

Annual General Meeting

20 October 2021

Chairman's Address to Shareholders

Fellow Shareholders,

On behalf of the Board, I would like to acknowledge the hard work and dedication of all of Service Stream's people, led by our Managing Director Leigh Mackender, to achieve a solid financial result in 2021 – particularly against the backdrop of State Government snap lockdowns and border closures due to the COVID-19 pandemic.

The Board is very pleased with the way in which Management continues to navigate the business through the uncertainties and challenges posed by the COVID-19 crisis.

As always, the health and safety of our workforce and the communities in which we operate remains the number one priority for the Board and Management. The business continues to maintain industry leading health and safety performance, and the Board remains committed to supporting Management to uphold and drive the highest levels of safety performance. The welfare of our people, our community, our financial strength and the continuing safe operations of Service Stream are of paramount importance to the Board.

Pleasingly, demand for our services has generally remained strong in FY21. Service Stream continues to hold a healthy contracted pipeline of ongoing work across a blue-chip client base. Management continues to work closely with our valued clients to ensure that we are able to continue to support their critical network infrastructure and provide certainty and continuity of our workforce, especially during this challenging COVID-19 period.

The recent announcement of Service Stream's acquisition of Lendlease Services Pty Ltd is an expansion opportunity that aligns with the business's strategy of diversifying revenues and expanding our delivery capabilities. On completion of the acquisition the business will diversify its operations into transportation, industrial and powerline operation and maintenance activities, while further bolstering its water, gas and telecommunications capabilities. The Board is excited by the opportunities the acquisition is expected to deliver to the business, our clients and of course our valued shareholders. Leigh will provide a further update on the status of the acquisition along with the business's current performance later in the meeting.

2021 financial performance

Turning to our financial performance.

Despite the challenges of COVID-19, a decline in NBN Co activations and the business coming off a record FY20 result, the business delivered its third highest EBITDA from Operations result on record. The result was underpinned by an 11% increase in Comdain Infrastructure revenue, strong operating cashflows and the Telecommunications Division renewing all 3 of its major telecommunications contracts during FY21.

The Group's strong balance sheet, cashflow and liquidity provided the Board with confidence to undertake the strategic acquisition of Lendlease Services. The transaction will support the growth and expansion of the business, diversify revenues, enhance current capabilities and expand the combined group's revenue opportunities. Importantly, the transaction will assist in attracting and retaining new and existing employee talent by offering broader career opportunities.

Pleasingly, the Placement and Institutional Entitlement Offer and the Retail Offer undertaken to support the funding of the acquisition were strongly supported by new and existing retail, institutional and sophisticated investors from Australia and overseas. The Placement and Institutional Entitlement Offer was oversubscribed by nearly 2.5 times, while the total take-up rate from eligible retail shareholders, when including the oversubscription facility, was approximately 51%. This response confirms that investors recognise Service Stream's diversification as a necessary strategic shift and the essential nature of diversified revenues. We acknowledge that shareholders are now looking to see strong execution on the integration of this acquisition.

Share Price and Dividends

The Board is acutely aware of the fall in our share price over the past 12 months and the disappointment of some retail shareholders in the Board's decision to not declare a full-year dividend.

Consistent with our strategic plan and previous messages to shareholders, the Board and Management remain focused on continuing to deliver strong, sustainable results for our shareholders. The Board remains of the view that this focus, along with the successful integration of Lendlease Services into the Service Stream Group, will assist in delivering longer term growth and value to our shareholders.

The Board is aware that many of our retail shareholders invest in Service Stream on the expectation that the Company will return some of its earnings to shareholders via dividends. It was the Board's view to suspend a full year dividend in favor of supporting the capital raise and

acquisition. Subject to business performance, the Board anticipates the resumption of dividends in FY22.

Board Renewal

As I acknowledged at last year's AGM, with three longstanding directors on the Board appropriate succession planning was, and remains, a key consideration for the Board. While the COVID-19 lockdowns have made the succession planning process challenging, I am delighted that Elizabeth Ward agreed to join the Board in September of this year as a Non-Executive Director. Elizabeth brings to the Board extensive operational, contracting and commercial expertise gained across a diverse range of industries including large-scale infrastructure, transport and telecommunications in Australia and New Zealand. I, along with the rest of the directors, strongly support her election today.

The appointment of Elizabeth as a director of the Company accords with our commitment to improve the composition of the Board to have at least 30% female representation. While further female representation on the Board will remain a key consideration in the implementation of our succession strategy, I am also aware of the importance in having the right skills, experience and sector knowledge among the Directors to effectively govern the Company and discharge its strategic objectives. This is of particular importance as the Company seeks to integrate Lendlease Services into the Group and expand its operations into new fields such as transport and powerlines.

In FY22, the Board will review its skills matrix to identify the necessary skills and experience required of the Directors for the Service Stream Group having doubled in size. This review will also focus on the skills and experience required to ultimately succeed the three longstanding directors of Peter Dempsey, Deborah Page and me. I anticipate being in a position in 2022 to make further announcements in this regard to an orderly Board transition.

Remuneration

At the 2021 AGM, the Board made the commitment to address some of the concerns raised by proxy advisors and shareholders in relation to the Company's Incentive Plans; being the long-term and short-term incentive plans. During the year the Board proactively engaged with a selection of proxy advisors and shareholders to obtain feedback on proposed amendments to the Incentive Plans. The resulting changes to the Incentive Plans are detailed in our Annual Report and have been well received with all proxy advisors recommending a vote 'FOR' the adoption of the remuneration report.

In addition to the scheme changes, the Board has bolstered the disclosure of the Company's remuneration structure and related performance in the Annual Report. The increased disclosure ensures that our shareholders have transparency in the determination and reward of any of the Incentive Plans. The Board will continue to review the structure of the Company's Incentive Plans to ensure that they remain market competitive, encourage and reward Management to take a longer-term view of the business, and drive behaviours which will ultimately deliver long-term sustainable value to shareholders.

Noting the challenges introduced by the COVID-19 pandemic and Company performance, the Board determined that other than changes due to the Superannuation Guarantee, Board fees and Executive Management remuneration would remain unchanged for the second year in a row. With the advent of the Lendlease Services acquisition and a tightening of available resources in the employment market, particularly in the infrastructure industry, in FY22 the Board will engage external advisors to undertake a remuneration review to ensure that the Company's remuneration structure remains competitive and can attract and retain key staff.

Looking Ahead

With completion of the Lendlease Services acquisition imminent and the current State lockdowns to be lifted, the next 12 months will prove to be an exciting time for the Company. The Board has every confidence in the Executive Management Team, led by Leigh Mackender, to successfully integrate Lendlease Services into the business, deliver the anticipated synergies and ensure we remain the essential service provider of choice by our valued clients. The business remains in a strong position to continue to grow its operations and diversify its revenue in the years ahead, with the consolidated business offering broader capabilities to existing and new clients in current and adjacent markets.

I would like to thank my fellow board members for their contributions and commitment over the course of a challenging but successful year. Their dedication to the continuing growth and success of the Company is considerable and greatly appreciated. I note that Deborah Page is seeking re-election today. I, along with the rest of the directors, strongly value Deborah's contribution to the Board and unanimously support her re-election today.

Finally, I would also like to thank Leigh, his executive team and all our valued staff and contractors for their hard work and dedication during the year.

Thank you.



Brett Gallagher
Chairman