



ServiceStream

22 February 2024

Office of Company Secretary

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Company Announcements
Australian Securities Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000
AUSTRALIA

Dear Sir/Madam

RE: Service Stream Limited - FY24 Appendix 4D and Half Year Report

Please find attached Service Stream Limited's (SSM) Appendix 4D and Half Year Financial Report for the half-year ending 31 December 2023, for immediate release to the market.

Yours faithfully,

Chris Chapman
Company Secretary
Service Stream Limited

This document has been authorised for release by the Board of Directors.

For further information on this announcement, please contact:

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Service Stream Limited

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Service Stream Limited

ABN 46 072 369 870

Appendix 4D (rule 4.2A) Half-Year Ended 31 December 2023

(Previous corresponding period:
Half-year ended 31 December 2022)

Results for announcement to the market

Half-Year ended	31 Dec 23 \$'000	31 Dec 22 \$'000	% change
Revenue from ordinary activities	1,134,020	955,415	18.7%
Profit/(Loss) from ordinary activities after tax	12,766	(6,287)	303.1%
Net profit/(loss) attributable to members	12,766	(6,287)	303.1%
Underlying EBITDA from Operations ¹	63,257	55,032	14.9%
Underlying Net Profit After Tax Adjusted (NPAT-A) ²	25,172	17,137	46.9%

1. EBITDA from Operations is calculated as earnings before interest, tax, depreciation and amortisation, non-operational costs and joint venture proportionate consolidation adjustments. Underlying EBITDA from Operations excludes the impact of the Queensland Utility onerous contract.

2. Net profit after tax adjusted for amortisation of customer contracts, non-operational costs and impact of the Queensland Utility onerous contract.

A reconciliation of Underlying EBITDA from Operations and NPAT-A to statutory profit after tax is provided on page 3. Refer to Note 4 for details on non-operational costs in the interim financial statements.

The Directors have declared an interim dividend of 2.0 cents per share with respect to the half-year ended 31 December 2023 (December 2022 interim: 0.5 cents per share).

Net Tangible Asset Backing	31 Dec 23 cents	31 Dec 22 cents
Consolidated net tangible assets per share	7.36	1.14

The Appendix 4D should be read in conjunction with Service Stream Limited's most recent annual financial report.

Interim Report

for the half-year ended 31 December 2023

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Directors' Report

The Directors of Service Stream Limited (“the Company”) present their report together with the Condensed Consolidated Interim Financial Statements of the Company and its controlled entities (“the Group”) for the half-year ended 31 December 2023 and Independent Auditor’s Review Report thereon.

Directors

The following persons were Directors of the Company during the whole of the half-year and up to the date of this report, unless otherwise stated:

Brett Gallagher (Chairman)

Leigh Mackender (Managing Director)

Martin Monro

Elizabeth Ward

Sylvia Wiggins

Peter Dempsey (retired on 18 October 2023)

Nick Miller (appointed on 1 November 2023; retired on 16 January 2024)

Principal Activities

Service Stream is an essential services provider in Australia. The Group designs, constructs, operates and maintains critical infrastructure networks across the Telecommunications, Utilities and Transport sectors. Services are provided on behalf of government, government related entities, private asset owners and network operators.

Review of Operations

Information in the Operating and Financial Review is based on the Consolidated Interim Financial Statements. Non-IFRS measures presented are used internally by management to assess the performance of the business and make decisions on the allocation of resources.

A full review of operations of the Group is contained in the Australian Securities Exchange announcement dated 22 February 2024.

Key financial highlights for the half-year ended 31 December 2023 include:

- Revenue of \$1,134.0m, an increase of \$178.6m (18.7%) compared to first half FY23, driven by growth delivered across:
 - the fixed line and wireless work programs in the Telecommunications division; and
 - the Industrials, Power and Water sectors in the Utilities division.
- Underlying EBITDA from Operations was \$63.3m (up 14.9%) led by strong contribution from the Telecommunications and Utilities divisions.
- Statutory NPAT was \$12.8m, up \$19.1m for the half due to the earnings drivers outlined above. This was partially offset due to the impact of the Queensland Utility onerous contract and a higher tax expense.
- Operating cash flow for the period of \$59.3m, compared to \$9.7m in the first half of FY23, was driven by the strong operational performance from the Telecommunications division.

Review of Operations (continued)

\$'000	FY24 1st half	FY23 1st half	Change	
Revenue	1,134,020	955,415	178,605	18.7%
EBITDA from Operations ¹	53,457	34,891	18,566	53.2%
Non-operational costs	-	(1,634)	1,634	100.0%
Joint venture adjustments	(496)	(590)	94	15.9%
Depreciation & amortisation	(21,638)	(23,190)	1,551	6.7%
Gain/(loss) on disposal of fixed assets	595	(4,078)	4,673	114.6%
Amortisation of customer contracts / relationships	(7,800)	(7,567)	(233)	(3.1%)
EBIT	24,118	(2,168)	26,286	1212.4%
Net financing costs	(5,829)	(6,787)	958	14.1%
Income tax (expense)/benefit	(5,523)	2,668	(8,191)	(307.0%)
Net profit after tax	12,766	(6,287)	19,053	303.1%
Cashflow & Capital Management:				
Operating cashflow	59,271	9,736	49,535	508.8%
Net cash / (debt) ³	3,300	(91,153)	94,453	103.6%
Statutory basic EPS (cents)	2.07	(1.02)	3.09	302.9%
Dividends declared per share (cents)	2.0	0.5	1.50	300.0%
Adjusted Profitability ⁴:				
Total Revenue	1,173,801	993,596	180,205	18.1%
Underlying EBITDA from Operations ²	63,257	55,032	8,225	14.9%
<i>Underlying EBITDA from Operations %</i>	5.4%	5.5%	(0.1%)	n/a
Adjusted NPAT (NPAT-A)	25,172	17,137	8,035	46.9%
Adjusted EPS (cents)	4.09	2.78	1.31	46.9%

¹Earnings before interest, tax, depreciation and amortisation, non-operational costs and joint venture proportionate consolidation adjustments.

²Underlying EBITDA from Operations excludes the impact of the QLD Utility onerous contract.

³Net cash / (debt) excludes lease liabilities and capitalised establishment fees.

⁴Adjusted profitability includes non-IFRS measures that have been adjusted for non-operational costs, amortisation of customer contracts, proportionate consolidation of equity-accounted joint ventures and impact of the QLD Utility onerous contract. Refer to the reconciliation between IFRS and non-IFRS financial information for further details on page 3.

Review of Operations (continued)

Reconciliation between IFRS and non-IFRS financial information

\$'000	FY24 1st half	FY23 1st half
Underlying EBITDA from Operations	63,257	55,032
- Onerous contract provision for QLD Utility project	(9,800)	(20,141)
EBITDA from Operations	53,457	34,891
- Adjustment for joint ventures	(496)	(590)
- Non-operational costs (before tax)	-	(1,634)
- Depreciation and amortisation	(29,438)	(30,757)
- Gain/(loss) on disposal of assets	595	(4,078)
- Financing costs	(5,829)	(6,787)
- Tax (expense)/benefit	(5,523)	2,668
Net profit/(loss) after tax	12,766	(6,287)
Add-back:		
- Customer relationships (tax effected)	5,546	5,298
- Non-operational costs (after tax)	-	4,028
- Onerous contract provision for QLD Utility project (tax effected)	6,860	14,098
NPAT-A	25,172	17,137
Adjusted EPS (cents)	4.09	2.78

Events subsequent to balance date

There has not been any matter or circumstance occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Rounding of amounts

The Company is of the kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with that Instrument.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors,



Brett Gallagher
Chairman
22 February 2024



Leigh Mackender
Managing Director
22 February 2024



Auditor's Independence Declaration

As lead auditor for the review of Service Stream Limited for the half-year ended 31 December 2023, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Service Stream Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'Andrew Cronin', is written over a faint, light blue grid background.

Andrew Cronin
Partner
PricewaterhouseCoopers

Melbourne
22 February 2024

Consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2023

	31 Dec 2023 [^] \$'000	31 Dec 2022 Restated ^{^^} \$'000
Revenue from continuing operations		
Revenue from contracts with customers	1,132,524	954,054
Other income	1,406	1,361
	1,134,020	955,415
Expenses		
Employee salaries and benefits	(313,332)	(264,853)
Subcontractor fees & site fees	(658,068)	(530,811)
Raw materials and consumables used	(64,175)	(80,915)
Depreciation and amortisation	(29,438)	(30,757)
Gain/(loss) on disposal of assets	595	(4,078)
Net finance costs	(5,829)	(6,787)
Other expenses	(46,642)	(47,543)
Share of profits from investment in joint ventures and associates	1,158	1,374
Profit/(Loss) before tax	18,289	(8,955)
Income tax (expense)/ benefit	(5,523)	2,668
Profit/(Loss) for the period	12,766	(6,287)
Total comprehensive income/(loss) for the period	12,766	(6,287)
Profit/(Loss) attributable to the equity holders of the parent	12,766	(6,287)
Total comprehensive income/(loss) attributable to equity holders of the parent	12,766	(6,287)
Earnings/(loss) per share		
Basic (cents per share)	2.07	(1.02)
Diluted (cents per share)	2.03	(1.01)

[^]The Group's presentation of expenses has changed from the prior period. Refer to Note 12(i) for details.

^{**}See note 12(ii) for details regarding the restatement as a result of reclassification of expenses.

Consolidated statement of financial position at 31 December 2023

	Notes	31 Dec 2023 \$'000	30 Jun 2023 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		73,300	84,267
Trade and other receivables		151,017	186,120
Inventories		20,789	16,445
Accrued revenue		294,039	254,436
Other assets		5,675	11,038
Total current assets		544,820	552,306
Non-current assets			
Investments accounted for using the equity method		7,100	8,567
Property, plant and equipment		35,934	43,017
Right-of-use assets		56,758	50,189
Intangible assets		427,927	437,028
Total non-current assets		527,719	538,801
Total assets		1,072,539	1,091,107
LIABILITIES			
Current liabilities			
Trade and other payables	6	314,650	301,780
Provisions		74,561	72,540
Lease liabilities		20,786	19,487
Current tax liabilities		87	3,096
Total current liabilities		410,084	396,903
Non-current liabilities			
Deferred tax liability (net)		74,732	69,671
Provisions		7,087	6,806
Borrowings	7	68,890	118,612
Lease liabilities		38,575	33,757
Total non-current liabilities		189,284	228,846
Total liabilities		599,368	625,749
Net assets		473,171	465,358
EQUITY			
Capital and reserves			
Contributed equity	8	498,749	499,682
Reserves		(7,848)	(9,988)
Accumulated losses		(17,730)	(24,336)
Total equity		473,171	465,358

Notes to the financial statements are included on pages 9 to 15

Consolidated statement of changes in equity

for the half-year ended 31 December 2023

	Contributed equity	Employee equity-settled benefits reserve	Retained earnings/ (Accumulated losses)	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	499,682	(12,024)	(19,562)	468,096
Loss for the period	-	-	(6,287)	(6,287)
Total comprehensive loss for the period	-	-	(6,287)	(6,287)
Equity-settled share-based payments, inclusive of tax adjustments	-	1,020	-	1,020
Issue of shares (net of transaction costs)	-	-	-	-
Acquisition of treasury shares	-	-	-	-
Issue of treasury shares to employees	-	-	-	-
Dividends paid	-	-	(6,157)	(6,157)
Balance at 31 December 2022	499,682	(11,004)	(32,006)	456,672
Balance at 1 July 2023	499,682	(9,988)	(24,336)	465,358
Profit for the period	-	-	12,766	12,766
Total comprehensive income for the period	-	-	12,766	12,766
Equity-settled share-based payments, inclusive of tax adjustments	-	2,140	-	2,140
Issue of shares (net of transaction costs)	-	-	-	-
Acquisition of treasury shares	(933)	-	-	(933)
Issue of treasury shares to employees	-	-	-	-
Dividends paid	-	-	(6,160)	(6,160)
Balance at 31 December 2023	498,749	(7,848)	(17,730)	473,171

Consolidated statement of cash flows

for the half-year ended 31 December 2023

	Half year ended	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
<i>Cash flows from operating activities</i>		
Receipts from customers (including GST)	1,258,342	964,877
Payments to suppliers and employees (including GST)	(1,193,494)	(943,675)
Cash generated from operations before interest and tax	64,848	21,202
Interest received	1,090	314
Interest and facility costs paid	(6,283)	(7,101)
Income taxes paid	(3,009)	(4,679)
Dividends from joint ventures	2,625	-
Net cash provided by operating activities	59,271	9,736
<i>Cash flows from investing activities</i>		
Payments for plant and equipment	(3,482)	(2,220)
Proceeds from the sale of plant and equipment	3,569	2,252
Payments for intangible assets	(1,416)	(1,817)
Net cash used in investing activities	(1,329)	(1,785)
<i>Cash flows from financing activities</i>		
Proceeds from borrowings	-	85,201
Purchase of treasury shares	(933)	-
Repayments of borrowings	(50,000)	(40,000)
Principal elements of lease payments	(11,816)	(11,146)
Dividends paid	(6,160)	(6,157)
Net cash (used in) / provided by financing activities	(68,909)	27,898
Net (decrease) / increase in cash held	(10,967)	35,849
Cash at the beginning of the period	84,267	68,677
Cash at the end of the period	73,300	104,526

Notes to the financial statements are included on pages 9 to 15

Notes to the consolidated financial statements for the half-year ended 31 December 2023

1 Significant accounting policies

Basis of preparation of half-year report

Service Stream Limited (the “Company”) is a company limited by shares that are publicly traded on the Australian Securities Exchange. These financial statements have been prepared as a consolidation of the financial statements of Service Stream Limited and its controlled entities (the “Group”). The Group is a for-profit entity. Entities within the Group are domiciled and incorporated in Australia.

This consolidated interim financial report for the half-year reporting period ended 31 December 2023:

- Has been prepared in accordance with *Corporations Act 2001* and Accounting Standard AASB 134 *Interim Financial Reporting*. In accordance with this standard, the interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Service Stream Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.
- Is presented in Australian dollars, which is the Group’s functional and presentation currency
- Has been rounded to the nearest thousands of dollars, unless otherwise stated, in accordance with *ASIC Corporations (rounding in financial report and directors’ report) Instrument 2016/191*; and
- Has adopted all accounting policies in accordance with Australian accounting standards and consistent with those of the previous financial year and corresponding interim reporting period with the exception of the below.

Key estimates and judgements

Significant estimates and judgements made in the application of the Company’s accounting policies are consistent with those described in the annual financial report for the year ended 30 June 2023.

The interim financial statements were authorised for issue by the Directors on 22 February 2024. The Directors have the power to amend and reissue the interim financial statements.

2 Segment information

The Group’s operating segments have been determined based on the nature of the business activities undertaken by the Group and by reference to the structure of internal reporting that is prepared and provided to the chief operating decision maker, being the Managing Director, who provides the strategic direction and management oversight of the Group in terms of monitoring results and approving strategic planning for the business.

The principal services of the Group’s reportable segments are as follows:

Telecommunications	Telecommunications provides a wide range of operations, maintenance, installation, design and construction services to the owners of fixed-line and wireless telecommunication networks in Australia. Service capability includes customer connections, service and network assurance, site acquisition, engineering, design, construction and installation of broadband, wireless and fixed-line project services, as well as minor projects for asset remediation, augmentation and relocation.
Utilities	Utilities provides a broad range of operations, maintenance, design and construction services to gas, water and electricity network owners, industrial asset owners and other customers in Australia. Service capability includes asset maintenance, upgrades and replacement, engineering, design and construction of network assets, meter reading and network assurance, as well as specialist inspection, auditing and compliance services.
Transport	Transport provides long-term operational support and maintenance services to public and private road and tunnel asset owners. Service capabilities include road network maintenance, control room operations, minor civil construction services and installation and operation of Intelligent Transport Systems (ITS).

2 Segment information (continued)

Performance is measured on the segment result which is EBITDA from Operations (earnings before depreciation and amortisation, interest, taxation, and non-operational costs) as included in the internal management reports that are reviewed by the Managing Director.

The segment results include the allocation of overheads that can be directly attributable to an individual business segment. Certain non-operational costs including financing and income taxes are managed at the Group level and are not allocated to operating segments. The information presented to the Managing Director does not report on segment assets and liabilities and as such these are not presented in this report.

31 December 2023	Telecomm-unications	Utilities	Transport	Eliminations/unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue	595,967	474,446	61,971	140	1,132,524
Other income	-	1,319	107	70	1,496
Share of revenue from joint ventures	-	-	39,781	-	39,781
Total revenue (including joint ventures)¹	595,967	475,765	101,859	210	1,173,801
EBITDA from Operations²	52,548	6,415	6,792	(12,298)	53,457

31 December 2022	Telecomm-unications	Utilities	Transport	Eliminations/unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue	458,174	408,345	87,257	278	954,054
Other income	-	499	862	-	1,361
Share of revenue from joint ventures	-	-	38,181	-	38,181
Total revenue (including joint ventures)¹	458,174	408,844	126,300	278	993,596
EBITDA from Operations²	41,412	(7,658)	8,129	(6,992)	34,891

- 1 This is a non-statutory disclosure as it includes other income and Service Stream's share of revenue from equity accounted joint ventures.
- 2 Performance is measured using EBITDA from Operations. Non-operational cost items include acquisition and integration costs associated with the Lendlease Services transaction (refer note 4).

Reconciliation of EBITDA from Operations to net profit after tax	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
EBITDA from Operations	53,457	34,891
Adjustments for joint ventures	(496)	(590)
Depreciation and amortisation	(29,438)	(30,757)
Gain/(Loss) on disposal of assets	595	(4,078)
Non-operational costs (before tax) (refer note 4)	-	(1,634)
Net finance costs	(5,829)	(6,787)
Income tax (expense)/benefit	(5,523)	2,668
Net profit / (loss) after tax	12,766	(6,287)

3 Disaggregation of segment revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time. The table below provides a disaggregation of operating segment revenues from contracts with customers.

31 December 2023	Telecomm- unications	Utilities	Transport	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue	595,967	474,446	61,971	140	1,132,524
Intra / Inter-segment revenue	-	-	-	-	-
Revenue from contracts with customers	595,967	474,446	61,971	140	1,132,524
Timing of revenue recognition					
At point in time	231,639	253,825	8,487	140	494,091
Over time	364,328	220,621	53,484	-	638,433
Revenue from contracts with customers	595,967	474,446	61,971	140	1,132,524

31 December 2022	Telecomm- unications	Utilities	Transport	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue	458,174	408,345	87,257	534	954,310
Intra / Inter-segment revenue	-	-	-	(256)	(256)
Revenue from contracts with customers	458,174	408,345	87,257	278	954,054
Timing of revenue recognition					
At point in time	191,937	251,385	18,980	278	462,580
Over time	266,237	156,960	68,277	-	491,474
Revenue from contracts with customers	458,174	408,345	87,257	278	954,054

4 Non-operational costs

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Individual non-operational items included in statement of profit and loss		
Acquisition and integration costs ¹	-	1,634
Non-operational costs excluded from EBITDA from Operations	-	1,634
Write-off of software assets ²	-	4,121
Total non-operational costs	-	5,755
Tax on non-operational costs	-	(1,726)
Non-operational costs after tax	-	4,029

¹ Costs associated with the acquisition and integration of Lendlease Services Pty Ltd.
Write-off of software assets acquired as part of the Lendlease Services acquisition.

5 Dividends

The Directors have declared an interim dividend of 2.0 cents per share (Dec 2022: 0.5 cents per share).

6 Trade and Other Payables

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Trade creditors	82,782	74,996
Sundry creditors and accruals	115,878	120,096
Goods and services tax payable	5,318	11,601
Income in advance	110,672	95,087
	314,650	301,780

7 Borrowings

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Non-current		
Borrowings	70,000	120,000
Establishment Fees	(1,110)	(1,388)
	68,890	118,612

The Group's borrowing arrangement consist of syndicated unsecured debt facilities of \$395 million maturing in November 2025. Key terms and conditions associated with these facilities remain unchanged from prior year. The Group is in compliance with its lending covenants as at, and during the six month period ended 31 December 2023.

8 Contributed Equity

	2023		2022	
	No.'000	\$'000	No.'000	\$'000
(i) Contributed equity				
Balance at 1 July	615,953	499,682	615,953	499,682
Issue of shares (net of transaction costs)	-	-	-	-
Dividend reinvestment plan	-	-	-	-
Balance at 31 December	615,953	499,682	615,953	499,682
(ii) Other equity				
Balance at 1 July	-	-	-	-
Acquisition of treasury shares	(1,000)	(933)	-	-
Shares issued under employee share schemes	-	-	-	-
Balance at 31 December	(1,000)	(933)	-	-
Total contributed equity	614,953	498,749	615,953	499,682

The Company issued nil ordinary shares in the current interim reporting period (Dec 2022: nil).

9 Intangible assets and impairment

In accordance with Australian Accounting Standards, the Group is required to perform impairment testing at least annually and at any time when indicators of impairment exist.

At 31 December 2023, each of Service Stream's cash generating units (CGUs) were reviewed for indicators of impairment using both external and internal sources of information. This included, but was not limited to, an assessment of financial performance against expectations and any adverse changes in market or economic conditions affecting the CGUs. There were no indicators of impairment identified relating to any of the CGUs, hence no impairment assessment was performed.

However, referring to Note 14 (d) of the June 2023 Annual Report, Management notes that the Utilities CGU had limited headroom by which its recoverable amount exceeded the carrying value of its assets. Therefore, any reasonable possible change to key assumptions would lead to an impairment expense for the CGU.

10 Joint arrangements

(a) Joint operations

Delivering for Customers (D4C) and The Intelligent Freeways Alliance (IFA) are classified as joint operations and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in Note 33(b) of the annual report for the year ended 30 June 2023. There were no changes to this arrangement for the half year ended 31 December 2023.

(b) Details of joint ventures and associates

Ownership interest and measurement basis for equity accounted investment have not changed since prior year.

Reconciliation of carrying amount in joint ventures and associates:

	6 month period to 31 Dec 2023 \$'000	12 month period to 30 Jun 2023 \$'000
Interest in joint ventures at the beginning of the financial period/ year	8,567	5,606
Total share of profit	1,158	4,662
Dividends received	(2,625)	(1,701)
Interest in joint ventures at the end of the financial period/ year	7,100	8,567

11 Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

12 Change in presentation of consolidated statement of profit or loss and other comprehensive income

(i) Change in presentation of expenses

The Group has reviewed the expense categories disclosed and determined that the revised presentation below is most relevant for the users of the financial statements:

1. Motor vehicle expenses typically relate to management of fleet costs that are typically used on projects or on-site, therefore classification as subcontractor fees and site costs is appropriate.
2. Consulting, company administration and insurance expense, occupancy expenses and technology and communication services are primarily ancillary support related service expenses and therefore classification as other expenses is appropriate.

	31 Dec 2022 \$'000	(Increase)/ Decrease 31 Dec 2022 \$'000	(Restated) 31 Dec 2022 \$'000
Expenses (excluding income tax expense)			
Employee salaries and benefits	(225,317)	-	(225,317)
Subcontractor fees and site fees	(572,852)	(7,627)	(580,479)
Raw materials and consumables used	(76,964)	-	(76,964)
Consulting and temporary staff fees	(14,258)	14,258	-
Company administration and insurance expenses	(6,874)	6,874	-
Occupancy expenses	(3,915)	3,915	-
Technology and communication services	(13,109)	13,109	-
Motor vehicle expenses	(7,627)	7,627	-
Depreciation and amortisation	(30,757)	-	(30,757)
Gain/(Loss) on disposal of assets	(4,078)	-	(4,078)
Net finance costs	(6,787)	-	(6,787)
Other expenses	(3,206)	(38,156)	(41,362)
Total Expenses¹	(965,744)	-	(965,744)

¹ Total Expenses excludes share of profit from investment in joint ventures and associates, and income tax expense/(income)

(ii) **Incorrect presentation of certain overhead expenses**

The Group identified a historical error in its classification of certain overhead expenses. The prior year comparative has been restated to reflect the consistent presentation and classification of the relevant items, noting that there is no impact on revenue, total expenses, net profit/(loss) for the period disclosed. The table presented below is after the presentation change described in note 12(i) above.

	31 Dec 2022 \$'000	(Increase)/ Decrease 31 Dec 2022 \$'000	(Restated) 31 Dec 2022 \$'000
Expenses (excluding income tax expense)			
Employee salaries and benefits	(225,317)	(39,536)	(264,853)
Subcontractor fees and site fees	(580,479)	49,668	(530,811)
Raw materials and consumables used	(76,964)	(3,951)	(80,915)
Depreciation and amortisation	(30,757)	-	(30,757)
Gain/(Loss) on disposal of assets	(4,078)	-	(4,078)
Net finance costs	(6,787)	-	(6,787)
Other expenses	(41,362)	(6,181)	(47,543)
Total Expenses¹	(965,744)	-	(965,744)

¹ Total Expenses excludes share of profit from investment in joint ventures and associates, and income tax expense/(income)

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors,



Brett Gallagher
Chairman
Melbourne
22 February 2024



Leigh Mackender
Managing Director
Melbourne
22 February 2024



Independent auditor's review report to the members of Service Stream Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Service Stream Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Service Stream Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.



Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'Andrew Cronin'.

Andrew Cronin
Partner

Melbourne
22 February 2024

Corporate Directory

Directors

Brett Gallagher (Chairman)
Leigh Mackender (Managing Director)
Martin Monro
Elizabeth Ward
Sylvia Wiggins

Company Secretary

Chris Chapman
Jamie O'Brien

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Auditors

PricewaterhouseCoopers