Aurizon Holdings Limited

Appendix 4D

Interim Financial Report

For the half-year year ended 31 December 2022 (1HFY2023)

This document should be read in conjunction with the Financial Report, including any disclaimer.

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1HFY2023 IN REVIEW

Result Highlights (Underlying and statutory continuing operations)

$m	1HFY2023	1HFY2022	Variance %	Variance $
Total revenue	1,694	1,515	12%	179
EBITDA	673	727	(7%)	(54)
EBIT	345	434	(21%)	(89)
Adjustments – acquisition costs	(47)	-	-	(47)
EBIT Statutory	298	434	(31%)	(136)
NPAT	169	257	(34%)	(88)
NPAT Statutory	130	257	(49%)	(127)
Free cash flow[1]	95	401	(76%)	(306)
Interim dividend (cps)	7.0	10.5	(33%)	(3.5)
Earnings per share (cps)	9.2	14.0	(34%)	(4.8)
Return on invested capital (ROIC)	8.5%	10.4%	(1.9ppt)	-
EBITDA margin	39.7%	48.0%	(8.3ppt)	-
Operating ratio	79.6%	71.3%	(8.3ppt)	-
Above Rail Tonnes (m)	124.1	123.5	-	0.6
Gearing (net debt / (net debt + equity))	55.0%	44.4%	(10.6ppt)	-

Performance Overview

- EBITDA down $54m (7%) to $673m with:
  - Coal down $56m (20%) primarily due to lower above rail volumes from the impact of prolonged wet weather. In addition to the 8% reduction in volumes there was also a decrease in above rail revenue yield (excluding fuel) and moderately higher operating costs
  - Network down $17m (4%) also due to lower volumes from the impact of prolonged wet weather
  - Bulk up $25m (33%) with the inclusion of the One Rail Australia bulk business (Bulk Central) following completion of the transaction in July 2022 and higher grain volumes in Western Australia being partly offset by wet weather, several derailments and customer specific production issues in Bulk East
  - Other down $6m (43%) with the prior year benefiting from higher asset sales
- Interim dividend declared of 7.0cps (100% franked) represents a payout ratio of 75% of underlying NPAT for continuing operations
- The divestment of East Coast Rail was announced in December 2022 which was subject to approval from the ACCC. This approval was received in February 2023 and the sale is therefore unconditional with completion expected in February 2023.

Free Cash Flow

FCF decreased $306m to $95m (excluding the One Rail Australia acquisition and growth capex) with:

- the reduction in EBITDA noted above
- an increase in tax payments due to the benefit in the prior year from the disposal of the shares held in Aquila and
- adverse working capital movements mainly timing related in the Network business with a reduction in Take-or-Pay receipts and an accrual taken up for Energy Charge tariffs that is expected to be recovered in the second half.

Growth capex also increased to $135m supporting Bulk growth with many opportunities available across a range of commodities and geographies. This investment predominantly relates to rollingstock, containers and port equipment.

Outlook

Underlying EBITDA guidance for FY2023 lowered by 4% (to $1,420m - $1,470m) reflecting prolonged wet weather and a two-week Blackwater derailment outage. Non-growth capital expenditure guidance is $500 - $550m and growth capital expenditure guidance is ~$210m supporting Bulk growth. Key assumptions are as follows:

- Coal: lower EBITDA due to volumes now expected to be lower compared to the prior year, and a revenue yield reduction
- Bulk: revenue and EBITDA growth from increased volumes and services and the inclusion of Bulk Central
- Network: lower EBITDA with volumes now expected to be below regulatory forecast resulting in a revenue under-recovery of ~$100m, partly offset by Take-or-Pay of $60m. The net under-recovery of ~$40m is to be included in Revenue Cap mechanism in FY2025
- No further disruptions to commodity supply chains (such as major derailments or extreme/prolonged wet weather)

[1] Free Cash Flow defined as net cash flow from operating activities less non-growth capex and interest paid. It excludes growth capex of $135m, and acquisition of One Rail Australia ($1,404m) and cash costs associated with the acquisition ($39m).

CONSOLIDATED RESULTS

Underlying continuing operations unless otherwise stated

Financial Summary

$m	1HFY2023	1HFY2022	Variance	2HFY2022
Total revenue and other income	**1,694**	**1,515**	**12%**	**1,560**
Operating costs				
Employee benefits	(472)	(423)	(12%)	(430)
Energy and fuel	(236)	(115)	(105%)	(140)
Track access	(52)	(40)	(30%)	(38)
Consumables	(250)	(206)	(21%)	(213)
Other	(11)	(4)	(175%)	2
EBITDA	**673**	**727**	**(7%)**	**741**
Statutory EBITDA	626	727	(14%)	727
Depreciation and amortisation	(328)	(293)	(12%)	(300)
EBIT	**345**	**434**	**(21%)**	**441**
Statutory EBIT	298	434	(31%)	427
Net finance costs	(102)	(64)	(59%)	(61)
Income tax expense	**(74)**	**(113)**	**35%**	**(113)**
Statutory Income tax expense	(66)	(113)	42%	(110)
NPAT	**169**	**257**	**(34%)**	**268**
Statutory NPAT	130	257	(49%)	256
Statutory NPAT from discontinued operations	(46)	-	-	-
NPAT (group) Statutory	**84**	**257**	**(67%)**	**256**
Earnings per share[2]	**9.2**	**14.0**	**(34%)**	**14.6**
Statutory	7.1	14.0	(49%)	13.9
Earnings per share[1] (continuing and discontinued operations)	**10.6**	**14.0**	**(24%)**	**14.6**
Statutory	4.6	14.0	(67%)	13.9
Return on invested capital (ROIC)[3]	8.5%	10.4%	(1.9ppt)	10.3%
Net cash flow from operating activities	421	711	(41%)	609
Interim dividend per share (cps)	7.0	10.5	(33%)	10.9
Gearing (net debt / (net debt + equity)) (%) (group)	55.0%	44.4%	(10.6ppt)	40.9%
Net tangible assets per share ($) (group)	2.2	2.2	-	2.3
People (FTE)	5,390	4,872	(11%)	4,917
Labour costs[4] / Revenue	27.6%	27.6%	-	27.0%

EBITDA by Segment

$m	1HFY2023	1HFY2022	Variance	2HFY2022
Coal	230	286	(20%)	255
Bulk	100	75	33%	56
Network	363	380	(4%)	421
Other	(20)	(14)	(43%)	9
Group (Continuing operations)	**673**	**727**	**(7%)**	**741**

[2] *Calculated on weighted average number of shares on issue – 1,841m*
[3] *ROIC is defined as underlying rolling twelve-month EBIT divided by the average invested capital. The average invested capital is calculated as the rolling twelve-month average of net assets (excluding cash, borrowings, tax, derivative financial assets and liabilities, and assets and liabilities held for sale)*
[4] *1HFY2023 excludes $4m redundancy costs (1HFY2022 excludes $4m redundancy costs)*

Group Performance Overview

Group EBITDA decreased $54m or 7% due to lower earnings in Coal and Network which was principally driven by lower volumes from the impact of prolonged wet weather. This was partly offset by higher Bulk earnings following the completion of the acquisition of One Rail Australia (now Bulk Central) in July 2022. Bulk also benefited from higher grain volumes but this was more than offset by impacts in Bulk East from wet weather, several derailments and customer specific production issues. The small adverse move in Other EBITDA was from a reduction in asset sales compared to the prior year.

The inclusion of Bulk Central and an increase in fuel and energy prices were the major contributors to the 12% increase in revenue and the 30% increase in operating costs. Fuel and energy is largely pass-through and is recorded in both revenue and operating costs. If Bulk Central costs, fuel and energy and access (also pass through) costs were removed, the increase in operating costs would be 7%. This cost increase is mostly in the Bulk business and supports the additional volumes and services being added outside of Bulk Central.

Depreciation increased $35m or 12% primarily due to capital expenditure in Bulk to support growth and the impact from the inclusion of Bulk Central. With the increase in depreciation, EBIT declined $89m or 21%.

ROIC was 1.9ppts lower with the decreased EBIT and higher invested capital for Bulk growth – both Bulk Central and other equipment investments.

Reconciliation to Statutory Earnings

Underlying earnings is a non-statutory measure and is the primary reporting measure used by management and the Group's chief operating decision-making bodies for managing and assessing the financial performance of the business. Underlying earnings is derived by adjusting statutory earnings for significant items as noted in the following table:

($m)	1HFY2023	1HFY2022	2HFY2022
Continuing operations			
Underlying EBITDA	**673**	**727**	**741**
Depreciation and amortisation	(328)	(293)	(300)
Underlying EBIT	**345**	**434**	**441**
Continuing operations significant adjustments – acquisition costs	(47)	-	(14)
Statutory EBIT	**298**	**434**	**427**
Net finance costs	(102)	(64)	(61)
Statutory Profit before tax	**196**	**370**	**366**
Income tax expense	(66)	(113)	(110)
Statutory NPAT – Continuing operations	**130**	**257**	**256**
Continuing operations significant adjustments, net of tax	39	-	12
Underlying NPAT – Continuing operations	**169**	**257**	**268**
Statutory NPAT – Discontinued operations	**(46)**	**-**	**-**
Discontinued operations significant adjustments, net of tax	73	-	-
Underlying NPAT – Discontinued operations	**27**	**-**	**-**
Statutory NPAT – Continuing and discontinued operations	**84**	**257**	**256**
Underlying NPAT – Continuing and discontinued operations	**196**	**257**	**268**

Acquisition costs for One Rail Australia of $47m ($39m post tax) have been classified as a significant adjustment. This includes landholder duty, advisory fees and other costs. Significant adjustments for discontinued operations of $98m ($73m post tax) comprise $23m sale and divestment costs and $75m for the impairment of assets held for sale.

Balance Sheet Summary

($m)	31 Dec 2022	30 Jun 2022	31 Dec 2021
Assets classified as held for sale	962	-	-
Other current assets	923	860	675
Total current assets	**1,885**	**860**	**675**
Property, plant and equipment (PP&E)	9,910	8,416	8,465
Other non-current assets	411	400	437
Total non-current assets	**10,321**	**8,816**	**8,902**
Total Assets	**12,206**	**9,676**	**9,577**
Liabilities directly associated with assets classified as held for sale	527	-	-
Borrowings	5,341	3,221	3,550
Other current liabilities	673	713	602
Other non-current liabilities	1,389	1,330	1,131
Total Liabilities	**7,930**	**5,264**	**5,283**
Net Assets	**4,276**	**4,412**	**4,294**
Gearing (net debt / (net debt + equity))	**55.0%**	**40.9%**	**44.4%**

Balance Sheet Movements

Current assets increased by $1,025m largely due to:

- East Coast Rail classified as a discontinued operation held for sale on the acquisition of One Rail Australia of $962m
- Increase in trade and other receivables of $60m and inventories of $39m predominately due to the acquisition of One Rail Australia
- Increase in other assets of $27m, including the timing of insurance prepayments

This was partly offset by a reduction in cash and cash equivalents of $51m and derivative financial instruments of $18m.

Non-current assets increased by $1,505m including the provisional fair value of One Rail Australia property, plant and equipment of $1,409m and capital additions of $402m, partly offset by depreciation of $314m.

Current liabilities, excluding borrowings, increased by $487m largely due to:

- East Coast Rail liabilities of $527m, including borrowings, classified as held for sale on acquisition of One Rail Australia
- Increase in trade and other payables of $28m due to an increase in capital and general accruals from the acquisition of One Rail Australia, partly offset by a reduction in trade payables
- Increase in other liabilities of $19m due an increase in contract liabilities and period end payroll accruals

This was partly offset by a decrease in current tax liabilities of $69m due to the timing of payment of tax liabilities and provisions of $19m primarily due to the timing of payments for short-term incentives.

Total borrowings increased by $2,120m due to the acquisition of One Rail Australia and funding for capital purchases including other Bulk growth.

Other non-current liabilities increased by $59m largely due to a $34m increase in net deferred tax liabilities and $18m unfavourable valuation of derivative financial instruments.

Gearing (net debt / (net debt + equity)) was 55.0% as at 31 December 2022 reflecting higher borrowings.

Note: Previous corresponding period (pcp) for the year ended 31 December 2021 (1HFY2022)

Cash Flow Summary

($m)	1HFY2023	1HFY2022	2HFY2022
Statutory EBITDA (Continuing operations)	**626**	**727**	**727**
Working capital and other movements	(100)	20	(79)
Non-cash adjustments - asset impairments	5	-	2
Net cash inflow from Continuing operations	**531**	**747**	**650**
Interest received	2	1	1
Income taxes paid	(116)	(40)	(46)
Principal elements of lease receipts	4	3	4
Net cash inflow from operating activities from Continuing operations	**421**	**711**	**609**
Net operating cash inflow from Discontinued operations	37	-	-
Net operating cash flows	**458**	**711**	**609**
Cash flows from investing activities			
Payments for PP&E and intangibles, net of interest paid on qualifying assets	(413)	(289)	(262)
Payments for acquisitions of business, subsidiary and investment in joint venture	(1,404)	(9)	(8)
Distributions from joint ventures and proceeds from sale of PP&E	4	15	25
Net cash outflow from investing activities from Continuing operations	**(1,813)**	**(283)**	**(245)**
Net investing cash outflow from Discontinued operations	(940)	-	-
Net investing cash flows	**(2,753)**	**(283)**	**(245)**
Cash flows from financing activities			
Net proceeds/(repayment) from borrowings	2,131	(113)	(51)
Payment of transaction costs related to borrowings	(9)	-	-
Payment for share buy-back, share-based payments and transaction costs	(7)	-	-
Interest paid	(91)	(65)	(63)
Dividends paid to Company shareholders	(201)	(265)	(193)
Principal elements of lease payments	(10)	(9)	(9)
Net cash inflow/(outflow) from financing activities from Continuing operations	**1,813**	**(452)**	**(316)**
Net financing cash inflow from Discontinued operations	468	-	-
Net financing cash flows	**2,281**	**(452)**	**(316)**
Net increase/(decrease) in cash from Continuing operations	**421**	**(24)**	**48**
Net decrease in cash from Discontinued operations	**(435)**	**-**	**-**
Free Cash Flow (FCF)[5] from Continuing operations	**95**	**401**	**365**

Cash Flow Movements

Net cash inflow from operating activities from continuing operations decreased by $290m (41%) to $421m largely due to:

- Reduction in EBITDA and unfavourable working capital. This predominantly relates to Network working capital including a reduction in Take-or-Pay received of $55m and the accrual of Energy Charge tariff revenue of $37m
- Increase in income taxes paid in comparison to the prior comparative period which included a tax benefit recognised on the disposal of the shares held in Aquila;

Net cash outflow from investing activities from continuing operations increased by $1,530m (541%) to $1,813m, due to the acquisition of One Rail Australia and increase in capital expenditure in the period. Excluding this acquisition cost of $1,404m, the increase was $126m or 45% with an increase in growth capex to support new contracts and future services in the Bulk business across a range of commodities throughout Australia.

Net cash inflow from financing activities from continuing operations increased by $2,265m (501%) to $1,813m, due to the drawdown of borrowings to fund the acquisition of One Rail Australia and capital expenditure in the period.

[5] Free Cash Flow defined as net cash flow from operating activities less non-growth capex and interest paid. It excludes growth capex of $135m, and acquisition of One Rail Australia ($1,404m) and cash costs associated with the acquisition ($39m).

Funding

The Group continues to be committed to diversifying its debt investor base and increasing average debt tenor.

Major funding outcomes were related to the acquisition of One Rail Australia with the transaction underpinned by fully underwritten committed debt facilities. There was a $1.67bn increase in total bank debt for Aurizon Operations sourced from existing and $1.45bn of new facilities with tenors of 2-5 years.

East Coast Rail received $500m in secured, amortising bank debt with terms of 2-5 years in July, part of which included a bridging facility. During 1HFY2023 a 10-year US Private Placement was issued with proceeds used to refinance the bridging facility and part of the 5-year bank debt facility. All debt will remain with East Coast Rail on completion of the sale to Magnetic Rail Group as noted below.

Aurizon Network issued a 10-year $50m A$ Private Placement and 12-year $20m A$ Private Placement in December 2022. Subsequent to the balance date in January 2023, Aurizon Network re-financed its bilateral bank facilities with maturities now in FY2026 – FY2028. In respect of 1HFY2023:

- Weighted average debt maturity tenor was 3.3 years as at 31 January 2023 (after the Network bank debt re-financing), compared to 3.4 years in FY2022
- Group interest cost on drawn debt was 4.0% (FY2022: 3.4%)
- Available liquidity (undrawn facilities plus cash) as at 31 December 2022 was $1,134m
- Group gearing (net debt / (net debt + equity))[6] as at 31 December 2022 was 55.0% (FY2022: 40.9%)
- Aurizon Network's gearing (net debt / Regulatory Asset Base (excluding Access Facilitation Deeds)) as at 31 December 2022 was 61.7% (FY2022: 53.7%)
- Aurizon Operations' gearing (net debt / (net debt + equity)) as at 31 December 2022 was 40.7%[7] (FY2022: 5.6%)
- Aurizon Operations' and Aurizon Network's credit ratings remain unchanged at BBB+/Baa1.

Dividend

The Board has declared an interim dividend for FY2023 of 7.0cps (100% franked) based on a payout ratio of 75% in respect of underlying NPAT from continuing operations.

The relevant interim dividend dates are:

- 27 February 2023 – ex-dividend date
- 28 February 2023 – record date
- 29 March 2023 – payment date

Tax

Underlying income tax expense from continuing operations for 1HFY2023 was $74m. Statutory income tax expense for continuing operations was $66m with an income tax benefit of $8m from the payment of acquisition costs which are expected to be tax deductible and have been treated as a significant adjustment.

The Group statutory effective tax rate and cash tax rate was 38% and 37% respectively, which is more than 30% due to non-deductible landholder duty arising in respect of the acquisition of One Rail Australia, and a non-deductible impairment in discontinued operations. The cash tax rate for continuing operations was 23% which is less than 30% primarily due to accelerated fixed asset related adjustments. The underlying effective tax rate[8] for FY2023 is expected to be in the range of 29-31% and the underlying cash tax rate[9] is expected to be less than 25% for the short to medium term.

Aurizon publishes additional tax information in accordance with the voluntary Tax Transparency Code in its Sustainability Report. See the Sustainability section of the Aurizon website for further detail.

Discontinued Operations

The acquisition of One Rail Australia on 29 July 2022 comprised two business segments, including East Coast Rail, a coal haulage business in New South Wales and Queensland.

The investments held in the East Coast Rail entities were transferred to One Rail Australia Holdings Limited (ORAH) (formerly NHK Pty Ltd), a subsidiary of the Company, on 29 July 2022 and classified as a discontinued operation held for sale. The Company signed a binding sale agreement with Magnetic Rail Group Pty Ltd (Magnetic) on 16 December 2022 to sell 100% of the shares of ORAH. The divestment is in accordance with the Company's Undertaking to the Australian Competition and Consumer Commission (ACCC) as part of the acquisition of One Rail Australia.

The ACCC has provided its approval for the sale to proceed and the sale agreement is now unconditional. Accordingly, the Company and Magnetic are working towards completing the transaction and expect that to occur in February 2023.

[6] Group gearing excludes the East Coast Rail net debt classified as held for sale.
[7] Net debt includes $53m loan receivable from Aurizon Network
[8] Underlying effective tax rate = income tax expense excluding the impact of significant items / underlying consolidated profit before tax
[9] Underlying cash tax rate = cash tax payable excluding the impact of significant items / underlying consolidated profit before tax

BUSINESS UNIT REVIEW

Coal

Aurizon's Coal business provides a critical service to Australia's export coal industry, the nation's second largest source of export revenue in CY2022. Aurizon hauls around half of Australia's export coal volume. Coal hauled is split approximately evenly between metallurgical coal and thermal coal, with demand linked to Asian steel production and energy generation, respectively.

Aurizon transports coal from mines in the Newlands, Goonyella, Blackwater, Moura and West Moreton systems in Queensland (QLD), and the Hunter Valley and Illawarra coal systems in New South Wales (NSW), with domestic customers and coal export terminals.

Financial Summary

($m)	1HFY2023	1HFY2022	Variance	2HFY2022
Revenue				
Above Rail[10]	582	610	(5%)	585
Track Access[10]	175	184	(5%)	176
Other	4	2	100%	3
Total revenue	**761**	**796**	**(4%)**	**764**
Track Access costs	(185)	(192)	4%	(184)
Operating costs	(346)	(318)	(9%)	(325)
EBITDA	**230**	**286**	**(20%)**	**255**
Depreciation and amortisation	(100)	(104)	4%	(104)
EBIT	**130**	**182**	**(29%)**	**151**

Metrics

	1HFY2023	1HFY2022	Variance	2HFY2022
Total tonnes hauled (m)	90.5	98.7	(8%)	95.3
CQCN	66.9	70.3	(5%)	70.8
NSW & SEQ	23.6	28.4	(17%)	24.5
Contract utilisation	78%	83%	(5ppt)	85%
Total NTK (b)	20.9	23.2	(10%)	22.0
CQCN	16.5	17.8	(7%)	17.5
NSW & SEQ	4.4	5.4	(19%)	4.5
Average haul length (km)	231	235	(2%)	231
Total revenue / NTK ($/'000 NTK)	36.4	34.3	6%	34.7
Above Rail Revenue / NTK ($/'000 NTK)[10]	27.8	26.3	6%	26.6
Operating Ratio	82.9%	77.1%	(5.8ppt)	80.2%
Opex / NTK ($/'000 NTK)	30.2	26.5	(14%)	27.9
Opex / NTK (excluding access costs) ($/'000 NTK)	21.3	18.2	(17%)	19.5
Locomotive productivity ('000 NTK / Active locomotive day)	369.3	390.1	(5%)	388.1
Active locomotives (as at 31 December)	310	319	(3%)	314
Wagon productivity ('000 NTK / Active wagon day)	14.0	14.7	(5%)	14.8
Active wagons (as at 31 December)	8,077	8,449	(4%)	8,285
Payload (tonnes)	7,889	7,869	-	8,011

Coal Performance Overview

Coal EBITDA decreased $56m (20%) to $230m primarily due to a decrease in volumes.

Volumes decreased 8.2mt (8%) to 90.5mt with reductions in the Central Queensland Coal Network (CQCN), NSW and South-East Queensland (SEQ).

- Across the CQCN, volumes decreased by 3.4mt (5%) to 66.9mt with performance impacted by a range of factors including prolonged wet weather, mine production issues and labour availability. This was partly offset by increased railings from the new Anglo contract.
- In NSW and SEQ, volumes decreased by 4.8mt (17%) to 23.6mt due to the end of contracts for Yancoal Moolarben and New Acland in addition to prolonged wet weather, including major flooding in July and customer specific production issues.

Coal revenue decreased by $35m (4%) to $761m largely due to the reduction in volumes. Revenue yield improved due to CPI and higher fuel revenue from higher fuel prices. Excluding fuel, Above Rail revenue per NTK decreased by 2%, impacted by the contract cessations detailed above and a reduction in average contract rates.

[10] $10m has been reclassified from access revenue to above rail revenue for 1HFY2022 for consistency with current year presentation.

Total operating costs increased $21m (4%) to $531m largely due to higher fuel costs partly offset by lower track access. The major drivers of these movements are:

- Track access costs decreased by $7m (4%) due to lower volumes, partly offset by higher CQCN electric access cost.
- Other operating costs increased $28m (9%) primarily due to higher fuel due to higher prices. Excluding fuel, other operating costs increased $4m due to minor increases in traincrew and maintenance costs.

Depreciation decreased $4m (4%), resulting in an EBIT decrease of 29% against the prior comparative period.

Operationally, key productivity metrics were generally lower against the prior comparative period due to lower volumes. Active locomotives decreased with the transfer of units to support Bulk growth.

Contract update

- Executed a 5-year maintenance agreement with BMA Rail commencing 1 July 2023

Bulk

Integrated supply chain services, including rail and road transportation, port services and material handling for a range of mining, metal, industrial and agricultural customers throughout Australia. Bulk also manages the Tarcoola-to-Darwin rail infrastructure and South Australian regional lines.

Financial Summary

$m	1HFY2023	1HFY2022	Variance	2HFY2022
Revenue				
Freight Transport	511	330	55%	343
Other	10	14	(29%)	4
Total revenue	**521**	**344**	**51%**	**347**
Operating costs	(421)	(269)	(57%)	(291)
EBITDA	**100**	**75**	**33%**	**56**
Depreciation and amortisation	(53)	(17)	(212%)	(20)
EBIT	**47**	**58**	**(19%)**	**36**
Total tonnes hauled (m)	33.6	24.8	35%	26.0
Operating Ratio	91.0%	83.1%	(7.9ppt)	89.6%

Bulk Performance Overview

Bulk EBITDA increased $25m (33%) to $100m due to the acquisition of One Rail Australia (Bulk Central) on 29 July 2022 and increased grain volumes compared to the prior comparative period. Revenue increased $177m (51%) to $521m with:

- The inclusion of Bulk Central from 29 July 2022
- Stronger grain volumes nationally, including in Western Australia (WA) with the CBH contract which commenced during 1HFY2022
- Higher fuel prices than the prior comparative period
- Marginal revenue yield improvements including CPI increases.

Partly offsetting this was the loss of the QLD livestock contract in 2HFY2022 and some significant weather and derailment events and customer production issues in QLD and NSW.

In Bulk East, volumes increased by 0.3mt driven by stronger grain volumes, the commencement of Centrex volumes in QLD, partly offset by the loss of the livestock contract. In Bulk West, iron ore volumes increased 0.3mt largely due to higher volumes from KML. Non-iron ore Bulk West volumes increased 2.6mt largely due to the ramp up of CBH grain volumes, partly offset by lower volumes from the Alumina customers. Volumes in Bulk Central increased by 5.7mt due to the acquisition of One Rail Australia on 29 July 2022.

Operating costs increased $152m (57%) with:

- The acquisition of One Rail Australia from 29 July 2022
- Higher fuel prices than the prior comparative period
- Increased costs to support contract wins predominately in grain (including ramp up costs for both traincrew, rollingstock and facilities)
- Increased costs to support the new Tronox contract from 2HFY2022
- Increased costs from three significant derailment events in 1HFY2023

Operating costs were partly offset by ongoing benefits from the Bulk transformation program and lower costs from the loss of the QLD livestock contract.

Depreciation increased $36m or 212% with additional depreciation from the One Rail Australia acquisition along with increased capital expenditure supporting the growth in revenue and EBITDA. Therefore, EBIT decreased 19% compared to a 33% increase in EBITDA.

Contract update[11]

- OZ Minerals – 5-year contract extension for the haulage of copper in SA/NT
- BP – 6-year contract extension for the haulage of fuel in WA
- Centrex – 4-year contract for road, rail and stevedoring of phosphate rock in north QLD

[11] *Includes contracts executed by One Rail Australia in July 2022*

- Aeris Resources – 5-year contract for road, rail and stevedoring for base metals in NSW
- SIMEC – 3-year contract extension for the haulage of iron ore in SA
- Gypsum Resources Australia – capital investment for track upgrades for the 10-year contract for the haulage of gypsum in SA

Network

Network refers to the business of Aurizon Network Pty Ltd (Network) which operates the 2,670km CQCN. The open access network is the largest coal rail network in Australia, connecting multiple customers from more than 40 mines to five export terminals located at three ports. The CQCN includes four major coal systems (Moura, Blackwater, Goonyella and Newlands) and a connecting link (the Goonyella to Abbot Point Expansion (GAPE)).

Financial Summary

$m	1HFY2023	1HFY2022	Variance	2HFY2022
Revenue				
Track Access	583	543	7%	591
Services and other	31	26	19%	33
Total revenue	**614**	**569**	**8%**	**624**
Energy and fuel	(110)	(53)	(108%)	(53)
Other operating costs	(141)	(136)	(4%)	(150)
EBITDA	**363**	**380**	**(4%)**	**421**
Depreciation and amortisation	(173)	(170)	(2%)	(175)
EBIT	**190**	**210**	**(10%)**	**246**

Metrics

	1HFY2023	1HFY2022	Variance	2HFY2022
Tonnes (m)	102.9	104.9	(2%)	101.6
NTK (b)	25.1	26.4	(5%)	25.5
Operating Ratio	69.1%	63.1%	(6.0ppt)	60.6%
Maintenance / NTK ($/'000 NTK)	2.7	2.4	(13%)	2.8
Opex / NTK ($/'000 NTK)	16.9	13.6	(24%)	14.8
Cycle Velocity (km/hr)	21.0	23.1	(9%)	22.6
System Availability	82.3%	82.9%	(0.6ppt)	84.3%
Average haul length (km)	244	251	(3%)	251

Network Performance Overview

Network EBITDA decreased $17m (4%) to $363m in 1HFY2023, with increased revenue of $45m (8%) offset by increased operating costs of $62m (33%).

Regulatory access revenue has been accounted for based on actual railed tonnes using tariffs approved by the Queensland Competition Authority (QCA) on 26 May 2022 and the subsequent Electric Energy Charge DAAU approved on 16 November 2022.

Total Access Revenue increased by $40m (7%) with the main drivers being:

- Electric Energy Charge (EC) was $51m higher in 1HFY2023 due to the EC tariff increasing from $1.11 to $2.82 per EGTK’000
- Allowable revenue increased by $19m primarily due to the capital underspends in FY2019 and FY2020 that reduced Allowable Revenue in FY2022
- Reduced volumes compared to the regulatory forecast resulted in an under-recovery (excluding GAPE) of $52m in 1HFY2023. This compares to an under-recovery of $28m in 1HFY2022
- Net unfavourable Revenue Cap movements of $3m relating to FY2020 and FY2021
- GAPE revenue was $5m lower primarily due to the depreciating asset value and the Transfer Fee collected in FY2021 that is being returned via FY2023 Access Charges
- Other Access Revenue was $1m higher
- Services and other revenue was $5m (19%) higher in 1HFY2023 primarily due to higher external construction revenue.

Operating costs increased by $62m (33%) with the main drivers being:

- Electric traction charges increased $57m in 1HYFY2023 (offset in Access Revenue) due to higher wholesale energy prices and higher connection costs
- Higher external construction costs associated with higher revenue and higher maintenance costs partly offset by operational cost savings.

Depreciation increased $3m (2%) primarily due to historical rail renewal and ballast undercutting investment.

Network's 2021-2022 Regulated Asset Base (RAB) roll-forward is estimated to be 5.7bn[12] (including access Facilitation Deeds of $0.3bn).

Regulation Update

The 2017 Access Undertaking (UT5) was approved by the QCA on 19 December 2019. The status of key aspects of UT5 are as follows:

- The QCA published the Independent Expert's (IE) Initial Capacity Assessment Report (ICAR) on 1 November 2021. The ICAR identified that the average annual deliverable network capacity of each coal system in the CQCN for the period FY2022 – FY2024, when measured as a percentage of the current contracted capacity for each coal system, is estimated as follows:
  - Goonyella: ~93%
  - Blackwater System: ~96%
  - GAPE System: ~64%
  - Moura System: ~93%
  - Newlands System: ~66%
- On 12 November 2021, Network provided the Chair of the Rail Industry Group (RIG) and the QCA its preliminary response to the ICAR, which set out the proposed options to address the capacity deficits identified in each coal system by the Independent Expert in the ICAR.
- Consistent with the definition of the term 'Report Date' in UT5, Network's view was that this notification to the Chair of the RIG on 12 November 2021 (Report Date), triggered an increase in Network's Weighted Average Cost of Capital (WACC) from 5.9% to 6.3%. The QCA-approved reference tariffs assumed an uplift in the WACC to 6.3% would be effected from 1 March 2020. As a result of the delay in the ICAR, there has been an over-collection of access charges (the difference between 5.9% and 6.3%) in FY2022. Network's FY2022 Revenue Adjustment Amounts submission included a WACC adjustment that would see $9m returned to Access Holders via FY2024 tariffs. This amount was calculated on the basis that the Report Date occurred on 12 November 2021. On 15 December 2022, the QCA rejected the FY2022 Revenue Adjustment Amounts submission, taking the view that the WACC uplift did not apply from 12 November 2021 but instead from 14 March 2022 (the date upon which Network submitted its Detailed Report in response to the ICAR). The WACC adjustment associated with a 14 March Report Date would see a return to Access Holders of $18m, an increase of $9m. On 20 January 2023, Network submitted an amended FY2022 Revenue Adjustment Amounts submission in compliance with the QCA's decision (so as to ensure the other aspects of the QCA's decision could operate without delays arising) and reserved its rights in relation to the proper interpretation of the Report Date. On the same day, Network lodged an application with the Supreme Court of Queensland to appeal the QCA decision, seeking a declaration from the court about the proper interpretation of the definition of Report Date.
- The QCA published the IE's Annual Capacity Assessment Report 2022 (ACAR) on 23 June 2022. The ACAR is an annual capacity assessment undertaken by the IE of the deliverable network capacity of each coal system in the CQCN and includes a review of the System Operating Parameters for each coal system. Following considerable analysis and work with Network, the ACAR identified some improvements in the average annual deliverable network capacity of each coal system since the publication of the ICAR for the period FY2022 – FY2024, when measured as a percentage of the current contracted capacity for each coal system. This means that the capacity deficits identified in the ICAR are now slightly lower for nearly all coal systems. The changes identified are as follows:
- – Goonyella System has improved by ~ 2% to ~ 93 – 95%;
  – Blackwater System has improved by ~ 2-4% and is forecast to be at ~100% in FY2026;
  – GAPE System is slightly lower for FY2023 and FY2024 then at similar levels for other years;
  – Moura System has improved by ~ 7% to ~99%; and
  – Newlands System is lower in FY2023 compared to the ICAR however similar for other years.
- As required under UT5, on 17 June 2022, the IE made a recommendation to the QCA on which of the Transitional Arrangements identified in Network's Detailed Report would most effectively and efficiently resolve the deficits identified in the ICAR. On 16 November 2022, the QCA made an initial determination on transitional arrangements to be implemented, the most notable being the installation of remote-control signalling in the Newlands system.
- The Performance Rebate mechanism in UT5 came into effect on the 'Report Date'. The Performance Rebate is payable if an End User does not receive its contracted Train Service Entitlement for the period from the 'Report Date' due to a performance breach by Network as determined by the IE under UT5. Any transitional arrangements that are implemented to rectify an Existing Capacity Deficit will be taken into consideration in the calculation of the Performance Rebate. In accordance with the terms of the undertaking, stakeholders have requested that the QCA undertake a review of the Performance Rebate mechanism.
- On 8 June 2022, Network submitted to the QCA a DAAU to adjust the EC under UT5 for FY2023. Due to the significant increase and forecast volatility in the wholesale electricity rates, it was necessary to submit the DAAU to adjust the EC tariff from $1.11 to $2.82 per thousand eGTK. The QCA approved the DAAU on the 16 November 2022.
- UT5 provides for certain variable components of WACC (predominately risk-free rate, debt risk premium), inflation and the tax allowance (Reset Values) to be reset on 1 July 2023 to take account of prevailing market conditions at that time. The reset process involves:
  - preliminary Reset Values being submitted to the QCA in July 2022 for consultation which will inform FY2024 tariffs. On 16 November 2022, the QCA largely accepted the methodology proposed for calculating the majority of inputs used to develop the preliminary Reset Values for FY2024 Tariffs but noted some issues with the sample data used for determining the debt risk premium;
  - updated preliminary Reset Values being submitted to the QCA in late February 2023 to reflect the latest available information. Network expects that the QCA will have regard to these updated values when establishing the preliminary Allowable Revenues and Reference Tariffs that will form the basis of FY2024 access charges; and
  - final Reset Values being submitted to the QCA for approval in July 2023.

[12] *Includes deferred capital*

- Preliminary Allowable Revenues and Reference Tariffs for FY2024 will be based on Aurizon Network's proposed preliminary WACC of 8.18% and estimated opening FY2024 RAB value of $5.9bn[13] (including access Facilitation Deeds of $0.3bn). Market movements will inform the final reset risk-free rate and debt risk premium, and may result in a final Reset WACC that varies from the preliminary reset WACC of 8.18% that will apply in FY2024.
- While the final Reset Values will take effect from 1 July 2023, FY2024 Allowable Revenues and Tariffs will not be amended during that year to reflect the QCA's decision on the final Reset Values. Any variation between final Reset Values and preliminary Reset Values will be included in FY2026 Revenue Adjustment Amounts.

Operational Update

During 1HFY2023:

- CQCN volumes declined by 2% to 102.9mt. The volume reductions were largely attributable to wet weather and mine specific maintenance and production issues.
- Total System Availability was 82.3% and remained in line with the prior comparative period
- Cancellations due to the Network rail infrastructure increased from 1.7% to 1.8%
- Cycle velocity decreased from 23.1km/h to 21.0km/h

Other

Other includes the provision of services to internal and external customers and central costs not allocated such as the Board, Managing Director & CEO, Investor Relations, Strategy and Company Secretariat.

($m)	1HFY2023	1HFY2022	Variance	2HFY2022
Total revenue	**6**	**18**	**(67%)**	**27**
Operating costs	(26)	(32)	19%	(18)
EBITDA	**(20)**	**(14)**	**(43%)**	**9**
Depreciation and amortisation	(2)	(2)	-	(1)
EBIT	**(22)**	**(16)**	**(38%)**	**8**

Other Performance Overview

EBITDA decreased by $6m (43%) with fewer asset sales compared to the prior comparative period.

OPERATIONAL EFFICIENCY IMPROVEMENT UPDATE

As part of Aurizon's Strategy In Action, particularly the Optimise and Excel levers, Aurizon continues to focus on operational efficiency to continuously improve its operational performance, asset efficiency and cost competitiveness. Through the Optimise and Excel levers, Aurizon is making targeted investments in technology on the journey to continuous improvement. Project Precision has transitioned to business as usual in FY2022 with accountability now embedded in the Network Planning and Scheduling function.

Outlined below are the major initiatives currently being pursued in the business.

Automated Track Inspection System (ATIS)

The ATIS initiative seeks to measure track and overhead line alignment via locomotive-mounted equipment using lasers to achieve precise measurements at line speed. ATIS is a collection of systems including a Track Geometry Measurement System (TGMS), a Wire Geometry Measurement System (WGMS) and a Pantograph Collision Detection System (PCDS). Network currently uses a track-recording car to obtain these measurements, with the service provided by a third party which consumes train paths that would otherwise be used by revenue train services.

It is intended that ATIS will enable an increase in the timeliness of data allowing a move to a condition-based track resurfacing scope, tracking of defects and the ability to trend degradation to predict future fail points or intervention triggers. Other benefits of ATIS may include reduced cost and improved access by removing the requirement to utilise the track-recording car.

During FY2022 Network successfully trialled and progressed verification reporting of the WGMS and PCDS systems confirming that overhead wire alignment and contact information can also be captured via automated means.

Following the endorsement and support from our customers, the ATIS production equipment will be implemented across the CQCN in FY2023 and FY2024.

TrainGuard

TrainGuard is a platform utilising ETCS (European Train Control System) technology to support driver decision-making, particularly in relation to speed control and signal enforcement. TrainGuard will support safer and more efficient train operations with reduced rail process safety issues and improved train handling. TrainGuard is also a pathway to expanding our driver-only operations in Central Queensland. The technology was deployed on initial trainsets (and associated track infrastructure) in Blackwater (Callemondah to Bluff) in 1HFY2023, with installation on the remaining trainsets in the corridor to take place in 2HFY2023. Goonyella system to follow.

[13] *Includes deferred capital*

TrainHealth

TrainHealth provides Aurizon with capability to monitor performance of locomotives and train handling/utilisation in real-time. This initiative enables access to real time asset data that is being used to inform the health of the locomotive, enhance asset reliability and maintenance decisions for the fleet, in addition to providing greater visibility on driver variability and support business decisions for on-time running. With installation completed for the CQCN Siemens electric locomotive fleet, installation across the CQCN diesel is scheduled for completion during FY2023. TrainHealth has expanded to the NSW Coal system and is leveraging the technology solutions delivered in CQCN, installation is scheduled for completion in FY2023. In addition to the expansion of TrainHealth across the Coal BU, WA Bulk are now investing in TrainHealth with the 6000 class equivalent fleet due for completion in FY2023.

ADDITIONAL INFORMATION

Sustainability

Aurizon keeps stakeholders informed of our corporate governance and financial performance via announcements to the Australian Securities Exchange (ASX) and our website. Investors can access copies of announcements to the ASX, notices of meetings, annual reports, policies, investor presentations, webcasts, and transcripts of those presentations on our website. In addition to these disclosures, we take a direct approach to reporting ESG disclosures to our stakeholders with the publication of our annual Sustainability Report.

We recognise that our climate change disclosures are one of the key interests to stakeholders. Since 2017, we have aligned our climate-related disclosures to the Task Force on Climate-related Financial Disclosures (TCFD) as recommended by the Financial Stability Board. This framework enables consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. Our response to climate-related risks is outlined in our annual Sustainability Report

In FY2021, we published our Climate Strategy and Action Plan (CSAP). The strategy builds on our existing work in reducing our carbon footprint. We recognise that we all have a responsibility to act on climate change – government, business, and the general community – so we can achieve an effective transition to a low-carbon future.

In 2022, we received a 'Comprehensive' rating, the highest rating for an eighth consecutive year by the Australian Council of Superannuation Investors (ACSI) for corporate sustainability reporting in Australia.

Safety

At Aurizon, we are committed to protecting ourselves, each other, and our communities.

During 1HFY2023, we continued to embed our Safety Strategy through nine key priorities. Our priorities are focused on building and implementing simple systems and processes, understanding and controlling safety hazards and risks, and building leadership and capability with a strong in-field presence. Aurizon has progressed several strategic projects, including the implementation of TrainGuard phase 1 (Aurizon's SPAD and overspeed prevention technology), along with improving yard safety interfaces to reduce the number of yard incidents. There are also a range of strategic initiatives progressing to implementation in 1HFY2023, including (for example) Aurizon's enhanced fatigue management framework.

We have two primary safety metrics to measure safety performance across the enterprise; Total Recordable Injury Frequency Rate (TRIFR) and Serious Injury and Fatality Frequency Rate ($SIFR_{(a+p)}$). The latter was formally introduced into Aurizon's enterprise reporting in FY2023 and replaced Rail Process Safety.

In 1HFY2023, TRIFR was 8.49 injuries per million hours worked compared to 8.41 for FY2022.

$SIFR_{(a+p)}$ measures the number of incidents that have the potential to cause or did actually cause serious injury or death per million hours worked. As a new measure reflecting Aurizon's broader operational profile, it helps direct our efforts to preventing serious injury or fatality events across all of Aurizon's operations and covers all rail and non-rail operations.

After a review of the recorded incidents for FY2022, we have recategorised 23 incidents, resulting in a restatement of the result for FY2022 from 6.77 to 4.41 incidents per million hours worked. In 1HFY2023 there were with 1.78 incidents per million hours worked, representing a 60% improvement compared to the prior year. The result was primarily driven by fewer serious motor vehicle and rail incidents.

In early FY2023, the One Rail Australia transaction was finalised, and the Aurizon Bulk Central business unit established. Aurizon is currently transitioning the Bulk Central business unit into its current reporting definitions and performance measures with integration planned for FY2024. While the TRIFR definition is largely consistent with Aurizon enterprise, Bulk Central does not currently report $SIFR_{(a+p)}$ or an equivalent measure. Bulk Central TRIFR as at 1HFY2023 is 3.90 compared to 4.09 in FY2022, representing a modest improvement. Bulk Central did not report any events that could be considered an actual SIF event during 1HFY2023.

Environment

Aurizon recognises our responsibility to aid our local communities and supply chains by delivering environmental value through effective management of environmental risks and improved enterprise environmental performance. We employ proactive and evidence-based management measures covering key environmental issues such as, climate change, resource use and clean air.

Aurizon's acquisition of One Rail Australia (now Aurizon Bulk Central) presented an opportunity to rationalise the two companies' South Australian Environment Protection Licences (EPLs) to operate rollingstock into a single licence, and to transfer One Rail Australia's New South Wales EPL to East Coast Rail, reducing the extent of regulatory oversight. Due to the relatively recent construction of Aurizon Bulk Central's rail corridor, from Alice Springs to Darwin (<30 years) there also exists opportunity to incorporate the valuable information and understanding regarding cultural heritage management into Aurizon's Cultural Heritage Governance Framework.

Aurizon continues to work collaboratively with supply chain partners to minimise coal dust emissions associated with Aurizon's coal haulage operations. Data from the CQCN opacity monitoring stations indicated 1HFY2023 continues to yield low rates of coal dust loss from tops of wagons. For further detail in relation to coal dust management and monitoring processes, refer to Aurizon's annual Sustainability Report.

Aurizon has applied to transition its three Safeguard Mechanism Facilities (covering Scope 1 GHG emissions associated with rail activities in QLD, NSW and WA) to a single National facility with a production-adjusted safeguard baseline. Aurizon was not required to purchase or retire Australian Carbon Credit Units (ACCUs) to meet its obligations under the safeguard mechanism in FY2022. This was achieved through effective management of its scope 1 emissions intensity to remain below baselines. Aurizon is actively engaging with the Federal govt. regarding the Safeguard Mechanism as it seeks to implement significant reform directed towards reducing aggregate headroom of Australia's largest emitters.

In 1HFY2023:

› Aurizon has not incurred any fines, penalties or prosecutions arising from environmental or cultural heritage related incidents; and
› Aurizon has had two notifiable environmental incidents. Remedial actions were implemented as required and no ongoing material environmental impacts are anticipated.

People

At Aurizon, our people are our greatest asset. We have over 5,500 employees living and working across our national footprint of operations. Our Aurizon values (Safety, People, Integrity, Customer and Excellence) guide our people's work, in delivering bulk commodities to the world, and are underpinned by a workplace culture of connection to enable great outcomes.

Through our commitment to safe and efficient delivery for our customers, we are building our workforce for the future. Strong leadership, culture and values-aligned people practices lay the foundation to achieve this. During the year we progressed key initiatives, including:

› Providing meaningful ways for our people to develop their skills and capabilities, now and for the future. Our established Leadership programs are designed to embed a safe and high performing culture where our people live our values and are engaged and enabled to do their best work. We also recognise the need for development at all levels and are rolling out new programs for emerging leaders and non-leaders as well as a new Capability Framework, over FY2023 Q3.
› Ensuring our people processes and systems adapt to the needs of our leaders and people, and actively facilitates the attraction and retention of our current and future workforce. This year we have focused on renewing our workforce planning process and initiatives as well as progressing a refreshed employee value proposition.
› Continuing to strive towards creating an inclusive culture by embedding flexible work practices, creating awareness and driving action for inclusion through employee representative groups (across gender, Aboriginal and Torres Strait Islander and LGBTQIA+ inclusion), meeting workforce representation targets and actively reducing the gender pay gap. In August 2022, we launched our first ALLin Action Plan ‘Advancing LGBTQIA+ Inclusion at Aurizon’ – aligning our activities to three pillars to support the group’s vision - visibility, education and connection.
› Integrating our recent acquisitions of road and port services organisations into Aurizon’s existing processes, ensuring alignment across people and performance priorities, complementing the established cultures.

Entities over which control was gained or lost during the period

The Group acquired 100% of the general and limited partnership interests in Aurizon Bulk Central Holdings LP (formerly One Rail Australia Holdings LP) and its subsidiaries listed below on 29 July 2022.

› Aurizon Bulk Central Holdings LP (formerly One Rail Australia Holdings Pty Ltd)
› Aurizon Bulk Central Finance 2 Pty Ltd (formerly One Rail Australia Finance 2 Pty Ltd)
› Aurizon Bulk Central Finance Pty Ltd (formerly One Rail Australia Finance Pty Ltd)
› Aurizon Bulk Central Network Pty Ltd (formerly One Rail Australia (North) Pty Ltd)
› Aurizon Bulk Central (SA Holdings) Pty Ltd (formerly One Rail Australia (SA Holdings) Pty Ltd)
› Aurizon Bulk Central (Northern) Pty Ltd (formerly One Rail Australia (Northern) Pty Ltd)
› Viper Line Pty Ltd
› Aurizon Bulk Central Pty Ltd (formerly One Rail Australia Pty Ltd)
› Aurizon Bulk Central (SA Rail) Pty Ltd (formerly One Rail Australia (SA Rail) Pty Ltd)
› Aurizon Bulk Central (Eastern) Pty Ltd (formerly One Rail Australia (Eastern) Pty Ltd)
› ARG Sell Down No 1 Pty Ltd
› ARG Sell Down Holdings Pty Ltd
› ARG Sell Down No 2 Pty Ltd
› Aurizon Bulk Central (VW) Pty Ltd (formerly One Rail Australia (VW) Pty Ltd)
› Aurizon Bulk Central (Operations North) Pty Ltd (formerly One Rail Australia (Operations North) Pty Ltd)
› One Rail Australia (NSW) Pty Limited
› One Rail Australia (QLD) Pty Limited
› One Rail Australia (FLA) Pty Ltd
› One Rail Australia (FLACS) Pty Ltd
› One Rail Australia (FLACH) Pty Ltd

Details of joint venture entities

		Ownership Interest	
Entity	**Country of incorporation**	**31 Dec. 2022**	**31 Dec. 2021**
Joint Ventures			
Coal Network Capacity Co Pty Ltd	Australia	8	8
Ox Mountain Limited	United Kingdom	42	42
Chun Wo/CRGL	Hong Kong	-	17
ARG Risk Management Limited	Bermuda	50	50
Integrated Logistics Company Pty Ltd	Australia	14	14
ACN 169 052 288	Australia	15	15

The profit contribution from any one of these joint venture entities is not material to the Group's profit. The Chun Wo/CRGL joint venture ceased operations in March 2022.

Risk

Refer to the annual report for a detailed summary of risk.