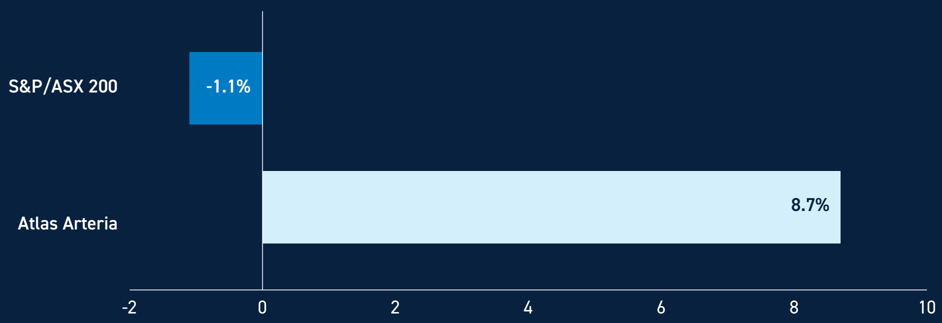
atlasArteria

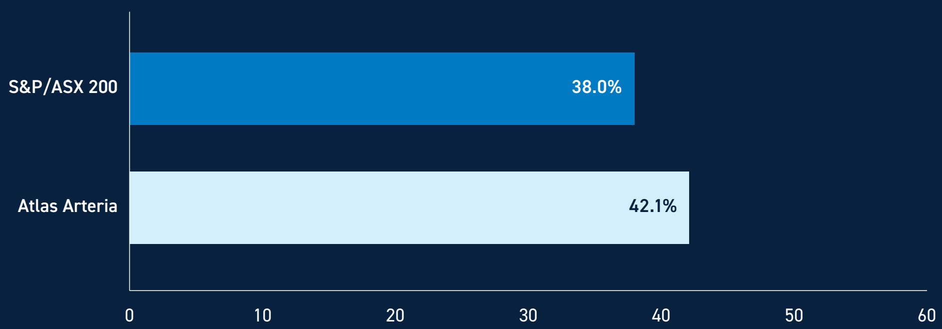
ANNUAL REPORT 2022

A year of consistent execution and business transformation

2022 Total Shareholder Return[1]



Total Shareholder Return since internalisation[2]



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Acknowledgement of Country

Atlas Arteria acknowledges the Traditional Custodians of country throughout Australia, and their connections to land, sea and community. We pay our respects to their Elders past, present and emerging and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

As a global owner, operator and developer of toll roads, we extend our respect to the First Nations custodians in every location where we live and work and to their past, present and ongoing contributions, which enrich our lives and communities. Keeping communities connected is at the heart of what we do; and we do so guided by our values, which encourage respect for all people in every interaction.

Atlas Arteria (ALX) comprises Atlas Arteria International Limited (Registration No. 43828) (ATLIX) and Atlas Arteria Limited (ACN 141 075 201) (ATLAX). ATLIX is an exempted mutual fund company incorporated and domiciled in Bermuda with limited liability and the registered office is 4th Floor, Cedar House, 41 Cedar Avenue, Hamilton, HM12, Bermuda. ATLAX is a company limited by shares incorporated and domiciled in Australia and the registered office is Level 1, 180 Flinders Street, Melbourne, VIC 3000, Australia.

1. Source: Refinitiv. Total shareholder return from 31 December 2021 to 31 December 2022.
2. Source: Refinitiv. Total shareholder return from 15 May 2018 to 31 December 2022.

KEY BUSINESS HIGHLIGHTS

Acquisition of Chicago Skyway extended Atlas Arteria's average concession life to

37 years[1]

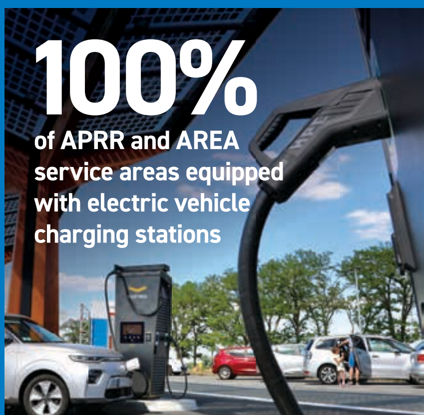
€410m
Investment Plan signed with French Government in January 2023

80%
of employees would recommend Atlas Arteria as a great place to work, up from 76% in 2021[2]

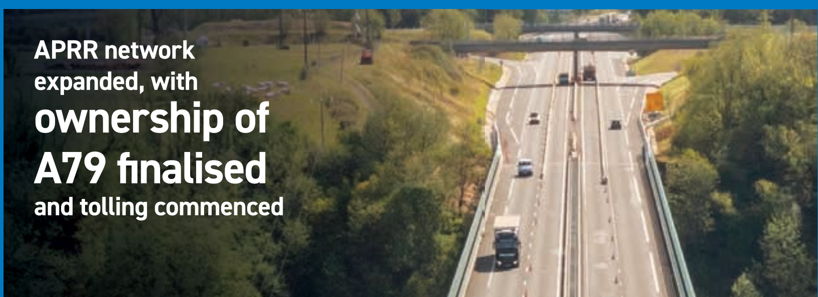
First stand alone **Sustainability Report** released in April 2022 providing more information on key metrics

Atlas Arteria ranked
2nd in the ANZ transport sector
– GRESB Public Disclosure Report (2022)

Maintained
40%
gender balance[3]



100%
of APRR and AREA service areas equipped with electric vehicle charging stations



APRR network expanded, with **ownership of A79 finalised** and tolling commenced

Weighted average traffic performance in 2022, including Chicago Skyway[4]:
7.8%
higher than 2021 and 0.5% below 2019[5]

Weighted average toll revenue performance in 2022, including Chicago Skyway[4]:
9.0%
higher than 2021 and 4.7% above 2019[6]

Record securityholder distribution per security:
40cps[7]

2022	40.0cps
2021	36.0cps
2020	24.0cps
2019	15.0cps

APRR net profit after tax:
€1,056m

2022	€1,056m
2021	€933m
2020	€628m
2019	€875m

1. Weighted average concession life based on equity value contribution to consolidated business as at 11 September 2022.
2. 2022 corporate employee survey result.
3. Across the Boards, senior executives (i.e. Executive Team and senior direct reports, including CEOs and MDs of wholly and majority owned businesses) and the corporate team.
4. Atlas Arteria completed the acquisition of a 66.67% majority interest in the Chicago Skyway on 1 December 2022, however, data for the full period has been provided for comparative purposes to allow comparisons with prior periods.
5. Traffic growth is weighted by Atlas Arteria's beneficial interests in the revenue from each business, in AUD using the average exchange rates in the period.
6. Toll revenue growth is calculated using the respective businesses local currencies, converted to AUD.
7. Includes H2 2022 distribution guidance of 20.0 cps which is subject to continued business performance, movements in foreign exchange rates, and other future events.

THE ATLAS ARTERIA BUSINESS

We are Atlas Arteria. We are a global owner, operator and developer of toll roads. We work to create long-term value for our investors through considered and disciplined management and sustainable business practices.

OUR VISION

To provide the communities in which we operate with high quality, well maintained infrastructure and associated amenities that:

- enhance safety;
- provide economic benefits through reduced travel time and greater time certainty;
- improve environmental outcomes through reduced fuel consumption and carbon emissions; and
- provide a positive customer experience.

OUR VALUES

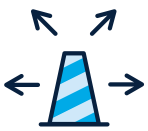
Our values guide the decisions we make and the way we behave as we work together towards our vision.

In living our values, we aim to create strong growth for securityholders and better outcomes for our customers, our communities and our people.

To us, great performance is as much about the way we get there as it is about the result. That's why our people's success is evaluated against our five values, along with their role responsibilities.

OUR GUIDING VALUES

When we are steered by these values, we are acting in the best interests of one another, our securityholders, our customers and our communities. In this way, together, we're driving better outcomes.



Safety is at our heart

We are always focused on delivering safe outcomes for our employees, contractors, customers and visitors to our offices and roads; because nothing is so important that we cannot take the time to do it safely.

Transparency in all we do

We are honest about what we do and how we do it. We are accountable for our actions. If we make a mistake, we will be open about it, learn and improve from it.

Engage for better outcomes

We engage with one another and our stakeholders with a spirit of curiosity and with a learning mindset. We seek to understand people's needs so we can deliver better outcomes. We are open and adaptable to change and committed to continuous improvement.

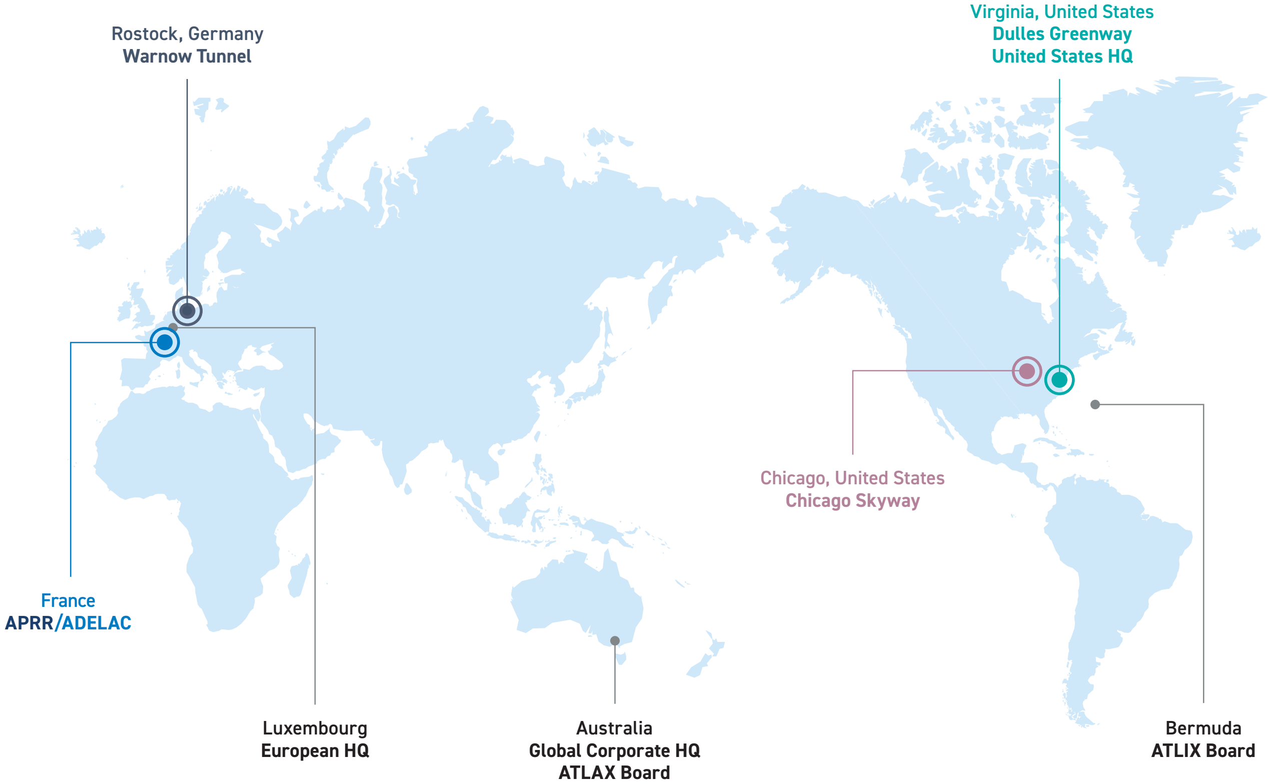
Environmentally and socially responsible

We care for our communities and the environment. We are committed to enhancing our communities and are proactive in reducing environmental impacts by embedding responsible and sustainable business practices.

Respect in every interaction

We are respectful of everyone in every situation. We celebrate diversity. We know that a culture of inclusion and diversity breeds success. We respect the rules and the spirit of the law and will always act ethically, lawfully and responsibly.

Today the Atlas Arteria Group consists of five toll road businesses in France, Germany and the United States. We are focused on ensuring our customers, and the communities in which we operate, are well served by the transport links we provide.



APRR GROUP

Ownership: 31.14%

2,386km motorway network in Eastern France

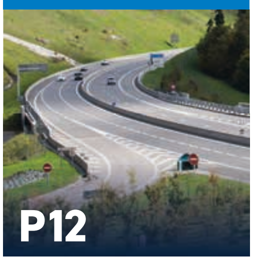
2035 concession expiry[1]

ADELAC

Ownership: 31.17%

20km commuter road connecting Annecy to Geneva

2060 concession expiry



WARNOW TUNNEL

Ownership: 100%

2.1km road and tunnel in Rostock, Germany

2053 concession expiry

CHICAGO SKYWAY

Ownership: 66.67%

12.5km toll road connecting Chicago and Northwest Indiana

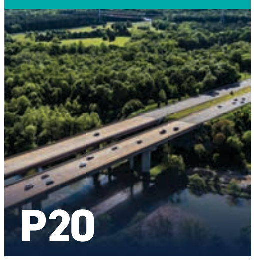
2104 concession expiry

DULLES GREENWAY

Ownership: 100%[2]

22km commuter route into the greater Washington DC area

2056 concession expiry



1. APRR concession expires in November 2035, AREA concession expires in September 2036, A79 concession expires in February 2068.
2. 100% economic ownership.

CHAIRPERSONS' REVIEW

Dear Securityholder,

We are very pleased to share the 2022 Annual Report, on what has been a significant and transformative year for Atlas Arteria.

Our financial performance for 2022 was strong, enabling us to guide to record distributions to you, our securityholders. We made significant strategic progress at APRR, expanding the network, and at Dulles Greenway, engaging with key stakeholders on toll reform.

In September, we announced a landmark achievement with the acquisition of a majority interest in Chicago Skyway. This acquisition has transformed Atlas Arteria into a stronger, larger, more diverse business that remains sharply focused on long-term value creation.

Atlas Arteria has had a strong start to 2023, signing the fourth APRR Investment Plan with the French Government in January.

A strong financial position

Overall, Atlas Arteria delivered against its key financial metrics, with a 9.0% increase in weighted average toll revenue and a 10.3% increase in weighted average EBITDA on 2021. This reflects improving traffic levels post the relaxation of COVID-19 restrictions and increases in toll revenue.

On a total shareholder return (TSR) basis, Atlas Arteria outperformed the S&P/ASX 200 index, returning almost 9% to securityholders via security price increases and distributions during the year. Our record 40 cents per security distribution guidance for the 2022 year was driven by the strong performance of APRR. Given the additional number of securities on issue following the Chicago Skyway equity raise, the H2 2022 distribution is expected to be supported by available excess cash held on balance sheet.

A significant acquisition

The acquisition of a majority interest in Chicago Skyway represented a rare and compelling opportunity for Atlas Arteria. The Chicago Skyway is a business we know well as a result of previous ownership. This was beneficial during the due diligence process and, in turn, lowered the acquisition risk.

The acquisition met all three of our investment criteria: it is value accretive, given it is expected to deliver an internal rate of return exceeding our risk-adjusted cost of equity at the time of the acquisition; it doubles our weighted average concession life from 18 to 37 years; and cash flows from the existing businesses together with Chicago Skyway are expected to provide for long-term sustainable distributions.

In addition to squarely meeting our three investment criteria and further strengthening our balance sheet, this high-quality business provides financial, geographical, currency and distribution diversification benefits. Chicago Skyway balances our business, de-risking our financial reliance on APRR. Our enlarged capital base will position us well to participate in any future tender process for the concessions in France should the Government undertake such a process.

Our completion of this acquisition has created a platform for long-term sustainable growth for you as a securityholder. It further strengthens our position, profile and influence as a global operator of toll roads.

On behalf of the Boards, thank you for your support of the equity raise funding this acquisition. To all new securityholders who have joined the register, welcome.

Distribution guidance for 2023

We are committed to providing our securityholders with sustainable distributions funded from operating business cash flows. Post acquisition, cash flows from our existing businesses, including Chicago Skyway, are expected to provide for long-term sustainable distributions.

Our 2023 distribution guidance of 40 cents per security represents a sustainable level moving forward[1]. In the first few years post acquisition of the Chicago Skyway, we will utilise capital releases from that business to smooth distributions, but future potential re-gears will not be required to maintain distributions at the 40 cents per security level.

Ongoing commitment to sustainable outcomes

We continue to make good progress across our sustainability priority areas: safety; our people; customers and community; and environmental stewardship. A summary of our progress is provided on pages 22 to 27 of this report and full details will be provided in our second Sustainability Report due for release in April.

Nothing is more important to us than our people and customers arriving home safely. It therefore saddens us to report an accident at APRR during the year, involving three employees being struck by a van. The accident resulted in one fatality and one serious injury, the effects of which have been deeply felt across the business. Support has been provided to employees and their families and we remain steadfastly focused on preventative measures and learnings from this tragedy.

1. Guidance subject to continued business performance, movements in foreign exchange rates, and other future events (including refinancing at Chicago Skyway).

This year the Boards have focused on the risks and opportunities that climate change may pose to Atlas Arteria. We made good progress in the first year of a multi-year program to report in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

With initiatives undertaken across our businesses to reduce our greenhouse gas footprint and increase our use of renewable energy, we are making headway toward our target of a 25% reduction in scope 1 and 2 emissions by 2025, and 46% by 2030 against a 2019 baseline.[1]

We continue to make good progress establishing baselines for customer and employee satisfaction, with insights from surveys empowering us to keep delivering improved outcomes. We are thrilled to report that for the eighth consecutive year, APRR was named France's Best Employer in its sector by Capital magazine.

It was also pleasing to see our efforts recognised in key benchmarks such as the GRESB (Global ESG Benchmark for Real Assets) Infrastructure Public Disclosure Report, with Atlas Arteria ranking second in the Australia and New Zealand transport sector in 2022.

Over the coming year, we look forward to working with the team at Chicago Skyway to further develop their approach to sustainability.

We're committed to making continued progress across our business into 2023 and beyond.

Welcome to IFM Global Infrastructure Fund (IFM)

IFM became a significant investor this year, and fully participated in the equity raise funding the Chicago Skyway acquisition. IFM is an extremely successful Australian-grown global fund manager with deep experience and understanding of infrastructure.

Following discussions with IFM, it is proposed that Ken Daley will stand for election as a Director of ATLAX at the 2023 AGM in May and in the interim will attend ATLAX Board meetings as an observer. Ken is a globally recognised toll road leader and we welcome his contribution to our business.

Board renewal

Board renewal continued to be a focus in 2022, including the succession of the ATLIX Chair role. On 1 March 2023, Jeff Conyers will retire as Chair and Director of ATLIX, and Fiona Beck will become the Chair of ATLIX. At this time, the Board of ATLIX will reduce from five to four members.

Fiona has been an Independent Director of ATLIX since September 2019 and the Chair of the People and Remuneration Committee since May 2020. She has significant experience as a CEO, director and chair in public and private organisations, especially in the infrastructure, technology and telecommunications sectors, and we congratulate her on her appointment.

In addition, John Wigglesworth joined the ATLAX Board on 1 January 2023 following the retirement of Ariane Barker.

Outlook

Our business continues to recover from the effects of COVID-19, demonstrating its resilience and supporting a positive outlook for 2023 and beyond. Your Boards remain committed to leveraging our business's unique strengths and to delivering sustainable, long-term value for you, our valued securityholder.

On behalf of the Boards, thank you to our customers, local communities and stakeholders for your continued support. Thank you also to all Atlas Arteria staff who have made this success possible.

Atlas Arteria now enters a new era; one that is both exciting and that offers sustained value. We're so pleased you are a part of it.

Debbie Goodin
Chair
Atlas Arteria Limited

Jeffrey Conyers
Chair
Atlas Arteria International Limited

A message from Jeff Conyers

This is my final Annual Report as the Chair of ATLIX, as I will retire with effect from 1 March 2023.

I am tremendously proud of this business and all our achievements since I joined as a Director and Chair of ATLIX upon its establishment in December 2009.

During those 13 years, this business has reached many important milestones including the restructuring of the company, internalisation of management, and other strategic developments including the increased ownership in APRR and the recent acquisition of a majority interest in the Chicago Skyway.

These successes could not have been achieved without the commitment of a relatively small, very hardworking and talented team that has always been focused on growing value for all our stakeholders.

I would like to take this opportunity to thank my fellow Board members as well as the broader team, and wish them all the best in their ongoing endeavours, and the ongoing success of Atlas Arteria.

1. Chicago Skyway is currently excluded from these targets. Greenhouse gas emissions assessment for Chicago Skyway will commence in 2023.

FROM THE CEO AND MANAGING DIRECTOR

Dear Securityholder,

2022 has been a landmark year for Atlas Arteria. We have executed well at an operational level and driven transformative strategic change to support sustainable, long-term value for our stakeholders.

Our businesses demonstrated their resilience, continuing the recovery post COVID-19 and benefitting from this period of significant macroeconomic change. Our overall traffic numbers were up 7.8% on 2021 driven by rebounding traffic at APRR and ADELAC. While the increase in traffic towards pre-COVID levels has been more gradual at Dulles Greenway, it is showing signs of improvement.

We continue to expand and add value to the APRR network and to strengthen our relationships with our joint venture partner Eiffage and the French Government. We were pleased to commence tolling on the recently completed A79 and receive government approval on APRR's €410 million Investment Plan; the fourth of its kind for us.

Notably, we also reached financial close on the transformative acquisition of a majority interest in Chicago Skyway in December 2022. It is our privilege to manage this essential transport link and critical piece of infrastructure in partnership with Ontario Teachers' Pension Plan (Ontario Teachers').

Across the business, we are positively leveraged to inflation, with material toll increases to support revenue at APRR, Warnow Tunnel and Chicago Skyway in 2023. A high proportion of fixed-rate debt also provides further protection from macroeconomic change for Atlas Arteria, by limiting the impact of rising interest rates.

Our financial position is strong and we continue to deliver value in the face of changing global macroeconomic dynamics, which I am confident we will continue to do into 2023.

Safety-first in everything we do

During the year, a series of safety audits were undertaken across our businesses, and we rolled out our streamlined approach to safety reporting at all sites. APRR's upgrade of the A79 to motorway standards has vastly improved safety conditions along a particularly accident-prone road, and at Warnow Tunnel we've implemented changes in response to dangerous driving practices at the toll plaza (see case study on page 17).

Business performance

APRR and ADELAC

APRR continues to underpin distributions for the business, contributing the majority of our proportional revenue. Its results for the year were impressive, with traffic, toll revenue and EBITDA passing pre-COVID levels, up 8.2%, 8.8% and 10.1% versus 2021 respectively.

Demand on this network remains high, with strong leisure travel delivering bumper winter seasonal traffic and growing international trade supporting a steady stream of heavy vehicle traffic. The network remains resilient to France's economic challenges, in particular higher retail fuel prices during the year. The A79 and A480 motorway upgrades were completed and the delivery of a barrier-free tolling system on the A43 and A79 will translate to improved customer outcomes and a reduction in CO_2 emissions.

APRR continues to value and benefit from its ongoing relationship with the French Government, demonstrated by the approval of the Investment Plan in January 2023. The €410 million capital investment plan will support the government's environmental agenda and deliver motorway upgrades. In turn, the government has approved supplemental toll increases for APRR and AREA between 2023 to 2026, amongst other compensation measures.[1]

1. APRR and AREA decided that the supplemental toll increases would exceptionally not be applied in 2023.

Warnow Tunnel

Good progress was made at Warnow Tunnel in terms of both traffic performance and the delivery of improved safety and customer initiatives during the year. Pandemic restrictions during the first half (in response to the Omicron variant) and the German Government's three-month, temporary public transport pass negatively impacted traffic, however, these impacts were partially offset by benefits to traffic as a result of roadworks on alternate routes. Overall, traffic was up 3.4% and toll revenue and EBITDA up 5.2% and 5.6% on 2021 respectively.

We also delivered clearer overhead signage at the toll plaza, along with additional credit card terminals and OSCARD readers, streamlining the experience for our customers and improving safety.

Dulles Greenway

Recovery post-COVID at Dulles Greenway has been more gradual than expected, as many continued to work from home, and heavy snowfall prevented road travel early in the year. The business is showing signs of improvement, with the fourth quarter of 2022 delivering the highest number of trips since the beginning of the COVID-19 pandemic. Overall, traffic at Dulles Greenway was up by 6.6% and toll revenue and EBITDA up 12.0% and 16.5% respectively versus 2021, while still down on 2019 levels.

We undertook our first customer satisfaction survey in May which provided insights into opinions and attitudes towards Dulles Greenway. Overwhelmingly, travellers were satisfied with the overall experience (91%).

In February 2023, legislation will be considered by the Virginia General Assembly which would authorise the Department of Transportation to negotiate the potential implementation of distance-based tolling on Dulles Greenway. This would deliver mutually beneficial outcomes for our customers and the business.

A smooth transition for Chicago Skyway

We are now focused on a smooth ownership transition for Chicago Skyway, as well as identifying opportunities to add further value to this business. We recognise the privilege of managing and operating this infrastructure and its importance to the community. In light of our deep understanding of the business, gained through prior ownership, we are confident that we are well placed to ensure its ongoing success. We are working collaboratively with our partner Ontario Teachers', who have retained their 33% interest in Chicago Skyway.

We have confidence in the management team on the ground at the Chicago Skyway and will work alongside them to add value through our operational capability. The benefits we can provide include our whole-of-life approach to asset management, along with our focus on modernising operations via improved technology and automation. We will also look to optimise the capital structure, with significant headroom to deliver capital releases over time whilst maintaining an investment grade credit rating.

Traffic at Chicago Skyway was 2.2% ahead of 2021. Both light and heavy traffic were positively impacted for part of 2022 by roadworks along the competing route. In addition, a steady increase in office-based work in Chicago also positively impacted traffic. Toll revenue and EBITDA were up 5.1% and 4.8% on 2021 respectively.

A GLOBAL AND DIVERSE TEAM: RESULTS OF OUR DIVERSITY, EQUITY AND INCLUSION DIAGNOSTIC

First year we have undertaken a diversity, equity and inclusion diagnostic at the corporate level

87% participation

44% female

10+ languages proficiently spoken

7% of our people identify as two or more ethnicities

Looking forward

Our focus for the next year or so is clear. In addition to transitioning Chicago Skyway to an Atlas Arteria business, we will continue to execute our organic growth opportunities at APRR and Dulles Greenway, building on our progress in 2022.

We will continue to have ongoing dialogue with the French Government on achieving their road development and environmental objectives in exchange for toll increases and/ or concession extensions.

I would like to extend my thanks to our people. I am proud of our truly global, diverse, hard-working team at Atlas Arteria. Their tireless efforts allow us to continue to add value to the company and deliver on our commitment to maximise value for our securityholders.

As we stand at the beginning of this new and transformative era for Atlas Arteria, we look forward to continuing to add value for many years to come.

Graeme Bevans

CEO and Managing Director
Atlas Arteria

EXECUTIVE TEAM

Graeme Bevans

CEO and Managing Director

A CEO and Managing Director with deep experience in complex infrastructure investments in Australia, Europe and North America. Passionate about driving the strategic direction and culture of Atlas Arteria to ensure a strong, successful and sustainable business now and for the long term.

David Collins

Chief Financial Officer

An experienced CFO having spent over 20 years specialising in infrastructure and transport businesses globally across finance and commercial roles. Passionate about making strategic and financial decisions that add value for all stakeholders.

Vincent Portal-Barrault

Chief Operating Officer

A COO with extensive experience in operational monitoring and the improvement of infrastructure businesses. Passionate about improving the customer experience on Atlas Arteria's roads and giving people more time for what's important to them.

Catherine Brain

People and Culture

An executive with over 20 years of people and culture leadership experience including driving strategic change programs for ASX100 companies. Passionate about people, culture and transformation.

Jim Dickson

Corporate Development and Strategy Executive

An executive with extensive experience in the infrastructure sector with a focus on corporate development. Passionate about delivering on Atlas Arteria's strategic framework to provide long-term sustainable growth for securityholders.

Clayton McCormack

General Counsel and Company Secretary

A highly experienced lawyer and company secretary with strong transactional, legal governance and risk advisory experience. Passionate about embedding a governance framework and culture that sustains Atlas Arteria now and into the future.

HISTORY OF ATLAS ARTERIA

Atlas Arteria (ALX), previously known as Macquarie Atlas Roads (MQA), was created out of the reorganisation of Macquarie Infrastructure Group into two separate ASX listed toll road groups in 2010.

Since separation from Macquarie, Atlas Arteria has demonstrated its capability to deliver growth and create value for securityholders.

› 2010

JANUARY Macquarie Atlas Roads (ASX:MQA) commences trading on the ASX.

› 2017

MARCH Macquarie Atlas Roads (ASX: MQA) admitted entry to the S&P/ASX 100 Index.

MAY Completion of the acquisition of the remaining 50% estimated economic interest in the Dulles Greenway, increasing Atlas Arteria's economic interest to 100%[1].

SEPTEMBER Announced the acquisition of an additional 4.86% interest in APRR, increasing ownership to 25%.

NOVEMBER Announcement that MQA would internalise.

› 2018

APRIL Agreement reached with Macquarie Bank for the internalisation of management for Macquarie Atlas Roads.

MAY AGM held to approve internalisation of management for Macquarie Atlas Roads. Name changed from Macquarie Atlas Roads to Atlas Arteria (ASX:ALX).

SEPTEMBER Completion of the acquisition of the remaining 30% equity interest in Warnow Tunnel, increasing Atlas Arteria's interest to 100%.

NOVEMBER APRR and AREA awarded a €187m capital investment plan (the 2018 Motorway Investment Plan) by the French Government, compensated through supplemental toll increases.

› 2019

JUNE Eiffage and APRR consortium selected as preferred bidder for the A79 (also known as RCEA) project.

NOVEMBER Announced the APRR transaction to increase Atlas Arteria's ownership in APRR and ADELAC by 6.14% to 31.14% and 31.17% respectively, secure governance rights in respect of its total indirect interest in APRR and ADELAC and terminate all remaining management agreements with the Macquarie Group. An equity raising for $1.35bn was undertaken to fund the transaction.

› 2020

MARCH APRR took over the operations of the A79 in preparation for the construction of the A79 project.

JUNE/JULY Completed an equity raising for $495m. Proceeds from the equity raising together with the cancelled H2 2019 dividend were applied to the repayment of the €350m corporate debt facility, strengthening the Atlas Arteria balance sheet to support future growth.

SEPTEMBER Opened up the US market as a future source of institutional capital with completion of a Security Sale Facility which removed all US based retail investors from the Atlas Arteria security register.

› 2021

MARCH Completion of the Warnow Tunnel capital restructure diversifying Atlas Arteria's sources of cash flow.

› 2022

JUNE APRR network expanded with ownership of A79 finalised.

SEPTEMBER Acquisition of a 66.67% majority interest in Chicago Skyway announced, doubling Atlas Arteria's weighted average concession life, and providing for long-term sustainable distributions. An equity raising for $3.1bn was undertaken to fund the transaction.

NOVEMBER Tolling commenced on the A79 in France.

› 2023

JANUARY APRR and AREA awarded a €410m capital investment plan (Investment Plan) by the French Government, compensated through a number of measures including supplemental toll increases.

CORPORATE
APRR
WARNOW TUNNEL
CHICAGO SKYWAY
DULLES GREENWAY

1. Economic interest held through ~86.6% subordinated loans secured against the equity held by other limited partners. Remaining 13.4% interest held through equity.

STRATEGIC FRAMEWORK

Atlas Arteria's strategy is to leverage our strengths to improve cash flows from each of our businesses to grow value for all our stakeholders.

Against the backdrop of an evolving external environment, our strategic framework has remained relatively constant since internalisation in 2018. Our strategic initiatives are designed to address what is most important to the business and its stakeholders.

Information on how we work with our key stakeholders is provided on pages 26 and 27.

STRATEGIC THEME	Initiatives	Progress
Reduce legacy complexity and optimise the value of what we own	**Growth of the APRR business**	In 2022 Atlas Arteria successfully worked alongside Eiffage to grow the APRR business while simultaneously delivering on the French Government's infrastructure agenda. – In June, the ownership of the A79 was finalised, and tolling commenced in November. – In January 2023, a €410 million capital investment plan (Investment Plan) was signed by APRR and AREA, under which a series of capital projects will be undertaken and compensated through a number of measures including supplemental toll increases.
	Working on price path certainty for the Dulles Greenway	After three years of political and stakeholder engagement, legislation will be considered by the Virginia General Assembly in February 2023 which would authorise the Virginia Department of Transportation to negotiate the potential implementation of distance-based tolling. This would present an opportunity for the Dulles Greenway to: – deliver more equitable tolls to its users; – improve overall network utilisation in the area; – restructure debt to create a long-term sustainable balance sheet that allows distributions; and – move regulation of the concession from the Highway Corporations Act (HCA), to the legislation regulating all other Virginia concessions, the Public Private Transportation Act (PPTA).
Active operational management to improve earnings and value	**People**	Developed the Executive Team, with David Collins joining as CFO and Catherine Brain promoted to the role of Group Executive, People and Culture. Continued to build out capabilities within the management team, including at our European and US offices. Our appointments in the US have been critical in delivering our acquisition of the Chicago Skyway, and they will continue to be critical to its operation as we seek to implement our business plans and pursue value-adding initiatives within the business. Additionally, our acquisition of the Chicago Skyway enhances our breadth of operational experience via its strong local management team, which has a significant track record of success managing transportation assets. Investment in the development of the Atlas Arteria team has focused largely on leadership, team effectiveness and technical expertise. We continue to maintain lower head-office costs than would otherwise have been paid to Macquarie. We have maintained our target of a 40% gender balance at Board level, within senior management[1] and the corporate team.
	ESG and environmental performance	Continued to deliver initiatives against our four priority areas of safety; customers and community; our people; and environmental stewardship. These are underpinned by a set of metrics and actions to support achievement of our targets. Good progress was made in 2022 in aligning Atlas Arteria with the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations. A summary of our progress is included on pages 24 and 25 of this report. Atlas Arteria continued to focus on its greenhouse gas emissions profile and facilitating a reduced customer footprint. Progress this year includes: – roll-out of electric vehicle charging stations across the APRR and AREA network, with 100% of motorway service areas now equipped with high or very-high power terminals; and – a tolling regime to incentivise very low emission vehicles travelling on the A79. Atlas Arteria continued to perform strongly against key sustainability benchmarks: – Atlas Arteria ranked 11th out of 175 peers for ESG performance by Sustainalytics; – Atlas Arteria also achieved an A rating in GRESB's Infrastructure Public Disclosure assessment with a score of 80, up from a B (63) in 2021; and – APRR maintained its score of 87 in GRESB's Infrastructure Asset assessment. Our progress in this area will be outlined in a separate Sustainability Report to be released in April. A summary is provided on pages 22 to 27 of this report.

1. Includes Executive Team, direct reports to Executive Team members in senior roles and CEOs of wholly and majority-owned businesses.

STRATEGIC THEME	Initiatives	Progress
Active operational management to improve earnings and value *continued*	**Safety**	In line with our safety-first culture, we implemented further initiatives to minimise dangerous driver behaviour on our roads. APRR recorded a LTIFR of 3.67, a result above its target to keep LTIFR ≤3.0, driven by an increase in accidents in the busy summer and Christmas periods. Zero lost-time injuries were recorded at Dulles Greenway, Warnow Tunnel and in the corporate team. We continue to focus on embedding a safety culture and implementing innovations that reduce the risk to our people on motorways.
	Customers	We undertook in-depth analysis of underlying traffic trends and conducted customer surveys to understand how customers can be better served through the operational management of Atlas Arteria road networks (for example the implementation of improved signage and toll payment options).
	Transition of Chicago Skyway	Our acquisition due diligence identified opportunities to leverage our operational and asset management capabilities to improve the performance of the business and add value, including: – implementation of a whole-of-life approach to asset management; – modernising operations through technology and automation; – optimisation of capital structure; and – enhancing ESG approach and performance. We will work with our fellow shareholder, Ontario Teachers', during 2023 and beyond to implement these enhancements.
	Technology	During 2022 Atlas Arteria focused on the use of innovative technology to assist in better decision making in the capital expenditure process through specialised tools such as laser scans of key infrastructure. Technology has also made our operations: more efficient, through the use of operational software; and safer, by developing a prototype robotic arm for trucks that place cones and signs, which can remove the need for on-the-ground workers at road closures. APRR is collaborating on European research projects such as the InDID project to progress the potential for automated cars on our roads in the future.
Disciplined capital management to underpin strong and sustainable distributions to securityholders	**Sustainable distributions funded from operating business cash flows**	Atlas Arteria guided to a record distribution for 2022 of 40 cents per security, reflecting the strong performance of both APRR and Warnow Tunnel. The H2 2022 distribution is expected to be supported by available excess cash held on balance sheet. The acquisition of the majority interest in the Chicago Skyway will support distributions to securityholders over the long term. Chicago Skyway's diversified user mix, demonstrable value for customers and favourable embedded tolling escalation is expected to deliver growing operating cash flows.
	Appropriate gearing across our businesses	Continued focus on appropriate gearing across our businesses: – strong credit rating at APRR with A rating by Fitch Ratings and A- rating by S&P; – Warnow Tunnel capital restructure completed to investment grade metrics in 2021; – Chicago Skyway conservatively geared (BBB+) with a long-dated weighted average debt maturity profile (considerable debt capacity remains which can be utilised for capital releases over time as earnings are delivered); and – seeking to reinstate an investment grade capital restructure at Dulles Greenway.
	Funding to support growth initiatives	Atlas Arteria retains balance sheet optionality via under-utilised leverage capacity at the corporate level, at APRR and the Chicago Skyway. The Groups retain the capacity to reinstate covenant-light holding company debt at the right time, for the right opportunity (for example the restructuring of the Dulles Greenway).
Lengthen average concession life	**Acquisition of majority interest in Chicago Skyway**	Atlas Arteria's acquisition of Chicago Skyway doubles our average concession life from 18 years to 37 years on a weighted equity value basis, underpinning long-term value and cash flows for securityholders. At the time of acquisition, Chicago Skyway's 81-year remaining concession was the third longest remaining concession length in the US. This material extension of Atlas Arteria's average concession life provides a platform for growth and will enhance our ability to compete in any future APRR and AREA re-tendering process, as well as other concession lengthening growth transactions.
	Pursuing organic growth opportunities at APRR	In 2022 APRR finalised the ownership of A79, which has a concession expiry in February 2068 (versus APRR which expires in November 2035). We continue to bid for new concessions in France, which are progressively coming to market, including the A412 which is currently in the tender phase. We continue to work with various levels of the French Government on achieving their road development and ESG objectives in return for potential concession extensions.
Diversify and manage risk	**Further develop risk management**	We continue to embed the risk management framework across Atlas Arteria and its businesses, to build a culture of risk awareness and a consistent understanding of current and emerging risks. This promotes risk-based decision making that is consistent with our risk appetite. This year the risk management framework has been utilised in the Chicago Skyway acquisition and the identification and assessment of our climate change risks, to align to the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations.
	Diversification of cash flow	The acquisition of the majority interest in Chicago Skyway delivers financial, geographical, currency and distributions diversification to Atlas Arteria's business. We continued work to unlock the distribution capability at Dulles Greenway for the benefit of securityholders.

APRR AND ADELAC
FRANCE

APRR Group is a 2,406 kilometre motorway network in the east and south-east of France, including ADELAC's 20 kilometres. It is the second-largest motorway network in France and the fourth-largest in Europe.

Atlas Arteria interest

31.14%

in APRR Group

31.17%

in ADELAC

CONCESSION TERM
APRR: 2035
AREA: 2036
ADELAC: 2060
A79: 2068

APRR (including AREA & A79)
Traffic: up 8.2% on pcp
Toll revenue: up 8.8% on pcp
EBITDA: up 10.1% on pcp

ADELAC
Traffic: up 21.4% on pcp
Toll revenue: up 27.9% on pcp
EBITDA: up 25.1% on pcp

The APRR Group owns and controls three separate concessions: the APRR concession, the A79 concession and the AREA concession. It also owns a minority interest in the ADELAC concession. Together, these represent a vital motorway network that is part of several transportation corridors for major Western European and intra-France trade and tourism. It provides essential connectivity between Paris and Lyon, France's two largest metropolitan areas.

Year in review

The business delivered robust results, driven by continued strong demand for the network and toll increases implemented in February 2022 on the APRR and AREA motorway networks (by 2.05% and 2.06% respectively). APRR and AREA are positively leveraged to inflation with further toll increases implemented on 1 February 2023 (by 4.68% and 4.69% respectively[1]).

APRR's investment in this vital business continued with the approval of its fourth Investment Plan by the French Government since privatisation.

Tolling commenced on the A79 in November, which will generate long-term value for securityholders.

Traffic

Traffic has returned to pre-COVID levels and the business continued its positive trajectory of post-pandemic recovery.

Traffic levels were driven by continued strong leisure demand and international trade. The seasonal strength of the business was evident with bumper winter and summer leisure seasons. Summer traffic delivered the second highest quarterly result on record. This was exceeded only by the third quarter of 2021 when levels were at unprecedented high volumes following the relaxation of movement restrictions. Heavy vehicle traffic also continued to grow with international trade. The APRR network represents a critical part of Trans-European trade routes and, as such, heavy traffic grew by 2.4% above 2021 and 3.0% above 2019 levels.

The year's traffic results were delivered against the backdrop of higher retail fuel prices in France and some union action and strikes at refineries later in the year, which reduced the availability of fuel in France. Despite this, demand for the network remained high, demonstrating its resilience.

Overall, APRR Group delivered an impressive result for 2022, with traffic, revenue and EBITDA exceeding pre-COVID levels, demonstrating the strength, value and resiliency of this business.

Continued investment in the network for an improved customer experience

Around €400 million was invested in capital projects during the year, including those previously agreed with the French Government under the 2014-2018 Management Contract, the 2015 Stimulus Package and the 2018 New Motorway Investment Plan.

In October, construction was completed on the 88km section of the A79, with tolling commencing on 4 November 2022. The A79 forms part of a key east-west transversal link from Royan on the Atlantic Coast to the Rhône Valley and beyond towards Germany, Switzerland and Italy. This concession is the first in France to be commissioned with free-flow tolling technology from the outset, eliminating manual payment and delivering a smoother flow of traffic and emission reductions (see case study). This expansion has vastly improved the safety conditions on the road, creating two lanes on each side, while simultaneously delivering traveller time savings.

APRR Group ownership of the A79 is now at 99.9%, with the ownership structure being finalised on 30 June 2022, at a cost of €658.9 million. The remaining project cost of €100.7 million was spent during the second half of 2022.

In December 2022, the works on the A480 were completed, with a total capital investment of €340 million. At more than half-a-century old (having been constructed for the 1968 Olympic Games) the A480 was not equipped to safely handle the more than 100,000 vehicles per day that use it. The motorway is vital for Grenoble, as its mobility backbone, connecting the urban area from north to south. The redevelopment of the Rondeau interchange and the A480 will significantly improve safety conditions, relieve congestion and allow other forms of travel, such as cycling.

Another important investment is in the A43-A41 Chambéry Junction which connects Annecy with Grenoble. This is a €95 million capital project which will improve traffic flow and safety and support carpooling. Construction commenced in March 2019 and is expected to complete in the first half of 2023.

1. APRR awarded 4.74% and AREA awarded 4.77%, however APRR and AREA decided that the supplemental toll increase in 2023 of 0.06% and 0.08% would exceptionally not be applied in 2023.

APRR AND ADELAC
FRANCE

Greener outcomes for a more sustainable future

APRR Group continues to work with the French Government on its ambitious environmental agenda to improve outcomes for all stakeholders.

With road transport accounting for around 15% of global emissions, Atlas Arteria remains focused on making a positive impact across its global network. APRR Group's charging point deployment plan (established in 2012) supports the increasing move to electric vehicles. In 2022, APRR Group met its target of equipping 100% of its 98 service areas on the APRR and AREA network with electric vehicle charging terminals, delivering 683 charging points (of which 591 are very high power) across 99 charging stations. APRR Group also introduced 98 electric/hybrid light vehicles and 83 charging stations to its internal operations in 2022, taking the total number of electric light vehicles to 142 and the total number of internal charging stations to 132. This means that 14% of APRR Group's light vehicles have now been converted to electric.

To encourage more travellers to carpool, 16 carpooling car parks were built on the APRR/AREA network in 2022, with a total 114 carpooling car parks now available on the network. Travellers can securely park their vehicles in the car parks and travel from there in a carpool arrangement.

APRR Group also maintained its GRESB Infrastructure Asset Assessment score at 87 this year and remains committed to making progress in this area.

An award-winning culture

APRR Group's commitment to building a culture that is diverse, inclusive and where employees feel valued, was recognised again this year.

For the eighth consecutive year, APRR Group was named France's Best Employer in its sector by Capital magazine. In 2022, APRR signed a charter of commitment (l'Autre Cercle /Other Circle charter) to the inclusion of LGBT+ people in the workplace.

Finalised Investment Plan set to deliver long-term value, including significant environmental benefits

On 31 January 2023, APRR and AREA signed a €410 million capital investment plan (Investment Plan) with the French Government, which is set to generate long-term value.

The signed agreement is the result of negotiations with the French State which commenced in September 2021. This speaks to the business's ability to build strong relationships and its preparedness to work on mutually beneficial solutions.

The agreement includes supplemental toll increases for APRR and AREA between 2023 and 2026. Under the agreement, APRR and AREA's capital commitment will be spent on motorway upgrades, environmental protection and safety developments, as well as customer service improvements.

Financial strength to fund growth opportunities

APRR Group remains in a strong financial position with €3.5 billion of liquidity comprising a €2.0 billion undrawn revolving credit facility and €1.5 billion cash at the end of December 2022. This balance sheet capacity allows APRR Group to fund opportunities on the network, including those in the newly finalised Investment Plan.

In May, APRR Group successfully priced €500 million of bonds under its Euro Medium Term Note Program, providing additional liquidity and extending its weighted average debt maturity.

As a reflection of this strong financial position, in November, Fitch Ratings upgraded APRR Group's credit rating from 'A-' to 'A' (long-term issuer default rating) and from 'F1' to 'F1+' (short-term issuer default rating). The ratings outlook for APRR is 'Stable'.

Adding future value

Commitment to investment in this business remains steadfast, and the outlook for APRR Group is positive. It is well positioned to continue to generate value into the future with a strong pipeline of projects, both recently completed and due for completion in the coming years.

Total capital investment for the next five years is expected to be approximately €350 million–€400 million and on average approximately €250 million per annum thereafter (excluding any future investment plans agreed with the French Government). This updated guidance includes the newly agreed Investment Plan.

The business's strong relationship with the French Government continues. APRR will continue its dialogue with the French Government on achieving their road development and ESG objectives in return for concession extensions.

A number of toll road concessions in France are nearing their end. With the additional scale that Atlas Arteria has created through its acquisition of the majority interest in the Chicago Skyway, we are well positioned to participate in any potential re-tendering.

"The new ramp to the A41 towards Annecy already allows me to save time for my journey. From now on, I no longer need to stop to take a ticket; you don't even have to slow down. It also makes traffic more fluid and there is no waiting to access the A41. In addition, I can more easily pick up speed to get on the highway: I find it safer! Since there is no more stopping and restarting, I also consume a little less fuel."

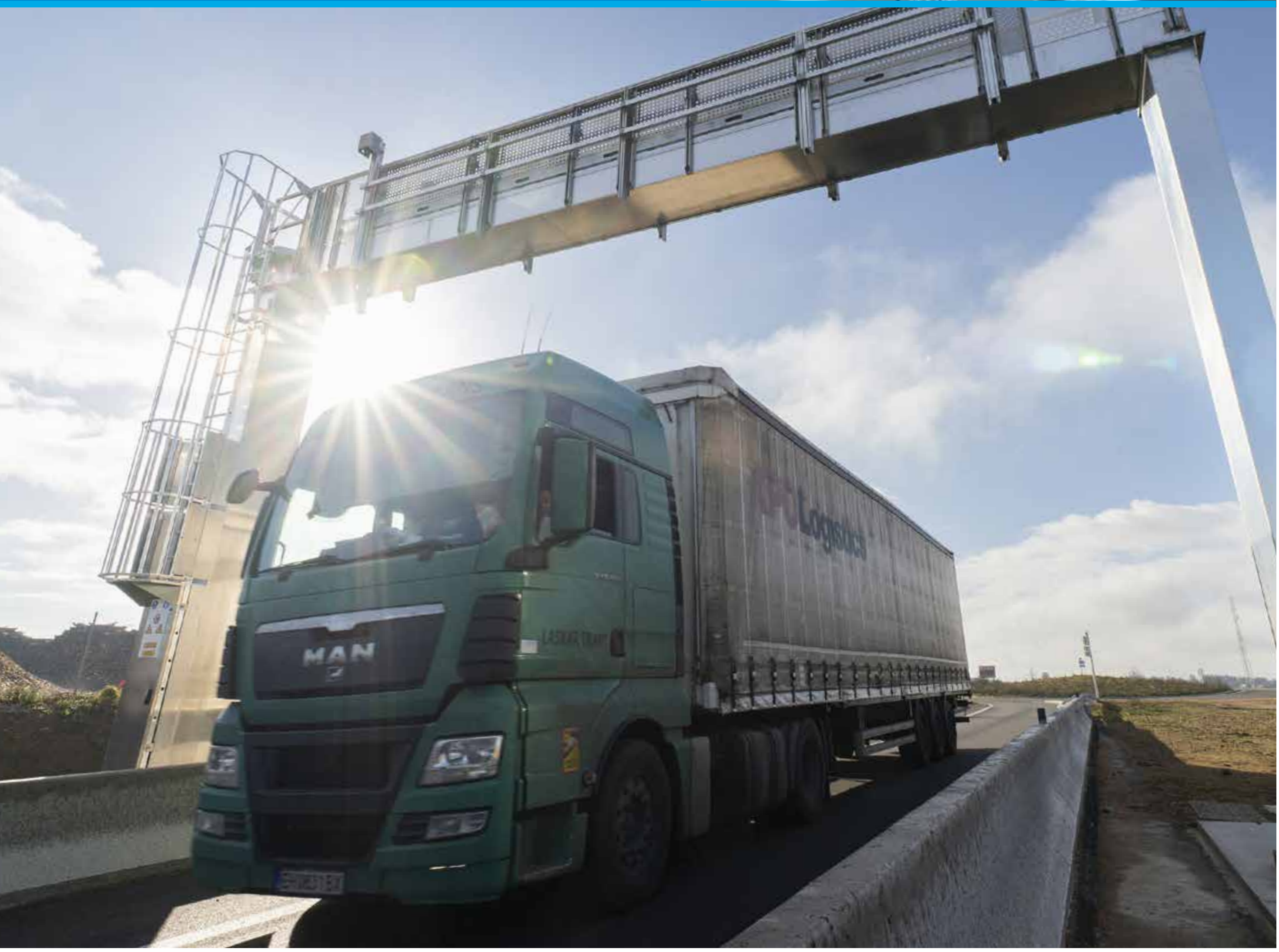
Romain, bank agent

Case study

Free-flow motorway to deliver greenhouse gas emission reductions

The A79, which commenced tolling in November, is the first in France to be commissioned with free-flow tolling technology from the outset. This means travellers do not have to stop to make payment. Instead, their vehicle is identified by its electronic toll badge or licence plate. This results in streamlined traffic, time savings and substantial, ongoing reductions in greenhouse gas emissions by eliminating vehicles slowing down, standing and accelerating at toll plazas.

In 2022, on the A43 (Lyon/Grenoble/Chambéry) and A79 (Montmarault/Digoin), ticketless entry points were installed, and the feedback from travellers has been very positive. As part of the new Investment Plan, the majority of the AREA network entry points will also be switched to free-flow tolling. Atlas Arteria looks forward to working with the French Government as it considers more widespread application of free-flow tolling on the APRR Group network.



WARNOW TUNNEL

Rostock, GERMANY

The Warnow Tunnel is a 2.1 kilometre toll road, including a 0.8 kilometre tunnel under the Warnow River. It offers customers a reliable, cost-effective way to travel across the river.

Atlas Arteria interest

100%

CONCESSION EXPIRY: 2053

Traffic: up 3.4% on pcp

Toll revenue: up 5.2% on pcp

EBITDA: up 5.6% on pcp

The Warnow Tunnel is located in Rostock in north-eastern Germany. The Port of Rostock is the fourth-largest port in Germany. The Warnow Tunnel offers an alternative to travelling along 19 kilometres of untolled roads through the shopping precinct of Rostock or using the ferry to cross the river. This alternate route often suffers from congestion during peak periods.

Year in review

The Warnow Tunnel had a productive year, making good progress implementing a range of initiatives to improve safety and the customer experience. The business continues its trajectory of recovery post COVID-19. This is despite traffic being impacted early in the year by pandemic restrictions and over the European summer by the introduction of the German Government's temporary public transport card. The Warnow Tunnel is another Atlas Arteria business that is positively leveraged to high inflation. As a result, toll prices were increased by an average of 6.4% in November 2022.

Traffic

Tightened COVID-19 restrictions in response to the Omicron outbreak (in late 2021 and the first quarter of 2022) impacted mobility and traffic. By the end of April, restrictions were largely lifted, which led to an increase in tourism and corresponding employment in Mecklenburg-Vorpommern to above pre-COVID levels. This assisted Warnow Tunnel's post-COVID recovery, however, summer traffic was negatively impacted by the introduction of the German Government's temporary public transport pass. The pass was available from June to August and provided unlimited use of local and regional public transport for €9 per month.

As a medieval city with ageing infrastructure, roadworks in Rostock are a recurring reality. When these take place on competing routes, it can significantly increase Warnow Tunnel's traffic levels because of the considerable commuter time savings the tunnel delivers. In the fourth quarter, roadworks on Am Strande, a section of Warnow Tunnel's competing route, led to an uplift in traffic performance over October and November.

Overall, traffic at Warnow Tunnel was up by 3.4% and toll revenue and EBITDA up 5.2% and 5.6% respectively on 2021.

Customer improvements a continued priority

The business delivered progress on its commitments to improve the customer experience during the year.

Clearer overhead lane signage at the toll plaza was installed (see case study), along with additional credit card terminals, which are now present in over 50% of lanes. Additional OSCARD customer card readers were also installed in all manual lanes. This simplifies the payment and top-up process on customer cards. These convenient, contactless payment options save customers valuable time at the toll plaza.

During 2022, Warnow Tunnel commenced preparation for the installation of advanced cameras for licence plate recognition. Once these cameras are installed, they will provide an alternative to the existing technology for identifying customers and vehicles.

In August 2022, the Warnow Tunnel app was also launched, making it easier for customers to make account changes and top-ups, access trip reports and the latest traffic information.

Investing in the Warnow Tunnel

Atlas Arteria's approach to safety follows international best practice. Accordingly, Warnow Tunnel achieved another ISO certification during the year, gaining its ISO 45001 (health and safety certification) in December. This standard helps to reduce and mitigate health and safety risks and aims to integrate occupational health and safety into company structures in a consistent and sustainable manner.

Routine annual tunnel maintenance undertaken in September 2022 found all systems functioning well and all technical equipment in good condition. In December 2022, tunnel jet fans were upgraded in the north tube to improve the tunnel ventilation.

Adding future value

As part of the business's ongoing commitment to reduce energy use, Warnow Tunnel has committed to upgrading to LED lighting on the tunnel's access roads and is studying an optimised approach inside the tunnel. As well as reducing energy consumption, LED lighting will reduce business costs for electricity and maintenance.

The continued rollout of more credit card terminals in the first half of 2023 will ensure all payment methods are available in each lane at the toll plaza (excluding the bidirectional lane). This will improve the experience for customers, particularly those travelling from abroad, who often use a credit card for payment.

Case study

Increasing safety by addressing dangerous driving

Warnow Tunnel is one of only two toll roads in Germany for light vehicles. This means that many customers are unfamiliar with the process of having to make lane choices for payment at toll plazas. In light of this, the business undertook a customer behaviour study to improve the customer driving behaviour at Warnow Tunnel and to understand how to improve the customer experience.

One of the outcomes was the installation of clearer signage, which was installed in February 2022. This new signage aims to prevent last-minute lane changing, reversing or passengers exiting their vehicles. The new LED technology also enables clear visibility of available payment methods in each lane by providing good visibility under all weather conditions.

CHICAGO SKYWAY
Chicago, USA

The Chicago Skyway is a 12.5 kilometre elevated toll road providing congestion relief and an essential transport link between Northwest Indiana and Chicago (the third-largest metropolitan area in the US).

Atlas Arteria interest

66.67%

CONCESSION EXPIRY: 2104

Traffic: up 2.2% on pcp

Toll revenue: up 5.1% on pcp

EBITDA: up 4.8% on pcp

This acquisition delivers on Atlas Arteria's strategy and creates a platform for a sustainable future. The addition of Chicago Skyway diversifies and strengthens Atlas Arteria's business, balancing exposure by geography and currency. The acquisition doubles the business's weighted average concession life, increases its scale and greatly enhances its ability to provide long-term sustainable distributions for securityholders for decades to come.

A transformative acquisition set to create a platform for a sustainable future

In December 2022, Atlas Arteria completed its acquisition of a 66.67% majority interest in the Chicago Skyway, representing an equity value of US$2,013 million.

The acquisition costs were funded through new equity, via a fully underwritten 1 for 1.95 accelerated non-renounceable entitlement offer, which raised A$3,098 million.

Ontario Teachers' Pension Plan (Ontario Teachers') retained a 33.33% interest in the Chicago Skyway. Atlas Arteria has an established relationship with this high-quality investment partner, which is one of the world's leading infrastructure investors. Atlas Arteria will continue to build on this valuable partnership to successfully manage and operate this business.

Atlas Arteria's deep, historical understanding of the business from prior ownership gives it unique and advantageous insights along with confidence in its expected returns.

Business summary

Chicago Skyway is an essential toll road with more than 60 years' operating history. The 12.5 kilometre elevated road provides congestion relief in the third-largest metropolitan area of the United States.

The Chicago Skyway is situated in one of the densest urban areas and a key infrastructure hub in the Midwest, delivering a diverse range of commuter, leisure and commercial traffic. The Chicago Skyway provides customers reliable and substantial time savings of up to 30 minutes[1] and distance savings of around nine kilometres.

The road was initially opened to traffic in 1958 and, following privatisation by the City of Chicago in 2005, is now operated under a 99-year concession lease, with 81 years remaining.

A diverse user base and steady, inelastic traffic

Chicago Skyway has a diverse user base of commuter, leisure and commercial freight traffic. The road has relatively limited reliance on peak hour commuters and supports a significant flow of commercial freight traffic due to the fast, reliable, less congested route it provides. It is the most direct route between Northwest Indiana and Chicago, with the other highly congested alternatives holding limited appeal to travellers.

The Chicago Skyway has a large proportion of leisure traffic which includes travel between Chicago and the beach resorts on the eastern shore of Lake Michigan. The summer months of June to August historically feature higher traffic volumes. Commercial freight traffic is underpinned by the region's position as a logistics hub, with an extensive freight system across rail, airports and trucking. This significant stream of heavy vehicle traffic ensures a relatively robust level of baseline traffic throughout the year.

The diverse user base makes the Chicago Skyway resilient to shifts in commuting patterns. This was exhibited with its traffic resilience in the face of economic challenges, particularly throughout the COVID-19 pandemic.

A highly attractive toll regime

The Chicago Skyway's concession agreement offers an attractive tolling regime, which allows tolls to escalate at the greater of US CPI, or US nominal GDP per capita, with a 2.0% floor. This guarantees toll increases of at least 2.0% should CPI or GDP be lower.

Tolls are increased on a two-year look-back basis, which provides escalation predictability. In 2022, tolls were increased by 2.0% based on 2020 variables, which reflected impacts of the COVID-19 pandemic. In 2023, tolls were increased by 10.9%.

This concession agreement, allowing for tolls to escalate automatically without the need for government approval, provides long-term, sustainable value for Atlas Arteria and its securityholders.

Operational and maintenance approach

From an operational perspective, Atlas Arteria will bring a proactive, whole-of-life approach to asset management at the Chicago Skyway. This approach to maintenance will support the right balance between necessary investments in the short and medium term in order to maintain the long-term condition of the asset, and over time, to reduce overall maintenance requirements. Maintenance capital expenditure is expected to be slightly higher than the historical average of US$11 million over the medium term, before reverting from 2032 in line with historical performance. No major rehabilitation is expected on the Chicago Skyway until around 2050.

Atlas Arteria will also leverage its expertise to modernise the business through technology and automation.

An aligned focus on sustainability

The Chicago Skyway's sustainability priorities are aligned with Atlas Arteria's, and we look forward to working with the team to further mature their approach. Both businesses are committed to building long-term sustainable outcomes for the benefit of all stakeholders and in the interests of supporting sustainable equity distributions over the long term.

There will be an immediate and continued focus on integrating the business into Atlas Arteria's sustainability agenda across the four key priority areas of safety, our people, customers and community and environmental stewardship. Atlas Arteria will continue to build a diverse and inclusive culture at the Chicago Skyway, which at the time of acquisition had a workforce comprising 56% women, 78% from minority backgrounds and 53% over the age of 40. It will also continue to build respectful, long-term relationships with customers, local community groups and their representatives.

A smooth transition and strong stakeholder relationships

There is a strong local management team on the ground at the Chicago Skyway with a successful track record. Atlas Arteria has already begun to work alongside the team as we leverage our capabilities as a global operator of toll roads.

Immediate priorities to ensure a smooth transition include supporting transparent and sustainable decision making with investment partner Ontario Teachers'. In particular, we are focused on the shift to a more proactive asset management approach. We are already working with the Chicago Skyway management team and Ontario Teachers' to agree the strategy and plans that will improve asset condition management and reduce overall maintenance requirements over time.

In addition, Atlas Arteria will continue to engage and collaborate with Ontario Teachers' to complete upcoming financing activities.

1. c. 20 minutes on average.

DULLES GREENWAY

Virginia, USA

The Dulles Greenway is a 22 kilometre toll road in Northern Virginia in the USA. It offers customers a cost-effective way to travel between Northern Virginia and the greater Washington area.

Atlas Arteria economic interest

100%

CERTIFICATE OF AUTHORITY EXPIRY: 2056

Traffic: up 6.6% on pcp

Toll revenue: up 12.0% on pcp

EBITDA: up 16.5% on pcp

Located in one of the fastest growing and more affluent counties in the United States, the Dulles Greenway provides customers with a reliable and safe connection from Leesburg, Virginia, through Loudoun County to Dulles International Airport and connector roads to Washington DC. For over 25 years, the Dulles Greenway has kept people connected to their jobs, communities, recreational venues, and to their families. It provides a safe, predictable and faster transport option.

Year in review

Dulles Greenway continues to show steady, yet promising, signs of recovery from the impacts of COVID-19. On 1 January 2022, off-peak toll prices increased by 5% in line with the State Corporation Commission (SCC) rate case outcome in 2021. The business continues to build a strong relationship with the Virginian Administration to achieve positive outcomes for all stakeholders.

Legislation to be considered in February 2023

In February 2023, legislation will be considered by the Virginia General Assembly which would authorise the Department of Transportation to negotiate and execute a new concession agreement with the Dulles Greenway. It also means that from signature of such a concession agreement, Dulles Greenway would operate under the authority and requirements provided by the Public-Private Transportation Act (PPTA) and would cease to operate under the Highway Corporation Act.

Should the legislation not pass at this time, Atlas Arteria will continue to engage in discussions with the Administration and legislators on the opportunity, as a move to distance-based tolling makes sense for all parties. The community has certainly vocalised its support for this model via community outreach and engagement with key industry bodies. Should the legislation not be passed, Dulles Greenway will advance a rate case application with the Virginia State Corporation Commission for increased tolls per our existing rights under the Highway Corporation Act.

Traffic

Overall, return to work traffic has been more gradual than expected, with people continuing to work from home. Heavy snowfall early in the year also prevented road travel, along with the Omicron COVID-19 variant, which kept white collar workers working from home.

By March, however, traffic was showing promising signs of improvement. A return to office mandate for Virginia and District of Columbia State Government employees assisted mobility levels, however, it was issued just ahead of the summer holiday period, so did not translate to immediate increases in work commuter traffic. Despite this, third quarter traffic continued to track above 2021 levels, at 1.5% higher than the prior corresponding period. Towards the end of 2022, there were more encouraging signs of improvement with the total number of trips in the fourth quarter the highest since the beginning of the COVID-19 pandemic.

Overall, due to these challenging conditions, traffic at Dulles Greenway remained below 2019 levels, however, compared with 2021, traffic was up by 6.6% and toll revenue and EBITDA were up 12.0% and 16.5% respectively.

Customer satisfaction survey

In May, Dulles Greenway conducted its first Customer Satisfaction Survey to understand travellers' opinions and attitudes of Dulles Greenway. The response rate was strong, with a completion rate of over 85% and a total of 339 participants.

Participants were overwhelmingly satisfied (91%) with the overall experience of driving on the Dulles Greenway; a positive reflection of the three capital improvement projects completed over the last two years. When it came to road conditions, safety and travel time, more than 94% of participants were satisfied.

Survey results also showed strong support for a distance-based pricing model, with 86% of participants supporting a move to that model.

Strong community engagement

Dulles Greenway continued to build strong community links and engagement during the year.

Its 'Eagle Camera' partnership with the Loudoun Wildlife Conservancy and the American Eagle Foundation celebrated its first anniversary in 2022. The cameras livestream an 'eagle-eye' view into the nest of two American bald eagles who call the Dulles Greenway Wetlands home, even capturing the birth of their first eaglet. A naming competition between Loudoun County Public Schools saw the two adult eagles named Rosa and Martin (in honour of civil rights leaders Rosa Parks and Martin Luther King Jr) and the eaglet, Orion. The initiative is a testimony of Dulles Greenway's commitment to the community. It will raise community and broader awareness of the wetlands and their precious wildlife.

The second annual Run the Greenway event also took place in May 2022, raising an impressive US$220,000 for 22 local non-profits (see case study).

Reinforcing financial stability

Dulles Greenway remains well placed from a liquidity perspective, with US$207.6 million of cash on the balance sheet at 31 December 2022. Due to Dulles Greenway not passing its one and three-year lock-up tests, US$62.5 million remained in cash reserves that would otherwise have been available for distribution to Atlas Arteria.

Adding future value

A new violation enforcement system will be introduced in 2023 which is expected to remove the need for in-person customer assistance in the lanes, improving safety outcomes and efficiency.

Case study

Serious runs on the board for local charities

The second Run the Greenway event, held in May 2022 in Northern Virginia, was highly successful in terms of participation and the amount of money raised for local charities.

The event is inclusive, comprising a five and 10 kilometre run, as well as an 800 metre Kids' Fun Run along the Greenway. It allows participants to raise funds for charities and to experience the motorway from a completely different perspective.

More than 1,700 people took part, raising around US$220,000 for 22 local non-profits. Dulles Greenway also donated US$50,000 to the various charities in support of the chosen charities of race winners.

SUSTAINABILITY

At Atlas Arteria, we are committed to playing a positive role in society and creating long-term value for our stakeholders. From the strong and sustainable outcomes we create for investors and customers, through to our employees and communities, we take our responsibilities seriously. Embedding sustainable business practices is core to our growth and plays a crucial part in how we define success.

SUSTAINABILITY PRIORITIES

Safety
Whether working or travelling with us, safety is our primary focus, and we pursue a zero-harm culture.

Customers and community
We provide positive customer experiences, contribute to our communities and provide safer, faster transport options that make life easier.

Our people
We promote inclusive work environments, fostering an engaged, collaborative and diverse workforce towards business success.

Environmental stewardship
We actively manage our environmental impacts, provide solutions that enable customers to minimise their footprint, and contribute to a low-carbon future.

BUSINESS FUNDAMENTALS

Governance
We are accountable and transparent in all our business dealings.

Ethics, values and culture
We act ethically and promote a culture founded on our five values: Safety, Transparency, Engagement, Environment and Respect.

Sustainable growth
We focus on growing our business and returns for the long term while delivering positive social benefit.

Innovation and technology
We monitor innovations and technology and proactively respond to changing needs and expectations.

Implemented through policies and programs. Monitored through metrics and targets.

Key targets

- LTIFR ≤3 at large businesses and LTI ≤1 at small businesses.
- Maintain our 40% commitment to gender diversity and evolve representation across and within specific teams.
- 25% reduction in scope 1 and 2 emissions by 2025, and 46% by 2030, compared to a 2019 baseline.

Here at Atlas Arteria, we define success not just by achieving excellent results but by how we have worked to achieve them: the long-term, sustainable outcomes we have created along the way.

Our Sustainability Priorities cover four key areas that present the greatest environmental, social and governance (ESG) opportunities and risks for our business and those of greatest importance to our stakeholders. This section provides a summary of our key initiatives across these four areas. More detailed information will be provided in the Sustainability Report released in April 2023.

Of particular note, this year we delivered year one of our three-year Taskforce on Climate-related Financial Disclosures (TCFD) roadmap, developed in response to the gap analysis undertaken in 2021. This work represents a significant step forward in aligning our climate actions and reporting to the TCFD. We provide first insights on our approach on pages 24 and 25, with further detail to follow in the Sustainability Report.

Heading into 2023, ensuring alignment of our newly acquired business Chicago Skyway with our sustainability strategy is a key focus.

Safety

Safety is our top priority. We have a safety-first culture, empowering our people with the right equipment and the right training to do their job safely, and maintain safe roads across our networks. Nothing is more important than our people and customers returning home safely at the end of each day.

We are pleased to report no lost-time injuries at Dulles Greenway, Warnow Tunnel or in the corporate team. At APRR, we are disappointed to have missed our target to keep LTIFR ≤3, delivering an LTIFR of 3.67. This was driven by an increase in accidents in the summer and Christmas periods. APRR is committed to improving on this, and APRR's COO has subsequently visited with district managers to further investigate and reinforce the safety culture.

We are deeply saddened by an accident that occurred in April, when three APRR employees were struck by a van. Tragically, it resulted in one fatality and a serious injury. Support has been provided to the employees' families and to APRR teams as they navigate the impacts of this tragedy. We have actively worked to understand the cause, identify learnings and share these across our businesses. This event underscores the inherent safety risks in our business and strengthens our resolve to effectively manage them.

We continued to strengthen our safety systems, undertaking safety audits and rolling out Asset Vision, a safety reporting software, to all sites. Warnow Tunnel, also achieved ISO 45001 certification (health and safety) in December 2022 (see page 17).

For customers, we have worked to address dangerous driving: installing improved LED signage at Warnow Tunnel (see case study on page 17) and running a 'Move forward not backwards' campaign at Dulles Greenway to discourage reversing at the toll plaza. Meanwhile, APRR's upgrade of the A79 to motorway standards has vastly improved safety conditions along a particularly accident-prone road.

Customers and community

Connecting customers and communities is what we do. Improving safety, reducing travel times, enhancing comfort and mobility at a reasonable cost are core to our offerings. We are committed to building strong, respectful connections with the communities in which we operate and creating a legacy of positive impact and engagement.

The customer experience and satisfaction are key focus areas. Dulles Greenway conducted its first customer satisfaction survey in May. The results gave an overall satisfaction rating of 91% establishing a strong baseline for the business.

Introduction of the Warnow Tunnel app in August makes it easier for customers to make payments, account changes and top-ups, access trip reports and the latest traffic information. At APRR, completion of the A79 delivers motorists considerable time savings, while additional new carpooling spaces in Dijon and Beaune support shared mobility and reduced congestion.

As COVID-19 restrictions eased across the world, it created opportunities for connection within our communities again. Our second annual Run the Greenway event took place in May, gathering over 1,700 participants and raising US$220,000 for 22 local non-profits, with an additional US$50,000 donated by Dulles Greenway (see case study on page 21). The 'hella Rostock' marathon also returned, using the Warnow Tunnel as part of the route for its full and half marathon events.

Our people

Our people are essential to our success. We are committed to building a team of diverse, passionate, driven and innovative people. We provide them with the right resources, environment and learning opportunities to thrive and feel valued for the work they do. Inspiring and empowering our people helps us deliver on our strategy.

While the more tangible impacts of the pandemic have receded, less tangible mental health impacts have continued. As people continue to grapple with health, social and economic repercussions, the mental health of our people has never been more important. We have continued provision of coaching and support to employees, delivery of targeted workshops, and investment in development of leaders to ensure they understand their role in wellbeing. We also continue to embed flexible work practices and our Flexible Working Policy, launched last year, has been well received by our people.

For the first time, employee engagement surveys were completed amongst Dulles Greenway and Warnow Tunnel teams, with action planning to begin in 2023. Amongst the corporate team, we saw a 10% improvement in engagement overall. We observed specific improvements in the connection to our vision and strategy, collaboration across our global business and investment in development, while we have more work to do on feedback and recognition. Our first Diversity, Equity and Inclusion Diagnostic was also completed at the corporate level, to get direct feedback on the lived experience for employees and to help inform what diversity looks like within our employee base, beyond age and gender. We are pleased to report that we maintained our 40% commitment to gender diversity, in line with our target, at Board level, across senior executives[1] and corporate employees.

Environmental stewardship

Combatting climate change and protecting our environments is a responsibility that belongs to all of us. The impacts of a disrupted climate and ecosystem affect businesses and communities alike. We strive to proactively reduce our environmental footprint, support the health of our ecosystems, and deliver better outcomes for all our stakeholders.

At APRR, three additional solar farms were opened to support the low carbon strategy. At Subligny, 26,000 solar panels will produce the equivalent annual electricity consumption of 4,600 people, or one quarter of the local community's energy needs. Electric vehicle charging points have now been deployed across 100% of service areas and the free-flowing toll technology along the A79 will result in reduced customer emissions through reduced need for idling, decelerating and accelerating.

At Dulles Greenway, we continue to investigate options for transitioning the business to renewable electricity.

1. Atlas Arteria Executive Team members, their senior direct reports and CEOs/MDs of wholly and majority-owned businesses.

CLIMATE RISKS AND OPPORTUNITIES

Climate change poses risks and opportunities to our business that we must identify and integrate into our decision-making. This year, as well as continuing to address our emissions profile, we have worked to better understand potential climate-related impacts: to our infrastructure, to our people, and to our customers and communities.

We are committed to playing our part to reduce our emissions in line with the Paris Agreement. Our scope 1 and 2 emission reduction targets are aligned with a 1.5 degree warming scenario. We have also worked this year to gain insight into our 2019 (baseline) scope 3 emissions, so that we can set an appropriate course of action for our value chain emissions.

We are utilising the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations to guide our approach to identifying, assessing and disclosing on climate-related impacts on the business. A three-year roadmap to alignment with TCFD was developed based on the results of a gap analysis undertaken during 2021. This year was the first in that multi-year program towards addressing the TCFD recommendations.

During 2022 we have focused on identifying and analysing climate-related risks and opportunities and formalising the structures necessary to embed oversight within the business. This section summarises our progress and approach. Further detail will be provided in our 2022 Sustainability Report, to be released in April 2023.

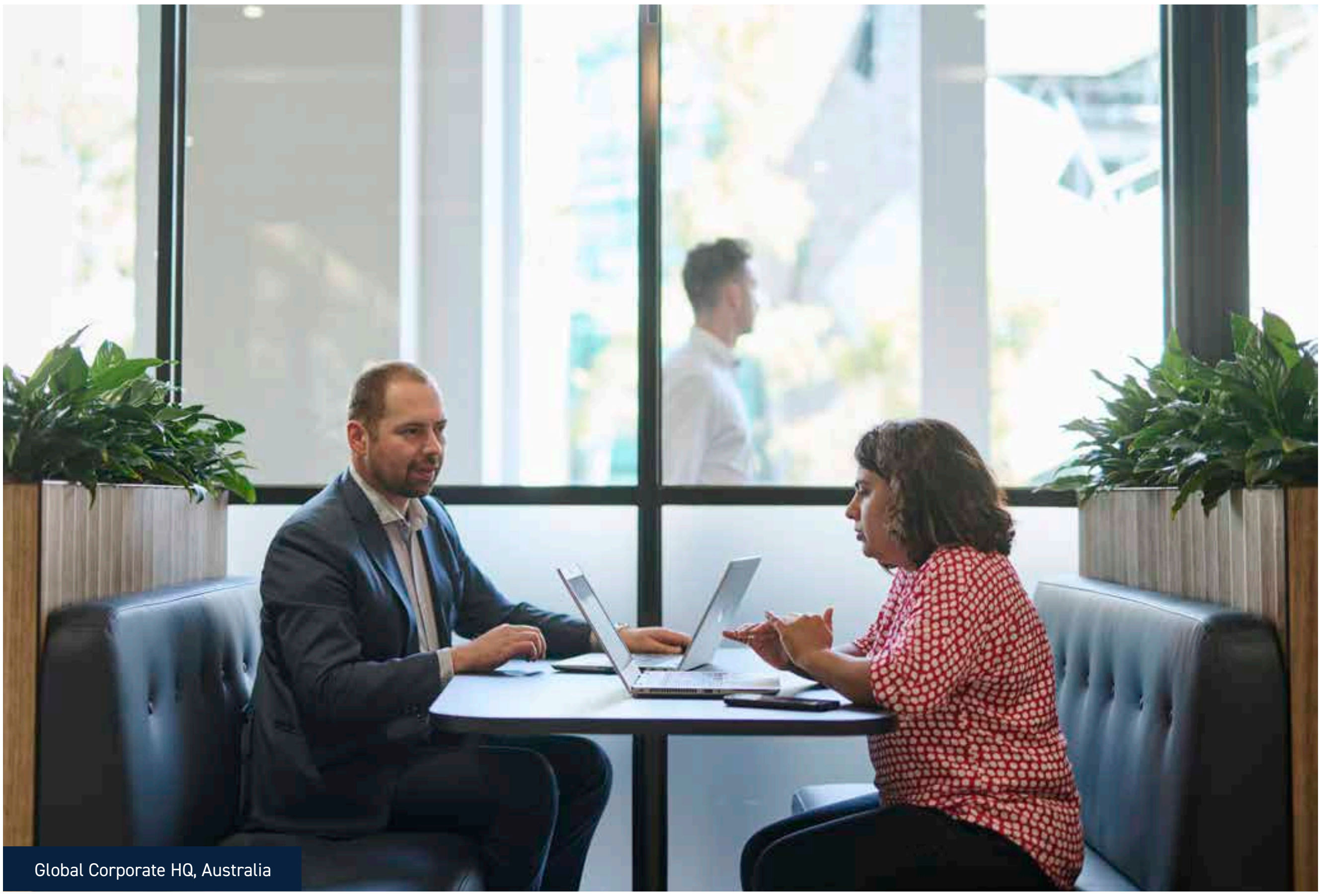
Governance

The Boards have oversight over environment, social and governance-related matters, including climate-related issues, supported by the Audit and Risk Committee and the People and Remuneration Committee. In 2022, we provided timely updates to the Boards on climate-related issues as we progressed our identification and analysis of risks and opportunities. We have established a regular cadence for reporting climate-related issues to the Boards and its Committees.

Within the Executive Team, key responsibilities lie with the CEO and MD, who has ultimate responsibility for delivering on our climate change approach and reporting to the Boards, and the CFO, who directs the sustainability and climate change agenda.

A TCFD Working Group was established to inform the identification and analysis of climate-related issues. Guided by Atlas Arteria's Sustainability and Risk functions, the group includes representatives from key business areas, including operations, finance, legal, strategy and forecasting. The group provides a forum for analysing climate-related issues, exchanging insights, and communicating throughout the business, including reporting to management and Boards.

Our 2022 Sustainability Report will provide further detail on the roles and responsibilities of the Boards and management in relation to the governance of climate-related issues.



Global Corporate HQ, Australia

Strategy

This year, we have worked to identify potential physical and transition risks and opportunities relevant to Atlas Arteria. We conducted climate-scenario analysis to help assess the strategic implications of climate change over the short, medium and long term.

Corporate and business-based subject matter experts were engaged in desktop analysis and research, interviews and workshops. Their expertise was utilised in identifying and prioritising relevant climate-related risks, supported by our risk management framework and scenario analysis. The process included climate modelling, which provided insight into potential climate-related changes (e.g. to temperature, precipitation, flooding, etc.) in each of our business locations[1].

Two scenarios were applied: one aligned with a Net Zero (1.5°C) future and one with a Current Policies (3°C+) future. The analysis provided an initial assessment of the potential impacts of climate-related risks and opportunities on our business and operations, enabling the identification of key risks for further consideration.

Climate change scenario overview: a global approach

Net Zero/Orderly Transition	Current Policies/Hot House
Early, ambitious action to support the transition to a net-zero CO_2 emissions economy. This includes a Net Zero 2050 scenario, reflecting a policy ambition to limit temperature increase to 1.5°C.	Limited action resulting in continued global warming and significant increases in exposure to physical risks. This includes a Current Policies scenario, resulting in potential temperature increases of 3°C+.

Risk management

Sustainability-related risks, including those associated with climate change, are identified, assessed, monitored and integrated in accordance with our Group Risk Management Framework (see page 28).

In 2022, our TCFD work has enhanced our understanding of climate-related risks. Potential climate change impacts include those associated with infrastructure resilience, health and wellbeing of employees and customer behaviour on our roads. Further information on key risks and opportunities identified will be included in our 2022 Sustainability Report.

Going forward, our focus is to appropriately embed the identification, assessment and review processes into business practices, both at the corporate and business levels. Importantly, we will develop targeted risk responses and disclose on these.

Metrics and targets

In addition to managing the impacts of climate change on us, we are conscious of managing our impacts on the climate. Atlas Arteria is committed to reducing our emissions and in 2021 we set reduction targets for our scope 1 and 2 emissions consistent with a 1.5°C decarbonisation pathway.

This year, we completed a scope 3 baseline (2019) emissions assessment for corporate and wholly-owned businesses. This is a key step in understanding and managing our value-chain emissions. A scope 3 baseline assessment for APRR is currently underway.

Disclosure of our performance against our targets will be included in our Sustainability Report.

1. This excludes Chicago Skyway, which was not under ownership at the time of the assessment.


Boyer and Jugy solar farm, on the A6 (APRR network)

STAKEHOLDER ENGAGEMENT

We are open and transparent about how we do business. Clear dialogue with our stakeholders is important to building strong relationships, maintaining trust and enhancing our business performance for the long term. Our key stakeholders include our securityholders, employees, customers, governments and regulators, co-investors, suppliers and the wider communities in which we operate. We work to keep ourselves informed, proactively engage with our stakeholders and understand and address changing concerns, expectations and demands.

Stakeholder	How we engaged in 2022	Key topics of interest in 2022	How we added value in 2022
Customers	– In person at customer service centres, through dedicated phone lines and email – Direct engagement at rest areas and toll plazas – Customer satisfaction surveys at APRR and Dulles Greenway – Motorway websites, radio and apps – Communication campaigns through various media including information on safe travel, benefits offered by our roads, services provided and special offers	– Up-to-date information on traffic, roadworks, accidents and other hazards – Fair pricing and value, including distance-based pricing models on Dulles Greenway – Comfort, safety, reliability and ease of travel – Availability of relevant customer services through apps and web applications – Assurance of road safety, including a good winter service	– Providing safe, fast and reliable travel, connecting people and trade in the areas we operate – Making travel easy, e.g. with real-time information on driving conditions, improved apps to access network information, effective management of roadworks and automated technology to overcome lost or mis-read toll devices – A focus on safety: reviewing accident response, safety procedures and running customer safety campaigns to promote safe motorways – Access to lower priced fuels in France and discounts offered for frequent users and for use of electric vehicles in 2023 – In France, promoting secured parking areas for heavy-good vehicles – Engagement with governments towards fair pricing and a quality network
Communities	– Outreach and engagement on planned infrastructure developments and toll operation changes – Partnerships with community organisations to support fundraising, sponsorship and other community support – Participation of key executives in community groups, e.g. CEO Dulles Greenway is on the Board of the Oatlands Historic House and Gardens and the Northern Virginia Transportation Alliance – Partnerships with local authorities along the toll roads	– Information on planned and existing works that may result in disruptions – Impacts of motorways, e.g. on noise, emissions, visual amenity – Innovation and technology to contribute in the decarbonisation of toll roads – Local community support by the businesses	– Keeping commerce connected and the economy moving – Job creation and access, through use of our motorways, infrastructure development, work experience programs for disadvantaged groups and taxes paid – In France, promoting reserved lanes for regular public transport services and car sharing initiatives in urban areas, with High Occupancy Vehicle lanes and carpooling carparks – Engagement with local communities to address concerns and improve the amenity of our networks, e.g. through landscaping and noise reduction initiatives – Supporting community services and local community groups, e.g. providing free travel for emergency services and school groups, sponsorships and fundraising events – Promotion of cultural heritage and tourism through art along the APRR network
Employees	– Team meetings – Town Halls – 'All in Days' to encourage connection/collaboration time in corporate locations – Participation in Board and Committee meetings and off-site sessions – 'Safety moments' and briefings – Annual employee engagement survey – Ad hoc surveys – i.e. Diversity, Equity and Inclusion Diagnostic, post transaction survey, internal audit questionnaire – Ad hoc and quarterly feedback processes – Team/company celebrations – Formal development programs (i.e. senior leader program)	– Safety and wellbeing – Flexible working and creating the right balance – Career opportunities, professional development, recognition and reward – Compensation and benefits – Equity and inclusion – Effective collaboration across a growing global organisation – Business performance and growth strategy	– Initiatives to improve employee safety – Competitive pay and compensation – Launched revised strategy for the business which underpinned key projects for 2022 – Action planning to review survey outcomes and agree key areas of focus for 2023 – Ongoing review and consideration of employee policies and processes – Maintain and improve programs meaningful to our people, e.g. development programs, Employee Assistance Program, wellbeing workshops and 'All in Days' to help foster connection across teams – Actively cultivate feedback processes across all areas of the business

Stakeholder	How we engaged in 2022	Key topics of interest in 2022	How we added value in 2022
Securityholders	– Annual and half-year briefings – Annual Report and Sustainability Report – Quarterly traffic releases – AGM – Annual program of institutional and retail investor engagement including one-on-one meetings – Investor centre on website – Semi-annual investor survey – Proxy advisor and ESG engagement – Chicago Skyway capital raising engagement	– Distributions – Traffic performance and trends – IFM securityholding – Chicago Skyway acquisition and equity raise – Inflation impact – Organic growth opportunities at APRR and Dulles Greenway – Governance and risk management – Sustainability and ESG – Capital management	– Record distribution guidance of 40 cps, and strong TSR of 8.7% – Delivering on strategic objectives to provide longer-term value creation and sustainable distributions (including the acquisition of a majority interest in Chicago Skyway, commencement of tolling on the A79, and agreement of the Investment Plan) – Informative management briefings and ongoing access to senior management – Proactive engagement to understand information needs – Transparency to provide clear insight into business performance, risks and opportunities
Co-investors	– Monthly meetings – Ad hoc meetings and interactions – Board meetings, at least quarterly – Shared learnings (e.g. on safety, operations)	– Achieving alignment on decisions made – Ensuring all co-investors are informed on key topics for jointly-owned businesses – Opportunities for further collaboration	– Trusted partner, focused on effective collaboration – Expert operating and technical capabilities, contributing ideas and insights towards ongoing business success – Promoting the business's short and long-term interests
Governments/ regulatory authorities	– Close coordination with governments, local authorities and departments of transport – Engagement for project development to achieve common goals	– Positive and constructive relationship with the grantors (and governments if applicable) for all businesses – Compliance with concession contract and regulations – Support for fulfilment of government aims	– Focused on understanding government needs in order to provide solutions – Working with government to assist in developing and deploying public policy outcomes that provide better services and experiences, e.g. roll out of electric vehicle charging stations to all APRR's service areas – Contributing to constituents and communities, e.g. through improved safety and community support – Ongoing management, oversight and improvement of motorway infrastructure
Partners and suppliers	– Due diligence and compliance activities to ensure alignment of objectives and values – On-ground training and shared learnings with key contractors – Project management engagements	– Fair and timely payments – Application of important standards and expectations, e.g. for health and safety, modern slavery and diversity	– Building long-term and mutually beneficial relationships with partners and suppliers – Enhanced supplier engagement processes, including through a new third-party due diligence tool and targeted engagement with suppliers – Promoting responsibility through the supply chain, e.g. with regard to safety, the environment and responsible employment, by embedding compliance with our Supplier Code of Conduct in supplier engagements

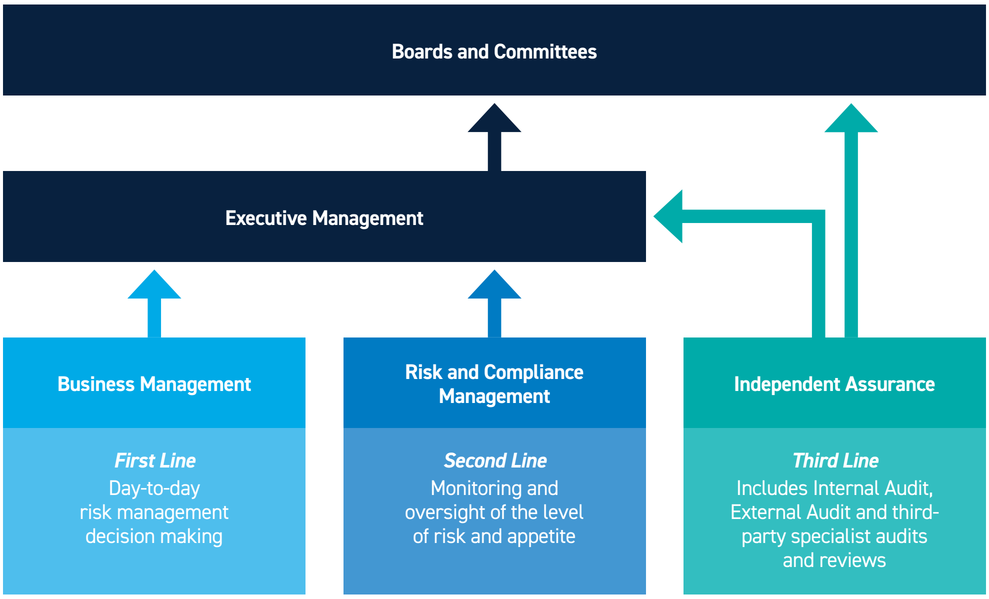
RISK MANAGEMENT

Risk management framework

Atlas Arteria's risk management framework sets out our approach and direction in relation to risk management and includes a risk management policy and risk appetite statements that provide clarity as to the level of risk that the business is willing to take in achieving its strategic objectives.

These are reviewed annually by management and the Boards to ensure our approach continues to be sound and that it achieves an appropriate balance between effective risk management and the achievement of our strategic objectives.

Atlas Arteria has adopted the 'Three Lines of Accountability' model to support effective monitoring and oversight of risk across its operations. This model is consistent with Atlas Arteria's objective to actively manage risk rather than eliminate it, recognising that risk presents opportunities as well as challenges.



Role of the Boards in risk management

While ultimate responsibility for Atlas Arteria's risk management framework rests with the ATLAX and ATLIX Boards, they have both established Audit and Risk Committees (ARCs) to oversee the risk management framework and ensure its ongoing effectiveness. The charters for the ARCs are available on the Atlas Arteria website. As set out in the charters, the ARCs are responsible for monitoring and reviewing the effectiveness of the risk management framework and internal controls and compliance with key risk management policies, including the processes for identifying, assessing and responding to risks in a manner consistent with the risk appetite statements.

The Boards and ARCs receive periodic reports on the key financial and non-financial risks facing the organisation, including an assessment of whether the risk is within appetite, and the measures undertaken to manage the risk. The internal and external audit functions also have direct lines of reporting to the ARCs.

Risk management in practice

The past 12 months has seen significant change both within Atlas Arteria, as we continue to deliver on our strategy, and from the external environment. Key themes in the macro environment have included continuing impacts from COVID-19 and inflation factors on traffic, revenues and driver behaviour, increasing focus on addressing climate impacts and transitioning to low carbon alternatives and the continued growth in the occurrence of cyber-attacks.

Atlas Arteria's integrated risk management framework supports the ongoing maturity uplift required to drive an agile approach to risk management and provide appropriate risk information and insights to support management activities and decision making. Risk integration work undertaken in 2022 has delivered a more resilient business, with improved readiness to respond to external threats and opportunities, and to maintain a strong internal control environment to facilitate the achievement of business and strategic objectives.

Nature of risk	Inherent risk	Key management actions	2022 insights
Economic and market conditions Ongoing economic and fiscal uncertainty across Europe and the US and changing consumer/workforce behaviours in the post-COVID world present a risk for Atlas Arteria. Atlas Arteria is positively leveraged to inflation with CPI-linked tolls at the majority of our businesses and with most debt fixed. However, exposure to fluctuations in FX rates remains.	Risk increasing	– Ongoing monitoring and assessment of economic variables and understanding how these impact traffic volumes and mix as well as growth opportunities at each business. – Assessment of traffic scenarios under various economic and market conditions enables forward based planning. – Ongoing assessment of local and global economic threats and opportunities, their impact on financial results, access to capital and liquidity across the business.	– Our businesses continued to demonstrate their resilience in 2022, continuing the traffic recovery post COVID-19. See individual business sections for detailed traffic information. – The acquisition of Chicago Skyway delivers financial, geographical, currency and distributions diversification to Atlas Arteria's business. – Atlas Arteria fully hedged the acquisition price at the time of the Chicago Skyway acquisition to manage FX risk.
Government and regulatory policies A change in government or government policy can impact Atlas Arteria's ability to achieve its long-term strategic objective. The 2022 election cycle for Virginia, US mid-terms and France passed without adversely impacting our businesses.	Stable	– Regular engagement across various levels of government and regulatory authorities in relevant jurisdictions. – Participation in policy discussions and education as to how our roads form effective parts of the relevant transport networks.	– Positive engagement with the Virginian Administration in 2022 and the continued strengthening of connections with community stakeholders has been further supported by the appointment of a new public affairs specialist within our US team. – Our track record of working with the French Government was further extended with the approval of our Investment Plan in early 2023. See page 14 for more detail.
Environmental, Social and Governance (ESG) practices Atlas Arteria recognises the increasing importance of understanding the risks and opportunities that climate change presents, as well ensuring we are supporting the communities in which we operate. We also appreciate the need for transparency in reporting on these matters and the trend towards regulation in this area.	Risk increasing	– Our annual Sustainability Report outlines key safety, environmental and social risks, how Atlas Arteria intends to manage those risks and key priorities in responding to those risks. – Targets and metrics have been established to track performance across material ESG matters.	– We have undertaken an assessment of climate risks and opportunities in the first phase of work underway to align our ESG practices with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). See pages 24 and 25 for more detail. – We released our second annual Modern Slavery Statement which can be found on the Atlas Arteria website.
IT/cybersecurity With cyber-attacks continuing to increase globally, it is important that Atlas Arteria and its underlying businesses have effective, secure and reliable technology systems in place to protect and maintain information and operations.	Risk increasing	– Atlas Arteria and its underlying businesses undertake regular reviews across key technology platforms to ensure they are fit-for-purpose and maintain effective security controls. – Atlas Arteria maintains effective data and cyber risk management practices to protect its businesses and customers from exposure to data breaches. – Cyber risk 'deep dives' and information sessions periodically undertaken with the Executive and Boards, and regular awareness training sessions delivered across Corporate and the businesses.	– We have enhanced our monitoring and response readiness in recognition of the increasing external threat landscape, providing improved visibility of IT and OT security management practices to our Board, with continual review and uplift of our cyber resilience practices an ongoing focus. – An IT breach event at one of our businesses in 2022 reinforced the importance of employee awareness of IT security practices, including social engineering activity and PC security. The event itself had limited impact on the business: relevant authorities were notified, and our incident response plan was invoked, providing an opportunity to test our plan with a real life example.

RISK MANAGEMENT

Nature of risk	Inherent risk	Key management actions	2022 insights
Organisational capability It is important that within Atlas Arteria's Corporate headquarters and at each business there is sufficient depth, understanding and expertise to effectively deliver on the company's strategy.	Stable	– Atlas Arteria has created a compelling employee experience designed to attract, retain and develop the right people in the right roles. – People processes are supported by a clear vision and values statement, remuneration framework, and learning and development program, along with a contemporary approach to flexibility, diversity and inclusion. – There is an active feedback approach in place including an annual employee engagement survey which provides critical insight to management and Board.	– We have a highly skilled workforce in place with depth across key capability areas, as demonstrated through the success of the Chicago Skyway acquisition. – Following the Chicago Skyway acquisition, focus has turned to a smooth transition and ensuring the business is optimised to best deliver on our objectives from the acquisition.
Operational risk management It is important that each business and their operations have effective controls in place to ensure the long-term integrity and safety of our businesses, and sustainability of returns through a balance of investment and cash flow management.	Stable	– The management teams of each business employ a disciplined approach to operations and maintenance to optimise business performance and customer experience. – The asset integrity of all businesses is tracked through asset management inspection and evaluation cycle to ensure a continuous assessment and oversight. – Operational risk management arrangements, including contractual and legal frameworks, are regularly reviewed to ensure that the organisational needs are met. – A risk management policy and framework and internal reviews support compliance with regulatory obligations and key business processes.	– In 2022, management undertook 'deep dive' reviews within our businesses, each focusing on specific operational risk areas, including financial processes, workplace health and safety and asset integrity. – Following acquisition, Chicago Skyway is being incorporated into Atlas Arteria's risk profile to support oversight of key business processes.

CORPORATE GOVERNANCE

Legal framework

Atlas Arteria comprises Atlas Arteria Limited (ACN 141 075 201) (ATLAX), an Australian public company, and Atlas Arteria International Limited (Registration No. 43828) (ATLIX), an exempted mutual fund company incorporated in Bermuda.

Atlas Arteria is listed as a stapled structure on the Australian Securities Exchange (ASX). The securities of ATLAX and ATLIX are stapled and must trade and otherwise be dealt with together.

ATLAX and ATLIX have entered into a cooperation deed which provides for sharing of information, adoption of consistent accounting policies and coordination of reporting to securityholders (Atlas Arteria Cooperation Deed).

Governance disclosures

We recommend that you also read the following documents on the governance section of the Atlas Arteria website:

- Overview of Legal Framework;
- ATLIX Bye-Laws;
- ATLAX Constitution;
- Atlas Arteria Cooperation Deed;
- ATLAX and ATLIX Board & Committee Charters; and
- Atlas Arteria Corporate Policies.

More detail about our operational and governance arrangements can also be found in the ASIC Regulatory Guide 231 disclosure on the Atlas Arteria website. This disclosure is required by ASIC and seeks to improve disclosure for retail investors in infrastructure entities.

For more information go to atlasarteria.com

Corporate Governance Statement

The Atlas Arteria Boards determine the corporate governance arrangements for Atlas Arteria with regard to what they consider to be in the long-term interests of the business and its investors, and consistent with their responsibilities to other stakeholders. Atlas Arteria's corporate governance arrangements conform to the Corporate Governance Principles and Recommendations (4th edition) issued by the ASX Corporate Governance Council.

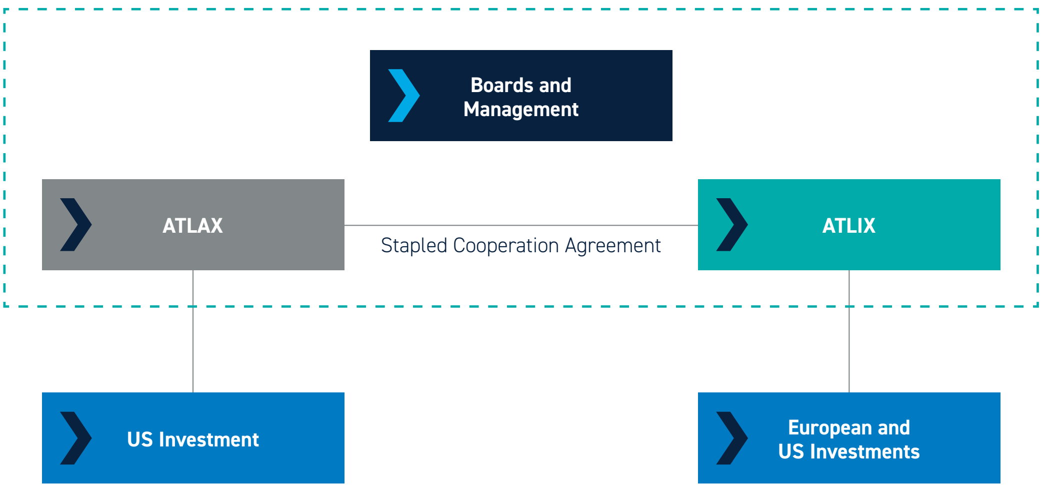
Atlas Arteria's 2022 Corporate Governance Statement has been approved by the Boards and outlines our main corporate governance practices for the year ended 31 December 2022. Included in the statement are details relating to:

- Board composition, skills matrix and performance;
- structure and role of Board Committees;
- Director independence;
- diversity and inclusion;
- key governance documents including Vision and Values Statement, Code of Conduct, Whistleblower Policy, Securities Trading Policy, Anti-Bribery & Corruption Policy and Conflicts of Interest (Directors) Policy;
- external communications and market disclosures; and
- risk management and corporate reporting.

Our 2022 Corporate Governance Statement, as well as other governance documents referred to within the statement, can be viewed on Atlas Arteria's website at www.atlasarteria. com/aboutus. These governance documents are regularly reviewed and updated to ensure they reflect emerging governance issues and regulatory developments relevant to Atlas Arteria and remain consistent with the objectives of the Boards.

For more information go to atlasarteria.com

Atlas Arteria Structure



CORPORATE GOVERNANCE

BOARD OF DIRECTORS – ATLAX BOARD

Debbie Goodin

BEc (AU), FCA

Nationality: Australian
Country of residence: Australia

Non-executive Director of ATLAX appointed on 1 September 2017, Chair of ATLAX effective 1 November 2020. Non-executive Director of ATLIX appointed on 1 November 2020. Chair of the ATLAX Nomination and Governance Committee.

Debbie Goodin has extensive director experience as well as over 20 years' senior management experience with professional services firms, government authorities and ASX-listed companies across a broad range of industries and service areas.

Among other executive roles, Debbie was COO for an ANZ subsidiary of Downer EDI Limited and Acting CFO and Head of Mergers and Acquisitions and Global Head of Operations at Coffey International Limited.

Other listed company directorships (past three years): Non-executive Director (since September 2015) of APA Group (ASX:APA). Non-executive Director (since December 2022) of Ansell Limited (ASX:ANN). Non-executive Director of Senex Energy Limited (ASX:SXY) (May 2014 to November 2020). Non-executive Director of Ooh! Media Limited (ASX:OML) (November 2014 to February 2020).

Other directorships and appointments: Director, Australia Pacific Airports Corporation Limited (March 2020 to June 2022).

Graeme Bevans

Nationality: Australian
Country of residence: Australia

Chief Executive Officer and Managing Director of ATLAX since 1 April 2019.

Graeme Bevans has more than 25 years' experience in the global infrastructure sector, where he has completed the acquisition, development and management of 17 infrastructure businesses with a total enterprise value of over $40 billion.

Prior to joining Atlas Arteria, Graeme was Founder and CEO of Annuity Infrastructure in the UK. He has also held senior roles globally, including as Head of Infrastructure at CPPIB in Canada, Partner at Alinda Capital Partners in the USA, and Head of Infrastructure Investment at IFM Investors in Australia.

Graeme has overseen very complex joint venture arrangements in global infrastructure both in Australia and abroad, particularly in Europe and the Americas. He has served as an active director of 10 of those investee companies in Europe, Australia, North America and South America.

Graeme is Managing Director of ATLAX and holds no other current directorships.

Ariane Barker

BEc&Math (BU)

Nationality: Australian
Country of residence: Australia

Non-executive Director of ATLAX appointed on 1 March 2021. Chair of the ALTAX Audit and Risk Committee (to 30 June 2022).
Retired from the Board on 31 December 2022.

Ariane Barker brings extensive business and financial services experience, with over 20 years' experience in senior executive roles in Australia and overseas at JBWere (part of National Australia Bank), HSBC, Goldman Sachs and Merrill Lynch.

Ariane was previously the CEO of Scale Investors Ltd where she worked to activate investment capital for female entrepreneurs and gender balanced startups to support growth for early stage businesses.

Other listed company directorships (past three years): Non-executive Director (since November 2015) of IDP Education Limited (ASX:IEL).

Other directorships and appointments: Director, Commonwealth Superannuation Corporation. Member of the Investment Committee at the Murdoch Children's Research Institute.

David Bartholomew

BEc (Hons) (AU), MBA (AGSM)

Nationality: Australian
Country of residence: Australia

Non-executive Director of ATLAX appointed on 1 October 2018. Chair of the ATLAX People and Remuneration Committee.

David Bartholomew has over 30 years' experience across the energy utilities, transportation and industrial sectors.

David was CEO of DUET Group, where he oversaw the ASX listed company's transition to a fully internalised management and governance structure. He also held executive roles at Hastings Funds Management, Lend Lease, The Boston Consulting Group and BHP Minerals. David has also served on the Boards of Interlink Roads (Sydney's M5 Motorway) and Statewide Roads (Sydney's M4 Motorway) representing investors managed by Hasting Funds Management and is a former Director of the Power and Water Corporation (Northern Territory).

Other listed company directorships (past three years): Chair (since March 2021) of Iris Energy Limited (NASDAQ: IREN).

Other directorships and appointments: Director, Endeavour Energy, Director, Keolis Downer. External Independent Chair of the Executive Price Review Steering Committee of AusNet Services.

BOARD OF DIRECTORS – ATLIX BOARD

Jean-Georges Malcor

Ecole Centrale de Paris (Eng), MSc (Stanford)

Nationality: French/Australian
Country of residence: France

Non-executive Director of ATLAX appointed on 1 November 2018. Chair of the ATLAX Audit and Risk Committee (to 31 December 2022).

Jean-Georges Malcor is an experienced executive and Non-executive Director and has a long track record in large international projects and developments.

His executive experience includes eight years as CEO at CGG, a Euronext-listed French geoscience company in the global oil and gas industry. Prior to this, he spent 25 years at Thales Group (EPA: HO) in France and Australia and was Managing Director of ADI (Australian Defence Industry).

Jean-Georges has demonstrated expertise in corporate governance, risk mitigation, strategy, technology, financing and restructuring. He is also an officer of the French Légion d'Honneur Order and National Order of Merit.

Other listed company directorships (past three years): Director of STMicroelectronics N.V. (NYSE:STM, Borsa Italiana:STIM.MI, Euronext Paris:STM.PA) (May 2011 to June 2020).

Other directorships and appointments: Director, ORTEC. Director, Fives' Group, Chair, ENSTA Bretagne School of Engineering.

John Wigglesworth

BEc (MACQ), FCA

Nationality: Australian
Country of residence: Australia

Non-executive Director of ATLAX appointed on 1 January 2023. Chair of the ATLAX Audit and Risk Committee (from 1 January 2023).

John Wigglesworth is a Chartered Accountant with 37 years' professional experience, including nearly 25 years as a Partner at KPMG, both in Australia and internationally. During this time, he held several leadership positions across operations, industry sectors and business development.

John has extensive experience working with ASX listed and leading global companies, with specific expertise in external and internal audit, financial reporting, accounting systems and controls, governance and risk management.

Other listed company directorships (past three years): Nil.

Other directorships and appointments: Member of Council, Macquarie University. Non-executive Director, MQ Health. Non-executive Director, The Sydney Children's Hospital Network. Non-executive Director, Independent Reserve.

Jeffrey Conyers

BA (Toronto)

Nationality: Bermudian
Country of residence: Bermuda

Chair and Non-executive Director of ATLIX since establishment on 16 December 2009. Chair of the ATLIX Nomination and Governance Committee. Jeffrey Conyers will retire as Chair and Director of ATLIX with effect from 1 March 2023.

Jeffrey Conyers is a Director of numerous companies in Bermuda and is the former Chief Executive Officer of First Bermuda Securities Limited, which provides advisory and execution services on worldwide offshore mutual funds to individuals and local companies based in Bermuda. He was a founding member, and remains a member, of the Council of the Bermuda Stock Exchange.

Jeffrey has previously served on the boards of MAp Airports International Limited and Intoll International Limited, parts of the previously Macquarie-managed and ASX-listed vehicles MAp Group and Intoll Group respectively.

Other listed company directorships (past three years): Nil.

Other directorships and appointments: Council Member of the Bermuda Stock Exchange. Director, The Steamship Mutual Underwriting Association Trustees (Bermuda) Limited. Director, Polaris Holding Company Limited. Director, Bermuda Aviation Services Limited.

Fiona Beck

BMS (Hons) Waikato (NZ) CA

Nationality: New Zealander
Country of residence: Bermuda

Non-executive Director of ATLIX appointed on 13 September 2019. Chair of the ATLIX People and Remuneration Committee. Fiona Beck will become the Chair of ATLIX with effect from 1 March 2023.

Fiona Beck has over 20 years' leadership experience in listed and unlisted companies, having held senior executive and governance positions in large infrastructure companies, including as the President and CEO of Southern Cross Cable Limited, a submarine fiberoptic cable company, for 13 years.

In addition, Fiona is a Chartered Accountant and brings expertise in technology, cyber security, data analysis, and infrastructure asset management in a global environment.

Other listed company directorships (past three years): Non-executive Director (since July 2020) of IBEX Limited (NASDAQ:IBEX). Non-executive Director (since October 2020) of Oakley Capital Investments Limited (LSE:OCI). Non-executive Director (since April 2020) of Ocean Wilsons Holdings Limited (LSE/BSX: OCN). Non-executive Director of One Communications Ltd (BSX:ONE.BH) (July 2013 to November 2020).

Other directorships and appointments: Director, Bermuda Business Development Agency.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS – ATLIX BOARD

Andrew Cook

BA (UWO), CPA (Ontario)

Nationality: Bermudian
Country of residence: Bermuda

Non-executive Director of ATLIX appointed on 26 November 2020.

Andrew Cook has extensive executive, financial, operational and capital market experience having been the founding CFO of several organisations and overseeing the development and growth of accounting, finance, treasury and investor relations departments.

He brings significant global M&A experience having served as the President and CFO of Harbor Point (and later as President of Alterra Bermuda) as well as leading successful IPOs at LaSalle Re, Axis Capital and Global Partner Acquisition Corp.

Andrew was formerly the Chief Executive Officer of GreyCastle Life Reinsurance and was on the Boards of Blue Capital Reinsurance Holdings Limited and GreyCastle Life Reinsurance (SAC) Ltd.

Other listed company directorships (past three years): Non-executive Director of Global Partner Acquisition Corp II (NASDAQ:GPACU) (January 2021 to January 2023). Non-executive Director of Blue Capital Reinsurance Holdings Limited (NYSE:BCRH) (September 2013 to July 2020).

Other directorships and appointments: Chair, OmegaCat Reinsurance Ltd, Director, Aspida Holdings Ltd, Ferian Holdings Ltd.

Caroline Foulger

BA (Hons) University of London UK, FCA (UK), CA (Bermuda)

Nationality: British/Bermudian
Country of residence: Bermuda

Non-executive Director of ATLIX appointed on 19 May 2020. Chair of the ATLIX Audit and Risk Committee.

Caroline Foulger has extensive board and executive experience in the financial services sector with a particular focus on insurance and advisory services. She is a Chartered Accountant having spent the bulk of her executive career with PwC where she was a Partner for twelve years, leading the insurance practice in Bermuda.

Caroline was the founding Chair of the Bermuda Business Development Agency and served in 2017 as a member of the Blue Ribbon Committee regarding the feasibility and financing of a new Bermuda Airport.

Other listed company directorships (past three years): Chair (since 2018) and Non-executive Director (since June 2016) of Oakley Capital Investments Limited (LSE:OCI). Chair (since September 2022) and Non-executive Director (since June 2020) of Ocean Wilsons Holdings Limited (LSE/BSX: OCN). Non-executive Director of Hiscox Limited (LSE:HSX) (January 2013 to May 2022).

Other directorships and appointments: Chair, Mosaic Insurance.

Debbie Goodin

See page 32 for full details.

The number of Board, and Board Committee, meetings held during the year and each Directors' attendance at those meetings are set out below. In addition, ad hoc committees were also held as required for transactional activities.

	Board		Audit and Risk Committee		Nomination and Governance Committee		People and Remuneration Committee		Ad hoc Committees [a]	
ATLIX Directors	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended
Fiona Beck [b]	16	15	N/A	N/A	2	2	5	5	N/A	N/A
Jeffrey Conyers	16	16	6	6	2	2	5	5	6	6
Andrew Cook	16	16	6	6	2	2	5	5	6	6
Caroline Foulger [c]	16	13	6	6	2	2	N/A	N/A	N/A	N/A
Debra Goodin	16	16	6	6	2	2	5	5	6	6

(a) Ad hoc committee meetings were held in relation to working groups relating to the Chicago Skyway transaction and associated Equity Raise.
(b) Ms Beck missed a special purpose Board meeting due to a pre-existing commitment.
(c) Ms Foulger was absent from some unscheduled Board meetings held during the year for which short notice was provided and due to pre-existing commitments.
Where a director is unable to attend a meeting, they are provided with a briefing on the key matters and are given an opportunity to provide input prior to the meeting.

	Board		Audit and Risk Committee		Nomination and Governance Committee		People and Remuneration Committee		Ad hoc Committees [a]	
ATLAX Directors	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended
Debra Goodin	16	16	6	6	2	2	5	5	6	6
David Bartholomew	16	16	N/A	N/A	2	2	5	5	6	6
Graeme Bevans	16	16	N/A	N/A	N/A	N/A	N/A	N/A	6	6
Jean-Georges Malcor [b]	16	15	6	6	2	2	5	5	N/A	N/A
Ariane Barker	16	16	6	5	2	2	N/A	N/A	N/A	N/A

(a) Ad hoc committee meetings were held in relation to working groups relating to the Chicago Skyway transaction and associated Equity Raise.
(b) Mr Malcor missed a special purpose Board meeting due to a pre-existing commitment.
Where a director is unable to attend a meeting, they are provided with a briefing on the key matters and are given an opportunity to provide input prior to the meeting.

Company Secretaries

Clayton McCormack, BCom, LLB
General Counsel and Company Secretary

Appointed as Company Secretary of Atlas Arteria Limited on 1 April 2019. A lawyer and company secretary with over 25 years' experience in private practice and corporate roles.

Paul Lynch, BCom, LLB
Joint Company Secretary

Appointed as an additional Company Secretary of Atlas Arteria Limited on 26 August 2021. A company secretary and lawyer with approximately 15 years' experience working in the ASX listed environment.

FINANCIAL OVERVIEW

Financial Highlights

Statutory results

Atlas Arteria consolidates results for both Dulles Greenway and Warnow Tunnel and equity accounts for its investments in APRR, ADELAC and Chicago Skyway. Accordingly, the results for APRR, ADELAC and Chicago Skyway are disclosed in Atlas Arteria's income statement under the 'share of profit/(loss) from equity accounted investments' and 'share of other comprehensive income from equity accounted investments' line items, and in the 'equity accounted investments' line item in Atlas Arteria's balance sheet. Combined with the corporate level expense, these make up Atlas Arteria's statutory results for the period.

Included within the statutory results are a number of 'Notable Items' that are not related to underlying operational performance. The impact of Notable Items on the statutory results is analysed below:

Atlas Arteria A$m	2022	2021	% Chg
Revenue and other income			
– Toll revenue	**116,728**	99,530	17%
– Other income	**1,513**	985	54%
– Interest Income	**6,872**	140	4,809%
Total revenue and other income (excluding Notable Items)	**125,113**	**100,655**	**24%**
Operating expenses			
– Business operations	**(38,027)**	(34,882)	(9%)
– Corporate costs	**(32,494)**	(29,068)	(12%)
Depreciation and amortisation	**(66,245)**	(61,480)	(8%)
Total operating expenses (excluding Notable Items)	**(136,766)**	**(125,430)**	**(9%)**
Net finance costs	**(82,875)**	(81,055)	(2%)
Share of profit/(loss) of equity accounted investments	**336,380**	284,051	18%
Income tax benefit/(expense)	**(3,191)**	904	(453%)
Net Profit/(Loss) after tax (excluding Notable Items)	**238,661**	**179,125**	33%
Notable Items			
– Costs associated with 'IFM' engagement [(a)]	**(2,320)**	–	–
– Transaction costs associated with the Chicago Skyway acquisition [(a)]	**(2,503)**	–	–
– Hedge ineffectiveness arising from the deal contingent premium on the swap for the Chicago Skyway acquisition [(b)]	**(10,926)**	–	–
– FX impacts of significant transactions during period (non-cash) [(b)]	**2,843**	–	–
– Interest on funds held for the Chicago Skyway acquisition [(c)]	**15,256**	–	–
– Warnow Tunnel net accounting impacts of capital restructure (non-cash)	**–**	(15,428)	–
Net Profit/(Loss) after tax	**241,011**	163,697	47%

(a) Reported in 'Total operating expenses' in the Statutory Results.
(b) Reported in 'Net finance costs' in the Statutory Results.
(c) Reported in 'Interest Income' in the Statutory Results.

The net profit for 2022 predominantly reflects the continued strong traffic performance at APRR as well as the commencement of tolling on the A79 in November, improved traffic performance at the Dulles Greenway and the first time contribution from Chicago Skyway for the month of December reflected in the 'Share of profit/(loss) of equity accounted investments' and interest income.

On 1 December 2022, Atlas Arteria acquired a 66.67% interest in Calumet Concession Partners Inc (CCPI) which indirectly owns 100% of Skyway Concession Company LLC, the concessionaire of the Chicago Skyway. The Chicago Skyway acquisition was funded via a fully underwritten 1 for 1.95 accelerated non-renounceable entitlement offer raising $3,098.4 million. Costs associated with the execution of the Chicago Skyway acquisition, that have not been capitalised are recognised as Notable Items as they are not related to underlying operational performance.

Cashflows

Atlas Arteria received two main distributions from APRR during 2022, being $201.4 million (€134.0 million) in March based on the second half performance for 2021, and $198.6 million (€134.0 million) in September, reflecting the first half performance for 2022. An additional distribution of $6.8 million (€4.4 million) was received in January 2022 for funds which were held back from the September 2021 distribution.

Whilst distributions from APRR continue to be the primary source of cash for Atlas Arteria, in 2022 Atlas Arteria received its first full year of distributions from Warnow Tunnel of $12.9 million (€8.6 million). From 2023, Atlas Arteria will also begin receiving distributions from Chicago Skyway.

Atlas Arteria raised $3,098.4 million issuing 491.8 million new ordinary stapled securities. The funds were used to acquire Chicago Skyway.

The second half distribution for 2021 consisting of an ordinary dividend of 20.5 cps was paid in full on 31 March 2022. The first half distribution for 2022 consisting of an ordinary dividend of 20.0 cps was paid in full on 3 October 2022.

After the equity raise and costs associated with the Chicago Skyway acquisition, payment of distributions and operational activities for the year, the corporate balance sheet held $172.4 million in cash as at 31 December 2022.

Business Operations

A summary of the underlying results for each business is shown in the table below.

	2022 Traffic		2022 Toll Revenue [4,5]		2022 EBITDA [4,5]	
Business	**VS 2021**	**VS 2019**	**VS 2021**	**VS 2019**	**VS 2021**	**VS 2019**
APRR Group [1]	8.2%	2.1%	8.8%	6.0%	10.1%	7.3%
ADELAC	21.4%	(0.1%)	27.9%	7.7%	25.1%	5.8%
Warnow Tunnel	3.4%	(8.6%)	5.2%	(3.4%)	5.6%	(11.3%)
Chicago Skyway [2]	2.2%	9.1%	5.1%	30.8%	4.8%	33.2%
Dulles Greenway	6.6%	(30.8%)	12.0%	(24.9%)	16.5%	(26.4%)
Weighted Average [3]	**7.8%**	**(0.5%)**	**9.0%**	**4.7%**	**10.3%**	**5.6%**
Weighted Average, excl Chicago Skyway	**8.3%**	**(1.2%)**	**9.3%**	**3.0%**	**10.8%**	**3.7%**

1. APRR Group includes APRR, AREA and A79 concessions.
2. Atlas Arteria completed the acquisition of a 66.67% majority interest in the Chicago Skyway on 1 December 2022, however data for the full period has been provided to allow comparisons with prior periods.
3. Refer to slide 40 of the Investor Presentation lodged with the ASX on 23 February 2023 for weighted average calculation methodology.
4. Revenues and operating costs are presented under IFRS in local currency, excluding impacts of IFRIC 12. This adjusts for concession upgrades to align EBITDA margin with underlying business performance.
5. Toll revenue % and EBITDA % change is calculated using the respective businesses local currencies.

The weighted average results aggregate the financial results of each of Atlas Arteria's businesses according to its economic interests from ongoing operations.

FINANCIAL OVERVIEW

APRR Group

APRR Group[1] 100% (€m)	2022	2021	% change
Toll revenue	2,686.0	2,468.2	8.8%
Other revenue	132.5	101.0	31.2%
IFRIC 12 adjustment for capital spend	335.4	302.8	10.8%
Total revenue	**3,153.8**	**2,872.0**	**9.8%**
Purchases and external charges	(174.9)	(155.2)	(12.7%)
Personnel costs	(216.8)	(213.6)	(1.5%)
Taxes	(347.0)	(315.7)	(9.9%)
IFRIC 12 adjustment for capital spend	(335.4)	(302.8)	(10.8%)
Other	4.8	8.1	(41.0%)
Total expenses	**(1,069.3)**	**(979.2)**	**(9.2%)**
Total EBITDA	**2,084.6**	**1,892.8**	**10.1%**
Total EBITDA (proportional, $m)	**985.0**	**928.7**	**6.1%**
Provisions	(31.8)	(48.9)	35.0%
Net interest expense	(99.1)	(94.4)	(5.0%)
Depreciation and amortisation	(504.3)	(473.2)	(6.6%)
APRR corporate income tax	(362.5)	(330.1)	(9.8%)
Share of profit/(loss) of associates (incl ADELAC)	2.9	(2.6)	211.8%
Other	(33.6)	(10.4)	(222.7%)
Consolidated NPAT	**1,056.3**	**933.2**	**13.2%**

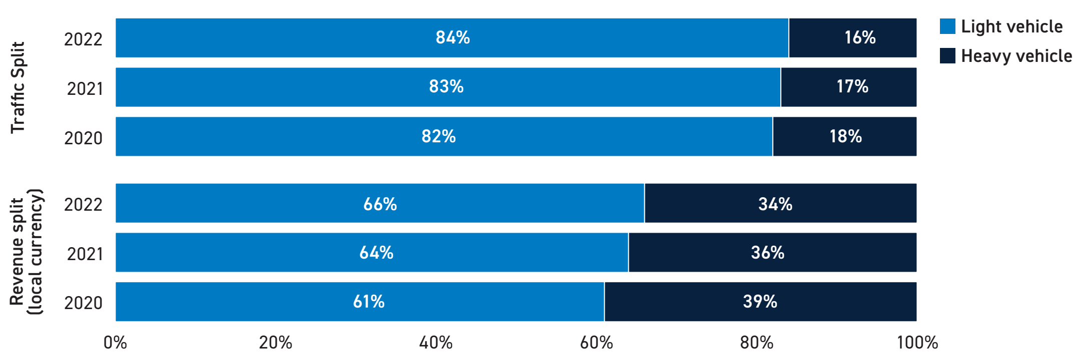
1. APRR Group includes APRR, AREA and A79 concessions.

Traffic for 2022 was 8.2% higher than 2021 and 2.1% higher than 2019, supported by a busy winter and summer holiday period driving light vehicle traffic, and consistent heavy vehicle traffic throughout the year (for more detail, see APRR on pages 12 to 15).

For the 2022 year, light vehicle traffic as a percentage of total traffic increased from 83.1% in 2021 to 84.1% in 2022, such that the light vehicle and heavy vehicle mix continues to be more in line with levels observed pre-pandemic (2019: 84.2% of total traffic was light vehicles). As tariffs for heavy vehicles are around three times higher than those for light vehicles, weighted average tolls also continued to return to normalised levels in 2022. Total toll revenue for 2022 was €2.7 billion (2021: €2.5 billion) which comprised 66% from light vehicle traffic and 34% from heavy vehicle traffic (2021: 64% light vehicle and 36% heavy vehicle; 2019: 66% light vehicle and 34% heavy vehicle).

Tolling commenced on the A79 on 4 November 2022 following the completion of construction. The A79 concession extends to 2068 and the road currently supports significant heavy vehicle traffic.

APRR Light Vehicle/Heavy Vehicle Traffic and Toll Revenue Split

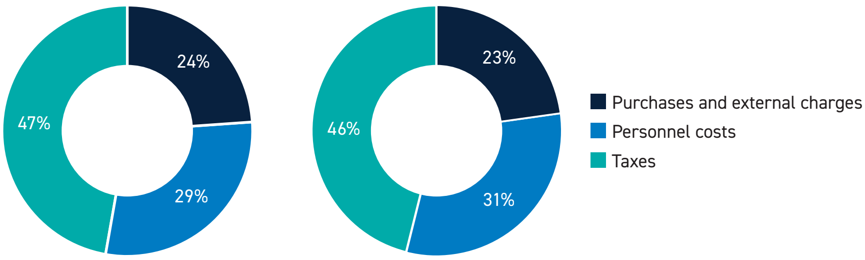


Other revenue increased during the year as a result of the Fulli business which generated €40.7 million (2021: €26.7 million) of revenue. Fulli comprises APRR's operated service areas, providing competitive fuel prices to customers on the motorway. This enables customers to complete their journey on the APRR network rather than diverting to off-network fuel stations. During the year, Fulli revenue increased due to higher traffic and more customers accessing the competitive prices, as well as from the increase in fuel prices.

Application of AASB Interpretation 12 Service Concession Agreements (IFRIC 12) relating to capital spend during the year saw revenue of €335.4 million (2021: €302.8 million) offset by a corresponding expense.

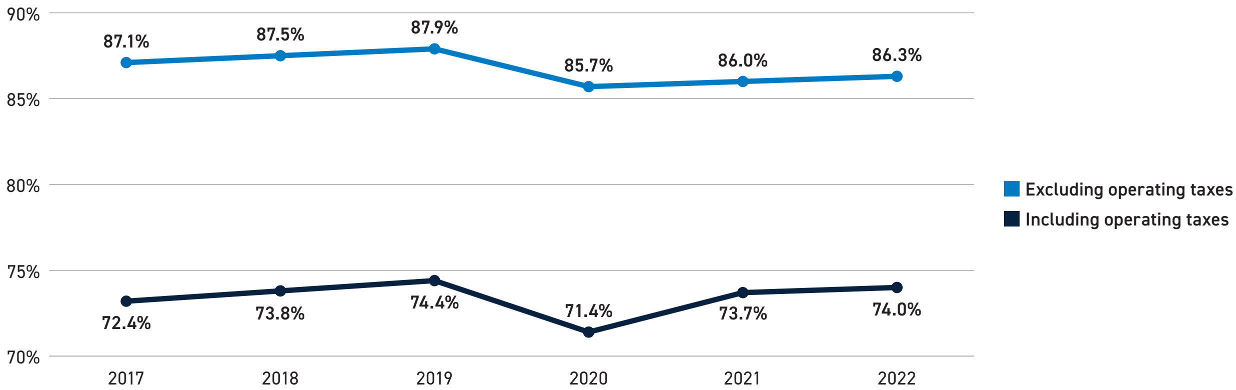
Operating costs (ex IFRIC 12 adjustments) increased by 8.5% as a result of costs associated with the integrated Fulli business (€39.9 million (2021: €26.0 million)), and higher operating taxes. Operating taxes were driven by an increase in the TAT as a result of higher traffic and an increase in land tax which was assessed on turnover from the prior year reflecting the traffic increase in 2021.

2022 Operating costs **2021 Operating costs**



EBITDA margins progressively improved from 2015 but were impacted in 2020 and 2021 due to the COVID-19 movement restrictions on traffic. In addition, from 2021 the commencement of the Fulli business has marginally diluted the EBITDA margins.

APRR EBITDA margins (excluding IFRIC 12)



Net interest expense at APRR increased by 5.0% driven by the increase in debt balances over the period. During the year, APRR issued $786.2 million (€500.0 million) of bonds under its Euro Medium Term Note Program at 98.761% of par with a coupon of 1.875%, the proceeds of which were used for general corporate purposes. This demonstrates the continued support by the financial markets for the APRR business. It provides APRR with additional liquidity, extends its weighted average debt maturity and strengthens APRR's capacity for future growth.

During the year, Fitch Ratings upgraded its credit rating for APRR from 'A-' to 'A' (long-term issuer default rating) and from 'F1' to 'F1+' (short-term issuer default rating). S&P also re-affirmed their 'A-' long term issuer ratings for APRR, and both maintained their outlook as 'stable'.

As at year end, APRR had €1,534.6 million in cash on the balance sheet with a €2.0 billion undrawn revolving credit facility.

FINANCIAL OVERVIEW

Warnow Tunnel

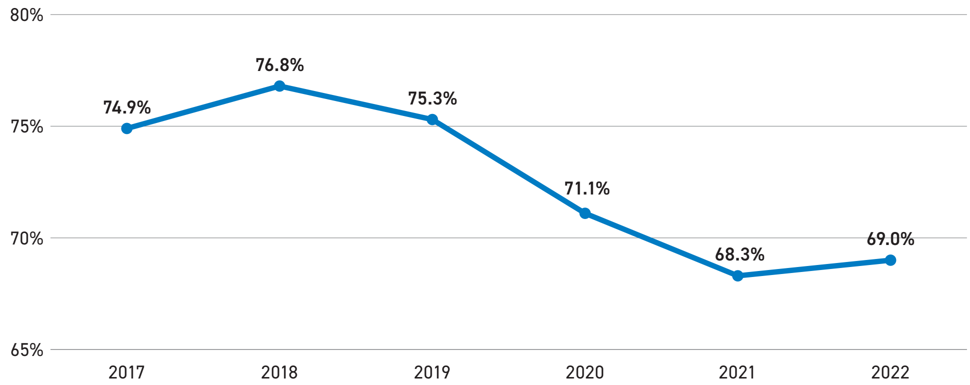
	€m			A$m		
Warnow Tunnel 100%	**2022**	**2021**	**% change**	**2022**	**2021**	**% change**
Toll revenue	13.1	12.5	5.2%	19.9	19.7	1.2%
Other revenue	0.1	0.2	(42.1%)	0.2	0.3	(41.1%)
Total operating revenue	**13.3**	**12.7**	**4.5%**	**20.1**	**20.0**	**0.6%**
Operating expenses	(4.1)	(4.0)	(2.0%)	(6.2)	(6.3)	1.1%
Total EBITDA	**9.2**	**8.7**	**5.6%**	**13.9**	**13.7**	**1.4%**

Traffic for the year at Warnow was 3.4% higher than 2021, benefitting from the relaxation of COVID-19 movement restrictions and roadworks on competing routes. This was partially offset by summer traffic which was negatively impacted by the German government's temporary public transport pass (for more detail, see Warnow Tunnel on pages 16 and 17). Toll revenue for the year was 5.2% higher than 2021.

Costs at Warnow Tunnel increased marginally by €0.1 million (2.0%).

EBITDA margins progressively improved from 2016 to 2018 in line with the strong increase in traffic and revenues. Warnow's EBITDA margins were impacted by COVID-19 movement restrictions in 2020 and 2021.

Warnow Tunnel EBITDA (excluding IFRIC 12)



Warnow Tunnel had $13.3 million (€8.4 million) cash as at 31 December 2022.

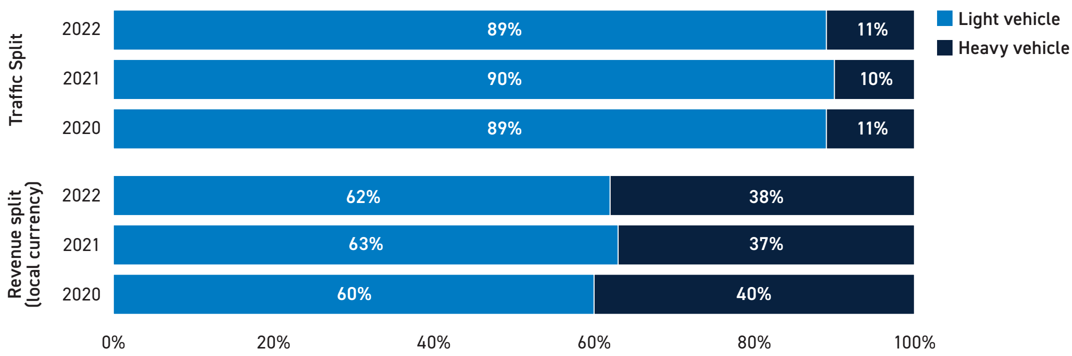
Chicago Skyway

The Chicago Skyway interest was acquired on 1 December 2022 and has been equity accounted in the ATLAX Group and Atlas Arteria accounts from that date. The table below sets out an analysis of the full calendar year financial results of Chicago Skyway to provide more complete information on underlying operational performance.

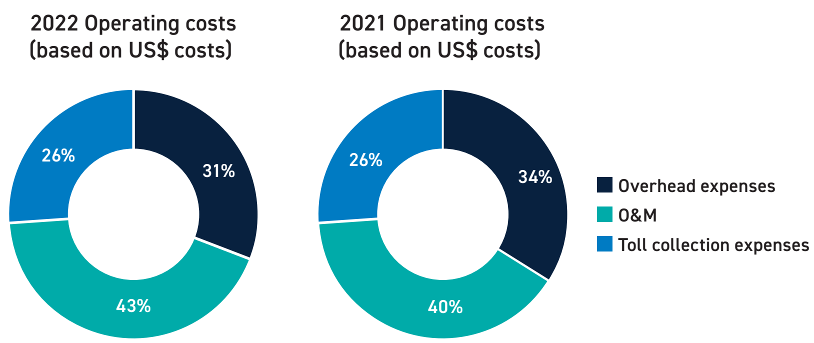
	US$m			A$m		
Chicago Skyway 100%	**2022**	**2021**	**% change**	**2022**	**2021**	**% change**
Toll revenue	120.1	114.2	5.1%	173.3	152.2	13.8%
Other revenue	0.0	0.1	(95.5%)	0.0	0.1	(95.2%)
Total revenue	**120.1**	**114.3**	**5.1%**	**173.3**	**152.3**	**13.7%**
Overhead expenses	(5.0)	(5.0)	1.6%	(7.2)	(6.7)	(6.5%)
Operating and maintenance expenses	(6.8)	(5.9)	(15.0%)	(9.9)	(7.9)	(24.5%)
Toll collection expenses	(4.2)	(3.9)	(5.5%)	(6.0)	(5.2)	(14.2%)
Total operating expenses	**(16.0)**	**(14.9)**	**(6.9%)**	**(23.0)**	**(19.9)**	**(15.7%)**
Total EBITDA	**104.2**	**99.4**	**4.8%**	**150.2**	**132.4**	**13.5%**

Traffic for the year at Chicago Skyway was 2.2% higher than 2021, and 9.1% higher than 2019 levels. Both light and heavy vehicle traffic were positively impacted for part of 2022 by roadworks along the competing route on the Frank Borman Expressway. A steady increase in office-based work in Chicago also positively impacted traffic (for more detail, see Chicago Skyway on pages 18 and 19).

Chicago Skyway Light Vehicle/Heavy Vehicle Traffic and Toll Revenue Split

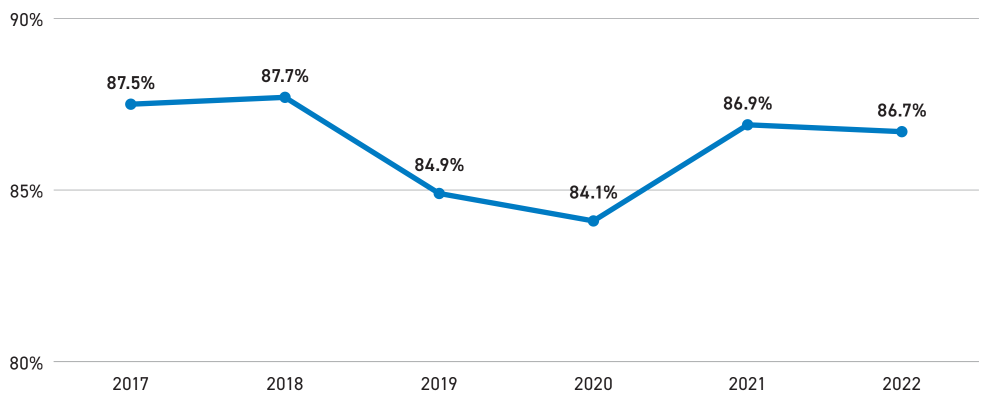


Operating costs increased by 6.9% compared to 2021 as a result of a number of factors including higher transaction costs in line with increased traffic, wage escalation and higher insurance premiums.



EBITDA margins were stable from 2016 to 2019, then in 2020 were impacted by the COVID-19 movement restrictions on traffic and are slowly increasing towards pre-pandemic levels.

Chicago Skyway EBITDA margins (excluding IFRIC 12)



Chicago Skyway had $77.8 million (US$52.8 million) cash at 31 December 2022.

FINANCIAL OVERVIEW

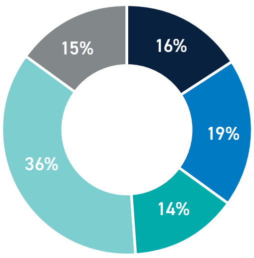
Dulles Greenway

Dulles Greenway 100%	US$m 2022	US$m 2021	US$m % change	A$m 2022	A$m 2021	A$m % change
Toll revenue	67.1	59.9	12.0%	96.8	79.9	21.2%
Other revenue	0.9	0.5	75.9%	1.3	0.6	111.5%
Total revenue	**68.0**	**60.4**	**12.6%**	**98.1**	**80.5**	**21.8%**
Transaction fees	(2.2)	(2.0)	(8.7%)	(3.2)	(2.7)	(17.1%)
Operating and maintenance expenses	(4.5)	(6.0)	24.4%	(6.5)	(8.0)	18.3%
Other operating expenses	(7.0)	(5.8)	(20.8%)	(10.1)	(7.7)	(31.1%)
Total operating expenses	**(13.7)**	**(13.8)**	**0.6%**	**(19.8)**	**(18.4)**	**(7.6%)**
Total EBITDA	**54.3**	**46.6**	**16.5%**	**78.3**	**62.1**	**26.1%**

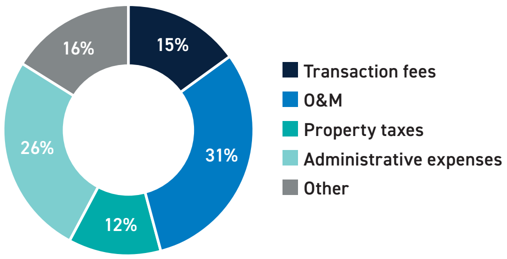
Traffic for the year at Dulles Greenway was 6.6% higher than 2021, but remained 30.8% lower than 2019 levels. Overall, return to work traffic has been more gradual than expected, with people continuing to work from home. Towards the end of 2022, there were more encouraging signs of recovery with the total number of trips in the fourth quarter the highest since the beginning of the COVID-19 pandemic (for more detail, see Dulles Greenway on pages 20 and 21).

Operating costs decreased by 0.6% compared to 2021 as a result of the completion of the West End Project in January 2022 with no further spend and lower costs due to less severe snow conditions early in the year partially offset by higher transaction costs in line with increased traffic, increases in property taxes and insurance, and costs associated with preparing for a rate case submission to the SCC.

2022 operating costs (based on US$ costs)

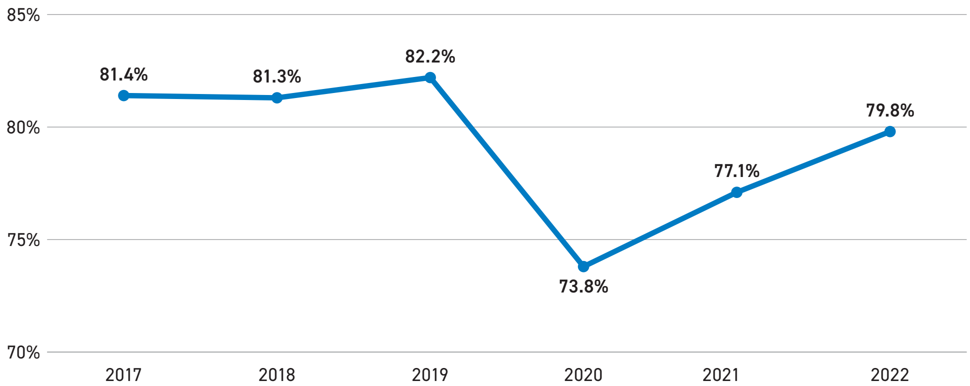


2021 operating costs (based on US$ costs)



EBITDA margins were stable from 2016 to 2019, then in 2020 were impacted by the COVID-19 movement restrictions on traffic but are slowly increasing towards pre-pandemic levels.

Dulles Greenway EBITDA (excluding IFRIC 12)



Dulles Greenway had $305.8 million (US$207.6 million) cash as at 31 December 2022. As previously disclosed, failure to pass the lock-up tests as defined under the debt covenants for this business means that around US$62.5 million that would otherwise be available for distribution to Atlas Arteria remains included as part of the cash reserves. In February 2023, US$11.6 million of cash that would otherwise be available for distribution was drawn down in order to supplement debt service funds to ensure bond service requirements were met.

DIRECTORS' REPORTS

The Directors of Atlas Arteria International Limited (ATLIX) and the Directors of Atlas Arteria Limited (ATLAX) submit the following reports, together with the Financial Report for Atlas Arteria and the Financial Report for ATLAX and its controlled entities (ATLAX Group), for the year ended 31 December 2022. The information below also forms part of these Directors' Reports:

– Strategic Framework on pages 10 to 11
– Business Performance on pages 12 to 21
– Sustainability on pages 22 to 27
– Risk Management on pages 28 to 30
– Information on the Directors, Company Secretaries and Directors' meetings on pages 31 to 35
– Financial Overview on pages 36 to 42
– Remuneration Report on pages 48 to 69

An Atlas Arteria stapled security comprises one ATLIX share 'stapled' to one ATLAX share to create a single listed security traded on the Australian Securities Exchange. The stapled securities cannot be traded or dealt with separately.

AASB 3 *Business Combinations* and AASB 10 *Consolidated Financial Statements* require one of the stapled entities of a stapled structure to be identified as the parent entity for the purpose of preparing a consolidated Financial Report. In accordance with this requirement, and consistent with previous reporting periods, ATLIX has been identified as the parent entity of the consolidated group comprising ATLIX and its controlled entities (ATLIX Group) and ATLAX Group, together comprising 'Atlas Arteria', 'ALX' or 'the Groups'.

All values are in Australian Dollars unless otherwise indicated.

Principal activities

The principal activities of Atlas Arteria are to own, operate and develop toll roads globally, creating value for investors over the long-term through considered and disciplined management and sustainable business practices. The roads developed, operated or managed by Atlas Arteria benefit communities through reduced travel time, greater time certainty, reduced fuel consumption and carbon emissions.

As of the date of this report, Atlas Arteria owned five businesses. The ATLIX Group has a 31.14% interest in the APRR toll road group in France and 31.17% interest in ADELAC. Together APRR and ADELAC comprise a 2,406km motorway network located in the East and South East of France. In the US, the ATLAX Group owns a 66.67% interest in the Chicago Skyway, a 12km toll road located south of Chicago and Atlas Arteria has 100% of the economic interest in the Dulles Greenway, a 22km toll road in the Commonwealth of Virginia, of which the ATLAX Group owns a 13.43% interest. In Germany, the ATLIX Group owns 100% of Warnow Tunnel, a 2km toll road in the north-east city of Rostock.

Distributions

Distributions paid to securityholders were as follows:

	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000
Dividend of 20.0 cents per stapled security (cps) paid on 3 October 2022 [a]	**191,804**	–
Dividend of 20.5 cps paid on 31 March 2022 [b]	**196,598**	–
Dividend of 15.5 cps paid on 5 October 2021 [c]	**–**	148,648
Dividend of 13.0 cps paid on 9 April 2021 [d]	**–**	124,672
Total distributions paid	**388,402**	273,320

(a) The dividend paid on 3 October 2022 comprised of an ordinary dividend of 20.0 cps. The dividend was paid in full by ATLIX.
(b) The dividend paid on 31 March 2022 comprised of an ordinary dividend of 20.5 cps. The dividend was paid in full by ATLIX.
(c) The dividend paid on 5 October 2021 comprised of an ordinary dividend of 15.5 cps. The dividend was paid in full by ATLIX.
(d) The dividend paid on 9 April 2021 comprised of an ordinary dividend of 13.0 cps. The dividend was paid in full by ATLIX.

DIRECTORS' REPORTS

Review and results of operations

As a global owner and operator of toll roads, our business is to enable people to travel between destinations as safely, quickly, and comfortably as possible.

During 2022, the improved operating environment led to a strong statutory net profit of $241.0 million as compared to $163.7 million in 2021. The result reflects the strong traffic performance at APRR, partially offset by lower average value of the Euro, and improved traffic performance at Dulles Greenway further enhanced by the strengthening of the US Dollar throughout the second half of the year. The prior year results reflect the impact of Warnow Tunnel debt restructuring.

On 1 December 2022 the ATLAX Group completed the acquisition of a 66.67% majority interest in the Chicago Skyway.

The results for Chicago Skyway are accounted for under the equity method through the share of profit/(loss) for the period from financial close of the Chicago Skyway acquisition on 1 December 2022 to 31 December 2022. The impact on the current year share of profit/(loss) of equity accounted investments was a loss of $4.1 million. Offsetting the share of losses is the interest income on the Calumet Concession Partners Inc (CCPI) shareholder loans of $1.7 million.

Further details regarding the performance of Atlas Arteria's businesses can be found on pages 12 to 21, and further details regarding the financial results of operations can be found in the Financial Overview section on pages 36 to 42.

Strategic Outlook

Atlas Arteria has strong organic growth potential within the current portfolio and continues to focus on improving the average concession life at APRR, as well as creating a clear pathway to sustainable cash flows from the Dulles Greenway. These organic growth opportunities, together with the task of transitioning ownership of the Chicago Skyway, are the focus of the business. Importantly, the Chicago Skyway acquisition provides Atlas Arteria with the scale and additional balance sheet capacity to fund organic growth opportunities including any potential re-tender of the APRR and AREA concessions.

Further details regarding Atlas Arteria's operations and the results of those operations including likely developments in future years can be found in the Our Business section on pages 12 to 21.

Sustainability

At Atlas Arteria, we are committed to playing a positive role in society and creating long-term value for our stakeholders. We focus on embedding a culture in our business where all key decisions incorporate a sustainability lens.

Our strategy is informed by our four priority areas: safety; customers and community; our people; and environmental stewardship. These four priorities are underpinned by business fundamentals that enable us to fulfil our future growth potential: good governance; an ethical culture; an emphasis on sustainable growth; and keeping abreast of technology and other innovations.

Further details regarding Atlas Arteria's approach to sustainability can be found on pages 22 to 27.

Risk Framework

Proactive and disciplined management of risk is critical to Atlas Arteria's business strategy and organisational structure.

Identifying and prioritising risk is critical to the development and implementation of an effective strategy and, together with effective risk management is essential to delivering value for our stakeholders. Atlas Arteria considers risk in conjunction with strategy, and this approach is supported by a positive and proactive risk culture.

Further details regarding Atlas Arteria's approach to risk management can be found on pages 28 to 30.

Significant changes in state of affairs

Acquisition of a 66.67% majority interest in Chicago Skyway funded by a $3,098 million equity raise

On 1 December 2022 the ATLAX Group acquired a 66.67% majority interest in CCPI which indirectly owns 100% of Skyway Concession Company LLC, the concessionaire of the Chicago Skyway Toll Bridge (Chicago Skyway) connecting Chicago and Northwest Indiana. This acquisition represented an equity value of US$2,013 million, which includes the shareholder loans acquired by the ATLIX Group.

The ATLAX Group's equity investment in CCPI is classified as a joint venture and accounted for using the equity method. The ATLIX Group's shareholder loans are accounted for as financial assets at amortised cost.

In conjunction with the Chicago Skyway acquisition, on 14 September 2022 Atlas Arteria announced a fully underwritten 1 for 1.95 pro-rata accelerated non-renounceable entitlement offer of new stapled ALX securities to raise $3,098 million (the Equity Raise). The Equity Raise resulted in the issuance of 491.8 million new fully paid ordinary stapled securities. The new stapled securities were issued at a price of $6.30 per security with settlement of funds on 26 September 2022 for the institutional component and 13 October for the retail component.

The proceeds of the Equity Raise were used to fund the Chicago Skyway acquisition.

Events occurring after balance sheet date

In February 2023, the ATLIX Group agreed to refinance the CCPI shareholder loans for the same nominal amount with an interest rate of 7% per annum and maturity in February 2033. These loans will be reflected on the Atlas Arteria Statement of Financial Position as a financial asset at amortised cost.

On 12 February 2023, the ATLAX Group agreed the final acquisition price with the sellers of the Chicago Skyway.

The Directors of ATLIX and ATLAX are not aware of any other matters or circumstances not otherwise dealt with in the Directors' Reports that has significantly affected or may significantly affect the operations of the Groups, the results of those operations or the state of affairs of the Groups in years subsequent to the year ended 31 December 2022.

Indemnification and insurance of officers and auditors

During the year, ATLIX and ATLAX each paid a premium in respect of a contract insuring the Directors and Officers of the Groups against liabilities incurred in their capacity as Directors and Officers of the ATLAX Group and the ATLIX Group. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the Directors and Officers. The terms of the policies prohibit disclosures of the details of the insurance cover and the premiums paid.

The auditors of the Groups are in no way indemnified out of the assets of the Groups.

Environmental regulation

The operations of the underlying businesses in which the Groups invest are subject to environmental regulations particular to the countries in which they are located.

Each of our businesses is responsible for adopting and maintaining its own environmental and social risk management framework that complies with the relevant regulation and standards for environmental and social responsibility matters in the country and industry in which the business operates.

Our ability to control or influence the ongoing management of these issues will differ for each business based on the extent of our control/governance rights at each business through the level of ownership influence, board representation and regulatory environment. The Boards are not aware of any material breaches during the reporting period.

Rounding of amounts in the Directors' Reports and the Financial Reports

The Groups are of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the Directors' Reports and Financial Reports. Amounts in the Directors' Reports and Financial Reports have been rounded to the nearest thousand dollars in accordance with that instrument, unless otherwise indicated.

Application of class order

The Directors' Reports and Financial Reports for Atlas Arteria and the ATLAX Group have been presented in the one report, as permitted by ASIC Class Order 13/1050 and *ASIC Corporations (Stapled Group Reports) Instrument 2015/838*.

Auditor services

Atlas Arteria has an auditor independence policy which precludes the auditors from performing certain services. This ensures that the audit firm does not review or audit their own work, act in a management or a decision-making capacity for Atlas Arteria, act as advocate for Atlas Arteria or jointly share economic risks and rewards. When permissible by this policy, Atlas Arteria may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's specific expertise and experience with Atlas Arteria are important.

Details of the amounts paid or payable to Atlas Arteria's auditor (PricewaterhouseCoopers) as well as other audit firms for services provided during the year are set out in Note 7.3 to the Financial Reports on page 106.

The Boards have considered the position and, in accordance with the advice received from their respective Audit and Risk Committee, are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Committees to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

DIRECTORS' REPORTS

Auditor's Independence Declaration

A copy of the auditor's independence declaration for ATLAX and its controlled entities during the period, as required under section 307C of the *Corporations Act 2001* and an independence declaration for ATLIX and its controlled entities during the period, is set out on page 47.

Signed in accordance with a resolution of the Directors of Atlas Arteria International Limited:

Jeffrey Conyers
Chair
Atlas Arteria International Limited
Hamilton, Bermuda
22 February 2023

Caroline Foulger
Director
Atlas Arteria International Limited
Hamilton, Bermuda
22 February 2023

Signed in accordance with a resolution of the Directors of Atlas Arteria Limited:

Debra Goodin
Chair
Atlas Arteria Limited
Melbourne, Australia
23 February 2023

John Wigglesworth
Director
Atlas Arteria Limited
Melbourne, Australia
23 February 2023

Auditor's Independence Declaration

As lead auditor for the audits of Atlas Arteria International Limited and Atlas Arteria Limited for the year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Atlas Arteria International Limited and the entities it controlled during the period and Atlas Arteria Limited and the entities it controlled during the period.

Ben Gargett
Partner
PricewaterhouseCoopers

Melbourne
23 February 2023

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

REMUNERATION REPORT

MESSAGE FROM THE PEOPLE AND REMUNERATION COMMITTEE CHAIRS

On behalf of the ATLAX and ATLIX People and Remuneration Committees (PRCs) and Boards, we are pleased to present the Remuneration Report for the 2022 financial year. This report contains detailed information regarding the remuneration arrangements for the Directors and Senior Executives who were Key Management Personnel (KMP) for Atlas Arteria during the year.

2022 was a year of consistent execution and business transformation for Atlas Arteria.

Improving traffic (up 7.8% in 2022 on a weighted average basis) following the relaxation of COVID-19 restrictions and increases in toll revenue (up 9.0 % in 2022 on a weighted average basis) drove strong financial performance. As a result, the Boards are expecting to pay a record distribution of 40.0 cents per security to our securityholders for the 2022 year, with the second half 2022 distribution expected to be supported by available excess cash held on the balance sheet given the additional number of securities on issue following the Chicago Skyway equity raise[1].

We have also provided guidance to distributions of 40.0 cents per security for 2023 and consider that this is a sustainable level moving forward[1]. Post-acquisition of the majority interest in the Chicago Skyway, cash flows from our existing businesses, including Chicago Skyway, are expected to provide for long-term sustainable distributions.

Significant strategic milestones were achieved during the year and recently in 2023. Our progress has been outlined in the Strategic Framework section on pages 10 and 11, and included the following:

- We doubled the weighted average concession life of the business to 37 years[2] through acquisition of a majority interest in Chicago Skyway;
- The APRR network was expanded with the commencement of tolling on the A79; and
- A €410 million Investment Plan was signed with the French State providing additional toll increases at APRR and AREA.

During the period, good progress has also been made across our sustainability priority areas: safety; our people; customers and community and environmental stewardship. In particular, this year the Boards have focused on the risks and opportunities that climate change may pose to Atlas Arteria, and the initial findings from this work are summarised in this document (see pages 24 and 25) and will be expanded on in our Sustainability Report to be published in April 2023. Atlas Arteria continues to perform well in key benchmarks such as the GRESB Infrastructure Public Disclosure Report, ranking second in the Australia and New Zealand transport sector in 2022.

2022 remuneration outcomes

Atlas Arteria's remuneration framework aims to ensure executive remuneration is aligned both with the performance of the business and the interests of securityholders.

Our people are critical to our success and in 2022 we have continued to focus on attracting, developing, and retaining top talent as we have invested in the growth of our business. We have evolved the way we support and care for our people and are proud of the commitments we have made to wellbeing programs and access to flexible working for all employees. We continue to foster and build an engaged and inclusive culture that provides the right environment for our diverse talent to work together as a high performance team. We take a transparent approach to changes we embed and hold ourselves accountable for our commitments through the use of diagnostic tools and employee feedback.

As a result of a traffic accident in April at APRR, an APRR employee lost his life. While APRR is not under ALX direct operational control, in view of the importance that we attach to safety, the Boards have exercised discretion not to award an STI outcome to the MD & CEO and the Executive Team for safety performance (5% weighting).

1. Guidance remains subject to continued business performance, movements in foreign exchange rates, and other future events (including refinancing at Chicago Skyway).
2. Weighted by Equity Value; Remaining concession life calculated as at 11 September 2022.

The decisions implemented to align remuneration with securityholder expectations more effectively during 2022 included:

Remuneration outcomes

- To ensure we continue to attract and retain a high performing management team, fixed pay for executive KMP was reviewed in 2022. This was the first review since 1 September 2020 for the MD & CEO, noting that he did not receive any increase in fixed pay in 2021. Fixed pay increases are only provided after completion of a robust remuneration benchmarking review. Details of the outcome of the review are included at section 6.1.
- Taking into account the exercise of discretion by the Boards, the overall STI outcomes for the 2022 year are above target and are reflective of the performance of the business and management during the year.
- The 2020 Long Term Incentive (LTI) Award was tested following the end of the performance period on 31 December 2022. The result was below threshold and hence the vesting outcome was nil.

Remuneration structure

- **Short Term Incentive Plan (STIP)** – to ensure we continue to meet securityholder expectations in managing ESG, an ESG measure with a 10% weighting was introduced for 2022. For 2022, our focus was on Lost Time Injury Frequency Rates (LTIFR) safety targets and milestones towards Task Force on Climate-Related Financial Disclosures (TFCD) implementation.

  Delivery of our financial targets continues to be a priority and consistent with market practice, the relative weighting to financial performance is 60% of the total scorecard with the balance of 40% applying to ESG (10%) and strategic measures (30%).

  Details of the STI outcomes for the year are included at section 6.2.
- **Long Term Incentive Plan (LTIP)** – a second LTI measure was introduced for the 2022 award equivalent to 50% of the LTI value. The 2022 second LTI measure has a three year performance period and will vest provided clearly quantifiable improvements in securityholder value from the implementation of two strategic activities are delivered to securityholders.
  - Creating a clear pathway to sustainable cash flows from Dulles Greenway;
  - Improving the average concession life of the Atlas Arteria portfolio.

  The awards will only vest where absolute TSR over the three year performance period has been positive and the Boards are satisfied that the business case for the acquisition of the Chicago Skyway has been achieved. In the interests of transparency, we are providing information on progress in achieving the strategic LTI performance measures in this Remuneration Report at section 6.3 with further information to be provided in future years.

  The remaining 50% of the 2022 LTI continued to be subject to relative TSR with a positive absolute TSR gateway, assessed over three years.

  The Boards believe the combination of relative TSR and strategic measures for the 2022 awards provided an appropriate balance between driving forward strategic projects while ensuring there was an ongoing focus on creation of long-term value for securityholders. This combination of measures provides a clear incentive to secure commercial outcomes balanced with the incentive to achieve superior securityholder returns relative to comparator companies.

Enhanced disclosures of STI outcomes incorporating disclosure of financial targets and performance against those targets were adopted for the 2020 Report and further enhanced in 2021. This focus on enhancing our disclosures of variable pay outcomes has been well received by securityholders and continues this year. Additional disclosures of threshold and stretch financial targets together with commentary on the reasons for selection of the performance measures and additional commentary on progress against the targets during the year are also provided this year.

On balance, the Boards concluded that the outcomes for Atlas Arteria's STI for 2022 are appropriate and align with securityholder outcomes and expectations.

REMUNERATION REPORT

Enhancements to Remuneration Structure and Disclosures

The Boards are continually looking for opportunities to improve and evolve the approach to remuneration so that it remains appropriate to the business, aligned to securityholders' interests, and consistent with contemporary practices. We take investor feedback seriously and we will continue to engage with investors and their advisors in relation to remuneration.

The PRCs reviewed the remuneration strategy during the year to ensure the remuneration framework remains consistent with evolving business needs. Our objective is to adopt remuneration practices which enable the remuneration framework to address the business strategy more effectively, enhance alignment of management outcomes to the delivery of superior returns to securityholders and to reflect evolving market practices.

The outcomes of the review are:

- The Boards have decided that a pay freeze will apply to the MD & CEO and the executive KMP for 2023 with the next increases (other than any Luxembourg government mandated increases that may apply for the COO) to occur no earlier than 1 January 2024.
- To retain the current STI level and structure which is composed of financial performance objectives (60%), ESG performance objectives (10%) and strategic performance objectives (30%) with annual targets based on the business priorities for the year. Awards are made in a combination of cash (50%) and restricted securities (50%), and are deferred for one year. The review found this approach is consistent with market practices amongst peer companies.
- To revert to relative TSR with a positive TSR gateway as a sole performance hurdle for awards under the 2023 LTI Plan. Relative TSR has been selected as the sole performance measure as it measures securityholder value creation objectively, can be used for comparing performance across different jurisdictions and is widely understood and accepted by stakeholders. Further details are included at section 5.4. In developing the proposed approach to the 2023 LTI, the PRCs consulted with investors and their advisors in relation to the proposed changes.

Securityholders will be asked to approve the equity based STI and LTI awards for the MD & CEO at the 2023 AGM.

The remuneration framework will be reviewed again, based on the expected needs of the business and evolving market practice, during 2023 to develop the appropriate approach for 2024 and subsequent years.

Non-executive Director Fees

It is not proposed to increase Non-executive Director fees in 2023.

Remuneration Governance

The PRCs are actively involved in ensuring our remuneration policies and practices reflect Atlas Arteria's values and STEER principles (see page 2) and encourage appropriate behaviours and actions which are aligned with Atlas Arteria's business strategy, performance and securityholder interests.

Specifically, the PRCs seek to ensure management behaviours are consistent with the creation of value for securityholders, our commitments to safety, our people, environmental stewardship, customers and communities. Activities undertaken by the PRCs during the year were focussed on enhancing our formal, rigorous and transparent HR and remuneration framework.

At the commencement of the financial year, the Boards set the KPIs for the MD & CEO, and the MD & CEO in consultation with the Boards set the KPIs for each of the executive KMP. The PRCs provide regular informal feedback on performance to the MD & CEO in relation to both the MD & CEO and executive KMP. At the end of the financial year, the MD & CEO and each of the executive KMP have their performance assessed against these KPIs and other relevant matters. The formal performance review process has been completed for 2022. More information in relation to the outcomes of the process for the executive KMP can be found at section 6.2.

We trust you, our securityholders, find the 2022 Remuneration Report provides clear and informative insights into our remuneration policies, practices and outcomes.

David Bartholomew

Atlas Arteria Limited

People & Remuneration Committee Chair

Fiona Beck

Atlas Arteria International Limited

People & Remuneration Committee Chair

This Remuneration Report contains the following sections:

1 Introduction

The Directors of the Groups present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the Groups and the consolidated entity for the year ended 31 December 2022. The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*. This Remuneration Report forms part of the Directors' Reports.

2 Who is covered by this report?

This Remuneration Report outlines the remuneration framework and outcomes for the ATLAX Group and Atlas Arteria Key Management Personnel (KMP). The obligation under the *Corporations Act* to provide a remuneration report only applies to ATLAX as an Australian listed Group. However, given the stapled securityholding structure, the Boards and PRCs of both ATLAX and ATLIX have worked together on the Remuneration Report with the disclosures extended to cover all of the Atlas Arteria KMP.

For the purposes of this report, KMP are those persons having authority and responsibility for planning, directing and controlling the major activities of the Groups.

The individuals covered by this Remuneration Report are:

Name	Role	Date of appointment
Management		
Graeme Bevans	Managing Director & Chief Executive Officer	1 April 2019
David Collins	Chief Financial Officer	30 August 2022
Vincent Portal-Barrault	Chief Operating Officer	1 April 2019
Nadine Lennie [1]	Chief Financial Officer	1 April 2019 (Ceased with effect from 31 March 2022)
Non-executive Directors		
Debra Goodin [2]	Independent Non-executive Chair (ATLAX) and Independent Non-executive Director (ATLIX)	1 November 2020 as Chair of ATLAX (Director of ATLAX from 1 September 2017) and Director of ATLIX from 1 November 2020
Ariane Barker [3]	Independent Non-executive Director (ATLAX)	1 March 2021 Audit and Risk Committee (ARC) Chair from 1 March 2021 to 30 June 2022
David Bartholomew	Independent Non-executive Director (ATLAX) People and Remuneration Committee (PRC) Chair	1 October 2018
Jean-Georges Malcor [4]	Independent Non-executive Director (ATLAX) Audit and Risk Committee (ARC) Chair	1 November 2018 ARC Chair with effect from 1 November 2020 until 1 March 2021 and from 1 July 2022 to 31 December 2022
Jeffrey Conyers	Independent Non-executive Chair (ATLIX)	16 December 2009
Fiona Beck	Independent Non-executive Director (ATLIX) People and Remuneration Committee (PRC) Chair	13 September 2019 PRC Chair with effect from 19 May 2020
Andrew Cook	Independent Non-executive Director (ATLIX)	25 November 2020
Caroline Foulger	Independent Non-executive Director (ATLIX) Audit and Risk Committee (ARC) Chair	19 May 2020 ARC Chair with effect from 21 September 2020

1. On 17 January 2022 it was announced that Nadine Lennie would be stepping down from her role as Chief Financial Officer and leaving the organisation with effect from 31 March 2022. Details of Ms Lennie's termination arrangements are included in the table at section 9.
2. As contemplated by the Co-operation Deed in place between ATLAX and ATLIX, the ATLIX Board includes a Director of ATLAX (Debra Goodin) to facilitate and promote co-operation and consultation between the two Boards.
3. On 20 December 2022 it was announced that Ariane Barker would retire as a Director of ATLAX with effect from 31 December 2022.
4. ARC Chair at 31 December 2022.

3 Overview of the remuneration framework

Included below is a summary of the 2022 remuneration framework for the Executive Team. Further details regarding our remuneration arrangements are provided in the remainder of this Remuneration Report.

WHO WE ARE AND WHAT WE DO

We are Atlas Arteria. We are a global owner, operator and developer of toll roads.

We work to create long-term value for our investors through considered and disciplined management and sustainable business practices.

OUR VISION

To provide the communities in which we operate with high quality, well maintained infrastructure and associated amenities that:

- Enhance safety;
- Provide economic benefits through reduced travel time and greater time certainty;
- Improve environmental outcomes through reduced fuel consumption and carbon emissions; and
- Provide a positive customer experience.

OUR VALUES

Our values guide the decisions we make and the way we behave as we work together towards our vision.

Safety is at our heart

Transparency in all we do

Engage for better outcomes

Environmentally and socially responsible

Respect in every interaction

Executive Remuneration Framework Overview

Remuneration Principles	Simple Balance short and long-term needs	Maintain contemporary and competitive practices Reflect our values and behaviours	Specific and differentiated performance outcomes Securityholder alignment
Remuneration elements	**Fixed Remuneration** Salary and superannuation Reviewed annually against comparator benchmarks	**Short Term Incentive** Annual incentive delivered 50% in cash and 50% in restricted securities	**Long Term Incentive** Annual award of performance rights with a 3 year performance period
Purpose	Executive remuneration levels should be competitive with companies of similar size and complexity	To align the interests of securityholders, executives and other participants as determined by the Boards	Rewards long-term value creation for securityholders
How aligned to performance	Recognises the market value of an individual's skills, experience, accountability and their contribution in delivering the requirements of their roles	A combination of financial measures and non-financial measures relating to specific business outcomes and taking account of behaviours and conduct	Vesting based on achieving challenging performance targets
Performance measures	An individual's skills, experience, accountability and contribution in delivering the requirements of their roles	Assessment of performance against a balanced scorecard of financial measures (weighted 60%), ESG (10%) and non-financial strategic measures (30%) with challenging targets set by the Boards based on the business priorities for the year	Relative total securityholder return (TSR) compared to a comparator group of local and international infrastructure companies For 2022 only, a strategic measure was introduced with vesting based on demonstrated delivery of securityholder returns A positive TSR gateway applies before vesting occurs
Performance targets	Measures are set to reward delivery of returns and value creation for securityholders	Measures are set to reward delivery of returns and value creation for securityholders	Measures performance against local and international infrastructure companies
Alignment to securityholders	Minimum securityholding requirements to be accumulated within five years	STI deferral to restricted securities	Measures aligned to creation of value for securityholders
Governance	Ability to exercise discretion as required over remuneration decisions to ensure that: – Remuneration outcomes reflect the performance of the Groups and the individual executives; and – Are consistent with securityholder expectations All variable remuneration is subject to malus adjustment		

What remuneration principles guide the design of the remuneration framework?

The following six principles underpin the management of the remuneration framework at Atlas Arteria. The principles which were reviewed by the PRCs during the year provide guidance on how remuneration decisions are made and how remuneration outcomes are determined.

The executive remuneration framework should be:	Description
Simple	Be simple to understand, implement and communicate
Balance short and long-term needs	Align the interests of our people and our company by ensuring a clear link between remuneration and both short and long-term business performance
Maintain contemporary and competitive practices	Use market competitive and contemporary practices to ensure we can attract, retain, and motivate the right talent
Reflect our values and behaviours	Align reward with demonstrated behaviours and actions consistent with our STEER principles, business priorities and stakeholder expectations
Specific and differentiated performance outcomes	Support a high-performance culture with specific performance measures for individual employees they can influence
Securityholder alignment	Encourage equity ownership so that employees have 'skin in the game,' aligning individuals to securityholder returns

What decisions have been made regarding the remuneration structure during 2022 and why?

Decisions made by the Boards in relation to the remuneration structure during the year were:

- To retain the current STI level and structure which is composed of financial performance objectives (60%), ESG performance objectives (10%) and strategic performance objectives (30%) with annual targets based on the business priorities for the year. Awards are made in a combination of cash (50%) and restricted securities (50%), and are deferred for one year. The review found this approach is consistent with market practices amongst peer companies.
- To revert to relative TSR with a positive TSR gateway as a sole performance hurdle for awards under the 2023 LTI Plan. Following the acquisition of the Chicago Skyway and the increase in weighted average concession life, the Boards consider relative TSR is the most appropriate measure to assess the returns to be delivered to securityholders in particular from the Chicago Skyway performance, future extensions to the APRR concession and that there are sustainable cash flows from the Dulles Greenway.

  Relative TSR has also been selected as it measures securityholder value creation objectively, can be used for comparing performance across different jurisdictions and is widely understood and accepted by stakeholders.

  Vesting of awards is also subject to continued service and demonstration of the STEER principles throughout the performance period.

  In developing the proposed approach to the 2023 LTI, the PRCs consulted with investors and their advisors in relation to the proposed changes. Further details are included at section 5.4.

How are KMP executives remunerated and how is this aligned with Atlas Arteria performance?

The Boards recognise that to build sustainable long-term growth in securityholder wealth, Atlas Arteria must attract and retain talented people and align their interests and behaviours with securityholders' interests.

To do so, the Groups have developed a remuneration framework that aligns executive remuneration and the Groups' performance. The framework aims to achieve a balance between fixed and performance based remuneration and between short and long-term performance incentives. To ensure our remuneration quantum and structure is market competitive, consideration has been given to the market median remuneration of companies of a similar size and complexity to Atlas Arteria.

Variable remuneration comprises both short and long-term performance components:

1. The STI for 2022 was based on an assessment of performance against a balanced scorecard of financial measures (weighted 60%), ESG (10%), and non-financial strategic measures (30%) linked to key financial and business objectives. For further information regarding the performance outcomes and STI structure for the MD & CEO and the executive KMP, see section 6.2.
2. For the Long Term Incentive component, Atlas Arteria's TSR performance is assessed relative to selected local and international companies with similar characteristics to ensure there is alignment between the financial interests of executives and securityholders. For further information regarding the LTIP structure (including the changes introduced for 2022), performance measure, relative TSR comparator group constituents and vesting schedule, see section 5.4.

Information on our remuneration governance provisions such as clawback, malus, treatment of awards on cessation of employment and change of control are provided in section 8.

What happens to variable remuneration awards in the event there is a change of control?

In the event of a change of control, the Boards have absolute discretion to determine the treatment of STI and LTIP awards. However, if the Boards do not exercise their discretion, the following default treatments will apply:

STI: Cash based STI will be assessed on a pro rata basis and paid at that time based on performance, and deferred STI will vest in full on the basis that it relates to performance targets which have already been achieved.

LTIP: Vesting based on performance to the most recent assessment date and pro-rated for time.

REMUNERATION REPORT

4 2022 business performance highlights

4.1 Overview of business performance

The strength of our portfolio and balance sheet has enabled the Groups to continue to deliver against strategy with a number of key initiatives implemented that will drive long-term value creation for securityholders. These have been discussed on pages 10 and 11.

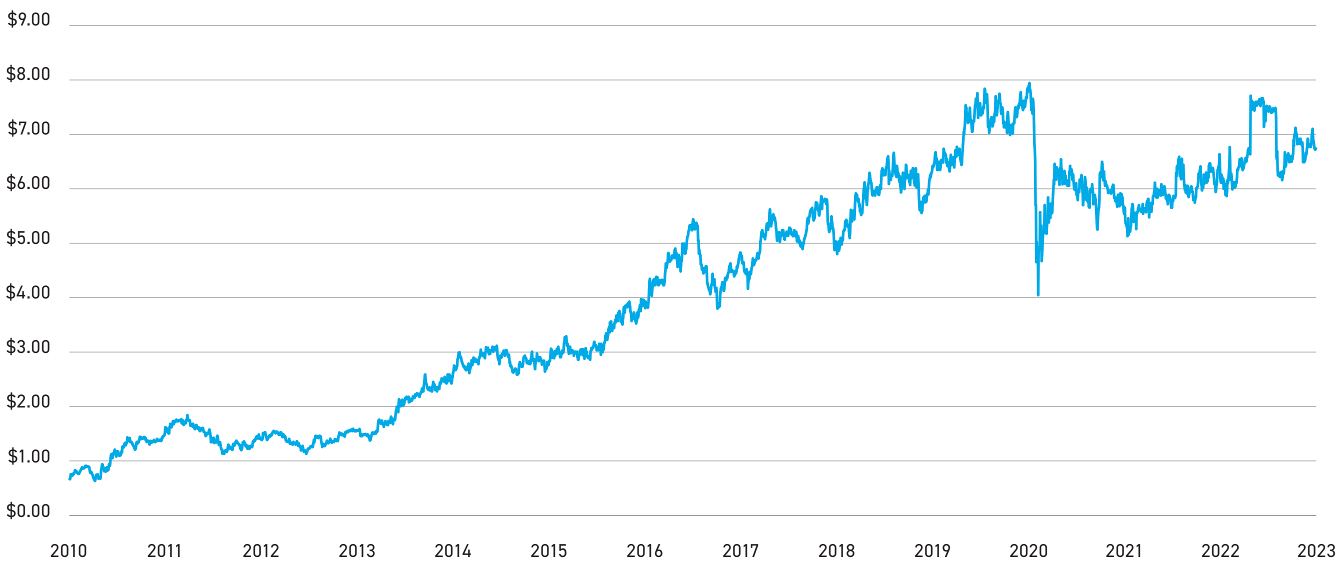
4.2 Atlas Arteria's performance

The following table outlines the key financial metrics over the past five financial years up to and including 2022 that underpin the STI and LTI plans.

	2022	2021	2020	2019	2018
Distribution Payments per Security ($)[1]	**0.405**	0.285	0.11	0.30	0.24
Cash flow per security ($)[2]	**0.42**	0.30	0.31	0.27	0.26
EBITDA proportionate ($m)[3]	**1,100.8**	1,024.4	884.0	923.0	869.4
Share price (@year end) ($)[4]	**6.61**	6.47	6.07	7.32	5.76
Total Security Return	**8.7%**	11.5%	(15.5%)	32.2%	3.4%
STI awarded as a % of maximum – CEO[5]	**80%**	84%	26%	100%	70%
LTI vested as a % of max – CEO[6]	**Nil vesting**	Nil vesting	N/A	N/A	N/A

1. Distributions paid to securityholders during the year.
2. Cash flow per security calculated by reference to the securities on issue at the time the cash flows were received by the business.
3. Proportionate EBITDA from each business as reported for each financial year on a consistent currency basis, excluding Chicago Skyway.
4. Atlas Arteria TERP adjusted security price as at year end.
5. Relates to the year for which the STI was awarded.
6. Relates to the final year of the LTI performance period, that is the year the LTI may have vested.

ALX security price (2010-2023)



5 Remuneration framework

5.1 Positioning and mix of executive remuneration

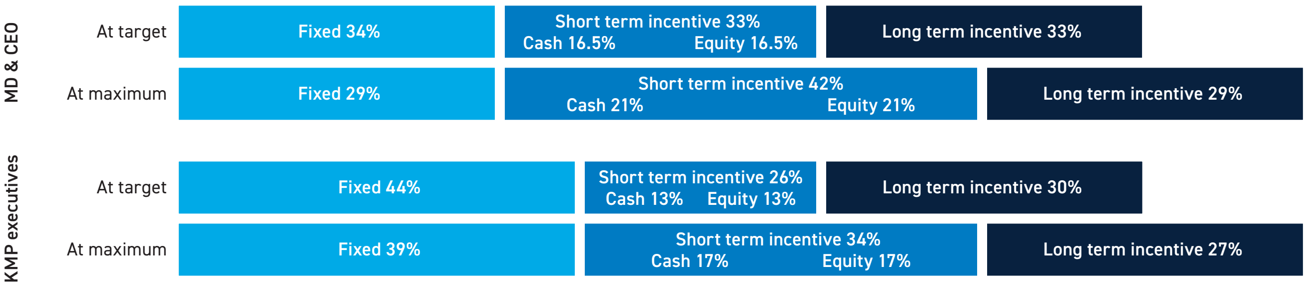
The remuneration framework for the Executive Team aims to achieve balance between:

- Fixed and performance-based remuneration;
- Short and long term performance incentives;
- Financial, non-financial and strategic outcomes; and
- Remuneration delivered in cash and equity.

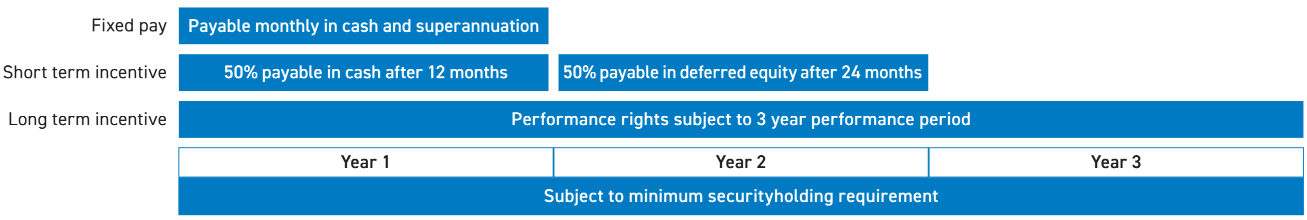
To ensure our remuneration quantum and structure is market competitive, reference is made to the median of a group of ASX listed comparator companies of similar size and complexity to Atlas Arteria. The remuneration arrangements of selected industry comparators are also considered for each role.

The target and maximum remuneration together with the timeframe over which the different elements of the framework are delivered for the MD & CEO and the executive KMP are represented in the graphs below.

Remuneration Mix



Remuneration Delivery



5.2 Fixed pay

Fixed pay recognises the market value of an individual's skills, experience, accountability and their contribution in delivering the requirements of their roles. Fixed pay includes base pay and superannuation.

The PRCs have selected (and reviewed as appropriate) a peer group of ASX listed companies for the purposes of benchmarking both fixed and variable remuneration for the Australian based executives. The peer group reflects the size and complexity of Atlas Arteria and includes companies with significant international operations, similar scale and scope of business and market capitalisation. The peer group is not solely based on market capitalisation, as the PRCs believe this would lead to inappropriate remuneration outcomes and distortions in remuneration levels that are not reflective of the scale and complexity of our business. A similar approach is adopted based on European and US companies for European and US based executives.

Securityholders were advised in the 2021 Report, that the Boards would undertake a review of fixed pay during 2022 to ensure our remuneration levels are competitive with companies of similar size and complexity. This review was concluded during the year and further information on the outcomes of the review is included at section 6.1.

5.3 Short Term Incentive Plan

Details regarding the STI arrangements for the executive KMP are set out below. The size of each STI award is capped at an agreed percentage of fixed remuneration for each executive. The value of the STI payment made at the end of the performance period is a function of performance against a balance of financial and non-financial performance measures aligned with Atlas Arteria's annual business plans.

Element	Description
Opportunity	The STI is subject to achievement of defined performance targets. The target STI opportunity represents an opportunity to earn 100% of fixed remuneration for the MD & CEO and 60% of fixed remuneration for the other executive KMP. When assessing performance, the Boards have discretion to increase or decrease an STI award subject to an overall cap of 150% of Target.
Performance period	Performance is measured over a one year performance period from 1 January to 31 December.
STI deferral	To assist in creating alignment with securityholders and in achieving the minimum securityholding requirement, 50% of the STI outcome is normally deferred into restricted securities for a one year period following the conclusion of the performance period, with vesting subject to ongoing service and the discretion of the Boards.
STI objectives	STI targets set for 2022 comprised a combination of financial measures, ESG measures and non-financial measures relating to specific strategic outcomes and taking account of culture and behaviours.
STI weighting – financial and non-financial measures	The Boards believe delivering strong financial performance for our securityholders continues to be a priority. Accordingly, the financial component of the STI scorecard has a 60% weighting with the remaining 40% applying to strategic (30%) and ESG (10%) measures. This combination of measures is consistent with market practices amongst peer companies.
ESG measures	An ESG measure with a 10% weighting was introduced to the STI Plan in 2022. Inclusion of an ESG measure reflects our commitment to safety, the environment, our people, and our focus on customers and communities. We established corporate KPIs across our four sustainability pillars which were published in our Sustainability Report. Remuneration objectives tied to these corporate objectives are set annually and reflect the priorities for the year ahead where we believe we can make quantifiable improvements. For 2022, our focus was on safety (LTIFR) and TFCD (implementation milestones).

5.4 Long Term Incentive Plan

To align with the interests of securityholders, executives and other participants as determined by the Boards are eligible to participate in an LTIP. Details of the LTIP arrangements of the MD & CEO and executive KMP are set out below. The size of each year's grant is capped at an agreed percentage of fixed remuneration for each executive. The value of the LTIP award made at the end of the vesting period is a function of:

- Atlas Arteria's performance against the relevant performance measures over the three year performance period. These measures include TSR performance relative to a group of Australian and international peer companies and other measures if selected by the Boards to address specific strategic priorities from time to time (which determines the number of securities granted that vest);
- The change in the price per Atlas Arteria stapled security (which determines the value of each stapled security that vests); and
- The value of distributions that would have been made during the vesting period to the number of securities that vest (distribution equivalents).

As a result, management incentives are aligned with the long-term interests of securityholders to achieve strong performance relative to peers and to generate an appropriate balance of security price performance and distributions.

Element	Description
Opportunity	The maximum grant value of LTIP opportunities represents 100% of fixed remuneration for the MD & CEO and 70% of fixed remuneration for the other executive KMP. The number of awards granted is based on face value and is determined based on the 10 day volume weighted average security price (VWAP) immediately following the announcement by Atlas Arteria of its annual results.
Vehicle	Awards are delivered in the form of performance rights. A performance right is a right to acquire one fully paid Atlas Arteria security, subject to meeting pre-determined performance measures.
Performance measure	LTIP performance is normally assessed solely against relative TSR. Relative TSR has been selected as a performance measure as it measures securityholding value creation objectively, can be used for comparing performance across different jurisdictions and is widely understood and accepted by stakeholders. As a one off measure, for the 2022 grant, a second LTI performance hurdle (equal to 50% of the LTI award value) was introduced with vesting based on quantifiable improvements in securityholder value from the successful delivery of key strategic objectives (refer to section 6.3 for information on progress against the strategic objectives). – Creating a clear pathway to distributions from Dulles Greenway; – Improving the average concession life of the Atlas Arteria portfolio. Vesting of the remaining 50% of the 2022 LTI award is subject to the same relative TSR measure as applied for previous years. Relative TSR with a positive TSR gateway as a sole performance hurdle is being reintroduced for awards under the 2023 LTI Plan. Relative TSR has been selected as the sole performance measure as it measures securityholder value creation objectively, can be used for comparing performance across different jurisdictions and is widely understood and accepted by stakeholders. From 2020, Atlas Arteria's TSR performance has been assessed against a group of approximately 125 OECD-domiciled companies that are included in the Global Listed Infrastructure Organisation (GLIO) index at the start of the performance period. The comparator group may, at the discretion of the Boards, be adjusted to take into account events during the performance period including, but not limited to takeovers, mergers, de-mergers or de-listings, so that the outcome appropriately reflects the circumstances. A VWAP over a 40 business day period prior to the start of a performance period and a 40 business day period to the end of the respective performance period is used for the calculation of TSR performance for the 2020 and subsequent awards. A 40 business day averaging period for calculating the security price for TSR performance helps to eliminate the impact of short term security price movements on vesting outcomes.
Vesting schedule	Relative TSR performance is assessed on a sliding scale, with vesting determined as follows: **Atlas Arteria's TSR performance** — **% vesting** Below the 51st percentile — 0% At the 51st percentile — 50% Between the 51st percentile & 75th percentile — Pro rata between 50% & 100% At the 75th percentile — 100% The Boards retain discretion to adjust the relative TSR measure in exceptional circumstances if considered appropriate so that participants are neither advantaged nor disadvantaged by matters outside management's control. Awards which have strategic LTI measures will vest based on actual performance with 50% of the award vesting for the minimum acceptable performance and 100% of the award only vesting where challenging performance outcomes are achieved. Details of the quantifiable outcomes will be disclosed in the Remuneration Report for the year of vesting.
Positive TSR Hurdle	A positive TSR hurdle was introduced for the 2021 and subsequent LTI awards which applies in addition to the actual performance hurdles – relative TSR or strategic. Thus, irrespective of the relative TSR performance or performance against the strategic outcomes, no awards under the LTI will vest unless absolute TSR for the performance period is positive.
Performance period	Performance is measured over a three year performance period, from 1 January to 31 December. A three year performance period is consistent with market practice amongst peer companies. The performance for the 2022 grant will be assessed at the start of 2025 and measured from 1 January 2022 to 31 December 2024.
Vesting and allocation of securities	If and when the Boards determine that the performance measures have been achieved, the performance rights will automatically be exercised provided absolute TSR has been positive, and the relevant number of securities will be allocated.
Distribution equivalents	Distribution equivalents will be payable (via a grant of securities or a cash payment, at the Boards' discretion) on performance rights that have vested, to the value of any distributions paid during the performance period in respect of an equivalent number of Atlas Arteria securities. The Board believes it improves alignment of management with securityholders, where the investment proposition is based on both yield and growth in security price.

Proposed changes to the remuneration framework for 2023

As a result of the outcome of the remuneration strategy review during the year, the Boards have decided to revert to relative TSR with a positive TSR gateway as a sole performance hurdle for awards under the 2023 LTI Plan. Following the acquisition of the Chicago Skyway and the increase in average concession life, the Boards consider relative TSR is the most appropriate measure to assess the returns to be delivered to securityholders from business performance and in particular the Chicago Skyway performance, future extensions to the APRR concession and sustainable cash flows from the Dulles Greenway.

Relative TSR also measures securityholder value creation objectively, can be used for comparing performance across different jurisdictions and is widely understood and accepted by stakeholders.

Vesting of awards is also subject to continued service and demonstration of the STEER principles throughout the performance period.

5.5 Approval of MD & CEO Equity Based Awards

Securityholders will be asked to approve the following equity based awards for the MD & CEO at the 2023 AGM:

- The equity component of the 2022 STI award in the form of restricted securities for one year equal to 50% of the STI awarded for 2022;
- An additional LTI award for 2022 to the value of $100,000 to reflect the increase in the value of LTI following his 2022 remuneration review. It is proposed that this award will be granted on the same basis as the awards previously approved by securityholders at the 2022 AGM; and
- The 2023 LTI award in the form of performance rights with vesting subject to relative TSR and positive TSR performance hurdles.

5.6 Employee Equity Incentive Plan

The Groups operate an employee equity plan to enable all corporate employees to become securityholders. The plan was introduced in 2020 to support employee retention, develop the team with a common purpose, share in the success of the business and for employees to become equity holders and thus increase alignment with securityholders. All corporate employees, other than members of the Executive Team who participate in the LTIP Scheme, are eligible to participate in the plan. Awards to the value of $5,000 were made in the form of share rights with vesting subject to a 3 year service condition. The total value of the equity awarded in 2022 was in the order of $110,000.

5.7 Employment contracts

The remuneration and other terms of employment for the executive KMP are formalised in executive contracts. Key contractual terms in place for 2022 are outlined below.

	Contract type	Termination notice by either party	Termination notice with cause	Termination notice by KMP for fundamental change in role
MD & CEO	Ongoing	12 months	Immediate without notice period	30 days within 21 days of fundamental change
CFO	Ongoing	6 months	Immediate without notice period	
COO	Ongoing	6 months	Immediate without notice period	30 days within 21 days of fundamental change

During the year, the Boards provided confirmation to the CFO and COO that in the event of a change in control they would receive a payment equal to 6 months fixed pay (as Atlas Arteria's executive employment contracts do not provide for payments on termination of employment other than for notice), a pro rata payment under the short term incentive plan for the period of employment paid out at maximum and awards made under the long term incentive plan will vest in accordance with plan rules and will be paid in cash. Entitlement to a payment is conditional on ongoing employment and no payment will arise where either party provides the other party with notice of termination prior to the payment date. The arrangements will cease to have effect on 31 December 2023 if there has been no change of control.

These arrangements do not apply to the MD & CEO and the terms of the various plans will apply in the event of a change of control. Accordingly, in the event of a change of control the following will apply:

- Mr Bevans will be provided with 12 months' notice of termination of employment or a payment of fixed pay in lieu of notice for any period of time not worked where there is a fundamental change to his role.
- The Boards have absolute discretion to determine the treatment of STI awards where there is a change of control and in the event that they do not exercise discretion, cash based STI will be assessed on a pro rata basis and paid at that time based on performance, and deferred STI will vest in full.
- The Boards have discretion to determine the treatment of LTI unvested equity awards and the timing of such treatment. In the event the Boards do not exercise its discretion, the LTIP will vest pro rata for time and performance.

6 2022 Remuneration outcomes

6.1 Fixed pay

It is important to retain our key people and we recognise this is increasingly challenging in the current market for talent. Fostering the right organisational culture with a strong employee value proposition is critical to retention. We also recognise that the best retention mechanism is to provide challenging work, create opportunities for development, to reward achievement against challenging goals and to ensure our people are remunerated competitively against market.

Securityholders were advised in the 2021 Remuneration Report that, following a pay freeze in 2021, the Boards would review executive remuneration during 2022 to ensure our remuneration levels are competitive with companies of similar size and complexity. Executive remuneration levels had previously been determined in 2020, which were the first increases since the time of appointment in 2018.

The review was conducted by comparing Atlas Arteria's remuneration levels with a group of comparable ASX listed companies selected on the basis of similar businesses, scale of operation and skill requirements. The Boards are cognisant of the importance of ensuring market competitive fixed remuneration for executive KMP. We monitor and review remuneration annually with regard to economic indicators, market movements and talent attraction and retention challenges. Generally, we have not passed on fixed pay increases to executive KMP each year, rather, these have been limited to individual market-based adjustments, changes in the scope of roles or increases reflecting sustained high performance.

This year, the Boards considered that there were a number of important factors to support proceeding with the review and to justify increases in remuneration levels to align more effectively to the market.

As a result of the review, taking into account the scope of each role, the experience and capability of each executive relative to peers, the following fixed remuneration levels took effect:

- MD & CEO – an increase in annual fixed remuneration from $1,300,000 to $1,400,000 with effect from 1 January 2022.
- CFO – Annual fixed remuneration was determined at $645,000 on appointment – 30 August 2022.
- COO – As a result of a Luxembourg government compulsory CPI review on 1 April 2022, his fixed remuneration increased from €444,850 to €455,971.

The Boards have decided that a pay freeze will apply to the MD & CEO and the executive KMP for 2023 with the next increases (other than any Luxembourg government mandated increases that may apply for the COO) to occur no earlier than 1 January 2024.

6.2 Short term Incentive Plan

STI performance in respect of 2022 was assessed based on a combination of financial, ESG and non-financial measures. These measures were determined at the start of the 2022 financial year based on the structure of the Atlas Arteria business at that time. For 2023, the measures will include the activities of the Chicago Skyway with appropriate financial targets and other performance measures to reflect all of Atlas Arteria's operations.

Details of the 2022 STI awards for executive KMP are set out below.

6.2.1 MD & CEO

The annual performance assessment includes consideration of both what is achieved and how it is achieved by reference to each executive's behaviours during the year. The Boards may exercise discretion to adjust the actual STI awarded upwards where these expectations have been exceeded or adjusted downwards where the expectations are not met. This year the Boards decided to exercise a positive discretion (15% from a potential 45%) to increase the MD & CEO's STI award to 120% of target (80% of maximum) in recognition of the leadership, stewardship and governance consistently demonstrated by Mr Bevans through a transformative and complex year for the business.

Performance area and description	Weighting	Threshold	Target	Stretch	Result	Reason chosen	Performance assessment
Proportional adjusted EBITDA (reflecting proportional performance of each business at constant exchange rates and excludes corporate costs and Board approved special projects)	16%	$1,085 (~95% of target)	$1,145m	$1,200 (~105% of target)	$1,145m	Proportional adjusted EBITDA reflects the performance of the underlying operations of the business and has been adopted to focus the MD & CEO and the other executive KMP on the delivery of the annual earnings targets.	Improved traffic (up 7.8% in 2022) following the relaxation of COVID-19 restrictions and increases in toll revenue (up 9.0% in 2022) drove a target result for financial performance.
Free cash flow received from Operations (at constant exchange rates and excludes corporate costs and Board approved special projects)	16%	$400m (~95% of target)	$420m	$440m (~105% of target)	$418m	Free cash flow from Operations recognises the importance in the generation of continuous cash flow to support distribution growth.	The strong financial performance of APRR and Warnow Tunnel resulted in an increase in cash flows during 2022 of $136m to $418m (2021 $283m) to Atlas Arteria. The result was slightly below target.
Distributions of $0.40 per security[1]	16%	–	$0.40	–	$0.405	Growth in distributions is closely aligned with investor expectations and encourages management to deliver increasing returns to securityholders.	Distributions paid during the year were slightly above target increasing to a record distribution of 40.5 cents per security compared to 28.5 cents per security paid during 2021.
Corporate operational expenditure (excluding costs of STIs and LTIs, Board approved special projects and at constant exchange rates)	12%	$34 m (~105% of target)	$32m	$30m (~95% of target)	$30m	Focuses management on the importance of making operational improvements and delivery of cost savings.	Corporate costs were effectively managed with a stretch outcome achieved.
Total financials	60%				65%		
ESG targets – safety Meet Corporate safety targets and Continue to professionalise safety processes within controlled businesses	5%	Progress to plan as assessed by the Boards			0%	Whether working or travelling with us, safety is our primary focus, and we pursue a zero-harm culture.	While the targets against individual measures were largely achieved during the year, due to the fatality of an APRR employee the Boards exercised discretion not to award an STI outcome to the MD & CEO and the Executive Team for safety performance.
ESG targets Implementation of 2022 TCFD 'road map' requirements against each of the 4 TCFD pillars	5%	Progress to plan as assessed by the Boards			5%	There is increasing expectation amongst regulators and investors that organisations align their actions and disclosures to TCFD recommendations. Alignment requires input and action from across the businesses, to effectively integrate consideration of climate-related issues into business processes, including risk, strategy and financial planning.	Set up clear roles and responsibilities to assess and manage climate-related issues with regular reporting to the Boards. Completed qualitative and quantitative scenario analysis to identify assess climate-related risks and opportunities and associated impacts. Integrating into Risk Management processes. TCFD-aligned disclosures being included in reporting suite (Annual and Sustainability Reports and Corporate Governance Statement), including reporting on Scope 1 and 2 emissions and associated targets. Establishment of Scope 3 emissions for corporate and wholly owned businesses.

1. Assessed based on distributions payable for the 2021 second half and the 2022 first half.

Performance area and description	Weighting	Threshold Target Stretch	Result	Reason chosen	Performance assessment
Corporate development and M&A activity Pursue and achieve clear progress on opportunities for growth that meet our strategic objectives	10%	Progress to plan as assessed by the Boards	10%	To deliver projects that achieve accretive long term value for ALX securityholders.	APRR network extended with ownership of the A79 finalised. Working with Eiffage and APRR achieved €410m investment plan in January 2023. Acquisition of Chicago Skyway is value accretive (given it is expected to deliver an internal rate of return exceeding our risk-adjusted cost of equity at the time of the acquisition), it doubles Atlas Arteria's weighted average concession life, and, together with cashflows from existing businesses, it is expected to provide for long-term sustainable distributions.
Strategy Develop and deliver an agreed strategy	10%	Progress to plan as assessed by the Boards	15%	Enable a rigorous informed review and establish a clear strategic focus for the business.	Board approval for strategic plan for the business developed and demonstrated clear progress on the implementation plan.
Team Development Focusing on leadership capability, and employee engagement	10%	Progress to plan as assessed by the Boards	10%	Focuses on the continued development of people capability, leadership and engagement to support the implementation of strategy and growth of the business.	Redesign of leadership program completed with a focus on embedding the fundamentals of leadership. Positive change in behaviour exhibited. Employee engagement – embedded consistent model/approach across the business resulting in a 10% increase in the engagement score. Expanded leadership team in place and is working well together.
Total non-financials	40%		40%		
Total financials/ non financials	100%		105%		
Discretionary adjustment			15%	The Boards have exercised discretion to adjust Mr Bevan's STI outcome by 15% out of a maximum discretionary opportunity of 45% in recognition of his contribution to the following: – The negotiation and execution of the Chicago Skyway transaction; – Leadership and judgment, strong communication with the Boards and relationship management of significant events during a transformational year; and – The increasing maturity of the organisation and Executive Team.	
Total award as a % of Target			120%		

6.2.2 Other executive KMP

The MD & CEO's STI objectives, both financial and non-financial, for 2022 were cascaded to the other executive KMP being the CFO and COO and were included within their specific personal and team objectives for the year. Their STI outcomes were assessed on a consistent basis with that of the MD & CEO.

6.2.3 Executive KMP STI outcomes

Based on the performance achievement assessments described above, the following STI awards were made in respect of achievements relating to 2022.

Name	% of maximum achieved	Value – cash $	Value – equity $	STI forfeited $
Graeme Bevans	80%	840,000	840,000	420,000
David Collins	73%	70,950	70,950	51,600
Vincent Portal-Barrault	87%	269,847	269,847	83,030
Nadine Lennie	61%	95,424	–	64,326

6.3 Long term Incentive Plan

The relative TSR hurdle for the 2020 LTI award was tested following the end of the performance period on 31 December 2022. The result (an absolute TSR of 7.08%) was at the 43rd percentile of the comparator group which was below threshold and hence the vesting outcome was nil.

The following table summarises the relative TSR performance of the various grants of LTI awards since the time of appointment of the internal management team in 2018:

	2022	2021	2020	2019	2018
When tested	Will be tested on 31.12.2024	Will be tested on 31.12.2023	31.12.2022	31.12.2021	31.12.2020
Vesting outcome/projected vesting outcome based on performance to date	100%	100%	Nil	Nil	Nil

Strategic LTI measures

Following the introduction of strategic measures for the 2022 LTI, we are providing a progress update below on performance during 2022 in the interests of transparency. The strategic measures were selected as the Boards believe delivery of these initiatives is fundamental to creating long-term value for securityholders.

Strategic Measure	Description	Key achievements in 2022
Dulles Greenway	Creating a clear pathway to distributions from Dulles Greenway	– Political and stakeholder engagement continued during the period with the objective of delivering a more effective tolling regime at the Dulles Greenway. – In February 2023, legislation will be considered by the Virginia General Assembly which would authorise the Department of Transportation to negotiate the potential implementation of distance-based tolling on the Dulles Greenway. – A move to distance-based tolling is a critical step in the process of returning the Dulles Greenway to an investment grade credit rating, allowing the Dulles Greenway to come out of lock up and achieving distributions from the business that can be passed onto securityholders.
Average portfolio concession length	Improving the average concession life of the Atlas Arteria portfolio	– Atlas Arteria's average concession life was improved during the year with the addition of two roads. – The A79 was added to the APRR Group during the period with the ownership finalised in June 2022 and tolling commencing in November 2022. The A79 is an 88km road in France with a 48 year concession (45 years remaining). – A majority interest was acquired in the Chicago Skyway with the acquisition completing in December 2022. The Chicago Skyway is a 12.5km toll road in Chicago with a 99 year concession (81 years remaining). – In addition, there was continued dialogue with the French Government on achieving their road development and ESG objectives in return for concession extensions.

Awards will only vest where:

- Quantifiable returns to securityholders from delivery of the strategic measures including the business case for the acquisition of the Chicago Skyway can be demonstrated; and
- Absolute TSR over the performance period has been positive.

The Boards will retain full discretion over vesting on being satisfied that the strategic objectives have been met based on clearly identifiable quantifiable outcomes that improve securityholder value. Factors the Boards will consider when determining the vesting outcomes will include progress against approved business plans and investment projections, cash flows, security price performance and returns delivered to securityholders. Full disclosure of the basis on which the vesting decisions were made will be provided to securityholders at the time of potential vesting.

7 Non-executive Director fees

7.1 Determination of Non-executive Director fees

Non-executive Directors receive fees to recognise their contributions to the Boards and Committees on which they serve. No performance related remuneration is payable to Non-executive Directors.

Non-executive Director fees were last reviewed in 2021. The review was conducted by comparing Atlas Arteria's NED fee levels with those of a group of comparable ASX listed companies selected on the basis of similar businesses, scale of operation and skill requirements. The review highlighted that the ATLAX NED fees were below the median level for companies of similar size and complexity.

In addition, the review highlighted that the significant disparity between ATLIX and ATLAX Director fees was not reasonable given that the responsibilities and workload of ATLIX Directors are comparable to ATLAX Directors. As a result, it was decided to adjust ATLAX Director fees to be closer to, but just below the median for the comparator group and to set ATLIX Director fees closer to parity with ATLAX.

The composition of the ATLAX Chair's remuneration as between ATLIX and ATLAX Board memberships was altered, but her aggregate remuneration only changed marginally. Also, no material changes to the Committee fees were made with ATLAX Committee fees remaining the same and rounding adjustments being made to the ATLIX Committee fees. As referred to on page 3 of our Corporate Governance Statement, once the current ATLIX Board succession process is complete, it will reduce from five to four Directors, resulting in a reduction in total fees, offsetting these increases.

The fees paid during 2022 are set out below:

	ATLAX		ATLIX		
Fees	Chair (AUD)	Member (AUD)	Chair (US $)	Member (USD)	Member (USD)[1]
Board	$310,000[2]	$155,000	$220,000[2]	$110,000	$55,000
Audit and Risk Committee	$30,000	$15,000	$20,000	$10,000	Nil
Remuneration Committee	$30,000	$15,000	$20,000	$10,000	Nil
Nominations and Governance Committee	Nil	Nil	Nil	Nil	Nil

1. For Australian based Director.
2. Committee fees are not payable to the Chairs of the ATLAX or ATLIX Boards.

Non-executive Directors are also entitled to receive a travel fee of A$10,000 for each occasion where they are required to travel over 8 hours to attend a Board meeting or strategy session.

ATLAX and ATLIX directors are not entitled to Atlas Arteria performance rights or securities or to retirement benefits as part of their remuneration package.

7.2 2023 Non-executive Director fees

There will be no increase in Non-executive Director fees for 2023.

NED fee arrangements will be reviewed during 2023 with any adjustments to occur no earlier than 1 January 2024.

7.3 Aggregate fee pool

As approved by securityholders at the 2019 AGM, the aggregate ATLAX Non-executive Director fee pool is capped at A$1,100,000 and the ATLIX Non-executive Director fee pool is capped at US$700,000.

8 Remuneration governance

8.1 Roles and responsibilities

The table below outlines the roles and responsibilities of the Boards, PRCs, Management and external advisors in relation to the remuneration arrangements of Non-executive Directors and executive KMP.

The Boards	People & Remuneration Committees	Management	External advisors
Approve remuneration strategy and approve recommendations from the PRCs. The Boards approve the quantum of remuneration for Non-executive Directors and the MD & CEO.	The PRCs consist entirely of independent Non-executive Directors. Make recommendations to the Boards regarding the remuneration framework, policies and practices for Atlas Arteria. The PRCs approve the quantum of remuneration for other executive KMP.	Makes recommendations to the PRCs on Atlas Arteria's remuneration framework, policies and practices.	Provide independent advice to the PRCs and/or Management on remuneration market data, market practice and other remuneration related matters.

8.2 PRCs activities during 2022

The PRCs are actively engaged in ensuring our remuneration and people programmes are contemporary and working as intended. The activities of the PRCs during 2022 included:

- Recommending the STI outcomes for 2021 to the Boards.
- Recommending the STI objectives for 2022, including recommending approval of the financial targets to the Boards.
- Monitoring progress against the 2022 STI targets.
- Reviewing the remuneration of the MD & CEO, the terms of appointment of the incoming CFO, separation arrangements for the previous CFO, and remuneration arrangements for other executives as required.
- Engaging remuneration consultants to provide market remuneration data to assist with the review of executive remuneration.
- Engagement with investors and proxy advisers in relation to the remuneration framework and report.
- Considering and recommending to the Boards amendments to the remuneration framework.
- Reviewing and approving changes to the Atlas Arteria remuneration principles to better reflect the approach to decision making on remuneration matters.
- Recommendations to freeze NED fees for 2023 to the Boards for approval.
- Review and approval of the offer terms, plan rules and basis of participation for the Groups' equity plans.
- Consideration of market and regulatory related developments impacting the Groups' remuneration arrangements.
- Consideration of the necessity to exercise discretion over variable pay decisions.
- Potential employee implications from the IFM acquisition of ALX securities.
- Review progress against the Atlas Arteria People Plan and Priorities.
- Consideration of the Diversity and Inclusion objectives.
- Review of the Talent Management Framework and undertaking the annual Talent and Succession Review.
- Review and approval of the Atlas Arteria People Strategy.
- Executive Talent and Succession Reviews.

8.3 External Advisers

The requirement for external remuneration advisor services is assessed in the context of matters the PRCs need to address. Remuneration advisers are engaged by and report directly to the PRCs. Potential conflicts of interest are considered when advisers are appointed, including the level of access to management. External advice is used as a guide but does not serve as a substitute for Directors' consideration of the relevant matters. Therefore, no remuneration recommendations, as defined by the *Corporations Act 2001* (Cth), were made by external remuneration advisors during 2022.

8.4 Board discretion over remuneration decisions

The PRCs and the Boards consider it important to have the ability to exercise discretion as required over remuneration decisions to ensure that remuneration outcomes reflect the performance of the Groups and the individual executives and are consistent with securityholder expectations. Examples of the circumstances where discretion can be exercised include:

Provision	STI	LTI
Variable pay outcomes	The Boards have adopted a policy to consider if there are any circumstances that may require the exercise of discretion at the time of approval of variable pay outcomes such as approval for STI awards and LTI vesting outcomes. This includes consideration on an ongoing basis as situations that may require discretion arise and at the time decisions in relation to the actual variable pay outcomes are being made.	
Clawback/Malus	In the event of: – Material non-compliance with any financial reporting requirement or other policies and operating procedures of the Groups; – Fraudulent or dishonest behaviour; or – Misconduct. The Boards have discretion to determine that some or all deferred STI restricted security awards and unvested LTIP awards are forfeited.	
Cessation of employment	If a participant resigns or is terminated for cause (including gross misconduct), any deferred securities are forfeited, and the participant is not entitled to any further payment of cash STI. If a participant leaves for any other reason, the Boards may exercise discretion such that the participant is entitled to a pro rata payment of cash STI subject to performance and deferred securities will normally stay 'on foot' until the end of the deferred period.	If a participant resigns or is terminated for cause (including gross misconduct), unvested performance rights will automatically lapse. If a participant leaves for any other reason, the Boards may exercise discretion such that a pro-rata number of unvested performance rights (reflecting the portion of performance period served) stay 'on-foot' to be tested against the performance condition at the end of the original performance period.
Change of control	Upon a change of control: – The Boards will determine in their absolute discretion the treatment for STI. – Subject to the Boards determining otherwise, cash based STI will be assessed on a pro rata basis and paid at that time based on performance, and deferred STI will vest in full.	Where a change of control occurs or is likely to occur, the Boards have discretion to determine the treatment of unvested equity awards and the timing of such treatment. In the event the Boards do not exercise its discretion, the LTIP will vest pro rata for time and performance.

8.5 Minimum securityholding requirements

Minimum securityholding requirements apply to support the alignment between the interests of the Directors, executive KMP and securityholders through significant exposure to the movements in securities price and distributions. Details of individual securityholdings and progress against the expected holding requirements are included at section 9.3.

Role	Minimum shareholding	Timing to meet requirement
Non-executive Directors	100% of annual Director base fees	3 years from the date of their appointment
MD & CEO	100% of fixed remuneration	5 years from appointment
Other executive KMP	50% of fixed remuneration	5 years from appointment

8.6 Atlas Arteria Securities Trading Policy

The Atlas Arteria Securities Trading (Windows) Policy applies to Directors, including Directors appointed by Atlas Arteria to investee entities and to all Atlas Arteria staff. The windows trading policy means that trading in securities can only occur at the discretion of the ATLAX and ATLIX Boards during prescribed trading windows and with appropriate approvals. All other periods are 'closed periods' for the purposes of the ASX Listing Rules. ATLAX and ATLIX Directors and staff must not enter into margin loans or other financing arrangements over their Atlas Arteria securities.

9 Statutory disclosures

9.1 Executive statutory remuneration disclosures for 2022

The following table shows the total remuneration for the MD & CEO and executive KMP for 2022.

		Short-term employee benefits			Post employment benefits	Share based payments			
Name	Financial year	Cash salary	Annual leave accrual movement	Cash STI[1]	Superannuation contributions	LTI Awards[1,2]	STI Awards[3]	Total remuneration	Performance based pay %
Graeme Bevans	2022	$1,375,570	($20,288)	$840,000	$24,430	$615,642	$902,852	$3,738,206	63.1%
	2021	$1,277,369	($38,944)	$819,000	$22,631	$548,066	$624,000	$3,252,122	61.2%
David Collins[4]	2022	$208,060	($5,741)	$70,950	$11,902	$30,866	$35,475	$351,512	39.1%
	2021	–	–	–	–	–	–	–	–
Vincent Portal-Barrault[5]	2022	$687,687	$9,242	$269,847	$16,747	$250,412	$259,869	$1,493,804	52.2%
	2021	$632,210	$24,687	$249,892	$16,756	$235,495	$205,585	$1,364,625	50.6%
Nadine Lennie[6]	2022	$171,608	($8,469)	$95,424	$5,892	$74,141	$0	$338,596	50.1%
	2021	$687,369	$13,168	$536,760	$22,631	$243,073	$81,000	$1,584,001	54.3%
Total	**2022**	**$2,442,925**	**($25,256)**	**$1,276,221**	**$58,971**	**$971,061**	**$1,198,196**	**$5,922,118**	**58.2%**
Total	**2021**	**$2,596,948**	**($1,089)**	**$1,605,652**	**$62,018**	**$1,026,634**	**$910,585**	**$6,200,748**	**57.1%**

1. The amounts for LTI share based expenses are included based on the fair value of equity awards. External valuation advice has been used to determine the value of performance rights awarded in the year ended 31 December 2022. The valuation has been made using a Stochastic Model which includes a Monte Carlo simulation model. Details of the fair values of equity awards granted during the year are contained in the footnotes to the table titled 'Performance Rights held during the year' at section 9.3.
2. The number of performance rights allocated to each participant is determined by dividing the remuneration value of the individual's LTI award by the face value of the securities to be granted (face value is calculated based on the post results 10 day VWAP).
3. The deferred equity award for 2022 for the MD & CEO is subject to securityholder approval at the 2023 Annual General Meeting. The fair value of the MD & CEO's 2021 STI award is based on the security price at the date of grant, 10 May 2022, and includes an amount in respect of the distribution paid on 31 March 2022.
4. Commenced 30 August 2022.
5. Converted to AUD at a rate of A$1 = €0.6590 (2021 €0.6347).
6. N Lennie ceased to be a KMP upon termination of employment on 31 March 2022. Under the terms of her separation, Ms Lennie did not receive a severance payment, her 2021 and 2022 STI awards were payable in cash and Ms Lennie retained a pro rata number of unvested LTI awards all of which are subject to the original performance hurdles applicable to the awards.

9.2 Non-executive Director statutory remuneration disclosures for 2022

The following table shows the fees paid to Non-executive Directors of ATLAX and ATLIX for 2022.

		ATLAX fees (AUD)			ATLIX fees (USD)		
		Short-term benefits	Post employment benefits		Short-term benefits	Post employment benefits	
Name	Financial year	Cash salary and fees	Superannuation	Total	Cash salary and fees[1]	Superannuation[1]	Total[1]
Debra Goodin[2]	2022	$305,570	$24,430	$330,000	$50,000	$5,000	$55,000
	2021	$257,369	$22,631	$280,000	A$89,294	A$8,706	A$98,000
Ariane Barker	2022	$179,155	$18,345	$197,500	–	–	–
	2021	$140,408	$13,759	$154,167	–	–	–
David Bartholomew[3]	2022	$203,979	$13,521	$217,500	–	–	–
	2021	$157,234	$15,324	$172,558	–	–	–
Jean-Georges Malcor	2022	$202,500	$0	$202,500	–	–	–
	2021	$160,115	$0	$160,115	–	–	–
Jeffrey Conyers	2022	–	–	–	$220,000	–	$220,000
	2021	–	–	–	$160,000	–	$160,000
Fiona Beck	2022	–	–	–	$137,018	–	$137,018
	2021	–	–	–	$107,000	–	$107,000
Andrew Cook[3]	2022	–	–	–	$142,268	–	$142,268
	2021	–	–	–	$89,000	–	$89,000
Caroline Foulger	2022	–	–	–	$137,018	–	$137,018
	2021	–	–	–	$98,000	–	$98,000
Total – AUD	**2022**	**$891,204**	**$56,296**	**$947,500**	**$989,909**	**$7,212**	**$997,121**
Total – AUD	**2021**	**$715,126**	**$51,714**	**$766,840**	**$694,305**	**$8,706**	**$703,011**

1. Fees payable to ATLIX Non-executive Directors converted to AUD at the average 2022 exchange rate of A$1 = US$0.6933 (2021 A$1 = US$0.7258).
2. Reflects the rebalance of fees across ATLAX and ATLIX.
3. Additional fees for duties performed as a member of the due diligence committee in respect of the Chicago Skyway Transaction and the Equity Raise – D Bartholomew $12,500 and A Cook US$5,250.

9.3 Equity instrument disclosures relating to KMP

Securityholdings

The table below outlines the number of ordinary securities held by each KMP including their personally related parties, as at 31 December 2022, and the minimum securityholding requirements.

Non-executive Directors have acquired their securityholdings from their personal resources on market and in accordance with Atlas Arteria's trading policy. Executive KMP acquire their securityholdings from awards that vest under the Groups' equity plans and from purchases on market. All Directors and Executives are tracking to meet their securityholding requirement in accordance with the Groups' policy.

Non-executive Directors

Name	Balance at 1 January 2022	Changes	Balance at 31 December 2022	Value at 31 December 2022[1]	Minimum securityholding requirement[2]	Date securityholding to be attained
Debra Goodin	50,678	25,989	76,667	$506,769	$235,990	Nov-23
Ariane Barker	13,600	24,524	38,124	$252,000	$155,000	Mar-24
David Bartholomew	25,214	6,465	31,679	$209,398	$155,000	Oct-21
Jean-Georges Malcor	30,076	15,423	45,499	$300,748	$155,000	Nov-21
Jeffrey Conyers	59,838	30,686	90,524	$598,364	$161,979	Jul-20
Fiona Beck	25,853	27,176	53,029	$350,522	$161,979	Sep-22
Andrew Cook	20,000	13,000	33,000	$218,130	$161,979	Nov-23
Caroline Fougler	21,000	20,602	41,602	$274,989	$161,979	May-23

1. Based on the closing price of Atlas Arteria securities on 31 December 2022 of $6.61. The requirement is assessed at the higher of the purchase price or market value of the securities.
2. The minimum securityholding requirement for ATLIX Board members has been converted to AUD at the 31 December 2022 exchange rate of A$ = US$0.6791.

Executive KMP

Name	Balance at 1 January 2022	Changes during the year	Granted during the year as compensation	Received during the year exercise of a right	Balance at 31 December 2022[1]	Value at 31 December 2022	Minimum security holding requirement	Date security holding to be attained
Graeme Bevans	229,659	86,029	127,570	–	443,258	$2,929,935	$1,400,000	May-23
David Collins[2]	–	–		–	–	–	$322,500	Sep-27
Vincent Portal-Barrault[3]	66,087	-12,600	37,455	–	90,942	$601,127	$358,468	Dec-23

1. Based on the closing price of Atlas Arteria securities on 31 December 2022 of $6.61. The requirement is assessed at the higher of the purchase price or market value of the securities.
2. Commenced as a KMP Executive on 30 August 2022.
3. The minimum security holding requirement for the Luxembourg based executive has been converted to A$ at the 31 December 2022 exchange rate of A$1 = €0.6360.

Performance rights held during the year

The terms and conditions of each grant of share rights affecting remuneration in the current or a future reporting period are as follows:

Grant date	Performance period start date	Vesting and exercise date	Exercise price $	Expiry date	Grant date fair value of performance rights $	Performance achieved #	% Vested %	Minimum value yet to vest $	Maximum value yet to vest $
TBC[1]	1 January 2022	31 December 2024	0.00	28 February 2025	4.26	To be tested	N/A	0	27,502
TBC[1]	1 January 2022	31 December 2024	0.00	28 February 2025	4.42	To be tested	N/A	0	31,479
8/11/2022[2]	1 January 2022	31 December 2024	0.00	28 February 2025	4.26	To be tested	N/A	0	129,476
8/11/2022[2]	1 January 2022	31 December 2024	0.00	28 February 2025	4.42	To be tested	N/A	0	144,882
10/05/2022[2]	1 January 2022	31 December 2024	0.00	28 February 2025	4.17	To be tested	N/A	0	289,025
10/05/2022[2]	1 January 2022	31 December 2024	0.00	28 February 2025	4.75	To be tested	N/A	0	410,069
6/04/2022[2]	1 January 2022	31 December 2024	0.00	28 February 2025	3.59	To be tested	N/A	0	90,284
6/04/2022[2]	1 January 2022	31 December 2024	0.00	28 February 2025	6.58	To be tested	N/A	0	211,121
28 April 2021	1 January 2021	31 December 2023	0.00	28 February 2024	2.95	To be tested	N/A	0	329,531
19/05/2020[3]	1 January 2020	31 December 2022	0.00	28 February 2023	3.43	Below threshold	Nil	N/A	N/A
3/03/2020[3]	1 January 2020	31 December 2022	0.00	28 February 2023	5.02	Below threshold	Nil	N/A	N/A
21 June 2019	1 January 2019	31 December 2021	0.00	28 February 2022	3.63	Below threshold	Nil	N/A	N/A

1. The 2022 LTI award of performance rights to be awarded to the MD & CEO, subject to securityholder approval at the 2023 AGM. The grant date has been estimated for the purposes of expensing.
2. The value per instrument of the performance rights granted during the year with relative and positive absolute TSR hurdles was $3.59 (6 April 2022), $4.17 (10 May 2022) and 4.26 (8 November 2022). The value per instrument of the performance rights granted during the year with strategic and positive absolute TSR hurdles was $6.58 (6 April 2022), $4.75 (10 May 2022) and $4.42 (8 November 2022).
3. The 2020 LTI Award was tested following the end of the performance period on 31 December 2022. The result was below threshold and hence the vesting outcome was nil.

The numbers of performance rights over ordinary securities in the Groups held during the financial year by each executive KMP as well as the value of performance rights granted or exercised are set out in the table below. Vesting is subject to achieving challenging performance hurdles over the performance period.

Name	Balance at 31 December 2021 #	Granted in the year ended 31 December 2022[1] #	Exercised in the year ended 31 December 2022 #	Lapsed in the year ended 31 December 2022[2] #	Balance at 31 December 2022 #	Unvested at 31 December 2022 #	Value of performance rights granted during year[3] #
Graeme Bevans	533,941	202,492	0	(157,419)	579,014	579,014	903,114
David Collins	0	70,328	0	0	70,328	70,328	305,224
Vincent Portal-Barrault[4]	195,150	73,536	0	(60,077)	208,609	208,609	373,931
Nadine Lennie[5]	208,466	0	0	(124,638)	83,828	83,828	N/A

1. The number of performance rights granted during the year under the 2022 Long Term Incentive Awards which are subject to performance hurdles.
2. The number of performance rights lapsed during the year under the 2019 Long Term Incentive Award.
3. External valuation advice from Aon has been used to determine the value of the performance rights awarded during year ended 31 December 2022. The valuation was made using a Stochastic Model which includes a Monte Carlo simulation model. The value per instrument of the performance rights granted during the year with relative and positive absolute TSR hurdles was $3.59 (6 April 2022), $4.17 (10 May 2022) and $4.26 (8 November 2022). The value per instrument of the performance rights granted during the year with strategic and positive absolute TSR hurdles was $6.58 (6 April 2022), $4.75 (10 May 2022) and $4.42 (8 November 2022).
4. In April 2022, Vincent Portal-Barrault was awarded 36,798 performance rights with vesting subject to achieving a number of strategic outcomes. These awards had an original value of $6.58 and were due to expire over a 2-3 year period, depending on the outcome of the performance conditions described above. In April 2022, these awards were modified at the discretion of the Board and the terms of the award were amended with the inclusion of an additional positive TSR gateway as a market condition and a fixed vesting period of 3 years. This resulted in a decrease in the fair value from $6.58 to $4.75. As the revised terms are non-beneficial to Vincent and result in a decrease in the fair value, the performance rights will continue to be recognised under the original fair value as if the terms have not been modified, consistent with AASB 2.
5. N Lennie ceased to be a KMP upon termination of employment on 31 March 2022. The number lapsed includes performance rights forfeited on termination of employment. The balance represents her net holding on the date she ceased to be a KMP.

Unvested STI Equity Awards during 2022

During 2022, awards of restricted securities equal to 50% of their awards under the Groups 2021 STI Plan were granted to the executive KMP. The securities were restricted for 12 months from the end of the performance period (31 December 2021). Following the end of the restriction period on 31 December 2022, the PRCs have confirmed all executive KMP complied with the terms of the awards and accordingly, the awards have vested in full.

Details of the Awards are as follows:

Name	Balance at 31 December 2021 #	Granted in the year ended 31 December 2022[1] #	Vested in the year ended 31 December 2022[2] #	Lapsed in the year ended 31 December 2022 #	Balance at 31 December 2022 #	Unvested at 31 December 2022 #	Value of restricted securities granted during year $
Graeme Bevans	75,929	127,570	75,929	0	127,570	127,570	810,071
David Collins[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vincent Portal-Barrault	26,763	37,455	26,763	0	37,455	37,455	249,851
Nadine Lennie[4]	28,673	0	28,673	0	–	–	N/A

1. Restricted Securities granted in respect of the 2021 STI Plan. These securities vested in full in January 2023.
2. Restricted Securities granted in respect of the 2020 STI Plan. These securities vested in full in January 2022.
3. Commenced 30 August 2022.
4. Under the terms of Ms Lennie's separation from Atlas Arteria her 2021 STI award was paid in cash.

9.4 Loans to Directors or related parties

There were no loans to Directors or related parties during 2022.

9.5 Other transactions with KMP

There were no other transactions with KMP.

FINANCIAL REPORT

for the year ended 31 December 2022

This report comprises:
Atlas Arteria International Limited and its controlled entities
Atlas Arteria Limited and its controlled entities

CONTENTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		ALX		ATLAX Group	
	Note	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000
Revenue and other income from continuing operations					
Total revenue and other income from continuing operations	2.1.1	**140,369**	100,655	**30,277**	16,415
Operating expenses	2.1.2	**(141,589)**	(125,430)	**(31,624)**	(25,830)
Net finance costs	2.1.3	**(90,958)**	(131,346)	**(10,848)**	106
Share of profit/(loss) of equity accounted investments	3.2.2	**336,380**	284,051	**(13,619)**	(10,203)
Profit/(loss) before income tax		**244,202**	127,930	**(25,814)**	(19,512)
Income tax benefit/(expense)	2.4.1	**(3,191)**	35,767	**(134)**	–
Profit/(loss) for the year		**241,011**	163,697	**(25,948)**	(19,512)
Profit/(loss) attributable to:					
Securityholders of the parent entity – ATLIX		**266,959**	183,209	**–**	–
Securityholders of other stapled entity – ATLAX		**(25,948)**	(19,512)	**(25,948)**	(19,512)
(as non-controlling interest/parent entity)					
Stapled securityholders		**241,011**	163,697	**(25,948)**	(19,512)
Other comprehensive income/(loss)					
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations	5.3	**60,107**	(27,851)	**13,432**	5,486
Share of other comprehensive income of equity accounted investments, net of tax	3.2.2	**44,376**	–	**–**	–
Items that will not be reclassified to profit or loss:					
Gain/(loss) on cash flow hedges	5.3	**25,012**	–	**25,012**	–
Share of other comprehensive income of equity accounted investments, net of tax	3.2.2	**(1,690)**	–	**–**	–
Other comprehensive income/(loss)		**127,805**	(27,851)	**38,444**	5,486
Total comprehensive income/(loss)		**368,816**	135,846	**12,496**	(14,026)
Total comprehensive income/(loss) attributable to:					
Securityholders of the parent entity – ATLIX		**356,320**	149,872	**–**	–
Securityholders of other stapled entity – ATLAX		**12,496**	(14,026)	**12,496**	(14,026)
(as non-controlling interest/parent entity)					
Stapled securityholders		**368,816**	135,846	**12,496**	(14,026)

		Cents	Cents	Cents	Cents
Profit/(loss) per share attributable to ATLIX/ATLAX securityholders					
Basic profit/(loss) per share attributable to:					
ATLIX (as parent entity)	2.3	**24.6**	19.1	**–**	–
ATLAX (as non-controlling interest/parent entity)	2.3	**(2.4)**	(2.0)	**(2.4)**	(2.0)
Basic profit/(loss) per ALX stapled security		**22.2**	17.1	**(2.4)**	(2.0)
Diluted profit/(loss) per share attributable to:					
ATLIX (as parent entity)	2.3	**24.6**	19.1	**–**	–
ATLAX (as non-controlling interest/parent entity)	2.3	**(2.4)**	(2.0)	**(2.4)**	(2.0)
Diluted profit/(loss) per ALX stapled security		**22.2**	17.1	**(2.4)**	(2.0)

The above Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	ALX		ATLAX Group	
		Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000
Current assets					
Cash and cash equivalents	3.1	**275,899**	229,389	**62,034**	42,758
Financial assets at amortised cost	6.4.3	**245,766**	–	**–**	–
Other assets	4.3	**11,846**	15,796	**8,845**	6,135
Total current assets		**533,511**	245,185	**70,879**	48,893
Non-current assets					
Restricted cash	3.1	**215,575**	226,325	**–**	–
Intangible assets – Tolling concessions	4.1	**2,167,908**	2,101,414	**–**	–
Investments accounted for using the equity method	3.2	**5,350,106**	2,591,821	**2,863,631**	99,986
Goodwill	4.2	**13,821**	13,719	**–**	–
Deferred tax assets	2.4.2	**21,875**	23,536	**–**	–
Property, plant and equipment		**15,679**	16,919	**4,309**	5,541
Derivative financial instruments		**–**	188	**–**	–
Other assets	4.3	**58**	76	**–**	6
Total non-current assets		**7,785,022**	4,973,998	**2,867,940**	105,533
Total assets		**8,318,533**	5,219,183	**2,938,819**	154,426
Current liabilities					
Other liabilities	4.4	**(23,646)**	(16,661)	**(14,074)**	(7,396)
Debt at amortised cost	5.1	**(100,113)**	(92,300)	**–**	–
Total current liabilities		**(123,759)**	(108,961)	**(14,074)**	(7,396)
Non-current liabilities					
Debt at amortised cost	5.1	**(1,609,446)**	(1,532,061)	**–**	–
Deferred tax liabilities	2.4.2	**(32,973)**	(29,704)	**–**	–
Other liabilities	4.4	**(61,883)**	(50,463)	**(2,880)**	(3,596)
Total non-current liabilities		**(1,704,302)**	(1,612,228)	**(2,880)**	(3,596)
Total liabilities		**(1,828,061)**	(1,721,189)	**(16,954)**	(10,992)
Net assets		**6,490,472**	3,497,994	**2,921,865**	143,434
Equity					
Equity attributable to securityholders of the parent – ATLIX					
Contributed equity	5.2	**3,993,984**	3,747,750	**–**	–
Reserves	5.3	**49,207**	(40,049)	**–**	–
Accumulated losses		**(474,584)**	(353,141)	**–**	–
ATLIX securityholders' interest		**3,568,607**	3,354,560	**–**	–
Equity attributable to other stapled securityholders – ATLAX					
Contributed equity	5.2	**2,991,044**	202,075	**2,991,044**	202,075
Reserves	5.3	**42,771**	27,361	**42,771**	27,361
Accumulated losses		**(111,950)**	(86,002)	**(111,950)**	(86,002)
Other stapled securityholders' interest		**2,921,865**	143,434	**2,921,865**	143,434
Total equity		**6,490,472**	3,497,994	**2,921,865**	143,434

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.

The financial information was approved by the ATLIX Board of Directors on 22 February 2023 and as required by Bermuda regulations was signed on its behalf by:

Jeffrey Conyers
Atlas Arteria International Limited
Hamilton, Bermuda

Caroline Foulger
Atlas Arteria International Limited
Hamilton, Bermuda

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to ATLIX securityholders					
ALX	Contributed equity $'000	Reserves $'000	Accumulated Losses $'000	Total $'000	Attributable to ATLAX securityholders $'000	Total ALX equity $'000
Total equity at 31 December 2021	3,747,750	(40,049)	(353,141)	**3,354,560**	143,434	**3,497,994**
Profit/(loss) for the year	–	–	266,959	**266,959**	(25,948)	**241,011**
Other comprehensive income/(loss) for the year	–	89,361	–	**89,361**	38,444	**127,805**
Total comprehensive income/(expense)	–	89,361	266,959	**356,320**	12,496	**368,816**
Transfer of hedging gains to carrying value of equity accounted investment (refer to note 5.3)	–	–	–	**–**	(25,012)	**(25,012)**
Transactions with securityholders in their capacity as equity holders:						
Issue of securities (refer to note 5.2)	251,327	–	–	**251,327**	2,847,111	**3,098,438**
Transaction costs associated with issue of securities (refer to note 5.2)	(5,093)	–	–	**(5,093)**	(58,142)	**(63,235)**
Employee performance rights (refer to note 5.3)	–	(105)	–	**(105)**	1,978	**1,873**
Dividends paid (refer to note 2.2)	–	–	(388,402)	**(388,402)**	–	**(388,402)**
	246,234	(105)	(388,402)	**(142,273)**	2,765,935	**2,623,662**
Total equity at 31 December 2022	3,993,984	49,207	(474,584)	**3,568,607**	2,921,865	**6,490,472**

	Attributable to ATLIX securityholders					
ALX	Contributed equity $'000	Reserves $'000	Accumulated Losses $'000	Total $'000	Attributable to ATLAX securityholders $'000	Total ALX equity $'000
Total equity at 31 December 2020	3,747,750	(8,233)	(263,030)	**3,476,487**	157,849	**3,634,336**
Adjustment due to change in accounting standard	–	–	–	**–**	(430)	**(430)**
Total equity at 1 January 2021	3,747,750	(8,233)	(263,030)	**3,476,487**	157,419	**3,633,906**
Profit/(loss) for the year	–	–	183,209	**183,209**	(19,512)	**163,697**
Exchange differences on translation of foreign operations	–	(33,337)	–	**(33,337)**	5,486	**(27,851)**
Total comprehensive income/(expense)	–	(33,337)	183,209	**149,872**	(14,026)	**135,846**
Transactions with securityholders in their capacity as equity holders:						
Employee performance rights (refer to note 5.3)	–	1,521	–	**1,521**	41	**1,562**
Dividends paid (refer to note 2.2)	–	–	(273,320)	**(273,320)**	–	**(273,320)**
	–	1,521	(273,320)	**(271,799)**	41	**(271,758)**
Total equity at 31 December 2021	3,747,750	(40,049)	(353,141)	**3,354,560**	143,434	**3,497,994**

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

ATLAX Group	Attributable to ATLAX securityholders Contributed equity $'000	Reserves $'000	Accumulated Losses $'000	Total $'000
Total equity at 31 December 2021	202,075	27,361	(86,002)	**143,434**
Loss for the year	–	–	(25,948)	**(25,948)**
Exchange differences on translation of foreign operations	–	13,432	–	**13,432**
Gain/(loss) on cash flow hedges	–	25,012	–	**25,012**
Total comprehensive income/(expense)	–	38,444	(25,948)	**12,496**
Transfer of hedging gains to carrying value of equity accounted investment (refer to note 5.3)	–	(25,012)	–	**(25,012)**
Transactions with securityholders in their capacity as equity holders:				
Employee performance rights (refer to note 5.3)	–	1,978	–	**1,978**
Issue of securities (refer to note 5.2)	2,847,111	–	–	**2,847,111**
Transaction costs associated with issue of securities (refer to note 5.2)	(58,142)	–	–	**(58,142)**
	2,788,969	(23,034)	–	**2,765,935**
Total equity at 31 December 2022	2,991,044	42,771	(111,950)	**2,921,865**

ATLAX Group	Attributable to ATLAX securityholders Contributed equity $'000	Reserves $'000	Accumulated Losses $'000	Total $'000
Total equity at 31 December 2020	202,075	21,834	(66,060)	**157,849**
Adjustment due to change in accounting standard	–	–	(430)	**(430)**
Total equity at 1 January 2021	202,075	21,834	(66,490)	**157,419**
Loss for the year	–	–	(19,512)	**(19,512)**
Exchange differences on translation of foreign operations	–	5,486	–	**5,486**
Total comprehensive income/(expense)	–	5,486	(19,512)	**(14,026)**
Transactions with securityholders in their capacity as equity holders:				
Employee performance rights (refer to note 5.3)	–	41	–	**41**
Total equity at 31 December 2021	202,075	27,361	(86,002)	**143,434**

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	ALX		ATLAX Group	
	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000
Cash flows from operating activities				
Toll revenue (received net of transaction processing fees)	**117,862**	99,739	**–**	–
Interest received	**19,374**	142	**14,197**	86
Other income received	**1,322**	3,645	**12,698**	11,261
Property taxes paid	**(2,745)**	(2,360)	**–**	–
Payments to suppliers and employees (inclusive of GST/VAT)	**(61,938)**	(53,660)	**(27,300)**	(17,816)
Net income taxes (paid)/received	**(89)**	–	**(89)**	–
Net cash inflow/(outflow) from operating activities	**73,786**	47,506	**(494)**	(6,469)
Cash flows from investing activities				
Distributions received from equity accounted investments	**406,888**	307,842	**–**	–
Payment for purchase of investments	**(2,757,803)**	–	**(2,757,803)**	–
Payments to suppliers associated with the purchase of investments	**(25,227)**	–	**(25,227)**	–
Proceeds from financial instruments held for investments	**14,086**	–	**14,086**	–
Payment for purchase of financial assets	**(245,766)**	–	**–**	–
Proceeds from financial instruments held for financial assets	**2,843**	–	**–**	–
Payments for capital projects	**(277)**	(2,121)	**(99)**	(640)
Additions to tolling concessions	**–**	(207)	**–**	–
Purchase of fixed assets	**(357)**	(1,466)	**(84)**	(1,004)
Sale of fixed assets	**48**	–	**–**	–
Net cash inflow/(outflow) from investing activities	**(2,605,565)**	304,048	**(2,769,127)**	(1,644)
Cash flows from financing activities				
Repayment of debt (including transaction costs)	**(95,251)**	(285,788)	**–**	–
Interest paid	**(7,175)**	(7,475)	**(7)**	(5)
Proceeds from borrowings (net of transaction costs)	**–**	176,137	**–**	–
Proceeds from the issue of securities (net of transaction costs)	**3,043,383**	–	**2,796,523**	–
Payments to suppliers associated with the issue of securities	**(7,846)**	–	**(7,271)**	–
Transfer from restricted cash	**25,622**	9,800	**–**	–
Dividends paid	**(388,402)**	(273,320)	**–**	–
Lease principal payments	**(1,779)**	(1,541)	**(806)**	(530)
Proceeds from derivative financial instrument	**4,798**	–	**–**	–
Net cash inflow/(outflow) from financing activities	**2,573,350**	(382,187)	**2,788,439**	(535)
Net (decrease)/increase in cash and cash equivalents	**41,571**	(30,633)	**18,818**	(8,648)
Cash and cash equivalents at the beginning of the year	**229,389**	260,341	**42,758**	52,130
Effects of exchange rate movements on cash and cash equivalents	**4,939**	(319)	**458**	(724)
Cash and cash equivalents at the end of the year	**275,899**	229,389	**62,034**	42,758

The above Consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL REPORTS

1 Introduction

Atlas Arteria – Stapled security

An Atlas Arteria (ALX) stapled security comprises one Atlas Arteria International Limited (ATLIX) share 'stapled' to one Atlas Arteria Limited (ATLAX) share to create a single listed security traded on the Australian Securities Exchange. The stapled securities cannot be traded or dealt with separately.

AASB 3 *Business Combinations* and AASB 10 *Consolidated Financial Statements* require one of the stapled entities of a stapled structure to be identified as the parent entity for the purpose of preparing a consolidated Financial Report. In accordance with this requirement, ATLIX has been identified as the parent entity of the consolidated group comprising ATLIX and its controlled entities (ATLIX Group) and ATLAX and its controlled entities (ATLAX Group), together comprising 'Atlas Arteria', 'ALX' or 'the Groups'.

As permitted by ASIC Class Order 13/1050 and *ASIC Corporations (Stapled Group Reports) Instrument 2015/838*, these reports consist of the Financial Report of the ATLIX Group at the end of and during the year and separately the Financial Report of the ATLAX Group at the end of and during the year.

The Financial Report of Atlas Arteria should be read in conjunction with the separate Financial Report of the ATLAX Group presented in these reports for the year ended 31 December 2022.

Basis of preparation

Both ATLIX and ATLAX are for-profit entities for the purpose of preparing the Financial Reports.

The Financial Reports were authorised for issue by the Directors of the ATLIX Board and the ATLAX Board (together, the 'Boards') on 22 February 2023 and 23 February 2023 respectively. The Boards have the power to amend and reissue the Financial Reports.

The Financial Reports are general purpose financial reports that:

- have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.
- comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).
- include the assets and liabilities of all subsidiaries as at 31 December 2022 and the results of the subsidiaries for the year then ended. Inter-entity transactions with, or between, subsidiaries are eliminated in full on consolidation.
- include the application of equity accounting for associates and joint ventures.
- have been prepared under the historical cost conventions except for certain assets and liabilities which have been measured at fair value.
- are presented in Australian dollars with all values rounded to the nearest thousand dollars unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

Significant accounting policies and key judgements and estimates are contained in shaded text and included in the relevant note. These policies have been consistently applied to all periods presented, unless otherwise stated. Refer to note 7.5 for other accounting policies which have not been presented along with their respective notes.

New and amended standards adopted by the Groups

There have been no new accounting standards adopted by the Groups during the year ended 31 December 2022.

Key developments in 2022

On 1 December 2022 the ATLAX Group acquired a 66.67% majority interest the Chicago Skyway via Calumet Concession Partners Inc (CCPI) representing an equity value of US$2,013 million, which includes the shareholder loans acquired by the ATLIX Group.

In conjunction with the Chicago Skyway acquisition Atlas Arteria completed a fully underwritten 1 for 1.95 pro-rata accelerated non-renounceable entitlement offer of new stapled ALX securities to raise $3,098 million (the Equity Raise).

The proceeds of the Equity Raise were used to fund the Chicago Skyway acquisition.

Critical accounting estimates and judgements

The preparation of the Financial Reports in accordance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including reasonable expectations of future events. The Directors believe the estimates used in the preparation of the Financial Reports are reasonable. Actual results in the future may differ from those reported.

Significant judgements made in applying accounting policies, estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed in the following notes:

- Deferred tax assets (note 2.4)
- Control assessment (note 3.2)
- Equity accounted investment – measurement at provisional amounts (note 3.2)
- Impairment of assets and equity accounted investments (note 3.2 and 4.1)
- Provisions for toll road maintenance (note 4.4)

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2 Financial performance

2.1 Profit/(loss) for the year

Revenue recognition

Revenue and other income is recognised as follows:

Toll revenue

A single performance obligation has been assessed as the use of the road, and the transaction price, which is calculated based on passing through toll points, is fully allocated to this performance obligation. Toll revenue is recognised at the time the customers use the road.

Other income

Other income from customers consists of revenue earned in respect of rental income from cell towers and income from advertising hoardings on the toll road. Other income is recognised over the period of the contract in accordance with the contracts governing these services as performance obligations are satisfied. Other income for the ATLAX Group comprises advisory and administrative service fees to related parties.

Interest income

Interest income on cash and cash equivalents and financial assets at amortised costs are brought to account on an accruals basis in accordance with the effective interest method.

The profit/(loss) before income tax includes the following specific items of income and expense:

2.1.1 Revenue and other income from continuing operations

	ALX		ATLAX Group	
	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000
Revenue and other income from continuing operations:				
Toll revenue	**116,728**	99,530	**–**	–
Other income	**1,513**	985	**16,080**	16,329
Interest income [(a)]	**22,128**	140	**14,197**	86
Total revenue and other income from continuing operations	**140,369**	100,655	**30,277**	16,415

(a) Interest income includes interest on the CCPI shareholder loans with the ATLIX Group from 1 December 2022.

2.1.2 Operating expenses

	ALX		ATLAX Group	
	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000
Operating expenses				
Amortisation of tolling concession	**64,313**	60,039	**–**	–
Cost of operations:				
Toll road maintenance expenses	**17,157**	14,604	**–**	–
Other operating expenses	**5,225**	6,875	**6**	65
Employee benefits expenses	**29,498**	26,604	**17,386**	15,463
Total cost of operations	**51,880**	48,083	**17,392**	15,528
Consulting and administration fees	**9,773**	4,748	**5,060**	3,204
Other expenses	**13,691**	11,119	**8,080**	6,525
Depreciation and amortisation	**1,932**	1,441	**1,092**	573
Total operating expenses	**141,589**	125,430	**31,624**	25,830

2.1.3 Net finance costs

	ALX		ATLAX Group	
	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000
Interest on debt	**87,093**	80,211	**–**	–
Mark to market (gain)/loss on derivatives	**(4,498)**	(632)	**–**	–
Fee on early repayment of borrowings	**–**	762	**–**	–
Warnow Tunnel removal of fair value adjustment with legacy debt repayment (refer to note 5.1)	**–**	50,332	**–**	–
Hedge ineffectiveness arising from the deal contingent premium on the swap for the Chicago Skyway acquisition	**10,926**	–	**10,926**	–
Amortisation of issue cost on borrowings from financial institutions	**152**	76	**–**	–
Mark to market (gain) on the Chicago Skyway short-dated outright foreign exchange forward contracts	**(24,043)**	–	**–**	–
FX impact of significant transactions during period	**21,200**	–	**–**	–
Net foreign exchange (gains)/losses	**(1,626)**	(1,042)	**(247)**	(115)
Other interest costs	**1,754**	1,639	**169**	9
Net finance costs/(income)	**90,958**	131,346	**10,848**	(106)

2.2 Distributions

	ALX		ATLAX Group	
	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000
Distributions paid				
Dividend paid on 3 October 2022 [(a)]	**191,804**	–	**–**	–
Dividend paid on 31 March 2022 [(b)]	**196,598**	–	**–**	–
Dividend paid on 5 October 2021 [(c)]	**–**	148,648	**–**	–
Dividend paid on 9 April 2021 [(d)]	**–**	124,672	**–**	–
Total distributions paid	**388,402**	273,320	**–**	–

	Cents per stapled security	Cents per stapled security	Cents per stapled security	Cents per stapled security
Distributions paid				
Dividend per stapled security paid on 3 October 2022 [(a)]	**20.0**	–	**–**	–
Dividend per stapled security paid on 31 March 2022 [(b)]	**20.5**	–	**–**	–
Dividend per stapled security paid on 5 October 2021 [(c)]	**–**	15.5	**–**	–
Dividend per stapled security paid on 9 April 2021 [(d)]	**–**	13.0	**–**	–
Total distributions paid	**40.5**	28.5	**–**	–

(a) The dividend paid on 3 October 2022 comprised an ordinary dividend of 20.0 cents per stapled security (cps). The dividend was paid in full by ATLIX.
(b) The dividend paid on 31 March 2022 comprised an ordinary dividend of 20.5 cps. The dividend was paid in full by ATLIX.
(c) The dividend paid on 5 October 2021 comprised an ordinary dividend of 15.5 cps. The dividend was paid in full by ATLIX.
(d) The dividend paid on 9 April 2021 comprised an ordinary dividend of 13.0 cps. The dividend was paid in full by ATLIX.

2.3 Earnings per stapled security

Basic earnings per stapled security

Basic earnings per stapled security is determined by dividing the profit or loss attributable to securityholders by the weighted average number of securities on issue during the year.

Diluted earnings per stapled security

Diluted earnings per stapled security is calculated by adjusting basic earnings per stapled security for the effects of all dilutive potential ordinary stapled securities.

	Attributable to ATLIX securityholders		Attributable to ATLAX securityholders	
	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000
Basic earnings/(loss) per ATLIX/ATLAX share	**24.6**	19.1	**(2.4)**	(2.0)
Diluted earnings/(loss) per ATLIX/ATLAX share	**24.6**	19.1	**(2.4)**	(2.0)
	$'000	$'000	$'000	$'000
Earnings/(loss) used in the calculation of basic and diluted profit/(loss) per ATLIX/ATLAX share	**266,959**	183,209	**(25,948)**	(19,512)
	Number	Number	Number	Number
Weighted average number of shares used in calculation of basic earnings/(loss) per ATLIX/ATLAX share	**1,084,244,598**	959,018,226	**1,084,244,598**	959,018,226
Adjustment for employee performance rights [a]	**1,508,641**	1,172,299	**1,508,641**	1,172,299
Weighted average number of shares used in calculation of diluted earnings/(loss) per ATLIX/ATLAX share	**1,085,753,239**	960,190,525	**1,085,753,239**	960,190,525

(a) Diluted earnings per ALX stapled security are adjusted for employee performance rights. Refer to note 7.4 for details.

During the year ended 31 December 2022, the Groups undertook a $3,098.4 million Equity Raise comprising a fully underwritten 1 for 1.95 pro-rata accelerated non-renounceable entitlement offer to fund the Chicago Skyway acquisition. The Equity Raise resulted in the issuance of 491.8 million new fully paid ordinary stapled securities. The new stapled securities were issued at a price of $6.30 per security.

2.4 Income tax

The income tax expense or benefit for the year is the amount of income taxes payable or recoverable on the current year's taxable income or loss based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is determined using the balance sheet method, being the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Reports. Deferred tax assets are 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. However, deferred income tax is not accounted for if it arises from the 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 balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Under current Bermudian law, ATLIX will not be subject to any income, withholding or capital gains taxes in Bermuda. Controlled entities of ATLIX that are subject to taxes in their jurisdictions recognise income tax using the balance sheet approach of tax effect accounting.

2.4.1 Income tax (benefit)/expense

This note provides an analysis of the Groups' income tax (benefit)/expense, shows what amounts are recognised directly in equity and how the tax (benefit)/expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Groups' tax position.

	ALX		ATLAX Group	
(a) Income tax (benefit)/expense	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000
Income tax (benefit)/expense				
Current tax	**211**	6,864	**134**	–
Deferred tax	**2,980**	(42,631)	**–**	–
Total income tax (benefit)/expense	**3,191**	(35,767)	**134**	–

(b) Reconciliation of income tax (benefit)/expense to prima facie tax payable	ALX 2022	ALX 2021	ATLAX Group 2022	ATLAX Group 2021
Profit/(loss) from operations before income tax	**244,202**	127,930	**(25,814)**	(19,512)
Prima facie income tax on profit/(loss) at the Australian tax rate of 30%	**73,261**	38,379	**(7,744)**	(5,854)
Impact of different tax rates of operations in jurisdictions other than Australia	**21,495**	9,764	**4**	1
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:				
Non-deductible expenditure	**5,170**	32,280	**3,598**	561
Non-deductible cost of hedging	**3,278**	–	**3,278**	–
Share of (profit)/loss of equity accounted investments	**(100,914)**	(85,215)	**4,086**	3,061
Temporary differences not brought to account	**(6)**	(1,299)	**136**	716
Deferred tax assets on taxable losses not brought to account	**5,198**	6,658	**1,668**	1,515
Temporary differences not previously recognised	**669**	(465)	**–**	–
Initial recognition of prior period unused tax losses	**–**	(29,016)	**–**	–
Unused tax losses recouped to reduce current tax expense	**(4,204)**	(6,853)	**(4,065)**	–
Other Items	**(756)**	–	**(827)**	–
Aggregate income tax (benefit)/expense	**3,191**	**(35,767)**	**134**	–

(c) Tax losses	ALX 2022	ALX 2021	ATLAX Group 2022	ATLAX Group 2021
Unused tax losses for which no deferred tax asset has been recognised	**407,988**	386,728	**359,813**	337,417
Potential tax benefit of unused tax losses	**96,450**	91,271	**84,115**	79,583

There was no current or deferred tax recognised directly to equity. Tax losses that arose in the U.S. on or before 31 December 2017 of US$158.6 million expire after 20 years and tax losses that arose in Luxembourg from 1 January 2017 of €24.7 million expire after 17 years.

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2.4.2 Deferred tax assets and liabilities

The Groups exercise judgement in assessing carried forward tax losses that are highly probably to be utilised.

During the year ended 31 December 2021, the Groups exercised judgement in reviewing forecast taxable profits at Warnow Tunnel and recognised deferred tax assets in relation to previously unbooked tax losses. This assessment arose following the capital restructure in March 2021, which strengthened the probability of future taxable profits being available to utilise the losses.

The movement in the balance of deferred tax assets (DTA) and deferred tax liabilities (DTL) is as follows:

	ALX					ATLAX Group	
	Current and prior year losses $'000	Fixed assets/ intangibles $'000	Provisions $'000	Other $'000	Total $'000	Current and prior year losses $'000	Total $'000
Deferred tax relates to the following:							
Opening balance at 1 January 2021	–	(40,395)	–	–	**(40,395)**	–	**–**
(Charged)/credited to profit/(loss)	(6,853)	4,944	573	(5,747)	**(7,083)**	–	**–**
Foreign exchange movement	(338)	(1,300)	20	67	**(1,551)**	–	**–**
Losses recognised	42,861	–	–	–	**42,861**	–	**–**
Closing balance at 31 December 2021	**35,670**	**(36,751)**	**593**	**(5,680)**	**(6,168)**	**–**	**–**
(Charged)/credited to profit/(loss)	(4,851)	(1,434)	273	(1,172)	**(7,184)**	**(4,065)**	**(4,065)**
Foreign exchange movement	241	(2,182)	46	(55)	**(1,950)**	–	**–**
Losses recognised	4,204	–	–	–	**4,204**	**4,065**	**4,065**
Closing balance at 31 December 2022	**35,264**	**(40,367)**	**912**	**(6,907)**	**(11,098)**	**–**	**–**

	ALX		ATLAX Group	
	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000
Deferred tax asset				
The balance comprises temporary differences attributable to:				
– Current and prior year losses	**35,264**	35,670	**–**	–
– Provisions	**912**	593	**–**	–
– Other	**–**	309	**–**	–
Total deferred tax asset	**36,176**	36,572	**–**	–
Set-off of deferred tax liabilities pursuant to set-off provisions	**(14,301)**	(13,036)	**–**	–
Net deferred tax assets	**21,875**	23,536	**–**	–
Deferred tax liability				
The balance comprises temporary differences attributable to:				
– Fixed assets/intangibles	**(40,367)**	(36,751)	**–**	–
– Other	**(6,907)**	(5,989)	**–**	–
Total deferred tax liability	**(47,274)**	(42,740)	**–**	–
Set-off of deferred tax liabilities pursuant to set-off provisions	**14,301**	13,036	**–**	–
Net deferred tax liabilities	**(32,973)**	(29,704)	**–**	–

2.5 Segment information

Operating segments are reported in a manner consistent with the internal reporting on a proportionately consolidated basis with a focus on revenue down to EBITDA and EBITDA margin provided to the chief operating decision makers. The chief operating decision makers are responsible for allocating resources and assessing performance of the operating segments.

2.5.1 Description of segments

Management has determined the operating segments based on the reports reviewed by the Boards. The Boards do not manage the day-to-day activities of the business. The Directors have appointed a management team to run and manage the ongoing operations of the business.

Management considers the business from the aspect of each of the businesses and have identified five operating segments for Atlas Arteria and two operating segments for the ATLAX Group. The segments of Atlas Arteria are the investments in APRR, ADELAC, Chicago Skyway, Dulles Greenway and Warnow Tunnel. The segments for the ATLAX Group are the investments in Chicago Skyway and Dulles Greenway.

2.5.2 Segment information

The proportionately consolidated segment information for the reportable segments for the year ended 31 December 2022, based on Atlas Arteria's economic ownership interest, is as follows:

ALX	Year ended	APRR $'000	ADELAC $'000	Warnow Tunnel $'000	Chicago Skyway [(a)] $'000	Dulles Greenway $'000	Total ALX $'000
Segment revenue	**31-Dec-22**	**1,331,847**	**28,950**	**20,114**	**8,794**	**98,068**	**1,487,773**
	31-Dec-21	1,260,656	23,513	19,995	–	80,460	1,384,624
Segment expenses	**31-Dec-22**	**(346,801)**	**(5,376)**	**(6,228)**	**(1,579)**	**(20,177)**	**(380,161)**
	31-Dec-21	(331,928)	(3,944)	(6,342)	–	(18,915)	(361,129)
Segment EBITDA	**31-Dec-22**	**985,046**	**23,574**	**13,886**	**7,215**	**77,891**	**1,107,612**
	31-Dec-21	928,728	19,569	13,653	–	61,545	1,023,495
EBITDA margin	**31-Dec-22**	**74%**	**81%**	**69%**	**82%**	**79%**	**74%**
	31-Dec-21	74%	83%	68%	–	76%	74%

ATLAX Group	Year ended	Chicago Skyway [(a)] $'000	Dulles Greenway $'000	Total ATLAX Group $'000
Segment revenue	**31-Dec-22**	**8,794**	**13,174**	**21,968**
	31-Dec-21	–	10,808	10,808
Segment expenses	**31-Dec-22**	**(1,579)**	**(2,710)**	**(4,289)**
	31-Dec-21	–	(2,541)	(2,541)
Segment EBITDA	**31-Dec-22**	**7,215**	**10,464**	**17,679**
	31-Dec-21	–	8,267	8,267
EBITDA margin	**31-Dec-22**	**82%**	**79%**	**80%**
	31-Dec-21	–	76%	76%

(a) The segment information for Chicago Skyway is presented from the date of investment in CCPI on 1 December 2022.

The segment revenue disclosed in the table above primarily relates to toll revenue generated by businesses from external customers. The segment expenses disclosed in the table above relate directly to costs associated with the operation of that segment.

The segment assets and liabilities of equity accounted investments are disclosed in note 3.2.3. Warnow Tunnel's assets are $241.5 million (2021: $254.8 million) and liabilities are $218.8 million (2021: $227.3 million). Dulles Greenway's assets are $2,297.9 million (2021: $2,224.7 million) and liabilities are $1,615.0 million (2021: $1,517.2 million).

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A reconciliation of the Groups' segment revenue and EBITDA to its total revenue and profit or loss before income tax is provided as follows:

	ALX		ATLAX Group	
	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000
Reconciliation of segment revenue to statutory revenue				
Segment revenue	**1,487,773**	1,384,624	**21,968**	10,808
Revenue attributable to non-consolidated investments	**(1,369,591)**	(1,284,169)	**(21,968)**	(10,808)
Unallocated revenue and other income [(a)]	**22,187**	200	**30,277**	16,415
Total revenue and other income from operations	**140,369**	100,655	**30,277**	16,415
Reconciliation of segment EBITDA to profit/(loss) before income tax				
Segment EBITDA	**1,107,612**	1,023,495	**17,679**	8,267
EBITDA attributable to non-consolidated investments	**(1,015,835)**	(948,297)	**(17,679)**	(8,267)
Unallocated revenue [(a)]	**22,187**	200	**30,277**	16,415
Corporate costs	**(37,317)**	(29,068)	**(30,532)**	(25,257)
Amortisation and depreciation	**(66,245)**	(61,480)	**(1,092)**	(573)
Unallocated expenses	**(11,622)**	(9,625)	**–**	–
Net finance costs	**(90,958)**	(131,346)	**(10,848)**	106
Share of profit/(loss) of equity accounted investments	**336,380**	284,051	**(13,619)**	(10,203)
Profit/(loss) before income tax	**244,202**	127,930	**(25,814)**	(19,512)

(a) Unallocated revenue and other income includes interest income on funds held for the Chicago Skyway acquisition of $13.9 million in ATLAX Group and $1.4 million in ATLIX Group.

3 Cash and investments

3.1 Cash, cash equivalents and restricted cash

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term and highly liquid investments (maturity of less than 3 months) that are readily convertible to cash with insignificant risk of changes in value. Restricted cash includes funds held in escrow or amounts otherwise not available to meet short term commitments of the Groups and is classified as a non-current asset.

	ALX		ATLAX Group	
	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000
Current				
Cash on hand	**275,899**	229,389	**62,034**	42,758
Cash and cash equivalents	**275,899**	229,389	**62,034**	42,758
Non-current				
Restricted cash	**215,575**	226,325	**–**	–
	215,575	226,325	**–**	–

3.1.1 Cash and cash equivalents

During the year cash on hand was held in bank accounts earning money market rates of interest between -1.26% and 4.02% (2021: -2.28% and 0.20%) per annum.

Cash equivalents include TRIP II's money market deposits paying interest between 0.01% and 4.20% (2021: 0.01% and 0.04%) per annum.

3.1.2 Restricted cash

This comprises funds held in escrow pursuant to the TRIP II bond indenture agreements and Warnow Tunnel loan agreements. Discussion of the Groups' policies concerning the management of credit risk can be found in note 5.4.4.

3.2 Investments accounted for using the equity method

Associates and joint ventures

Associates are entities over which the Groups have significant influence but not control or joint control. Joint ventures are joint arrangements in which the Groups have joint control and rights to the net assets of the arrangement. The Groups' investments in associates and joint ventures are accounted for using the equity method.

The equity accounted investments are initially recognised at cost, including transaction costs. The Groups' investment in associates and joint ventures includes the fair value of goodwill (net of any accumulated impairment loss) identified on acquisition.

Subsequent to initial recognition, the Groups' share of investees' post-acquisition profit or loss and other comprehensive income is recognised in profit or loss and other comprehensive income respectively. The post-acquisition results are adjusted against the carrying amount of the investment. Distributions receivable from investees reduce the carrying amount of the investment.

When the Groups' cumulative share of losses in an associate or joint venture equals or exceeds their interest in the investee, including any long-term interests that, in substance, form part of the Groups' net investment in the associate or joint venture, the Groups do not recognise their share of further losses unless they have incurred obligations or made payments on behalf of the associate or joint venture.

Unrealised gains on transactions between the Groups and their associates or joint ventures are eliminated to the extent of the Groups' interest in the associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Groups.

Impairment of assets and reversal of impairment

An investment accounted for using the equity method is assessed for impairment whenever there are indications that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of the asset is determined as the higher of the fair value less costs of disposal and the value in use. If it is not possible to determine a recoverable amount for the individual assets, the assets are assessed together in the smallest group of assets which generate cash inflows that are largely independent of those from other assets or groups of assets.

Discounted cash flow analysis is the methodology applied in determining the recoverable amount of the net investment in the associate or joint venture. Discounted cash flow analysis is the process of estimating future cash flows that are expected to be generated by an asset and discounting these to their present value by applying an appropriate discount rate. The discount rate applied to the cash flows of a particular asset is reflective of the uncertainty associated with the future cash flows. Periodically, independent traffic forecasting experts provide a view on the most likely level of traffic to use the toll road having regard to a wide range of factors including development of the surrounding road network and economic growth in the traffic corridor.

The net Investments in an associate or joint venture that have suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Impairment losses are reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and the estimated service potential of the asset has increased. The impairment loss is not reversed just because of the passage of time, even if the recoverable amount of the asset becomes higher than its carrying amount.

	ALX		ATLAX Group	
	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000
Investments in associates	**2,583,629**	2,591,821	**97,154**	99,986
Investments in joint ventures	**2,766,477**	–	**2,766,477**	–
Investments accounted for using the equity method	**5,350,106**	2,591,821	**2,863,631**	99,986

Chicago Skyway acquisition

On 1 December 2022 the ATLAX Group acquired a 66.67% majority interest in CCPI which indirectly owns 100% of Skyway Concession Company LLC, the concessionaire of the Chicago Skyway Toll Bridge (Chicago Skyway). It has been assessed that the ATLAX Group's investment in CCPI is classified as a joint venture as any decision made with regard to relevant activities effectively requires an affirmative vote of the other party to the arrangement, despite the ATLAX Group holding more than half of the voting rights. This judgement will be reassessed if there are any changes to the governance arrangements in the future.

The shareholder loans with CCPI are held by the ATLIX Group and do not form part of the equity accounted investment. The shareholder loans are presented in the Statements of Financial Position as financial assets at amortised cost.

The summarised financial information relating to CCPI and the share of profit or loss included in the carrying amount of the investment in CCPI as at 31 December 2022 are reported using provisional amounts based on estimates. As new information is obtained about facts and circumstances that existed as of 1 December 2022 (acquisition date) and, if known, would have affected the measurement of amounts recognised as of that date, the provisional amounts will be adjusted in the subsequent reporting period.

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Information relating to material associates and joint ventures is set out below:

3.2.1 Carrying amounts

Name of Entity [a]	Country of Incorporation/ Principal Place of Business	Principal Activity	ALX Economic interest As at 31 Dec 2022 and 31 Dec 2021 %	ALX As at 31 Dec 2022 $'000	ALX As at 31 Dec 2021 $'000	ATLAX Group Economic Interest As at 31 Dec 2022 and 31 Dec 2021 %	ATLAX Group As at 31 Dec 2022 $'000	ATLAX Group As at 31 Dec 2021 $'000
MAF2 [b]	Luxembourg	Investment in toll road network located in the east of France (APRR and ADELAC)	**62.3**/62.3	**2,583,629**	2,591,821	-/-	**–**	–
CCPI [c], [d]	USA	Investment in the Chicago Skyway toll road located south of Chicago, USA	**66.7**/-	**2,766,477**	–	**66.7**/-	**2,766,477**	–
TRIP II [e], [f], [g]	USA	Investment in the Dulles Greenway toll road located in northern Virginia, USA	-/-	**–**	–	**13.4**/13.4	**97,154**	99,986

(a) All associates and joint ventures have 31 December year end reporting requirements except for MAF2 which has a 31 March year end.

(b) Atlas Arteria's investment in MAF2 is classified as an associate as any decision made with regard to the relevant activities requires 85% of the voting members to proceed.

(c) On 1 December 2022, ATLAX Group acquired a 66.7% interest in CCPI which indirectly owns 100% of the concessionaire of the Chicago Skyway.

(d) ATLAX Group's investment in CCPI is classified as a joint venture as any decision made with regard to relevant activities requires an affirmative vote of the other party to the arrangement.

(e) The ATLAX Group has a 13.4% interest in TRIP II, the concessionaire for Dulles Greenway is accounted for as an equity accounted associate. Atlas Arteria has a 100% estimated economic interest in TRIP II after combining ATLAX Group's 13.4% equity interest with ATLIX Group's 86.6% economic interest. Accordingly, TRIP II is accounted for as a subsidiary of Atlas Arteria.

(f) TRIP II is in 'lockup' under its debt documents, meaning that it is currently unable to make distributions to Atlas Arteria or the ATLAX Group.

(g) The ATLAX Group assessed its equity accounted investment in TRIP II as at 31 December 2022. The key assumptions to determine value are traffic volumes, long term CPI, average tolls and the post-tax discount rate.

3.2.2 Movement in carrying amounts

	ALX Year ended 31 Dec 2022 $'000	ALX Year ended 31 Dec 2021 $'000	ATLAX Group Year ended 31 Dec 2022 $'000	ATLAX Group Year ended 31 Dec 2021 $'000
Carrying amount at the beginning of the year	**2,591,821**	2,685,357	**99,986**	104,685
Share of profit/(loss) after income tax [a]	**336,380**	284,051	**(13,619)**	(10,203)
Share of other comprehensive income after income tax	**42,686**	–	**–**	–
Distributions received/receivable	**(400,038)**	(314,750)	**–**	–
Investment in CCPI	**2,736,879**	–	**2,736,879**	–
Transaction costs	**26,607**	–	**26,607**	–
Foreign exchange movement	**15,771**	(62,837)	**13,778**	5,504
Carrying amount at the end of the year	**5,350,106**	2,591,821	**2,863,631**	99,986

(a) The share of profit/(loss) after income tax attributable to CCPI is measured using provisional amounts for the fair value of CCPI's net assets as at the date of investment in CCPI on 1 December 2022.

3.2.3 Summarised financial information for material associates and joint ventures

The following tables summarise financial information for those associates and joint ventures that are material to Atlas Arteria and ATLAX Group. The information disclosed reflects the amounts presented in the Financial Reports of those relevant entities and not Atlas Arteria's or ATLAX Group's share of those amounts. They have been amended to reflect adjustments made by Atlas Arteria and ATLAX Group when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	MAF2 [(a)]		CCPI [(b)]		TRIP II	
Summarised Statement of Financial Position	**As at 31 Dec 2022 $'000**	**As at 31 Dec 2021 $'000**	**As at 31 Dec 2022 $'000**	**As at 31 Dec 2021 $'000**	**As at 31 Dec 2022 $'000**	**As at 31 Dec 2021 $'000**
Total current assets	**1,567,102**	1,324,917	**45,753**	–	**95,692**	84,748
Total non-current assets	**11,169,374**	10,833,487	**6,221,871**	–	**818,944**	806,335
Total current liabilities	**(1,955,400)**	(1,354,879)	**(647,025)**	–	**(101,917)**	(94,855)
Total non-current liabilities	**(7,687,773)**	(7,729,725)	**(2,366,962)**	–	**(1,505,513)**	(1,399,767)
Net assets	**3,093,303**	3,073,800	**3,253,637**	–	**(692,794)**	(603,539)
Reconciliation to carrying amounts:						
Opening net assets	**3,073,800**	3,125,259	**3,250,572**	–	**(603,539)**	(518,485)
Profit/(loss) for the year	**588,584**	516,631	**(5,235)**	–	**(46,930)**	(54,205)
Other comprehensive income for the year	**79,198**	–	**–**	–	**–**	–
Distributions paid	**(653,002)**	(494,287)	**–**	–	**–**	–
Foreign exchange and other reserves	**4,723**	(73,803)	**8,300**	–	**(42,325)**	(30,849)
Closing net assets	**3,093,303**	3,073,800	**3,253,637**	–	**(692,794)**	(603,539)
ATLIX Group's share in %	**62.3%**	62.3%	**–**	–	**–**	–
ATLIX Group's share of net assets in $	**2,434,871**	2,456,378	**–**	–	**–**	–
ATLAX Group's share in %	**–**	–	**66.7%**	–	**13.4%**	13.4%
ATLAX Group's share of net assets in $	**–**	–	**2,766,477**	–	**97,154**	99,986
Atlas Arteria's carrying amount	**2,583,629**	2,591,821	**2,766,477**	–	**–**	–
ATLAX Group's carrying amount	**–**	–	**2,766,477**	–	**97,154**	99,986

(a) MAF2 proportionately consolidates the results of APRR and ADELAC.

(b) The summarised statement of financial position is measured using provisional amounts for the fair value CCPI's net assets as at the date of investment in CCPI on 1 December 2022.

	MAF2 [(a)]		CCPI [(b)]		TRIP II	
Summarised Statement of Comprehensive Income	**Year ended 31 Dec 2022 $'000**	**Year ended 31 Dec 2021 $'000**	**Year ended 31 Dec 2022 $'000**	**Year ended 31 Dec 2021 $'000**	**Year ended 31 Dec 2022 $'000**	**Year ended 31 Dec 2021 $'000**
Revenue	**2,416,741**	2,282,097	**13,190**	–	**98,068**	80,460
Profit/(loss) for the year	**588,584**	516,631	**(5,235)**	–	**(46,930)**	(54,205)
Other comprehensive income for the year	**79,198**	–	**–**	–	**–**	–
Atlas Arteria's share	**340,516**	284,051	**(4,136)**	–	**–**	–
ATLAX Group's share	**–**	–	**(4,136)**	–	**(9,483)**	(10,203)
Atlas Arteria's distributions received	**400,038**	314,750	**–**	–	**–**	–
ATLAX Group's distributions received	**–**	–	**–**	–	**–**	–

(a) MAF2 proportionately consolidates the results of APRR and ADELAC.

(b) The summarised statement of comprehensive income is measured using provisional amounts for the fair value of CCPI's net assets as at the date of investment in CCPI on 1 December 2022.

4 Other balance sheet assets and liabilities

4.1 Intangible assets – Tolling concessions

Intangible assets – Tolling concessions

Tolling concessions are intangible assets and represent the right to levy tolls in respect of controlled motorways operated by subsidiaries. Tolling concessions relating to non-controlled equity accounted investments are recognised as a component of the investments accounted for using the equity method.

Tolling concessions have a finite useful life as defined by the terms of the concession arrangements and are carried at cost, which represents the fair value of the consideration paid on acquisition less accumulated amortisation and any impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of tolling concessions over their estimated useful lives which are as follows:

	Estimated useful life
Dulles Greenway	Period to February 2056
Warnow Tunnel	Period to September 2053
APRR	Period to November 2035
ADELAC	Period to December 2060
Chicago Skyway	Period to January 2104

There has been no change to the estimated useful lives during the year, with the exception of the addition of the A79 concession as part of APRR which extends to 2068.

In relation to APRR, ADELAC and Chicago Skyway, the tolling concessions are not recognised as intangible assets in the statement of financial position but instead form part of the investments accounted for using the equity method. The amortisation of tolling concessions relating to these non-controlled investments is included in the Groups' share of the investee's profit or loss.

Impairment

Tolling concessions recognised as intangible assets with finite useful lives are assessed for impairment whenever there are indications that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Refer to note 3.2 for additional detail on the accounting policy for the impairment of non-financial assets.

	ALX		ATLAX Group	
	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000
Balance at the beginning of the year [(a)]	**2,101,414**	2,064,339	**–**	–
Amortisation of tolling concession	**(64,313)**	(60,039)	**–**	–
Foreign exchange movement	**130,807**	97,114	**–**	–
Balance at the end of the year	**2,167,908**	2,101,414	**–**	–

(a) In 2020, an impairment charge of $143.9 million was taken on the Dulles Greenway concession. In 2019, an impairment charge of $165.4 million was recorded on the Dulles Greenway, comprising of $99.4 million tolling concession impairment expense and $66.0 million goodwill impairment expense.

Key assumptions used for fair value less costs of disposal calculations – Dulles Greenway

Assumption	Approach used to determine values in 2022
Traffic volume	Based on historic trends and independent long-term traffic forecasting models. Traffic forecasts for Dulles Greenway are based on assumptions of traffic growth broadly in line with economic development, population growth, employment within its catchment area and macroeconomic assumptions which include the impact of changing social preferences and economic responses to COVID-19. Traffic during 2022 was impacted early in the year by the Omicron COVID-19 variant following which return to work traffic has been more gradual than expected. In the short to medium term the increase in remote and hybrid working arrangements in the region is expected to cause a prolonged recovery in traffic.
Long term CPI (% annual growth)	Based on the Groups' long-term internal forecasts and independent third-party projections, long-term CPI rates are forecast to be around 2.3% per annum, with medium term forecasts up to 2.2% – 4.0% per annum based on median consensus forecasts.
Average toll (% annual growth)	Based on current regulation and the Groups' long-term internal forecasts. Toll rates for Dulles Greenway will be determined by decisions of the State Corporations Commission (SCC). The Groups' long-term assumption forecasts toll rates to escalate in line with the range that has been historically achieved on average since 2012. However, historical results provide no guarantee as new legislation or regulatory decisions could impact future outcomes.
Post-tax discount rate	The discount rate of 9.5% is based on a number of factors including, but not limited to, the business nature of operations, regulatory environment, macroeconomic conditions, risk profile, observed market prices for similar transactions and reflects the uncertainty around traffic forecasts and the current tolling regulatory framework.

Impact of possible changes in key assumptions

The assets and liabilities associated with the cash generating unit (CGU) were initially recognised in Atlas Arteria's balance sheet at their fair values on the dates on which Atlas Arteria achieved control of the CGU.

A significant adverse change in any of the key assumptions could result in the recoverable amount of the CGU falling below its carrying amount. However, at 31 December 2022, there were no reasonably possible changes in key assumptions that could result in the recoverable amount of a CGU falling below the carrying amount.

There is a complex interplay between the key assumptions, which means that any change in one assumption could impact the outcomes of another. Equally, as some assumptions change, there may be a compensating reduction in risk or resolution of uncertainty, premiums for which are carried within the post-tax discount rate.

The assumptions used in the fair value less costs of disposal calculation are measured at Level 3 in the fair value hierarchy (refer to note 5.4.6 for additional detail on the fair value hierarchy).

4.2 Goodwill

Goodwill

Goodwill represents the excess of the consideration paid over the fair value of the identifiable net assets of the acquired entity at the date of acquisition. Goodwill arising from business combinations is included on the face of the statement of financial position. Goodwill arising from acquisitions of associates and joint ventures is included in the carrying amount of the equity accounted investments.

Impairment

Goodwill is not subject to amortisation but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of a CGU is determined based on fair value less costs of disposal calculations which require the use of assumptions. The calculations use detailed cash flow projections covering the remaining concession life of the CGU.

Refer to notes 3.2 and 4.1 for additional details on the accounting policy for impairment.

	ALX		ATLAX Group	
	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000
Balance at the beginning of the year	**13,719**	14,091	**–**	–
Foreign exchange movement	**102**	(372)	**–**	–
Balance at the end of the year	**13,821**	13,719	**–**	–

4.3 Other assets

Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost because their cash flows represent solely payments of principal and interest. Interest income from receivables is recognised on an accruals basis.

Receivables are generally received within 30 days of becoming due and receivable. A provision is raised for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off in the year in which they are identified.

Impairment

Atlas Arteria and the ATLAX Group assess, on a forward-looking basis, the expected credit losses on their financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. Atlas Arteria and the ATLAX Group use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Groups' past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

	ALX		ATLAX Group	
	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000
Current				
Receivables from related parties	**2,467**	7,416	**5,419**	3,420
Less: Loss allowance	**–**	–	**(12)**	(11)
Prepayments	**2,628**	2,549	**838**	906
Tax receivable	**1,684**	225	**1,684**	230
Trade receivables and other assets	**5,067**	5,606	**916**	1,590
Total current other assets	**11,846**	15,796	**8,845**	6,135
Non-current				
Other assets	**58**	76	**–**	6
Total non-current other assets	**58**	76	**–**	6

The Groups' maximum credit exposure for receivables is the carrying amount. Discussion of the Groups' policies concerning the management of credit risk can be found in note 5.4. The fair value of receivables approximates their carrying amounts.

4.4 Other liabilities

Payables and other liabilities

Liabilities are recognised when an obligation exists to make future payments as a result of a purchase of assets or services, whether or not billed. Trade creditors are generally settled within 30 days.

Provisions

Provisions are recognised when the Groups have a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligations; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

The Groups record a provision for toll road maintenance required under their obligations within the service concession arrangements for the maintenance and repair of the publicly owned roads they operate. The Groups at each period assess the estimates of their present obligations, including assessment of the condition of the road determined from routine inspections. These assessments inform the timing and extent of future maintenance activities.

Provisions included in the financial statements are measured at the present value of the best estimate of expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Employee benefits

Liabilities for salaries, including non-monetary benefits and leaves that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

	ALX		ATLAX Group	
	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000
Current				
Provision for toll road maintenance	**3,079**	2,674	**–**	–
Sundry creditors and accruals	**14,552**	8,083	**9,309**	2,756
Tax payables	**442**	357	**47**	–
Employee benefits	**5,257**	5,100	**4,074**	3,922
Lease liability [(a)]	**316**	447	**644**	718
Total current other liabilities	**23,646**	16,661	**14,074**	7,396
Non-current				
Provision for toll road maintenance	**36,425**	25,977	**–**	–
Lease liability [(a)]	**25,458**	24,486	**2,880**	3,596
Total non-current other liabilities	**61,883**	50,463	**2,880**	3,596

(a) The corresponding right of use asset has been included in the property, plant and equipment balance.

The movement in the balance of provision for toll road maintenance is as follows:

	ALX		ATLAX Group	
	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000
Provision for toll road maintenance				
Balance at the beginning of the year	**28,651**	22,426	**–**	–
Additional provision recognised	**10,153**	8,138	**–**	–
Provision utilised	**(1,903)**	(2,817)	**–**	–
Unwind of discount	**1,344**	453	**–**	–
Foreign exchange movement	**1,259**	451	**–**	–
Balance at the end of the year	**39,504**	28,651	**–**	–

5 Capital and risk management

5.1 Debt at amortised cost

Financial liabilities

Financial liabilities are initially recorded at fair value minus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

	ALX		ATLAX Group	
	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000
Current				
Non-recourse TRIP II bonds and accrued interest thereon [a]	**100,113**	92,300	**–**	–
Total current debt at amortised cost	**100,113**	92,300	**–**	–
Non-current				
Non-recourse TRIP II bonds and accrued interest thereon [a]	**1,433,039**	1,357,123	**–**	–
Non-recourse Warnow Tunnel borrowings [b]	**176,407**	174,938	**–**	–
Total non-current debt at amortised cost	**1,609,446**	1,532,061	**–**	–

(a) Non-recourse TRIP II bonds

The Atlas Arteria consolidated financial statements incorporate bonds raised by TRIP II to finance the construction of infrastructure assets. These bonds are non-recourse beyond the TRIP II assets and Atlas Arteria has no commitments to provide further debt or equity funding to TRIP II to settle these liabilities.

All of these bonds are in the form of fixed interest rate senior bonds, with US$35.0 million (2021: US$35.0 million) of Current Interest Bonds and US$1,086.1 million (2021: US$1,085.5 million) of zero coupon bonds with maturities extending to 2056.

(b) Non-recourse Warnow Tunnel borrowings

The Atlas Arteria consolidated financial statements incorporate borrowings raised by Warnow Tunnel to finance the construction of infrastructure assets. These borrowings are non-recourse beyond the Warnow Tunnel assets and Atlas Arteria has no commitments to provide further debt or equity funding to Warnow Tunnel to settle these liabilities.

In 2021 Warnow Tunnel repaid the legacy Warnow Tunnel debt facility of $217.9 million (€142.3 million) and entered into a new $176.1 million (€115.0 million) debt facility (fixed and variable tranches) maturing in December 2049. As a result of extinguishing the legacy debt facility at Warnow Tunnel a $50.3 million (€31.9 million) non-cash finance expense was recognised in the prior period.

Atlas Arteria has complied with all externally imposed capital requirements that it was subject to during 2022.

5.2 Contributed equity

	Attributable to ATLIX securityholders		Attributable to ATLAX securityholders	
	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000
Ordinary shares	**3,993,984**	3,747,750	**2,991,044**	202,075
Contributed equity	**3,993,984**	3,747,750	**2,991,044**	202,075
On issue at the beginning of the year	**3,747,750**	3,747,750	**202,075**	202,075
Issue of securities	**251,327**	–	**2,847,111**	–
Transaction costs associated with issue of securities	**(5,093)**	–	**(58,142)**	–
On issue at the end of the year	**3,993,984**	3,747,750	**2,991,044**	202,075

During the year ended 31 December 2022, the Groups undertook a $3,098.4 million Equity Raise comprising a fully underwritten 1 for 1.95 pro-rata accelerated non-renounceable entitlement offer to fund the Chicago Skyway acquisition. The Equity Raise resulted in the issuance of 491.8 million new fully paid ordinary stapled securities. The new stapled securities were issued at a price of $6.30 per security.

	Attributable to ATLIX securityholders		Attributable to ATLAX securityholders	
	As at 31 Dec 2022 Number of shares $'000	As at 31 Dec 2021 Number of shares $'000	As at 31 Dec 2022 Number of shares $'000	As at 31 Dec 2021 Number of shares $'000
On issue at the beginning of the year	**959,018**	959,018	**959,018**	959,018
Issue of securities	**491,816**	–	**491,816**	–
On issue at the end of the year	**1,450,834**	959,018	**1,450,834**	959,018

Ordinary shares in ATLIX and in ATLAX

Each fully paid stapled security confers the right to vote at meetings of securityholders, subject to any voting restrictions imposed on a securityholder under the *Corporations Act 2001* in Australia, Companies Act in Bermuda and the ASX Listing Rules. On a show of hands, every securityholder present in person or by proxy has one vote.

On a poll, every securityholder who is present in person or by proxy has one vote for each fully paid share in respect of ATLIX and one vote for each fully paid share in respect of ATLAX.

The Directors of ATLIX and ATLAX may declare distributions which are appropriate given the financial position of ATLIX and ATLAX.

If ATLIX and ATLAX are wound up, the liquidator may, with the sanction of an extraordinary resolution and any other requirement of law, divide among the securityholders in specie or in kind the whole or any part of the assets of ATLIX and ATLAX.

5.3 Reserves

Share-based payments

Share-based compensation benefits are provided to employees via the short-term incentive (STI) Plan, the employee equity (EE) Plan and the long-term incentive plan (LTIP).

Securities (equal to 50% of the value awarded to Executives) are only issued under the STI Plan if performance conditions are met. Securities issued under the STI Plan are time contingent and are issued in restricted securities on terms determined by the Boards. The share-based STI Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount expensed is determined based on the probability of the vesting conditions being met.

Securities issued under the EE Plan are subject to service conditions and are issued in non-restricted securities. The EE Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount expensed is determined based on the probability of the vesting conditions being met.

The fair value of performance rights granted under the LTIP is recognised as an employee benefits expense with a corresponding increase in equity. The total amount expensed is determined by reference to the fair value of the performance rights granted including the market performance conditions, and the number of equity instruments expected to vest, based on the probability of the vesting conditions being met.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, Atlas Arteria and the ATLAX Group revise their estimates of the number of performance rights that are expected to vest based on service and non-market performance conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Associates

The associates reserve includes the share of the associates' cash flow hedge and post-employment benefit obligations reserves.

The cash flow hedge reserve is used to recognise the associates' effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently recognised by the associates as a component of borrowing costs when the hedged items affect the income statement.

The post-employment benefit obligations reserve is used to recognise the associates' actuarial gains and losses resulting from the effect of changes in actuarial assumptions and from experience adjustments. Amounts are not reclassified by the associates to profit or loss in subsequent periods.

Hedging

The hedging reserve includes the cash flow hedge reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently transferred to the initial cost of the investment or reclassified to profit or loss when the hedged transaction affects profit or loss.

Foreign currency translation reserve

Refer to note 7.5.3 for the policy regarding foreign currency translation.

	Attributable to ATLIX securityholders		Attributable to ATLAX securityholders	
	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000
Balance of reserves				
Foreign currency translation reserve	**2,632**	(44,043)	**40,678**	27,246
Associates reserve	**42,686**	–	**–**	–
Share-based payments reserve	**3,889**	3,994	**2,093**	115
Balance at the end of the year	**49,207**	(40,049)	**42,771**	27,361

	Attributable to ATLIX securityholders		Attributable to ATLAX securityholders	
	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000
Movements of reserves				
Foreign currency translation reserve				
Balance at the beginning of the year	**(44,043)**	(10,706)	**27,246**	21,760
Exchange differences on translation of foreign operations	**46,675**	(33,337)	**13,432**	5,486
Balance at the end of the year	**2,632**	(44,043)	**40,678**	27,246
Associates reserve				
Balance at the beginning of the year	**–**	–	**–**	–
Share of other comprehensive income of equity accounted investments	**42,686**	–	**–**	–
Balance at the end of the year	**42,686**	–	**–**	–
Hedging reserve				
Balance at the beginning of the year	**–**	–	**–**	–
Change in fair value of the cash flow hedges	**–**	–	**(25,012)**	–
Transfer of hedging gains to carrying value of equity accounted investment	**–**	–	**25,012**	–
Balance at the end of the year	**–**	**–**	**–**	–
Share-based payments reserve				
Balance at the beginning of the year	**3,994**	2,473	**115**	74
Employee equity based awards [(a)]	**(105)**	1,521	**1,978**	41
Balance at the end of the year	**3,889**	3,994	**2,093**	115

(a) Expenses arising from share-based benefits relating to the STI and the LTIP attributable to ATLIX securityholders as at 31 December 2022: ($0.1) million (2021: $1.5 million). Expenses arising from share-based benefits relating to the STI and the LTIP attributable to ATLAX securityholders as at 31 December 2022: $2.0 million (2021: $0.0 million).

5.4 Financial risk and capital management

5.4.1 Financial risk management

The Groups' activities expose them to a variety of financial risks: market risk (including foreign exchange risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Groups' overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance of the Groups. The Groups use derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures.

The Risk Management Policy and Framework is implemented by management under policies approved by the Boards. Management identifies, quantifies and qualifies financial risks and provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

5.4.2 Derivatives

Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Further information about the derivatives used by the Groups is provided in note 5.4.3 below.

Fair value measurement

From time to time, the Groups enter into forward exchange contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

The accounting for subsequent changes in fair value depends on whether or not derivatives are designated as hedging instruments. If derivatives are not part of a designated hedging relationship, any changes in their fair value are recognised immediately in the Consolidated Statement of Comprehensive Income.

Hedge effectiveness

Hedge effectiveness is assessed at the inception of the hedging relationship, and on an ongoing basis, to ensure that the qualifying criteria for hedge accounting are met.

For hedges of foreign currency transactions, the Groups enter into hedging relationships where the critical terms of the hedging instrument and the hedged item match or are closely aligned. The Groups therefore perform a qualitative assessment of hedge effectiveness. In calculating the change in the value of the hedged item for the purpose of measuring hedge ineffectiveness, the Groups use the hypothetical derivative method, which matches the critical terms of the derivative and the hedged item.

In hedges of foreign currency transactions, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Groups or the derivative counterparties.

Chicago Skyway acquisition

On 13 September 2022, ATLAX and ATLIX entered into a combination of short-dated outright forward and deal contingent forward contracts. These cash flow hedges were intended to mitigate foreign exchange risk associated with the US$2,057.1 million expected future payments on completion of the Chicago Skyway acquisition. Hedge accounting has been applied to the eligible hedging instruments, as the Groups judgement at the time of entering the hedging instruments was that the conclusion of the acquisition was highly probable.

Deal contingent foreign exchange forward contracts

ATLAX designated the deal contingent forwards as hedging instruments and accounted for them as a cash flow hedge. Hedge ineffectiveness for the deal contingent forward occurs due to the premium embedded in the forward rate for the contingency component associated with the settlement of the Chicago Skyway acquisition. Settlement took place by 1 December 2022. Under the terms of the deal contingent foreign exchange forward contracts, ATLAX purchased US$1,182.5 million at the weighted-average AUD:USD exchange rate of 0.6830. This includes a deal contingency premium of $10.9 million recognised in profit or loss during the year.

Short-dated outright foreign exchange forward contracts

ATLAX designated the short-dated outright forwards as hedging instruments and accounted for them as a cash flow hedge. ATLIX did not designate the short-dated outright forward contract as a hedging instrument and accounted for it as a derivative measured at fair value through profit or loss. Settlement took place on 13 October 2022. Under the terms of the short-dated outright forward contracts, ATLAX purchased US$708.0 million at the weighted average AUD:USD exchange rate of 0.6865, and ATLIX purchased US$166.7 million at the AUD:USD exchange rate of 0.6888.

5.4.3 Market risk

Foreign exchange risk

Foreign exchange risk arises when recognised assets and liabilities and future commercial transactions are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Groups operate internationally and are exposed to foreign exchange risk mainly arising from currency exposures to the Euro (EUR) and United States Dollar (USD).

The Groups do not hedge the foreign exchange exposure on overseas investments.

Financial instruments are converted to Australian Dollars (AUD) at the rate of exchange ruling at the financial reporting date. Derivative instruments are valued with reference to forward exchange rates from the year end to settlement date, as provided by independent financial institutions.

In assessing foreign exchange risk, management has assumed the following possible movements in the AUD:

- AUD/EUR exchange rate increased/decreased by 6 Euro cents (2021: 5 Euro cents)
- AUD/USD exchange rate increased/decreased by 10 US cents (2021: 7 US cents)
- AUD/GBP exchange rate increased/decreased by 5 UK pence (2021: 4 UK pence)

The tables below show the amounts for financial instruments that would be recognised in profit or loss or directly in equity if the movements in foreign exchange rates as outlined above occurred. The Groups' management have determined the above movements in the AUD to be a reasonably possible shift following analysis of foreign exchange volatility for relevant currencies over the last five years.

	Foreign exchange risk							
	Appreciation in Australian Dollar				Depreciation in Australian Dollar			
ALX	P&L 2022 $'000	P&L 2021 $'000	Equity 2022 $'000	Equity 2021 $'000	P&L 2022 $'000	P&L 2021 $'000	Equity 2022 $'000	Equity 2021 $'000
Total financial assets [a]	**(3,523)**	(1,167)	**–**	–	**4,382**	1,382	**–**	–
Total financial liabilities [b]	**969**	381	**–**	–	**(1,309)**	(460)	**–**	–
Total	**(2,554)**	(786)	**–**	–	**3,073**	922	**–**	–

	Foreign exchange risk							
	Appreciation in Australian Dollar				Depreciation in Australian Dollar			
ATLAX Group	P&L 2022 $'000	P&L 2021 $'000	Equity 2022 $'000	Equity 2021 $'000	P&L 2022 $'000	P&L 2021 $'000	Equity 2022 $'000	Equity 2021 $'000
Total financial assets [a]	**(1,209)**	(610)	**–**	–	**1,618**	731	**–**	–
Total financial liabilities [b]	**959**	369	**–**	–	**(1,284)**	(444)	**–**	–
Total	**(250)**	(241)	**–**	–	**334**	287	**–**	–

(a) Financial assets include cash, cash equivalents, restricted cash, receivables, financial assets at amortised cost and derivative financial instruments.
(b) Financial liabilities include payables, debt at amortised cost and derivative financial instruments.

Interest rate risk

The Groups have no significant interest bearing financial instruments whose fair value is significantly impacted by changes in market interest rates.

In assessing interest rate risk, management has assumed the following movements in the identified interest rates:

- Bank bill swap reference rate (AUD BBSW 90 days) increased/decreased by 126 bps (2021: 59 bps)
- Bank bill swap reference rate (EURIBOR 90 days) increased/decreased by 52 bps (2021: 12 bps)
- Bank bill swap reference rate (USD SOFR 90 days) increased/decreased by 158 bps (2021: 92 bps)
- Bank bill swap reference rate (EURIBOR 6 months) increased/decreased by 70 bps (2021: 15 bps)
- Bank bill swap reference rate (AUD BBSW 6 months) increased/decreased by 128 bps (2021: 59 bps)

The tables below show the amounts for financial instruments that would be recognised in profit or loss or directly in equity if the above interest rate movements occurred. The Groups' management have determined the above movements in interest rates to be a reasonably possible shift following analysis of the interest spreads of comparable debt instruments over the past five years.

ALX	Interest rate risk – Increase in interest rates: P&L 2022 $'000	P&L 2021 $'000	Equity 2022 $'000	Equity 2021 $'000	Interest rate risk – Decrease in interest rates: P&L 2022 $'000	P&L 2021 $'000	Equity 2022 $'000	Equity 2021 $'000
Total financial assets	**6,789**	3,478	**–**	–	**(6,789)**	(3,478)	**–**	–
Total financial liabilities	**(317)**	(69)	**–**	–	**317**	69	**–**	–
Total	**6,472**	3,409	**–**	–	**(6,472)**	(3,409)	**–**	–

ATLAX Group	Interest rate risk – Increase in interest rates: P&L 2022 $'000	P&L 2021 $'000	Equity 2022 $'000	Equity 2021 $'000	Interest rate risk – Decrease in interest rates: P&L 2022 $'000	P&L 2021 $'000	Equity 2022 $'000	Equity 2021 $'000
Total financial assets	**742**	232	**–**	–	**(742)**	(232)	**–**	–
Total financial liabilities	**–**	–	**–**	–	**–**	–	**–**	–
Total	**742**	232	**–**	–	**(742)**	(232)	**–**	–

5.4.4 Credit risk

The Groups' exposure to credit risk arises from deposits with banks and financial institutions as well as receivables from associates, joint ventures and governments. The Groups limit their exposure relating to cash balances by only dealing with well-established financial institutions of high-quality credit standing. With the exception of the transactions in the normal course of business between the ATLIX and ATLAX Groups, the Groups transact with independent parties with appropriate minimum short-term credit ratings. The Boards set exposure limits to financial institutions and these are monitored on an ongoing basis.

Sound credit risk management involves prudently managing the risk and reward relationship and controlling and minimising credit risks across a variety of dimensions, such as quality, concentration, maturity and security.

The tables below show the balances within the Groups that may be subject to credit risk.

	ALX: Financial institutions $'000	Corporates and others $'000	Total $'000	ATLAX Group: Financial institutions $'000	Corporates and others $'000	Total $'000
2022						
Cash and cash equivalents	**275,899**	**–**	**275,899**	**62,034**	**–**	**62,034**
Restricted cash	**215,575**	**–**	**215,575**	**–**	**–**	**–**
Receivables – current	**–**	**7,534**	**7,534**	**–**	**6,335**	**6,335**
Financial assets at amortised cost	**–**	**245,766**	**245,766**	**–**	**–**	**–**
Tax receivables	**–**	**1,684**	**1,684**	**–**	**1,684**	**1,684**
Total	**491,474**	**254,984**	**746,458**	**62,034**	**8,019**	**70,053**

	ALX: Financial institutions $'000	Corporates and others $'000	Total $'000	ATLAX Group: Financial institutions $'000	Corporates and others $'000	Total $'000
2021						
Cash and cash equivalents	229,389	–	229,389	42,758	–	42,758
Restricted cash	226,325	–	226,325	–	–	–
Receivables – current	–	13,022	13,022	–	5,010	5,010
Tax receivables	–	225	225	–	230	230
Total	455,714	13,247	468,961	42,758	5,240	47,998

Financial institutions

The credit risk with financial institutions relates to cash held by and term deposits due from Australian and OECD banks. In line with the credit risk policies of the Groups, these counterparties must meet a minimum Standard and Poor's short-term credit rating of A-1 unless an exception is approved by the Boards.

Corporates and others

The Groups' credit risk relates primarily to receivables from related parties and governments. These counterparties have a range of credit ratings.

5.4.5 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Groups have a liquidity management policy which manages liquidity risk by monitoring the stability of funding, surplus cash or highly liquid cash assets, anticipated cash in and outflows and exposure to connected parties.

The tables below show the forecast contractual undiscounted cash outflows for financial liabilities at the balance sheet date.

	ALX							
Financial Liabilities	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3-5 years $'000	Greater than 5 years $'000	Total contractual cash flows $'000	Carrying Value $'000	Fair Value [(a)] $'000
2022								
Debt at amortised cost [(b)]	**100,113**	**100,237**	**101,749**	**208,063**	**3,598,071**	**4,108,233**	**1,709,559**	**1,569,047**
Payables	**24,941**	**3,531**	**5,956**	**14,303**	**107,708**	**156,439**	**85,529**	**85,529**
Total	**125,054**	**103,768**	**107,705**	**222,366**	**3,705,779**	**4,264,672**	**1,795,088**	**1,654,576**
2021								
Debt at amortised cost [(b)]	92,300	99,465	100,948	206,211	3,332,397	3,831,321	1,624,361	1,771,532
Payables	17,992	3,987	3,478	5,723	103,387	134,567	67,124	67,124
Total	110,292	103,452	104,426	211,934	3,435,784	3,965,888	1,691,485	1,838,656

	ATLAX Group							
Financial Liabilities	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3-5 years $'000	Greater than 5 years $'000	Total contractual cash flows $'000	Carrying Value $'000	Fair Value [(a)] $'000
2022								
Payables	**14,023**	**613**	**633**	**1,327**	**399**	**16,995**	**16,955**	**16,955**
Total	**14,023**	**613**	**633**	**1,327**	**399**	**16,995**	**16,955**	**16,955**
2021								
Payables	7,458	766	613	1,286	1,073	11,196	10,992	10,992
Total	7,458	766	613	1,286	1,073	11,196	10,992	10,992

(a) Fair value approximates carrying amount for Payables.

(b) Includes consolidated debt held by TRIP II and Warnow Tunnel that is non-recourse to the Groups.

5.4.6 Fair value measurement of financial instruments

The fair value measurements of financial assets and liabilities are categorised within the following fair value hierarchy:

(i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

(iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable valuation input).

The Groups may have derivative financial instruments that are measured at fair value on a recurring basis. These instruments are entered into to minimise potential variations in cash flows resulting from fluctuations in interest rates and foreign currency and their impact on variable-rate debt and cash payments and receipts. The Groups do not enter into derivative instruments for any purpose other than economic interest rate and foreign currency hedging. That is, the Groups do not speculate using derivative instruments. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. These instruments are measured using Level 2 inputs and are revalued using externally provided dealer quotes.

The Groups' policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period.

The Groups undertook a non-recurring fair value measurement over the CCPI shareholder loans acquired during the year, the fair value was considered to be equal to the face value due to the short time to maturity of the financial asset.

Fair values of other financial instruments (unrecognised)

The Groups also have a number of financial instruments which are not measured at fair value in the balance sheet. With the exception to those listed below, the fair values are not materially different to their carrying amounts as: the interest receivable/payable is either close to current market rates; the instruments are short-term in nature, or the instruments have recently been brought onto the balance sheet and therefore the carrying amount approximated the fair value. The fair value of these financial instruments is determined using discounted cash flow analysis. The fair value of all financial assets (excluding the investments accounted for using the equity method) and financial liabilities approximated their carrying amounts at 31 December 2022. There is no debt at amortised cost in the ATLAX Group.

Debt at amortised cost	Carrying amount $'000	Fair value $'000
Non-recourse TRIP II bonds and accrued interest thereon	1,533,152	1,443,244
Non-recourse Warnow Tunnel borrowings	176,407	125,803

5.4.7 Capital management

The Groups' capital management objectives are to:

- Ensure sufficient capital resources to support the Groups' business, operational and growth requirements;
- Safeguard the Groups' ability to continue as a going concern; and
- Balance distribution growth with long term sustainability.

Annual reviews of the Groups' capital requirements are performed to ensure the Groups are meeting their objectives.

Capital is defined as contributed equity plus reserves. The Groups do not have any externally imposed capital requirements as at 31 December 2022 or 31 December 2021.

6 Group disclosures

6.1 Parent entity financial information

The financial information for ATLIX and ATLAX for this disclosure has been prepared on the same basis as the Financial Reports, except as set out below.

Investments in subsidiaries, associates and joint ventures
Investments in subsidiaries, associates and joint ventures are accounted for at cost in the separate financial reports of ATLIX and ATLAX.

Tax consolidation legislation
ATLAX and its Australian-resident wholly-owned controlled entities have implemented the tax consolidation legislation as of 2 February 2010. The head entity, ATLAX and the controlled entities in the tax-consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax-consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, ATLAX also recognises current tax liabilities (or assets) and deferred tax assets arising from unused tax losses and unused tax credits assumed from its controlled entities in the tax-consolidated group.

The entities have also entered into a tax funding agreement under which the wholly owned controlled entities fully compensate ATLAX for any current tax payable assumed and are compensated by ATLAX for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to ATLAX under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned controlled entities' Financial Reports.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under the tax funding agreements are recognised as current amounts receivable from or payable to other entities in the ATLAX Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax-consolidated entities.

6.1.1 Summary financial information

In accordance with the *Corporations Regulations 2001*, the individual Financial Reports for ATLIX and ATLAX are shown in aggregate amounts below:

	ATLIX		ATLAX	
	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000	As at 31 Dec 2022 $'000	As at 31 Dec 2021 $'000
Statement of Financial Position				
Current assets	**103,747**	83,644	**65,580**	42,839
Non-current assets	**2,229,360**	2,117,431	**2,860,706**	76,557
Total assets	**2,333,107**	2,201,075	**2,926,286**	119,396
Current liabilities	**(6,789)**	(5,401)	**(7,480)**	(3,504)
Non-current liabilities	**(211,094)**	–	**–**	–
Total liabilities	**(217,883)**	(5,401)	**(7,480)**	(3,504)
Shareholder's equity				
Issued capital	**3,993,984**	3,747,750	**2,991,044**	202,075
Reserves	**3,390**	3,990	**96**	111
Retained earnings	**(1,882,150)**	(1,556,066)	**(72,334)**	(86,293)
Total equity	**2,115,224**	2,195,674	**2,918,806**	115,893
Profit/(loss) for the year	**62,318**	2,427	**13,959**	(11,038)
Total comprehensive income/(loss)	**62,318**	2,427	**13,959**	(11,038)

6.1.2 Guarantees entered into by the parent entities

ATLIX and ATLAX had not provided any financial guarantees in respect of bank overdrafts and loans of their subsidiaries as at 31 December 2022 and 31 December 2021. ATLIX and ATLAX had not given any unsecured guarantees as at 31 December 2022 or 31 December 2021.

6.1.3 Contingent liabilities of the parent entities

ATLIX and ATLAX do not have any contingent liabilities as at 31 December 2022 or 31 December 2021.

6.2 Acquisition of subsidiaries

Business combinations

The acquisition method of accounting is used to account for all business combinations other than those under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Groups. The consideration transferred also includes the estimated fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs for consolidated entities are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Contingent consideration is subsequently remeasured to its fair value with changes recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Groups' share of the net identifiable assets acquired is recorded as goodwill.

6.3 Subsidiaries

Subsidiaries

Subsidiaries, other than those that ATLIX has been deemed to have directly acquired through stapling arrangements, are those entities over which the Groups are exposed to, or have the right to, variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. Where control of an entity is obtained during a financial year, its results are included in the Statement of Comprehensive Income from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed and the subsidiary is deconsolidated from the date that control ceases.

6.3.1 ALX

Name of controlled entity	Country of establishment	Voting %
Atlas Arteria Limited	Australia	100.0
ALX Infrastructure Australia Pty Limited	Australia	100.0
ALX Investments (Australia) Pty Limited	Australia	100.0
Atlas Arteria Holdings Australia Pty Ltd [a]	Australia	100.0
Atlas Arteria Service Co Pty Limited	Australia	100.0
Green Bermudian Holdings Limited	Bermuda	100.0
ALX Investments Limited	Bermuda	100.0
MIBL Finance (Luxembourg) Sarl	Luxembourg	100.0
Atlas Arteria Luxembourg 1 Sarl	Luxembourg	100.0
Tollway Holdings Limited [b]	UK	100.0
European Transport Investments (UK) Limited	UK	100.0
Tipperhurst Limited [c]	UK	100.0
Greenfinch Motorways Limited [d]	UK	–
ALX Indiana Holdings LLC	USA	100.0
ALX Holdings (US) LLC	USA	100.0
Dulles Greenway Partnership	USA	100.0
Dulles Greenway Investments 3 (US) LLC	USA	100.0
Shenandoah Greenway Corporation	USA	100.0
Toll Road Investors Partnership II, L.P. [e]	USA	100.0
Warnowquerung GmbH & Co. KG [f]	Germany	100.0
Warnowquerung Verwaltungsgesellschaft mbH [f]	Germany	100.0

(a) Incorporated on 19 August 2022.
(b) In liquidation.
(c) In liquidation.
(d) Liquidated on 11 January 2022 and deregistered on 14 April 2022.
(e) Atlas Arteria owns 100% of the general partner of Toll Road Investors Partnership II, L.P. (TRIP II) giving Atlas Arteria control over the operations and management of TRIP II, the entity that manages the Dulles Greenway concession.
(f) Warnowquerung GmbH & Co. KG and its general partner, Warnowquerung Verwaltungsgesellschaft mbH, (collectively 'Warnow Tunnel') manage the Warnow Tunnel concession.

6.3.2 ATLAX Group

Name of controlled entity	Country of establishment	Voting %
ALX Infrastructure Australia Pty Limited	Australia	100.0
ALX Investments (Australia) Pty Limited	Australia	100.0
Atlas Arteria Holdings Australia Pty Ltd [a]	Australia	100.0
Atlas Arteria Service Co Pty Limited	Australia	100.0
ALX Indiana Holdings LLC	USA	100.0
ALX Holdings (US) LLC	USA	100.0
Dulles Greenway Partnership	USA	100.0
Dulles Greenway Investments 3 (US) LLC	USA	100.0
Shenandoah Greenway Corporation	USA	100.0

(a) Incorporated on 19 August 2022.

NOTES TO THE FINANCIAL REPORTS

6.4 Related party disclosures

6.4.1 Directors

The following persons were Directors of ATLIX during the whole of the year and up to the date of this report:

- Jeffrey Conyers (Chair)
- Fiona Beck
- Andrew Cook
- Caroline Foulger
- Debra Goodin

The following persons were Directors of ATLAX during the whole of the year and up to the date of this report (unless otherwise stated):

- Debra Goodin (Chair)
- Ariane Barker (Retired on 31 December 2022)
- David Bartholomew
- Graeme Bevans
- Jean-Georges Malcor
- John Wigglesworth (Appointed on 1 January 2023)

6.4.2 Key management personnel

Key management personnel (KMP) are defined in AASB 124 *Related Party Disclosures* as those having authority and responsibility for planning, directing and controlling the activities of the entity. Across the Groups, the Directors of ATLIX and ATLAX, the Managing Director and Chief Executive Officer (MD & CEO), Chief Financial Officer (CFO) and Chief Operating Officer (COO) meet the definition of KMP.

The compensation paid to non-executive Directors of ATLIX and ATLAX is determined by reference to remuneration of similar roles at similar entities. The level of compensation is not related to the performance of the Groups. The remuneration of the MD & CEO, CFO and COO includes STI and LTIP components which include targets related to the performance of Atlas Arteria.

The total remuneration for the MD & CEO, CFO and COO is shown in the table below.

		Short term employee benefits		Share based payments		Long term benefits	
	Financial year	Cash salary $	Cash STI $	Value of LTI $	Value of STI $	Superannuation $	Total remuneration $
Total	**2022**	**2,442,925**	**1,276,221**	**971,061**	**1,198,196**	**58,971**	**5,947,374**
	2021	2,596,948	1,605,652	1,026,634	910,585	62,018	6,201,837

Compensation in the form of directors' fees that were paid to the ATLIX and ATLAX Non-Executive Directors is as follows:

	Year ended 31 Dec 2022			Year ended 31 Dec 2021		
	Short term benefit	Long term benefit		Short term benefit	Long term benefit	
	Cash salary and fees $	Superannuation $	Total director fees $	Cash salary and fees $	Superannuation $	Total director fees $
ATLIX	**989,909**	**7,212**	**997,121**	694,305	8,706	703,011
ATLAX	**891,204**	**56,296**	**947,500**	715,126	51,714	766,840

The number of ALX stapled securities held directly, indirectly or beneficially by the KMP across the Groups at 31 December is set out below:

	KMP interests in ALX stapled securities At 31 Dec 2022	KMP interests in ALX stapled securities At 31 Dec 2021
Jeffrey Conyers	**90,524**	59,838
Ariane Barker [(a)]	**38,124**	13,600
David Bartholomew	**31,679**	25,214
Fiona Beck	**53,029**	25,853
Graeme Bevans	**443,258**	229,659
David Collins [(b)]	**–**	–
Andrew Cook	**33,000**	20,000
Caroline Foulger	**41,602**	21,000
Debra Goodin	**76,667**	50,678
Nadine Lennie [(c)]	**–**	65,265
Jean-Georges Malcor	**45,499**	30,076
Vincent Portal-Barrault	**90,942**	66,087
Total	**944,324**	607,270

(a) Appointed 1 March 2021 and retired 31 December 2022.
(b) Appointed 1 September 2022.
(c) Ceased 31 March 2022.

6.4.3 Other balances and transactions

At 31 December 2022, entities within the Groups had the following balances with related parties:

	ALX		ATLAX Group	
	Year ended 31 Dec 2022 $	Year ended 31 Dec 2021 $	Year ended 31 Dec 2022 $	Year ended 31 Dec 2021 $
Shareholder loans with CCPI	**245,766,181**	–	**–**	–
Interest on shareholder loans with CCPI	**1,719,714**	–	**–**	–
Other intercompany receivables from/(payables) to related parties	**747,114**	7,415,729	**5,419,345**	3,419,895

During the year, entities within the Groups had the following transactions with related parties excluding associates and joint ventures:

	ALX		ATLAX Group	
	Year ended 31 Dec 2022 $	Year ended 31 Dec 2021 $	Year ended 31 Dec 2022 $	Year ended 31 Dec 2021 $
Reimbursement of ATLIX's portion of expenses paid by ATLAX Group	**–**	–	**1,572,662**	147,837
Advisory and administrative service fees	**–**	–	**14,300,330**	16,119,039
Transfer of shareholder loans issued by CCPI	**–**	–	**245,131,989**	–

During the year, entities within the Groups received/(paid) the following from/(to) associates and joint ventures:

	ALX		ATLAX Group	
	Year ended 31 Dec 2022 $	Year ended 31 Dec 2021 $	Year ended 31 Dec 2022 $	Year ended 31 Dec 2021 $
Distributions received from MAF2	**406,888,038**	307,841,820	**–**	–
Cash payments from/(to) associates and joint ventures [(a)]	**8,767,562**	2,847,010	**(2,259,007)**	(1,195,606)

(a) For Atlas Arteria the cash payments reflect fees and reimbursements from MAF and MAF2 offset by reimbursement to Skyway Concession Company LLC and for the ATLAX Group the cash payments reflect reimbursements to TRIP II and Skyway Concession Company LLC.

All of the amounts represent payments on normal commercial terms made in relation to the provision of goods and services.

7 Other disclosures

7.1 Cash flow information

	ALX		ATLAX Group	
	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000
Reconciliation of profit after income tax to the net cash flows from operating activities				
Profit/(loss) from activities after income tax	**241,011**	163,697	**(25,948)**	(19,512)
Share of (profit)/loss of equity accounted investments	**(336,380)**	(284,051)	**13,619**	10,203
Net finance costs	**90,958**	131,346	**10,848**	(106)
Depreciation and amortisation	**1,932**	1,441	**1,092**	573
Amortisation of tolling concession	**64,313**	60,039	**–**	–
Changes in operating assets and liabilities				
Increase/(decrease) in deferred tax asset/(liability)	**3,103**	(35,767)	**45**	–
(Increase)/decrease in receivables	**(3,350)**	(698)	**(2,443)**	(1,063)
Increase/(decrease) in payables and other liabilities	**2,153**	5,274	**2,293**	3,436
Increase/decrease in maintenance provisions	**10,046**	6,225	**–**	–
Net cash inflow from operating activities	**73,786**	47,506	**(494)**	(6,469)

7.1.1 Net (debt)/cash reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	ALX		ATLAX Group	
	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000
Net (debt)/cash				
Cash and cash equivalents	**275,899**	229,389	**62,034**	42,758
Restricted cash	**215,575**	226,325	**–**	–
Lease liabilities – current	**(316)**	(447)	**(644)**	(718)
Lease liabilities – non-current	**(25,458)**	(24,486)	**(2,880)**	(3,596)
Borrowings – current	**(100,113)**	(92,300)	**–**	–
Borrowings – non-current	**(1,609,446)**	(1,532,061)	**–**	–
Net (debt)/cash	**(1,243,859)**	(1,193,580)	**58,510**	38,444
Cash	**275,899**	229,389	**62,034**	42,758
Restricted cash	**215,575**	226,325	**–**	–
Gross debt – fixed interest rates	**(1,690,127)**	(1,604,421)	**(3,524)**	(4,314)
Gross debt – variable interest rates	**(45,206)**	(44,873)	**–**	–
Net (debt)/cash	**(1,243,859)**	(1,193,580)	**58,510**	38,444

	Assets		Liabilities from financing activities		
ALX	Cash and cash equivalents $'000	Restricted Cash $'000	Borrowings – current $'000	Borrowings – non-current $'000	Total $'000
Net debt at 1 January 2021	**260,341**	**224,089**	**(54,467)**	**(1,490,881)**	**(1,060,918)**
Cash flows	(30,633)	(9,800)	–	–	(40,433)
Loan facilities	–	–	75,476	41,264	116,740
Lease principal payments	–	–	(1,541)	–	(1,541)
Other non-cash adjustments [(a)]	–	–	(101,269)	(30,913)	(132,182)
Foreign exchange adjustments	(319)	12,036	(10,946)	(76,017)	(75,246)
Net debt at 31 December 2021	**229,389**	**226,325**	**(92,747)**	**(1,556,547)**	**(1,193,580)**
Cash flows	41,571	(25,622)	–	–	15,949
Loan facilities	–	–	97,245	–	97,245
Lease principal payments	–	–	(1,779)	–	(1,779)
Other non-cash adjustments [(a)]	–	–	(101,867)	13,020	(88,847)
Foreign exchange adjustments	4,939	14,872	(1,281)	(91,377)	(72,847)
Net debt at 31 December 2022	**275,899**	**215,575**	**(100,429)**	**(1,634,904)**	**(1,243,859)**

(a) Relates to transfer of debt from non-current to current and unpaid interest that accrued during the year. The prior year also includes $50.3 million (€31.9 million) non-cash finance expense incurred as a result of extinguishing the legacy debt facility at Warnow Tunnel.

ATLAX Group	Cash and cash equivalents $'000	Total $'000
Net cash at 1 January 2021	**52,130**	**52,130**
Cash flows	(8,648)	**(8,648)**
Foreign exchange adjustments	(724)	**(724)**
Net cash at 31 December 2021	**42,758**	**42,758**
Cash flows	18,818	**18,818**
Foreign exchange adjustments	458	**458**
Net cash at 31 December 2022	**62,034**	**62,034**

7.2 Contingent liabilities and capital commitments

The Groups have not made any material guarantees as of 31 December 2022.

7.3 Remuneration of auditors

	ALX		ATLAX Group	
	Year ended 31 Dec 2022 $	Year ended 31 Dec 2021 $	Year ended 31 Dec 2022 $	Year ended 31 Dec 2021 $
Amounts paid or payable to PricewaterhouseCoopers Australia for:				
Audit and review services	**740,212**	810,000	**403,220**	408,750
Other assurance services [(a)]	**714,017**	–	**668,276**	–
Other services	**–**	25,000	**–**	25,000
	1,454,229	835,000	**1,071,496**	433,750
Amounts paid or payable to Network firms of PricewaterhouseCoopers for:				
Audit and review services	**438,808**	420,967	**44,335**	48,387
Taxation services [(b)]	**95,450**	97,545	**–**	–
	534,258	518,512	**44,335**	48,387
Amounts paid or payable to PricewaterhouseCoopers for:				
Audit, review and other assurance services	**1,893,037**	1,230,967	**1,115,830**	457,137
Taxation and other services	**95,450**	122,545	**–**	25,000
	1,988,487	1,353,512	**1,115,830**	482,137
Amounts paid or payable to non PricewaterhouseCoopers audit firms for:				
Audit services provided by Baker Tilly GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft ('Baker Tilly')	**86,482**	78,040	**–**	–
Audit services provided by Deloitte	**44,178**	–	**44,178**	
Other non-audit services	**39,658**	9,053	**19,037**	–
	170,318	87,093	**63,215**	–

(a) In the current year, other assurance services relate to Equity Raise due diligence and sustainability reporting reviews.

(b) Taxation services provided by network firms of the auditor relates to the filing of corporate income tax returns for the Groups' entities domiciled outside of Australia.

7.4 Share-based payments

STI Plan

The STI Plan applies to all Atlas Arteria staff based on a balance of financial and non-financial performance measures aligned with Atlas Arteria's short-term goals. For the executive team, following determination of the STI amount, 50% is paid in cash and 50% is deferred for one year and vests in unrestricted securities on terms determined by Atlas Arteria.

LTIP

The LTIP is designed to provide long-term incentives to key employees to deliver long-term securityholder returns. Under the plan, participants are granted performance rights which only vest if certain performance standards are met.

For the LTIP subject to the relative Total Securityholder Return (TSR) performance condition, the amount of performance rights that will vest depends on Atlas Arteria's relative TSR against the TSR performance of a peer group of companies approved by the Boards and in respect of awards granted after 1 January 2021 there is an additional performance condition that requires Atlas Arteria's absolute TSR to be positive for the performance period.

For the LTIP introduced in 2022 subject to the achievement of Atlas Arteria's strategic objectives, the amount of performance rights that will vest depends on clearly quantifiable improvements in securityholder value from the implementation of two strategic metrics; creating a clear pathway to sustainable cash flows from Dulles Greenway and improving the average concession life of the Atlas Arteria portfolio. For the executive team, this requires Atlas Arteria's absolute TSR to be positive for the performance period and the business case for the acquisition of the Chicago Skyway to be achieved.

Performance rights are granted under the plans for no consideration. These performance rights are exercisable at no consideration upon satisfaction of performance hurdles.

EE Plan

The EE Plan provides eligible employees (excludes the executive team) with an allocation of performance rights granted for no consideration. These performance rights are exercisable at no consideration upon satisfaction of the 3 year service condition.

Set out below are summaries of performance rights granted under the plans:

	ATLIX Group		ATLAX Group	
	Year ended 31 Dec 2022	Year ended 31 Dec 2021	Year ended 31 Dec 2022	Year ended 31 Dec 2021
	Number of equity instruments	Number of equity instruments	Number of equity instruments	Number of equity instruments
As at 1 January	**1,521,170**	1,155,757	**1,521,170**	1,155,757
Rights granted during the year under the LTIP	**615,724**	608,178	**615,724**	608,178
Securities granted during the year under the STI Plan	**188,737**	162,978	**188,737**	162,978
Rights granted during the year under the EE plan	**17,160**	24,780	**17,160**	24,780
Rights exercised during the year under the LTIP	**–**	–	**–**	–
Securities exercised during the year under the STI Plan	**(162,978)**	(155,024)	**(162,978)**	(155,024)
Rights exercised during the year under the EE plan	**–**	–	**–**	–
Rights forfeited during the year under the LTIP	**(484,282)**	(270,846)	**(484,282)**	(270,846)
Securities forfeited during the year under the STI Plan	**–**	–	**–**	–
Rights forfeited during the year under the EE plan	**(5,652)**	(4,653)	**(5,652)**	(4,653)
As at 31 December	**1,689,879**	1,521,170	**1,689,879**	1,521,170

The performance conditions of the 2020 LTI performance rights were tested in January 2023. The performance conditions were not satisfied at which time the rights were forfeited. LTI performance rights issued in 2021 that are outstanding at the end of the year will vest after the end of the performance period which ends on 31 December 2023 only if performance conditions are met. LTI performance rights issued in 2022 that are outstanding at the end of the year will vest after the end of the performance period which ends on 31 December 2024 only if performance conditions are met.

STI restricted securities issued in 2021 vested in December 2021. STI restricted securities issued in 2022 vested in December 2022 as the service conditions were met, however remain in a holding lock until the next trading window in 2023.

7.4.1 Fair value of performance rights granted

The assessed fair value at grant date of performance rights granted during the year ended 31 December 2022 range between $3.59 and $6.90 per performance right (2021: $2.95). The fair value at grant date is independently determined using an adjusted form of the Stochastic Model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the performance right, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the performance right and the correlations and volatilities of the peer group companies.

The expected price volatility is based on the historic volatility (based on the remaining life of the performance rights), adjusted for any expected changes to future volatility due to publicly available information.

7.4.2 Expenses arising from share-based payment transactions

	ATLIX Group		ATLAX Group	
	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000	Year ended 31 Dec 2022 $'000	Year ended 31 Dec 2021 $'000
Employee performance rights – LTIP	**323**	1,363	**1,268**	33
Employee performance rights – EE Plan	**45**	–	**128**	–
Employee securities – STI Plan	**254**	1,055	**1,085**	26
	622	2,418	**2,481**	59

7.5 Other accounting policies

This note provides a list of the significant accounting policies adopted in preparation of these Financial Reports to the extent they have not already been disclosed in the other notes above.

7.5.1 Transaction costs

Transaction costs related to an equity accounted investment are capitalised into the cost of the investment. Transaction costs arising on the issue of equity instruments are recognised directly in equity and those arising on borrowings are netted with the liability and included in interest expense using the effective interest method.

7.5.2 Goods and Services Tax (GST)

The amount of GST incurred by the Groups that is not recoverable from the Australian Taxation Office (ATO) is recognised as an expense or as part of the cost of acquisition of an asset or adjusted from the proceeds of securities issued. These expenses have been recognised in profit or loss net of the amount of GST recoverable from the ATO. Receivables and payables are stated at amounts exclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Consolidated Statements of Financial Position. Cash flows relating to GST are included in the Consolidated Statements of Cash Flows on a net basis.

7.5.3 Foreign currency translation

Functional and presentation currency

Items included in the Financial Reports of each of the Groups' entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Financial Reports are presented in Australian Dollars, which is the functional and presentation currency of ATLIX and ATLAX.

Transactions and balances

Foreign currency transactions are translated into the functional currency 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 period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Group companies

The results and financial position of the Groups' entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position
- Income and expenses for each Statement of Comprehensive Income are translated at exchange rates at the dates of transactions or at an average rate as appropriate
- All resulting exchange differences are recognised as a separate component of equity

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to securityholders' equity. When a foreign operation is disposed of, a proportionate share of such exchange differences are recognised in profit or loss as part of the gain or loss on disposal. 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.

7.5.4 Offsetting financial instruments

Financial assets and financial liabilities may be offset and the net amount reported on the Statement of Financial Position when there is a legally enforceable right to offset the amounts and either there is an intention to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously.

7.6 Events occurring after balance sheet date

In February 2023, the ATLIX Group agreed to refinance the CCPI shareholder loans for the same nominal amount with an interest rate of 7% per annum and maturity in February 2033. These loans will be reflected on the Atlas Arteria Statement of Financial Position as a financial asset at amortised cost.

On 12 February 2023, the ATLAX Group agreed the final acquisition price with the sellers of the Chicago Skyway.

The Directors of ATLIX and ATLAX are not aware of any other matters or circumstances not otherwise dealt with in the Financial Reports that has significantly affected or may significantly affect the operations of the Groups or the results of those operations or the state of affairs of the Groups in the years subsequent to the year ended 31 December 2022.

DIRECTORS' DECLARATION – ATLAS ARTERIA INTERNATIONAL LIMITED

The Directors of Atlas Arteria International Limited (ATLIX) declare that:

a) the Financial Report of ATLIX and its controlled entities (Atlas Arteria) and notes set out on pages 70 to 109:

   i) comply with Australian Accounting Standards and other mandatory professional reporting requirements; and

   ii) give a true and fair view of the financial position of Atlas Arteria as at 31 December 2022 and of its performance for the year ended on that date; and

b) there are reasonable grounds to believe that ATLIX will be able to pay its debts as and when they become due and payable.

The Directors confirm that the Financial Report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

Jeffrey Conyers
Chair
Atlas Arteria International Limited
Hamilton, Bermuda
22 February 2023

Caroline Foulger
Director
Atlas Arteria International Limited
Hamilton, Bermuda
22 February 2023

DIRECTORS' DECLARATION – ATLAS ARTERIA LIMITED

The Directors of Atlas Arteria Limited (ATLAX) declare that:

a) the Financial Report of ATLAX and its controlled entities (ATLAX Group) and notes set out on pages 70 to 109 are in accordance with the constitution of ATLAX and the *Corporations Act 2001*, including:

   i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   ii) giving a true and fair view of the financial position of the ATLAX Group as at 31 December 2022 and of its performance for the year ended as on that date; and

b) there are reasonable grounds to believe that ATLAX will be able to pay its debts as and when they become due and payable.

The Directors confirm that the Financial Report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the Directors.

Debra Goodin
Chair
Atlas Arteria Limited
Melbourne, Australia
23 February 2023

John Wigglesworth
Director
Atlas Arteria Limited
Melbourne, Australia
23 February 2023

Independent auditor's report

To the stapled security holders of Atlas Arteria International Limited and Atlas Arteria Limited

Report on the audits of the financial reports

Our opinion

In our opinion:

The accompanying financial reports of:

- Atlas Arteria International Limited (ATLIX) and its controlled entities and Atlas Arteria Limited (ATLAX) and its controlled entities, together Atlas Arteria or ALX; and
- Atlas Arteria Limited (ATLAX) and its controlled entities, together the ATLAX Group

are in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the financial positions of Atlas Arteria and the ATLAX Group as at 31 December 2022 and of their financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial reports of Atlas Arteria and the ATLAX Group comprise:

- the consolidated statements of financial position as at 31 December 2022
- the consolidated statements of comprehensive income for the year then ended
- the consolidated statements of changes in equity for the year then ended
- the consolidated statements of cash flows for the year then ended
- the notes to the financial reports, which include significant accounting policies and other explanatory information
- the directors' declarations.

Basis for opinion

We conducted our audits 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 reports* section of our report.

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

Independence

We are independent of the Atlas Arteria and the ATLAX 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 audits of the financial reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial reports are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial reports.

We tailored the scope of our audits to ensure that we performed enough work to be able to give an opinion on the financial reports as a whole, taking into account the geographic and management structure of Atlas Arteria and the ATLAX Group, their accounting processes and controls and the industry in which they operate.

Atlas Arteria invests in an international portfolio of toll roads, the most significant of which are:

- 31.14% interest in the APRR toll road group and a 31.17% interest in the ADELAC toll road network in France (together “APRR”), an equity accounted investment;
- 66.7% interest in the Chicago Skyway toll road bridge (“Chicago Skyway”) in the USA, an equity accounted investment;
- 100% economic interest in the Dulles Greenway in the USA (“Dulles Greenway”), which is consolidated; and
- 100% interest in Warnowquerung GmbH & Co (“Warnow Tunnel”) in Germany which is consolidated.

The ATLAX Group holds the following investments, both of which are equity accounted:

- 66.7% interest in Chicago Skyway; and
- 13.4% interest in Dulles Greenway.

We engaged with the auditors of APRR, Dulles Greenway, Chicago Skyway and Warnow Tunnel to report to us in respect of their audit procedures performed on the relevant toll road businesses.

Materiality

- Atlas Arteria materiality was $27.6 million, which represents approximately 2.5% of segment EBITDA (earnings before interest, tax, depreciation and amortisation).
- The ATLAX Group materiality was $26.6 million, which represents approximately 1% of its total assets.
- We applied these thresholds, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial reports as a whole.

- We used segment EBITDA as the materiality benchmark for Atlas Arteria as this reflects the performance of the underlying businesses and the proportion of their results attributable to Atlas Arteria. We applied a 2.5% threshold based on our professional judgement, noting that this is in the range of commonly acceptable thresholds.
- We used total assets as the materiality benchmark for the ATLAX Group because, in our view, it is the primary metric against which its performance is most commonly measured. The ATLAX Group's interests in Dulles Greenway and the Chicago Skway are recorded on its Statement of Financial Position as equity accounted investments. We applied a 1% threshold based on our professional judgement, noting that this is within a range of commonly acceptable thresholds.

Audit Scope

- Our audits focused on where Atlas Arteria and the ATLAX Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We decided the nature, timing and extent of work that needed to be performed by other auditors operating under our instructions (component auditors). For APRR, Dulles Greenway, Chicago Skyway and Warnow Tunnel, we determined the level of involvement we needed to have in the audit work performed by the component auditors to enable us to conclude whether sufficient appropriate audit evidence had been obtained. Our involvement included visiting the operations, meeting with the component audit teams, written instructions and reviewing a selection of component auditor workpapers.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audits of the financial reports for the current period. The key audit matters were addressed in the context of our audits of the financial reports as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committees.

Key audit matter	How our audit addressed the key audit matter
Carrying value of Atlas Arteria's Dulles Greenway tolling concession asset and the ATLAX Group's investment in associate in respect of Dulles Greenway *(Refer to notes 4.1 and 3.2)* Atlas Arteria has 100% economic interest in the Dulles Greenway tolling concession, which is a Cash Generating Unit (CGU). The tolling concession intangible asset in respect of Dulles Greenway is included in Atlas Arteria's total tolling concession intangible assets of $2.2 billion. The ATLAX Group has an equity accounted investment in the Dulles Greenway CGU of $97.2 million. During the year Atlas Arteria and the ATLAX Group performed an impairment assessment on the carrying value of the CGU. The assessment of the recoverable amounts of the assets were made on a fair value less costs of disposal (FVLCD) basis, using discounted cash flow models. No impairment expense was recorded.	We performed the following procedures, amongst others: • Assessed whether the composition of the CGU was consistent with our knowledge of Atlas Arteria and the ATLAX Group's operations. • Assessed whether the CGU appropriately included all directly attributable assets and liabilities. • Assessed that there were indicators of impairment during the year for Dulles Greenway, taking into consideration the requirements of Australian Accounting Standards. • Assessed whether the valuation methodology, which utilised a discounted cash flow model to estimate the recoverable amount of the Dulles Greenway, was consistent with the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
These assessments involved significant judgements, such as: • Forecasting future traffic volumes • Forecasting long-term inflation rates • Estimating toll price growth rates • Determining appropriate discount rate for the CGU The assessments of the carrying values of the tolling concession asset for Atlas Arteria and the investment in associates for the ATLAX Group relating to Dulles Greenway were a key audit matter due to the significant carrying value of these assets and the judgements involved in developing assumptions used in the discounted cashflow model which determine the recoverable amount of the CGU.	• Assessed whether the forecast cash flows in the impairment assessment were appropriate by performing the following procedures, amongst others: ○ Comparing traffic volume growth assumptions to third party economic projections. ○ Considered the ability of Atlas Arteria and the ATLAX Group to accurately forecast traffic volumes by comparing previous traffic forecasts to actual traffic volumes achieved. ○ Comparing long-term inflation rate assumptions to third party projections. ○ Comparing average toll price growth rate assumptions to the latest correspondence with the relevant authority, contractual arrangements and historical rate agreements where relevant. ○ With assistance from PwC valuation experts, we evaluated the appropriateness of the discount rate used for Dulles Greenway. This assessment was performed with reference to externally derived data where possible, including market expectations of investment return, projected economic growth, interest rates, valuations of comparable businesses and asset specific characteristics. • Performed sensitivity analysis on the key assumptions used in the impairment model. • Tested the mathematical accuracy of the impairment model on a sample basis, and • Evaluated the adequacy of the disclosures made in notes 4.1 and 3.2, in light of the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Consolidation of subsidiaries and equity accounting of associates and joint ventures *(Refer to notes 3.2 and 5.3)* Atlas Arteria applies equity accounting to its investments in APRR and Chicago Skyway and consolidates its investments in Dulles Greenway and Warnow Tunnel. The ATLAX Group applies equity accounting to its investments in Dulles Greenway and Chicago Skyway. Both Atlas Arteria and the ATLAX Group exercise judgement in the application of Australian Accounting Standards in determining the basis of accounting for their investments in these assets. In the application of equity and consolidation accounting, management is required to make a number of adjustments to the underlying financial information of each business to ensure alignment to Australian Accounting Standards and to Atlas Arteria and the ATLAX Group's accounting policies. This is a key audit matter because certain of the adjustments involved in the application of equity and consolidation accounting are material and complex in nature. Such adjustments include: • adjusting the results of international subsidiaries and investments in associates and joint ventures prepared using local accounting standards and policies to reflect Australian Accounting Standards as applied through the Atlas Arteria and the ATLAX Group accounting policies • adjusting the results of equity investees to reflect equity accounting adjustments required to arrive at Atlas Arteria and the ATLAX Group's share of profits from associates.	We considered the appropriateness of Atlas Arteria and the ATLAX Group's conclusions on the application of equity accounting and consolidation of investments in light of the requirements of Australian Accounting Standards. In doing so, we read and developed an understanding of the contractual arrangements for each investment. We gained an understanding of operational developments and local accounting policies of the subsidiaries and associates and the nature and extent of any accounting standard or accounting policy adjustments required to align with those of Atlas Arteria or the ATLAX Group. On a sample basis, we reperformed the calculation of the adjustments to assess consistency with this understanding and to check for mathematical accuracy. Upon receipt of audited financial information for Dulles Greenway, Chicago Skyway and Warnow Tunnel, we tested management's calculations of the adjustments on a sample basis, checking for mathematical accuracy and consistency with the Atlas Arteria and ATLAX Group accounting policies. These adjustments impact: • Atlas Arteria's consolidated statement of comprehensive income and consolidated statement of financial position; • Atlas Arteria's share of net profits from equity accounted investments and the carrying value of the equity accounted investments in APRR and Chicago Skyway and • the ATLAX Group's share of associates and joint ventures net profits or losses and the carrying values of Dulles Greenway and Chicago Skyway. We evaluated the adequacy of the disclosures made in notes 3.2 and 5.3, in light of the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Provision for toll road maintenance *(Refer to notes 3.2 and 4.4)* Atlas Arteria and the ATLAX Group have investments in toll roads. These businesses hold a contractual right under a concession agreement to toll users of the roads in return for the capital and expertise required to build, maintain and operate the roads. Atlas Arteria and the ATLAX Group are subject to a number of contractual obligations under the concession agreements. The concession agreements contain clauses that require the concession holders of the Dulles Greenway, APRR, Chicago Skyway and Warnow Tunnel to maintain the toll roads to a specified standard and to return the asset to the relevant authority in a certain condition at the completion of the concession period. This results in the recognition of provisions for these contractual maintenance obligations. The obligations for the Dulles Greenway and Warnow Tunnel are included in the provision for toll road maintenance of $39.5 million per note 4.4. The obligations in respect of APRR form part of the carrying value of Atlas Arteria's equity accounted investment. The obligations in respect of Chicago Skyway form part of the carrying value of Atlas Arteria and the ATLAX Group's equity accounted investments. Estimating maintenance provisions requires significant judgement and assumptions, including the following: • The nature and extent of future maintenance activities required • Forecast cash flows associated with these future maintenance activities and timing of when they will be required • The time period over which a maintenance life cycle of each asset category is deemed to be required • Discount rate and inflation rate applied to future cash flows to bring them to their present value. We considered this to be a key audit matter due to the judgement needed to assess the quantum of the provision for toll road maintenance.	We obtained Atlas Arteria and the ATLAX Group's assessments of maintenance obligations under each of the concession agreements. These assessments include an estimate of the cost and timing of the required maintenance activities, which forms the basis of the models used to calculate the provision. We evaluated these assessments in light of the requirements of Australian Accounting Standards. We evaluated and tested key assumptions utilised in the models by performing the following procedures, amongst others: • Evaluated the process by which the models, including maintenance cost forecasts, were developed. • Considered whether the relevant obligations in the concession agreements were appropriately reflected in the provision. • Compared forecast maintenance expenditure to other information produced by the Atlas Arteria and the ATLAX Group. • Compared previous cost forecasts to actual expenditure incurred. • Assessed the appropriateness of the estimated timing of the cash outflows and asset life cycles with reference to third party reports and Atlas Arteria's maintenance policy. • Considered the appropriateness of the discount rates and inflation rates utilised in the models by comparing them to current market consensus rates, including long term government bond yields and long-term target inflation by governments in each location. • Checked the mathematical accuracy of the models by reperforming a selection of calculations therein. We evaluated the adequacy of the disclosures made in note 4.4, in light of the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Initial recognition of investment in Chicago Skyway *(Refer to note 3.2) $2.8 billion* During the year, the ATLAX Group acquired a 67% equity interest in the Chicago Skyway toll road. This has been accounted for as a joint venture by Atlas Arteria and the ATLAX Group, and the investment was recognised at its acquisition cost of $2.8 billion. The ATLAX Group entered into derivative contracts to hedge the foreign currency risk on the purchase price. The accounting for the acquisition was a key audit matter because it was a significant transaction for Atlas Arteria and the ATLAX Group. The initial recognition of the investment required accounting judgements, including: • The determination that the investment should be accounted for as a joint venture • Application of hedge accounting and recognition of hedge gains and losses in the cost of the investment • Determination of the cost of the investment to be recognised, including directly related transaction costs incurred by ATLAX.	We considered the appropriateness of Atlas Arteria and the ATLAX Group's conclusions that the investment in Chicago Skyway is a joint venture and should be accounted under the equity method notwithstanding the 67% ownership of the asset, in light of the requirements of Australian Accounting Standards. In doing so, we read and developed an understanding of the key transaction agreements and shareholder arrangements for the Chicago Skyway asset. We evaluated the application of hedge accounting to the foreign exchange risk associated with this transaction in the light of the requirements of Australian Accounting Standards. In relation to the cost of the investment, our procedures included, amongst others: • Read and understood the purchase and sale agreement • Obtained evidence of cash paid to the vendors • For a selection of transaction costs, we obtained supporting evidence such as purchase invoices. • Recalculated the gains on the foreign derivatives recognised in the cost of the investment

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Reports for Atlas Arteria and ATLAX for the year ended 31 December 2022, but does not include the financial reports and our auditor's reports thereon.

Our opinion on the financial reports does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of these auditor's reports, 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 reports

The directors of the ATLIX and ATLAX are responsible for the preparation of the financial reports that give 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 reports that gives a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors are responsible for assessing the ability of Atlas Arteria and the ATLAX 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 Atlas Arteria or the ATLAX Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audits of the financial reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue auditor's reports that include our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audits 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 the financial reports.

A further description of our responsibilities for the audits of the financial reports is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 48 to 69 of the directors' report for the year ended 31 December 2022.

In our opinion, the remuneration report of ATLIX and ATLAX for the year ended 31 December 2022 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of ATLIX and ATLAX 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.

PricewaterhouseCoopers

Ben Gargett
Partner

Melbourne
23 February 2023

SECURITYHOLDER INFORMATION

As at 31 January 2023

Distribution of securities

Investor ranges	Holders	Total securities	% of issued securities
1 – 1,000	10,036	3,656,550	0.25
1,001 – 5,000	7,853	19,794,374	1.36
5,001 – 10,000	2,308	16,554,361	1.14
10,001 – 100,000	2,000	45,894,693	3.16
100,001 Over	99	1,364,933,729	94.08
Total	**22,296**	**1,450,833,707**	**100.00**
Investors with less than the minimum marketable parcel[1]	**2,202**	**49,019**	**0.00**

1. Minimum marketable parcel is $500.00 equating to 73 shares at $6.86 per security.

Twenty largest investors

Investor		Number of securities	% of issued securities
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	588,587,873	40.57
2	DIAMOND INFRACO 1 PTY LTD C/- THE TRUST COMPANY LTD	262,824,348	18.12
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	247,311,477	17.05
4	CITICORP NOMINEES PTY LIMITED <DOMESTIC HIN A/C>	120,637,820	8.32
5	NATIONAL NOMINEES LIMITED	37,092,981	2.56
6	BNP PARIBAS NOMS PTY LTD <DRP>	26,335,725	1.82
7	MUTUAL TRUST PTY LTD	11,094,522	0.76
8	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	10,556,179	0.73
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	10,338,534	0.71
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	7,055,314	0.49
11	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	4,338,467	0.30
12	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	3,681,167	0.25
13	DIAMOND INFRACO 1 PTY LTD	3,464,996	0.24
14	BNP PARIBAS NOMS (NZ) LTD <DRP>	3,051,865	0.21
15	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	2,670,831	0.18
16	BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	1,405,597	0.10
17	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	1,405,069	0.10
18	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	1,320,000	0.09
19	INVIA CUSTODIAN PTY LIMITED <INCOME POOL A/C>	1,159,925	0.08
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,135,572	0.08
Total		**1,345,468,262**	**92.74**

Details of substantial stapled securityholders

Holder	Date of most recent substantial holder notice	Number of securities	% of issued securities
Vanguard Group	6 December 2021	48,036,591	5.01%
Blackrock Group	29 September 2022	75,083,643	5.51%
Diamond Infraco 1 Pty Ltd (IFM Group)	5 October 2022	261,290,456	19.18%
Lazard Asset Management	6 October 2022	133,882,579	9.83%
State Street Corporation	2 November 2022	80,227,443	5.53%
First Sentier Investors Holdings Pty Limited	20 December 2022	91,238,237	6.29%
Mitsubishi UFJ Financial Group, Inc.	22 December 2022	91,238,237	6.29%

CORPORATE DIRECTORY

ATLAS ARTERIA LIMITED

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Directors

Debbie Goodin, Independent Non-executive Chair
Graeme Bevans, Executive Director
David Bartholomew, Independent Non-executive Director
Jean-Georges Malcor, Independent Non-executive Director
John Wigglesworth, Independent Non-executive Director

Secretaries

Clayton McCormack, General Counsel and Company Secretary
Paul Lynch, Joint Company Secretary

ATLAS ARTERIA INTERNATIONAL LIMITED

4th Floor North, Cedar Avenue
41 Cedar Avenue
Hamilton HM12 Bermuda

Directors

Jeffrey Conyers, Independent Non-executive Chair
Fiona Beck, Independent Non-executive Director
Andrew Cook, Independent Non-executive Director
Caroline Foulger, Independent Non-executive Director
Debbie Goodin, Independent Non-executive Director

Secretary

Sheena Dottin

REGISTRY

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