Half Year Report 2025

Downer

ACKNOWLEDGEMENT OF COUNTRY

Downer acknowledges Aboriginal and Torres Strait Islander peoples as the First Australians and the Traditional Custodians across Australia. We would like to acknowledge and pay our respects to the Elders of the past, present and future in maintaining the culture, Country and their spiritual connection to the land.

WHAKATAUKĪ

Ko te whānau, ko te manaaki, ko te kairangatira, ko te ngākau pono ngā tikanga tuku iho hei korowai mo tatou.
Ko te Kauri i whakawhiwhi haumaru, ko te Rimu i whakawhiwhi taonga, ko te Tōtara i whakawhiwhi whanaungatanga, ko te Kahikatea i whakawhiwhi whakaaro matakite.
Ngā pou e wha i aumangea ai te whakatauki 'Mā te whanaungatanga ka angitū'. Hui e! Taiki e!

We are held together by our closely held values of family and relationships, care and respect, excellence and integrity.
The Kauri connects us to Safety and Sustainability, the Rimu connects us to Delivery, the Tōtara connects us to Relationships and the Kahikatea connects us to Thought Leadership. These are our four Pillars upon which we build 'Relationships creating success'. United and ready to move forward.

Important notice and disclaimer

The information in this report has been prepared by Downer EDI Limited ABN 97 003 872 848 (Downer or the Company).

This report may contain statements that are, or may be deemed to be, forward-looking statements. Such statements can generally be identified by the use of words such as "likely", "looking-forward", "expect", "predict", "will", "may", "intend", "seek", "would", "continue", "plan", "objective", "estimate", "potential", "anticipate", "believe", "risk", "aim", "forecast", "assumption", "projection", "forecast", "target", "goal", "outlook", "guidance" and similar expressions. Indications of plans, strategies, management and company objectives, potential transactions, sales and financial performance are also forward-looking statements. Such statements are not guarantees of future performance, and involve known and unknown risks, uncertainties, assumptions, contingencies and other factors, many of which are outside the control of the Company. No representation is made or will be made that any forward-looking statements will be achieved or will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements. Factors that could cause actual results or performance to differ materially include without limitation the following: volatility in customer demand for services, weather-related challenges and impacts and uncertainty in general economic conditions. The Company assumes no obligation to update such statements, subject to disclosure obligations under the applicable law and ASX listing rules. Past performance information in this report is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. Forward-looking statements and statements regarding other information contained in this report may also be made – verbally and in writing – by members of the Company's management in connection with this report. Such statements are also subject to the same limitations, uncertainties and assumptions which are set out in this report.

This report contains certain climate-related statements which are subject to uncertainties, limitations, risks and assumption associated with climate-related information and the ever-changing environment we operate in. The information in this report should be read in conjunction with the qualifications and guidance included in this report as well as our 2024 Sustainability Report available at **www.downergroup.com**.

The information contained in this report may include information derived from publicly available sources that have not been independently verified. Certain financial data included in this report is 'non-IFRS financial information'. The Company believes that this non-IFRS financial information provides useful insight in measuring the financial performance and condition of Downer. Readers are cautioned not to place undue reliance on any non-IFRS financial information included in this report. These measures have not been subject to audit or review.

Contents

Directors' Report 2

Auditor's Signed Reports
Auditor's Independent Declaration 16
Independent Auditor's Review Report 17

Financial Statements
Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income 19
Condensed Consolidated Statement of Financial Position 20
Condensed Consolidated Statement of Changes in Equity 21
Condensed Consolidated Statement of Cash Flows 22

Notes to the condensed consolidated financial statements

A — About this Report
23 – 24

B — Business performance
25 – 30

B1 Segment information
B2 Revenue
B3 Employee benefits expense
B4 Individually significant items
B5 Earnings per share
B6 Subsequent events

C — Capital structure and financing
31 – 36

C1 Borrowings
C2 Financing facilities
C3 Issued capital and non-controlling interest
C4 Reserves
C5 Dividends
C6 Other financial assets and liabilities

D — Other disclosures
37 – 41

D1 Trade receivables and contract assets
D2 Trade payables and contract liabilities
D3 Intangible assets
D4 Interest in joint ventures and associate entities
D5 Disposal of businesses
D6 Assets and liabilities held for sale
D7 Contingent liabilities

Directors' Declaration 42

Directors' Report

For the Half Year ended 31 December 2024

The Directors of Downer EDI Limited (**Downer**) submit the condensed consolidated financial report of the Company for the half-year ended 31 December 2024 (**Half Year, 1H25**).

In accordance with the provisions of the *Corporations Act 2001 (Cth),* the Directors' Report is set out below.

Directors

The names of the Directors of the Company during, or since the end of the Half Year are:

Mark John Menhinnitt (Chair, Independent Non-executive Director)

Peter John Tompkins (Managing Director and Chief Executive Officer)

Sheridan Adelene Broadbent (Independent Non-executive Director)

Teresa Gayle Handicott (Independent Non-executive Director)

Nicole Maree Hollows (Independent Non-executive Director) – retired on 15 November 2024

Adelle Maree Howse (Independent Non-executive Director)

Steven John MacDonald (Independent Non-executive Director)

Peter Anthony Barker (Independent Non-executive Director) – appointed on 1 July 2024

Operating and Financial Review

Principal activities

Downer EDI Limited (**Downer**) is a leading provider of integrated services across Australia and New Zealand, delivering and maintaining essential infrastructure that enable communities to thrive.

The demand for our services is shaped by investment in the energy transition, defence capability, government services and infrastructure expansion necessary to support population growth and local industry revitalisation.

The sectors where we operate include roads, rail, ports and airports, power, gas, water, telecommunications, energy networks, health, education, defence, and other government sectors.

Downer is one of Australia's and New Zealand's largest private sector employers, with more than 26,000 dedicated people, who are united by our high-performance culture, known as 'The Downer Difference'.

Zero Harm

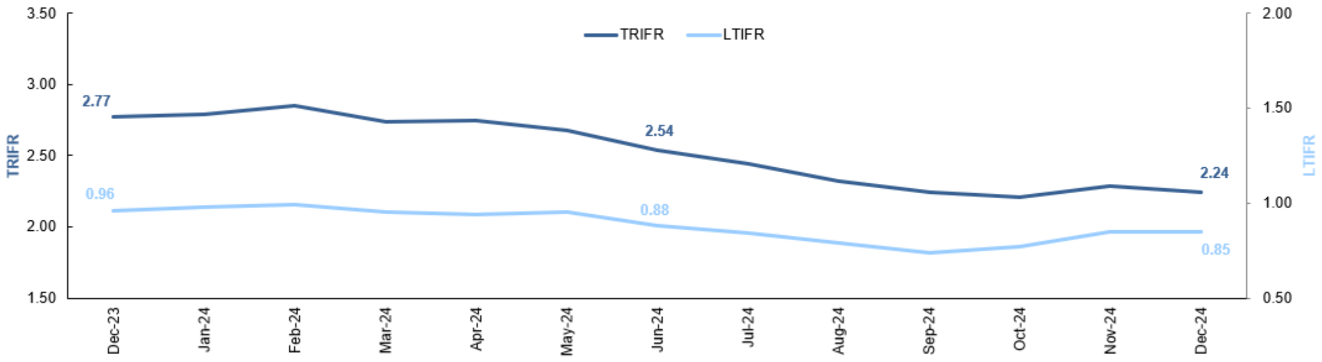
Downer is steadfastly committed to Zero Harm, prioritising the protection of our people, communities, and the environment. Safety and preventing serious and fatal incidents remain our top priority.

Downer operates in some sectors that involve high-risk activities, and we are committed to continually improving our systems and processes, with a strong focus on critical control effectiveness. To support this, we implemented a Group-wide safety reset in 2024, with a commitment from operational leaders to take targeted action and introduce programs tailored to the specific needs of their work types. We recognise that improving safety performance requires a comprehensive approach combining active leadership, accountability, discipline, a positive safety-focused workplace culture, and effective risk controls.

At 31 December 2024, Downer's Lost Time Injury Frequency Rate (**LTIFR**) decreased to 0.85 from 0.96 per million hours worked[1] and our Total Recordable Injury Frequency Rate (**TRIFR**) decreased to 2.24 from 2.77 per million hours worked[1], compared to 31 December 2023. There has been a significant focus on critical risk controls, strengthening of our safety culture, worker engagement and subcontractor oversight.

Downer's LTIFR outperforms industry benchmarks published by SafeWork Australia[2] across all sectors in which we operate.

Group safety performance (12-month rolling frequency rates)



1. Lost time injuries (**LTI**) are defined as injuries that cause the injured person (employee or contractor) to be unfit to perform any work duties for one whole day or shift, or more, after the shift on which the injury occurred, and any injury that results, directly or indirectly, in the death of the person. The LTIFR is the number of LTI per million hours worked. Total Recordable Injuries (**TRI**) are the number of LTI plus medically treated injuries (**MTI**) for employees and contractors. TRIFR is the number of TRI per million hours worked. LTIFR and TRIFR have been calculated on a 12-month rolling period.
2. 2023 Safe Work Australia Industry Benchmarks.

Sustainability

Downer's Purpose is 'Enabling communities to thrive', which articulates the positive impact that Downer's services have on millions of people each day. Our purpose underscores the importance of sustainable operations for our people, partners, shareholders, customers, and the communities where we operate. We are conscious of the impact our activities have on individuals, communities and the environment.

Safety and Sustainability are foundational pillars of our strategy. To Downer, sustainability means working to reduce our impact on the environment; as well as prioritising the safety of our people, building trusted relationships and having a diverse and inclusive workforce. This, combined with our financial performance, contributes to the creation of shareholder value.

We are strategically positioned to leverage our market presence, capabilities and sustainability commitment to collaborate with our customers to meet their needs in the energy transition. Further details on our sustainability-related performance can be found in our 2024 Sustainability Report.

Downer EDI Limited is a climate reporting entity for the purposes of the Financial Markets Conduct Act 2013 (NZ). Our 2024 Sustainability Report contains Downer EDI Limited's first climate-related disclosures that comply with the External Reporting Board Aotearoa New Zealand (XRB) Climate Standards 1, 2 and 3 (NZ CS) for that period. These disclosures inform stakeholders about Downer's governance of climate-related risks and opportunities, scenario analysis and our climate related plans including metrics and targets.

Our sustainability commitments are outlined in policies available at **www.downergroup.com.**

Group financial performance

Downer's financial result for the six months to 31 December 2024, demonstrates the success of our transformation program, which exceeded cost reduction targets and enhanced margin performance across our businesses.

Group financials	Statutory			Underlying[3] (excl. ISI)			Pro forma[4] (excl. divestments)		
($m)	1H25	1H24	Change	1H25	1H24	Change	1H25	1H24	Change
Total Revenue[1]	5,221.2	5,583.2	(6.5%)	5,505.7	6,025.9	(8.6%)	5,486.7	5,785.3	(5.2%)
EBIT	133.4	127.6	4.5%	194.1	138.9	39.7%	194.2	137.5	41.2%
EBITA[2]	150.1	139.2	7.8%	204.3	150.5	35.7%	204.4	149.1	37.1%
EBITA[2] %	2.9%	2.5%	0.4pp	3.7%	2.5%	1.2pp	3.7%	2.6%	1.1pp
NPATA[2]	87.2	80.2	8.7%	127.2	76.1	67.1%	127.3	74.9	70.0%
NPAT	75.5	72.1	4.7%	120.1	68.0	76.6%	120.2	66.8	79.9%

1. Total revenue includes revenue and other income. Total revenue for underlying and pro forma is a non-statutory disclosure and also includes notional revenue from joint ventures and other alliances not proportionately consolidated.
2. Downer calculates EBITA and NPATA by adjusting EBIT and NPAT to add back acquired intangible assets amortisation expense.
3. The underlying result is a non-IFRS measure that is used by management to assess the performance of the business and includes the contribution of divested businesses. Non-IFRS measures have not been subject to audit or review.
4. Pro forma reflects the statutory results adjusted for individually significant items (**ISI**) and excludes the revenue and EBITA contribution relating to completed divestments to provide a like for like comparison between reporting periods. The pro forma result is a non-IFRS measure that is used by Management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review.

Improvement delivered across key financial metrics

- Statutory NPAT grew 4.7% to $75.5 million, impacted by individually significant items (**ISI**) including divestments, restructuring charges and impairments
- Pro forma EBITA margin increased to 3.7% compared to 2.6% in 1H24
- Pro forma EBITA of $204.4 million grew by 37.1%
- Revenue impacted by divestments, reduced transport agency spend in Australia, softer discretionary infrastructure spend in New Zealand and risk guardrail reset
- Growth in earnings was matched with normalised cash conversion of 94.2%, an improvement of 650bp on 1H24
- Achieved cumulative annualised gross cost out of $180 million since transformation program initiated in February 2023, exceeding the $175 million target, and on track to realise $200 million by the end of FY25
- Strengthened balance sheet with net debt to EBITDA of 1.3x, down from 1.4x at 30 June 2024
- Interim dividend of 10.8 cents per share increased by 80% compared to 1H24, representing a payout ratio of 60% and 75% franked versus unfranked in 1H24 and 50% franked in 2H24. The portion of the unfranked dividend amount that will be paid out of Conduit Foreign Income (**CFI**) is 100%.[1]

1. This is relevant only for non-resident shareholders. The effect is that the portion of the unfranked dividend paid out of CFI is not subject to Australian dividend withholding tax.

Revenue

In line with Downer's business transformation program, we have strategically prioritised the quality of revenue and tightened tendering risk guardrails to align the business with its core competencies aiming to achieve sustainable and acceptable risk return outcomes.

On a statutory basis, which includes the impact of divestments made during the period, total revenue at $5.2 billion decreased 6.5% in 1H25. Pro forma revenue of $5.5 billion, adjusted for divestments and including revenue from joint ventures and associates, decreased by 5.2% predominantly driven by:

- Transport: the impact of softer volumes in the Australian Roads Services business due to continued reduced transport agency spend, the repositioning of Hawkins' risk appetite which has reduced its revenue contribution, the Yarra Trams contract completion in November 2024 and the Keolis Downer joint venture now classified as an asset held for sale (effective from 1 October 2024).

- Energy & Utilities: weaker demand for discretionary programmatic work in New Zealand in telecommunications, water services and network services businesses, completion of projects and deferral of pipeline in the industrial and power generation business, and the completion of underperforming and loss-making water contracts.
- Facilities: weaker demand for consulting services in Downer Professional Services.

Work in hand of $37.4 billion is diversified by industry, approximately 90% government related and comprises approximately 90% services. The work-in-hand reduction of 2.9% was largely due to our focus on quality of revenue, more selective tendering and the timing of tendering processes, where we have significant activity in 2H25 relating to Defence EMOS, power, telecommunications, and road maintenance.

The work-in-hand profile reflects the progressive completion of large projects including Queensland Train Manufacturing Program (**QTMP**), non-recurring water construction contracts nearing completion, the non-renewal and demobilisation of the Victoria power maintenance contract, and pending renewals of industrial and energy and Defence EMOS contracts.

Earnings

Positive earnings improvement was achieved across all segments resulting in a 35.7% increase in underlying EBITA to $204.3 million, or 37.1% on a pro forma basis, and a 67.1% increase in underlying NPATA to $127.2 million.

This was primarily supported by the ongoing Energy & Utilities business turnaround, a significant uplift in Transport earnings, and a strong performance in the Facilities business, together with the continuing benefits of the cost out program and the completion and renegotiation of underperforming contracts.

- Energy & Utilities: driven by strong telecommunications business performance in Australia, the further remediation of the underperforming power maintenance and water services contracts, and completion of key power transmission projects in South Australia and Queensland, and the ongoing integration of the merged Utilities and Industrial & Energy businesses providing further overhead efficiencies and a back to basics focus on disciplined cost management.
- Transport: favourably impacted by the continued turnaround in the New Zealand Road Services and Projects businesses as well as increased contribution from Rail & Transit Systems (primarily QTMP delivery phase and finalisation of HCMT delivery) driving higher volumes.
- Facilities: ongoing strong performance across Government & IFM, Health & Education and Base & Estate Management businesses as well as overhead efficiency programs.
- Corporate: ongoing reductions in overheads following a role reset of Corporate and cost reductions in technology and shared services support.

Cash flows

Normalised cash conversion, adjusting for ISI payments of $43.8 million associated with FY24 and 1H25, equates to 94.2% or an uplift of 6.5 percentage points on 1H24. The strategic focus on project and contract performance management with an uplifted focus on cash collection has supported an improvement in cash conversion. Operating cash flow of $220.1 million represents a substantial improvement on the prior corresponding period, with an underlying cash conversion (operating cash flow excluding interest and tax over underlying EBITDA) of 81.9%.

Total investing cash flows, adjusted for proceeds from divestments, reduced by 52.9% to $32.8 million driven by ongoing capital discipline. As a result, free cash flow increased from $19.9 million to $112.5 million and net debt to EBITDA reduced to 1.3x, an improvement from 1.4x at 30 June 2024. Net finance costs decreased by $7.0 million, or 14.8% on prior comparative period, to $40.4 million which was impacted by a lower average cost of debt and the reduction in net debt balances driven by operating cashflows and prudent capital management.

Tax

The underlying effective tax rate of 21.9% is lower than the statutory corporate tax rate of 30% mainly due to the impact of non-taxable distributions and franked dividends from joint ventures, primarily from Keolis Downer, and lower tax rates in overseas jurisdictions such as New Zealand.

Underlying EBITA and reconciliation to Statutory NPAT

($m)	Reporting segment	1H25	1H24	Change
Transport	Transport	128.8	100.8	27.8%
Energy & Utilities[2]	Energy & Utilities	52.6	38.7	35.9%
Facilities[2]	Facilities	72.2	65.8	9.7%
Corporate	Unallocated	(49.3)	(54.8)	10.0%
Group underlying[1] EBITA[3]		**204.3**	**150.5**	**35.7%**
Underlying amortisation of acquired intangibles (pre-tax)		(10.2)	(11.6)	12.1%
Underlying EBIT		**194.1**	**138.9**	**39.7%**
Net interest expense		(40.4)	(47.4)	14.8%
Tax expense		(33.6)	(23.5)	(43.0)%
Underlying NPAT		**120.1**	**68.0**	**76.6%**
Underlying amortisation of acquired intangibles (post tax)		7.1	8.1	(12.3)%
Underlying NPATA[3]		**127.2**	**76.1**	**67.1%**
Total individually significant items[4]		(54.2)	(11.3)	>(100%)
Tax effect on individually significant items		14.2	15.4	7.8%
Statutory NPATA[3]		**87.2**	**80.2**	**8.7%**
Statutory amortisation of acquired intangibles (post tax)[4]		(11.7)	(8.1)	44.4%
Statutory NPAT		**75.5**	**72.1**	**4.7%**

1. The underlying result is a non-IFRS measure that is used by management to assess the performance of the business and includes the contribution of divested businesses. Non-IFRS measures have not been subject to audit or review.
2. 1H24 results for the Facilities and Energy & Utilities (previously Utilities) segments have been restated as a result of the change in operating segments. Refer to Note B1 of the Financial Report for further detail.
3. Downer calculates EBITA and NPATA by adjusting EBIT and NPAT to add back acquired intangible assets amortisation expense.
4. Note B4 of the Financial Report includes $6.5 million of accelerated amortisation of acquired intangible assets within Individually significant items of $60.7 million ($4.6 million post tax).

The merger of our Utilities and Industrial & Energy businesses, including the New Energy business, consolidates our internal capabilities across the trans-Tasman region to meet the growing customer demand driven by the energy transition. This merger positions Downer to participate in the pipeline of large-scale transmission projects, battery and storage system installations, substation builds, and innovative energy solutions for major mining and energy sector operations.

During the period, we reclassified the Industrial & Energy and the New Energy businesses from the Facilities segment into the Energy & Utilities (previously Utilities) segment to reflect the merged operations. As a result, the 1H24 results for the Facilities and Energy & Utilities segments have been restated. Refer to Note B1 in the Financial Report for further detail.

Statistory earnings

Reconciliation of the 1H25 underlying result to the statutory result

($m)	EBIT	EBITA	Net finance costs	Tax expense	NPATA	Amortisation of acquired intangibles (post-tax)	NPAT
Pro forma result	**194.2**	**204.4**	**(40.4)**	**(36.7)**	**127.3**	**(7.1)**	**120.2**
Net divestment contribution	(0.1)	(0.1)	-	-	(0.1)	-	(0.1)
Underlying result	**194.1**	**204.3**	**(40.4)**	**(36.7)**	**127.2**	**(7.1)**	**120.1**
Net loss on divestments and exit costs	(23.6)	(19.8)	–	3.9	(15.9)	(2.7)	(18.6)
Transformation and restructure costs	(11.5)	(11.5)	–	3.5	(8.0)	–	(8.0)
Regulatory reviews and legal matters	(7.2)	(7.2)	–	2.1	(5.1)	–	(5.1)
Impairment, asset write-downs and other	(18.4)	(15.7)	–	4.7	(11.0)	(1.9)	(12.9)
Total individually significant items	**(60.7)**	**(54.2)**[1]	**–**	**14.2**	**(40.0)**	**(4.6)**	**(44.6)**
Statutory result	**133.4**	**150.1**	**(40.4)**	**(22.5)**	**87.2**	**(11.7)**	**75.5**

1. Note B4 includes $6.5 million of accelerated amortisation of acquired intangible assets within Individually significant items of $60.7 million ($4.6 million post tax).

Statutory EBIT of $133.4 million and statutory NPAT of $75.5 million compares to the prior period to $127.6 million and $72.1 million respectively.

Statutory EBITA of $150.1 million for the period, including individually significant items (**ISI**) of $54.2 million loss before interest and tax, reflects a 7.8% improvement on $139.2 million in 1H24.

Underlying EBITA of $204.3 million was up 35.7% from $150.5 million.

Divestments during the reporting period

Downer continued to progress against its strategic priority of portfolio simplification and focus on core markets.

During the period, we:

- Completed the sale of the Catering New Zealand business reported in the Facilities segment
- Undertook a strategic review and commenced negotiations with Keolis Australia Pty Ltd to divest our 49% interest in Keolis Downer Pty Ltd (reclassified to an asset held for sale in the Transport segment), with valuation in accordance with shareholder agreement
- Entered into an agreement to sell our 29.9% interest in HT HoldCo Pty Ltd, an Australian laundries business (reclassified to an asset held for sale in Unallocated segment)
- Continued to progress the divestment of the Australian and New Zealand Cleaning business (reclassified to an asset held for sale in the Facilities segment) to a preferred party.

Refer to Note D5 and Note D6 of the Financial Report for further detail.

Net loss on divestments and exit costs

During the period, the net loss on divestments and exit costs includes:

- A net pre-tax loss of $16.5 million recognised in relation to the divestment of the Catering New Zealand business including the recognition of divestment and exit costs associated with Downer's ongoing obligations and risks associated with the divestment. Refer to Note D5 of the Financial Report for further detail.
- Accelerated amortisation on acquired intangibles from the Spotless acquisition due to disposed contracts.
- Other exit costs include divestment program related costs.

Capital losses on which a deferred tax asset has not been previously recognised have been fully utilised to offset capital gains arising on divestments during the year.

Transformation and restructure costs

Transformation and restructure costs reflect expenses incurred in relation to Downer's transformation program. This program has encompassed a review of the organisational structure, redesign of the operating model (including the creation of a Trans-Tasman model and the adoption of a support function hub model), development of a new people strategy (including Downer's high-performance culture program called The Downer Difference). It also includes capability uplift initiatives in project delivery and people management, and a review of the IT strategy focusing on technology simplification and modernisation. Additionally, Downer launched an optimisation program to drive significant reductions in overhead costs and a cultural shift towards process and continuous improvement.

The material elements of the costs associated with the transformation and restructure are as follows:

- Redundancy and severance costs associated with ongoing review of the Group operating model, and
- Transformation program implementation costs including external advisor costs.

Regulatory reviews and legal matters

Regulatory review and legal matters costs were incurred in connection to Downer's defence against actions filed against the Company, including shareholder class actions filed in early 2023 and the action filed by the Australian Competition and Consumer Commission (**ACCC**) in December 2024. These costs also relate to regulatory reviews, undertaking business conduct review and investigations, and provisioning for a historical New Zealand building warranty claim in 2001.

The shareholder class actions and ACCC claims have been disclosed as a contingent liability in Note D7 of the Financial Report.

Impairment, asset write-downs and other

Impairment, asset write-downs and other relate to:

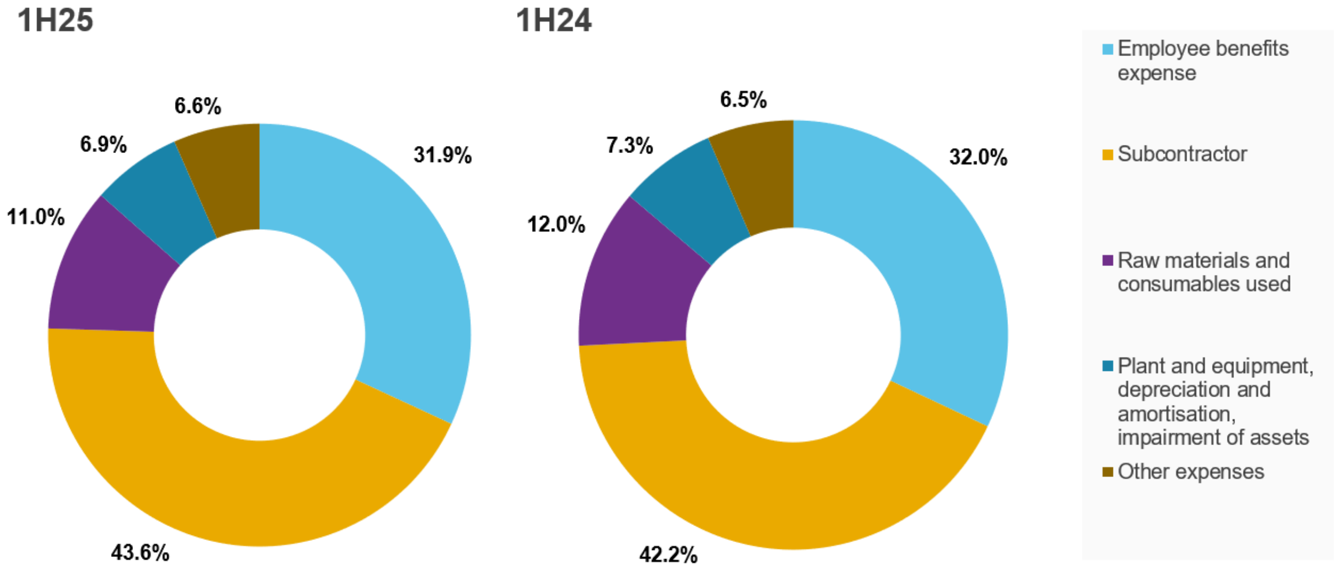
- Accelerated amortisation and write-downs in relation to IT assets and discontinuation of IT development programs, where the ongoing usage has been reviewed as part of the technology simplification and optimise program and aligned with the Group's new operating model.
- Accelerated amortisation on acquired intangibles from the Spotless acquisition from exited contracts.
- Office space and vehicles leases being surplus to requirements and terminated because of business transformation.
- Clean up costs associated with asbestos related site rectification at a key Transport site.

Expenses

The transformation program, including operating model changes and various cost reduction initiatives, has achieved $180 million in cumulative annualised gross cost out (since the program was initiated in February 2023) with $50 million achieved in 1H25. This exceeds the $175 million target, and Downer is now on-track to achieve $200 million cumulative annualised gross cost out by 30 June 2025. The cost reduction program was accelerated during the period to offset soft market conditions identified and anticipated in parts of Downer's businesses (primarily Roads Services in Australia and Energy & Utilities in New Zealand).

Total expenses of $5.1 billion decreased by 6.6% compared to $5.5 billion in the prior corresponding period (**pcp**). Included in total expenses is $60.7 million of ISI ($53.2 million in the pcp). Excluding the impact of ISI, total expenses decreased 6.8%.

Downer's cost base (including ISI) by expense type:



Employee benefits expenses decreased by 7.0%, or $122.6 million, to $1.6 billion and represents 31.9% of Downer's cost base (32.0% in the pcp). The decrease in labour expenses reflects the positive impact of the cost out program. Subcontractor costs decreased by 3.3%, or $76.2 million, to $2.2 billion and represents 43.6% of Downer's cost base (42.2% in the pcp).

Raw materials and consumables costs decreased by 14.1%, or $92.3 million, to $0.6 billion and represents 11.0% of Downer's cost base (12.0% in the pcp). This reflects lower demand within the Roads Services business and a decrease in industrial power and generation shutdown and maintenance activities.

Plant and equipment costs decreased by 15.9% or $34.2 million to $0.2 billion, arising from efficiencies in fleet management. Total depreciation and amortisation decreased by 3.9%, or $6.7 million, to $0.2 billion. Impairment of non-current assets expense of $4.9 million was primarily part of the technology simplification program. Refer to Note B4 of the Financial Report for further detail.

The movement in other expenses is primarily attributable to the ISI recognised in the current and comparative periods. Refer to Note B4 of the Financial Report for further detail.

Cash flow

Operating cash flow

Operating cash flow of $220.1 million represents a substantial improvement on the prior period, with an underlying cash conversion of 81.9%. Normalised cash conversion, adjusting for ISI payments of $43.8 million associated with FY24 and 1H25, equates to 94.2%.

During the period, there has been an enhanced and disciplined focus on working capital, cash collections and resolution of contractual variations and claims.

Investing cash flow

Total investing cash outflow of $35.5 million includes $2.7 million proceeds and deferred consideration payable from the disposal of businesses during the period. Excluding proceeds from the disposal of businesses, investing cash outflow decreased by 52.9% or $36.9 million to $32.8 million largely due to a renewed focus on disciplined capital allocation with Investment Committee oversight.

Free cash flow increased from $19.9 million in 1H24 to $112.5 million in 1H25 driven by the focus on pivoting to a more sustainable business model. This includes reducing lease liabilities via consolidation of Downer's property footprint (across corporate offices and depots), through a reduction and recycling of our fleet assets, as well as unlocking accumulated cash balances within our joint ventures.

Debt and bonding

The Group's performance bonding facilities totalled $2,055.3 million at 31 December 2024 with $770.5 million undrawn. During the period, surplus limits were rationalised resulting in a $49 million reduction of undrawn committed bonding facility limits. There is sufficient headroom to fund the maturity of A$191 million USPP maturing on 8 July 2025 and the ongoing operations of the Group.

At 31 December 2024, the Group had liquidity of $2.1 billion comprising cash balances of $639.8 million and undrawn committed debt facilities of $1,475.0 million. Net debt (excluding lease liabilities) reduced from $469.5 million at 30 June 2024 to $447.5 million at 31 December 2024. Management reported a reduced net debt to EBITDA (which includes lease liabilities) of 1.3 times at 31 December 2024 from 1.4 times at 30 June 2024.

During the period, the Group refinanced $325 million of bilateral debt facilities including extension of maturities and linkage to the Group Sustainability Framework.

The outlook on the Group's external credit rating by Fitch Ratings (**Fitch**) remains BBB (Outlook Stable) reflecting an expectation of improved earnings margins, strengthened balance sheet and leverage metrics, and resolution of outstanding governance matters. Following the ACCC announcement on 12 December 2024 alleging historical contraventions of Australian competition law, Fitch reported that this matter would have no rating impact.

During 2Q25, we commenced a funding strategy review to simplify the capital structure, to create better alignment with the funding profile and forecasted business requirements, and to identify further efficiency and optimisation of the Group's financing costs.

Dividends

The Downer Board resolved to pay an interim dividend of 10.8 cents per share, 75% franked, representing a payout ratio of 60%, payable on 27 March 2025 to shareholders on the register at 27 February 2025. The portion of the unfranked dividend amount that will be paid out of Conduit Foreign Income (**CFI**) is 100%.[1]

The Company's Dividend Reinvestment Plan remains suspended.

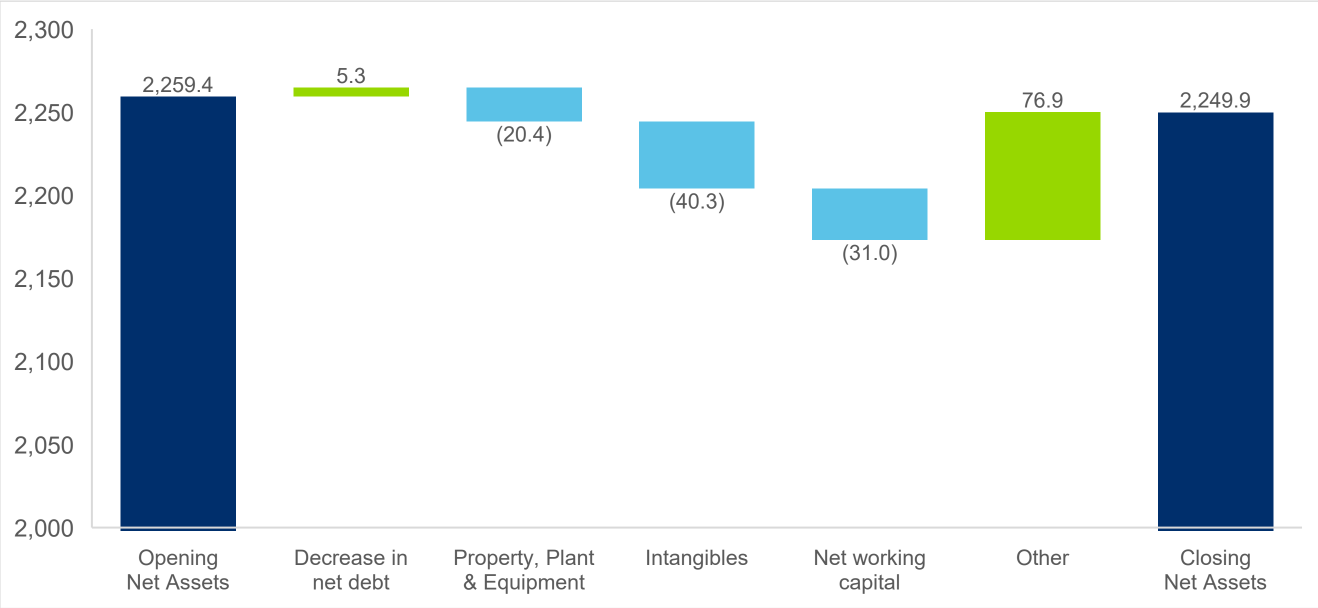
The Board also determined to continue to pay a fully imputed dividend on the ROADS security, which having been reset on 15 June 2024 has a yield of 9.43% per annum payable quarterly in arrears, with the next quarterly payment to occur on 17 March 2025. As this dividend is fully imputed (the New Zealand equivalent of being fully franked), the actual cash yield paid by Downer will be 6.79% per annum until the next annual reset on 15 June 2025.

1. This is relevant only for non-resident shareholders. The effect is that the portion of the unfranked dividend paid out of CFI is not subject to Australian dividend withholding tax.

Balance sheet

Since 30 June 2024, the net assets of the Group reduced by $9.5 million.

Movement in Net Assets $m



Net debt, calculated as borrowings (excluding lease liabilities) less cash and cash equivalents, decreased by $5.3 million driven by cash generated by operations.

Property, plant and equipment (PP&E) of $0.8 billion, decreased by $20.4 million largely attributable to asset disposals in the Transport segment and depreciation expense, which were partially offset by capital expenditure. The transformation program has also focused on fleet optimisation. The Energy & Utilities business identified approximately 180 vehicles as surplus to business requirements in 1H25 and anticipate the reduction of up to 500 vehicles by the end of FY25.

Intangibles of $2.1 billion declined by $40.3 million primarily due to the amortisation of software and system development assets totalling $21.3 million and impairment of $4.9 million as outlined in Note B4 of the Financial Report.

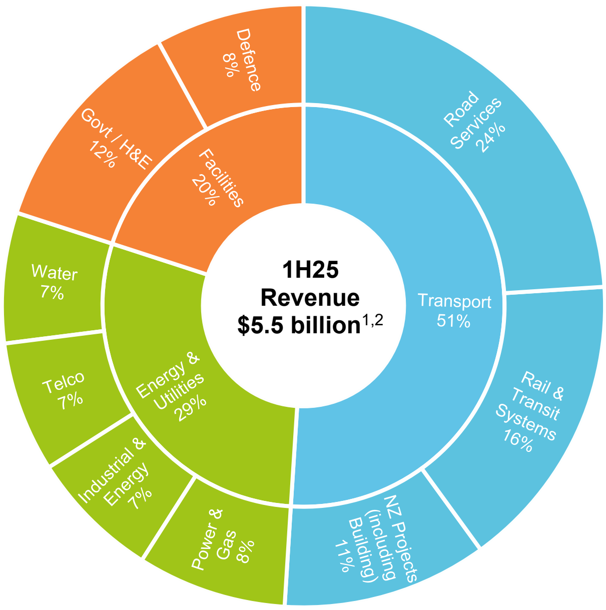
Net working capital, which includes current trade receivables and contract assets, in addition to current trade payables and contract liabilities, decreased by $31.0 million, reflecting improved management of working capital with further initiatives identified in 2H25.

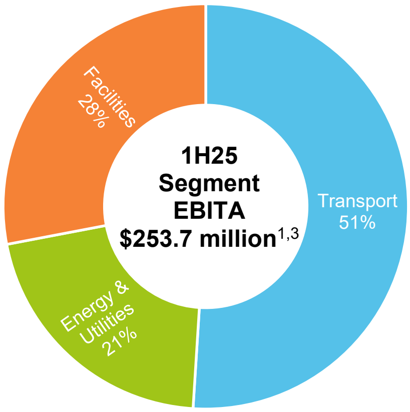
Other, of $76.9 million, includes ISI, onerous contract provisions, foreign currency forward contracts, cross-currency contracts and deferred tax balances.

Total equity decreased by $9.5 million, largely as a result of the statutory profit after tax of $75.5 million, offset by dividends paid during the period of $80.1 million and other comprehensive loss for the period (net of tax) of $7.3 million.

Segment financial performance

Segment contribution to pro forma revenue and EBITA





1. Pro forma reflects the statutory results adjusted for ISI and excludes the revenue and EBITA contribution relating to completed divestments to provide a like for like comparison between reporting periods. The 1H25 Group pro forma EBITA $204.4 million is equal to segment EBITA of $253.7 million and Unallocated of $49.3 million.
2. Total revenue is a non-statutory disclosure and includes revenue, other income and notional revenue from joint ventures and other alliances not proportionately consolidated.
3. Downer calculates EBITA by adjusting EBIT to add back acquired intangibles amortisation expense.

Reclassification

The merger of our Utilities and Industrial & Energy businesses, including the New Energy business, consolidates our internal capabilities across the Trans-Tasman region to meet the growing customer demand driven by the energy transition. This merger positions Downer to deliver on the pipeline of large-scale transmission projects, battery and energy storage system installations, substation builds, and innovative energy solutions for major mining and energy sector operations. During the period, we reclassified the Industrial & Energy and the New Energy businesses from the Facilities segment into the Energy & Utilities (previously Utilities) segment to reflect the merged operations. As a result, the 1H24 results for the Facilities and Energy & Utilities segments have been restated. Refer to Note B1 in the Financial Report for further detail.

Transport

Downer delivers multi-disciplined solutions to customers across the transport sector in Australia and New Zealand, with our capabilities including road services, transport infrastructure, rail, and end-to-end transport solutions and asset management.

	Underlying			Pro forma[1]		
	1H25	1H24	Change	1H25	1H24	Change
Revenue $m	2,745.3	3,096.7	(351.4)	2,741.1	2,950.0	(208.9)
EBITA $m	128.8	100.8	28.0	129.4	98.1	31.3
EBITA%	4.7%	3.3%	1.4pp	4.7%	3.3%	1.4pp

1. Pro forma reflects the statutory results adjusted for ISI and excludes the revenue and EBITA contribution relating to completed divestments to provide a like for like comparison between reporting periods. The pro forma result is a non-IFRS measure that is used by management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review.

On an underlying basis revenue is lower than the prior comparative period due largely to divestments of Australian Transport Projects, VEC Contracting, and the Repurpose It joint venture in 1H24. Excluding the contribution from these divestments, pro forma revenue was lower due to subdued transport agency spend in Australia and reduced Cyclone Gabrielle recovery work.

The revenue impact of enhanced risk guard rails applied to our Hawkins projects business was partially offset by improved performance in Road Services New Zealand and project activity in the Rail & Transit Systems business (with the ramp up of QTMP, finalisation of HCMT, and design works for Fortescue Zero Battery Electric and Hybrid Locomotive development).

Benefits were realised from cost savings initiatives implemented in FY24 and 1H25.

Following a strategic review, we commenced negotiations with Keolis Australia Pty Ltd to divest our 49% interest in Keolis Downer Pty Ltd. This investment was reclassified to an asset held for sale, with valuation in accordance with the shareholder agreement.

Energy & Utilities

Downer provides services and solutions that connect communities to essential networks and infrastructure. We design, build, operate and maintain today's critical assets and networks, delivering services across the water, energy and telecommunications sectors. Downer is also a leading provider of end-to-end asset lifecycle and specialist services to the power generation, future energy, oil, gas, industrial and mineral processing sectors.

	Underlying			Pro forma[1]		
	1H25	1H24	Change	1H25	1H24	Change
Revenue $m	1,578.8	1,683.3	(104.5)	1,578.8	1,678.4	(99.6)
EBITA $m	52.6	38.7	13.9	52.6	37.9	14.7
EBITA%	3.3%	2.3%	1.0pp	3.3%	2.3%	1.0pp

1. Pro forma reflects the statutory results adjusted for ISI and excludes the revenue and EBITA contribution relating to completed divestments to provide a like for like comparison between reporting periods. The pro forma result is a non-IFRS measure that is used by management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review.

Our new leadership team has made substantial progress in the turnaround of underperforming contracts in both the Water business and Network Services business whilst securing overhead synergies as a result of the merger and a back to basics focus on disciplined cost management. As a result, and together with a strong performance from the Australian telecommunications business, underlying EBITA increased by $13.9 million or 35.9% on 1H24.

Pro forma revenue was down due to challenging economic conditions in New Zealand. This was reflected in lower discretionary expenditure across our clients' maintenance programs in telecommunications and water services. Similarly, shut-down maintenance activities within our Industrial Power and Generation business were affected by our Australian clients electing to transition sites to care and maintenance modes due to weaker commodity prices or delayed programs. The performance of these businesses is expected to improve with a new government in New Zealand addressing the back log of infrastructure investment, while commodity prices are anticipated to recover through the cycle. Further to this, shut down maintenance activities will return to support the asset lifecycle extensions required due to the extended energy transition timetable.

Margins improved driven by increased performance from the commercial reset of a material power maintenance contract, progressive completion of the portfolio of water construction projects and further overhead reduction. Looking ahead, we are also investing in modernising technology and standardising our work management platforms to drive enhanced productivity and efficiency.

Facilities

The Facilities segment operates in Australia and New Zealand across a range of industry sectors including education, health, government, and defence. Downer delivers asset management services to facilities and estates that cover maintenance, expansion and frontline services for social and economic infrastructure. Our expertise covers a broad range of asset types including universities, schools and hospitals, social housing, corrections, defence estates and supporting defence capability. Downer's services help to optimise critical assets, supporting them to operate reliably and cost effectively.

	Underlying			Pro forma[1]		
	1H25	1H24	Change	1H25	1H24	Change
Revenue $m	1,126.0	1,160.5	(34.5)	1,111.2	1,071.5	39.7
EBITA $m	72.2	65.8	6.4	71.7	67.9	3.8
EBITA%	6.4%	5.7%	0.7pp	6.5%	6.3%	0.2pp

1. Pro forma reflects the statutory results adjusted for ISI and excludes the revenue and EBITA contribution relating to completed divestments to provide a like for like comparison between reporting periods. The pro forma result is a non-IFRS measure that is used by management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review.

The Facilities business is establishing a track record of consistently delivering strong performance with pro forma revenue and margin continuing to improve due to increased revenue generated from Defence estates, strong margin growth across Government and IFM, Health and Education and Base & Estate Management, and the ongoing benefits of FY24 and 1H25 overhead cost reductions.

The EMOS Defence Base Services tender, one of the key contract renewals in 2025, was submitted during 1H25 and we are awaiting the outcome.

We are investing in modernising and simplifying our technology environment, process improvement and targeting material uplift in productivity, quality of customer service and cost savings.

Continuing our focus on portfolio simplification, the divestment of the lower margin Catering New Zealand business was completed, and we continued to progress the divestment of the Australian and New Zealand Cleaning business (reclassified to an asset held for sale in 1H25) to create management capacity to focus on value creation in core markets with more opportunity.

FY25 Group outlook

1H25 performance was in line with expectations.

We are continuing to focus on building a high-quality order book with adherence to enhanced risk guardrails and operating disciplines.

We are targeting ongoing improvement in EBITA margin performance across each of our segments.

Market conditions are expected to remain varied, particularly lower Australian transport agency spend and softer economic conditions in New Zealand.

For FY25 we are targeting underlying NPATA of between $265 million to $280 million assuming no material change in economic conditions or market demand, and no material weather disruptions*.

* Forward looking statements, including FY25 underlying NPATA guidance, are to be read in conjunction with the important notice and disclaimer on the inside front cover of this report.

Subsequent events

At the date of this report, there is no matter or circumstance that has arisen since 31 December 2024, 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 subsequent financial years.

Auditor's independence declaration

The auditor's independence declaration, as required under Section 307C of the Corporations Act 2001, is set out on page 16.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

M J Menhinnitt
Chair

P J Tompkins
Managing Director and Chief Executive Officer

Sydney, 13 February 2025

pwc

Auditor's Independence Declaration

As lead auditor for the review of Downer EDI Limited for the half-year ended 31 December 2024, 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 Downer EDI Limited and the entities it controlled during the period.

JReilly

Jane Reilly
Partner
PricewaterhouseCoopers

Sydney
13 February 2025

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Independent auditor's review report to the members of Downer EDI Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Downer EDI Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the Condensed Consolidated Statement of Financial Position as at 31 December 2024, the Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows and Condensed 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 Downer EDI 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 2024 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, in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

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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 2024 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.

PricewaterhouseCoopers

Jane Reilly
Partner

Sydney
13 February 2025

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2024

	Note	Dec 2024 $'m	Dec 2023 $'m
Revenue		**5,196.2**	5,537.1
Other income		**25.0**	46.1
Total revenue and other income	B2	**5,221.2**	5,583.2
Employee benefits expense	B3	**(1,626.6)**	(1,749.2)
Subcontractor costs		**(2,227.2)**	(2,303.4)
Raw materials and consumables used		**(564.5)**	(656.8)
Plant and equipment costs		**(181.5)**	(215.7)
Depreciation on leased assets		**(70.8)**	(74.8)
Other depreciation and amortisation		**(92.7)**	(95.4)
Impairment of non-current assets		**(4.9)**	(12.1)
Other expenses from ordinary activities		**(337.0)**	(356.4)
Total expenses		**(5,105.2)**	(5,463.8)
Share of net profit of joint ventures and associates	D4	**17.4**	8.2
Earnings before interest and tax		**133.4**	127.6
Finance income		**7.0**	5.0
Lease finance costs		**(13.5)**	(12.5)
Other finance costs		**(33.9)**	(39.9)
Net finance costs		**(40.4)**	(47.4)
Profit before income tax		**93.0**	80.2
Income tax expense		**(17.5)**	(8.1)
Profit after income tax		**75.5**	72.1
Profit for the period is attributable to:			
- Members of the parent entity (i)		**69.3**	65.5
- Non-controlling interest (i)		**6.2**	6.6
Profit for the period		**75.5**	72.1
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
- Change in fair value of unquoted equity investments		**0.5**	(0.1)
Items that may be reclassified subsequently to profit or loss			
- Exchange differences arising on translation of foreign operations		**(7.4)**	5.1
- Net gain/(loss) on foreign currency forward contracts taken to equity		**2.9**	(0.5)
- Net loss on cross currency and interest rate swaps taken to equity		**(3.4)**	(8.0)
- Income tax effect of items above		**0.1**	2.5
Other comprehensive loss for the period (net of tax)		**(7.3)**	(1.0)
Total comprehensive income for the period (net of tax)		**68.2**	71.1
Total comprehensive income for the period (net of tax) is attributable to:			
- Members of the parent entity (i)		**62.0**	64.5
- Non-controlling interest (i)		**6.2**	6.6
Total comprehensive income for the period (net of tax)		**68.2**	71.1
Earnings per share (cents)			
Basic earnings per share	B5	**10.3**	9.8
Diluted earnings per share (ii)	B5	**10.3**	9.8

(i) Comparative information has been revised to reflect the changes in presentation detailed in Note A.

(ii) At 31 December 2024, the ROADS were deemed anti-dilutive and consequently, diluted EPS remained at 10.3 cents per share (Dec 2023: 9.8 cents per share).

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes on pages 23 to 41.

Condensed Consolidated Statement of Financial Position
as at 31 December 2024

	Note	Dec 2024 $'m	Jun 2024 $'m
ASSETS			
Current assets			
Cash and cash equivalents		**639.8**	837.6
Trade receivables and contract assets	D1	**1,536.3**	1,862.7
Other financial assets	C6	**39.9**	20.1
Inventories		**230.0**	210.5
Current tax assets		**1.1**	0.4
Prepayments and other assets		**68.9**	69.6
Assets classified as held for sale	D6	**125.0**	10.6
Total current assets		**2,641.0**	3,011.5
Non-current assets			
Trade receivables and contract assets	D1	**154.7**	145.1
Equity accounted investments	D4	**12.5**	121.8
Property, plant and equipment		**820.8**	841.2
Right-of-use assets		**405.6**	412.9
Intangible assets	D3	**2,079.8**	2,120.1
Other financial assets	C6	**26.6**	46.1
Deferred tax assets		**47.1**	19.6
Prepayments and other assets		**21.2**	29.9
Total non-current assets		**3,568.3**	3,736.7
Total assets		**6,209.3**	6,748.2
LIABILITIES			
Current liabilities			
Trade payables and contract liabilities	D2	**1,764.5**	2,041.1
Borrowings	C1	**190.8**	-
Lease liabilities		**122.1**	126.9
Other financial liabilities	C6	**7.7**	13.2
Current tax liabilities		**36.6**	26.4
Employee benefits provision		**269.7**	274.1
Other provisions		**137.5**	158.9
Liabilities associated with assets classified as held for sale	D6	**3.9**	10.6
Total current liabilities		**2,532.8**	2,651.2
Non-current liabilities			
Trade payables and contract liabilities	D2	**56.2**	60.6
Borrowings	C1	**900.1**	1,294.0
Lease liabilities		**377.3**	385.0
Other financial liabilities	C6	**16.6**	21.4
Deferred tax liabilities		**23.4**	22.4
Employee benefits provision		**23.8**	24.3
Other provisions		**29.2**	29.9
Total non-current liabilities		**1,426.6**	1,837.6
Total liabilities		**3,959.4**	4,488.8
Net assets		**2,249.9**	2,259.4
EQUITY			
Issued capital	C3	**2,464.1**	2,463.9
Reserves	C4	**8.3**	13.4
Accumulated losses		**(401.1)**	(396.5)
Parent interests		**2,071.3**	2,080.8
Non-controlling interest		**178.6**	178.6
Total equity		**2,249.9**	2,259.4

The condensed consolidated statement of financial position should be read in conjunction with the accompanying notes on pages 23 to 41.

Condensed Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2024

Dec 2024 $'m	Note	Issued capital	Reserves	Accumulated losses	Total attributable to owners of the parent	Non-controlling interest	Total
Balance at 1 July 2024		**2,463.9**	**13.4**	**(396.5)**	**2,080.8**	**178.6**	**2,259.4**
Profit after income tax		**-**	**-**	**69.3**	**69.3**	**6.2**	**75.5**
Other comprehensive loss for the period (net of tax)		**-**	**(7.3)**	**-**	**(7.3)**	**-**	**(7.3)**
Total comprehensive income/(loss) for the period		**-**	**(7.3)**	**69.3**	**62.0**	**6.2**	**68.2**
Vested executive incentive share transactions		**0.2**	**(0.2)**	**-**	**-**	**-**	**-**
Share-based employee benefits expense		**-**	**2.3**	**-**	**2.3**	**-**	**2.3**
Income tax relating to share-based transactions during the period		**-**	**0.1**	**-**	**0.1**	**-**	**0.1**
Payment of dividends(i)	C5	**-**	**-**	**(73.9)**	**(73.9)**	**(6.2)**	**(80.1)**
Balance at 31 December 2024		**2,464.1**	**8.3**	**(401.1)**	**2,071.3**	**178.6**	**2,249.9**

(i) Relates to the 2024 final dividend and $6.2 million ROADS dividends paid during the financial period.

Dec 2023 $'m	Issued capital	Reserves	Accumulated losses	Total attributable to owners of the parent	Non-controlling interest	Total
Revised balance at 1 July 2023 (ii)	2,463.8	19.0	(371.6)	2,111.2	178.6	2,289.8
Profit after income tax (ii)	-	-	65.5	65.5	6.6	72.1
Other comprehensive loss for the period (net of tax)	-	(1.0)	-	(1.0)	-	(1.0)
Total comprehensive income/ (loss) for the period	-	(1.0)	65.5	64.5	6.6	71.1
Vested executive incentive share transactions	0.1	(0.1)	-	-	-	-
Share-based employee benefits expense	-	1.5	-	1.5	-	1.5
Income tax relating to share-based transactions during the period	-	0.1	-	0.1	-	0.1
Payment of dividends(iii)	-	-	(53.7)	(53.7)	(6.6)	(60.3)
Revised balance at 31 December 2023	2,463.9	19.5	(359.8)	2,123.6	178.6	2,302.2

(ii) Comparative information has been revised to reflect the changes in presentation detailed in Note A.

(iii) Relates to the 2023 final dividend and $6.6 million ROADS dividends paid during the financial period.

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes on pages 23 to 41.

Condensed Consolidated Statement of Cash Flows
for the half-year ended 31 December 2024

	Note	Dec 2024 $'m	Dec 2023 $'m
Cash flows from operating activities			
Receipts from customers (i)		**6,028.2**	6,431.9
Payments to suppliers and employees (i)		**(5,758.5)**	(6,213.1)
Distributions received		**23.2**	8.1
Net cash generated by operating activities before interest and tax		**292.9**	226.9
Interest received		**6.6**	5.5
Interest paid on lease liabilities		**(13.5)**	(12.5)
Interest and other costs of finance paid		**(32.0)**	(36.3)
Income tax paid		**(33.9)**	(15.4)
Net cash generated by operating activities		**220.1**	168.2
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**14.1**	16.1
Payments for property, plant and equipment		**(54.9)**	(62.5)
Payments for intangible assets		**(3.9)**	(13.3)
Payments of deferred consideration for acquisition of businesses		**-**	(1.3)
Net proceeds and deferred consideration from sale of business (net of cash disposed)		**(2.7)**	70.7
Receipts from investments		**0.8**	0.2
Net advances from/(to) equity accounted investments		**11.1**	(8.9)
Net cash (used in)/generated by investing activities		**(35.5)**	1.0
Cash flows from financing activities			
Proceeds from borrowings (i)		**1,682.0**	3,185.0
Repayments of borrowings (i)		**(1,905.6)**	(3,551.6)
Payment of principal of lease liabilities		**(74.8)**	(79.9)
Dividends paid	C5	**(80.1)**	(60.3)
Net cash used in financing activities		**(378.5)**	(506.8)
Net decrease in cash and cash equivalents		**(193.9)**	(337.6)
Cash and cash equivalents at the beginning of the period		**837.6**	889.1
Effect of exchange rate changes		**(3.9)**	1.9
Cash and cash equivalents at the end of the period		**639.8**	553.4

(i) Comparative information has been revised to reflect the changes in presentation detailed in Note A.

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes on pages 23 to 41.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

A
About this report

Statement of compliance

These general purpose financial statements (Financial Report) for the half-year reporting period 31 December 2024 of Downer EDI Limited (ABN 97 003 872 848) have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001 (Cth)*. The condensed consolidated half-year financial statements comprise the Parent company and its controlled entities (together the Group).

The Financial Report does not include all the information required for an annual financial report and should be read in conjunction with the 2024 Annual Report.

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The accounting policies and methods of computation applied in the Financial Report are consistent with those of the previous financial year and corresponding interim period.

Amounts in the Financial Report are presented in Australian dollars unless otherwise noted and has been prepared on a historical cost basis, except for revaluation of certain financial instruments.

The Financial Report was authorised for issue by the Directors.

New Accounting Standards

(a) New or amended accounting standards and interpretations adopted by the Group

During the period, the Group has applied a number of new or revised accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2024, as follows:

- Amendments to AASB 101 *Classification of liabilities as current or non-current*
- AASB 2022-5 *Amendments to AASB 16 Leases - Lease Liability in a Sale and Leaseback*
- AASB 2023-1 *Amendments to Australian Accounting Standards - Supplier Finance Arrangements.*

None of the above new and amended accounting standards have had a significant impact on the Group's Financial Report.

(b) New accounting standards and interpretations not yet adopted

The following new or amended Accounting Standards or Interpretations that are not yet mandatory and have not been early adopted.

Management is still in the process of determining the impact of the following, which will be applicable to the annual report for the year ending on 30 June 2025:

- ASRS 1 *General Requirements for Disclosure of Sustainability-related Financial Information*
- ASRS 2 *Climate-related Disclosures*
- The IFRS Interpretations Committee (IFRIC) July 2024 agenda decision to clarify disclosure requirements of IFRS 8 *Operating Segments*.

The following are not expected to have a material impact on the Group’s financial report on adoption and may result in additional disclosure in the financial statements:

- AASB 18 *Presentation and Disclosures in Financial Statements.*
- AASB 2024-2 *Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Annual Improvements Volume 11*
- AASB 2024-4 *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128.*

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

Rounding of amounts

Downer is a company of the kind referred to in *ASIC Corporations (Rounding in Financial / Directors' reports) Instrument 2016/191* relating to the "rounding off" of amounts in the Directors' Report and condensed consolidated financial report. Unless otherwise expressly stated, amounts have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with that Instrument. Amounts shown as $- represent amounts less than $50,000 which have been rounded down.

Accounting estimates and judgements

Significant judgement, estimates and assumptions about future events are made by management when applying accounting policies and preparing the Financial Report which are consistent with those described in the 2024 Annual Report.

Revised comparative balances

(a) Changes in presentation within Equity

During the prior year ended 30 June 2024, the Group revised the presentation within Equity on the Consolidated Statement of Financial Position and Consolidated Statement of Changes in Equity. Previously the ROADS securities were presented as part of Issued Capital. The ROADS securities have been reclassified from "Issued Capital" to "Non-Controlling Interest" on the Condensed Consolidated Statement of Changes in Equity to represent the nature of the ROADS securities as equity instrument issued by a subsidiary.

This change was applied retrospectively and impacted the prior period financial statements of the Group such that the Group's Issued Capital attributable to owners of Downer EDI Limited for the period ended 31 December 2023 and year ended 30 June 2023 decreased by $178.6 million (2023 from $2,642.4 million to $2,463.8 million), and Non-Controlling Interest of the corresponding amount being recognised for 31 December 2023 and 30 June 2023. There is no change in the total Equity balance or in earnings per share for the Group for 31 December 2023 and 30 June 2023. Refer to note C3 for further disclosures provided regarding the ROADS securities.

(b) Changes in presentation of proceeds and repayments of borrowings

The group revised the presentation within the Condensed Consolidated Statement of Cash Flows for the period ended 31 December 2023 to exclude the net settled rollover of borrowings which did not give rise to any cash flows. As a result, proceeds from borrowings and repayments of borrowings both decreased by $2,922.0 million, with no change to net cash used in financing activities.

(c) Changes in presentation within the consolidated statement of financial position

During the prior year ended 30 June 2024, the Consolidated Statement of Financial Position was revised to offset current contract assets and current contract liabilities related to the same contracts in New Zealand. The impact of this change being a decrease in trade receivables and contract assets (resulting in a change within the Condensed Consolidated Statement of Cash Flows as an increase of receipts from customers) and a decrease in trade payables and contract liabilities (resulting in a change within the Condensed Consolidated Statement of Cash Flows as an increase of payments to suppliers and employees) of $87.6 million at 31 December 2023, respectively. There has been no change in net current assets or net cash generated by operating activities.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

B
Business performance

B1. Segment information	B4. Individually significant items
B2. Revenue	B5. Earnings per share
B3. Employee benefits expense	B6. Subsequent events

B1. Segment information

Identification of reportable segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker in order to effectively allocate Group resources and assess performance.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Group CEO in assessing performance and in determining the allocation of resources. The Group CEO is identified as the Chief Operating Decision Maker. The operating segments are identified by the Group based on the nature of the services provided. Financial information about each of these segments and additional information on operating businesses within each segment is reported to the Group CEO on a regular basis.

The reportable segments are based on a combination of operating businesses determined by the similarity of the services provided, the sources of the Group's major risks that could therefore have the greatest effect on the rates of return and their quantitative contribution to the Group's results.

On 1 July 2024, the Industrial & Energy (I&E) business was transitioned to the Energy & Utilities business. Consequently, I&E now forms part of the Energy & Utilities segment (previously reported as part of the Facilities segment). As a result, the Utilities segment has been renamed the Energy & Utilities segment and the prior period comparative segment information has been restated.

The reportable segments identified within the Group are outlined as follows:

Segment	Segment description
Transport	Comprises the Group's road services businesses across Australia and New Zealand, rail businesses in Australia and projects businesses in New Zealand. Downer's road services include: road network management; routine road maintenance; asset management systems; spray sealing; asphalt laying; manufacture and supply of bitumen-based products and asphalt products; the use of recycled products and environmentally sustainable methods to produce asphalt; landfill diversion solutions. The Rail business spans all light rail and heavy rail sectors, from rollingstock to infrastructure; from design and manufacture to through-life-support including fleet maintenance, operations and comprehensive overhaul of assets. Transport also provides building and construction solutions across a variety of sectors in New Zealand including signalling, track and station works, bridges, airports and roads. Through the Hawkins business, Downer also delivers vertical construction to customers in New Zealand.
Energy & Utilities	Comprises the Group's power, gas, water, telecommunications, industrial, resources and energy businesses. This includes: planning, designing, constructing, operating, maintaining, managing and decommissioning power and gas network assets; providing complete water lifecycle solutions for municipal and industrial water users including water and wastewater treatment, network construction and rehabilitation; end-to-end technology and communications solutions including design, civil construction, network construction, operations and maintenance across fibre, copper and radio networks, and maintenance shutdowns, turnaround and outage delivery. It also provides feasibility studies; engineering design; procurement and construction; commissioning and decommissioning services; and design and manufacture of mineral process equipment.
Facilities	Facilities provides outsourced facility services to customers across a diverse range of industry sectors including: education; health; government; and defence. Facilities provides asset management services to facilities and estates that cover maintenance, expansion and frontline services for strategic assets across a range of sectors.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

The performance of the reportable segments identified within the Group is presented below:

Dec 2024 $'m	Transport	Energy & Utilities	Facilities	Unallocated	Total
Segment revenue and other income	**2,511.5**	**1,578.8**	**1,126.0**	**4.9**	**5,221.2**
Share of sales revenue from joint ventures and associates(i)	**233.8**	**-**	**-**	**50.7**	**284.5**
Total revenue including joint ventures, associates and other income(i)	**2,745.3**	**1,578.8**	**1,126.0**	**55.6**	**5,505.7**
Total reported segment results – EBIT before amortisation of acquired intangibles (EBITA)	**128.8**	**52.6**	**72.2**	**(103.5)**	**150.1**
Amortisation of acquired intangibles	**(0.6)**	**(0.2)**	**(1.9)**	**(14.0)**	**(16.7)**
Earnings before interest and tax (EBIT)	**128.2**	**52.4**	**70.3**	**(117.5)**	**133.4**

Dec 2023 Revised (ii) $'m	Transport	Energy & Utilities	Facilities	Unallocated	Total
Segment revenue and other income	2,694.8	1,683.3	1,160.5	44.6	5,583.2
Share of sales revenue from joint ventures and associates(i)	401.9	-	-	40.8	442.7
Total revenue including joint ventures, associates and other income(i)	3,096.7	1,683.3	1,160.5	85.4	6,025.9
Total reported segment results - EBIT before amortisation of acquired intangibles (EBITA)	100.8	38.7	65.8	(66.1)	139.2
Amortisation of acquired intangibles	(0.5)	(0.2)	(2.3)	(8.6)	(11.6)
Earnings before interest and tax (EBIT)	100.3	38.5	63.5	(74.7)	127.6

(i) This is a non-statutory disclosure as it relates to Downer's share of revenue from equity accounted joint ventures and associates.

(ii) Revised to reflect changes in operating segments described above.

Reconciliation of segment EBIT to net profit after tax:

	Note	Segment results Dec 2024 $'m	Dec 2023 $'m
Segment EBIT before Unallocated		**250.9**	202.3
Unallocated:			
Fair value movement on DCSO liability	B4	**-**	1.2
Net (loss)/gain on divestments and exit costs	B4	**(23.6)**	33.8
Transformation and restructure costs	B4	**(11.5)**	(12.3)
Regulatory reviews and legal matters	B4	**(7.2)**	(15.4)
Impairment, asset write-downs and other	B4	**(18.4)**	(18.6)
Amortisation of Spotless and Tenix acquired intangible assets		**(7.5)**	(8.6)
Corporate costs		**(49.3)**	(54.8)
Total unallocated		**(117.5)**	(74.7)
Earnings before interest and tax		**133.4**	127.6
Net finance costs		**(40.4)**	(47.4)
Profit before income tax		**93.0**	80.2
Income tax expense		**(17.5)**	(8.1)
Profit after income tax		**75.5**	72.1

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

B2. Revenue

Revenue and other income

Dec 2024 $'m	Transport	Energy & Utilities	Facilities	Unallocated	Total
Rendering of services	**1,383.4**	**1,233.4**	**1,098.1**	**0.5**	**3,715.4**
Construction contracts	**968.1**	**329.5**	**-**	**-**	**1,297.6**
Sale of goods	**136.3**	**15.2**	**27.9**	**-**	**179.4**
Total revenue from contracts with customers	**2,487.8**	**1,578.1**	**1,126.0**	**0.5**	**5,192.4**
Other revenue	**2.8**	**-**	**-**	**1.0**	**3.8**
Total revenue	**2,490.6**	**1,578.1**	**1,126.0**	**1.5**	**5,196.2**
Net gain on sale of property, plant and equipment	**0.4**	**0.1**	**-**	**-**	**0.5**
Other	**20.5**	**0.6**	**-**	**3.4**	**24.5**
Other income	**20.9**	**0.7**	**-**	**3.4**	**25.0**
Total revenue and other income	**2,511.5**	**1,578.8**	**1,126.0**	**4.9**	**5,221.2**

Dec 2023 Revised(i) $'m	Transport	Energy & Utilities	Facilities	Unallocated	Total
Rendering of services (ii)	1,730.9	1,527.9	1,129.9	-	4,388.7
Construction contracts	805.3	138.4	-	-	943.7
Sale of goods (ii)	145.8	16.5	30.2	-	192.5
Total revenue from contracts with customers	2,682.0	1,682.8	1,160.1	-	5,524.9
Other revenue	9.6	-	-	2.6	12.2
Total revenue	2,691.6	1,682.8	1,160.1	2.6	5,537.1
Net gain on sale of property, plant and equipment	2.1	0.4	-	-	2.5
Net gain on disposal of business	-	-	-	40.7	40.7
Other	1.1	0.1	0.4	1.3	2.9
Other income	3.2	0.5	0.4	42.0	46.1
Total revenue and other income	2,694.8	1,683.3	1,160.5	44.6	5,583.2

(i) Revised to reflect changes in operating segments described above.

(ii) The Group reclassified for consistency with current presentation revenue from rendering of services to sale of goods for the period ended 31 December 2023 to reflect the appropriate categorisation of the nature of the goods and services provided.

Revenue from contracts with customers by geographical location

Dec 2024 $'m	Transport	Energy & Utilities	Facilities	Unallocated	Total
Geographical location(i)					
Australia	**1,366.8**	**1,306.1**	**983.3**	**0.3**	**3,656.5**
New Zealand and Pacific	**1,121.0**	**254.7**	**142.7**	**0.2**	**1,518.6**
Rest of the world	**-**	**17.3**	**-**	**-**	**17.3**
Total revenue from contracts with customers	**2,487.8**	**1,578.1**	**1,126.0**	**0.5**	**5,192.4**

Dec 2023 Revised (ii) $'m	Transport	Energy & Utilities	Facilities	Unallocated	Total
Geographical location(i)					
Australia	1,430.3	1,377.7	987.9	-	3,795.9
New Zealand and Pacific	1,251.7	276.4	172.2	-	1,700.3
Rest of the world	-	28.7		-	28.7
Total revenue from contracts with customers	2,682.0	1,682.8	1,160.1	-	5,524.9

(i) Revenue is allocated based on the geographical location of the legal entity.

(ii) Revised to reflect changes in operating segments described above.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

B3. Employee benefits expense

	Dec 2024 $'m	Dec 2023 $'m
Defined contribution plans costs	**96.0**	101.5
Share-based employee benefits expense	**2.3**	1.5
Redundancy costs	**10.7**	4.5
Other employee benefits	**1,517.6**	1,641.7
Total employee benefits expense	**1,626.6**	1,749.2

B4. Individually significant items

Current period
The following material items of income and expense, forming part of the unallocated segment, are relevant to an understanding of the Group's financial performance.

Dec 2024 $'m	Net loss on divestments and exit costs	Transformation and restructure costs	Regulatory reviews and legal matters	Impairment, asset write-downs and other	Total
Employee benefits expense	**-**	**(7.1)**	**-**	**(1.0)**	**(8.1)**
Other depreciation and amortisation	**(3.8)**	**-**	**-**	**(8.9)**	**(12.7)**
Impairment of non-current assets	**-**	**-**	**-**	**(4.9)**	**(4.9)**
Other expenses from ordinary activities	**(19.8)**	**(4.4)**	**(7.2)**	**(3.6)**	**(35.0)**
Total significant items before interest and tax	**(23.6)**	**(11.5)**	**(7.2)**	**(18.4)**	**(60.7)**
Income tax benefit	**5.0**	**3.5**	**2.1**	**5.5**	**16.1**
Total significant items after tax	**(18.6)**	**(8.0)**	**(5.1)**	**(12.9)**	**(44.6)**

Net loss on divestments and exit costs
During the period, the net loss on divestments and exit costs includes:
- a net pre-tax loss of $16.5 million recognised in relation to the divestment of the Catering New Zealand business including the recognition of divestment and exit costs associated with Downer's ongoing obligations and risks associated with the divestment. Refer to Note D5 for further detail.
- Accelerated amortisation on acquired intangibles from the Spotless acquisition due to disposed contracts
- Other exit costs include divestment program related costs.

Capital losses on which a deferred tax asset has not been previously recognised have been fully utilised to offset capital gains arising on divestments during the year.

Transformation and restructure costs
Transformation and restructure costs reflect expenses incurred with Downer's transformation program. This program encompasses the organisational restructure, redesign of the operating model (including the adoption of a support function hub model), development of a new people strategy (including Downer's high-performance culture program called The Downer Difference). It also includes capability uplift initiatives in project delivery and people management, and a review of the IT strategy focusing on technology simplification and modernisation. Additionally, Downer launched an optimisation program to drive significant reductions in overhead costs and a cultural shift towards continuous improvement.

The material elements of the costs associated with the transformation and restructure are as follows:
- Redundancy and severance costs associated with ongoing review of the Group operating model, and
- Transformation program implementation costs including external advisor costs.

Regulatory reviews and legal matters
Regulatory review and legal matters costs were incurred in relation to defending the shareholder class actions filed against the Company, including shareholder class actions filed in early 2023 and the action filed by the Australian Competition and Consumer Commission (ACCC) in December 2024. These costs also relate to regulatory reviews, undertaking business conduct review and investigations, and provisioning for an historical New Zealand building warranty claim in 2001.

The shareholder class actions and ACCC claims have been disclosed as a contingent liability in Note D7.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

Impairment, asset write-downs and other

Impairment, asset write downs and other relate to:
- Accelerated amortisation and write-downs in relation to IT assets and discontinuation of IT development programs, where the ongoing usage has been reviewed as part of the technology simplification program and optimize program and aligned with the Group's new operating model
- Accelerated amortisation on acquired intangibles from the Spotless acquisition from exited contracts
- Office space and vehicles leases being surplus to requirements and terminated as a result of business transformation
- Clean up costs associated with asbestos related site rectification at a key Transport site.

Prior period

The Group recognised the following items as individually significant as at 31 December 2023:

Dec 2023 $'m	Fair value movement on DCSO liability	Net gain on divestments and exit costs	Transfor-mation and restructure costs	Regulatory reviews and legal matters	Impairment and other asset write-downs	Total
Other income	1.2	-	-	-	-	1.2
Net gain on disposal of businesses	-	40.7	-	-	-	40.7
Employee benefits expense	-	-	(1.7)	-	-	(1.7)
Other depreciation and amortisation	-	-	(8.0)	-	-	(8.0)
Impairment of non-current assets	-	-	-	-	(12.1)	(12.1)
Other expenses from ordinary activities	-	(6.9)	(2.6)	(15.4)	(6.5)	(31.4)
Total significant items before interest and tax	1.2	33.8	(12.3)	(15.4)	(18.6)	(11.3)
Income tax benefit	-	1.8	3.7	4.4	5.5	15.4
Total significant items after tax	1.2	35.6	(8.6)	(11.0)	(13.1)	4.1

Fair value movement on Downer Contingent Share Options (DCSO) liability

As part of the consideration to acquire the shares in Spotless that it did not already own, the Group granted three tranches of 2.5 million share options to the previous minority interest shareholders on 12 August 2020 which are exercisable within four years of issue on achievement of three prescribed share price targets (the Downer Contingent Share Options or DCSO). The fair value at issue date of these options was recognised as a liability arising on the acquisition of the shares. The DCSO are classified as a liability, with subsequent changes in the fair value recognised in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income. Since 30 June 2023, the fair value of the DCSO liability has decreased by $1.2 million, with a gain recognised through 'Other income' in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income during the year.

Net gain on divestments and exit costs

During the period end 31 December 2023, divestment and exit costs were recognised in relation to a number of transactions.

The material elements of the net gain on divestments and exit costs include:

- $40.7 million net pre-tax gain (including disposal costs) across the divestments;
- $6.9 million pre-tax transaction-related expenses and provisions associated with Downer's ongoing obligations and risks associated with divestments.
- Carried forward capital losses on which a deferred tax asset has not been previously recognised have been used to fully offset capital gains arising on divestments during the period. A deferred tax asset has not been recognised on remaining carried forward capital losses of $28.4 million at 31 December 2023 as it is not probable that a future capital gain will arise.

Transformation and restructure costs

Transformation and restructure costs represent costs incurred following Downer's commencement of the Transformation program to restructure its operating model. The material elements of the costs associated with the transformation and restructure are as follows:

- Transformation program related expenses including advisory and redundancy costs incurred during the period;
- Accelerated amortisation in relation to IT assets where the useful life was reassessed at 30 June 2023 against the Group's new operating model.

Regulatory reviews and legal matters

Regulatory review and legal matters costs were incurred in relation to defending the shareholder class actions filed against Downer during the prior financial year, responding to regulatory reviews, undertaking business conduct reviews and investigations, and other legal matters.

Impairment and other asset write-downs

Impairment of assets relates to adjustment in the carrying value, and related provisions recognised on IT and other assets that will no longer be utilised or provide future economic benefit as a result of transformation and business restructuring.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

B5. Earnings per share

Basic earnings per share
The calculation of basic earnings per share (EPS) is based on the profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding.

	Dec 2024	Dec 2023
Profit attributable to members of the parent entity used in calculating basic EPS ($'m)	**69.3**	65.5
Weighted average number of ordinary shares (WANOS) on issue (m's)(i)	**670.4**	670.4
Basic earnings per share (cents)	**10.3**	9.8

Diluted earnings per share
The calculation of diluted earnings per share is based on the following profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares.

	Dec 2024	Dec 2023
Profit attributable to members of the parent entity used in calculating basic EPS ($'m)	**69.3**	65.5
Adjustment to reflect ROADS dividends paid ($'m)	**6.2**	6.6
Profit attributable to members of the parent entity used in calculating diluted EPS ($'m)	**75.5**	72.1
Weighted average number of ordinary shares		
– Weighted average number of ordinary shares (WANOS) (m's)(i)(ii)	**673.1**	670.4
– Adjustment for calculation of diluted earnings per share due to ROADS (m's)(iii)	**33.5**	45.8
WANOS used in the calculation of diluted EPS (m's)	**706.6**	716.2
Diluted earnings per share (cents)(iv)	**10.3**	9.8

(i) The WANOS on issue has been adjusted by the weighted average effect of the unvested executive incentive shares of 1,156,995 (December 2023: 1,182,818).

(ii) For diluted EPS, the WANOS has been further adjusted by the potential vesting of executive incentive shares.

(iii) The WANOS adjustment is the value of ROADS that could potentially be converted into ordinary shares at the reporting date. It is calculated based on the issued value of ROADS in New Zealand dollars converted to Australian dollars at the spot rate prevailing at the reporting date, which was $181.1 million (December 2023: $185.7 million), divided by the 20-day Volume-Weighted Average Price (VWAP) of the Company's ordinary shares for the period preceding 31 December 2024 discounted by 2.5% according to the ROADS contract terms, which was $5.41 (December 2023: $4.05).

(iv) At 31 December 2024, the ROADS were deemed anti-dilutive and consequently, diluted EPS remained at 10.3 cents per share. (31 December 2023: 9.8 cents per share)

B6. Subsequent events

At the date of this report, there is no matter or circumstance that has arisen since the end of the financial 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 subsequent financial periods.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

C Capital structure and financing

C1. Borrowings
C2. Financing facilities
C3. Issued capital and non-controlling interest
C4. Reserves
C5. Dividends
C6. Other financial assets and liabilities

C1. Borrowings

	Dec 2024 $'m	Jun 2024 $'m
Current		
Unsecured:		
– USD private placement notes	**160.9**	-
– AUD private placement notes	**30.0**	-
– Deferred finance charges	**(0.1)**	-
Total current borrowings (i)	**190.8**	-
Non-current		
Unsecured:		
– Bank loans	**300.0**	522.0
– USD private placement notes	**-**	151.0
– AUD private placement notes	**-**	30.0
– AUD medium term notes	**503.0**	504.2
– JPY medium term notes	**103.0**	93.8
– Deferred finance charges	**(5.9)**	(7.0)
Total non-current borrowings	**900.1**	1,294.0
Total borrowings	**1,090.9**	1,294.0
Fair value of total borrowings(ii)	**1,102.7**	1,300.3

(i) USD and AUD private placement matures on 8 July 2025 and is recognised for the purpose of the accounts as a current liability. Downer has sufficient headroom in its other debt facilities to fund this maturity.

(ii) Excludes lease liabilities.

C2. Financing facilities

At reporting date, the Group had the following facilities that were unutilised:

	Dec 2024 $'m	Jun 2024 $'m
Syndicated loan facilities	**1,100.0**	1,100.0
Bilateral loan facilities	**375.0**	165.0
Total unutilised loan facilities	**1,475.0**	1,265.0
Syndicated bank guarantee facilities	**123.4**	104.6
Bilateral bank guarantees and insurance bonding facilities	**647.1**	681.0
Total unutilised bonding facilities	**770.5**	785.6

Summary of borrowing arrangements
The Group's borrowing arrangements are as follows:

Bank loan facilities
Bilateral loan facilities:
The Group has a total of $375.0 million (June 2024: $387.0 million) in bilateral loan facilities which are unsecured, committed facilities.

Syndicated loan facilities:
The Group has $1,400.0 million (June 2024: $1,400.0 million) of syndicated bank loan facilities which are unsecured, committed facilities.

USD private placement notes
USD unsecured private placement notes are on issue for a total amount of US$100.0 million (June 2024: US$100.0 million) with a maturity date of July 2025. The USD denominated principal and interest amounts have been fully hedged against the Australian dollar through cross-currency interest rate swaps.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

AUD private placement notes
AUD unsecured private placement notes are on issue for a total amount of $30.0 million (June 2024: $30.0 million) with a maturity date of July 2025.

Medium Term Notes (MTNs)
The Group has the following unsecured MTNs on issue:
– $500.0 million (June 2024: $500.0 million) maturing April 2026
– JPY 10.0 billion (June 2024: JPY 10.0 billion) maturing May 2033

The carrying value of the AUD MTN maturing April 2026 includes a premium of $3.0 million (June 2024: $4.2 million) over the face value owing to the differential between the coupon rate for that instrument and the prevailing market interest rate at the date of issue.

The JPY denominated principal and interest amounts have been fully hedged against the Australian dollar through a cross-currency interest rate swap.

The above loan facilities and note issuances are supported by guarantees from certain Group subsidiaries.

The maturity profile of the Group's borrowing arrangements by financial year is represented in the below table by facility limit:

Maturing in the period $'m	Bilateral Loan Facilities	Syndicated Loan Facilities	USD Private Placement Notes	AUD Private Placement Notes	Medium Term Notes	Total
1 July 2025 to 30 June 2026	**50.0**	**-**	**160.9**	**30.0**	**500.0**	**740.9**
1 July 2026 to 30 June 2027	**50.0**	**600.0**	**-**	**-**	**-**	**650.0**
1 July 2027 to 30 June 2028	**275.0**	**500.0**	**-**	**-**	**-**	**775.0**
1 July 2028 to 30 June 2029	**-**	**300.0**	**-**	**-**	**-**	**300.0**
1 July 2032 to 30 June 2033	**-**	**-**	**-**	**-**	**103.0**	**103.0**
Total	**375.0**	**1,400.0**	**160.9**	**30.0**	**603.0**	**2,568.9**

Covenants on financing facilities
Downer Group's financing facilities contain undertakings to comply with financial covenants so that Group guarantors of these facilities collectively meet certain minimum threshold amounts of Group EBITA and Group Total Tangible Assets.

The main financial covenants which the Group is subject to are Net Worth, Interest Service Coverage and Leverage.

Financial covenants testing is undertaken monthly and reported at the Board meetings. Reporting of financial covenants to financiers occurs semi-annually for the rolling 12-month periods to 30 June and 31 December. Downer Group was in compliance with all its financial covenants as at 31 December 2024.

Bank guarantees and insurance bonds
The Group has $2,055.3 million (June 2024: $2,104.0 million) of bank guarantee and insurance bond facilities to support its contracting activities. $1,176.9 million (June 2024: $1,224.2 million) of these facilities are provided to the Group on a committed basis and $878.4 million (June 2024: $879.8 million) on an uncommitted basis.

The Group's facilities are provided by a number of banks and insurance companies on an unsecured and revolving basis, with the exception of a project facility which is non-revolving. $1,284.8 million (June 2024: $1,318.4 million) (refer to Note D7) of these facilities were utilised as at 31 December 2024 with $770.5 million (June 2024: $785.6 million) unutilised. These facilities have varying maturity dates that occur between financial years 2025, 2026, 2027 and 2028.

The underlying risk being assumed by the relevant financier under all bank guarantees and insurance bonds is corporate credit risk rather than project-specific risk.

The Group has flexibility in respect of certain committed facility amounts (shown as part of the unutilised bilateral loan facilities) which can, at the election of the Group, be utilised to provide additional bank guarantee capacity.

Refinancing requirements
The Group will negotiate with existing and, where required, new financiers to extend the maturity date or refinance facilities maturing within the next 12 months. The Group's financial metrics and credit rating as well as conditions in financial markets and other factors may influence the outcome of these negotiations. As at 31 December 2024, the Group has no debt facilities maturing within the 12 months to 31 December 2025, other than Private Placements Notes (USD100.0 million and AUD30.0 million) maturing 8 July 2025.

Credit ratings
The Group's external credit rating is maintained at BBB (Outlook Stable) by Fitch Ratings. In December 2024, Fitch Ratings issued a report confirming that and Governance Risk highlighted the civil proceedings against Group entity, Spotless Facility Services Pty Ltd, by the Australian Competition and Consumer Commission (ACCC), are already captured in the assessment of the Group's governance structure and have no impact on the rating. The stabilisation of our increment grade credit rating is positive for our customers and suppliers when they contract with the Group. Furthermore, banks and other lending institutions will have more confidence in our stabilised credit risk profile which positively impacts their assessment of pricing, tenor and facility limits on financing facilities.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

C3. Issued capital and non-controlling interest

	Dec 2024		Jun 2024	
	No.	$'m	No.	$'m
Ordinary shares	**671,573,679**	**2,471.1**	671,573,679	2,471.1
Unvested executive incentive shares	**1,141,882**	**(7.0)**	1,173,846	(7.2)
Total		**2,464.1**		2,463.9

(a) Fully paid ordinary share capital

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Dec 2024		Jun 2024	
	m's	$'m	m's	$'m
Fully paid ordinary share capital				
Balance at the beginning of the financial period/year	**671.6**	**2,471.1**	671.6	2,471.1
Balance at the end of the financial period/year	**671.6**	**2,471.1**	671.6	2,471.1

(b) Unvested executive incentive shares

	Dec 2024		Jun 2024	
	m's	$'m	m's	$'m
Unvested executive incentive shares				
Balance at the beginning of the financial period/year	**1.17**	**(7.2)**	1.19	(7.3)
Vested executive incentive share transactions(i)	**(0.03)**	**0.2**	(0.02)	0.1
Balance at the end of the financial period/year	**1.14**	**(7.0)**	1.17	(7.2)

(i) December 2024 figures relate to the second deferred component of the 2022 STI award of 31,964 vested shares for a value of $163,327. June 2024 figures relate to the second deferred component of the 2021 STI award of 20,132 vested shares for a value of $101,578.

Unvested executive incentive shares are stock market purchases and are held by the Executive Employee Share Plan Trust under the Long-Term Incentive (LTI) plan. From the 2011 LTI plan onwards, no dividends will be distributed on shares held in trust during the performance measurement and service periods. Otherwise, excess net dividends are retained in the trust to be used by the Company to acquire additional shares on the market for employee equity plans.

(c) Non-controlling interest - Redeemable Optionally Adjustable Distributing Securities (ROADS)

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interest (NCI), before any intra-Group eliminations.

	Dec 2024	Jun 2024
	$'m	$'m
200,000,000 ROADS (June 24: 200,000,000)	(178.6)	(178.6)
Total	**(178.6)**	(178.6)

The non-controlling interest relates to the issue of 200,000,000 fully paid Redeemable Optionally Adjustable Distributing Securities (ROADS) with a nominal value of NZ$1 each in Works Finance (NZ) Limited. ROADS are classified as equity as they bear discretionary dividends, are only redeemable into shares of the Company at the option of Works Finance (NZ) Limited, holders cannot request redemption, they do not contain any contractual obligations to deliver cash or financial assets and do not require settlement in a variable number of equity instruments of Works Finance (NZ) Limited.

In accordance with the terms of the ROADS preference shares, the dividend rate for the one year commencing 15 June 2024 is 9.43% per annum (2023: 9.81% per annum) which is equivalent to the one year swap rate on 17 June 2024 of 5.38% per annum plus the step-up margin of 4.05% per annum. ROADS distribution net of imputation credit of 28% is 6.79% (2023: 7.06%).

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

C4. Reserves

Dec 2024 $'m	Hedge reserve	Foreign currency translation reserve	Employee benefits reserve	Equity reserve	Fair value through OCI reserve	Total attributable to owners of the parent
Balance at 1 July 2024	(2.5)	(34.1)	25.9	25.5	(1.4)	13.4
Foreign currency translation difference	-	(7.4)	-	-	-	(7.4)
Change in fair value of cash flow hedges (net of tax)	(0.4)	-	-	-	-	(0.4)
Change in fair value of unquoted equity investments	-	-	-	-	0.5	0.5
Total comprehensive income/(loss) for the period	(0.4)	(7.4)	-	-	0.5	(7.3)
Vested executive incentive share transactions	-	-	(0.2)	-	-	(0.2)
Share-based employee benefits expense	-	-	2.3	-	-	2.3
Income tax relating to share-based transactions during the period	-	-	0.1	-	-	0.1
Balance at 31 December 2024	(2.9)	(41.5)	28.1	25.5	(0.9)	8.3

Hedge reserve
The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to future transactions.

Foreign currency translation reserve
The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of operations where their functional currency is different to the presentation currency of the Group.

Employee benefits reserve
The employee benefit reserve is used to recognise the fair value of share-based payments issued to employees over the vesting period, and to recognise the value attributable to the share-based payments during the reporting period. This reserve also includes the actuarial gain/loss arisen on the defined benefit plan.

Equity reserve
The equity reserve accounts for the difference between the fair value of, and the amounts paid or received for, equity transactions with non-controlling interests.

Fair value through OCI reserve
The fair value through OCI reserve comprises the cumulative net change in the fair value of equity investments designated as FVOCI.

C5. Dividends

(a) Ordinary shares

	2025 Interim	2024 Final	2024 Interim	2023 Final
Dividend per share (in Australian cents)	10.8	11.0	6.0	8.0
Franking percentage	75%	50%	0%	0%
Cost (in $'m)	72.5	73.9	40.3	53.7
Dividend record date	27/2/25	16/9/24	14/3/24	24/8/23
Payment date	27/3/25	15/10/24	11/4/24	21/9/23

The interim 2025 dividend has not been declared as at reporting date and therefore is not reflected in the Financial Report.

(b) Redeemable Optionally Adjustable Distributing Securities (ROADS)

2025	Quarter 1	Quarter 2	Total to date
Dividend per ROADS (in Australian cents)	1.56	1.54	3.10
New Zealand imputation credit percentage	100%	100%	100%
Cost (in A$'m)	3.1	3.1	6.2
Payment date	16/9/24	16/12/24	

2024	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Dividend per ROADS (in Australian cents)	1.64	1.64	1.62	1.62	6.52
New Zealand imputation credit percentage	100%	100%	100%	100%	100%
Cost (in A$'m)	3.3	3.3	3.2	3.2	13.0
Payment date	15/9/23	15/12/23	15/3/24	17/6/24	

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

C6. Other financial assets and liabilities

Dec 2024	Financial assets		Financial liabilities	
$'m	Current	Non-current	Current	Non-current
At amortised cost[(i)]:				
Other financial assets	**3.4**	**5.5**	**-**	**-**
Advances to/from joint ventures and associates	**4.1**	**2.9**	**2.0**	**-**
	7.5	**8.4**	**2.0**	**-**
At fair value:				
Level 2				
Foreign currency forward contracts – Cash flow hedge	**1.6**	**0.7**	**1.2**	**-**
Cross-currency and interest rate swaps – Cash flow hedge	**30.8**	**-**	**4.5**	**16.6**
	32.4	**0.7**	**5.7**	**16.6**
Level 3				
Unquoted equity investments – Fair value through OCI	**-**	**17.5**	**-**	**-**
	-	**17.5**	**-**	**-**
Total	**39.9**	**26.6**	**7.7**	**16.6**

Jun 2024	Financial assets		Financial liabilities	
$'m	Current	Non-current	Current	Non-current
At amortised cost[(i)]:				
Other financial assets	13.2	5.7	-	-
Advances to/from joint ventures and associates	5.9	2.9	2.5	-
Deferred consideration	-	-	2.0	-
	19.1	8.6	4.5	-
At fair value:				
Level 2				
Foreign currency forward contracts – Cash flow hedge	0.7	0.1	3.6	0.5
Cross-currency and interest rate swaps – Cash flow hedge	0.3	19.6	5.1	20.9
	1.0	19.7	8.7	21.4
Level 3				
Unquoted equity investments – Fair value through OCI	-	17.8	-	-
	-	17.8	-	-
Total	20.1	46.1	13.2	21.4

(i) Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different from their carrying amounts.

Reconciliation of Level 3 fair value measurements of financial assets

The fair value of Level 3 investments has decreased by $0.3m from prior period (June 2024: $0.2 million decrease) due to revaluation and return on investment.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

Recognition and measurement

Fair value measurement

When a derivative is designated as the cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

Valuation of financial instruments

For financial instruments measured and carried at fair value, the Group uses the following to categorise the methods used:

– Level 1: fair value is calculated using quoted prices in active markets for identical assets or liabilities
– Level 2: fair value is estimated using 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)
– Level 3: fair value is estimated using inputs for the asset or liability that are not based on observable market data.

During the year there were no transfers between Level 1, Level 2 and Level 3 fair value hierarchies.

The following table shows the valuation technique used in measuring Level 2 and 3 fair values, as well as significant unobservable inputs used:

Type	Valuation technique	Significant unobservable input
Cross-currency and interest rate swaps	Calculated using the present value of the estimated future cash flows based on observable yield curves.	Not applicable.
Foreign currency forward contracts	Calculated using forward exchange rates prevailing at the balance sheet date.	Not applicable.
Unquoted equity investments	Calculated based on the Group's interest in the net assets of the unquoted entities.	Assumptions are made with regard to future expected revenues and discount rates. Changing the inputs to the valuations to reasonably possible alternative assumptions would not significantly change the amounts recognised in profit or loss, total assets or total liabilities, or total equity.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

D
Other disclosures

D1. Trade receivables and contract assets
D2. Trade payables and contract liabilities
D3. Intangible assets
D4. Interest in joint ventures and associate entities
D5. Disposal of businesses
D6. Assets and liabilities held for sale
D7. Contingent liabilities

D1. Trade receivables and contract assets

	Dec 2024 $'m	Jun 2024 $'m
Trade receivables	**504.9**	613.8
Contract assets(i)	**1,179.3**	1,352.4
	1,684.2	1,966.2
Other receivables	**28.4**	62.3
Loss allowance on trade receivables and contract assets arising from contracts with customers	**(21.6)**	(20.7)
Total trade receivables and contract assets	**1,691.0**	2,007.8
Included in the financial statements as:		
Current(i)	**1,536.3**	1,862.7
Non-current	**154.7**	145.1

(i) Current contract assets: $1,025.1 million (June 2024: $1,208.1 million).

D2. Trade payables and contract liabilities

	Dec 2024 $'m	Jun 2024 $'m
Trade payables	**510.1**	766.6
Contract liabilities	**211.0**	246.5
Accruals	**920.7**	882.3
Other payables	**178.9**	206.3
Total trade payables and contract liabilities	**1,820.7**	2,101.7
Included in the financial statements as:		
Current	**1,764.5**	2,041.1
Non-current	**56.2**	60.6

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

D3. Intangible assets

Dec 2024 $'m	Goodwill	Customer contracts and relation-ships	Brand names on acqui-sition	Intellectual property on acqui-sition	Software and system develop-ment	Total
Opening Cost	2,562.7	515.2	78.8	2.4	507.0	3,666.1
Opening Accumulated amortisation and impairment	(800.4)	(384.3)	(27.7)	(1.2)	(332.4)	(1,546.0)
Opening net book value as at 1 July 2024	1,762.3	130.9	51.1	1.2	174.6	2,120.1
Additions	-	-	-	-	3.3	3.3
Disposal of businesses	-	(2.8)	-	-	-	(2.8)
Amortisation expense	-	(14.6)	(2.0)	(0.1)	(21.3)	(38.0)
Impairment charge(i)	-	-	-	-	(4.9)	(4.9)
Internal transfers	-	-	-	-	3.6	3.6
Net foreign currency exchange differences at net book value	(1.1)	-	(0.2)	-	(0.2)	(1.5)
Closing net book value as at 31 December 2024	1,761.2	113.5	48.9	1.1	155.1	2,079.8
Closing cost	2,561.6	492.8	78.6	2.4	508.3	3,643.7
Closing accumulated amortisation and impairment	(800.4)	(379.3)	(29.7)	(1.3)	(353.2)	(1,563.9)

(i) Impairment recognised following review of the carrying value of assets as part of technology simplification program. Refer to Note B4.

Impairment of Assets
The Group assesses at each reporting date, whether there are any indicators that assets may be impaired. If any indicators exist, the Group estimates the recoverable amount of the asset.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. No impairment indicators for Goodwill have been identified at the reporting date.

As reported in the June 2024 Annual Report (Note C7 Intangible Assets), the estimation of recoverable amount of CGUs to which goodwill has been allocated involves key estimates and judgements, including projected cash flows, discount rates, budgeted revenue growth rates, EBIT margin and long term growth rate. Projected cash flows include assumptions in relation to contract awards, extensions and renewals, including potentially significant individual contracts that if not won, extended or renewed or if terminated early, it is reasonably possible that this may result in an adjustment in carrying amount of CGUs.

Consistent with June 2024 reported key estimates and judgements, Social Infrastructure & Citizen Services (SICS) has made assumptions in relation to new contracts and contract extensions where it is reasonably possible that in the event SICS is not successful that a material adjustment to the respective CGUs' carrying value could be required. The carrying value of goodwill allocated to SICS CGU at June 2024 was $813.7 million.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

D4. Interest in joint ventures and associate entities

	Note	Dec 2024 $'m
Interest in joint ventures at the beginning of the financial period		**10.0**
Share of net profit (i)		**5.3**
Share of distributions		**(2.6)**
Foreign currency exchange differences		**(0.2)**
Interest in joint ventures at the end of the financial period		**12.5**
Interest in associates at the beginning of the financial period		**111.8**
Share of net profit (i)		**12.1**
Interest in associates reclassified to held for sale	D6	**(123.9)**
Interest in associates at the end of the financial period		**-**
Total interest in joint ventures and associates		**12.5**

(i) The share of net profit is equal to the share of total comprehensive income for all joint ventures and associates.

The Group has interest in the following joint ventures and associates which are equity accounted:

Name of arrangement	Principal activity	Principal place of business	Ownership interest Dec 2024 %	Ownership interest Jun 2024 %
Joint ventures				
Allied Asphalt Limited	Asphalt plant	New Zealand	**50**	50
Bitumen Importers Australia Joint Venture	Bitumen importer	Australia	**50**	50
Bitumen Importers Australia Pty Ltd	Bitumen importer	Australia	**50**	50
EDI Rail-Alstom Transport Pty Ltd	Sale and maintenance of railway rollingstock	Australia	**50**	50
Emulco Limited	Emulsion plant	New Zealand	**50**	50
Isaac Asphalt Limited	Manufacture and supply of asphalt	New Zealand	**50**	50
Associates				
Keolis Downer Pty Ltd (i)	Operation and maintenance of Gold Coast light rail, Melbourne tram network, Adelaide metro and bus operation	Australia	**49**	49
HT HoldCo Pty Ltd (i)	Laundries services	Australia	**30**	30

(i) Downer's interest in this joint arrangement is classified as Assets Held for Sale during the financial period ended 31 December 2024. Refer to Note D6.

D5. Disposal of businesses

Current period divestments

Catering NZ

On 1 December 2024, Downer completed an agreement for the sale of the New Zealand catering business in the Facilities segment to DHG Hospitality Services NZ Pty Limited. The sale consideration for this transaction is $1.0 million. As at December 2024, net proceeds (after transaction costs) of $0.3 million have been received, with a pre-tax loss on disposal of $16.5 million.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

D6. Assets and liabilities held for sale

Cleaning
During the period, assets and liabilities relating to the Cleaning business in the Facilities segment have been classified as assets and liabilities held for sale.

Downer's interest in Keolis Downer Pty Ltd
During the period, Downer commenced a process to sell its 49% interest in Keolis Downer Pty Ltd (KD) to Keolis Australia Pty Ltd. As a result, the equity accounted investment in KD in the Transport segment was classified as Assets held for sale and equity accounting ceased.

Downer's interest in HT HoldCo Pty Ltd
During the period, Downer has entered into an agreement to sell its 30% interest in HT HoldCo Pty Ltd (HT), an Australian laundries business. As a result, the equity accounted investment in HT in the Unallocated segment was classified as Assets held for sale and equity accounting ceased.

At 31 December 2024, the disposal groups were stated at the lower of their carrying amount and fair value less costs of disposal, and consisted of the following assets and liabilities:

Dec 2024 $'m	Note	Cleaning	Downer's interest in Keolis Downer Pty Ltd	Downer's interest in HT HoldCo Pty Ltd	Total
Prepayments and other assets		**0.1**	**-**	**-**	**0.1**
Equity accounted investments	D4	**-**	**99.3**	**24.6**	**123.9**
Property, plant and equipment		**0.4**	**-**	**-**	**0.4**
Right-of-use assets		**0.6**	**-**	**-**	**0.6**
Assets held for sale		**1.1**	**99.3**	**24.6**	**125.0**
Lease liabilities		**0.6**	**-**	**-**	**0.6**
Employee benefits provision		**3.3**	**-**	**-**	**3.3**
Liabilities held for sale		**3.9**	**-**	**-**	**3.9**

Recognition and measurement
Disposal groups are recognised when a sale is considered highly probable. The assets and liabilities of these disposal groups are disclosed separately on the basis that their value is expected to be realised through a sale event rather than continued use. Disposal group assets are presented at the lower of their carrying value or the value expected to be realised through the sale. Any impairment to the carrying value of the assets is recognised through the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The Assets held for sale do not include any recognition of divestment and exit costs.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2024

D7. Contingent liabilities

Bonding	Note	Dec 2024 $'m	Jun 2024 $'m
The Group has bid bonds and performance bonds issued in respect of contract performance in the normal course of business for controlled entities	C2	**1,284.8**	1,318.4

In addition, the Group is called upon to give guarantees and indemnities to counterparties, relating to the performance of contractual and financial obligations (including for controlled entities and related parties). Other than as noted, these guarantees and indemnities are indeterminable in amount.

Other contingent liabilities

(i) The Group is subject to design liability in relation to completed design and construction projects. It is not possible to reliably estimate these claims and the Directors are of the opinion that there is adequate insurance to cover this area and accordingly, no amounts are recognised in the financial statements.

(ii) The Group is subject to ongoing fitness for purpose and defect liability obligations in relation to contracts. It is not possible to reliably estimate these obligations.

(iii) The Group is subject to product liability claims. Provision is made for the potential costs of carrying out rectification works based on known claims and previous claims history.

(iv) Controlled entities have entered into various joint arrangements under which the controlled entity is jointly and severally liable for the obligations of the relevant joint arrangements.

(v) The Group carries the normal contractors' and consultants' liability in relation to services, supply and construction contracts (for example, liability relating to professional advice, design, completion, workmanship and damage), as well as liability for personal injury/property damage during the course of a project. Potential liability may arise from claims, disputes and/or litigation/arbitration by or against Group companies and/or joint venture arrangements in which the Group has an interest. The Group is currently managing a number of claims and dispute processes in relation to services, supply and design and construction contracts as well as in relation to personal injury and property damage claims arising from project delivery.

(vi) In the ordinary course of business, contingent liabilities exist in respect of claims and potential claims against entities in the consolidated entity. The consolidated entity does not consider that the outcomes of any such claims known to exist at the date of this report, either individually or in aggregate, are likely to have a material effect on its operations or financial position.

(vii) In December 2022, Downer received correspondence notifying an alleged stray current defect in the depot constructed by Downer for the High Capacity Metro Trains Project and has received subsequent correspondence alleging that Downer is responsible for the costs of rectification. Downer denies liability and understands the dispute will be referred to arbitration.

(viii) In early 2023, four competing shareholder class actions were filed against Downer EDI Limited (Downer) following announcements it published with the ASX on 8 December 2022 and 27 February 2023. Each class action alleged a breach of Downer's continuous disclosure obligations and that it engaged in misleading or deceptive conduct by making and/or failing to correct or qualify various statements in connection with a maintenance contract in its Australian Utilities business and Downer's financial performance.

On 1 March 2024, Downer filed its defence to the plaintiffs' claim (which included a proportionate liability defence identifying Downer's former auditor as a concurrent wrongdoer) and a third party claim against the former auditor. On 9 August 2024, Downer filed amendments to those pleadings which included additional claims against its former auditor, which is yet to file a defence.

On 15 October, the Court of Appeal refused Quinn Emanuel's application for leave to appeal the decision awarding carriage of the class action to a consolidated proceeding led by Maurice Blackburn. Downer is defending the consolidated proceeding led by Maurice Blackburn.

(ix) On 12 December 2024, the Group was informed that the Australian Competition and Consumer Commission (ACCC) had commenced civil proceedings relating to allegations concerning estate maintenance services provided to the Department of Defence by a Downer subsidiary, Spotless Facility Services Pty Ltd, and two other organisations appointed to provide such services in different regions. The ACCC release to ASX on 12 December 2024 includes further details. Downer denies the ACCC allegations and is defending the proceedings.

Directors' Declaration
for the half-year ended 31 December 2024

In the opinion of the Directors of Downer EDI Limited:

(a) The condensed consolidated half-year financial statements and notes set out on pages 19 to 41 are in accordance with the Australian Australian *Corporations Act 2001* (Cth), including:

(i) Complying with Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) The financial statements and notes thereto give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the six-month period ended on that date; and

(b) There are reasonable grounds to believe that Downer EDI Limited will be able to pay its debts as and when they become due and payable.

(c) The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* (Cth);

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the *Corporations Act 2001* (Cth).

On behalf of the Directors

M J Menhinnitt
Chair

P J Tompkins
Managing Director and Chief Executive Officer

Sydney, 13 February 2025