuneration principles

The Group's executive remuneration structure is designed to attract and retain high performing individuals, align executive reward to the Group's business objectives and risk appetite, and to create long-term shareholder value.

Further details on the KMP Executive remuneration framework are set out in Section 5 of the Remuneration Report (with additional details on Boral's remuneration framework in Section 5.1).



Remuneration Report

Minimum shareholding guidelines for KMP Executives

The minimum shareholding requirement applies to KMP Executives to reinforce the Company's objective of aligning their interests with the interests of shareholders, and to foster an increased focus on building long-term shareholder value. The obligations impose a minimum level of shareholding based on the KMP Executive's length of service with the Group, as set out in the table below.

Years of service of KMP Executive	Minimum value of shares to be held by KMP Executive
5	20% of annual Fixed Remuneration (FR)
10	40% of annual FR
15	60% of annual FR
20	80% of annual FR

The Boral CEO is required to hold 100% in Boral shares of their FR over a period of five years from the later of 1 May 2021 or their date of appointment as a (Boral) KMP.

As at 30 June 2022, all KMP Executives comply with the minimum shareholding guidelines. Shareholdings for each KMP are detailed in Section 9 of the Remuneration Report.

5. KMP Executive Remuneration Framework (Group)

The Group's remuneration structures have been developed to attract suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of value creation for the Group and shareholders.

Total remuneration comprises fixed and variable remuneration (which is dependent on the achievement of financial and non-financial performance measures). The Group aims to reward KMP Executives with a level and mix of remuneration appropriate to their position, responsibilities and performance within the Group and aligned with market practice. Total remuneration is comprised of three main elements, Fixed Remuneration, Short Term Incentives and Long Term Incentives.

The Group's policy is to position total remuneration for KMP Executives principally within a competitive range of a peer group which includes Australian listed companies with characteristics most like Seven Group Holdings Limited when compared against a set of financial and qualitative metrics. The peer group also considers market capitalisation, the portfolio construct and the complexity, diversity and breadth of the sectors in which SGH operates.

Total reward opportunity is intended to provide the opportunity to earn median to top quartile reward for outstanding performance against set stretch targets.

A snapshot of the executive remuneration framework for FY22 is summarised below.

		Remuneration		Delivery	Structure and Mechanism
		MD&CEO	Other Execs		
Fixed	Fixed Remuneration (FR)	\$1,900,000	\$600,000 – \$1,200,000 (Boral \$1,900,000)	Cash and Superannuation	<ul style="list-style-type: none"> Base pay and Superannuation Aligned with market pay comparators Set to reflect experience and role complexity Ensures attraction and retention of executive talent
Variable and linked to Performance	Short Term Incentive (STI)	100% of FR <i>Target</i> 133% of FR <i>Maximum</i>	Target 75% of FR (Boral 90%) <i>Maximum</i> 100% of FR (Boral 120%)	50% Cash 50% Deferred Equity <i>Vesting after 2 years</i>	<ul style="list-style-type: none"> STI plan gateway is 90% of underlying EBIT (Boral 95%) KPIs are set at the start of the financial year KPIs are weighted between Financial metrics, delivery against strategic initiatives and people, safety and sustainability metrics Half of the incentive outcome is paid to the executive after the financial year end, and the other half deferred as equity, set to vest after two years
	Long Term Incentive (LTI)	100% of FR	75% of FR (Boral 120%)	Performance Rights <i>3 year vesting</i> <i>Plus 1 year holding lock</i>	<ul style="list-style-type: none"> Rights issued at the start of the performance year Rights only vest if performance measure of relative Total Shareholder Return (TSR) is met/exceeded Holding lock supports ability to exercise malus or clawback if necessary

Key Remuneration Mix

The ratio between fixed and variable remuneration further incentivises executives to focus on the Group's short and long-term performance, with a greater portion of remuneration at risk. In reviewing remuneration for KMP executives, the Board has remained cognisant of shareholder feedback and of the remuneration mix for similar companies, with a greater focus on "at risk" reward, providing a stronger link between shareholder experience and executive remuneration outcomes.

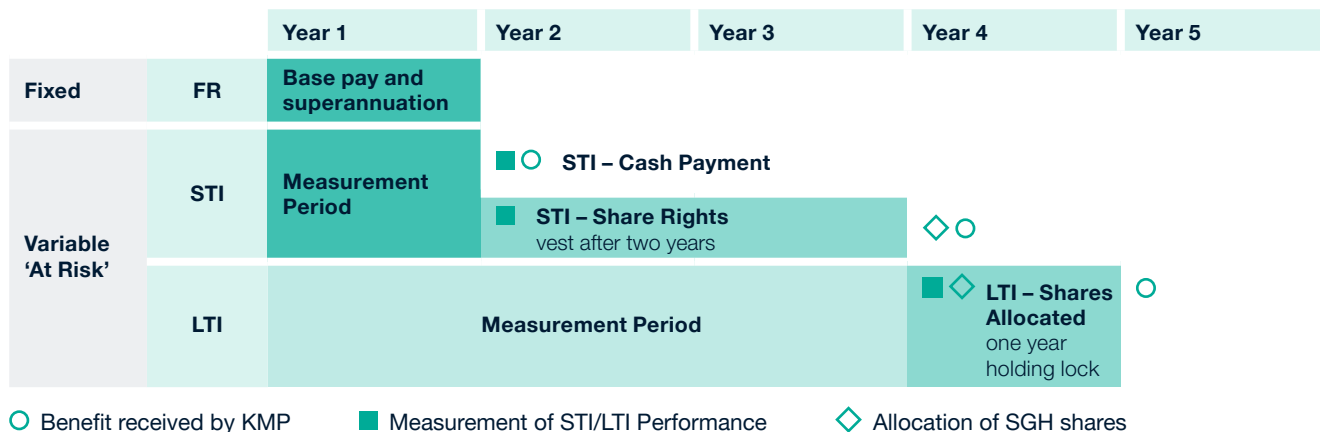
Remuneration Mix – Fixed/At Risk	At Target	At Maximum STI
MD & CEO	33% / 67%	30% / 70%
CFO and other executives	40% / 60%	36% / 64%
Boral CEO	32% / 68%	29% / 71%

To further reinforce the alignment of Executives to shareholder interests, 50% of the STI is delivered as restricted share rights which vest after two years. The diagram below shows the mix of cash and equity for at risk remuneration.



Timing of Remuneration Outcomes

The diagram below shows the timing of remuneration outcomes. The amount a KMP Executive may earn in one financial year, may not become available until a later date, and may be subject to further conditions including additional performance measures and continued employment.



Remuneration Report

STI and LTI Plans

The Group's STI and LTI plans are described in detail below. Boral's remuneration framework and plans are aligned to the Group unless otherwise stated (refer Section 5.1 for further information).

A. STI Plan

KMP Executives participate in the Group's STI plan, which provides the opportunity to receive an annual incentive subject to the achievement of annual financial, strategic and operational performance objectives.

Financial Gateway

A minimum financial outcome must be achieved before KMP Executives become eligible for a STI award. This gateway helps to clearly align the interests of shareholders and executives by limiting STI awards where minimum financial performance by the Group is not achieved.

The financial gateway applied is Group underlying EBIT (UEBIT) compared to target in accordance with the table below. Group UEBIT is the Group's audited statutory profit before significant items, net finance costs and income tax. If the Group does not achieve at least 90% of UEBIT (Boral 95% UEBIT), no STI awards become available and any outcomes are subject to the discretion of the Board.

% of Group underlying EBIT Achieved	<90	90 – < 95	95 – <100	100 – 120	120+
Potential % of On-Target STI Achieved	0	25	50	100 – 133	133

Boral STI vesting scale

% of Group underlying EBIT Achieved	90 – < 95	95 – <100	100 – 120	120+
Potential % of On-Target STI Achieved	0	50	100 – 133	100 – 133

KMP Executive Key Performance Indicators (KPIs) and Balanced Scorecard

The performance of each KMP Executive is measured using a balanced scorecard approach, based on measurable and quantifiable KPI targets. Financial and non-financial measures are differentially weighted to reflect the focus of each KMP Executive in driving the overall business strategy.

The KPIs for each KMP Executive are reviewed by the Committee and approved prior to the commencement of the new financial year. KPIs are set to be challenging and to focus management on strategic business objectives that ultimately create shareholder value. Financial KPIs are utilised as they represent value creation and reflect the Group's core financial metrics. Non-financial KPIs drive operational efficiencies, focus on key customer/project wins and improved safety and productivity in the workplace. People related KPIs take into account progress against clearly defined executive succession, engagement objectives and measurable progress against diversity and inclusion targets. Safety targets are based on the reduction of lead and lag indicators and sustainability measures appropriate to each KMP Executive are also included.

Performance Assessments

The Committee assesses the performance of the MD & CEO and makes a recommendation on the STI award to the Board for its consideration, and if thought fit, approval. The MD & CEO assesses the performance of other KMP Executives against targets and recommends STI awards for each to the Committee for consideration and, if thought fit, approval.

Target performance is set to ensure alignment with the Board approved budget for the financial year. The potential to receive an above-target STI award, up to the maximum, is triggered by financial outperformance at the Group or Business Unit level. The STI awards are then further calibrated based on individual contribution to business performance and the delivery of strategic priorities. STI awards are not provided in circumstances where individual performance is unsatisfactory or the financial performance gateway is not met.

The Board retains discretion to determine whether STI awards are appropriate based on the overall performance of the KMP Executive and the Group, taking into account other factors such as conduct, risk and behaviours that are aligned to the Group's values.

STI Award

Typically, half of the STI award is delivered as a lump sum cash payment and the remaining half is delivered as share rights. Once granted, the share rights vest subject to continued employment over a two-year vesting period. For the FY22 award, the two-year vesting period commenced on 1 July 2022 and will conclude on 1 July 2024.

Further details on the deferred share rights under the STI plan are set out below.

STI Plan – Deferred Share Rights

Who will participate?	KMP Executives employed by the Group will have 50% of their STI award deferred into share rights in the Company.
What will be granted?	Subject to the achievement of KPIs for the relevant financial year, 50% of STI awards will be made as share rights which will be granted for nil consideration. Each right entitles the participant to one ordinary share in the Company, which vests at the end of the two-year period.
How many shares rights will be granted?	The number of share rights granted to each participating KMP Executive is equivalent to 50% of their STI award divided by the SGH five-day VWAP (Volume Weighted Average Price) to 30 June prior to the commencement of the vesting period, adjusted for the value of expected dividends foregone.
What will be the vesting performance measures?	The share rights granted under the STI plan do not have any further performance hurdles and vest subject to continuous employment over a two-year vesting period.
Do the share rights carry dividend or voting rights?	The share rights do not carry dividend or voting rights.
What happens in the event of a change in control?	In the event of a change of control of the Company, any unvested share rights will vest.
What happens if the participant ceases employment?	If the participant ceases employment with the Company due to termination for cause or gross misconduct, or other reasons determined by the Board all unvested share rights will lapse. If the participant ceases employment other than for the reasons outlined above the share rights will not lapse, unless the Board determines otherwise.

B. LTI Plan

The purpose of the LTI plan is to drive sustained performance and long-term shareholder value creation, encourage retention of the KMP Executive, and ensure alignment of executive remuneration outcomes with shareholder interests.

LTI awards are structured as rights to acquire ordinary shares in the Company at no cost to the participant and are subject to a relative TSR hurdle measured against S&P/ASX100 companies (excluding financial services companies). Once granted, awards only vest if the performance hurdles over a three-year performance period are met. For the FY22 award, the three-year performance period commenced on 1 July 2021 and will conclude on 30 June 2024. Following vesting, the shares are subject to a one-year holding lock (trading restriction) which means that under the terms of the LTI, executives will only be able to realise value from the awards at the end of a four-year period.

Performance Hurdles

In FY22, the Board reviewed the performance measures for the LTI to ensure they remained fit for purpose and aligned with SGH's strategic objective of maximising shareholder returns. As part of the review, the Board considered a range of other potential earnings and return based measures for the LTI, taking into account several factors, including the Group's strategy, market developments and investor and shareholder feedback.

Based on its review, the Board determined that Relative TSR provides the most direct alignment with the Group's construct and strategy; executive performance outcomes and the shareholder experience and therefore resolved to retain the relative TSR measure for the FY22 grant. In addition, to recognise the Group's diversified portfolio of operating businesses and investments, the comparator group is comprised of the S&P/ASX 100 companies, excluding financial services.

Remuneration Report

LTI Award

The table below sets out the key features of the SGH LTI Plan. Details on the Boral LTI plan are included at Section 5.1.

LTI Plan – Performance Rights

What will be granted?	Performance rights are granted for nil consideration. Each right entitles the participant to one ordinary share in the Company, with vesting subject to the achievement of the performance hurdles.										
How many performance rights will be granted?	<p>The value of LTI granted annually is:</p> <p>MD & CEO – 100% of FR Other KMP Executives – 75% of FR</p> <p>The number of performance rights granted to each KMP Executive is equivalent to the value of the LTI grant divided by the SGH five-day VWAP to 30 June prior to the commencement of the performance period adjusted for dividends foregone.</p>										
What will be the vesting performance measures?	The vesting of 100% of performance rights granted under the LTI plan will be dependent on a relative TSR measure.										
Why was the TSR performance hurdle chosen, and how is performance measured?	<p>Relative TSR provides an indicator of shareholder value creation by comparing the Company's return to shareholders relative to other companies of similar size. TSR provides an external, market-based hurdle and creates alignment of executive remuneration outcomes to shareholder returns. Participants will not derive any benefit from this portion of the grant unless the Company's performance is at or above the 51st percentile of the comparator group.</p> <p>The comparator group chosen for assessing the Company's relative TSR consists of constituents of the S&P/ASX100 (excluding financial services companies). This comparator group was selected as it represents a broad base of companies against which investors may benchmark their investment.</p> <p>The comparator group is defined at the start of the performance period. The composition of the comparator group may change as a result of corporate events, such as mergers, acquisitions, de-listings etc. The Board has agreed guidelines for adjusting the comparator group following such events and has the discretion to determine any adjustment to the comparator group.</p> <p>The percentage of TSR performance rights that vest (if any) at the end of the performance period will be based on the following schedule:</p> <table border="1" data-bbox="370 1265 1433 1473"> <thead> <tr> <th>Company's TSR ranking relative to comparator group companies</th> <th>Proportion of TSR performance rights that vest</th> </tr> </thead> <tbody> <tr> <td>Equal to or above 75th percentile</td> <td>100%</td> </tr> <tr> <td>Between the 51st and up to 75th percentiles</td> <td>50% vesting on a straight-line basis to 100%</td> </tr> <tr> <td>At the 51st percentile</td> <td>50%</td> </tr> <tr> <td>Below 51st percentile</td> <td>Nil</td> </tr> </tbody> </table>	Company's TSR ranking relative to comparator group companies	Proportion of TSR performance rights that vest	Equal to or above 75th percentile	100%	Between the 51st and up to 75th percentiles	50% vesting on a straight-line basis to 100%	At the 51st percentile	50%	Below 51st percentile	Nil
Company's TSR ranking relative to comparator group companies	Proportion of TSR performance rights that vest										
Equal to or above 75th percentile	100%										
Between the 51st and up to 75th percentiles	50% vesting on a straight-line basis to 100%										
At the 51st percentile	50%										
Below 51st percentile	Nil										
When will performance be tested?	<p>Awards will be subject to a three-year performance period with an additional one-year holding lock (trading restriction). The three-year performance period commences at the beginning of the financial year to which the award relates. In the case of the FY22 award, the performance period commenced on 1 July 2021 and will complete on 30 June 2024. Immediately following the completion of the performance period, the performance hurdles are tested to determine whether, and to what extent, awards vest.</p> <p>Upon vesting of the rights, the Board has discretion to either issue new shares or acquire shares on market.</p> <p>Any performance rights that do not vest following testing of performance hurdles will lapse. There is no retest.</p>										
Do the performance rights carry dividend or voting rights?	Performance rights do not carry dividend or voting rights.										
What happens in the event of a change in control?	In the event of a change of control of the Company the Board will have discretion to determine whether, and the extent to which, unvested performance rights vest. The Board will consider when making its decision the extent to which performance hurdles have been achieved to the date of the event.										
What happens if the participant ceases employment?	<p>If the participant ceases employment with the Company due to termination for cause or gross misconduct, or other reasons determined by the Board all unvested performance rights will lapse.</p> <p>If the participant ceases employment other than for the reasons outlined above the performance rights will not lapse, unless the Board determines otherwise.</p>										

It is important to note that accounting standards require that the expense relating to equity instruments (such as the performance rights allocated under the LTI plan) be reflected over the performance period, notwithstanding that the executives may never receive any actual value from such a grant.

It is important to note that LTI awards will only deliver benefits to participants if shareholder returns are achieved and the KMP Executive remains employed by the Company over the three-year performance period. For Mr Ryan Stokes AO, who has an interest in shares in the Company which represents more than 10% of the Company's issued share capital, the LTI awards will be cash-settled, should the rights vest.

Prior LTI grants

Performance rights awarded at the commencement of the performance period to eligible KMP for prior years:

Grant	Measurement Period	Performance Measures	Holding Lock
FY20	1 July 19 – 30 June 22 – 3 years	100% TSR	1 year
FY21	1 July 20 – 30 June 23 – 3 years	100% TSR	1 year
FY22	1 July 21 – 30 June 24 – 3 years	100% TSR	1 year

The performance conditions are listed below:

The percentage of TSR performance rights that vest (if any) at the end of the performance period will be based on the following schedule:	
Company's TSR ranking relative to comparator group companies	Proportion of TSR performance rights that vest
Equal to or above the 75th percentile	100%
Between the 51st and up to 75th percentiles	50% vesting on a straight-line basis to 100%
At the 51st percentile	50%
Below the 51st percentile	Nil

The FY20 LTI award was tested following the end of the performance period on 30 June 2022 and the Company's relative TSR performance over the three-year period was below the 51st percentile resulting in no vesting.

C. SGH Managing Director & Chief Executive Officer (MD&CEO) remuneration

Fixed remuneration

As announced to the ASX on 1 October 2021, the Fixed Remuneration (FR) of Mr RK Stokes AO increased from \$1,600,000 to \$1,900,000 per annum, effective from 1 August 2021.

Mr RK Stokes AO's fixed remuneration has previously remained unchanged since his appointment in June 2015. During that time, SGH has changed considerably with greater diversification and increase in the size and complexity of the SGH portfolio, and market capitalisation increasing from just over \$2 billion and up to approximately \$6 billion.

The change to fixed remuneration is aligned with the Group's benchmarking approach to position total reward for KMP Executives principally within a competitive range of peer group companies, of comparable size and complexity which includes S&P/ASX 100 (excluding financial services) listed entities. The peer group also considers market capitalisation i.e. ASX100 companies, the portfolio construct and the complexity, diversity and breadth of the sectors in which SGH operates.

Variable (at-risk) remuneration

There were no changes to Mr RK Stokes AO's variable (at-risk) remuneration which includes 100% FR on-target STI opportunity (and 133% of FR maximum opportunity) and 100% on-target LTI opportunity.

Impact of accounting for cash settled awards

Tax deferral on equity incentive plans is not permitted where an executive has an interest in shares in the Company which represents more than 10% of the Company's issued share capital. As such, an approach to achieve an equivalent outcome to other executives participating in the plan is to cash-settle the rights using the same terms and conditions as for the performance rights that are equity-settled under the LTI plan. As Mr RK Stokes AO has an interest in shares in the Company which represents more than 10% of the Company's issued share capital, should the LTI award rights vest, they will be cash-settled.

Accounting Standard AASB 2: Share Based Payments requires the fair value of cash-settled equity plans to be re-measured each year, unlike equity-settled plans where the fair value is calculated at the start of the performance period. The fair value is re-measured taking into consideration a number of inputs including share price from date of grant. The re-measurement of the fair value of the cash-settled equity for Mr RK Stokes AO has resulted in a reduction of \$1,627,839 over the year.

If the awards had been equity-settled, the total remuneration reflected in the remuneration tables at 11.B would have been \$5,101,452 as compared to \$3,473,613 as currently stated in the table.

Remuneration Report

5.1 KMP Executive Remuneration Framework (Boral)

Following the acquisition of 69.6% interest in Boral, the remuneration details of the Boral CEO are included in the SGH Remuneration Report as he is considered to be a KMP as defined.

The Boral CEO's remuneration includes a fixed remuneration (FR) component of \$1,900,000 and a variable component comprising STI and LTI award. The on-target STI opportunity is 90% of FR and 120% FR at maximum. The on-target LTI opportunity is 120% of FR.

Remuneration quantum is benchmarked against comparable peer group companies and variable pay programs are designed to reward performance. Any awards under the STI or LTI are dependent on meeting well established performance criteria set by the Boral Board.

The table below sets out the key elements of Boral's remuneration framework relative to SGH.

Comparison of SGH and Boral Key Remuneration Framework and Principles

Principle/Element	SGH	Boral	Comments
Remuneration components include Fixed Remuneration, Short Term Incentive and Long Term Incentive, with a majority variable component linked to performance.	✓	✓	SGH Fixed/Variable 40/60 (Max 36/64) Boral Fixed/Variable 32/68 (Max 29/71)
Short Term Incentive Plan Financial Gateway, linked to Group and Individual Performance using a Balanced Scorecard Approach. Component of award is subject to two year deferral and relevant clawback and malus provisions.	✓	✓	SGH 90% UEBIT Gateway. Boral 95% UEBIT Gateway. The Board (and Boral Board) has discretion to make adjustments.
Long Term Incentive Plan Performance tested against Relative Total Shareholder Return. Three year performance period with one year holding lock.	✓	✓	SGH vesting at 51st percentile ranking of SGH share price, Boral at 50th percentile of Boral Share Price.
FY22 STI Outcomes	✓	✗	Boral did not meet the FY22 Financial Gateway and consequently no awards accrued.
FY22 LTI Outcomes	✗	✗	The relative TSR Performance hurdle for the FY20 Grant was tested in 2022 and was not met. The Board did not exercise discretion. All awards for the applicable grants lapsed. The Boral CEO did not have any LTI awards due for testing in FY22.
Risk aligned – malus and clawback provisions	✓	✓	Both SGH and Boral incentive plans include risk and malus and clawback provisions.

Boral STI plan

The Boral STI plan for the Boral CEO is largely consistent with the SGH STI plan. A summary of the key STI features is provided below:

Boral Financial Gateway

The Boral STI gateway is 95% of Boral's UEBIT compared to target. Boral's UEBIT is the audited statutory profit before significant items, net finance costs and income tax. If the Group does not achieve at least 95% of UEBIT, no STI awards become available and any outcomes are subject to the discretion of the Board. The threshold for vesting is outlined below:

% of Group underlying EBIT Achieved	90 – < 95	95 – <100	100 – 120	120+
Potential % of On-Target STI Achieved	0	50	100 – 133	100 – 133

Boral STI KPIs and Balanced Scorecard

The performance of the Boral CEO is measured using a balanced scorecard approach, based on measurable KPI targets. Financial and non-financial measures are differentially weighted to reflect the focus of the Boral CEO in driving the overall business strategy. The KPIs are reviewed by the Boral RNC and approved prior to the commencement of the new financial year.

Boral Performance assessment

The Boral RNC assesses the performance of the Boral CEO and makes a recommendation on the STI award to the Board for its consideration, and if thought fit, approval.

Boral STI award

Typically, half of the STI award is delivered as a lump sum cash payment and the remaining half is delivered as Boral share rights. Once granted, the share rights vest subject to continued employment over a two-year vesting period. As performance conditions under the STI were not met in FY22, no awards were made under the STI.

Boral STI Plan – Deferred Share Rights

What will be granted?	Subject to the achievement of KPIs for the relevant financial year, 50% of STI awards will be made as share rights which will be granted for nil consideration. Each right entitles the participant to one ordinary share in Boral, which vests at the end of the two-year period.
How many shares rights will be granted?	The number of share rights granted is equivalent to 50% of their STI award divided by the Boral five-day VWAP (Volume Weighted Average Price) to 30 June prior to the commencement of the vesting period.
What will be the vesting performance measures?	The share rights granted under the STI plan do not have any further performance hurdles and vest subject to continuous employment over a two-year vesting period.
Do the share rights carry dividend or voting rights?	The share rights do not carry dividend or voting rights.
What happens in the event of a change in control?	The Boral Board has absolute discretion to determine that some or all of the unvested Performance Rights will vest if there is a takeover or other event likely to result in a change in the Control of the Company.
What happens if the participant ceases employment?	If the participant ceases employment with Boral due to resignation or termination for cause or gross misconduct, or other reasons determined by the Boral Board all unvested share rights will lapse, unless the Boral Board determines otherwise.

Boral FY22 LTI Plan

The Boral LTI plan is the same as the SGH LTI plan in all material respects with the exception of the following differences. The Boral Board continues to assess the LTI design to align this with the SGH plan where appropriate.

The purpose of the Boral LTI plan is to drive sustained performance and long-term shareholder value creation and ensure alignment of executive remuneration outcomes with shareholder interests.

Remuneration Report

Boral FY22 LTI Plan – Performance Rights

What will be granted?	Performance rights are granted for nil consideration. Each right entitles the participant to one ordinary share in Boral, with vesting subject to the achievement of the performance hurdle(s).										
How many performance rights will be granted?	The number of performance rights granted is equivalent to the face value of the LTI grant divided by an amount calculated based on closing share price at the commencement of the performance period.										
What will be the vesting performance measures?	The vesting of 100% of performance rights granted under the LTI plan will be dependent on a relative TSR measure, measured against S&P/ASX100 companies (excluding financial services companies). Once granted, awards only vest if the performance hurdles over a three-year performance period are met.										
How is performance measured?	<p>The percentage of TSR performance rights that vest (if any) at the end of the performance period will be based on the following schedule:</p> <table border="1"> <thead> <tr> <th>Company's TSR ranking relative to comparator group companies</th> <th>Proportion of TSR performance rights that vest</th> </tr> </thead> <tbody> <tr> <td>Equal to or above 75th percentile</td> <td>100%</td> </tr> <tr> <td>Between the 50th and up to 75th percentiles</td> <td>50% vesting on a straight-line basis to 100%</td> </tr> <tr> <td>At the 50th percentile</td> <td>50%</td> </tr> <tr> <td>Below the 50th percentile</td> <td>Nil</td> </tr> </tbody> </table>	Company's TSR ranking relative to comparator group companies	Proportion of TSR performance rights that vest	Equal to or above 75th percentile	100%	Between the 50th and up to 75th percentiles	50% vesting on a straight-line basis to 100%	At the 50th percentile	50%	Below the 50th percentile	Nil
Company's TSR ranking relative to comparator group companies	Proportion of TSR performance rights that vest										
Equal to or above 75th percentile	100%										
Between the 50th and up to 75th percentiles	50% vesting on a straight-line basis to 100%										
At the 50th percentile	50%										
Below the 50th percentile	Nil										
When will performance be tested?	Awards will be subject to a three-year performance period with an additional one-year holding lock (trading restriction). Upon vesting of the rights, the Boral Board has discretion to either issue new shares or acquire shares on market. Any performance rights that do not vest following testing of performance hurdles will lapse. There is no retest. Note, any vesting of "Top Up" rights granted in accordance with Boral's Equity Incentive Plan Rules to keep participants whole following Boral's capital return completed in February 2022, must be sourced through on market purchase.										
Do the performance rights carry dividend or voting rights?	Performance rights do not carry dividend or voting rights.										
What happens in the event of a change in control?	In the event of a change of control of the Boral, the Boral Board will have discretion to determine whether, and the extent to which, unvested performance rights vest.										
What happens if the participant ceases employment?	<p>If the participant ceases employment with the Boral for any reason other than death, total or permanent disability, redundancy, bona fide retirement, sale of a Group Company or its business assets or any other reason determined by the Board, then unless the Boral Board determines otherwise any unvested Performance Rights will lapse. In general, unless otherwise determined by the Boral Board, a pro-rata scale-back of awards, based on the proportion of the performance period elapsed at the cessation date will remain on foot to be tested against relevant performance conditions at vesting date.</p> <p>If the participant ceases employment with Boral due to resignation or termination for cause or gross misconduct, all vested but unexercised Performance Rights will lapse, unless the Boral Board determines otherwise.</p>										

Prior Boral LTI Grants

Performance rights were awarded at the commencement of the performance period to the Boral CEO as follows:

Grant	Measurement Period	Performance Measures	Holding Lock
FY21	30 June 20 – 30 June 23 – 3 years	66.7% TSR/33.3% ROFE ^(a)	1 year
FY22 ^(b)	1 July 21 – 30 June 24 – 3 years	100% TSR	1 year

(a) For the FY21 award, two-thirds of the award vests based on achieving relative TSR performance and one-third of the award vests based on achieving ROFE targets set by the Board for the financial year ending 30 June 2023. From FY22, the Boral Board amended the LTI to only have one performance measure, being Relative TSR.

(b) Shareholder approval was obtained at the FY21 AGM for the Boral CEO's LTI offer.

Top Up rights

In accordance with Boral's Equity Incentive Plan Rules to keep participants whole following Boral's capital return completed in February 2022, the Boral Board approved 837,191 and 274,927 Top Up rights to the Boral CEO in order to maintain the value of his FY21 and FY22 LTI grant respectively. The performance conditions associated with the Awards have not been impacted so they will be tested as per the Terms of the Award and Plan Rules. Any vesting of "Top Up" rights must be sourced through on market purchase.

6. Chairman and NED Remuneration Framework

NED Fee Pool

The aggregate pool available for the payment of fees to the Chairman and NEDs is \$2.4 million per annum with current Chairman and NED fees at \$2.2 million. The fee pool was last reviewed at the Group's 2019 AGM. During the year, the Board reviewed and approved an increase (subject to shareholder approval at the upcoming AGM) to the fee pool of \$400,000 to \$2.8 million for FY23 to align with comparable sized entities and to provide the Board with headroom and the flexibility to appoint other suitably qualified NEDs with a mix of skills, strategic competencies, qualifications and experience to oversee the Group's diverse range of operations and investments. The increased fee pool will also provide capacity to appropriately manage director succession.

The NED Fee Pool does not include the fees paid to the Former Executive Chairman in his capacity as Strategic Advisor to the Board (refer Section 10 Related Party Transactions for further details).

Chairman and NED fees

The Chairman receives a fixed Director's fee which is paid in the form of cash and statutory superannuation contributions. The Chairman does not receive any additional fees for being a member of a Board Committee.

NEDs receive a fixed fee which includes a base fee and additional fees for being the Chair or member of a Board Committee. Board and Committee fees are paid in the form of salary and statutory superannuation contributions.

The Chairman and the NEDs do not receive any variable remuneration or other performance related incentives such as options or rights to shares, and no retirement benefits are provided.

The table below sets out the annualised base and committee fee structure inclusive of superannuation as it applied in FY22. Fee increases for FY22 were effective from 1 July 2022, with increases made to NED base fees and Audit & Risk Committee Member fees, to align to comparable market benchmarks and to take into account the growth and increasing complexities associated with roles and responsibilities of NEDs and the Audit & Risk Committee. NED fees are benchmarked against ASX100 listed entities with similar revenues and market capitalisation as the Company. The benchmarking also considers the complexity of the Group structure and the industry sectors in which we operate.

Role	Base Fees		Committee Chair Fees		Committee Member Fees	
	2022	2021	2022	2021	2022	2021
Chairman ^(a)	\$475,000	–	–	–	–	–
Non-Executive Director	\$180,000	\$170,000	–	–	–	–
Audit & Risk	–	–	\$80,000	\$80,000	\$30,000	\$20,000
Remuneration & Nomination ^(b)	–	–	\$40,000	\$40,000	\$20,000	\$20,000
Independent & Related Party ^(b)	–	–	\$40,000	\$40,000	\$20,000	\$20,000
Former						
Executive Chairman ^(a)	\$385,000	\$385,000	–	–	–	–

(a) Mr Terry Davis was appointed as Chairman of the Board following the retirement of Mr Kerry Stokes AC, at the 2021 AGM held on 17 November 2021. Prior to this, Mr Davis was the Chair of the RNC and Chair of the IRPC. Mr Kerry Stokes AC has been appointed as a Strategic Advisor to the Board in a non KMP capacity. Details of his remuneration and contractual arrangements are set out in Section 10 of this report.

(b) Following the appointment of Mr Terry Davis to Chairman of the Board, Ms Kate Farrar and Mr Richard Uechtritz were appointed Chair of the RNC and IRPC respectively. Mr Uechtritz offered to accept a member fee for his role as Chair of the IRPC.

Remuneration Report

7. Link Between Remuneration and Group Performance

The Remuneration Framework of the Group is designed to reward superior performance including returns to shareholders. The table below shows the Group performance in key areas for the last five financial years.

	2022	2021	2020	2019	2018
Statutory NPAT (\$m) ^{(a)(c)}	\$607.4	\$634.6	\$117.5	\$202.9	\$415.6
NPAT (excluding significant items) (\$m) ^(a/b)	\$686.1	\$504.6	\$ 471.8	\$460.8	\$332.3
Significant items (\$m) ^(a)	\$(78.7)	\$130.0	\$(354.3)	\$(257.9)	\$83.3
Profit before significant items, net finance costs and tax (Group underlying EBIT) (\$m)	\$987.1	\$792.1	\$737.9	\$727.9	\$514.1
Dividends declared per ordinary share	\$0.46	\$0.46	\$0.42	\$0.42	\$0.42
Share price at financial year end	\$16.61	\$20.35	\$17.18	\$18.49	\$19.03
Statutory basic EPS ^(a)	\$1.54	\$1.84	\$0.34	\$0.60	\$1.27
EPS (excluding significant items) ^(a)	\$1.73	\$1.46	\$1.39	\$1.37	\$1.00
Diluted EPS (excluding significant items) ^(a)	\$1.73	\$1.45	\$1.38	\$1.37	\$0.98
Total Shareholder Return	(15.8)%	22.3%	(3.0)%	0.2%	81.3%
Relative Total Shareholder Return	(10.1)%	(2.2)%	5.3%	12.0%	69.1%
Short Term Incentive Outcomes					
KMP STI achievement against target (Average) ^(d)	95.7%	108.6%	91.8%	91.9%	101.7%

(a) 2022 and 2018 figures are for continuing and discontinued operations.

(b) NPAT (excluding significant items) is a non-IFRS measure. This measure is applied consistently year on year and used internally by management to assess the performance of the business and hence is provided to enable an assessment of remuneration compared to Group performance. Refer to the Operating and Financial Review for a reconciliation to statutory net profit after tax.

(c) The 2022 results include Boral Limited that was fully consolidated from 7 July 2021.

(d) Excludes Boral CEO.

FY22 Performance

The Group has delivered a strong result with key commercial highlights over the year including:

- Uplift in trading revenue from continuing operations to \$8,013.4 million, a year-on-year increase of 65.6%;
- Strong performance in UEBIT of \$987.1 million on continuing operations, a year-on-year increase of 24.6% and 8.3% on a pro forma basis;
- NPAT on continuing operations up 14.4% to \$577.3 million;
- Underlying EPS of 173 cents up 18.5%; and
- Fully franked ordinary dividend per share of 46 cents.

The outcomes recognise the resilience of our operating business, as well as demonstrating the benefit of a diverse portfolio to deliver returns through the cycle. Capital continues to be deployed in a disciplined manner in keeping with our key investment themes and in industries, companies and situations where we believe we can add value. Decisions are made with a view to actively managing our investments and partnering with businesses to ensure long term returns for SGH shareholders. The "Owner's Mindset" Value is key to how we operate to ensure we are delivering results and owning outcomes.

FY22 KPIs and Balanced Scorecard

The FY22 KPIs for the MD & CEO and KMP Executives are based on the outcomes of the annual budget (including Boral) and strategic planning process that culminates with an in-depth review by the Board. The Board reviews the strategic focus and direction of the Group, taking into account market opportunity, economic environment and shareholder expectations. This is a rigorous process which includes setting challenging performance targets for management and directly aligns executive incentives to the achievement of those targets. Where performance does not meet targets, executives derive no benefit from their variable incentive components. Conduct risk and alignment to Group Values is also considered when assessing individual outcomes.

The KPI process is core to how the Group drives alignment on performance expectations and the delivery of key financial and strategic objectives to create shareholder value.

The performance of each KMP Executive is measured against a balanced scorecard based on measurable KPI targets which are weighted to appropriately reflect the focus of each KMP Executive in driving the overall business strategy. KPIs are set across three main areas of focus namely;

- **Financial** – Reflect the Group's core financial metrics and are based on SGH Board approved budgets for FY22.
- **Strategic** – Focus management on the achievement of strategic business objectives that ultimately create shareholder value and are aligned with the Board approved short-term strategic goals:
 - Strategic objectives at the Group level focus on growing the SGH portfolio, creating long-term value by optimising the performance of the operating businesses, capitalising on opportunities and driving the performance of complex elements; and
 - At the operating business level strategic objectives focus on delivering high performance within the business and the broader Group.

People & Safety

- People objectives take into account progress against clearly defined executive succession and transition objectives including performance interventions; development of key talent; robust IR framework; engagement objectives and progress against measurable diversity and inclusion objectives.
- Safety and Sustainability objectives are included to drive progress against the Material Issues identified in the SGH Sustainability Strategy, as well as a Safety First Zero Harm working environment and policies and practices, to assist in further developing the diversity of our workforce and leadership teams, which will positively contribute to growing shareholder value over the longer term.

A summary of the key KPIs and assessment outcomes for the MD&CEO, Group Executive and Business Unit CEOs are included in the tables below, specific targets are not shown due to their commercially sensitive nature:

MD & CEO and Group Executive Performance against FY22 KPIs

Scorecard Measure	Weighting/Performance
FINANCIAL	50%
Underlying EBIT and cashflow targets, Business Unit operational performance and capital efficiency	<p>Above target</p> <p>Delivered strong underlying financial performance – UEBIT up 8.3% on pcp.</p> <p>Strong revenue growth and momentum from WesTrac and Coates, and disciplined cost focus.</p> <p>Above target capital returns (ROCE) and strategic cash flow and inventory management.</p> <p>Working capital to sales adversely impacted due to deliberate investment in working capital to offset supply chain issues.</p>
STRATEGIC	30%
Strong market and customer relationships, performance of the investment portfolio and achievement of strategic KPIs	<p>At target</p> <p>Successfully increased stake in Boral to 69.6%.</p> <p>\$3 billion Boral bridge finance raise and repaid within nine months.</p> <p>Boral portfolio alignment supported the sale of \$5.5 billion of assets and a \$3 billion capital return.</p> <p>Coates USPP oversubscribed partially refinancing the Bridge and locking in 10 year fixed financing extending duration and proportion of fixed rate debt.</p> <p>Strong institutional support for new 280 million Tranche C of our Syndicated Facility providing additional financial flexibility and optionality.</p> <p>Boral portfolio simplification – non-Australian businesses exited at good, realised price via measured divestment processes.</p> <p>SWM turnaround – delivered, and Prime acquisition completed.</p>
PEOPLE & SAFETY	20%
Engagement, leadership and diversity targets Safety indicators which include LTIFR and TRIFR	<p>At target</p> <p>Leadership succession and renewal through internal and external appointments during the year including WesTrac NSW CEO and Boral Board/executive succession.</p> <p>Delivered people and leadership targets including gender representation at the Board (now comprising 33% female Directors) and an increase in female representation in leadership positions and in the workforce.</p> <p>Emissions targets set and roadmaps approved with the first Sustainability Report in FY22.</p> <p>Safety lag indicator performance measures were only partially met, although timely intervention with safety improvement plans in place.</p>

Remuneration Report








Business Unit CEO Performance against FY22 KPIs (excl. Boral)*

Scorecard Measure	Weighting/Performance
FINANCIAL	50%
Underlying EBIT and cashflow targets, Business Unit operational performance and capital efficiency	<p>Above target</p> <p>Delivered UEBIT outperformance, Coates and WesTrac above target.</p> <p>Revenue growth across all BUs driven at WesTrac by favourable change in sales mix towards product support, supported by a strong used machine sales and at Coates by growth in equipment hire in all geographies and ongoing demand from infrastructure projects, mining and construction.</p> <p>Strategic cashflow management with above target free cash flows from Coates.</p> <p>All BUs achieved above target ROCE.</p>
STRATEGIC	30%
Delivery of customer focused initiatives, major contract wins, strategic goals and growth opportunities	<p>Above target</p> <p>Strong performance across all key strategic KPIs, in particular:</p> <p><i>WesTrac</i></p> <ul style="list-style-type: none"> – delivered financial performance sales momentum with key customer wins and tenders; – demonstrated effective leadership in areas of global supply chain and inventory management and cost control; – maintained Capital Expansion Project on track with key project milestones; and – outperformed Caterpillar targets in all categories and is a leading Caterpillar dealer. <p><i>Coates</i></p> <ul style="list-style-type: none"> – delivered growth across all geographies; – delivered margin improvement strategies including operating leverage and technology initiatives; – transformation project initiatives delivered in accordance with key milestones; and – growth in the Coates industrial services and engineering services businesses.
PEOPLE & SAFETY	20%
Engagement, leadership and diversity targets Safety indicators which include LTIFR and TRIFR	<p>At target</p> <p>Increase in female leaders and female workforce representation.</p> <p>Culture change programs on track to deliver improved performance and employee engagement.</p> <p>Emissions targets developed and roadmaps approved Water and waste baselines established.</p> <p>Increased participation in technical and operational training programs across WesTrac and Coates.</p> <p>Safety lag indicator performance measures were only partially met although timely intervention with safety improvement plans in place.</p>

*The Boral STI Gateway was not met and therefore no payments were made under the STI Plan.

Individual performance and FY22 STI outcomes

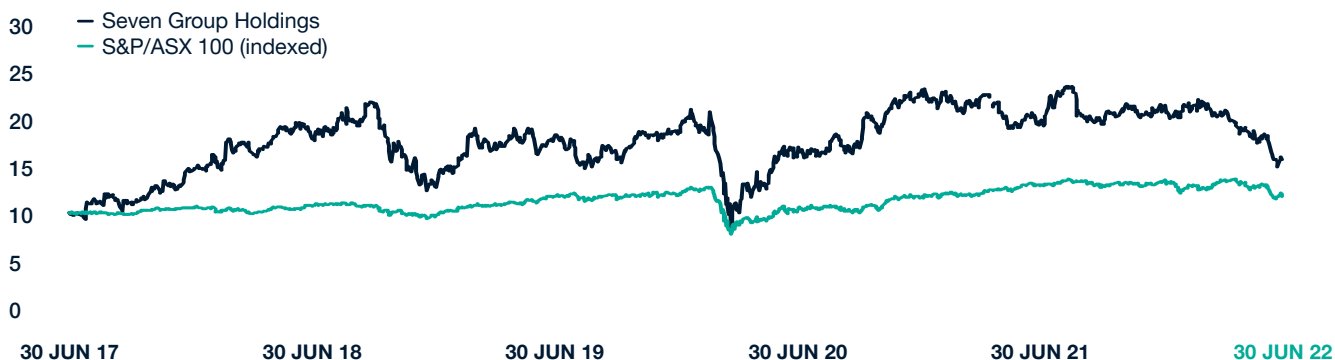
The table below provides details of the level of performance achieved against balanced scorecard KPIs and the resulting STI outcome awarded for FY22. In the table, a clear link is demonstrated between individual KMP Executive performance and STI outcomes.

KMP Executive	Percentage of Target STI Awarded	Percentage of Maximum STI Forfeited	Outcome Against STI Target	
			0%	100%
RK Stokes AO	97%	36%		
G Bhalla	95%	38%		
JE Croome	90%	43%		
JN Goth	90%	43%		
RJ Richards	96%	37%		
MJ Vitlich	106%	27%		
Z Todorcevski	0%	133%		

■ Target STI ■ Max STI Forfeited

LTI Outcomes

The following graph shows the Group's share price relative to the performance of the ASX100 over the performance period.



The FY20 LTI award was tested following the end of the performance period on 30 June 2022 and the Group's relative TSR performance percentile over the three-year period was below the 51st percentile ranking required for vesting and therefore no awards vested.

Award	Performance Period	Performance Hurdle
FY20 LTI	1 July 19 – 30 June 22 – 3 years	Relative TSR

Remuneration Report

8. Summary of Executive Contracts

The key terms of the KMP Executives' contracts including the term of the contract, the period of notice required to terminate the contract (by either the Company or Executive) and any contractual termination payments are set out below.

KMP Executive	Contract Term	Notice period required by the Company	Notice period required by the Executive	Contractual termination payments
RK Stokes AO	On-going	6 months	6 months	No contractual termination payments
G Bhalla	On-going	6 months	6 months	No contractual termination payments
JE Croome	On-going	6 months	6 months	No contractual termination payments
JN Goth	On-going	6 months	6 months	No contractual termination payments
RJ Richards	On-going	6 months	6 months	No contractual termination payments
MJ Vitlich	On-going	6 months	6 months	No contractual termination payments
Z Todorcevski	On-going	12 months	6 months	Up to 12 months' FR

Non-Executive Directors

There are no formal employment contracts for NEDs that provide notice provisions or contractual termination payments. Each NED has a formal appointment letter agreed with the Company which confirms their appointment in accordance with the Constitution of the Company and provides information in relation to the structure and practices of the Board and the Company.

Hedging policy

The Company's Share Trading Policy prohibits employees (including KMP) from dealing in SGH shares, if the dealing is prohibited under the Corporations Act 2001. Therefore, in accordance with this policy, all KMP are prohibited from entering into arrangements in connection with Seven Group Holdings Limited shares which operate to limit the executives' economic risk under any equity-based incentive schemes.

The ability to deal with unvested rights is restricted in the relevant equity plan rules which apply to the options over shares in the Company which have been granted. The Company will continue to monitor the appropriateness of this approach.

Boral's Share Trading Policy prohibits the Boral CEO from entering into hedge and other derivative transactions in relation to rights granted under the LTI Plan. Shares allocated upon vesting the LTI may only be dealt with in accordance with the Share Trading Policy. Any contravention of the Policy will result in disciplinary action. A holding restriction on the sale of Boral shares will apply for 12 months post termination, except where the sale of shares is required to meet tax obligations.

Clawback and malus provisions

The Company maintains clawback and malus provisions within the variable pay plans. If in the Board's opinion, an employee:

- Acts fraudulently or dishonestly;
- Is in breach of their obligations to the Company or another Group company; or
- Received awards based on financial accounts which are later restated,

The Board may determine that unvested performance rights lapse and deem that any vested but unexercised performance rights also lapse.

Appointment of Boral CEO

On 8 June 2022, Boral Limited announced to the ASX, the appointment of Mr Vik Bansal as Boral CEO, effective on or before 5 December 2022. Mr Zlatko Todorcevski will remain in the Boral CEO role until the transition is completed. Mr Bansal's key terms of employment are as follows:

- Fixed Remuneration: \$1,500,000 inclusive of superannuation.
- Short Term Incentive: 100% of FR with a maximum opportunity of 150% of target STI, delivered as 50% cash and 50% deferred Boral equity subject to employment conditions for a two year period.
- Long Term Incentive: Eligible to receive 100% of FR delivered as performance rights to acquire shares, subject to performance hurdles tested after a three-year period, with any vested equity subject to a further 12 month holding lock.
- Sign on Bonus: 100% FR delivered in Boral equity subject to retention requirements. 50% vests after completion of two years and 50% on completion of three years. Full vesting occurs in the event Boral cease to be listed on a recognised stock exchange or on a company initiated termination for convenience.
- Termination and Notice: 6 months by either party.

Separation arrangements of Boral CEO

Separation payments in respect of the current Boral CEO will be subject to his termination date and final terms of separation. Mr Zlatko Todorcevski is entitled to up to 12 months FR, subject to the limits on termination benefits under the *Corporations Act 2001*.

9. KMP Equity Holdings

Equity granted as remuneration

Deferred share rights granted as remuneration

The Group offered certain KMP Executives the opportunity to participate in the Group's deferred STI share rights plan in respect of performance and awarded KMP Executives deferred share rights that vest two years after grant.

Details of the vesting profile of the deferred share rights held by KMP Executives during FY22 under the STI plan are detailed below. Note there are not deferred share rights outstanding for the Boral CEO.

Deferred share rights

KMP	Grant Date	Vesting date	Fair value per share at grant date	Held at 1 July 2021	Granted	Forfeited	Vested	Held at 30 June 2022
RK Stokes AO	1 Jul 21	1 Jul 23	\$19.25	–	37,675	–	–	37,675
	1 Jul 20	1 Jul 22	\$16.08	35,247	–	–	–	35,247
	1 Jul 19	1 Jul 21	\$17.37	40,122	–	–	(40,122)	–
				75,369	37,675	–	(40,122)	72,922
G Bhalla	1 Jul 21	1 Jul 23	\$19.25	–	9,757	–	–	9,757
	1 Jul 20	1 Jul 22	\$16.08	9,308	–	–	–	9,308
				9,308	9,757	–	–	19,065
JE Croome	1 Jul 21	1 Jul 23	\$19.25	–	16,828	–	–	16,828
	1 Jul 20	1 Jul 22	\$16.08	25,993	–	–	–	25,993
	1 Jul 19	1 Jul 21	\$17.37	23,434	–	–	(23,434)	–
				49,427	16,828	–	(23,434)	42,821
JN Goth	1 Jul 21	1 Jul 23	\$19.25	–	13,378	–	–	13,378
	1 Jul 20	1 Jul 22	\$16.08	3,533	–	–	–	3,533
				3,533	13,378	–	–	16,911
RJ Richards	1 Jul 21	1 Jul 23	\$19.25	–	25,901	–	–	25,901
	1 Jul 20	1 Jul 22	\$16.08	21,787	–	–	–	21,787
	1 Jul 19	1 Jul 21	\$17.37	24,938	–	–	(24,938)	–
	10 Dec 18	1 Jul 21	\$12.40	15,000	–	–	(15,000)	–
				61,725	25,901	–	(39,938)	47,688
MJ Vitlich	1 Jul 21	1 Jul 23	\$19.25	–	12,358	–	–	12,358
	1 Jul 20	1 Jul 22	\$16.08	10,458	–	–	–	10,458
	1 Jul 19	1 Jul 21	\$17.37	13,258	–	–	(13,258)	–
				23,716	12,358	–	(13,258)	22,816
Deferred share rights (cash settled)								
G Bhalla	1 Jul 19	1 Jul 21	\$17.37	9,387	–	–	(9,387)	–
				9,387	–	–	(9,387)	–

Performance rights granted as remuneration

The Group offered certain KMP Executives the opportunity to participate in the Group's LTI plan.

A summary of the LTI plans are provided below.

Grant	Performance measure	Performance Period	Vest Date	Vesting Outcome
FY19	TSR	1 Jul 18 to 30 Jun 21	2021 (3 years) plus 1 year trading restriction	60.4%
FY20	TSR	1 Jul 19 to 30 Jun 22	2022 (3 years) plus 1 year trading restriction	0%
FY21	TSR	1 Jul 20 to 30 Jun 23	2023 (3 years) plus 1 year trading restriction	In progress
FY22	TSR	1 Jul 21 to 30 Jun 24	2024 (3 years) plus 1 year trading restriction	In progress

Remuneration Report

LTI awards are structured as rights to acquire ordinary shares in the Company at no cost or a cash-settled equivalent to the executive. Details of the vesting profiles of the performance rights held by KMP Executives during FY22 under the LTI plan are provided below.

Performance rights

KMP	Grant Date	Expiry date	Fair Value per right at grant date ^(a)		Held at 1 July 2021	Granted	Forfeited	Vested	Held at 30 June 2022
			TSR Component	EPS Component					
G Bhalla	1 Jul 21	1 Sep 24	\$10.86	–	–	25,550	–	–	25,550
	1 Jul 20	1 Sep 23	\$11.46	–	26,018	–	–	–	26,018
	1 Jul 19	1 Sep 22	\$10.53	\$5.81	19,292	–	–	–	19,292
					45,310	25,550	–	–	70,860
JE Croome	1 Jul 21	1 Sep 24	\$10.86	–	–	44,191	–	–	44,191
	1 Jul 20	1 Sep 23	\$11.46	–	52,999	–	–	–	52,999
	1 Jul 19	1 Sep 22	\$10.53	\$5.81	39,300	–	–	–	39,300
	1 Jul 18	1 Sep 21	\$10.27	–	31,874	–	(12,617)	(19,257)	–
					124,173	44,191	(12,617)	(19,257)	136,490
JN Goth	1 Jul 21	1 Sep 24	\$10.86	–	–	32,139	–	–	32,139
	1 Jul 20	1 Sep 23	\$11.46	–	38,545	–	–	–	38,545
	16 Mar 20	1 Sep 22	\$4.34	\$3.70	14,290	–	–	–	14,290
					52,835	32,129	–	–	84,974
RJ Richards	1 Jul 21	1 Sep 24	\$10.86	–	–	57,850	–	–	57,850
	1 Jul 20	1 Sep 23	\$11.46	–	57,818	–	–	–	57,818
	1 Jul 19	1 Sep 22	\$10.53	\$5.81	35,728	–	–	–	35,728
	1 Jul 18	1 Sep 21	\$10.27	–	34,772	–	(13,764)	(21,008)	–
					128,318	57,850	(13,764)	(21,008)	151,396
MJ Vitlich	1 Jul 21	1 Sep 24	\$10.86	–	–	36,156	–	–	36,156
	1 Jul 20	1 Sep 23	\$11.46	–	43,363	–	–	–	43,363
	1 Jul 19	1 Sep 22	\$10.53	\$5.81	32,154	–	–	–	32,154
	1 Jul 18	1 Sep 21	\$10.27	–	23,906	–	(9,463)	(14,443)	–
					99,423	36,156	(9,463)	(14,443)	111,673
Performance rights (cash settled)									
RK Stokes AO	1 Jul 21	1 Sep 24	\$10.86	–	–	101,772	–	–	101,772
	1 Jul 20	1 Sep 23	\$11.46	–	102,787	–	–	–	102,787
	1 Jul 19	1 Sep 22	\$10.53	\$5.81	57,164	–	–	–	57,164
	1 Jul 18	1 Sep 21	\$10.27	–	55,636	–	(22,023)	(33,613)	–
					215,587	101,772	(22,023)	(33,613)	261,723
G Bhalla	1 Jul 18	1 Sep 21	\$10.27	–	14,024	–	(5,551)	(8,473)	–
					14,024	–	(5,551)	(8,473)	–
Boral Performance rights									
Z Todorovski	1 Sep 21	1 Sep 24	\$2.84 ^(a)	–	–	652,480 ^(b)	–	–	652,480
	1 Sep 20	1 Sep 23	\$2.52 ^(c)	\$3.61 ^(c)	1,149,698	837,191 ^(d)	–	–	1,986,889
					1,149,698	1,489,671	–	–	2,639,369

No amount is paid or payable by KMP Executives in relation to these LTI grants.

Further details about the LTI plan are set out in section 5 of the Remuneration Report

(a) Reflects the fair market value of LTI Rights granted on 1 September 2021, calculated using a Monte Carlo simulation analysis.

(b) Amount comprises 377,553 LTI Rights approved by shareholders in the 2021 Annual General Meeting and 274,927 Top Up Rights granted in accordance with Boral's Equity Incentive Plan Rules to keep participants whole following Boral's capital return completed in February 2022.

(c) Reflects the fair market value of LTI Rights granted on 1 September 2020, calculated using a Monte Carlo simulation. Two-thirds of the grant relates to the relative TSR measure and one-third of the grant relates to the ROFE measure.

(d) Reflects Top Up Rights granted in relation to the 1 September 2020 offer, Top Up rights were granted in accordance with Boral's Equity Incentive Plan Rules to keep participants whole following Boral's capital return completed in February 2022.

Equity granted as remuneration affecting future periods

The fair value of equity granted as remuneration is amortised over the service period and therefore remuneration in respect of equity grants may be reported in future years. The following table summarises the maximum value of these grants that will be reported in the remuneration tables in future years, assuming all vesting conditions are met. The minimum value of the grant is nil should vesting conditions not be satisfied.

Equity settled

KMP	2023 \$	2024 \$
RK Stokes AO	544,192	302,385
G Bhalla	329,737	167,727
JE Croome	599,774	289,310
JN Goth	439,827	206,727
RJ Richards	740,066	352,967
MJ Vitlich	502,164	257,205
Z Todorcevski ^(a)	3,314,963	1,072,251

(a) Represents value of Boral equity granted at the time of grant.

B. Shareholdings and transactions

Movements in the holdings of ordinary shares and by KMP held directly, indirectly, beneficially and including their personally-related entities are set out in the tables below.

Ordinary Shares

KMP	Held at 1 July 2021	Purchases and other changes during the year	Shares granted as remuneration during the year	Rights converted to shares during the year	Held at 30 June 2022
KM Stokes AC ^(a)	207,304,349	–	–	–	207,304,349
TJ Davis	96,064	7,936	–	–	104,000
RH Argaman (Herman) OAM	–	–	–	–	–
SA Chaplain AM	35,860	–	–	–	35,860
KL Farrar	7,087	10,500	–	–	17,587
CJ Mackay	11,521	–	–	–	11,521
DI McEvoy	32,860	–	–	–	32,860
WL Smith AO	49,760	–	–	–	49,760
RA Uechtritz	487,212	(152,149)	–	–	335,063
Executive KMP					
RK Stokes AO	461,612	–	–	40,122	501,734
G Bhalla	–	240	–	–	240
JE Croome	177,596	(45,324)	–	42,691	174,963
JN Goth	–	–	–	–	–
RJ Richards	235,620	–	–	60,946	296,566
Z Todorcevski ^(b)	151,000	–	39,464	–	190,464
MJ Vitlich	46,703	–	–	27,701	74,404

(a) Balance as at the time of ceasing to be a KMP on 17 November 2021.

(b) Reflects shareholding in Boral Limited. No shares held in SGH. Shares granted reflect the vesting of earned and exercised fixed equity grant approved by Shareholders at the Boral AGM on 27 October 2020.

Remuneration Report

10. KMP Related Party Transactions

A number of Key Management Personnel, or their personally related entities, hold positions in other entities that can result in them having control or significant influence over those entities. A number of these entities transacted with the Company or its subsidiaries during the year.

The Group transacted with entities of which the Directors (and former Directors) of the Company, were Directors or Officers (excluding equity accounted investees, which are disclosed in Note 35 of the Financial Statements) or otherwise had an interest.

The aggregate value of the related party transactions with Director and Director related entities was as follows:

	2022 \$	2021 \$
Revenue		
Equipment sales and hire	398,428	86,390
Total revenue	398,428	86,390
Expenses		
Lease of premises and related outgoings	3,394,877	6,077,787
Consulting services	295,074	–
Other net expense/(reimbursements)	30,127	(82,754)
Total expenses	3,720,078	5,995,033

Loans and other transactions with Key Management Personnel

During the year ended 30 June 2022, Mr K Stokes AC and Mr RK Stokes AO were Directors on the Board of Seven West Media Limited, representing Seven Group Holdings Limited. They are paid Director's fees by Seven West Media Limited for their services provided. Mr RK Stokes AO and Mr R Richards receive director's fees for their services provided to Beach Energy Limited. Mr RK Stokes AO (from 31 July 2021) and Mr RJ Richards have elected to not receive Director's fees for their services provided to Boral Limited. As the amounts are not paid or payable by Seven Group Holdings Limited, they have not been included in the remuneration disclosures.

	2022 \$	2021 \$
Other director fees (SGH Appointed)		
KM Stokes AC	139,583	330,983
RK Stokes AO	211,900	420,959
RJ Richards	152,500	134,647

Former Executive Chairman retained as a Strategic Advisor to the SGH Board

Mr KM Stokes' contribution as Executive Chairman of the SGH Board has been invaluable and to ensure access to his expertise and experience, the Board have engaged him in the capacity of a Strategic Advisor to the SGH Board and management team.

The purpose of the role is to provide insight, support and advice with respect to strategic projects and initiatives. The role also requires from time to time attendance at the SGH Board/Committee meetings at the request of the Board.

The contractual terms and remuneration on which Mr KM Stokes is retained as a Strategic Advisor to the Board are as follows:

- Fixed term agreement of three years;
- Annualised fees equivalent to \$475,000 (excluded from NED fee pool);
- Termination of the agreement is by giving three months' notice by either party with no further fees payable after the termination notice period; and
- Upon conclusion of the three year term, extension is by mutual agreement.

Other transactions with the Group

A number of Directors hold directorships in other entities. Several of these entities transacted with the Group on terms and conditions not more favourable than those available on an arm's-length basis.

11. Remuneration in Detail

A. Remuneration earned by KMP Executives in FY22 (non-statutory disclosures)

The remuneration detailed in this table is aligned to the current performance periods and therefore is particularly useful in assessing pay received in the current year and its alignment with long-term performance. The values in this table will not reconcile with those provided in the statutory disclosures in table 11.B. For example, table 11.B discloses the value of equity grants which may or may not vest in future years, whereas this table discloses the value of grants from previous years which vested in FY22.

KMP Executive	Year	Fixed Rem \$(^a)	STI Cash \$(^b)	STI Vesting \$(^c)	LTI Vesting \$(^d)	Total \$
Ryan Stokes AO	2022	1,900,000	907,156	906,300	1,559,991	5,273,447
MD & CEO	2021	1,600,000	725,401	678,698	3,287,624	6,291,723
G Bhalla	2022	636,000	225,708	212,039	428,980	1,502,727
CPO	2021	540,000	187,864	74,432	–	802,296
JE Croome	2022	1,200,000	388,017	529,341	1,072,484	3,189,842
CE, WesTrac	2021	1,100,000	324,009	262,724	2,315,277	4,002,010
JN Goth	2022	800,000	271,150	–	–	1,071,150
COO	2021	800,000	257,591	–	–	1,057,591
RJ Richards	2022	1,200,000	430,650	902,144	974,992	3,507,786
CFO	2021	1,100,000	498,713	1,040,328	2,104,798	4,743,839
MJ Vitlich	2022	1,000,000	378,961	299,480	804,357	2,482,798
CE, Coates	2021	900,000	237,954	197,029	–	1,334,983
Z Todorcevski^(e)	2022	1,900,000	–	–	–	1,900,000
CEO, Boral	2021	n/a	n/a	n/a	n/a	n/a
Total KMP Executives	2022	8,636,000	2,601,642	2,849,304	4,840,804	18,927,750
	2021	6,040,000	2,231,532	2,253,211	7,707,699	18,232,442

(a) Fixed Rem is the annual contracted remuneration that includes base salary, superannuation and any amounts salary sacrificed.

(b) The STI Cash is for the year it has been earned, which is paid in the following year.

(c) STI vesting in FY22 is for the FY19 deferred STI share rights that vested on 1 July 2021 with no additional holding lock. STI vesting in FY21 was for the FY18 deferred STI share rights that vested on 1 July 2020 and were subject to an additional 12 month holding lock, with the value based on the closing share price on that day. For Ms Bhalla, the STI vesting in FY22 and FY21 is based on the value of the cash settlement.

(d) LTI vesting is for the FY18 LTI plan with performance based on the period 1 July 2017 to 30 June 2020, with the 12 month holding lock (trading restriction) released in August 2021. For Mr RK Stokes AO and Ms Bhalla, the LTI vesting is based on the value of the cash settlement.

(e) Mr Z Todorcevski is incorporated into FY22 for the first time as a KMP following SGH's acquisition of Boral in FY22 and controlling interest of 69.6%.

Remuneration Report

B. Remuneration earned by KMP Executives in FY22 (statutory disclosures)

The following table sets out the audited remuneration details for the KMP Executives for the year ended 30 June 2022, calculated in accordance with statutory accounting requirements.

KMP Executive	Year	Salary & Fees	STI	Non-monetary benefits	Super-annuation benefits	Termination Benefits	Long service & annual leave	Deferred Incentives	Performance rights	Deferred shares/ share rights	Cash settled equity – employee expense	Cash settled equity – re-fair value	Total	Performance related remuneration %
		\$	\$	\$ ^(a)	\$	\$	\$	\$	\$	\$	\$ ^(b)	\$ ^(c)	\$	%
RK Stokes AO	2022	1,875,000	907,156	22,792	-	-	269,777	-	-	733,127	1,293,600	(1,627,839)	3,473,613	38%
MD&CEO	2021	1,600,000	725,401	5,808	-	-	27,241	-	-	663,014	778,609	991,276	4,791,349	66%
G Bhalla	2022	603,779	225,708	17,952	27,221	-	(5,133)	-	264,572	187,756	-	(1,192)	1,320,663	51%
CPO	2021	515,000	187,864	5,808	25,000	-	2,591	-	172,081	166,855	48,008	225,582	1,348,789	59%
JE Croome	2022	1,167,833	388,017	-	23,568	-	130,837	-	510,509	376,679	-	-	2,597,443	49%
CE, Westrac	2021	1,078,306	324,009	3,851	21,694	-	(12,442)	-	459,654	383,004	-	-	2,258,076	52%
JN Goth	2022	776,432	271,150	12,952	23,568	-	18,699	-	310,708	200,594	-	-	1,614,103	48%
COO	2021	778,306	257,591	5,808	21,694	-	716	-	194,367	110,214	-	-	1,368,696	41%
RJ Richards	2022	1,176,432	430,650	12,952	23,568	-	85,048	-	564,906	426,572	-	-	2,720,128	52%
CFO	2021	1,078,306	498,713	5,808	21,694	-	120,015	-	474,523	499,420	-	-	2,698,479	55%
MJ Vitlich	2022	926,432	378,961	-	23,568	-	41,070	-	417,687	261,691	-	-	2,049,409	52%
CE, Coates	2021	878,306	237,954	-	21,694	-	28,331	-	368,643	212,128	-	-	1,747,056	47%
Z Todorcevski ^(d)	2022	1,734,228	-	7,554	23,600	-	31,200	-	1,997,500	-	-	-	3,794,082	53%
CEO, Boral	2021	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current	2022	8,260,136	2,601,642	74,202	145,093	-	571,498	-	4,065,882	2,186,419	1,293,600	(1,629,031)	17,569,441	
KMP Execs	2021	5,928,224	2,231,532	27,083	111,776	-	166,452	-	1,669,268	2,034,635	826,617	1,216,857	14,212,444	

(a) Non-monetary benefits include costs relating to Company events and the associated fringe benefits tax.

(b) These values have been calculated under accounting standards. The values may not represent the future value that the KMP Executive will receive, as the vesting of the performance rights and cash-settled equity is subject to the Company achieving pre-defined performance hurdles.

(c) Under AASB 2: Share Based Payments, the fair value of cash settled equity awards is re-measured each reporting period. The movement in the fair value of the cash settled equity awards is driven by the movement in share price since grant date. As a result, the fair value of the cash settled equity awards for Mr RK Stokes AO decreased by \$1,627,839. If the awards had been equity settled, the total remuneration reflected in the remuneration table would be \$5,101,452 compared to \$3,473,613.

(d) Following the acquisition of Boral effective 7 July 2021, Mr Zlatko Todorcevski became a KMP of the Group and his remuneration details for FY22 have been included above. His Salary and non-monetary benefits are pro-rata for the time as KMP (i.e. from 7 July 2021 to 30 June 2022).

C. Remuneration for Non-Executive Directors in FY22

The following table sets out the audited remuneration details for the Non-Executive Directors for the year ended 30 June 2022, calculated in accordance with statutory accounting requirements.

Non-Executive Director	Year	Salary & fees \$	Non-monetary benefits \$	Super-annuation benefits \$	Total \$
TJ Davis (Chairman)	2022	369,993	–	23,568	393,561
	2021	228,311	–	21,689	250,000
RH Argaman (Herman) OAM (Non-Executive Director)	2022	72,727	–	7,273	80,000
	2021	–	–	–	–
SA Chaplain AM (Non-Executive Director)	2022	300,000	–	–	300,000
	2021	268,306	–	21,694	290,000
KL Farrar (Non-Executive Director)	2022	232,146	–	22,677	254,823
	2021	191,781	–	18,219	210,000
CJ Mackay (Non-Executive Director)	2022	230,000	–	–	230,000
	2021	210,000	–	–	210,000
DI McEvoy (Non-Executive Director)	2022	209,091	–	20,909	230,000
	2021	191,781	–	18,219	210,000
WL Smith AO (Non-Executive Director)	2022	209,091	–	20,909	230,000
	2021	191,781	–	18,219	210,000
RA Uechtritz (Non-Executive Director)	2022	200,000	–	20,000	220,000
	2021	191,781	–	18,219	210,000
Total Non-Executive Directors	2022	1,823,048	–	115,336	1,938,384
	2021	1,473,741	–	116,259	1,590,000
Former Non-Executive Director					
KM Stokes AC (Executive Chairman)	2022	140,301	18,868	10,816	169,985
	2021	363,306	2,802	21,694	387,802
Total Non-Executive Directors including Former	2022	1,963,349	18,868	126,152	2,108,369
	2021	1,837,047	2,802	137,954	1,977,802

End of audited Remuneration Report

Directors' Report

Indemnity

The Constitution of the Company provides an indemnity to any current or former Director and secretary of the Company against any liabilities incurred by that person, or arising out of, the discharge of duties as an officer of the Company or the conduct of the business of the Company, including associated legal costs defending any proceedings relating to that person's position with the Company in specified circumstances.

As permitted by the Constitution of the Company, the Company has entered into deeds of access, insurance and indemnity with each Director as at the end of the financial year.

No amounts were paid and no actions taken pursuant to these indemnities during the year.

Insurance Premiums

The Company has paid insurance premiums in respect of a directors' and officers' liability insurance contract insuring against certain liabilities (subject to exclusions) of all current and former officers of the Company and its subsidiaries, including all Directors named in this report, the Company Secretary and all persons concerned in, or taking part in the management of, the Company and its controlled entities, and former Directors and officers who have retired or relinquished their positions.

The insurance policies prohibit disclosure of the premiums paid in respect of those policies and the nature of the liabilities insured by the policies.

Non-Audit Services

During the year Deloitte Touche Tohmatsu, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with the advice received from the Audit & Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board in terms of the Company's formal Auditor Independence Policy to ensure that they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 95.

Amounts paid or payable by the Group to the auditor, Deloitte Touche Tohmatsu, for non-audit services provided during the year are set out in Note 36 of the Financial Report.

Rounding Off

The Company is of a kind referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars.

Signed for and on behalf of the Board of Directors and in accordance with a resolution of the Directors.



Terry James Davis
Chairman



Sally Annabelle Chaplain AM
Chair of the Audit & Risk Committee

Sydney
24 August 2022

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
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Australia

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www.deloitte.com.au

24 August 2022

The Board of Directors
Seven Group Holdings Limited
Level 30, 175 Liverpool Street
Sydney NSW 2000

Dear Board Members

Auditor's Independence Declaration to Seven Group 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 Seven Group Holdings Limited.

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

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



H Fortescue
Partner
Chartered Accountants

Financial Report

Consolidated Statement of Profit or Loss and Other Comprehensive Income	97	Financial Assets and Liabilities	
Consolidated Statement of Financial Position	98	22 Financial risk management	137
Consolidated Statement of Changes in Equity	99	23 Other financial assets	145
Consolidated Cash Flow Statement	100	24 Derivative financial instruments	146
Notes to the Financial Statements	101		
Basis of Preparation		Capital Structure	
1 Basis of preparation	101	25 Capital	150
Results for the Year		26 Reserves	151
2 Operating segments	103	27 Dividends	152
3 Significant items	106	Unrecognised Items	
4 Revenue and expenditure	107	28 Contingent liabilities	153
5 Net finance expense	108	29 Commitments	154
6 Income tax	109	30 Events subsequent to balance date	154
7 Earnings per share	112	Group Structure	
Operating Assets and Liabilities		31 Parent entity disclosures	155
8 Trade and other receivables	113	32 Controlled entities	156
9 Trade and other payables	114	33 Business combination	162
10 Inventories	114	34 Discontinued operations	164
11 Investments accounted for using the equity method	115	Other	
12 Right of use assets and Lease liabilities	119	35 Related party disclosures	165
13 Property, plant and equipment	121	36 Auditor's remuneration	166
14 Producing and development assets	122	Directors' Declaration	166
15 Exploration and evaluation assets	125	Independent Auditor's Report	167
16 Intangible assets	126	Shareholder Information	172
17 Provisions	129	Investor Information	173
18 Employee benefits	132	Company Information	173
Cash Management		Corporate Directory	BC
19 Cash and cash equivalents	133		
20 Notes to the cash flow statement	133		
21 Interest bearing loans and borrowings	134		

Primary Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2022

CONTINUING OPERATIONS	Note	2022 \$m	2021 \$m
Revenue	4	8,013.4	4,838.7
Other income		57.4	47.0
Share of results from equity accounted investees	11	257.2	239.4
Revaluation of equity accounted interest on acquisition of Boral Limited	3	756.8	–
Impairment of intangible assets	3	(728.4)	–
(Impairment)/impairment reversal of equity accounted investee	3	(83.4)	92.9
Expenses excluding depreciation and amortisation	4	(6,961.0)	(4,032.1)
Profit before depreciation, amortisation, net finance expense and income tax		1,312.0	1,185.9
Depreciation and amortisation		(474.5)	(260.3)
Profit before net finance expense and income tax		837.5	925.6
Finance income	5	6.2	0.7
Finance expense	5	(271.9)	(163.6)
Net finance expense		(265.7)	(162.9)
Profit before income tax		571.8	762.7
Income tax expense	6	(128.6)	(128.1)
Profit for the year from continuing operations		443.2	634.6
Profit for the year from discontinued operations	34	164.2	–
Profit for the year		607.4	634.6
Profit for the year attributable to:			
Equity holders of the Company		558.4	631.4
Non-controlling interest		49.0	3.2
Profit for the year		607.4	634.6
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net change in fair value of financial assets at fair value through other comprehensive income		(153.5)	311.7
Income tax relating to items that will not be reclassified subsequently to profit or loss		135.5	(93.2)
Total items that will not be reclassified subsequently to profit or loss		(18.0)	218.5
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges: effective portion of changes in fair value		24.5	7.6
Foreign currency differences for foreign operations		46.5	(28.4)
Foreign currency translation reserve transferred to profit or loss		(52.9)	–
Income tax relating to items that may be reclassified subsequently to profit or loss		9.9	(6.3)
Total items that may be reclassified subsequently to profit or loss		28.0	(27.1)
Total comprehensive income for the year		617.4	826.0
Total comprehensive income for the year attributable to:			
Equity holders of the Company		562.4	822.8
Non-controlling interest		55.0	3.2
Total comprehensive income for the year		617.4	826.0
Statutory earnings per share (EPS)		\$	\$
From continuing operations			
Basic earnings per share	7	1.22	1.84
Diluted earnings per share	7	1.22	1.83
From continuing and discontinued operations			
Basic earnings per share	7	1.54	1.84
Diluted earnings per share	7	1.53	1.83

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

Primary Statements

Consolidated Statement of Financial Position As at 30 June 2022

	Note	2022 \$m	2021 \$m
Current assets			
Cash and cash equivalents	19	1,254.6	160.9
Trade and other receivables	8	1,499.0	832.3
Inventories	10	1,347.6	804.2
Current tax assets		40.4	–
Other current assets		139.0	39.6
Derivative financial instruments	24	32.5	0.7
Assets classified as held for sale		3.7	5.0
Total current assets		4,316.8	1,842.7
Non-current assets			
Other receivables	8	35.7	–
Inventories	10	345.2	–
Investments accounted for using the equity method	11	1,628.6	2,787.4
Other financial assets	23	162.7	436.5
Right of use assets	12	706.9	595.0
Property, plant and equipment	13	3,424.7	967.2
Producing and development assets	14	365.7	112.2
Exploration and evaluation assets	15	–	239.0
Intangible assets	16	2,229.0	1,627.4
Deferred tax assets	6	167.4	–
Other non-current assets		24.8	–
Derivative financial instruments	24	185.9	147.9
Total non-current assets		9,276.6	6,912.6
Total assets		13,593.4	8,755.3
Current liabilities			
Trade and other payables	9	1,007.4	585.3
Lease liabilities	12	75.5	49.4
Interest bearing loans and borrowings	21	1,365.0	804.0
Deferred income		259.7	159.9
Current tax liability		28.6	29.9
Provisions	17	134.0	30.1
Employee benefits	18	186.7	89.7
Derivative financial instruments	24	3.2	15.6
Total current liabilities		3,060.1	1,763.9
Non-current liabilities			
Other payables		0.5	0.8
Lease liabilities	12	888.8	785.7
Interest bearing loans and borrowings	21	4,297.6	1,628.4
Deferred tax liabilities	6	520.3	383.9
Provisions	17	457.2	70.1
Employee benefits	18	22.5	6.7
Derivative financial instruments	24	62.7	50.2
Total non-current liabilities		6,249.6	2,925.8
Total liabilities		9,309.7	4,689.7
Net assets		4,283.7	4,065.6
Equity			
Contributed equity	25	3,410.5	3,405.2
Reserves	26	(1,495.8)	(599.8)
Retained earnings		1,634.8	1,243.5
Total equity attributable to equity holders of the Company		3,549.5	4,048.9
Non-controlling interest		734.2	16.7
Total equity		4,283.7	4,065.6

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity For the year ended 30 June 2022

YEAR ENDED 30 JUNE 2022	Note	Contributed equity \$m	Reserves \$m	Retained earnings \$m	Total \$m	Non-controlling interest \$m	Total equity \$m
Balance as at 1 July 2021		3,405.2	(599.8)	1,243.5	4,048.9	16.7	4,065.6
Profit for the year		–	–	558.4	558.4	49.0	607.4
Net change in fair value of financial assets measured at fair value through OCI	26	–	(152.4)	–	(152.4)	(1.1)	(153.5)
Cash flow hedges: effective portion of changes in fair value	26	–	19.4	–	19.4	5.1	24.5
Foreign currency differences for foreign operations	26	–	33.5	–	33.5	13.0	46.5
Recycling of foreign currency translation	34	–	(36.8)	–	(36.8)	(16.1)	(52.9)
Income tax on items of OCI	26	–	140.3	–	140.3	5.1	145.4
Total comprehensive income for the year		–	4.0	558.4	562.4	55.0	617.4
Transactions with owners recognised directly in equity							
Dividends paid	27	–	–	(167.1)	(167.1)	(24.9)	(192.0)
Non-controlling interest on acquisition		–	–	–	–	3,094.2	3,094.2
Acquisition of non-controlling interest		–	(872.7)	–	(872.7)	(1,518.2)	(2,390.9)
Capital return to non-controlling interest		–	–	–	–	(888.6)	(888.6)
Treasury shares acquired	25	(1.4)	–	–	(1.4)	–	(1.4)
Shares vested and transferred to employees	25	6.7	(6.7)	–	–	–	–
Share based payments		–	(20.6)	–	(20.6)	–	(20.6)
Total contributions by and distributions to owners		5.3	(900.0)	(167.1)	(1,061.8)	662.5	(399.3)
Total movement in equity for the year		5.3	(896.0)	391.3	(499.4)	717.5	218.1
Balance as at 30 June 2022		3,410.5	(1,495.8)	1,634.8	3,549.5	734.2	4,283.7
YEAR ENDED 30 JUNE 2021							
Balance as at 1 July 2020		2,878.4	(788.6)	761.4	2,851.2	14.2	2,865.4
Profit for the year		–	–	631.4	631.4	3.2	634.6
Net change in fair value of financial assets measured at fair value through OCI	26	–	311.7	–	311.7	–	311.7
Cash flow hedges: effective portion of changes in fair value	26	–	7.6	–	7.6	–	7.6
Foreign currency differences for foreign operations	26	–	(28.4)	–	(28.4)	–	(28.4)
Income tax on items of OCI	26	–	(99.5)	–	(99.5)	–	(99.5)
Total comprehensive income for the year		–	191.4	631.4	822.8	3.2	826.0
Transactions with owners recognised directly in equity							
Dividends paid	27	–	–	(149.3)	(149.3)	(0.7)	(150.0)
Shares issued	25	523.5	–	–	523.5	–	523.5
Treasury shares acquired	25	(8.7)	–	–	(8.7)	–	(8.7)
Shares vested and transferred to employees	25	12.0	(12.0)	–	–	–	–
Share based payments		–	9.4	–	9.4	–	9.4
Total contributions by and distributions to owners		526.8	(2.6)	(149.3)	374.9	(0.7)	374.2
Total movement in equity for the year		526.8	188.8	482.1	1,197.7	2.5	1,200.2
Balance as at 30 June 2021		3,405.2	(599.8)	1,243.5	4,048.9	16.7	4,065.6

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Primary Statements

Consolidated Cash Flow Statement For the year ended 30 June 2022

	Note	2022 \$m	2021 \$m
Cash flows related to operating activities			
Receipts from customers		9,737.7	5,196.9
Payments to suppliers and employees		(8,753.2)	(4,343.4)
Dividends and distributions received from equity accounted investees	11	22.1	13.0
Other dividends received		3.6	11.1
Interest and other items of a similar nature received		6.7	0.6
Interest and other costs of finance paid		(257.4)	(144.1)
Income taxes paid		(196.2)	(111.7)
Restructure and transaction costs paid		(50.9)	–
Net operating cash flows	20	512.4	622.4
Cash flows related to investing activities			
Payments for purchases of property, plant and equipment		(622.0)	(185.8)
Proceeds from sale of property, plant and equipment		28.3	29.4
Payments for purchase of intangible assets		(6.2)	(13.0)
Payment for production, development and exploration expenditure		(14.5)	(3.3)
Payments for other investments		(1.8)	(6.7)
Proceeds from sale of other financial assets		122.4	11.1
Proceeds from sale of controlled entities, net of cash acquired and transaction costs		3,980.5	–
Acquisition of controlled entities, net of cash acquired		552.7	(0.8)
Acquisition of equity accounted investees		(1,218.3)	(422.1)
Proceeds from sale of other non-current assets		17.0	–
Net investing cash flows		2,838.1	(591.2)
Cash flows related to financing activities			
Proceeds from issue of shares		–	524.1
Ordinary dividends paid	27	(167.1)	(149.3)
Acquisition of non-controlling interest		(2,159.9)	–
Dividend paid to non-controlling interest		(24.9)	(0.7)
Capital return by controlled entity		(1,068.7)	–
Proceeds from borrowings		5,248.1	1,820.0
Repayment of borrowings		(3,991.2)	(2,116.9)
Repayment of lease liabilities		(115.2)	(56.3)
Purchase of treasury shares		(1.4)	(8.7)
Net financing cash flows		(2,280.3)	12.2
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		160.9	119.8
Effect of exchange rate changes on cash and cash equivalents		23.5	(2.3)
Cash and cash equivalents at end of the year	19	1,254.6	160.9

The consolidated cash flow statement is to be read in conjunction with the notes to the financial statements.

Basis of Preparation

1. Basis of Preparation

Seven Group Holdings Limited (the Company) is a for profit company limited by shares and the shares are publicly traded on the Australian Securities Exchange (ASX). The Company is domiciled in Australia. These consolidated financial statements are in respect of the year ended 30 June 2022 and comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in equity accounted investees.

The financial report was authorised for issue in accordance with a resolution of the Directors on 24 August 2022.

The financial report is a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial report is prepared on the historical cost basis except for the following items:

- financial instruments that are measured at amortised cost or fair value through other comprehensive income;
- derivative financial instruments are measured at fair value through profit or loss; and
- liabilities for cash-settled share based payments are measured at fair value through profit or loss.

The Company is of a kind referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, amounts in the Directors' Report and consolidated financial statements have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars.

Certain comparative amounts in this financial report have been reclassified to conform to the current period's presentation or to correct a misstatement.

(A) Accounting policies

Note 1 sets out the Group's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. This note also outlines new accounting policies and the expected impact on the financial position and performance of the Group.

The accounting policies set out in this financial report have been consistently applied by group entities and equity accounted investees.

(B) Dividend income

Dividend income is recognised net of any related taxes. Dividend income is recognised when the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(C) Principles of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Where there is loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

All inter-company balances and transactions, including unrealised gains arising from intra-group transactions, are eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Non-controlling interests in the equity and the results of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity.

(D) Critical accounting estimates and judgements

The preparation of financial statements requires that management make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are incorporated and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are outlined in the relevant note.

(E) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial report is presented in Australian Dollars, which is the Company's functional and presentation currency.

Basis of Preparation

1. Basis of Preparation (continued)

Transactions

Foreign currency transactions are translated into the respective functional currencies of Group entities using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity such as for qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets are included in the fair value through other comprehensive income reserve in equity.

Foreign group entities

The results and financial position of all the Group entities (none of which have the currency of a hyperinflationary economy) that have a functional currency different from Australian Dollars are translated into Australian Dollars as follows:

- assets and liabilities are translated at the closing rate at the balance date;
- income and expenses of foreign entities are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transaction); and
- all resulting exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve.

Borrowings and other financial instruments designated as hedges of any net investment in a foreign entity are recognised in other comprehensive income and presented in the foreign currency translation reserve. When a foreign entity is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are transferred to profit or loss as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(F) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(G) New Accounting Standards

Amendments to Australian Accounting Standards

A number of new standards, amendments to standards and interpretations are effective for future reporting periods. These have not been applied in preparing this financial report. Those which may be relevant to the Group are set out below.

The Group does not plan to adopt these standards early however they are not expected to materially impact the Group's results.

i) Amendments to AASB 116 – Property, Plant and Equipment: Proceeds before intended use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments apply from 1 July 2022.

ii) Amendments to AASB 137 – Onerous Contracts – Costs of fulfilling a contract

The amendments provide clarification on which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. These amendments apply from 1 July 2022.

iii) Amendments to AASB 112 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception under AASB 112, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. These amendments apply from 1 July 2023.

Several other amendments to standards and interpretations will apply on or after 1 July 2022, and have not yet been applied, however they are not expected to materially impact the Group's results.

While these Amendments introduce new disclosure requirements, they do not materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

(H) New or amended accounting policies

Subsequent to the acquisition of Boral during the year, the following accounting policies have been amended. Refer to the specific note for further detail.

Accounting Policy	Note
Revenue recognition – building material sales, contracting businesses, rendering of services and bundling of performance obligations	4
Inventory – land development	10
Property, plant and equipment including quarry stripping assets, mineral reserves and licences	13
Provisions – claims and restoration and environmental rehabilitation	17

Results for the Year

2. Operating segments

Recognition and measurement

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

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 that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's executive management team and Board to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the executive management team and Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses. Cash and cash equivalents, derivatives, interest bearing loans and borrowings and income tax assets and liabilities are also unallocated, except for Boral's which are included within the Boral segment.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, producing and development assets, exploration and evaluation assets and intangible assets other than goodwill.

The operating segments are identified by management based on the manner in which products are sold, the nature of services provided and country of origin.

WesTrac	WesTrac is the authorised Caterpillar dealer in Western Australia, New South Wales and the Australian Capital Territory, providing heavy equipment sales and support to customers.
Coates	Coates is Australia's largest general equipment hire company and provides a full range of general and specialist equipment to a wide variety of markets including engineering, building construction and maintenance, mining and resources, manufacturing, government and events.
Boral	Boral is a domestic construction materials group. In the prior year, Boral segment related to the Group's equity accounted investment in Boral.
Energy	Energy relates to the Group's joint operation in the Bivins Ranch basin in Texas USA, the Group's wholly-owned interest in SGH Energy Pty Limited and the Group's equity accounted investment in Beach Energy Limited (Beach).
Media investments	Media investments relate to investments in listed and unlisted media organisations, including Seven West Media Limited and private equity investments in China.
Other investments	Other investments incorporates listed investments, property and AllightSykes. AllightSykes is a market leader in designing, manufacturing, assembly, distribution and support of mobile lighting towers and Sykes pumps, distribution of FG Wilson generators and dewatering equipment and distribution of Perkins engines.

The Group is domiciled in Australia and operates predominantly in Australia. Further details of other countries in which the Group operates is provided in this Note.

Results for the Year

	WESTRAC ^(a)			COATES ^(a)			BORAL ^{(a)(b)}			ENERGY			MEDIA INVESTMENTS ^(c)			OTHER INVESTMENTS ^(c)			TOTAL		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
CONTINUING OPERATIONS																					
Segment revenue																					
Building material sales	-	-	-	2,668.0	-	-	-	-	-	-	-	-	-	-	-	2,668.0	-	-	-	-	-
Product sales	1,397.4	1,448.3	2.0	0.4	-	-	-	-	-	-	-	-	-	-	59.2	1,458.6	1,505.5	-	-	-	-
Product support	2,541.7	2,345.5	10.0	10.6	-	-	-	-	-	-	-	-	-	-	22.7	2,574.4	2,377.2	-	-	-	-
Hire of equipment	22.6	15.8	997.3	934.6	-	-	-	-	-	-	-	-	-	-	-	1,019.9	950.5	-	-	-	-
Rendering of services	-	-	-	80.6	-	-	-	-	-	-	-	-	-	-	-	80.6	-	-	-	-	-
Contracting businesses	-	-	-	207.3	-	-	-	-	-	-	-	-	-	-	-	207.3	-	-	-	-	-
Oil, gas and condensate sales	-	-	-	-	-	-	4.6	2.8	-	-	-	-	-	-	-	4.6	2.8	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.7	-	-	-	-
Sales to external customers	3,961.7	3,809.6	1,009.3	945.6	2,955.9	-	4.6	2.8	-	4.6	2.8	-	81.9	80.7	8,013.4	4,838.7					
by geographic segment																					
Australia	3,961.7	3,809.6	986.6	928.9	2,955.9	-	-	-	-	-	-	-	56.1	62.0	7,960.3	4,800.5					
International	-	-	22.7	16.7	-	-	4.6	2.8	-	-	-	-	25.8	18.7	53.1	38.2					
Segment result																					
Segment EBITDA ^(d)	496.0	468.0	434.2	401.9	324.5	38.0	153.2	102.3	79.6	57.0	2.4	8.5	1,489.9	1,075.7							
Depreciation and amortisation	(70.4)	(67.8)	(188.1)	(190.3)	(218.0)	-	-	-	-	-	(1.3)	(2.0)	(477.8)	(260.1)							
Segment EBIT^(e)	425.6	400.2	246.1	211.6	106.5	38.0	153.2	102.3	79.6	57.0	1.1	6.5	1,012.1	815.6							
Other segment information																					
Share of results of equity accounted investees included in segment EBIT	1.8	1.0	-	-	19.9	38.0	154.2	104.8	76.7	50.5	0.3	1.1	252.9	195.4							
Significant items																					
Revaluation of equity accounted investment	-	-	-	756.8	-	-	-	-	-	-	-	-	-	-	-	756.8	-	-	-	-	-
Impairment/(reversal) of assets	-	-	-	-	-	-	-	-	(83.4)	92.9	-	-	(83.4)	92.9	-	-	-	-	-	-	-
Impairment of intangibles	-	-	-	(728.4)	-	-	-	-	-	-	-	-	-	-	-	(728.4)	-	-	-	-	-
Acquisition and transformation	-	-	-	(73.0)	-	-	-	-	-	-	-	-	-	-	-	(73.0)	-	-	-	-	-
Share of equity accounted significant items	-	-	-	-	(19.9)	-	(1.1)	(17.0)	5.4	77.5	-	-	4.3	40.6	-	-	-	-	-	-	-
Transaction costs	-	-	-	(8.1)	-	-	-	-	-	-	-	-	(8.1)	-	-	-	-	-	-	-	-
Fair value adjustments	-	-	-	(5.7)	-	-	-	-	-	-	-	-	(5.7)	-	-	-	-	-	-	-	-
Dilution loss on equity accounted investment	-	-	-	-	-	-	-	-	(10.2)	-	-	-	(10.2)	-	-	-	-	-	-	-	-
Property segment EBIT	-	-	-	(1.9)	-	-	-	-	-	-	-	-	-	-	-	(1.9)	-	-	-	-	-
Capital expenditure	(90.7)	(46.0)	(166.8)	(151.7)	(301.3)	-	(14.6)	(3.3)	-	-	(0.3)	(0.9)	(573.7)	(201.9)							
Equity accounted investments	35.5	33.7	-	180.9	1,440.4	1,137.9	1,000.3	244.4	281.5	29.9	31.5	1,628.6	2,787.4								
Other segment assets ^(f)	2,949.0	2,433.8	2,402.5	2,342.4	5,555.4	-	366.1	351.4	110.7	250.2	126.7	251.4	11,510.4	5,629.2							
Segment assets^(g)	2,984.5	2,467.5	2,402.5	2,342.4	5,736.3	1,440.4	1,504.0	1,351.7	355.1	531.7	156.6	282.9	13,139.0	8,416.6							
Segment liabilities^(g)	(1,238.1)	(1,138.2)	(442.7)	(392.0)	(3,181.2)	(112.6)	(74.7)	(71.2)	-	-	(19.1)	(18.5)	(4,955.8)	(1,732.5)							

(a) Segment results above have been reduced in relation to the elimination of sales between Group entities.

(b) Boral comprises investments accounted for using the equity method in the prior year.

(c) Media investments comprise investments accounted for using the equity method and financial assets fair valued through other comprehensive income.

(d) Segment EBITDA comprises profit before depreciation and amortisation, net finance expense, income tax and significant items. Segment EBIT comprises profit before net finance expense, income tax and significant items.

(e) Segment EBITDA, EBIT and share of results of equity accounted investees excludes the share of results from equity accounted investees attributable to significant items.

(f) Coates segment assets includes assets classified as held for sale of \$3.7 million (2021: \$5.0 million) which relate to hire fleet assets available for immediate sale and are expected to be disposed of within 12 months.

(g) Boral segment assets/(liabilities) includes Boral's cash holdings, derivative financial instruments, interest bearing liabilities and tax balances.

* Refer to Note 3: Significant items for further details on significant items.

Analysis by geographical area

Revenue and non-current assets by geographical area	SEGMENT REVENUE		NON-CURRENT ASSETS ^(a)	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Australia	7,960.3	4,800.5	6,721.7	3,527.4
United Arab Emirates	19.3	12.3	2.3	3.2
Indonesia	22.7	16.7	14.3	9.9
United States of America	10.2	8.0	23.3	0.1
New Zealand	0.9	1.2	0.4	0.2
Total revenue and non-current assets	8,013.4	4,838.7	6,762.0	3,540.8

(a) Non-current assets other than financial instruments and deferred tax assets.

Segment revenues are allocated based on the country in which the customer is located. Segment assets are allocated to countries based on where the assets are located.

Major Customer

The Group did not derive revenue greater than 10 per cent of the Group's total revenue from a single major customer (2021: \$478.8 million). In the prior year, this revenue was included within the WesTrac, Coates and Other Investments segments.

Segment reconciliations

	2022 \$m	2021 \$m
Reconciliation of segment EBIT to profit before income tax per consolidated statement of profit or loss		
Segment net operating profit before net finance expense and income tax (EBIT)	1,012.1	815.6
Corporate operating costs	(25.0)	(23.5)
Share of significant items relating to results from equity accounted investees	4.3	44.0
(Impairment)/impairment reversal of equity accounted investee	(83.4)	92.9
Revaluation of equity accounted interest on acquisition of Boral	756.8	–
Impairment of intangible assets	(728.4)	–
Fair value adjustments on acquisition of Boral	(5.7)	–
Boral property segment EBIT	(1.9)	–
Loss arising from dilution of investment in equity accounted investee	(10.2)	–
Transaction costs incurred in relation to Boral	(8.1)	(3.4)
Boral transformation and restructure costs	(73.0)	–
Net finance expense	(265.7)	(162.9)
Profit before income tax per consolidated statement of profit or loss	571.8	762.7
Reconciliation of segment operating assets to total assets per consolidated statement of financial position		
Segment operating assets	13,139.0	8,416.6
Corporate cash holdings	147.5	160.9
Deferred tax assets	0.8	–
Derivative financial instruments	191.3	148.6
Assets held at corporate level	114.8	29.2
Total assets per consolidated statement of financial position	13,593.4	8,755.3
Reconciliation of segment operating liabilities to total liabilities per consolidated statement of financial position		
Segment operating liabilities	(4,955.8)	(1,732.5)
Interest bearing loans and borrowings – current	(480.9)	(804.0)
Interest bearing loans and borrowings – non-current	(3,447.8)	(1,628.4)
Current tax liability	(28.0)	(29.9)
Deferred tax liabilities	(303.0)	(383.9)
Derivative financial instruments	(54.6)	(65.8)
Liabilities held at corporate level	(39.6)	(45.2)
Total liabilities per consolidated statement of financial position	(9,309.7)	(4,689.7)

Results for the Year

3. Significant items

Profit before income tax includes the following income and expenses for which disclosure is relevant in explaining the underlying financial performance of the Group.

	2022 \$m	2021 \$m
CONTINUING OPERATIONS		
Share of results from equity accounted investees attributable to significant items	4.3	44.0
(Impairment)/impairment reversal of equity accounted investee	(83.4)	92.9
Loss arising from dilution of investment in equity accounted investee	(10.2)	–
Impairment of intangible assets	(728.4)	–
Revaluation of equity interest on acquisition of Boral	756.8	–
Boral property segment EBIT	(1.9)	–
Fair value adjustments on acquisition of Boral	(5.7)	–
Boral transformation and restructure costs	(73.0)	–
Transaction costs incurred in relation to Boral	(8.1)	(3.4)
Total significant items before net finance expense and income tax – continuing operations	(149.6)	133.5
Significant items in finance expense	(12.1)	(5.0)
Total significant items before income tax – continuing operations	(161.7)	128.5
Income tax benefit on significant items	27.6	1.5
Total significant items – continuing operations	(134.1)	130.0
DISCONTINUED OPERATIONS		
North America operations exit costs	(3.6)	–
Previously disposed businesses	6.1	–
Net gain on sale of discontinued operations	52.9	–
Total significant items before income tax – discontinued operations	55.4	–
Income tax benefit on significant items	–	–
Total significant items – discontinued operations	55.4	–

Share of results from equity accounted investees attributable to significant items relates to the Group's share of significant items included in the results of equity accounted investees, such as the gain or loss on the sale of properties or investments, redundancy and acquisition costs, impairment of assets and onerous contracts. In the current year, it includes the Group's share of Seven West Media's transaction costs, gain on disposals and borrowing costs written off as well as the Group's share of Beach's significant items. In the prior year, it included the Group's share of the impairment reversal of Seven West Media's intangible assets and reversal of onerous contract provisions as well as the Group's share of Beach Energy and Boral's significant items.

(Impairment)/impairment reversal of equity accounted investee relates to the impairment of the Group's investment in the ordinary equity of Seven West Media Limited. Refer also to Note 11: Investments accounted for using the equity method.

Loss arising from dilution of equity accounted investee relates to the dilution of the Group's ownership interest in Seven West Media following Seven West Media issuing new ordinary shares in order to satisfy performance incentive schemes. Refer also to Note 11: Investments accounted for using the equity method.

Impairment of intangible assets relates to the impairment of Boral's goodwill. Refer to Note 16: Intangible assets for further detail.

Revaluation of equity accounted interest on acquisition of Boral relates to the difference between the fair value and carrying value of the Group's investment in Boral on acquisition date. Refer to Note 33: Business combination for further detail.

Boral property segment EBIT relates to the sale of sites previously operated by Boral. The Group does not consider this income stream to form part of the underlying operations of the Group.

Fair value adjustments on acquisition of Boral relates to the unwind of fair value adjustments arising from the acquisition of the Group's investment in Boral. Refer to Note 33: Business combination for further detail.

Boral transformation and restructure costs relate to the restructuring and transformation program undertaken by Boral, including costs incurred in resetting the operating model, consulting costs to support the major initiatives, IT related transformation costs.

Transaction costs incurred and significant items in finance expense relate to costs incurred from the takeover offer for Boral. Transaction costs are allocated to the Boral segment.

Significant items for discontinued operations relate to costs incurred for the exit of Boral's North American operations. Also included is the net gain on sale of Boral's discontinued operations related to the recycling of the foreign currency translation reserve to the profit or loss following the disposal. Refer to Note 34: Discontinued operations for further detail.

4. Revenue and expenditure

Accounting policy

Revenues from contracts with customers are recognised at the amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring control of goods or services to a customer. Revenue is recognised net of goods and services tax (GST).

Sales revenue is recognised at the point in time that control of the good or service has passed to the customer and performance obligations have been met. Where required, amounts relating to future performance obligations are deferred and recognised over time as the obligation is performed. Amounts are estimated using judgement, historical experience and the specific terms of the agreement with the customer to determine the amount and timing of revenue recognised.

Revenue from contracts with customers

Revenue from building material sales	Revenue from the sale of goods is recognised at the point in time the customer obtains control of the goods, which is typically at the time of delivery to the customer.
Revenue from product sales	Revenue associated with the sale of goods is recognised at the point in time when each performance obligation of the sale has been fulfilled and control of the goods has passed to the customer. Product and service warranties and training provided on new product sales are distinct performance obligations and part of the sale consideration is deferred and recognised over time as the performance obligation is met.
Revenue from product support	<p>Revenue from product support is recognised in the accounting period in which the services are rendered. Revenue from contracts is recognised when distinct performance obligations under the contract are met.</p> <p>For maintenance and repair contracts (MARC)s, an assessment is made on a contract by contract basis, except where a portfolio approach is adopted. The portfolio approach is applied to a group of contracts (or performance obligations) with similar characteristics where it is reasonably expected that the effects on the financial results are not materially different to the effects of applying the standard on a contract by contract basis.</p> <p>Under the portfolio approach, the MARCs have been deemed as a distinct performance obligation to continuously make available a fleet of machinery to a customer. WesTrac's MARCs are assessed to consider whether modifications or extensions create a separate contract for services. These obligations are recognised in deferred income and taken to revenue as the future service is provided.</p>
Revenue from hire of equipment	The recognition of hire of equipment revenue commences on receipt of equipment by the customer which is when control passes. Revenue is recognised over the period of the hire agreement, which in the majority of cases is on a daily basis.
Revenue from rendering of services	Revenue from the rendering of services is allocated across each service or performance obligation based on their stand-alone selling price, and is recognised as the service or performance obligation is performed.
Contracting businesses	<p>Revenue from contracting businesses is recognised progressively over the period of time the performance obligation is fulfilled and the customer obtains control of the goods being provided in the contract, with the Group having a right to payment for performance to date. The Group predominantly uses the output method based on volumes delivered, to determine the amount of revenue to recognise in a given period.</p> <p>When estimating the transaction price, variable consideration is considered, which typically relates to claims or variations submitted in connection with the performance of a contract. Assumptions are made in order to determine the amount of variable consideration that can be recognised, including assessing whether the variable consideration is constrained. Claims and variations are included to the extent they are approved.</p> <p>Contracts with customers, particularly in concrete and asphalt, may contain revenue items for ancillary services such as mobilisation and demobilisation of plant, concrete testing and other related services. These services are typically combined into the core performance obligation of delivering concrete, or the supply and lay of asphalt. On occasion, ancillary services may be deemed to have a stand-alone value to the customer, and are accounted for as a separate performance obligation.</p>
Revenue from sale of oil, gas and condensate	Revenue is derived from the sale of oil, gas and condensate and is recognised based on volumes sold under contracts with customers at the point in time where performance obligations are considered to be met. Generally, the performance obligation will be met when the product is delivered to specified measurement point (gas) or point of loading/unloading (liquids).
Other revenue	Other revenue is recognised at the point in time that all performance obligations have been met. In the case of property sales, it is on completion of the contract and transfer of title.

Results for the Year

4. Revenue and expenditure (continued)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Revenue recognition – MARC

Contract revenues and expenses are recognised over time for each identified component of the contract. In determining revenue and expense for MARC, management makes assumptions and estimates regarding the work performed to date as a percentage of the total work to be performed and estimated revenues and expenses over the life of the contract. Contract variations are accounted for as modifications when they have been approved by the customer. Depending on the nature of the modification they are treated as either a separate performance obligation or a modification of an existing performance obligation.

CONTINUING OPERATIONS	2022 \$m	2021 \$m
REVENUE FROM CONTRACTS WITH CUSTOMERS		
Building material sales	2,668.0	–
Product sales	1,458.6	1,505.5
Product support	2,574.4	2,377.2
Hire of equipment	1,019.9	950.5
Rendering of services	80.6	–
Contracting business	207.3	–
Oil, gas and condensate	4.6	2.8
Other revenue	–	2.7
Total revenue	8,013.4	4,838.7
EXPENDITURE EXCLUDING DEPRECIATION AND AMORTISATION		
Materials cost of inventory sold and used in product sales and product support	(2,785.8)	(2,697.7)
Materials cost of inventory sold and used in building materials, rendering of services and contracting	(2,270.2)	–
Repairs, maintenance and consumables used on equipment hire	(119.7)	(115.2)
Employee benefits	(1,061.2)	(858.6)
Other expenses	(724.1)	(360.6)
Total expenses excluding depreciation and amortisation	(6,961.0)	(4,032.1)

The Group disaggregates revenue by operating segment. Disaggregation of sales by geographic area is based on customer location. Refer to Note 2: Operating segments for revenue by operating segment and geographical split. As at 30 June 2022, the Group has remaining performance obligations to be recognised on MARCs with a duration of more than 12 months. The Group will recognise this revenue when the performance obligations are satisfied. The aggregate amount of the transaction price allocated to the remaining performance obligations is \$130.0 million (2021: \$178.4 million). Approximately 50 per cent (2021: 33 per cent) of remaining performance obligations are expected to occur within the next 12 months, with the remaining expected to occur over a period of up to four years. In addition, for Boral payments received in advance of services being rendered are recognised as contract liabilities within trade payables of \$20.1 million (2021: nil), with the majority expected to be recognised as revenue in the next financial year.

Other expenses includes \$11.3 million (2021: \$2.9 million) in relation to the net impairment loss on trade receivables. Refer to Note 22: Financial risk management for further detail.

5. Net finance expense

Accounting policy

Interest income includes interest on funds invested and is recognised in profit or loss as the income accrues.

Finance expense comprises interest payable on borrowings and lease liabilities calculated using the effective interest method, including borrowing costs, unwinding of discount on provisions and deferred consideration. Interest expense also includes the net fair value adjustment for cash-settled share-based payments.

Finance expenses that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset up to the time the asset is ready for its intended use. The asset is then amortised over the expected economic life.

CONTINUING OPERATIONS	2022 \$m	2021 \$m
FINANCE INCOME		
Interest income on bank deposits	5.5	0.7
Other	0.7	–
Total finance income	6.2	0.7
FINANCE EXPENSE		
Interest expense	(189.8)	(100.5)
Interest expense on lease liabilities	(55.4)	(52.8)
Amortisation of capitalised borrowing costs	(18.7)	(7.2)
Unwind of discount on provisions	(8.0)	(3.1)
Total finance expense	(271.9)	(163.6)
Net finance expense	(265.7)	(162.9)

Interest expense includes \$1.6 million (2021: \$1.7 million expense) in relation to the fair value movement for cash settled share-based payments. Also included in interest expense and amortisation of capitalised borrowing costs is \$12.1 million of expenses incurred in relation to fees on the Bridge facility. Refer to Note 21: Interest bearing loans and borrowings for further detail.

In the current year, interest of \$4.7 million (2021: nil) was paid to other parties and capitalised in respect of qualifying assets. The capitalisation rate used was 3.9 per cent.

6. Income tax

Accounting policy

Income tax expense comprises current and deferred tax expense. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax expense for the period is the expected tax payable on the current period's taxable income based on the enacted or substantively enacted income tax rate for each jurisdiction adjusted by changes to tax payable in respect of previous years.

Deferred income tax is recognised on temporary differences arising between the expected tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income taxes levied by the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax exposures

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities that will impact tax expense in the period if such a determination is made.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Seven Group Holdings Limited. Boral Limited and its wholly-owned Australian resident entities are part of a separate tax-consolidated group, with the head entity of the Boral tax-consolidated group being Boral Limited.

CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENT

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Judgement is required in determining the provision for income taxes and the tax cost base of assets and liabilities.

Management judgement is also applied in assessing the recoverability of revenue and capital losses recognised as deferred tax assets by the Group. Deferred tax assets have been recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities and joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and/or it is probable that the differences will not reverse in the foreseeable future.

Assumptions are made about the application of income tax legislation. These assumptions are subject to risk and uncertainty and there is a possibility that changes in circumstances will alter expectations which may impact the amount of deferred tax assets, liabilities and provision for income taxes recorded in the statement of financial position. In these circumstances the carrying amount of deferred tax assets, liabilities and provision for income taxes may change impacting the profit or loss of the Group.

Results for the Year

6. Income tax (continued)

CONTINUING OPERATIONS	Note	2022 \$m	2021 \$m
INCOME TAX EXPENSE			
Current tax expense		(99.2)	(117.1)
Deferred tax expense		(35.5)	(9.7)
Adjustment for prior years		6.1	(1.3)
Total income tax expense – continuing operations		(128.6)	(128.1)
RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX STATUTORY PROFIT:			
Income tax using the domestic corporation tax rate 30%		(171.5)	(228.8)
Franked dividends		0.4	1.5
Share of equity accounted investee's net profit		75.0	71.8
Other assessable income		(18.5)	–
Non-assessable income		1.0	0.7
Non-deductible expenses		(5.3)	(1.6)
Revaluation of equity accounted interest on acquisition of Boral Limited		227.0	–
Equity accounted (impairment)/reversal of impairment		(28.1)	27.9
Impairment of intangible assets		(218.5)	–
Recognition of deferred tax assets on revenue losses		3.1	0.9
Under provided in prior years		6.1	(1.3)
Difference in overseas tax rates		0.7	0.8
Income tax expense – continuing operations		(128.6)	(128.1)
DEFERRED INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME			
Relating to financial assets at fair value through other comprehensive income	26	135.5	(93.2)
Relating to cash flow hedge reserve	26	(6.8)	(6.3)
Relating to foreign currency translation		16.7	–
Total deferred income tax recognised directly in equity		145.4	(99.5)
DISCONTINUED OPERATIONS			
INCOME TAX EXPENSE			
Current tax expense		(209.0)	–
Deferred tax expense		167.6	–
Adjustment for prior years		3.9	–
Total income tax expense – discontinued operations		(37.5)	–
RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX STATUTORY PROFIT:			
Income tax using the domestic corporation tax rate 30%		(60.5)	–
Recognition of deferred tax asset on capital and revenue losses, not previously recognised		7.8	–
Share of equity accounted investees' net profit		0.4	–
Fair value adjustment on acquisition		(87.8)	–
Non-assessable income		13.7	–
Additional tax benefit from sale of business		41.7	–
Difference in overseas tax rates		43.3	–
Under provided in prior years		3.9	–
Income tax expense – discontinued operations		(37.5)	–

YEAR ENDED 30 JUNE 2022	Opening balance \$m	Recognised in profit \$m	Recognised in OCI \$m	Balances disposed \$m	Acquisitions and other \$m	Closing balance \$m
DEFERRED TAX ASSETS AND LIABILITIES						
Investments	(227.8)	237.7	135.5	–	(248.1)	(102.7)
Derivative financial instruments	5.0	(12.9)	(6.8)	–	4.9	(9.8)
Inventories and receivables	–	2.2	–	(1.5)	(123.4)	(122.7)
Property, plant and equipment	(150.0)	(4.9)	–	(21.4)	(144.3)	(320.6)
Intangible assets	(136.9)	0.3	–	169.8	(199.7)	(166.5)
Trade and other payables	19.2	(3.2)	–	–	4.4	20.4
Provisions	32.7	(3.6)	–	(3.6)	200.5	226.0
Interest bearing loans and borrowings	71.9	0.3	–	(2.0)	31.7	101.9
Tax losses	–	(139.4)	–	–	172.4	33.0
Transaction costs deducted over five years	2.9	(1.1)	–	–	–	1.8
Unrealised foreign exchange	–	34.0	16.7	–	(2.8)	47.9
Other	(0.9)	22.6	–	(67.7)	(15.6)	(61.6)
Net deferred tax liability	(383.9)	132.0	145.4	73.6	(320.0)	(352.9)
Deferred tax asset						167.4
Deferred tax liability						(520.3)
Net deferred tax liability						(352.9)

YEAR ENDED 30 JUNE 2021

DEFERRED TAX ASSETS AND LIABILITIES						
Investments	(138.1)	3.5	(93.2)	–	–	(227.8)
Derivative financial instruments	6.9	4.4	(6.3)	–	–	5.0
Property, plant and equipment	(112.8)	(37.2)	–	–	–	(150.0)
Intangible assets	(135.4)	–	–	–	(1.5)	(136.9)
Trade and other payables	13.9	5.3	–	–	–	19.2
Provisions	24.0	8.7	–	–	–	32.7
Interest bearing loans and borrowings	68.0	3.9	–	–	–	71.9
Transaction costs deducted over five years	1.1	1.8	–	–	–	2.9
Other	(0.8)	(0.1)	–	–	–	(0.9)
Net deferred tax liability	(273.2)	(9.7)	(99.5)	–	(1.5)	(383.9)

There are no uncertain tax positions as at 30 June 2022.

As at 30 June 2022, the Group had not recognised:

- deferred tax assets of \$324.2 million (2021: \$316.0 million) for deductible temporary differences relating to unrealised tax benefits as it is not probable that future gains will be realised against which it could utilise the benefits;
- deferred tax asset of \$627.8 million (2021: \$543.6 million) for deductible temporary differences relating to Petroleum Resource Rent Tax credits;
- deferred tax assets of \$150.8 million (2021: \$18.8 million) for tax losses where recovery is not probable; and
- deferred tax liabilities of \$113.6 million (2021: \$77.9 million) in respect of assessable temporary differences in relation to investments where management controls the timing of the reversal of the temporary difference and the temporary difference is not expected to reverse in the foreseeable future.

Results for the Year

7. Earnings per share

Accounting policy

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Underlying earnings per share is statutory earnings per share adjusted for significant items. The weighted average number of shares used to calculate underlying earnings per share is the same as the weighted average number of used to calculate statutory earnings per share.

	BASIC		DILUTED	
	2022 \$	2021 \$	2022 \$	2021 \$
STATUTORY EARNINGS PER SHARE				
From continuing operations	1.22	1.84	1.22	1.83
From discontinued operations	0.32	–	0.31	–
Statutory earnings per share – total	1.54	1.84	1.53	1.83

	2022 \$m	2021 \$m
EARNINGS RECONCILIATION BY CATEGORY OF SHARE – ORDINARY SHARES		
Net profit attributable to equity holders of the Company - continuing operations	444.1	631.4
Net profit attributable to equity holders of the Company - discontinued operations	114.3	–
Net profit attributable to equity holders of the Company – continuing and discontinued operations	558.4	631.4

	Note	2022 Million	2021 Million
WEIGHTED AVERAGE NUMBER OF SHARES			
Ordinary shares for basic earnings per share			
Issued shares as at 1 July		363.3	339.4
Shares issued		–	23.9
Issued shares as at 30 June	25	363.3	363.3
Weighted average number of shares (basic) as at 30 June		363.3	343.5
Weighted average number of shares (diluted) as at 30 June ^(a)		364.6	344.7

(a) Weighted average number of shares adjusted for effect of share options issued under employee share plans net of treasury shares and convertible notes issued 5 March 2018. At 30 June 2022, there were 1.3 million options that were dilutive (2021: 0.9 million).

	BASIC		DILUTED	
	2022 \$	2021 \$	2022 \$	2021 \$
UNDERLYING EARNINGS PER SHARE (NON-IFRS MEASURE)				
From continuing operations	1.52	1.46	1.52	1.45
From discontinued operations	0.21	–	0.21	–
Underlying earnings per share – total	1.73	1.46	1.73	1.45

Underlying earnings per share is a non-IFRS measure and is reconciled to statutory profit or loss as follows:

	2022 \$m	2021 \$m
UNDERLYING EARNINGS RECONCILIATION BY CATEGORY OF SHARE – ORDINARY SHARES		
Net profit attributable to equity holders of the Company	558.4	631.4
Less: significant items	71.0	(130.0)
Net underlying profit attributable to equity holders of the Company – continuing and discontinued operations	629.4	501.4

Operating Assets and Liabilities

8. Trade and other receivables

Accounting policy

Trade receivables are initially recognised at the fair value of the invoice sent to the customer and subsequently at the amounts considered recoverable less provision for expected credit loss allowance (amortised cost). Trade receivables are generally due for settlement no more than 30 days from the date of recognition with the exception of certain customers with alternative settlement terms.

The Group has an established credit policy under which new customers are analysed individually for creditworthiness before the Group's standard payment, delivery terms and conditions are offered. The Group's review includes external ratings, when available. Purchase limits are established for each customer and these limits are reviewed annually or upon request. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group upon lodging of a bank guarantee as a security document or on a strictly pre-paid (cleared funds) only basis.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. Under the expected credit loss model, an impairment provision for receivables is established based on the expected credit losses over the lifetime of expected credit losses for the financial asset. The calculation of expected credit loss considers the impact of past events and exercises judgement over the impact of current and future economic conditions. The amount of the provision is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

	2022 \$m	2021 \$m
CURRENT		
Trade receivables	1,132.0	547.3
Contract assets	152.0	181.2
Other receivables	233.8	113.8
Loss allowance	(18.8)	(10.0)
Total trade and other receivables – current	1,499.0	832.3
NON-CURRENT		
Other receivables	35.7	–
Total other receivables – non-current	35.7	–

Due to the short term nature of these receivables their carrying value is assumed to approximate their fair value. The creation and release of the provision for expected credit loss has been included in other expenses in profit or loss. For further detail on the Group and the Company's expected exposure to credit risk refer to Note 22: Financial risk management.

Contract assets relate to revenue earned from ongoing service contracts in WesTrac. As such, the balances of this account vary and depend on the number of ongoing refurbishment services at the end of the year. At 30 June 2022, \$0.2 million (2021: \$0.8 million) was recognised as a provision for expected credit loss on contract assets.

Other receivables (current) includes \$112.5 million (2021: \$26.4 million) for cash collateral provided in relation to equity swaps. In addition, Other receivables include amounts owing by associated entities, of which \$4.3 million is current and \$19.3 million is non-current.

Operating Assets and Liabilities

9. Trade and other payables

Accounting policy

Trade payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within normal trading terms.

	2022 \$m	2021 \$m
Trade payables	526.2	243.9
Other payables	153.3	167.1
Accruals	327.2	170.2
Accruals – cash settled share based payments	0.7	4.1
Total trade and other payables – current	1,007.4	585.3

The Group's trade payables and other payables are due to mature within one year. Due to the short term nature of these payables their carrying value is assumed to approximate their fair value.

In the prior year, other payables included \$112.6 million in relation to amounts payable for acceptances under the takeover offer for Boral.

The Company has entered into a Deed of Cross Guarantee with certain subsidiaries as described in Note 32: Controlled entities. Under the terms of the Deed, the Company has guaranteed the repayment of all current and future creditors in the event that any of the entities party to the Deed are wound up. Details of the consolidated financial position of the Company and parties to the Deed are set out in Note 32.

10. Inventories

Accounting policy

Inventories are measured at the lower of cost and net realisable value.

Cost is based on the actual costs, with the exception of exchange component inventory and parts inventory for which cost is based on weighted average cost, and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Net realisable value is determined on the basis of the Group's normal selling pattern. Expenses for marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value. For land development projects, cost includes the cost of acquisition, development and holding costs during development. Costs incurred after completion of development are expensed as incurred.

CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENT

Management is required to make judgements regarding writedowns to determine the net realisable value of inventory. These writedowns consider factors such as the age and condition of goods, machine population in service for parts as well as recent market data to assess the estimated future demand for the goods.

	2022 \$m	2021 [^] \$m
CURRENT		
Raw materials – at cost	109.6	17.9
Work-in-progress – at cost	65.9	3.5
Finished goods		
– at cost	1,150.5	761.8
– at net realisable value	19.0	18.3
Total finished goods	1,169.5	780.1
Land development projects	2.6	2.7
Total inventories – current	1,347.6	804.2
NON-CURRENT		
Land development projects	345.2	–
Total inventories – non-current	345.2	–

[^] Restated to align with current year presentation. Land development projects now disclosed separately from work-in-progress.

Land development includes \$5.5 million (2021: nil) of development costs capitalised during the year.

11. Investments accounted for using the equity method

Accounting policy

Investments accounted for using the equity method comprise investments in associates and joint ventures (equity accounted investees). Investments in equity accounted investees are initially recognised at cost and subsequently accounted for using the equity method.

Under the equity method, where the Group has in substance an ownership interest as a result of transactions giving access to returns associated with ownership, such as equity settled swaps, the Group takes into account eventual exercise of potential voting rights in determining ownership interest.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence generally exists when the Group holds between 20 and 50 per cent of the voting rights of another entity, unless it can be clearly demonstrated that this is not the case.

Joint ventures are those entities over whose activities the Group has joint control and rights to the net assets of the arrangement, rather than rights to the assets and obligations for its liabilities.

The Group's investments includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of post acquisition income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group. When the Group's share of losses equals or exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Dividends received or receivable from equity accounted investees are recognised as a reduction in the carrying amount of the investment.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in that investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Control, joint control or significant influence

Significant judgement and assumptions are made in determining whether an entity has control, joint control or significant influence over another entity and the type of the joint arrangement. In considering the classification, management considers whether control, significant influence or joint control exists, the nature and structure of the relationship and other facts and circumstances.

Beach Energy Limited (Beach)

The Group holds a 30.0 per cent (2021: 30.0 per cent) interest in Beach and has two representative directors on the Beach board. The Group continues to classify its investment as an associate. The Group has the ability to significantly influence, but not control or jointly control, the financial and operating decisions through its investment and board representation.

Boral Limited (Boral)

In the prior year, the Group held a 26.1 per cent interest in Boral and had one representative director on the Boral board. During the year, the Group acquired a further interest in Boral with the Group's ownership interest increasing to 69.6 per cent. From 7 July 2021, the Group ceased equity accounting and commenced consolidating Boral's results.

Seven West Media Limited (Seven West Media)

The Group has classified its investment in Seven West Media as an associate. The Group holds a 38.9 per cent (2021: 40.2 per cent) ownership interest in Seven West Media and equivalent voting rights. Following the retirement of Mr KM Stokes AC from the Seven Group Holding's Board, the Group has one representative director on the Seven West Media board. Management have concluded that the Group has the ability to significantly influence, but not control or jointly control, the financial and operating decisions of Seven West Media.

Operating Assets and Liabilities

11. Investments accounted for using the equity method (continued)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Impairment of investments accounted for using the equity method

In accordance with AASB 136: *Impairment of Assets*, the recoverable amount of assets is the greater of its value-in-use (VIU) and its fair value less cost of disposal (FVLCD). In the absence of quoted market prices, an asset's VIU is calculated by estimating the present value of future cash flows using an asset specific discount rate. These calculations also require the use of assumptions regarding profit margins, growth rates and discount rates.

In determining the amount of impairment for equity accounted investees that are listed, management has made judgements in identifying financial assets that are impaired due to industry factors or whose decline in fair value below original cost is considered significant or prolonged. A significant decline is assessed based on the percentage decline from acquisition cost of the share, while a prolonged decline is based on the length of the time over which the share price has been depressed below cost. Management considers a decline of 30 per cent to be significant and a period of 12 months to be prolonged.

Investee	Principal activities	Country of incorporation	Balance date	OWNERSHIP INTEREST	
				2022 %	2021 %
ASSOCIATES					
Beach Energy Limited	Oil and gas exploration, development, production	Australia	30 Jun	30.0	30.0
Bitumen Importers Australia Pty Limited ^(c)	Bitumen importer	Australia	30 Jun	50.0	–
Boral Limited ^(a)	Supplier of building products and construction materials	Australia	30 Jun	–	26.1
ConnectSydney Pty Ltd ^(c)	Road maintenance	Australia	30 Jun	38.5	–
Energy Power Systems Australia Pty Ltd	Distribution and rental of CAT engine products	Australia	30 Jun	40.0	40.0
Flyash Australia Pty Ltd ^(c)	Fly ash collection	Australia	31 Dec	50.0	–
Highland Pine Products Pty Limited ^(d)	Timber	Australia	30 Jun	–	–
Meridian Brick Canada Limited ^(d)	Bricks	Canada	30 Jun	–	–
Meridian Brick LLC ^(d)	Bricks	USA	30 Jun	–	–
Mo's Mobiles Pty Limited	Mobile phone retailer	Australia	30 Jun	25.0	25.0
Penrith Lakes Development Corporation Limited	Property development	Australia	30 Jun	40.0	–
Seven West Media Limited ^(b)	Media	Australia	25 Jun	38.9	40.2
South Australian Road Services Pty Limited	Road maintenance	Australia	30 Jun	50.0	–
South East Asphalt Pty Limited ^(c)	Asphalt	Australia	30 Jun	50.0	–
Sunstate Cement Limited ^(c)	Cement manufacturer	Australia	30 Jun	50.0	–

Investee	Principal activities	Country of incorporation	Balance date	OWNERSHIP INTEREST	
				2022 %	2021 %
JOINT VENTURES					
Flagship Property Holdings Pty Limited	Property management	Australia	31 Dec	45.8	45.8
Kings Square Pty Ltd	Property development	Australia	30 Jun	50.0	50.0
Kings Square No. 4 Unit Trust	Property development	Australia	30 Jun	50.0	50.0

(a) During July 2021, the Group acquired an additional interest in Boral Limited. From 7 July 2021, the Group determined it controlled Boral and accordingly ceased equity accounting Boral and consolidated the results of Boral from this date.

(b) During the year, Seven West Media issued new shares to satisfy performance incentive obligations. This diluted the Group's ownership interest in Seven West Media to 38.9 per cent.

(c) Acquired as part of Boral acquisition. Ownership interest reflects Boral's ownership, of which the Group has a 69.6 per cent interest.

(d) Acquired as part of Boral acquisition and disposed of on 1 October 2021. Refer to Note 34: Discontinued Operations for further detail.

The country of incorporation of the above associates and joint ventures is also their principal place of business.

	2022 \$m	2021 \$m
Investments in associates		
Beach Energy Limited	1,137.9	1,000.3
Boral Limited	–	1,440.4
Seven West Media Limited	244.4	281.5
Individually immaterial associates	216.4	33.7
Investments in joint ventures		
Individually immaterial joint ventures	29.9	31.5
Total investments accounted for using the equity method	1,628.6	2,787.4

Beach Energy is a listed oil and gas exploration, development and production company based in Australia with investments in the resource industry. The Group's investment in Beach Energy is held for strategic purposes and is disclosed within the Energy segment.

Seven West Media is the leading listed national multi-platform media business based in Australia. The Group's investment in Seven West Media is held for strategic purposes and disclosed within the Media investments segment.

	2022 \$m	2021 \$m
SHARE OF INVESTEEES' NET PROFIT		
Investments in associates		
Beach Energy Limited	153.1	87.8
Boral Limited	–	21.5
Seven West Media Limited	82.1	128.0
Individually immaterial associates	21.7	1.0
Investments in joint ventures		
Individually immaterial joint ventures	0.3	1.1
Total share of net profit of equity accounted investees	257.2	239.4

Total share of net profit of equity accounted investees does not include the loss on dilution events that occurred during the during the year. A dilution loss of \$10.2 million was recognised on Seven West Media. This loss is included within the equity accounted result for the Media Segment in Note 2: Operating segments.

	2022 \$m	2021 \$m
MARKET VALUES OF LISTED INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Beach Energy Limited		
Book value	1,137.9	1,000.3
Market value	1,171.0	849.1
Boral Limited		
Book value	–	1,440.4
Market value	–	2,197.9
Seven West Media Limited		
Book value	244.4	281.5
Market value	244.4	281.5

An impairment of \$83.4 million (2021: impairment reversal of \$92.9 million) relating to the Group's investment in Seven West Media was recognised in profit or loss during the year.

During the year, the Group received cash dividends and distributions from equity accounted investees of \$22.1 million (2021: \$13.0 million).

During the year, \$51.0 million (2021: \$376.8 million) was incurred as non-cash investing expenditure in relation to the Group's investment in Boral (2021: Beach and Boral). Refer to Note 21: Interest bearing loans and borrowings for further detail.

Operating Assets and Liabilities

11. Investments accounted for using the equity method (continued)

The summarised financial information for the Group's material associates is detailed below. The information disclosed reflects the amounts presented in the financial statements of the relevant associate and not the Group's share of those amounts.

	ASSOCIATE		ASSOCIATE		ASSOCIATE	
	BEACH		BORAL		SEVEN WEST MEDIA	
	2022 \$m	2021 \$m	2022 \$m	2021 [^] \$m	2022 \$m	2021 \$m
SUMMARISED FINANCIAL INFORMATION OF INVESTEES (100%)						
Summarised Statement of Financial Position						
Current assets						
Cash and cash equivalents	254.5	126.7	–	903.8	37.9	253.3
Other current assets	441.3	544.2	–	4,365.9	386.9	411.6
Total current assets	695.8	670.9	–	5,269.7	424.8	664.9
Non-current assets						
Goodwill	57.1	57.1	–	71.2	–	–
Intangible assets	20.0	20.0	–	1.2	718.7	680.3
Other non-current assets	4,329.2	3,931.2	–	2,388.1	239.2	178.5
Total non-current assets	4,406.3	4,008.3	–	2,460.5	957.9	858.8
Current liabilities						
Financial liabilities ^(a)	14.7	77.0	–	55.3	12.1	10.5
Other current liabilities	476.9	322.0	–	1,225.1	394.2	506.1
Total current liabilities	491.6	399.0	–	1,280.4	406.3	516.6
Non-current liabilities						
Financial liabilities ^(a)	18.3	26.0	–	1,789.1	480.6	687.1
Other non-current liabilities	1,052.3	1,166.4	–	205.0	232.2	235.6
Total non-current liabilities	1,070.6	1,192.4	–	1,940.0	712.8	922.7
Net assets	3,539.9	3,087.8	–	4,334.8	263.6	84.4
Group's share (%)	30.02%	30.02%	–	26.08%	38.91%	40.23%
Group's share of net assets	1,062.7	927.0	–	1,130.5	102.6	34.0
Share of impairment/(impairment reversal) not recognised as previously impaired	–	–	–	–	571.0	571.0
Adjustment to align accounting policies	–	–	–	–	(18.5)	(18.5)
Share of rights issue not taken up	–	–	–	–	(125.2)	(125.2)
Change in ownership interest	73.3	73.3	–	302.3	150.7	173.0
Impairment	–	–	–	–	(436.2)	(352.8)
Other	1.9	–	–	7.6	–	–
Carrying amount	1,137.9	1,000.3	–	1,440.4	244.4	281.5
Summarised Statement of Comprehensive Income						
Revenue	1,771.4	1,562.0	–	5,345.7	1,539.6	1,269.6
Depreciation and amortisation	(376.2)	(429.5)	–	(437.4)	(133.6)	(116.6)
Net interest expense	(13.5)	(5.5)	–	(130.6)	(40.3)	(61.4)
Income tax (expense)/benefit	(215.8)	(120.3)	–	(63.3)	(72.3)	(127.5)
Profit/(loss) for the year	500.8	316.5	–	639.9	211.1	318.1
Other comprehensive income	(5.5)	0.3	–	(232.7)	(20.4)	3.0
Total comprehensive income for the year	495.3	316.8	–	407.2	190.7	321.1
Dividends received by the Group	13.7	13.0	–	–	–	–

[^] Amounts have been restated.

(a) Financial liabilities excluding trade and other payables and provisions.

12. Right of use assets and lease liabilities

Accounting policy

The Group assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether the contract is dependent on an identified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset.

The Group as a lessee

The Group recognises a right of use asset and a lease liability at the lease commencement date. The lease commencement date is the date the underlying asset is available for use by the lessee.

The right of use asset is initially measured at cost, comprising the initial lease liability, any lease payments already made less lease incentives received, initial direct costs and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.

The lease liability is measured at the present value of the lease payments discounted at the rate implicit in the lease, or if that cannot be determined, at the lessee's incremental borrowing rate specific to the entity, term, country and currency of the contract. Lease payments can include fixed payments, variable payments that depend on a specified rate or index, extension option payments or purchase options if the Group is reasonably certain to exercise the option and termination payments if the lease term reflects the Group exercising a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured with a corresponding adjustment to the right of use asset when there is a change in future lease payments resulting from a rent review, a change in an index or rate such as inflation, or a change in the Group's assessment of whether it is reasonably certain to exercise a purchase or extension option or not exercise a break option.

Leases of low value assets and short term leases of 12 months or less are expensed to the profit or loss, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

The Group as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Where the Group is an intermediate lessor the sub-lease classification is assessed with reference to the head lease right of use asset. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment into the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the lease. Rental income from operating leases is recognised on a straight line basis over the term of the lease.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The most significant judgement is the selection of an appropriate discount rate to calculate the lease liability. The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The Group uses the incremental borrowing rate for all leases. Incremental borrowing rates depend on the entity, term, country, currency and commencement date of the lease. The incremental borrowing rate is determined as required on a series of inputs including the risk free rate based on government bond rates, a credit risk adjustment based on the actual or inferred credit rating of an entity and a country specific risk adjustment.

Management exercises judgement in determining the likelihood of exercising break or extension options in determining the lease term. Break and extension options are included to provide operational flexibility should the economic outlook for an asset be different to expectations. At commencement of the lease, break or extension options are not normally considered reasonably certain to be exercised, unless there is a valid business reason otherwise.

Operating Assets and Liabilities

12. Right of use assets and lease liabilities (continued)

Movement in right of use assets

YEAR ENDED 30 JUNE 2022	Note	Land and buildings \$m	Plant and equipment \$m	Hire fleet \$m	Motor vehicles \$m	Total \$m
Carrying amount at beginning of the year		538.9	2.3	16.9	36.9	595.0
Additions		50.4	3.9	0.4	28.7	83.4
Modifications		10.6	0.7	1.7	3.0	16.0
Impairment		(0.7)	(0.1)	–	(0.1)	(0.9)
Disposals		(0.7)	–	(2.0)	(0.6)	(3.3)
Depreciation		(64.1)	(7.5)	(9.0)	(26.9)	(107.5)
Amounts acquired in a business combination	33	70.0	32.3	–	20.4	122.7
Transfers		0.3	2.9	–	(2.0)	1.2
Exchange differences		0.3	–	–	–	0.3
Carrying amount at end of the year		605.0	34.5	8.0	59.4	706.9
At cost		1,047.9	58.3	46.3	163.1	1,315.6
Accumulated depreciation		(442.9)	(23.8)	(38.3)	(103.7)	(608.7)
Total right of use assets		605.0	34.5	8.0	59.4	706.9

YEAR ENDED 30 JUNE 2021

Carrying amount beginning of the year		567.1	1.4	26.7	41.4	636.6
Additions		19.5	1.6	0.3	12.0	33.4
Modifications		6.7	0.9	0.4	0.6	8.6
Impairment		(0.4)	–	–	–	(0.4)
Disposals		(7.1)	(0.1)	(1.0)	(1.1)	(9.3)
Depreciation		(46.5)	(1.5)	(9.5)	(16.0)	(73.5)
Exchange differences		(0.4)	–	–	–	(0.4)
Carrying amount at end of the year		538.9	2.3	16.9	36.9	595.0
At cost		856.1	4.8	63.4	80.9	1,005.2
Accumulated depreciation		(317.2)	(2.5)	(46.5)	(44.0)	(410.2)
Total right of use assets		538.9	2.3	16.9	36.9	595.0

	Note	2022 \$m	2021 \$m
Amounts recognised in profit or loss			
Depreciation expense on right of use assets		107.5	73.5
Interest expense on lease liabilities	5	55.4	52.8
Expense relating to short-term leases		63.0	11.5
Expense relating to leases of low value assets		7.8	3.5
Lease liabilities			
Amounts due for settlement within 12 months (shown under current liabilities)		75.5	49.4
Amounts due for settlement after 12 months (shown under non-current liabilities)		888.8	785.7
Total lease liabilities		964.3	835.1
Lease Liabilities (undiscounted) maturity analysis:			
Not later than one year		130.2	99.8
Later than one year but not later than two years		108.4	89.5
Later than two years but not later than five years		270.6	221.9
Later than five years but not later than ten years		354.5	334.7
Later than ten years but not later than 20 years		618.4	598.3
Later than 20 years		150.3	164.6
Total undiscounted lease liabilities		1,632.4	1,508.8

13. Property, plant and equipment

Accounting policy

Property, plant and equipment is measured at historical cost less accumulated depreciation and impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenditure is capitalised in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance is charged to the profit or loss during the reporting period in which they are incurred.

Freehold land is not depreciated. The cost of improvements to or on leasehold properties is amortised over the shorter of the unexpired period of the lease or the estimated useful life of the improvement to the Group.

Depreciation on the following assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	10 – 100 years
Leasehold improvements	1 – 25 years
Hire fleet	3 – 13 years
Plant and equipment	2 – 20 years

Mineral reserves, licences and quarry stripping assets are depreciated over the expected life of the identified resources using the units of production method.

Mineral reserves, licences and quarry stripping	1 – 100+ years
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Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date. 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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimation of useful lives of assets has been based on historical experience. In addition, the condition of assets is assessed at least annually and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Movement in property, plant and equipment

YEAR ENDED 30 JUNE 2022	Freehold land and buildings \$m	Leasehold improvements \$m	Mineral reserves, licences and quarry stripping \$m	Hire fleet \$m	Plant and equipment \$m	Total \$m
Carrying amount at beginning of the year	46.2	43.5	–	771.6	105.9	967.2
Additions	12.7	5.1	35.7	271.4	299.2	624.1
Transfer	86.2	(2.5)	12.6	(3.4)	(104.2)	(11.3)
Disposals	(6.1)	–	–	(20.1)	(4.7)	(30.9)
Depreciation	(14.0)	(5.5)	(26.3)	(148.3)	(164.2)	(358.3)
Exchange differences	–	–	–	0.9	0.2	1.1
Amounts acquired in a business combination ^(b)	919.8	–	269.3	–	1,049.4	2,238.5
Other ^(a)	–	–	–	(2.7)	(3.0)	(5.7)
Carrying amount at end of the year	1,044.8	40.6	291.3	869.4	1,178.6	3,424.7
At cost	1,214.0	112.6	548.5	1,960.9	3,744.1	7,580.1
Accumulated depreciation	(169.2)	(72.0)	(257.2)	(1,091.5)	(2,565.5)	(4,155.4)
Total property, plant and equipment	1,044.8	40.6	291.3	869.4	1,178.6	3,424.7

(a) Other includes net transfer from inventory, impairments or reclassifications.

(b) Amounts acquired in a business combination includes amounts relating to the Boral acquisition (refer to Note 33: Business combination) and other immaterial acquisitions during the year.

Operating Assets and Liabilities

13. Property, plant and equipment (continued)

YEAR ENDED 30 JUNE 2021	Freehold land and buildings \$m	Leasehold improvements \$m	Mineral reserves, licences and quarry stripping \$m	Hire fleet \$m	Plant and equipment \$m	Total \$m
Carrying amount at beginning of the year	37.2	42.6	–	801.2	100.9	981.9
Additions	10.5	6.1	–	118.0	29.4	164.0
Disposals	(0.4)	(0.1)	–	(21.2)	(2.0)	(23.7)
Depreciation	(0.7)	(5.9)	–	(151.4)	(20.8)	(178.8)
Exchange differences	–	–	–	(0.9)	(0.2)	(1.1)
Transfer to assets classified as held for sale	–	–	–	(0.4)	–	(0.4)
Other ^(a)	(0.4)	0.8	–	26.3	(1.4)	25.3
Carrying amount at end of the year	46.2	43.5	–	771.6	105.9	967.2
At cost	55.8	111.9	–	1,863.4	314.8	2,345.9
Accumulated depreciation	(9.6)	(68.4)	–	(1,091.8)	(208.9)	(1,378.7)
Total property, plant and equipment	46.2	43.5	–	771.6	105.9	967.2

(a) Other includes net transfer from inventory, impairments and reclassifications.

In the prior year, Coates reviewed the residual values of certain categories of hire fleet assets to reflect disposal experience. This resulted in a reduction in the useful lives of certain hire assets, increasing depreciation by \$0.9 million.

14. Producing and development assets

Accounting policy

Producing and development assets are carried at historical cost less accumulated depreciation.

Development costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within development assets.

Depreciation/amortisation

Producing oil and gas properties are depreciated/amortised on a unit of production basis over the total proved developed and undeveloped reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Assessment of recoverable amount and key assumptions used

Producing and development asset valuations are based on the expected production profile of reserves and resources and various estimates and assumptions. For the purposes of assessing impairment, the recoverable amount of an asset or cash generating unit (CGU) are based on the greater of its fair value less costs of disposal (FVLCD) and its value-in-use (VIU), using a discount rate specific to the asset. Where the carrying value is less than the recoverable value, an impairment is expensed in the profit or loss.

The estimated future cash flows for the VIU calculation are based on various estimates, the most significant of which are reserves, future production profiles, commodity prices, operating costs and any future development costs necessary to produce the reserves. For the FVLCD calculation, future cash flows are based on estimates of reserves in addition to other relevant factors such as value attributable to additional resources and additional tolling arrangements.

The cash flow projections for Bivins Ranch and Longtom reflect the expected production profile of reserves and resources. The discount rates applied to the forecast cash flows are based on the weighted average cost of capital adjusted for risks where appropriate including the functional currency of the asset and the risk profile of the country in which the asset operates. The post-tax discount rates that have been applied range between 8.0 to 8.6 per cent (2021: between 7.9 to 8.0 per cent).

The cash flow projections for the Crux Joint Operation (Crux JO) include assumptions on the expected production profile of reserves and resources, facility design, project development cost (including input price escalation), a long-term oil price assumptions of US\$72/bbl (2021: US\$60/bbl) has been used to estimate a long-term LNG price and post-tax discount rate of 8.0 per cent (2021: 7.9 per cent). It is possible a change in these assumptions could result in an adjustment to the carrying value of the Crux JO.

Estimates on reserve quantities and quality

The estimated quantities and quality of reserves and resources are integral to the calculation of amortisation expense and the assessment of the recoverable amount of assets. Estimated reserve and resource quantities and quality is based on interpretations of geological and geophysical models and assessments of technical feasibility and commercial viability of future production. These estimates require assumptions to be made regarding future development and production costs, commodity prices and exchange rates. The estimates of reserves and resources may change from period to period, and as additional geological data is generated or obtained from the operator during the course of the operations. Reserves and resource estimates are prepared in accordance with relevant local guidelines, including SPE-PRMS guidelines in Australia prepared by the Society of Petroleum Engineers.

Pipeline and gas processing availability

The Longtom gas and condensate field is connected to the Patricia Baleen pipeline and the Orbest Gas Plant. The estimated cash flows are predicated on achieving contractual access to this infrastructure in order to transport and process gas and condensate produced by the field. Negotiations in respect of securing access to these facilities are ongoing, and should this not be secured, it is reasonably possible that an adjustment to the carrying amount of the Longtom asset (\$112.2 million) could be required.

Estimation on commodity prices

The Group's best estimate of future commodity prices is made with reference to internally derived forecast data, current spot prices, external market analysts forecast and forward curves. Future commodity price assumptions impact the recoverability of carrying values and are reviewed at least annually.

Climate change

Current climate change legislation is considered in estimating cash flows. Climate change risks may result in a proportion of reserves becoming incapable of economic extraction, demand for hydrocarbons decreasing due to policy, regulation including carbon pricing, legal, technological, market or societal responses to climate change and physical aspects related to extreme weather events or climate change.

Operating Assets and Liabilities

14. Producing and development assets (continued)

Movement in producing and development assets

	Note	2022 \$m	2021 \$m
Carrying amount at beginning of the year		112.2	112.2
Transfer from exploration and evaluation	15	253.5	–
Carrying amount at end of the year		365.7	112.2
At cost		505.0	240.5
Accumulated depreciation		(22.7)	(21.5)
Accumulated impairment		(116.6)	(106.8)
Total producing and development assets		365.7	112.2

Joint operation

Producing and development assets comprise of the Group's operating interests, through its wholly-owned subsidiaries, to the following ventures:

- the Longtom gas and condensate field located in the Bass Strait off the coast of Victoria through SGH Energy VICP54 Pty Limited;
- the Crux AC/L10 oil and gas project located off the coast of Western Australia through SGH Energy WA Pty Limited; and
- the Bivins Ranch oil and gas asset located in the Texas Panhandle region of the United States through Seven Network (United States) Inc.

Asset	Operator of joint operation	UNINCORPORATED INTEREST	
		2022 %	2021 %
Crux AC/L10 ^(a)	Shell Australia Pty Limited	15.5	–
Bivins Ranch	Presidio Petroleum LLC	11.2	11.2

(a) In the prior year, the Group's 15.0 per cent investment was classified within exploration and evaluation assets.

In May 2022, Shell Australia Pty Limited (Shell Australia) and Seven Group Holdings, confirmed Final Investment Decision (FID) to approve the development of the Crux AC/L10 natural gas and condensate field off the coast of Western Australia resulting in a Group interest of 15.5 per cent. The Crux asset is a primary source of back fill gas supply to the Shell Operated Prelude floating liquefied natural gas facility (Prelude FLNG). Both the Prelude FLNG and Crux AC/L10 projects are operated by Shell Australia. The Crux asset now moves into construction phase with first gas expected in 2027. During May 2022, the Crux production licence was accepted and received with the Crux permit now referenced as AC/L10 (formerly AC/RL9).

As at 30 June 2022, the Group performed an impairment review of its producing and development assets in accordance with AASB 136: Impairment of Assets. The review has not indicated any trigger events or indicator that the Longtom or Crux asset may be impaired.

Contingent liabilities in respect of joint venture operations are detailed in Note 28: Contingent liabilities and development expenditure commitments and capital commitments in respect of joint venture operations are detailed in Note 29: Commitments.

15. Exploration and evaluation assets

Accounting policy

Exploration and evaluation expenditure is accounted for using the successful efforts method of accounting.

Exploration and evaluation assets

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee benefits, materials and fuel used, rig costs and payments made to contractors.

If no potentially commercial hydrocarbons are discovered, the exploration asset is expensed through profit or loss as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an exploration and evaluation asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an exploration and evaluation asset.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least annually. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are expensed to the profit or loss. When proved reserves of oil and natural gas are identified, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to producing and development assets. Other than licence costs, no amortisation is charged during the exploration and evaluation phase.

The ultimate recoupment of the carrying value of the Group's exploration and evaluation assets is dependent on successful commercial exploitation, or the sale of the respective area of interest.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Recoverability of exploration and evaluation assets

Assessment of recoverability of capitalised exploration and evaluation expenditure requires certain estimates and assumptions to be made as to future events and circumstances, particularly in relation to whether economic quantities of reserves will be discovered or whether further evaluation work is underway or planned to support continued carry forward of capitalised costs. Such estimates and assumptions may change as new information becomes available. For the purpose of assessing impairment, the calculation of recoverable amount, including estimated cash flows and determining discount rate, are the same as for producing and development assets as included within Note 14: Producing and development assets.

Movement in exploration and evaluation assets

	Note	2022 \$m	2021 \$m
Carrying amount at beginning of the year		239.0	235.7
Additions		14.5	3.3
Transfer to producing and development assets	14	(253.5)	–
Carrying amount at end of the year		–	239.0
At cost		–	239.0
Total exploration and evaluation assets		–	239.0

In May 2022, Shell Australia Pty Limited (Shell Australia) and Seven Group Holdings, have taken FID to approve the development of the Crux AC/L10 gas and condensate field off the coast of Western Australia. Accordingly, the asset is now classified within Note 14: Producing and development assets.

The Echuca Shoals WA-377P exploration permit was cancelled on 22 December 2020. The carrying value of WA-377P had been fully impaired in previous years. An application for Good Standing has been submitted to the Responsible Authority which is currently under review.

Contingent liabilities in respect of exploration and evaluation assets are detailed in Note 28: Contingent liabilities. Exploration expenditure commitments and capital commitments in respect of joint operations, including details of the Good Standing application, are detailed in Note 29: Commitments.

Operating Assets and Liabilities

16. Intangible assets

Accounting policy

Distribution networks

The distribution networks of the Group are considered by the Directors to be identifiable intangible assets.

The Directors are of the opinion that the distribution networks have an indefinite useful life, and as such the distribution networks are not subject to amortisation but rather are tested annually for impairment or more frequently if events or changes in circumstances indicate impairment. The basis for the classification of indefinite life is that the dealership agreements do not require specific renewal over set intervals thus the distribution rights continue uninterrupted unless a cause to terminate is triggered.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/equity accounted investee at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is not amortised, but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs (or groups of CGUs) for the purpose of impairment testing. Each of those CGUs (or groups of CGUs) represents the Group's investment in each country of operation by each operating segment.

Brand names

Brand names have been assessed as having an indefinite useful life and as a result are not amortised. Instead, brand names are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and are carried at cost less accumulated impairment losses.

Impairment of intangible assets

Goodwill and intangible assets that have an indefinite life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less cost of disposal. 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 impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are recognised in profit or loss unless the asset has previously been revalued, in which case the impairment is recognised as a reversal to the extent of that previous revaluation with any excess recognised in profit or loss.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Dependency on key suppliers

WesTrac is dependent on Caterpillar to maintain its authorisation as an authorised dealer of Caterpillar equipment and parts in Western Australia and New South Wales/Australian Capital Territory. WesTrac has maintained a strong relationship with Caterpillar and although WesTrac expects this relationship to continue, as is customary in dealer agreements with Caterpillar, the dealer agreement can be terminated by either party upon 90 days notice at any time.

The Group is dependent on Caterpillar for timely supply of equipment and parts from their global manufacturing factories and distribution warehouses. During periods of intense demand or in the event of disruption to Caterpillar's business there may be delays in the supply of equipment and parts to WesTrac. This has not in the past proven to be an impediment to WesTrac.

Management judgement is required to estimate the impact of the loss of key suppliers on future earnings, supporting existing goodwill and intangible assets.

Impairment of intangible assets

In accordance with AASB 136: Impairment of Assets, the recoverable amount of assets is the greater of its value-in-use and its fair value less cost of disposal. In the absence of quoted market prices, an asset's value-in-use or fair value less cost of disposal is calculated by estimating the present value of future cash flows using an asset specific discount rate. These calculations also require the use of assumptions regarding profit margins, growth rates and discount rates.

Movement in intangible assets

	Goodwill \$m	Distribution network \$m	Brand names \$m	Other ^(a) \$m	Total \$m
YEAR ENDED 30 JUNE 2022					
Carrying amount at beginning of the year	1,145.5	329.9	126.4	25.6	1,627.4
Additions	1.3	–	–	6.9	8.2
Amounts acquired in a business combination ^(b)	1,232.9	–	81.2	17.7	1,331.8
Disposals	–	–	–	(1.4)	(1.4)
Amortisation	–	–	–	(8.6)	(8.6)
Impairment	(728.4)	–	–	–	(728.4)
Transfers	1.1	(1.1)	–	–	–
Carrying amount at end of the year	1,652.4	328.8	207.6	40.2	2,229.0
At cost	2,380.8	328.8	207.6	92.1	3009.3
Accumulated impairment	(728.4)	–	–	–	(728.4)
Accumulated amortisation	–	–	–	(51.9)	(51.0)
Total intangible assets	1,652.4	328.8	207.6	40.2	2,229.0
YEAR ENDED 30 JUNE 2021					
Carrying amount at beginning of the year	1,145.4	324.7	126.4	26.8	1,623.3
Additions	1.2	4.1	–	6.8	12.1
Amortisation	–	–	–	(8.0)	(8.0)
Transfer	(1.1)	1.1	–	–	–
Carrying amount at end of the year	1,145.5	329.9	126.4	25.6	1,627.4
At cost	1,145.5	329.9	126.4	52.6	1,654.4
Accumulated amortisation	–	–	–	(27.0)	(27.0)
Total intangible assets	1,145.5	329.9	126.4	25.6	1,627.4

(a) Other includes the following finite lived intangibles; intellectual property, contracts from acquisition (useful life 5 years) and software (useful life 4–10 years).

(b) Amounts acquired in a business combination includes amounts relating to the Boral acquisition (refer to Note 33: Business combination) and other immaterial acquisitions during the year.

Operating Assets and Liabilities

16. Intangible assets (continued)

Impairment of intangible assets

Impairment tests for goodwill, distribution network and brand names

Goodwill, distribution network and brand name costs are allocated to the Group's CGUs identified according to the appropriate operating segment. A segment level summary of the allocation is presented below.

	Goodwill \$m	Distribution network \$m	Brand names \$m	Total \$m
YEAR ENDED 30 JUNE 2022				
WesTrac	98.2	326.8	–	425.0
Coates	1,049.9	2.0	126.4	1,178.3
Boral	504.3	–	81.2	585.5
Total goodwill, distribution network and brand names	1,652.4	328.8	207.6	2,188.8
YEAR ENDED 30 JUNE 2021				
WesTrac	95.6	327.9	–	423.5
Coates	1,049.9	2.0	126.4	1,178.3
Total goodwill, distribution network and brand names	1,145.5	329.9	126.4	1,601.8

Goodwill, distribution network and brand names

The carrying amount of goodwill and other indefinite life intangibles is tested for impairment annually at 30 June and whenever there is an indicator that the asset may be impaired. Where an asset is deemed to be impaired, it is written down to its recoverable amount. The recoverable amount is based on value-in-use calculations. These recoverable calculations use discounted cash flow projections based on financial budgets and forecasts approved by management. Cash flow projections utilised for value-in-use financial budgets cover a five year period with growth rate used to extrapolate cash flow projections for subsequent years.

Key assumptions used for value-in-use calculations

	2022 Growth rate ^(a) %	2022 Discount rate (pre-tax) %	2021 Growth rate ^(a) %	2021 Discount rate (pre-tax) %
WesTrac	2.0	11.76	2.00	11.28
Coates	2.0	11.64	2.00	12.00
Boral	2.5	11.43	–	–

(a) The weighted average growth rate used to extrapolate cash flows beyond the budget or forecast period.

Growth rate assumptions have been determined with reference to historical company experience and expectations of long-term operating conditions. The growth rates do not exceed long-term industry growth rates for the industry in which the business operates. Discount rate assumptions above reflect the Group's estimate of the time value of money and specific risks to the relevant segments and the countries in which they operate. In determining appropriate discount rates, consideration has been given to the estimated Weighted Average Cost of Capital for the Group, adjusted for business specific risks to the CGU. The discount rate for Coates was increased in the prior year to reflect the risk of COVID-19. The discount rate for Boral was increased to reflect forecast risk, including risk of new COVID-19 variants.

Impairment of goodwill

An impairment loss of \$728.4 million has been recognised at 30 June 2022 relating to Boral goodwill recognised on acquisition. Boral's performance during the year and the extended time to deliver returns has reduced the recoverable amount at value-in-use below its carrying value.

Sensitivity analysis

Based on sensitivity analysis performed no reasonable change in the key assumptions above would give rise to an impairment for WesTrac or Coates. As the recoverable amount of Boral equals its carrying value, any adverse movement in key assumptions may lead to a further impairment. The recoverable amount of Boral is sensitive to movements in the following assumptions as set out in the table on the following page, assuming all other assumptions remain unchanged:

Movement in key assumptions

IMPACT ON RECOVERABLE AMOUNT	Increase \$m	Decrease \$m
Growth rate – increase 0.5% / decrease 0.5%	197.5	(164.5)
Discount rate – increase 0.5% / decrease 0.5%	(196.8)	236.4

17. Provisions

Accounting policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required on settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities assumed in a business combination where the fair value of contingent liabilities of the acquiree are present obligations arising from a past event and the fair values can be reliably estimated, even if it is not probable that an outflow of resources will occur, are included in provisions.

Restoration and environmental rehabilitation	<p>A provision for restoration or decommissioning is recognised when there is a legal or constructive obligation to do so. A corresponding restoration or decommissioning asset is created equivalent to the amount of the provision. The amount recognised is the estimated cost of restoration, discounted to its net present value. This is reassessed each year in accordance with local conditions and requirements.</p> <p>The restoration and environmental rehabilitation provision comprise mainly:</p> <ul style="list-style-type: none"> – rehabilitation obligations for decommissioning, removal and repair of site and restoration of quarries; – remediation obligations for any identified environmental contamination of sites owned by the Group, or contamination that the Group has caused, to enable ongoing use of the land as an industrial property or future development; – makegood provisions included in the lease agreements for which the Group has a legal or constructive obligation; and – restoration and decommissioning costs associated with environmental obligations.
Claims	<p>A provision is raised for liabilities arising from the ordinary course of business in relation to claims against the Group, including self-insurance, workers compensation insurance, legal and other claims. Where recoveries are considered virtually certain in respect of such claims, these are included in other receivables.</p>
Other	<p>Other provisions includes provisions for:</p> <ul style="list-style-type: none"> – rationalisation and restructuring which are recognised when steps have been taken to implement a detailed plan, including discussions with affected personnel, with employee related costs recognised over the period of any required future service; – onerous contracts in which the unavoidable cost of meeting the obligations under the contract exceeds the economic benefit expected to be received; – unfavourable contracts acquired in a business combination where the fair value of contracts are unfavourable when compared with current market terms; and – fair value of make-whole costs for debt holders early repayment on fixed term debt on restructure.

Operating Assets and Liabilities

17. Provisions (continued)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Restoration and environmental rehabilitation

Management is required to make judgements regarding content level of disturbance, remaining asset life, removal method, future legislation, reclamation activities required, engineering estimating methodologies, future removal technologies and discount rates to determine the present value of the cash flows.

Most of these decommissioning events are many years in the future and the precise requirements that have to be met when the removal event occurs are uncertain. Changes in the estimates of restoration cost are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to the restoration asset.

Oil and gas

The Group holds provisions for the future removal costs of oil and gas production facilities and pipelines at different stages of the development, construction and end of their economic lives. The provision includes the following costs:

- for offshore assets, provision has been made for restoration plans including installation of permanent well barriers, sever casings and conductors, recovery of nearshore subsea flowlines, umbilicals and manifolds. It is currently the Group's intention to leave all subsea pipelines in-situ on the basis of restoration plans delivering equal or better environmental, safety and well integrity outcomes than removal. In the event that removal of all or a substantial portion was required, the Group estimates the additional cost would lead to an increase to the provision of approximately \$15.0 million.
- for non-operated joint venture assets, the provision recorded represents the Group's share of the relevant Joint Venture operator estimate as responsibility for the restoration will reside with the operator who has the best knowledge and understanding of the assets. The Group regularly assesses the operator estimates with the assistance of experts appointed by the Group.

Actual costs and cash outflows can materially differ from the current estimate as a result of changes in regulations and their application, prices, analysis of site conditions, further studies, timing of restoration, achievability of restoration efficiencies (such as joint campaigning or use of vessels in the vicinity) and changes in removal technology.

Discount rates used to determine the present value of future cash flows was 3.6 per cent (2021: 5.2 per cent), based on applicable government bonds with a tenure aligned to the tenure of the liability. If the discount rate was decreased by 0.5 per cent, it would lead to an increase in the provision of approximately \$6.0 million.

Quarries

The Group holds provisions for the future rehabilitation costs of quarries. The Group's provision includes cost of demolition of quarry plant and equipment and rehabilitation of pits.

Actual costs and cash outflows can materially differ from the current estimate as a result of changes in regulations and their application, prices, analysis of site conditions, further studies, timing of demolition and restoration, potential for site for earth exchange or landfill and changes in removal or restoration technology. Whilst we believe that the mitigation of outflows is probable, in the event that the expected earth exchange or land fill mitigation of outflows are not fully realised or available, the Group estimates this would lead to an increase to the provision of approximately \$69.0 million over the life of the quarries.

Discount rate used to determine the present value of future cash flows was 4.0 per cent, based on applicable government bonds with a tenure aligned to the tenure of the liability. If the discount rate was decreased by 0.5 per cent it would lead to an increase to the provision of approximately \$15.0 million.

Movement in provisions

YEAR ENDED 30 JUNE 2022	Note	Restoration \$m	Claims \$m	Other \$m	Total \$m
Balance at beginning of the year		61.8	–	38.4	100.2
Amounts assumed in a business combination	33	198.5	65.7	194.8	459.0
Amounts provided for		15.0	10.2	29.4	54.6
Amounts used		(4.5)	(7.3)	(17.1)	(28.9)
Write-back of provision		–	–	(6.0)	(6.0)
Exchange differences		3.1	1.2	–	4.3
Transfer		14.9	–	(14.9)	–
Unwind of discount		8.0	–	–	8.0
Balance at end of the year		296.8	69.8	224.6	591.2
Current		37.8	26.9	69.3	134.0
Non-current		259.0	42.9	155.3	457.2
Total provisions		296.8	69.8	224.6	591.2
YEAR ENDED 30 JUNE 2021					
Balance at beginning of the year		58.7	–	38.3	97.0
Amounts provided for		–	–	7.6	7.6
Amounts used		–	–	(5.4)	(5.4)
Write-back of provision		–	–	(2.1)	(2.1)
Unwind of discount		3.1	–	–	3.1
Balance at end of the year		61.8	–	38.4	100.2
Current		0.1	–	30.0	30.1
Non-current		61.7	–	8.4	70.1
Total provisions		61.8	–	38.4	100.2

Provisions above include contingent liabilities assumed in business combination of Boral including:

- Restoration – includes non-current environmental remediation with a carrying amount at the end of the year of \$20.0 million. No amounts have been used during the year.
- Claims and Other – includes provisions in respect of environmental and legal matters where further disclosure of the matters and the amounts provided can be expected to prejudice the position of the Group.

Operating Assets and Liabilities

18. Employee benefits

Accounting policy

Employee benefits

Employee benefits include provisions for annual leave and long service leave.

The current provision for long service leave includes all unconditional entitlements where employees have completed the required service period and those where employees are entitled to pro-rata payments in certain circumstances. The majority of the amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave due to be settled within 12 months of the reporting date are recognised in provisions in respect of employees services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

The Group contributes to a superannuation fund which provides accumulated contribution plans. Contributions are charged against the profit or loss in the period to which they relate.

Share based payments

The fair value of options granted under the Company's cash-settled option plan is recognised as an employee benefit expense with a corresponding increase in liability. The expense and the liability incurred are measured at the fair value of the liability. The liability is recorded within Other payables.

The fair value at grant date is independently determined using Black-Scholes and Binomial option pricing models that take into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity remeasures the fair value of the options, with any changes in value recognised in the profit or loss as a finance cost.

The fair value of equity-based entitlements settled in equity instruments is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is estimated at grant date and recognised over the period during which the employees become unconditionally entitled to the equity instrument.

The amount recognised as an expense is adjusted to reflect the actual number of entitlements that vest, except where forfeiture is only due to share prices not achieving the threshold for vesting.

	2022 \$m	2021 \$m
CURRENT		
Annual leave	93.4	43.9
Long service leave	88.0	45.8
Other employee benefits	5.3	–
Total employee benefits – current	186.7	89.7
NON-CURRENT		
Long service leave	22.5	6.7
Total employee benefits – non-current	22.5	6.7

Superannuation contributions

The Group makes contributions on behalf of employees to a defined contribution superannuation fund. The amount recognised as an expense was \$113.5 million (2021: \$59.4 million) for the year ended 30 June 2022.

Share based payments (equity settled)

The amounts recognised as an expense during the year was \$5.8 million (2021: \$7.0 million) and is included within Employee benefits expense.

Cash Management

19. Cash and cash equivalents

Accounting policy

Bank balances includes cash on hand and deposits held at call with financial institutions. Call deposits include other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	2022 \$m	2021 \$m
Bank balances	381.7	144.7
Call deposits	872.9	16.2
Cash and cash equivalents	1,254.6	160.9

20. Notes to the cash flow statement

	2022 \$m	2021 \$m
Reconciliation of profit for the year to net cash flows related to operating activities		
Profit for the year	607.4	634.6
Income tax expense	166.1	128.1
Income taxes paid	(196.2)	(111.7)
Depreciation and amortisation:		
Right of use assets	107.5	73.5
Property, plant and equipment	358.3	178.8
Intangible assets	8.6	8.0
Capitalised borrowing costs amortised	13.5	4.2
Employee share movements in equity	5.8	7.0
Gain on sale of property, plant and equipment	(16.7)	(10.5)
Revaluation of equity accounted investment on acquisition of Boral	(756.8)	–
Gain on disposal of discontinued operations	(52.9)	–
Impairment/(impairment reversal) of equity accounted investee	83.4	(92.9)
Loss arising from dilution of investment in equity accounted investee	10.2	–
Impairment of intangible assets	728.4	–
Share of results from equity accounted investees	(257.2)	(239.4)
Dividends received from equity accounted investees	22.1	13.0
Unwind of interest on convertible note	9.3	8.8
Accrued investing flows for other investments	157.1	(58.1)
Other	0.2	(3.8)
Movement in:		
Trade and other receivables	(171.4)	(56.9)
Inventories	(347.8)	32.6
Other assets	(11.4)	20.6
Trade and other payables and deferred income	62.5	80.8
Provisions and employee benefits	(17.6)	5.7
Net operating cash flows	512.4	622.4

Cash Management

21. Interest bearing loans and borrowings

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities which are not incremental costs relating to the actual draw down of the facility, are recognised on a net basis against borrowings and amortised on a straight line basis over the term of the facility.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. Where borrowings have prepayment rights, modification of the borrowing may be treated as the equivalent of a prepayment, resulting in derecognition of the existing borrowing and origination of a new borrowing. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or any liabilities assumed, is recognised in other income or expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date.

	2022 \$m	2021 \$m
CURRENT		
Interest bearing liabilities	363.1	697.5
Fixed term US dollar notes and bonds	682.0	113.1
Convertible notes	322.5	–
Less: capitalised borrowing costs net of accumulated amortisation	(2.6)	(6.6)
Total interest bearing loans and borrowings – current	1,365.0	804.0
NON-CURRENT		
Interest bearing liabilities	1,644.3	450.1
Convertible notes	–	313.2
Fixed term US dollar notes and bonds	2,697.7	844.1
Fair value adjustment – cross currency swaps	(28.7)	29.5
Less: capitalised borrowing costs net of accumulated amortisation	(15.7)	(8.5)
Total interest bearing loans and borrowings – non-current	4,297.6	1,628.4

At 30 June 2022, the Group had available undrawn borrowing facilities of \$1,081.2 million (2021: \$1,936.1 million). The Group's interest bearing liabilities (including derivatives) as at 30 June 2022 had a weighted average interest rate of 4.0 per cent (2021: 3.9 per cent) including margins and unused line fees.

Details of the fair values of each of the borrowings as well as the Group's exposure to interest rate, foreign currency and liquidity risk related to interest bearing loans and borrowings is disclosed in Note 22: Financial risk management.

Interest bearing liabilities

Current interest bearing liabilities include the Group's equity swaps and short-term working capital facilities. Of the working capital facilities, \$4.5 million is secured against inventory and \$1.8 million against plant and equipment. The Group's \$2,970 million bridge financing facility drawn in July 2021 was fully repaid and terminated in April 2022. The prior year included the Company's \$431.0 million facility with Caterpillar Financial Australia Limited which was repaid in July 2021.

Non-current interest bearing liabilities include amounts drawn from the Group's revolving syndicated loan facility, long-term Inventory Rental Assistance Program Facility and subsidiary bank debt.

Equity settled swaps

In July 2021, the Group entered into further equity-settled swaps for Boral shares of \$231.1 million for total of \$450.1 million. Following Boral's capital return the amount under swap has reduced to \$270.1 million (June 2021: \$219.0 million). The Group also holds an equity settled swap over Beach shares of \$45.1 million (June 2021: \$45.1 million). The swaps mature in April 2023. Margin of \$112.5 million has been deposited and is reflected in the accounts under Trade and Other Receivables. AASB 9: Financial Instruments does not apply to either interests in associates accounted for using the equity method for the Beach swap or interests in controlled entities for the Boral swap.

Syndicated loan facility

In April 2022 the syndicated loan facility was amended to include Tranche C. The syndicated loan facility comprises three tranches A, B and C. Tranche A provides a \$558 million limit until September 2024. Tranche B provides a \$900 million limit until September 2023. Tranche C provides a limit of \$280 million to April 2027. The facility is unsecured and is supported by guarantees by the Company and certain subsidiaries within the Group.

Convertible notes

The Company issued 3,500 convertible notes (Notes) at a nominal value of \$350.0 million and paying a cash coupon of 2.2 per cent per annum. The Notes were issued on 5 March 2018 and obtained shareholder approval at the Company's 2018 Annual General Meeting. The Notes are listed on the Singapore Exchange and mature in March 2025 at their nominal value. Alternatively, they can be converted into ordinary shares at the holder's option at a conversion price of \$24 per ordinary share (subject to adjustments as stipulated in the terms of the convertible notes). Furthermore, the note holders have an early redemption option exercisable in January 2023. The fair value of the liability was calculated with reference to market interest rates for an equivalent corporate bond without a conversion feature. The total number of ordinary shares which will be issued if the convertible notes are converted is 14,607,680. As at 30 June 2022, no Notes had been converted.

Fixed term US dollar notes

The Private Placement notes are unsecured and issued in US Dollar and Australian Dollar. The US 144A notes are issued in US Dollars. Principal and coupon payments for the US Dollar denominated notes issued by WesTrac and Coates are hedged by cross currency interest rate swaps. The US Dollar denominated notes issued by Boral are hedged by cross currency interest rate swaps and US Dollar cash reserves.

The Group has issued notes denominated in US currency of US \$1,182.0 million (2021: US \$510.0 million) and A\$753.8 million with maturities ranging from 2023 to 2041. US144A notes total US \$626.9 million, maturing in 2022 and 2028. Subsequent to year end, on 12 July 2022 Boral completed the repurchase of US\$300 million of the outstanding US144A notes. Interest is payable half yearly in arrears.

The amount and maturity of the notes, including the effective hedge position, is summarised below.

Notes	Agreement	2022 Amount USD \$m	2022 Spot amount AUD \$m	2021 Amount USD \$m	2021 Spot amount AUD \$m	2022 Hedge amount AUD \$m	Interest rate (incl. margin) %	Maturity date
US\$ PRIVATE PLACEMENT NOTES								
WesTrac Series E	2006	–	–	85.0	113.1	125.2	7.56%	23 Aug 21
WesTrac Series A	2011	45.0	65.3	45.0	59.8	43.8	3.90%	7 Jun 23
WesTrac Series B	2011	55.0	79.8	55.0	73.1	53.6	4.59%	7 Jul 23
WesTrac Series C	2011	75.0	108.9	75.0	99.8	73.1	3.95%	7 Jun 26
WesTrac Series D	2011	100.0	145.2	100.0	133.0	97.4	4.66%	7 Jul 26
WesTrac Series A	2020	75.0	108.9	75.0	99.8	115.2	6.00%	7 Jul 27
WesTrac Series B	2020	75.0	108.9	75.0	99.8	115.2	6.18%	7 Jul 32
Boral Series A	2018	41.0	59.5	–	–	59.5	4.16%	1 May 27
Boral Series B	2018	24.0	34.8	–	–	34.8	4.31%	1 Mar 30
Boral Series C	2018	225.0	326.6	–	–	326.6	4.05%	16 Apr 26
Boral Series B	2020	100.0	145.2	–	–	145.2	4.58%	28 May 27
Coates Series A	2022	125.0	181.4	–	–	171.9	3.84%	12 Jan 29
Coates Series B	2022	108.0	156.8	–	–	148.5	4.17%	12 Jan 32
Coates Series C	2022	134.0	194.5	–	–	184.2	4.38%	12 Jan 34
US\$ 144A NOTES								
Boral Series A	2017	126.9	184.2	–	–	184.2	3.00%	1 Nov 22
Boral Series B	2017	500.0	725.8	–	–	731.3	3.66%	1 May 28
Total US\$ Notes		1,808.9	2,625.8	510.0	678.4	2,609.7	4.30%	
A\$ PRIVATE PLACEMENT NOTES								
WesTrac Series E	2011	–	48.8	–	48.8	48.8	7.96%	7 Jul 41
WesTrac Series C	2020	–	230.0	–	230.0	230.0	4.27%	7 Jul 30
WesTrac Series A	2021	–	75.0	–	–	75.0	3.12%	23 Aug 31
Coates Series D	2022	–	140.0	–	–	140.0	3.76%	12 Jan 29
Coates Series E	2022	–	130.0	–	–	130.0	4.09%	12 Jan 32
Coates Series F	2022	–	130.0	–	–	130.0	4.30%	12 Jan 34
Total A\$ Notes		–	753.8	–	278.8	753.8	4.27%	

Financial Assets and Liabilities

21. Interest bearing loans and borrowings (continued)

Reconciliation of liabilities arising from financing activities

Changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes, are detailed below. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

\$m	At Jun 2021	Financing cash flows	Effect of exchange rates	Other ^(a)	At Jun 2022
INTEREST BEARING LOANS AND BORROWINGS					
Interest bearing liabilities	1,147.6	722.0	–	137.8	2,007.4
Fixed term US dollar notes and bonds	957.2	534.9	221.1	1,666.5	3,379.7
Convertible notes	313.2	–	–	9.3	322.5
Capitalised borrowing costs	(15.1)	–	–	(3.2)	(18.3)
Fair value adjustment	29.5	–	–	(58.2)	(28.7)
Total interest bearing loans and borrowings	2,432.4	1,256.9	221.1	1,752.2	5,662.6
LEASE LIABILITIES					
Lease liabilities	835.1	(115.2)	7.0	237.4	964.3
Total lease liabilities	835.1	(115.2)	7.0	237.4	964.3
Total	3,267.5	1,141.7	228.1	1,989.6	6,626.9

(a) Other includes amounts acquired through business combination and non-cash movements in equity swaps.

Refer to Note 12: Right of use assets and lease liabilities for further details on lease liabilities.

22. Financial risk management

Overview

Risk management policies are established to identify and demonstrate that the Group understands and manages risk and seeks to ensure that there is consistency to the methods used in assessing, monitoring and communicating risks and that risk management efforts are aligned with the Group's strategic and business objectives.

The Group has exposure to the following risks through the normal course of its operations and from its use of financial instruments:

- (a) Market risk
- (b) Liquidity risk
- (c) Credit risk

The following presents information, both qualitative and quantitative, about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Board has established a sound system of risk oversight and management and internal control which includes the establishment of the Audit & Risk Committee (ARC). The ARC has been constituted with the function of assisting the Board to ensure that its corporate governance and oversight responsibilities are fulfilled in relation to risk management and compliance with applicable laws and regulations.

The ARC is responsible for reviewing, evaluating and making recommendations to the Board in relation to:

- assessing the risk management, compliance and control environment as it relates to the external and internal audit plans;
- overseeing financial reporting; and
- evaluating internal and external audit.

At the reporting date the Group held the following financial instruments:

	Note	2022 \$m	2021 \$m
Financial assets/(liabilities)			
Cash and cash equivalents	19	1,254.6	160.9
Financial assets/(liabilities) carried at amortised cost			
Trade and other receivables	8	1,534.7	832.3
Trade and other payables (excluding accruals)	9	(680.0)	(411.8)
Fixed term US dollar notes	21	(3,379.7)	(957.2)
Fair value adjustment relating to US dollar notes	21	28.7	(29.5)
Convertible notes	21	(322.5)	(313.2)
Interest bearing loans and borrowings	21	(2,007.4)	(1,147.6)
Financial assets carried at fair value through other comprehensive income			
Listed equity securities (excluding derivatives)	23	52.0	186.3
Unlisted equity securities	23	110.7	250.2
Derivative financial instruments designated and effective and carried at fair value through profit or loss			
Derivative financial assets	24	218.4	148.6
Derivative financial liabilities	24	(65.9)	(65.8)
Total financial assets and financial liabilities		(3,256.4)	(1,346.8)

Financial Assets and Liabilities

22. Financial risk management (continued)

(a) Market risk

The Group is exposed to market risk through foreign exchange, interest rate, equity price, commodity price and energy price risk.

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group is exposed to fluctuations in foreign currency, predominantly in United States Dollar (USD).

The Group will seek to minimise exposure to foreign exchange risk by initially seeking contracts effectively denominated in AUD where possible. Where this is not possible the Group will manage foreign exchange risk as follows:

- in certain circumstances the Group invoices customers in USD. Where the Group invoices in USD it may seek to match the USD receipt with USD denominated vendor payments. As a result, an economic hedge is created by minimising exposure to changes in the AUD/USD exchange rate. Payments and receipts are made from and to the Group's USD denominated bank account.
- external forward contracts and options are used to manage foreign exchange risk. Contracts are entered into on a transaction by transaction basis to hedge specific purchases, sales and borrowings.

The Group's foreign exchange risk from recognised assets and liabilities arises primarily from long-term USD denominated borrowings (refer to Note 21: Interest bearing loans and borrowings). The Group effectively hedges its long-term foreign denominated borrowings using a combination of designated forward exchange contracts and cross currency swaps. At times, the Company may choose to hold cash positions in USD to hedge against anticipated weakening in the AUD.

The financial statements for foreign group companies that have a functional currency different from Australian Dollars are translated into Australian Dollars on consolidation in accordance with Note 1(E): Foreign currency translation. Exchange differences arising from the translation are taken to reserves and as such the individual account balances of these Group companies are excluded from the table below.

Excluding assets and liabilities for foreign Group entities translated in accordance with Note 1, the Group's exposure to foreign currency risk was as follows, based on notional amounts:

FOREIGN CURRENCY RISK	2022 US\$m	2021 US\$m
Cash and cash equivalents	10.3	28.2
Trade and other receivables	98.9	78.3
Trade and other payables	(247.6)	(56.7)
Borrowings	(1,708.9)	(510.0)
Unlisted equity securities	76.3	188.1
Derivative financial instruments	99.8	63.4
Closing exchange rates ^(a)	0.6889	0.7518

(a) Closing rate per the Reserve Bank of Australia at 4pm (AEST) on 30 June 2022.

Sensitivity analysis

As at 30 June 2022, the closing AUD/USD exchange rate was 0.6889 (2021: 0.7518) as reported by the Reserve Bank of Australia. A foreign currency sensitivity of +/- five per cent has been selected and is considered reasonable given the historical AUD/USD exchange rates prevailing in the year ended 30 June 2022. During the year, the average AUD/USD exchange rate was 0.7258 (2021: 0.7468) and traded within a range of 0.6879 to 0.7615 (2021: 0.6895 to 0.7970).

At 30 June 2022, had the AUD/USD exchange rate moved by five per cent, with all other variables held constant, post tax profit/(loss) and equity would have been affected as illustrated in the table below:

	2022 Profit/(loss) \$m	2022 Equity \$m	2021 Profit/(loss) \$m	2021 Equity \$m
JUDGEMENT OF REASONABLY POSSIBLE MOVEMENTS				
AUD to USD +5%	6.9	0.9	(2.2)	(6.2)
AUD to USD -5%	(7.7)	(0.4)	2.4	7.0

A sensitivity of five per cent is considered reasonable given the current level of prices and the volatility observed both on a historical basis and market expectations for future movements.

Adverse versus favourable movements are determined relative to the net underlying exposure. An adverse movement in exchange rates implies an increase in the Group's foreign currency exposure leading to deterioration in the Group's financial position.

A favourable movement in exchange rates implies a decrease in the Group's foreign currency exposure and an improvement in the Group's financial position.

The Group's exposure to other foreign exchange movements is not material.

(ii) Interest rate risk

The Group's exposure to interest rate risk arises from AUD cash deposits and short to medium term borrowings which are at variable interest rates in AUD. Generally, long-term fixed rate borrowings are obtained in the USA and Australia, while shorter term variable borrowings are denominated in Australian currency and expose the Group to interest rate risk. The Group manages this risk by using derivative financial instruments including interest rate swaps and collars to hedge interest rate exposure.

As at 30 June 2022, 49 per cent (2021: 53 per cent) of the Group's total borrowings were subject to fixed interest rates or were effectively hedged with derivative financial instruments.

At 30 June 2022, the Group had the following mix of financial assets and liabilities exposed to Australian and United States variable interest rate risk.

	2022 \$m	2021 \$m
Financial assets		
Cash and cash equivalents	674.0	144.6
	674.0	144.6
Financial liabilities		
Interest bearing liabilities	(2,913.7)	(1,232.3)
	(2,913.7)	(1,232.3)

The following table shows the annualised impact on profit or loss and equity of interest bearing assets and liabilities if floating interest rates at balance date had been one per cent (100 basis points) higher or lower for the year, with all other variables held constant.

	2022 Profit/(loss) \$m	2022 Equity \$m	2021 Profit/(loss) \$m	2021 Equity \$m
If interest rates were 1% (100 basis points) higher with all other variables held constant – increase/(decrease)	(17.7)	(22.9)	(7.5)	0.4
If interest rates were 1% (100 basis points) lower with all other variables held constant – increase/(decrease)	17.7	24.7	7.5	(0.4)

The Group has borrowings and holds interest rate derivatives that reference the London Interbank Offer Rate (LIBOR). Under the Interbank Offered Rates (IBOR) reform, LIBOR is expected to be discontinued and replaced with an alternative benchmark by the end of June 2023. The reform creates uncertainty as to when the replacement will occur and how the replacement will impact the cash flows and hedge accounting treatment of the relevant borrowings and derivatives. The Group is progressively updating its relevant agreements to include replacement rate fallback provisions. There is no change to the Group's risk management objectives as a result of the reform.

Financial Assets and Liabilities

22. Financial risk management (continued)

(iii) Equity price risk

Equity price risk refers to the risk that the value of a financial instrument or its associated cash flows will fluctuate due to changes in the underlying share prices.

The Group has exposure to equity price risk arising from its portfolio of listed equity securities. The Group utilises derivatives to hedge this exposure as well as to gain economic exposure to equity securities.

The Group may also be exposed to equity price risk through its holdings of listed investments accounted for using the equity method and as part of the Group's impairment assessment process.

The following table shows the impact on the profit or loss and equity of the Group if equity prices (excluding equity accounted investments) at balance date had been 20.0 per cent higher or lower, with all other variables held constant (2021: 20.0 per cent). A sensitivity of 20.0 per cent is considered reasonable given the current level of prices and the volatility observed both on a historical basis and market expectations for future movement.

	2022 Profit/(loss) \$m	2022 Equity \$m	2021 Profit/(loss) \$m	2021 Equity \$m
If share prices were 20% higher with all other variables held constant – increase/(decrease)	–	15.5	–	45.4
If share prices were 20% lower with all other variables held constant – increase/(decrease)	–	(15.5)	–	(45.4)

(iv) Commodity and energy price risk

The Group has an operating interest in oil and gas assets located in Australia and the United States of America. These investments expose the Group to commodity price risk from fluctuations in the prices of oil, natural gas and other condensates and natural gas liquids (NGLs). The Group does not currently hedge its exposure to energy price risk relating to the future sale of these energy products. The Group is exposed to price risk relating to the purchases of electricity, diesel, natural gas, coal, clinker and other oil and gas based products. The Group hedges a portion of these exposures using fixed price contracts, swaps and options.

(b) Liquidity risk

Liquidity risk refers to the risk that the Group is unable to meet its financial commitments as and when they fall due.

The Group employs a prudent liquidity risk management approach. This involves maintaining a large amount of liquid reserves (cash deposits, listed shares and available credit lines) that can be drawn or sold at short notice to meet the Group's financial commitments. Management monitors the Group's ongoing cash flow requirements on a daily basis. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping credit lines available.

The Group's foreign exchange risk arises primarily from:

- borrowings denominated in a foreign currency; and
- firm commitments of highly probable forecast transactions for receipts and payments settled in foreign currency.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the reporting date:

	2022 \$m	2021 \$m
FLOATING RATE		
Expiring within one year	282.3	496.2
Expiring beyond one year	798.9	1,279.0
	1,081.2	1,775.2
ADDITIONAL LIQUIDITY		
Cash and cash equivalents	1,254.6	160.9
Financial assets carried at fair value through other comprehensive income – listed equity securities	52.0	186.3
Unutilised short dated lines of credit	6.5	7.2
	1,313.1	354.4

Subject to continued compliance with facility terms, the facilities may be drawn at any time. The average maturity for drawn facilities is 4.6 years (2021: 4.2 years) and 2.5 years (2021: 2.5 years) for undrawn facilities.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities (including derivative financial instruments) into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Gross cash flows include principal, coupon and premium (on put options) payments at contracted rates. The amounts disclosed are the contracted undiscounted cash flows.

	Within 1 year \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	Over 5 years \$m	Total contractual cash flows \$m	Carrying amount \$m
YEAR ENDED 30 JUNE 2022						
Trade and other payables (excluding accruals)	679.5	0.5	–	–	680.0	680.0
Borrowings – variable rate						
– principal (including derivative)	404.3	908.6	962.4	381.1	2,656.4	2,645.7
– coupon interest and derivative	146.2	87.2	149.5	118.0	500.9	–
Borrowings – fixed rate						
– principal (including derivative)	–	–	350.0	2,589.4	2,939.4	2,893.5
– coupon interest and derivative	111.9	111.9	320.4	636.3	1,180.5	–
	1,341.9	1,108.2	1,782.3	3,724.8	7,957.2	6,207.3
YEAR ENDED 30 JUNE 2021						
Trade and other payables (excluding accruals)	411.0	0.8	–	–	411.8	411.8
Borrowings – variable rate						
– principal (including derivative)	265.3	48.8	572.3	327.8	1,214.2	1,164.1
– coupon interest and derivative	27.6	22.3	44.4	44.6	138.9	1.5
Borrowings – fixed rate						
– principal (including derivative)	556.1	–	350.0	278.9	1,185.0	1,182.5
– coupon interest and derivative	32.2	21.4	56.5	104.4	214.5	0.2
	1,292.2	93.3	1,023.2	755.7	3,164.4	2,760.1

(c) 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, and arises principally from the Group's receivables, cash and cash equivalents and investment securities.

The Group's maximum exposure to credit risk at the reporting date was:

	Note	2022 \$m	2021 \$m
Cash and cash equivalents	19	1,254.6	160.9
Trade and other receivables	8	1,534.7	832.3
Listed equity securities (excluding derivatives)	23	52.0	186.3
Equity securities		5.7	–
Unlisted equity securities	23	110.7	250.2
Derivative financial instruments	24	218.4	148.6
		3,176.1	1,578.3

The Group's and the Company's exposure to credit risk is predominately in Australia.

Financial Assets and Liabilities

22. Financial risk management (continued)

Expected credit loss and ageing – trade receivables

The Group's exposure to expected credit loss and ageing in relation to trade receivables is outlined below. To date, COVID-19 has not had a material impact on the Group's assessment of expected credit losses, with days sales outstanding at 30 June 2022 being consistent with experience in prior periods.

The ageing analysis of these trade receivables is as follows:

	2022 \$m	2021 \$m
Past due 1–30 days	133.8	112.3
Past due 31–60 days	17.3	19.3
Past due 61–90 days	9.9	4.8
> 91 days	13.1	10.2
Total trade receivables past due	174.1	146.6

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2022 \$m	2021 \$m
Balance at beginning of the year	10.0	9.9
Amounts acquired in a business combination	1.8	–
Impairment loss recognised in profit or loss	11.3	2.9
Impairment loss reversed in profit or loss	(0.5)	–
Receivables expensed as uncollectable during the year	(3.8)	(2.8)
Balance at end of the year	18.8	10.0

In certain circumstances the Group enters into guarantees as part of ordinary trading operations. These guarantees are included within financial guarantees in Note 28: Contingent liabilities.

(d) Fair value measurements

Financial instruments measured at fair value

The fair value of

- financial instruments traded in active markets are based on quoted market prices at the reporting date. The quoted market prices used for financial assets held by the Group are the closing bid prices for the assets. The Group has elected that the fair value adjustments on the Group's existing listed and unlisted equity securities will be recorded in other comprehensive income and not subsequently reclassified to profit or loss.
- forward foreign exchange contracts are determined using quoted forward exchange rates at the reporting date.
- interest rate swaps and collars and cross currency interest rate swaps are calculated using the present value of the estimated future cash flows of these instruments.
- commodity and energy derivatives are determined using quoted commodity prices and forward rates at the reporting date.
- equity derivatives are calculated based on the closing bid price of the underlying equities.

Financial instruments not measured at fair value

The interest rates used to discount estimated cash flows relating to the fixed term US dollar notes were 3.5 to 6.7 per cent (2021: 0.7 to 3.4 per cent) and are based on the government yield curve at the reporting date plus an adequate credit spread.

The interest rate used to discount estimated cash flows relating to other borrowings was 2.0 to 6.4 per cent (2021: 1.6 to 5.6 per cent).

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – fair value is estimated using quoted prices in active markets.

Level 2 – fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3 – fair value is estimated using inputs for the asset or liability that are not based on observable market data.

	Note	Level in fair value hierarchy	2022 Carrying amount \$m	2022 Fair value \$m	2021 Carrying amount \$m	2021 Fair value \$m
Financial assets measured at fair value						
Listed equity securities (excluding derivatives)	23	1	52.0	52.0	186.3	186.3
Unlisted equity securities	23	3	110.7	110.7	250.2	250.2
Forward foreign exchange contracts – used for hedging	24	2	13.6	13.6	0.7	0.7
Commodity swaps and options - used for hedging	24	2	18.9	18.9	–	–
Cross currency swaps – used for hedging	24	2	185.9	185.9	147.9	147.9
			381.1	381.1	585.1	585.1
Financial assets not measured at fair value						
Cash and cash equivalents	19	–	1,254.6	1,254.6	160.9	160.9
Trade and other receivables	8	–	1,534.7	1,534.7	832.3	832.3
			2,789.3	2,789.3	993.2	993.2
Financial liabilities measured at fair value						
Forward foreign exchange contracts – used for hedging	24	2	3.2	3.2	14.1	14.1
Cross currency swaps – used for hedging	24	2	57.4	57.4	50.2	50.2
Interest rate swaps and options – used for hedging	24	–	5.3	5.3	1.5	1.5
			65.9	65.9	65.8	65.8
Financial liabilities not measured at fair value						
Trade and other payables (excluding accruals)	9	–	680.0	680.0	411.8	411.8
Fixed term US dollar notes	21	2	3,379.7	3,214.9	957.2	1,080.5
Fair value adjustment relating to US dollar notes	21	–	(28.7)	(28.7)	29.5	29.5
Convertible note	21	2	322.5	317.6	313.2	338.7
Other borrowings	21	2	2,007.4	2,007.4	1,147.6	1,148.6
			6,360.9	6,191.2	2,859.3	3,009.1

There were no transfers between the fair value hierarchy levels during the year.

Financial Assets and Liabilities

22. Financial risk management (continued)

Valuation techniques – Level 3

Unlisted equity securities

Unlisted equity securities comprise of the Group's investment in an unlisted investment fund (investment fund), which is accounted for as a financial asset measured at fair value through other comprehensive income. Whilst this investment fund invests in both foreign listed and unlisted equity securities, the investment is not quoted in an active market and accordingly the fair value of this investment is included within Level 3 of the hierarchy.

Audited information is obtained from the investment fund regarding the fair value of the investment. The Group recognises any movement in the fair value of the investment in equity through the fair value reserve. The methodology followed by the investment fund in fair valuing its underlying investments is outlined below.

Under the market based method, the investment fund's manager determines comparable public companies (peers) based on industry size, leverage and strategy and calculates an appropriate trading multiple for each comparable company identified. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value.

Valuation process for Level 3 valuations

The valuation of unlisted equity is performed on a quarterly basis by the investment fund's manager and reviewed by their investment committee. The valuations are also subject to quality assurance procedures performed within the investment fund.

The investment fund manager verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents and market information. In addition, the accuracy of the computation is tested. The latest valuation is also compared with the valuations in the four preceding quarters as well as with the valuations of the two preceding annual periods. If fair value changes (positive or negative) are more than certain thresholds set, the changes are further considered by the fund's investment committee.

The fund's investment committee considers the appropriateness of the valuation methods and inputs, and may request that alternate valuation methods are applied to support the valuations arising from the method chosen. Any changes in valuation methods are discussed and agreed with the investment partners.

The investment fund presents the valuation results on a quarterly basis to the Group. The report includes a discussion of the major assumptions used in the valuations, with an emphasis on the more significant investments and investments with fair value changes outside of the relevant thresholds set out above. The Group's investment committee regularly reviews this information and assesses the performance of the Group's investment.

Quantitative information on significant unobservable inputs – Level 3

Description	Valuation technique	Unobservable input	2022 Range	2021 Range
Unlisted equity investments	Recent transactions	Not applicable	n/a	n/a
	P/E multiple	Average P/E multiple of peers	26.5x	45.5x
		Discount for lack of liquidity	25%	25%
	EBITDA multiple	Average EBITDA multiple of peers	14.7x	–
		Discount for lack of liquidity	25%	–
	EV/sales multiple	Average price/sales multiple of peers	2.3 – 9.5x	6.3x
		Discount for lack of liquidity	25%	10%

Reconciliation – Level 3

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3.

	2022 \$m	2021 \$m
Balance at the beginning of the year	250.2	147.8
Contributions, net of capital returns	(7.6)	(6.8)
Fair value (losses)/gains	(131.9)	109.2
Balance at the end of the year	110.7	250.2

(e) Master Netting or Similar Arrangements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events.

(f) Capital management

The Group manages its capital to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure while maximising shareholder value. As such, the Board regularly reviews the Group's capital structure in order to take advantage of favourable costs of capital and returns on assets.

The Company maintains a diversified capital base with a mixture of equity and debt funding. Equity funding comprises ordinary shares.

The Group's dividend policy is to distribute cash from operating activities after financing costs, subject to the retention of adequate cash reserves to capitalise on investment opportunities. Dividends are franked to the greatest extent possible.

Refer to Note 27: Dividends for details of dividends paid and proposed but not provided for during the year.

23. Other financial assets

Accounting policy

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income (FVTOCI) and amortised cost financial assets. The classification depends on the Group's business model for managing the financial asset as well as its contractual cash flow characteristics.

Management determines the classification of its investments at initial recognition. In the case of financial assets classified as FVTOCI, this designation is irrevocable.

Financial assets at fair value through other comprehensive income

The Group's existing listed and unlisted equity securities have been designated as financial assets at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either financial assets held for trading which are acquired principally for the purpose of selling with the intention of making a profit or financial assets that are managed and have their performance regularly evaluated by management and the Directors on a fair value basis. Derivatives are also categorised as held for trading unless they are designated as hedges.

Recognition and de-recognition

Regular purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial Assets and Liabilities

23. Other financial assets (continued)

Subsequent measurement

Financial assets at fair value through profit or loss and financial assets at FVTOCI are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category, are presented in the profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets is recognised in the profit or loss as other income.

Gains or losses arising from changes in the value of financial assets at FVTOCI category are taken to the fair value through OCI reserve. In accordance with AASB 9, any gain or losses realised on the sale of these assets remain in the fair value reserve rather than being transferred to the profit or loss.

	2022 \$m	2021 \$m
NON-CURRENT		
Listed equity securities	52.0	186.3
Unlisted equity securities	110.7	250.2
Total other financial assets – non-current	162.7	436.5

Listed equity securities are designated as financial assets at FVTOCI in accordance with the Group's accounting policies. The carrying amounts are determined based on their quoted market price at 30 June 2022. Unlisted equity securities comprise of the Group's investments in an unlisted private equity media investment fund (refer also to Note 22: Financial risk management).

Dividends and distributions totaling \$3.6 million (2021: \$11.1 million) were received from the Group's financial assets at FVTOCI. A net gain of \$25.5 million relating to the disposal of listed equity securities was recognised in the fair value reserve. In the prior year, a net gain of \$263.2 million was recognised in the fair value reserve on the transfer of the Group's investment in Boral from a listed equity security to an equity accounted investment. Gains and losses remain in the fair value through OCI reserve.

24. Derivative financial instruments

Accounting policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within interest expense, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the profit or loss within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in other comprehensive income are recycled in the profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within interest expense. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within sales. However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as a cost of goods sold in the case of inventory, or as depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

	2022 \$m	2021 \$m
CURRENT ASSETS		
Forward foreign exchange contracts	13.6	0.7
Commodity swaps and options	18.9	–
	32.5	0.7
NON-CURRENT ASSETS		
Cross currency swaps – cash flow hedges	179.9	101.8
Cross currency swaps – fair value hedges	6.0	46.1
	185.9	147.9
CURRENT LIABILITIES		
Forward foreign exchange contracts – cash flow hedges	(3.2)	(14.1)
Interest rate swaps and collars	–	(1.5)
	(3.2)	(15.6)
NON-CURRENT LIABILITIES		
Cross currency swaps – cash flow hedges	(22.8)	(33.6)
Cross currency swaps – fair value hedges	(34.6)	(16.6)
Interest rate swaps and collars	(5.3)	–
	(62.7)	(50.2)
Net derivative financial instruments	152.5	82.8

The Group is a party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates, foreign exchange rates, commodity and energy prices in accordance with the Group's financial risk management policies. The Group also enters into equity derivatives from time to time to hedge the value of listed investments or to gain exposure to certain market sectors. Refer to Note 22: Financial risk management for further details.

Financial Assets and Liabilities

24. Derivative financial instruments (continued)

Interest rate swaps

The Group's policy is to hedge a portion of its interest bearing liabilities from exposure to changes in interest rates. The gain or loss from remeasuring the hedging instruments to fair value is deferred in equity in the hedge reserve and reclassified into profit and loss when the hedged interest expense is recognised. To the extent that the hedge is ineffective or undesignated, the fair value movement is recognised as fair value through profit or loss.

Forward foreign exchange contracts

The Group has entered into forward foreign currency exchange contracts to hedge USD denominated debt in conjunction with cross currency swaps.

The Group from time to time also enters into forward foreign exchange contracts to hedge certain known trading commitments predominantly denominated in US Dollars. The terms of these commitments are generally shorter than one year.

Commodity swaps

The Group uses commodity swaps and options to hedge a component of exposure to commodity and energy price risk. The maximum permitted term for a hedge transaction is two years.

Cross currency swaps

The Group has obligations to repay the principal and interest relating to USD denominated debt. The Group enters into cross currency swap contracts to hedge these obligations.

At 30 June 2022, the Group held various types of derivative financial instruments that were designated as cash flow hedges of future forecast transactions. These were hedging of:

- future foreign currency operational payments by exchange derivative contracts (forwards);
- future foreign currency principal and coupon payments by exchange derivative contracts (forwards, swaps); or
- future interest payments by interest rate derivative contracts (swaps).

Derivatives that do not qualify for hedge accounting

Certain derivative instruments may not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

The effective portion of the cumulative net change in the value of derivative financial instruments designated as a cash flow hedge are included in the hedge reserve. The periods in which the related cash flows are expected to occur are summarised below.

	Within 1 year \$m	Between 1 to 5 years \$m	Over 5 years \$m	Total \$m
YEAR ENDED 30 JUNE 2022				
Contracts to hedge				
Future operational (sales and purchases)	10.4	–	–	10.4
Future principal and interest on borrowings	(18.8)	(61.5)	61.9	(18.4)
Future commodity and energy purchases	18.9	–	–	18.9
Total net gain/(loss) included in the hedge reserve	10.5	(61.5)	61.9	10.9

YEAR ENDED 30 JUNE 2021

Contracts to hedge				
Future operational (sales and purchases)	(1.1)	–	–	(1.1)
Future principal and interest on borrowings	2.1	93.2	(7.6)	87.7
Total net gain/(loss) included in the hedge reserve	1.0	93.2	(7.6)	86.6

CARRYING AMOUNT

HEDGE ACCOUNTING YEAR ENDED 30 JUNE 2022	Notional amount of hedging instrument & hedged item \$m	Hedge rates \$m	Assets \$m	Liabilities \$m	Change in value of hedging instrument \$m	Change in value of hedged item \$m	Hedge ineffective- ness recognised in profit or loss \$m	Amount reclassified from hedge profit or loss \$m
Cash flow hedges								
Operational (sales and purchases) – foreign exchange contracts (up to 12 months)	AUD 293.4	AUD/USD 0.69–0.75	6.5	(3.2)	2.6	(2.6)	–	–
Capital expenditure – foreign exchange contracts	–	AUD/EUR	–	–	–	–	–	0.1
Asset sale proceeds – foreign exchange contracts (up to 1 year)	AUD 0.0	AUD/USD	–	–	26.8	(26.8)	–	–
Cross currency interest rate swaps (up to 4 years)	AUD 267.9	AUD/USD 0.65–1.03	137.4	–	(0.1)	0.3	–	10.2
Cross currency interest rate swaps (up to 6 years)	AUD 150.7	Floating rate	–	(5.9)	14.1	(14.1)	–	–
Cross currency interest rate swaps (up to 10 years)	AUD 230.1	AUD/USD 0.65	–	(21.6)	5.6	(5.9)	–	(3.0)
Cross currency interest rate swaps (up to 12 years)	AUD 504.6	AUD/USD 0.73	37.5	–	43.4	(45.6)	–	–
USD diesel costs – commodity swaps	–	USD/bbl	–	–	(15.3)	15.3	–	7.6
Electricity costs – commodity swaps (up to 1 year)	AUD 3.1	\$34.75–48.50 per MWh	16.9	–	15.4	(15.4)	–	1.5
Electricity costs – commodity options (up to 1 year)	AUD 6.6	\$90–\$390 per MWh	2.0	–	–	–	–	–
Fair value hedges								
Cross currency interest rate swaps (up to 4 years)	AUD 267.9	AUD/USD 1.03	11.0	–	35.1	(34.3)	–	–
Cross currency interest rate swaps (up to 11 years)	AUD 230.1	AUD/USD 0.65	–	(34.6)	18.2	(22.2)	(4.7)	–
Interest on USD borrowings – interest rate swaps (up to 6 years)	AUD 100.0	Floating rate	–	(5.3)	(15.5)	15.7	–	–

Capital Structure

25. Capital

Accounting policy

Contributed equity

Ordinary shares, convertible notes and other equity securities are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in other comprehensive income and presented as contributed equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs is recognised as a deduction from equity.

Treasury shares

Treasury shares consist of shares held in trust for the Group's executives in relation to employee equity benefits.

	2022 \$m	2021 \$m
CONTRIBUTED EQUITY		
363,260,588 ordinary shares, fully paid (2021: 363,260,588)	3,382.2	3,382.2
Convertible notes, fully paid	31.7	31.7
170,627 treasury shares, fully paid (2021: 386,913)	(3.4)	(8.7)
Balance at end of the year	3,410.5	3,405.2
MOVEMENT IN ORDINARY SHARES		
Balance at beginning of the year	3,382.2	3,382.2
Balance at end of the year	3,382.2	3,382.2
MOVEMENT IN TREASURY SHARES		
Balance at beginning of the year	(8.7)	(12.0)
Shares vested and transferred to employees	6.7	12.0
On-market share acquisition	(1.4)	(8.7)
Balance at end of the year	(3.4)	(8.7)

The Company does not have authorised share capital or par value in respect of its issued shares. All issued shares are fully paid. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds on liquidation.

Convertible notes

On 5 March 2018, the Company issued 3,500 convertible notes (Notes) at a nominal value of \$350.0 million and paying a cash coupon of 2.2 per cent per annum. The Notes are listed on the Singapore Exchange and mature in March 2025 at their nominal value. Alternatively, they can be converted into ordinary shares at the holder's option at a conversion price of \$24 per ordinary share (subject to adjustments as stipulated in the terms of the convertible note). Furthermore, the note holders have an early redemption option exercisable in January 2023. Shareholder approval was granted at the Company's 2018 Annual General Meeting in November 2018, thereby converting the derivative liability to shareholder equity. The total number of ordinary shares which will be issued if the convertible notes are converted is 14,607,680. At 30 June 2022, no Notes had been converted.

Treasury shares

The Company acquired 0.1 million shares on market for \$1.4 million (2021: 0.4 million shares on market for \$8.7 million) to satisfy employee share scheme obligations in future periods.

26. Reserves

Nature and purpose of reserves

Acquisitions reserve	The acquisitions reserve is used to record the difference between the fair value of consideration paid for the non-controlling interest of subsidiaries and the book value of those subsidiaries' share of net assets at date of acquisition.
Equity benefits reserve	The equity benefits reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration.
Common control reserve	The acquisition of WesTrac Group by the Company during the period ended 30 June 2010 was accounted for as a common control transaction. As a consequence, the difference between the fair value of the consideration paid and the existing book values of assets and liabilities of the WesTrac Group was debited to a common control reserve. Upon disposal of all interests in WesTrac Group by the Group this reserve would be transferred to retained earnings.
Hedge reserve	The hedge reserve records the effective portion of the cumulative net change in fair value of hedging instruments related to cash flow hedged transactions that have not yet occurred.
Fair value through OCI reserve	The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income under AASB 9. The net change in the fair value of financial assets measured at fair value through other comprehensive income (FVTOCI) will be shown in this reserve and not be subsequently reclassified to profit or loss.
Foreign currency translation reserve	The foreign currency (FX) translation reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations.

	Acquisitions reserve \$m	Equity benefits reserve \$m	Common control reserve \$m	Hedge reserve \$m	Fair value through OCI reserve \$m	FX translation reserve \$m	Total \$m
YEAR ENDED 30 JUNE 2022							
As at 1 July 2021	(63.5)	6.8	(642.6)	(24.6)	131.1	(7.0)	(599.8)
Fair value movement on financial assets measured at FVTOCI	–	–	–	–	(152.4)	–	(152.4)
Deferred tax effect of net gain on financial asset measured at FVTOCI	–	–	–	–	135.5	–	135.5
Net gain on cash flow hedges	–	–	–	19.5	–	–	19.5
Tax effect of net gain on cash flow hedges	–	–	–	(6.8)	–	–	(6.8)
Movement in reserves of equity accounted investees	–	(26.4)	–	(0.1)	–	(1.4)	(27.9)
Acquisition of non-controlling interest	(872.7)	–	–	–	–	–	(872.7)
Recycling of foreign currency translation reserve	–	–	–	–	–	(36.8)	(36.8)
Currency translation differences	–	–	–	–	–	34.9	34.9
Tax effect of net currency translation	–	–	–	–	–	11.6	11.6
Share based payments	–	5.8	–	–	–	–	5.8
Share based payment options settled	–	(6.7)	–	–	–	–	(6.7)
As at 30 June 2022	(936.2)	(20.5)	(642.6)	(12.0)	114.2	1.3	(1,495.8)
YEAR ENDED 30 JUNE 2021							
As at 1 July 2020	(63.5)	9.4	(642.6)	(25.9)	(87.4)	21.4	(788.6)
Fair value movement on financial assets measured at FVTOCI	–	–	–	–	311.7	–	311.7
Deferred tax effect of net gain on financial asset measured at FVTOCI	–	–	–	–	(93.2)	–	(93.2)
Net gain on cash flow hedges	–	–	–	7.3	–	–	7.3
Tax effect of net gain on cash flow hedges	–	–	–	(6.3)	–	–	(6.3)
Movement in reserves of equity accounted investees	–	2.4	–	0.3	–	(28.1)	(25.4)
Currency translation differences	–	–	–	–	–	(0.3)	(0.3)
Share based payments	–	7.0	–	–	–	–	7.0
Share based payment options settled	–	(12.0)	–	–	–	–	(12.0)
As at 30 June 2021	(63.5)	6.8	(642.6)	(24.6)	131.1	(7.0)	(599.8)

Capital Structure

27. Dividends

YEAR ENDED 30 JUNE 2022	Date of payment	Franked/ unfranked	Amount per share	Total \$m
DIVIDENDS PAID				
Ordinary shares				
Final dividend in respect of 2021 year	29 Oct 21	Franked	\$0.23	83.5
Interim dividend	6 May 22	Franked	\$0.23	83.6
				167.1
Subsequent event				
Current period final dividend on ordinary shares proposed but not provided for				
Ordinary shares				
Final dividend in respect of 2022 year	28 Oct 22	Franked	\$0.23	83.5
Balance of franking account at 30%				256.0
YEAR ENDED 30 JUNE 2021				
DIVIDENDS PAID				
Ordinary shares				
Final dividend in respect of 2020 year	13 Oct 20	Franked	\$ 0.21	71.3
Interim dividend	20 Apr 21	Franked	\$ 0.23	78.0
				149.3
Ordinary shares				
Final dividend in respect of 2021 year	29 Oct 21	Franked	\$ 0.23	83.5
Balance of franking account at 30%				205.4

The balance of the dividend franking account as at the reporting date has been adjusted for:

- franking credits/debits that will arise from the payment/refund of current tax liabilities;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the reporting date; and
- franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by \$35.8 million (2021: \$35.8 million).

Unrecognised Items

28. Contingent liabilities

The nature of the Group's and equity accounted investees' activities are such that, from time to time, claims are received or made by the Group. The Directors are of the opinion that no claims are expected to have a material adverse effect on the financial statements of the Group and as such do not require disclosure as a contingent liability.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Environmental risk and regulation

The Group and the industries in which it operates are subject to a broad range of environmental laws, regulations and standards (including certain licensing requirements) including air, soil and water quality, waste handling and disposal. This could expose the Group to legal liabilities or place limitations on the development of its operations. In addition, there is a risk that property utilised by the Group from time to time may be contaminated by materials harmful to human health (such as hazardous chemicals). In these situations the Group may be required to undertake remedial works on contaminated sites and may be exposed to third party compensation claims and other environmental liabilities. Management judgement is therefore required to estimate the impact of such factors on future earnings supporting existing goodwill and intangible assets.

Performance guarantees

Performance guarantees of \$108.9 million (2021: \$99.8 million) relate to guarantees provided to customers in support of equipment and contract performance.

Financial guarantees

The Group has issued a number of financial guarantees to third parties for various operational and financing purposes, totaling \$41.2 million (2021: \$40.8 million). To the extent that the Directors expect these third party guarantees to be called upon, a provision has been recorded in the consolidated statement of financial position as at 30 June 2022.

The Group has entered into a number of financial guarantees in relation to subsidiary debt facilities and other financing arrangements. The drawn amount of these facilities are recorded as interest bearing liabilities in the consolidated statement of financial position and disclosed in Note 21: Interest bearing loans and borrowings.

Bank guarantees

The Group has granted indemnities to banks to cover bank guarantees given on behalf of controlled entities to a maximum exposure of \$41.0 million.

Indemnities

The Company has provided a limited indemnity in relation to potential claims on Directors of acquired subsidiaries prior to them becoming part of the Group. This obligation has been partially insured.

Environmental contingent liabilities

The Group's activities involve the extraction of resources as well as the processing and subsequent handling of materials that could contaminate the environment. As a consequence of these activities, the Group has incurred and may continue to incur costs associated with closure, remediation, aftercare and monitoring. Provisions have been recognised for the sites where obligations are known to exist, and the cost can be reliably measured. However, additional costs may be incurred due to factors outside the Group's current knowledge or control, such as changes in the laws and regulations that govern land use and environmental protection across the various jurisdictions in which we operate.

Boral shareholder class action

Boral Limited continues to defend two shareholder class action proceedings filed against it in the Federal Court of Australia by Maurice Blackburn and Phi Finney McDonald. The proceedings allege disclosure breaches in relation to financial irregularities in Boral's North American Windows business. In August 2021, the Federal Court determined the multiplicity of claims by (i) allowing the Maurice Blackburn filed class action to continue on an 'open class' basis and the Phi Finney McDonald filed class action to continue on a 'closed class' basis; and (ii) managing these proceedings together. Boral has filed its defence to these proceedings. It is not possible to determine the ultimate impact, if any, of the proceedings on Boral. Boral continues to vigorously defend the proceedings.

Unrecognised Items

29. Commitments

	2022 \$m	2021 \$m
Capital expenditure commitments		
Payable:		
Not later than one year	223.1	173.1
Later than one year but not later than five years	8.5	–
	231.6	173.1
Development and exploration expenditure commitments		
Payable:		
Not later than one year	46.2	5.3
Later than one year but not later than five years	130.9	18.7
	177.1	24.0
The above commitments include development and exploration expenditure commitments relating to joint venture operations in relation to Crux:		
Not later than one year	46.2	5.3
Later than one year but not later than five years	112.2	–
	158.4	5.3
Other commitments		
Payable:		
Not later than one year	4.3	3.1
Later than one year but not later than five years	0.1	–
	4.4	3.1

Development and exploration expenditure commitments relate to commitments for exploration permits WA-377P (cancelled 22 December 2020) and joint operations for Crux. Estimates for future development and exploration expenditure commitments are based on estimated well and seismic costs which will change as actual drilling location and seismic surveys are organised and are determined in current dollars on an undiscounted basis. The exploration and evaluation obligations may vary significantly as a result of renegotiations with relevant parties, including regulators in relation to any Good Standing agreement on expired or cancelled permits.

Other commitments includes the Group's commitment to invest in an unlisted investment fund.

30. Events subsequent to balance date

Other than as outlined below, there has not arisen in the interval between 30 June 2022 and the date of this Report any other event that would have had a material effect on the Financial Statements as at 30 June 2022.

Repurchase of certain US144A Notes

On 12 July 2022, the Group has repurchased for cash US\$300 million of its outstanding US\$500 million principal 3.75 per cent Guaranteed Senior Notes due 2028 under a tender offer to holders. The consideration paid to accepting holders was US\$966.47 per US\$1,000 principal amount of Notes accepted.

Movement in share prices of listed investments

Subsequent to year end, there has been movement in the share prices of listed investments and as a result, the value of the Group's investments have varied from what is presented in this financial report. The market value of listed investments at 23 August 2022 compared to their market value at 30 June 2022 is outlined below.

	MARKET VALUE	
	23 August 2022 \$m	30 June 2022 \$m
Listed equity securities	53.7	52.0
Listed investments accounted for using the equity method	1,393.0	1,415.4
Total listed investments	1,446.7	1,467.4

Group Structure

31. Parent entity disclosures

As at and throughout the year ended 30 June 2022 the parent company of the Group was Seven Group Holdings Limited. The individual financial statements for the parent entity show the following aggregate amounts.

	COMPANY	
	2022 \$m	2021 \$m
Financial position of parent entity at end of the year		
Current assets	917.3	1,332.4
Total assets	4,032.6	4,425.1
Current liabilities	362.3	467.4
Total liabilities	362.9	785.8
Total equity of the parent entity comprising of:		
Contributed equity	3,410.5	3,405.2
Reserves	5.6	6.5
Retained earnings	253.6	227.6
Total shareholders equity	3,669.7	3,639.3
Result of the parent entity		
Profit for the year	193.1	178.3
Total comprehensive income for the year	193.1	178.3
Other information		
Contingent liabilities of the parent entity ^(a)	140.6	131.5

(a) Relates to financial guarantees provided to third parties by the parent entity for subsidiary debt facilities and other financing arrangements. These facilities are held by entities that are outside of the Deed of Cross Guarantee disclosed in Note 32: Controlled entities.

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain of its subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the Deed are disclosed in Note 32: Controlled entities.

In addition to the contingent liabilities shown above, the parent entity guarantees a number of debt facilities held by various controlled entities who are part of the Deed of Cross Guarantee.

Group Structure

32. Controlled entities

	Notes	Country of incorporation	OWNERSHIP INTEREST	
			2022 %	2021 %
PARENT ENTITY				
Seven Group Holdings Limited	(a)	Australia		
SUBSIDIARIES				
All Hire Pty Limited		Australia	100	100
Allen's Asphalt Pty Ltd	(b)	Australia	70	–
Allight Holdings Pty Limited	(a)	Australia	100	100
AllightPrimax FZCO		UAE	100	100
Allight Pty Limited	(a)(e)	Australia	100	100
AllightSykes SA (Proprietary) Limited		South Africa	100	100
Allplant Services Pty Limited		Australia	100	100
Alsafes Premix Concrete Pty Ltd	(b)	Australia	70	–
Australian Highway Plant Services Pty Limited		Australia	100	100
Barnu Pty. Ltd.	(b)	Australia	70	–
Bayview Pty Limited	(b)	Australia	70	–
Bayview Quarries Proprietary Limited	(b)	Australia	70	–
BCM Oklahoma LLC	(b)	USA	70	–
Bitumax Pty. Limited	(b)	Australia	70	–
Bitupave Ltd	(b)	Australia	70	–
Boral (UK) Ltd	(b)	UK	70	–
Boral Bricks Pty Ltd	(b)	Australia	70	–
Boral Bricks Western Australia Pty Ltd	(b)	Australia	70	–
Boral Building Materials Pty Limited	(b)	Australia	70	–
Boral Building Products Limited	(b)	Australia	70	–
Boral Canada Ltd	(b)	Canada	70	–
Boral Cement Limited	(b)	Australia	70	–
Boral Concrete (1992) Limited	(b)	Thailand	70	–
Boral Construction Materials Group Ltd	(b)	Australia	70	–
Boral Construction Materials Limited	(b)	Australia	70	–
Boral Construction Materials LLC	(b)	USA	70	–
Boral Construction Related Businesses Pty Ltd	(b)	Australia	70	–
Boral Contracting Pty Ltd	(b)	Australia	70	–
Boral Corporate Services Pty Limited	(b)	Australia	70	–
Boral Finance Pty Limited	(b)	Australia	70	–
Boral Holdings Inc.	(b)	USA	70	–
Boral Industrie GmbH	(b)	Germany	70	–
Boral Industries Inc.	(b)	USA	70	–
Boral Insurance Pty Limited	(b)	Australia	70	–
Boral International Pty Limited	(b)	Australia	70	–
Boral Investments BV	(b)	Netherlands	70	–
Boral Investments Pty Limited	(b)	Australia	70	–
Boral IP Holdings (Australia) Pty Limited	(b)	Australia	70	–
Boral IP Holdings LLC	(b)	USA	70	–
Boral Klinker GmbH	(b)	Germany	70	–
Boral Limited	(b)	Australia	70	–
Boral Masonry Ltd	(b)	Australia	70	–
Boral Mecklenburger Ziegel GmbH	(b)	Germany	70	–
Boral Meridian Holdings Inc.	(b)	USA	70	–
Boral Precast Holdings Pty Ltd	(b)	Australia	70	–
Boral Recycling Pty Limited	(b)	Australia	70	–
Boral Resources (Country) Pty. Limited	(b)	Australia	70	–
Boral Resources (NSW) Pty Ltd	(b)	Australia	70	–

	Notes	Country of incorporation	OWNERSHIP INTEREST	
			2022 %	2021 %
Boral Resources (QLD) Pty. Limited	(b)	Australia	70	–
Boral Resources (SA) Limited	(b)	Australia	70	–
Boral Resources (VIC.) Pty. Limited	(b)	Australia	70	–
Boral Resources (W.A.) Ltd	(b)	Australia	70	–
Boral Roofing de Mexico, S. de R.L. de C.V.	(b)	Mexico	70	–
Boral Shared Business Services Pty Ltd	(b)	Australia	70	–
Boral Timber Fibre Exports Pty Ltd	(b)	Australia	70	–
Boral Transport Limited	(b)	Australia	70	–
Boral USA	(b)	USA	70	–
C7 Pty Limited	(a)	Australia	100	100
Coates Fleet Pty Limited		Australia	100	100
Coates Group Holdings Pty Limited		Australia	100	100
Coates Group Pty Limited		Australia	100	100
Coates Hire (NZ) Limited		New Zealand	100	100
Coates Hire Access SPV Pty Limited		Australia	100	100
Coates Hire Holdco SPV Pty Limited		Australia	100	100
Coates Hire Limited		Australia	100	100
Coates Hire Operations Pty Limited		Australia	100	100
Coates Hire Overseas Investments Pty Limited		Australia	100	100
Coates Hire Traffic Solutions Pty Limited		Australia	100	100
Concrete Pty Ltd	(b)	Australia	70	–
Covol Engineered Fuels, LLC	(b)	USA	70	–
Covol Fuels Chinook, LLC	(b)	USA	70	–
Covol Fuels No.2, LLC	(b)	USA	70	–
Covol Fuels No.4, LLC	(b)	USA	70	–
Covol Fuels Rock Crusher, LLC	(b)	USA	70	–
Dandenong Quarries Pty. Limited	(b)	Australia	70	–
Davegale Pty Limited	(c)	Australia	70	–
De Martin & Gasparini Contractors Pty Limited	(b)	Australia	70	–
De Martin & Gasparini Pty Limited	(b)	Australia	70	–
De Martin & Gasparini Pumping Pty Limited	(b)	Australia	70	–
Direct Target Access Pty Limited	(a)	Australia	100	100
Dunmore Sand & Soil Pty. Limited	(b)	Australia	70	–
DWB (NH) Pty Limited		Australia	100	100
E.U.M. Tejas De Concreto Servicios, S. DE R.L. DE C.V.	(b)	Mexico	70	–
FGW Pacific Pty Limited		Australia	100	–
Found Concrete Pty Ltd	(b)	Australia	70	–
Headwaters Building Products Inc.	(b)	USA	70	–
Headwaters Energy Services Corp.	(b)	USA	70	–
Headwaters Stone LLC	(b)	USA	70	–
Hebburn Pty Limited	(d)	Australia	100	–
Industrial Investment Holdings Pty Limited		Australia	100	100
Kimlin Holdings Pty Limited		Australia	100	100
Manooka Holdings Pty Limited	(a)	Australia	100	100
Miltonstar Pty Limited	(a)	Australia	100	100
Nahi Pty Limited		Australia	100	100
National Hire Equipment Pty Limited		Australia	100	100
National Hire Facilitation Pty Limited	(a)	Australia	100	100
National Hire Finance Pty Limited		Australia	100	100
National Hire Group Limited	(a)	Australia	100	100
National Hire Operations Pty Limited		Australia	100	100
National Hire Properties Pty Limited		Australia	100	100

Group Structure

32. Controlled entities (continued)

	Notes	Country of incorporation	OWNERSHIP INTEREST	
			2022 %	2021 %
National Hire Trading Pty Limited		Australia	100	100
Ned Finco Pty Limited		Australia	100	100
Network Investment Holdings Pty Limited	(a)	Australia	100	100
Point Pty Limited	(a)	Australia	100	100
Primax USA Inc		USA	100	100
Pro Concrete Group Pty Limited	(b)	Australia	70	–
PT AllightSykes		Indonesia	100	100
PT Coates Hire Indonesia		Indonesia	100	100
PT Coates Services Indonesia		Indonesia	100	100
Pump Rentals Pty Limited	(a)	Australia	100	100
Q-Crete Premix Pty Ltd	(b)	Australia	70	–
Realtime Reporters Pty Limited		Australia	100	100
Road Surfaces Group Pty. Ltd.	(b)	Australia	70	–
Seven (National) Pty Limited	(a)	Australia	100	100
Seven (WAN) Pty Limited		Australia	100	100
Seven Broadcast Properties Trust		Australia	100	100
Seven Custodians Pty Limited	(a)	Australia	100	100
Seven Entertainment Pty Limited		Australia	100	100
Seven Media Group Pty Limited	(a)	Australia	100	100
Seven Network (United States) Inc		USA	100	100
Seven Network International Limited	(a)	Australia	100	100
Seven Network Investments Pty Limited	(a)	Australia	100	100
Seven Network Limited	(a)	Australia	100	100
Seven Network Nominees Pty Limited	(a)	Australia	100	100
Seven Resources Pty Limited	(a)	Australia	100	100
SGH Communications Pty Limited		Australia	100	100
SGH Energy (No 1) Pty Limited		Australia	100	100
SGH Energy (No 2) Pty Limited		Australia	100	100
SGH Energy Aust. Pty Limited		Australia	100	100
SGH Energy NTP66 Pty Ltd		Australia	100	100
SGH Energy Pty Ltd		Australia	100	100
SGH Energy VICP54 Pty Ltd		Australia	100	100
SGH Energy VICP56 Pty Ltd		Australia	100	100
SGH Energy WA Pty Ltd		Australia	100	100
SGH Energy WA377P Pty Ltd		Australia	100	100
SGH Productions Pty Limited	(a)	Australia	100	100
Sitech (WA) Pty Limited		Australia	51	51
Sitech Solutions Pty Limited		Australia	51	51
SMG Executives Pty Limited		Australia	100	100
SMG FINCO Pty Limited	(a)	Australia	100	100
SNZ Pty Limited	(a)	Australia	100	100
Specialised Investments Pty Limited		Australia	100	100
Sykes Fleet Services Pty Limited		Australia	100	100
Sykes Group Pty Limited	(a)	Australia	100	100
Sykes New Zealand Limited		New Zealand	100	100
Tallglen Pty Limited	(a)	Australia	100	100
Tile Service Company LLC	(b)	USA	70	–
Tru Blu Hire Australia Pty Limited		Australia	100	100
WA Regional Asset Holdings Pty Limited		Australia	100	100
Warrah Engineering Pty Limited		Australia	100	100

	Notes	Country of incorporation	OWNERSHIP INTEREST	
			2022 %	2021 %
WesTrac Holdings Pty Limited	(a)	Australia	100	100
WesTrac Machinery Distribution Pty Limited		Australia	100	100
WesTrac Pty Limited		Australia	100	100

(a) Pursuant to ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785 these controlled entities are relieved from the Corporations Act 2001 requirements for the preparation, audit and lodgement of financial reports.

(b) This company was acquired as part of the Boral acquisition. Refer to Note 33: Business combination for further detail.

(c) This company was acquired during the year.

(d) This company was incorporated on 19 August 2021.

(e) This company changed its name on 11 March 2022, formerly AllightSykes Pty Limited.

Control was obtained over the following entities as part of the Boral acquisition and then divested during the year.

	Notes	Country of incorporation	OWNERSHIP INTEREST	
			2022 %	2021 %
Allen Taylor & Company Limited	(f)	Australia	–	–
American Lignite Energy LLC	(f)	USA	–	–
Boral Building Products Inc	(f)	USA	–	–
Boral Concrete Tile Inc	(f)	USA	–	–
Boral CM Holdings LLC	(f)	USA	–	–
Boral Hollostone Masonry (South Aust) Pty Limited	(f)	Australia	–	–
Boral Lifetile Inc	(f)	USA	–	–
Boral Materials LLC	(f)	USA	–	–
Boral Montoro Pty Limited	(f)	Australia	–	–
Boral Plant Services LLC	(f)	USA	–	–
Boral Resources LLC	(f)	USA	–	–
Boral Roofing LLC	(f)	USA	–	–
Boral Stone Products LLC	(f)	USA	–	–
Boral Transportation Services LLC	(f)	USA	–	–
Boral Windows LLC	(f)	USA	–	–
Duncan's Holdings Limited	(f)	Australia	–	–
Eldorado Stone Philippines, Inc	(f)	Philippines	–	–
Gerard Roof Products LLC	(f)	USA	–	–
Metrotile Manufacturing LLC	(f)	USA	–	–
Oberon Softwood Holdings Pty Limited	(f)	Australia	–	–
Piedras Headwaters S de R.L. de C.V.	(f)	Mexico	–	–
Synthetic Materials, LLC	(f)	USA	–	–
Tapco Europe Limited	(f)	UK	–	–

(f) This company was acquired as part of the Boral acquisition and divested or disposed of during the year.

Group Structure

32. Controlled entities (continued)

Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785 ("Instrument") the wholly-owned controlled entities marked (a) in the preceding table are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors' reports.

It is a condition of the Instrument that the Company and each of the wholly-owned controlled entities (marked (a)) enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the parties to the Deed under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Corporations Act 2001, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

A combined statement of comprehensive income and combined statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, are set out below.

	COMBINED	
	2022 \$m	2021 \$m
STATEMENT OF COMPREHENSIVE INCOME		
Revenue	104.9	81.2
Other income	286.0	248.2
Share of results from equity accounted investees	235.5	238.4
(Impairment)/impairment reversal of equity accounted investee	(83.4)	92.9
Expenses excluding depreciation and amortisation	(145.0)	(106.0)
Depreciation and amortisation	(2.3)	(3.2)
Profit before net finance expense and tax	395.7	551.5
Net finance expenses	(82.2)	(53.3)
Profit before tax	313.5	498.2
Income tax expense	16.5	21.9
Profit for the year	330.0	520.1
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Net change in financial assets measured at fair value through other comprehensive income	(14.3)	205.9
Income tax on items of other comprehensive income	83.1	(61.4)
Total items that will not be reclassified subsequently to profit or loss	68.8	144.5
Items that may be reclassified subsequently to profit or loss:		
Foreign currency differences for foreign operations	(1.4)	(28.4)
Income tax on items of other comprehensive income	0.1	–
Total items that may be reclassified subsequently to profit or loss	(1.3)	(28.4)
Total comprehensive income for the year	397.5	636.2
MOVEMENT IN RETAINED EARNINGS		
Retained profits at beginning of the year	835.1	464.3
Profit for the year	330.0	520.1
Dividends paid during the year	(167.1)	(149.3)
Retained earnings at end of the year	998.0	835.1

	COMBINED	
	2022 \$m	2021 \$m
STATEMENT OF FINANCIAL POSITION		
Current assets		
Cash and cash equivalents	15.5	43.2
Trade and other receivables	124.0	37.9
Inventories	31.3	21.5
Loans to related parties	–	102.6
Other current assets	0.4	0.4
Total current assets	171.2	205.6
Non-current assets		
Investments in controlled entities	4,558.2	1,659.1
Investments accounted for using the equity method	1,412.2	2,753.7
Other financial assets	52.0	186.3
Right of use assets	3.7	4.4
Property, plant and equipment	0.5	0.9
Intangible assets	0.6	0.7
Derivative financial instruments	0.2	–
Total non-current assets	6,027.4	4,605.1
Total assets	6,198.6	4,810.7
Current liabilities		
Trade and other payables	41.9	163.1
Lease liabilities	3.0	2.4
Interest bearing loans and liabilities	677.7	688.5
Loans from related parties	521.1	–
Current tax liabilities	28.6	29.9
Provisions	4.3	3.2
Derivative financial instruments	–	0.3
Total current liabilities	1,276.6	887.4
Non-current liabilities		
Other payables	0.5	0.8
Interest bearing loans and liabilities	1,635.0	752.1
Deferred tax liabilities	69.4	162.5
Lease liabilities	1.0	2.4
Provisions	0.6	0.6
Total non-current liabilities	1,706.5	918.4
Total liabilities	2,983.1	1,805.8
Net assets	3,215.5	3,004.9
Equity		
Issued capital	3,410.5	3,405.2
Reserves	(1,193.0)	(1,235.4)
Retained earnings	998.0	835.1
Total equity	3,215.5	3,004.9

Group Structure

33. Business combination

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Fair values of net identifiable assets acquired

The determination of the fair values of net identifiable assets acquired, and of any goodwill, involves significant judgement. The allocation of fair value between intangible assets, and the tangible assets with which they are used, is also judgmental. The Group engages third-party, independent experts to advise on the purchase price allocation and valuation for significant acquisitions.

Boral Limited acquisition

The Group obtained control of Boral under AASB 3: Business Combinations during the year. The takeover offer, via a wholly-owned controlled entity Network Investment Holdings Pty Limited, was concluded on 29 July 2021 with the Group having a 69.6 per cent ownership interest. On 7 July 2021, the Group obtained a 40 per cent effective interest in Boral which has been determined as the date that the Group obtained control of Boral, and accordingly the acquisition date. On 30 July 2021, Mr Ryan Stokes AO was appointed Chairman of Boral and Mr Richard Richards, the Group CFO, was appointed as a director of Boral.

At 30 June 2021, the Group held a 26.1 per cent interest in Boral and Boral's results were equity accounted. The difference between the fair value and carrying value of the Group's investment in Boral on acquisition date of \$756.8 million was recognised as a gain on revaluation in the profit or loss. Acquisition of controlled interests of \$552.7 million comprises cash paid of \$78.2 million, net of cash of acquired of \$638.2 million and \$7.3 million of acquisition costs. For the Boral acquisition, the Group elected to recognise the non-controlling interests at their proportionate share in Boral's identifiable net assets.

Details of the purchase consideration, the net assets and the allocation of identifiable intangibles are final. The calculation of goodwill on acquisition of \$1,232.7 million is outlined on the following page. The goodwill recognised from the Boral acquisition is attributable to the opportunity for future market development and expected revenue growth opportunities leveraging their integrated construction materials market position. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The intangible asset was tested for impairment at 30 June 2022. Refer to Note 16: Intangible assets for further detail. None of the goodwill arising from this acquisition is expected to be deductible for tax purposes. Costs of \$8.1 million relating to the acquisition have been incurred in the current year and are included in other expenses in the profit or loss.

	Final Jun 22 \$m	Preliminary Dec 21 \$m
Consideration		
Cash paid	78.2	78.2
Fair value of existing equity accounted interest	3,300.0	3,300.0
Total consideration	3,378.2	3,378.2
Identifiable assets acquired and liabilities assumed		
Cash acquired	638.2	638.2
Trade and other receivables	496.9	496.9
Inventories	574.6	569.5
Other assets	67.2	67.2
Assets classified as held for sale	4,605.5	4,637.8
Property, plant and equipment	2,237.7	2,225.7
Right of use assets	122.7	123.2
Investments accounted for using the equity method	164.5	164.5
Identifiable intangible assets	98.9	98.9
Derivative financial instruments	19.9	19.9
Trade and other payables	(459.1)	(459.1)
Net deferred tax liabilities	(313.7)	(245.7)
Interest bearing loans and borrowings	(1,674.0)	(1,674.0)
Lease liabilities	(125.5)	(125.5)
Derivative financial instruments	(41.5)	(41.5)
Provisions	(459.0)	(321.8)
Employee benefits	(103.3)	(103.3)
Liabilities classified as held for sale	(610.3)	(610.3)
Fair value of identifiable net assets assumed	5,239.7	5,460.6
Goodwill on acquisition		
Total consideration transferred for accounting purposes at fair value	3,378.2	3,378.2
Add: non-controlling interest in identifiable acquired net assets	3,094.2	3,224.6
Less: fair value of identifiable net assets assumed	(5,239.7)	(5,460.6)
Goodwill on acquisition	1,232.7	1,142.2

Acquired trade and other receivables fair value is disclosed in the table above. Gross contractual amounts of trade receivables are \$455.3 million, of which \$1.8 million are not expected to be collected. Contractual amounts of other receivables are \$43.4 million.

Acquired provisions include contingent liabilities assumed in the acquisition – refer to Note 17: Provisions.

Boral has contributed revenue of \$2,955.9 million and a net loss after tax of \$19.5 million for the year from continuing operations and a further \$952.3 million of revenue and a net profit after tax of \$164.2 million from discontinued operations. Refer to Note 34: Discontinued operations for further detail.

Group Structure

34. Discontinued operations

Disposal of businesses

During the current year, Boral has completed the following divestments:

- sale of the North American Building Products business in October 2021, which generated net cash proceeds of \$2.9 billion and a profit before tax for Boral of \$973.1 million;
- sale of the Timber products business in October 2021, which generated net cash proceeds of \$58.5 million and a loss before tax for Boral of \$5.9 million;
- sale of the 50 per cent interest in the Meridian Brick joint venture in October 2021, which generated net cash proceeds of \$167.0 million and a profit before tax for Boral of \$12.8 million;
- sale of the Roofing and Masonry business in November 2021, which generated net cash proceeds of \$12.0 million and a loss before tax for Boral of \$3.8 million; and
- sale of the North America Fly Ash business in February 2022, which generated net cash proceeds of \$964.7 million and a profit before tax for Boral of \$157.3 million.

Due to the acquisition of Boral in the year by the Group, the fair value of the disposed businesses was incorporated into the fair value of assets held for sale acquired and the associated deferred tax liabilities assumed as set out in Note 33: Business combination. As a result, the related gain on sale recognised by Boral in their 30 June 2022 Financial Report has not been recognised at a Group level other than recycling of foreign currency reserves from the acquisition date.

The earnings in the current year for these businesses have been reclassified to 'Discontinued operations' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and are summarised below. The comparative has not been restated as Boral was not consolidated into the Group for the year ended 30 June 2021.

	Jun 22 \$m
Profit for the year from discontinued operations	
Revenue	952.3
Share of results from equity accounted investee	7.4
Net gain on sale of discontinued operations	52.9
Expenses excluding depreciation and amortisation	(806.4)
Profit before depreciation, amortisation, net finance expense and income tax	206.2
Depreciation and amortisation	–
Profit before net finance expense and income tax	206.2
Net finance expense	(4.5)
Profit before income tax	201.7
Income tax expense	(37.5)
Profit for the year from discontinued operations	164.2
Profit for the year from discontinued operations attributable to:	
Equity holders of the Company	114.3
Non-controlling interest	49.9
Profit for the year from discontinued operations	164.2
Cash flows from discontinued operations	
Net operating cash flows	44.1
Net investing cash flows	3,940.9
Net financing cash flows	(25.1)
Net cash flows from discontinued operations	3,959.9

Other

35. Related party disclosures

Key Management Personnel compensation

Detailed remuneration disclosures, including movements in equity holdings for KMP, are disclosed in the Remuneration Report section of the Director's Report.

The aggregate compensation made to the Key Management Personnel of the Group is set out below:

	2022 \$000	2021 \$000
Short-term employee benefits	12,918	10,027
Post-employment benefits	271	250
Other long-term employee benefits	571	166
Share-based payments	5,917	5,747
Total key management personnel compensation	19,677	16,190

No Director has entered into a material contract with the Group in the current or prior year other than those disclosed in the Remuneration Report or this note.

Director related party transactions

Details of related party transactions with director related entities are outlined on page 90.

Other transactions with related parties

A number of Directors and KMP of the Company hold directorships in other entities. Several of these entities transacted with the Group on terms and conditions no more favourable than those available on an arm's length basis.

Subsidiaries

Interests in subsidiaries are set out in Note 32: Controlled entities.

Other related party transactions

The aggregate value of transactions between the Group and its equity accounted investees is outlined below.

	2022 \$m	2021 \$m
Sales revenue		
Associates	46.4	14.4
Other income		
Associates	0.1	–
Other expenses		
Associates	(124.4)	(1.9)
Finance expense		
Joint ventures	(0.3)	–
Outstanding balances arising from transactions with equity accounted investees:		
Trade and other receivables		
Associates	24.1	2.2
Trade and other payables		
Associates	(2.2)	(0.6)
Interest bearing loans and borrowings		
Joint ventures	(40.0)	–
Contingent liabilities at year end, arising from transactions with equity accounted investees:		
Financial guarantees (refer to Note 28: Contingent liabilities).	–	–

Other

36. Auditor's remuneration

The Company's external auditor is Deloitte Touche Tohmatsu (Deloitte). The external auditor is only appointed to assignments additional to their statutory audit duties where they are able to maintain their audit independence. All amounts payable to the auditors of the Company were paid by Group subsidiaries.

Amounts received or due and receivable by auditors of the Company are set out below.

	2022 \$000	2021 \$000
Deloitte and related network firms		
Audit or review of financial reports	1,843	980
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	60	20
Other services:		
Taxation services ^{(a) (b)}	3,359	–
Other tax services	21	38
Other advisory services ^(b)	1,183	–
Total auditor's remuneration	6,466	1,038

(a) Taxation services relate to compliance and advice provided in respect of discontinued operations.

(b) The services provided in the current year were arranged prior to Deloitte's appointment as auditor of Boral Limited.

Directors' Declaration

For the year ended 30 June 2022

1. In the opinion of the Directors of Seven Group Holdings Limited (the Company):

(a) the consolidated financial statements and notes that are set out on pages 97 to 166 are in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) here are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. As at the date of this declaration, there are reasonable grounds to believe that the Company and the group entities identified in Note 32 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director & Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2022.

4. The Directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Terry James Davis
Chairman

Sydney
24 August 2022



Sally Annabelle Chaplain AM
Chair of the Audit & Risk Committee

Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

Independent Auditor's Report to the Members of Seven Group Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Seven Group Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Independent Auditor’s Report

Deloitte.

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.

Key audit matter	How the scope of our audit responded to the key audit matter
<p>Accounting for the acquisition of Boral Limited (“Boral”)</p> <p>As disclosed in Note 33, at 30 June 2021 the Group recognised its 26.1% interest in Boral as an equity accounted investment.</p> <p>During the prior year the Group launched a takeover offer for Boral shares which resulted in the Group ultimately acquiring 69.6% of Boral’s total equity. Management determined that control of Boral, as defined by Australian Accounting Standards, was obtained on 7 July 2021.</p> <p>In accounting for the acquisition, Australian Accounting Standards require that immediately prior to consolidation, the previously held equity interest is revalued. This revaluation resulted in a gain of \$756.8 million being recognised in the statement of profit or loss, as disclosed in Note 3.</p> <p>Accounting for an acquisition is a complex and judgemental exercise, requiring management to determine:</p> <ul style="list-style-type: none"> • The date that control was obtained; • The gain on revaluation of the previously held equity accounted interest; • The fair value of the total purchase consideration; • The identifiable intangible assets, such as brands, to be recognised separately from goodwill; • The fair value of acquired assets and assumed liabilities, including land and property, plant and equipment, unfavourable contracts, provisions for rehabilitation, remediation, litigation and claims and other items considered contingent liabilities by Boral; and • Whether information obtained during the measurement period was reflective of the facts and circumstances that existed at acquisition date. 	<p>Our procedures performed in conjunction with our accounting and valuation specialists, included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of management’s processes and controls in respect of the acquisition accounting process; • Evaluating the date that control was obtained through examination of historic voting patterns for Boral and other relevant information; • Challenging the assumptions and methods used by management in determining the fair value of the previously held equity interest in Boral; • Evaluating the competence, capability and objectivity of management’s external valuation expert and performing a detailed review of their signed valuation report to understand the scope of their engagement and any limitations in the report; • Challenging the completeness and appropriateness of the values attributed to the acquired tangible and intangible assets by: <ul style="list-style-type: none"> ○ Analysing cash flow assumptions including revenue growth rates and gross margin; and ○ Assessing the discount rates used and challenging the reasonableness of the valuation outputs; • Assessing management’s valuation of acquired liabilities including basis for assumptions regarding probability of future cash outflows; • Challenging management’s determination that information obtained during the measurement period reflected the facts and circumstances that existed at acquisition date; and • Assessing the adequacy of the relevant disclosures in the notes to the financial statements.



Key audit matter	How the scope of our audit responded to the key audit matter
<p>Recoverability of goodwill attributable to Boral</p> <p>As disclosed in Note 33, upon acquisition of Boral the Group recognised \$1,237.3 million of goodwill.</p> <p>In accordance with Australian Accounting Standards, management identified that the performance of Boral during the period subsequent to acquisition is an indicator of impairment and have consequently performed an assessment of the recoverability of the carrying amount associated with Boral.</p> <p>This has resulted in the recognition of an impairment to the carrying value of goodwill of \$728.4 million as disclosed in Note 16.</p> <p>The determination of the recoverable amount of a cash generating unit ("CGU") involves the exercise of significant judgement in respect of key assumptions including:</p> <ul style="list-style-type: none"> • Future cash flows, particularly in relation to volume, pricing and the impact of weather events and macroeconomic conditions; • Discount rates; and • Long term growth rates. 	<p>Our procedures performed in conjunction with our valuation specialists included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluating management's process, including testing design and implementation of controls in respect of the preparation and review of forecasts; • Assessing the appropriateness of the valuation model methodology in accordance with the specific requirements of AASB 136 <i>Impairment of Assets</i>, including the appropriate inclusion and exclusion of relevant cash flows; • Challenging key inputs and assumptions used in the valuation model including discount rate and long term growth rate against external industry data and macroeconomic forecasts; • Testing the mathematical accuracy of the valuation model; and • Assessing the adequacy of the relevant disclosures in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

Deloitte.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Deloitte.

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 the Directors' Report for the year ended 30 June 2022. In our opinion, the Remuneration Report of Seven Group Holdings Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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


DELOITTE TOUCHE TOHMATSU


H Fortescue
Partner
Chartered Accountants
Sydney, 24 August 2022

Shareholder Information

Substantial Shareholders – Ordinary Shares

The number of ordinary shares held by the Substantial Shareholders based on the most recent notifications contained in the Company's Register of Substantial Shareholders as at 1 August 2022 are as follows:

Shareholder	No. of Shares	% Held ^{***}
KM Stokes; North Aston Pty Limited, Wroxby Pty Limited, Tiberius (Seven Investments) Pty Limited and Ashblue Holdings Pty Limited; Tiberius Pty Limited, Redlake Pty Limited and Tiberius group entities; Australian Capital Equity Pty Limited, Clabon Pty Limited and Australian Capital Equity Pty Limited group entities. [*]	207,304,349	57.08
Australian Super Pty Limited ^{**}	19,186,237	5.28

* Based on number of shares disclosed in the Notice of Change of Interests of Substantial Holder given to ASX on 27 April 2021.

** Based on number of shares disclosed in the Notice of Initial Substantial Holder given to ASX on 7 June 2022.

*** Based on the number of ordinary shares on issue at 1 August 2022.

Distribution of Ordinary Shares

Category (No.s)	Ordinary Shareholders
1 – 1,000	11,965
1,001 – 5,000	6,299
5,001 – 10,000	820
10,001 – 100,000	387
100,001 – and over	40
Total No. of Holders	19,511
No. of Holdings less than a Marketable Parcel	479

Twenty Largest Ordinary Shareholders

Name of Shareholder	No. of Shares	% Held
North Aston Pty Limited	63,572,442	17.50
North Aston Pty Limited	60,537,558	16.67
Ashblue Holdings Pty Limited	49,462,442	13.62
JP Morgan Nominees Australia Pty Limited	47,780,037	13.16
HSBC Custody Nominees (Australia) Limited	32,207,123	8.87
Citicorp Nominees Pty Limited	17,665,831	4.86
Wroxby Pty Limited	13,731,907	3.78
Ashblue Holdings Pty Limited	10,000,000	2.75
Tiberius (Seven Investments) Pty Limited	10,000,000	2.75
National Nominees Limited	7,970,249	2.19
HSBC Custody Nominees (Australia) Limited	4,383,198	1.21
BNP Paribas Nominees Pty Limited	3,772,436	1.04
BNP Paribas Nominees Pty Limited	2,524,753	0.69
Citicorp Nominees Pty Limited	645,528	0.18
Netwealth Investments Limited	567,793	0.16
Certane CT Pty Limited	457,512	0.13
First Samuel Limited	374,722	0.10
BNP Paribas Nominees Pty Limited	366,155	0.10
Uechtritz Foundation Pty Limited	273,069	0.08
Barry Martin Lambert	264,547	0.08
Total Twenty Largest Ordinary Shareholders	326,557,302	89.92

Voting Rights

Ordinary Shares

On a show of hands, every member present in person or by proxy or attorney, or being a corporation, present by its representative, shall have one vote. On a poll, every member present in person or by proxy or attorney, or being a corporation, present by its representative, shall have one vote for every share held.

Investor Information

Shareholder Inquiries

Investors seeking information regarding their shareholding or dividends or wishing to advise of a change of address should contact the Share Registry at:

Boardroom Pty Limited
Level 12
Grosvenor Place
225 George Street
Sydney NSW 2000

GPO Box 3993
Sydney NSW 2001

Telephone: (02) 9290 9600

Alternatively, visit the online service at boardroomlimited.com.au

Boardroom Pty Limited has an online service for investors called InvestorServe. This enables investors to make online changes, view balances and transaction history, as well as obtain information about recent dividend payments and download various forms to assist in the management of their holding. To use this service, visit the Boardroom Pty Limited website.

For other general inquiries visit the website at www.sevengroup.com.au.

Company Information

Company Secretary

Warren Walter Coatsworth

Share Registry

Boardroom Pty Limited
Level 12
Grosvenor Place
225 George Street
Sydney NSW 2000

Stock Exchange Listing

The Company is listed with the Australian Securities Exchange Limited and the home exchange is Sydney.

The Company is also listed on the Singapore Exchange Limited from 6 March 2018.

Tax File Number Information

The company is obliged to record Tax File Numbers or exemption details provided by shareholders. While it is not compulsory for shareholders to provide a Tax File Number or exemption details, Seven Group Holdings Limited is obliged to deduct tax from unfranked dividends paid to investors resident in Australia who have not supplied such information. Forms are available upon request from the Share Registry or shareholders can submit their Tax File Number via the Boardroom website.

The Chess System

Seven Group Holdings Limited operates under CHES – Clearing House Electronic Subregister System – an Australian Securities Exchange system which permits the electronic transfer and registration of shares. Under CHES, the company issues a Statement of Holdings to investors, instead of share certificates, and the statement will quote the Holder Identification Number (HIN). The HIN number should be quoted on any correspondence investors have with the Share Registry.

The company will maintain investors' holdings in an Issuer Sponsored facility, which enables investors to maintain their holding without the need to be tied to any particular stockbroker.

Auditor

Deloitte Touche Tohmatsu
Level 9
Grosvenor Place
225 George Street
Sydney NSW 2000

Legal Advisors

Herbert Smith Freehills
ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Corporate Directory

Head Office and Registered Office

Seven Group Holdings Limited

ABN: 46 142 003 469
Level 30, 175 Liverpool Street
Sydney NSW 2000
02 8777 7574

Key Operating Businesses

WesTrac WA

128-136 Great Eastern Highway
South Guildford WA 6055
08 9377 9444

WesTrac NSW

1 WesTrac Drive
Tomago NSW 2322
02 4964 5000

WesTrac ACT

78 Sheppard Street
Hume ACT 2620
02 6290 4500

Coates – Head Office

Level 6, 241 O'Riordan Street
Mascot NSW 2020
13 15 52

Coates – East Business Unit

6 Greenhills Avenue
Moorebank NSW 2170
13 15 52

Coates – South Business Unit

120 South Gippsland Highway
Dandenong VIC 3175
13 15 52

Coates – North Business Unit

56-61 Meakin Road
Meadowbrook QLD 4131
13 15 52

Coates – West Business Unit

18 Wheeler Street
Belmont WA 6104
13 15 52

Allight

12 Hoskins Road
Landsdale WA 6065
08 9302 7000

Sykes Group

42 Munibung Road
Cardiff NSW 2285
02 4954 1400

SGH Energy

Level 4, 160 Harbour Esplanade
Docklands VIC 3008
03 8628 7277

Boral

Level 3, Triniti 2
39 Delhi Road
North Ryde NSW 2113
02 9220 6300

Concrete

NSW 1300 552 555
QLD 1300 305 980
SA 1300 653 862
VIC 13 30 06
TAS 02 6337 5333
WA 13 26 75

Quarries

NSW 1300 723 999
NT 1300 305 978
QLD 1300 305 978
SA 1300 136 332
TAS 03 6337 5333
VIC 1300 650 564
WA 13 26 75

Cement and Lime

NSW 02 9033 4000
QLD 07 3272 9898
TAS 03 6427 0133
VIC 1800 673 570

Asphalt

NSW 02 8801 2000
NT 08 8947 0844
QLD 07 3867 7600
SA 08 8425 0400
VIC 1300 132 964
WA 08 9458 0400

Logistics

NSW 02 9033 5388
QLD 07 3271 4044
SA 08 8425 0400
TAS 03 6337 5333
VIC 03 9981 2800
WA 08 9333 3654

NSW De Martin & Gasparini	02 9748 5100
NSW Concrete	02 9542 4242
QLD Q-Crete	1300 727 383
QLD Allens Asphalt	07 3203 1566
VIC Alsafe Premix Concrete	03 9308 6300
QLD Pro Concrete Group	07 5593 7860