

27 September 2022

FY22 ANNUAL REPORT RELEASE

Acrow Formwork and Construction Services Limited (ASX: ACF) ("Acrow" or "the Company") is pleased to release the Annual Report for Financial Year 2022.

As noted at the time of the FY22 results release (23/08/22), the new financial year has commenced very strongly both in terms of actual trading results and secured new hire contracts, with the result in this important lead indicator up 97% on the same time last year.

We look forward to providing an update at the Annual General Meeting, to be held on the 15th of November 2022.

-ENDS-

About Acrow

Acrow Formwork and Construction Services Limited (ASX: ACF) provides engineered formwork, scaffolding and screen systems solutions as well as in-house engineering and industrial labour supply services to its construction sector clients.

Acrow is made up of three distinct business divisions: Acrow Formwork and Scaffolding Pty Ltd, which hires high-quality scaffolding and provides bespoke engineered formwork for major building construction and infrastructure projects in Australia; Natform Pty Ltd, a specialist screen systems provider which designs and hires screen systems for the construction industry; and Uni-span Australia Pty Ltd, a provider of formwork and scaffolding solutions, equipment and services, which is complemented by in-house engineering and industrial labour supply.

Acrow currently operates in 10 locations across Australia and owns over 60,000 tonnes of formwork and scaffolding products. The Company has identified a number of near-term growth opportunities and is focused on growing its footprint in the civil infrastructure market of Australia's east coast, with a particular focus on New South Wales and Victoria. To learn more, please visit: www.acrow.com.au

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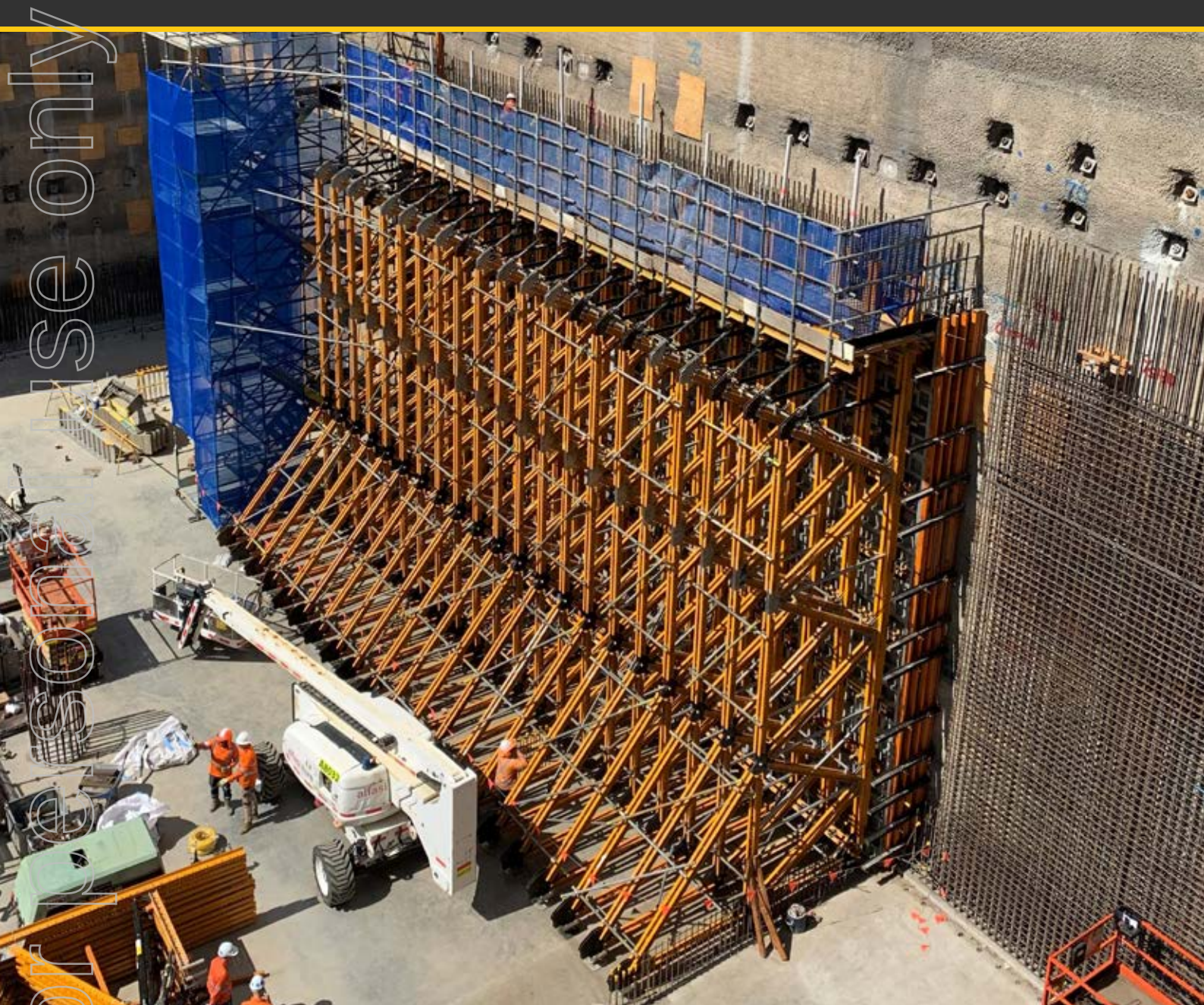
Andrew Crowther
Chief Financial Officer
Ph: +61 (02) 9780 6500



SINCE
1936

2022

ANNUAL
REPORT



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Captions:

Cover (main image) – Cross River Rail, Roma St, Brisbane QLD

Cover (bottom left) – Crown Casino, Barangaroo NSW

Cover (bottom middle) – Origin APLNG, QLD

Cover (bottom right) – Granville Place, Granville, NSW

Inside cover – Metro Tunnel CBD North, Melbourne, VIC



At the start of every great project since 1936.

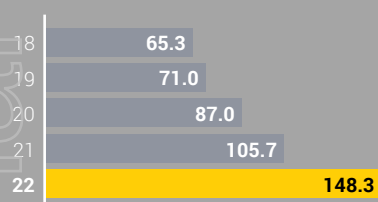
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Acrow is a leading provider of smart integrated construction systems in Australia. This was Acrow's ninth consecutive year of growth and we maintain a robust pipeline of opportunities for the future.

2022 Highlights

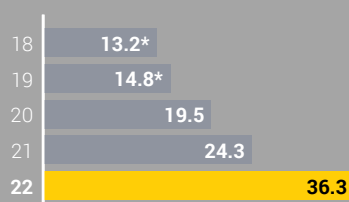
Total Revenue \$m

40%
TO \$148.3m



EBITDA* \$m

49%
TO \$36.3m

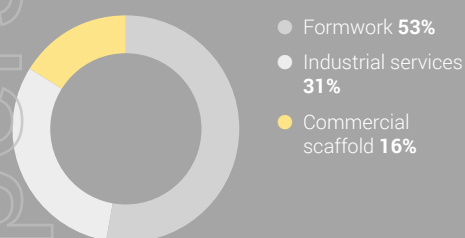


Earnings per Share* cents

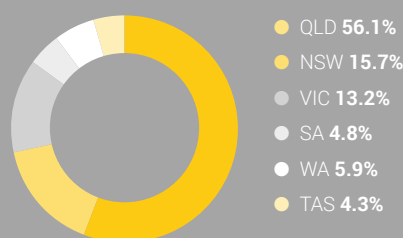
57% CAGR
TO 7.2c



Revenue by Business Unit#



Revenue by Geography#



*Underlying

#Revenue includes sale of ex hire equipment

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Chairman's Address

FY22 was a remarkable year which demonstrated the momentum that we have gained through the successful transformation of our business.

We have a key role as participants in the booming Australian infrastructure sector through a unique product and service offering that has enabled us to secure large packages of work on major infrastructure projects nationally.

Acrow is today a leading provider of smart integrated construction systems for the civil infrastructure, industrial and commercial sectors.

The outstanding performance of the company over the past twelve months confirms that our prudent decisions to invest in the platforms of our business – people, products and systems – are bearing fruit.

It is our expertise in providing sophisticated engineered solutions that sets us apart. We have improved and grown our core businesses by carefully investing growth capital and targeting east coast civil infrastructure projects. This clearly defined growth strategy is backed by engineering skills, high-quality people with a creative focus on finding the right solutions for customers, a strong product set and a national network.

These competitive advantages, together with strong performance, have enabled us to secure high margin work on Australia's marquee infrastructure projects and industrial services work that showcase our skills. We are continuing to exploit the growth opportunities in the civil infrastructure market and expand our share of the national industrial services market.

Organic growth drives strong results

The company's strong results reflect that we have been strong stewards of our assets, particularly as they represent entirely organic growth. Statutory net profit increased to a record \$15.7 million, an increase of 296% on the previous year. On an underlying basis, which excludes significant items and share-based payments, net profit was \$17.8 million, up 104%. Operating cash profit was \$23.0 million, up 97%.

An important factor in our growth has been the effective management of our supply chain despite the disruptions of COVID-19. We have driven growth by taking products

available only in one or two state markets and selling them nationally through our expanded operating network.

Underlying earnings per share were 7.2 cents, up 79% on the previous year. This represents a cumulative average growth rate of 57% over the four years since listing in 2018, showing the company's consistent track record of profit growth.

We have a robust financial position, with a strong balance sheet and cash flows. In FY22, cash flow from operations was \$18.9 million, which included a one-off increase in working capital of \$20 million to facilitate product sales and fund industrial services growth. Capital expenditure for the year was \$21.1 million of which two-thirds were invested in growth. With significant expansion opportunities ahead we are investing aggressively in our platform.

These opportunities include major civil infrastructure projects across Australian road, rail, airport and maritime industries as well as industrial solutions for commercial sectors such as energy and mining. As infrastructure developments are multi-billion dollar projects built over many years, we can tender for an increasing size and scope of packages over time, based on our growing engineering skills, equipment pool and capabilities.

During the year we raised \$10.5 million through a placement which helped fund growth in our industrial services and civil formwork businesses. We were delighted with the strong support for the capital raising and thank our shareholders for their contributions.

We continue to target acquisitions where businesses share an entrepreneurial culture and can broaden our platform and expand our services. This complements organic growth and, after balance date, we entered a new market through a ten-year exclusive licensing arrangement with New Zealand company Jacking Systems for their jump form system. We are building the infrastructure that will support the product ourselves, which brings to our platform one of the most technically advanced and adaptable jump form systems. These are used to construct the lift shaft core of a building, which is a leading activity on multi-floored construction.



104%

NPAT INCREASE
TO \$17.8m



Morrison Lane Yard, Beenleigh, QLD

Dividend

Our goal is to increase value for shareholders while delivering earnings sufficient for funding investing activities and capital expenditure that support ongoing growth. The Board's dividend policy is to pay between 30% and 50% of operating cash profit. The strength of our business model and earnings have enabled the Board to declare an increased final dividend of 1.5 cents per share, 60% franked. This brings total dividends for the year to 2.7 cents per share, 42% franked, up from 1.9 cents per share, an increase of 42% on last year and representing a payout of 30% of operating cash profit.

Board changes

During the year, there were changes to the Board. Gregg Taylor stepped down at last year's Annual General Meeting and Margaret Prokop retired in December 2021. I would like to thank them for their services to the company.

We have continued our process of Board renewal adding new directors with relevant skills and experience to guide the evolving needs of our business. Two new non-executive directors joined us in 2021, Melanie Allibon and Laurie Lefcourt. Both are well settled in and contributing to the Board and committees.

Melanie is an experienced company director with an extensive background in human resources and operating risk. She has held senior executive roles with Newcrest Mining, Seven Group Holdings, Amcor, Pacific Brands and

Foster's Group with responsibility spanning Australia, USA, Asia and the UK. She is chair of ASX-listed Boom Logistics Limited.

Laurie has an extensive background in financial, strategic and risk management, particularly in the resources, construction, and infrastructure sectors. She has held senior management and executive roles across Rio Tinto, Queensland Rail, Sinopec Oil and Gas, and Wiggins Island Coal Terminal. She is an experienced non-executive director and is currently on the boards of Advance NanoTek Ltd and SenterpriSYS Ltd.

In closing

On behalf of the Board, I would like to thank Steven Boland and his leadership team as well as all Acrow employees for their ongoing achievement.

Significant progress has been made to provide a strong platform for the future. We are building the business in a structured way, nurturing our growth engines while investing in our people, equipment, IT systems and technology to ensure that a strong backbone supports our expansion. We are confident of continuing our market penetration momentum and, with tailwinds behind us, are focused on exploiting the growth trajectory ahead.

Peter Lancken AM Chairman



2.7c

**DIVIDEND PER SHARE
UP 42% ON 2021**

Managing Director's Report

Since listing on the ASX nearly five years ago, Acrow has transformed into an engineering led business that provides exceptional solutions for the civil infrastructure and industrial markets.

Clear direction and execution on strategic priorities has achieved an outstanding result in FY22, with strong growth in main business lines across all states of Australia.

We are focused on delivering value for all key stakeholders, including employees, customers and shareholders. I am pleased to report that in FY22 Acrow achieved EBITDA of \$36.3 million, up 49% from \$24.3 million in the previous year. This represents a compound annual growth rate of 29% over the four years since FY18.

Importantly, over that period we have achieved growth while also increasing margins. EBITDA margin rose to 24.5% in FY22, up from 20.2% in FY18 demonstrating improving efficiency. We are committed to achieving our customers' priorities. These are the provision of robust engineering solutions, product quality, a positive reputation for delivery, and most importantly safety. Our ability to meet these criteria has enabled us to achieve strong revenue growth with improved margins.

Our business is differentiated by high quality engineering skills and effective bespoke solutions. Engineered sales from our formwork and industrial services businesses was 87.8% of total group contribution in FY22, up 38.2 percentage points from 49.6% in FY18.

Revenue increased 40% to \$148.3 million, up from \$105.7 million in the previous year and more than double FY18 revenue. Since then, the acquisitions of Natform and Uni-span have been fully integrated. FY22 showed strong organic growth reflecting a record pipeline of work and the securing of new, high revenue contracts.

Total sales contribution increased 32% to \$81.4 million. While expenses increased with higher activity, we exercised strong cost discipline and achieved benefits of scale, with 60% of sales contribution growth being passed through to operating profit.

Strong new hire contract growth

As we take advantage of the tailwinds of the current nation building infrastructure boom, it is our engineering team's capability to develop innovative formwork and industrial services solutions that has enabled us to

win tender packages on transport infrastructure and industrial services contracts.

A key achievement in FY22 was securing record hire contracts of \$50.4 million, up 28% on \$39.3 million in the previous year.

New hire contracts are the key short to medium term lead indicator for our business. We are encouraged by a strong success rate of circa 50% on quotes submitted throughout our Formwork business and especially on marquee infrastructure projects.

Acrow's reputation for quality, safety and service supports us as we bid for new work packages, which cover work to be completed over a short to medium term period. Their satisfactory completion positions us well to secure succeeding packages and our pipeline is extremely strong.

We continue to benefit from a unique range of products and services which are now being hired and sold across the country. Our formwork division has grown significantly across all states since our 2018 listing.

This, together with the creativity of our engineering solutions, has helped us secure formwork packages on most of the major transport infrastructure projects in Australia. These include Sydney Metro and Sydney Gateway in New South Wales, the Melbourne Metro Tunnel and Westgate tunnel in Victoria, the Bruce Highway upgrade and Cross River Rail project in Queensland.

Investment in our industrial services division, which provides a recurring earnings profile for Acrow, has also been rewarded. Among our key projects were Visy Australia's Tumut Kraft paper mill shutdown, new packages on Snowy Hydro 2.0, the Mount Piper power station shutdown, maintenance for Origin's Surat Basin oil and gas facility and Incitec Pivot's Phosphate Hill shutdown.

Formwork

National formwork revenue rose 30% to \$78.7 million with significant growth in all state markets. In Queensland, our largest market, revenue grew 50% to



87.8%

OF TOTAL SALES WERE ENGINEERED SALES FROM FORMWORK AND INDUSTRIAL SOLUTIONS BUSINESSES



\$29.3 million as we increased market share. Operations in Western Australia also grew significantly as we opened new revenue channels, launching products previously available only on the east coast.

We consolidated our market position in Victoria, where we have good prospects for further growth, and in New South Wales which is Australia's largest state market. Having breached the barriers to entry in this market with high profile contracts, we are confident of further growth. Progress in South Australia and Tasmania has continued.

Industrial services

Industrial services revenue grew 110% to \$45.6 million with strong growth from expansion into new states and markets, including the renewable energy, power utilities and mining sectors. Product sales were boosted by participation in large projects and labour hire sales also increased significantly with a greater number of key projects.

Having invested \$4 million in specialised formwork equipment, including ring lock and furnace scaffold kits to serve the highly engineered Mount Piper shutdown, it was pleasing this capital investment has provided a strong return enabling a significant boost in market share.

Commercial scaffold

Commercial scaffold revenues were steady as we increased focus on dry hire and smaller-scale work with a scaling down of labour and cartage. This division provides sustainable, strong free cash flow. Our business experienced improvement in New South Wales and Victoria during the year. While we continue to exit low profitability contracts, we remain committed to this cyclical business and anticipate some upwards rate improvement in the coming year.

Balance sheet and cash flow

We have a strong balance sheet and ended FY22 with an \$11.2 million improvement in net current assets surplus. While net debt increased by \$10.4 million, this reflected capital investment to fund growth and expansion of our business, and completion of the last deferred payment for the Uni-span acquisition. We are continuing to invest to serve infrastructure and industrial services markets. This has been rewarded by strong growth that has significantly exceeded our internal growth capital expenditure hurdle of 40%. Net gearing increased 1.5 percentage points to 28.3%.

In an unprecedented year in which steps were taken to minimise the impact of supply chain and logistics challenges, inventories were managed to reduce



49%

EBITDA INCREASE
TO \$36.3m

supply risks. This had a significant one-off working capital impact of \$20 million. Our working capital to sales ratio is expected to stabilise in the range of 18% to 20%.

During the year, our timber sales business was transformed by a lack of supply in the Australian market, growing demand and the withdrawal of alternative suppliers. We have a very reliable supply chain which was able to operate at high margins, although working capital increased due to a significant lag between initial payment and receiving funds on sales.

Acrow's expanded finance facilities allow significant headroom to support further growth. Our effective tax rate was 10% as tax paid by businesses was offset by Acrow's carry forward tax losses. Franking of dividends will increase as tax losses are consumed.

An employer of choice

People are our most valuable asset as we are building all aspects of our business to support growth. This has included a heavy focus on succession planning and the creation of new roles to broaden our capability. Our reputation as an industry-leading employer of choice is a powerful asset as our high-quality brand has enabled us to attract high-calibre people, allowing depth in senior and middle management.

We have developed an entrepreneurial and solutions-focused culture that believes in exceeding the relevant industrial standards and setting new standards of excellence.

A key point of difference is the strength of our engineering, which is technically very strong and includes some of Australia's top temporary formwork engineering talent. We have transformed the company through the continual building of our engineering team, which has more than doubled from 15 engineers in April 2018 to 32 engineers at the end of FY22. Our team is focused on achieving commercial results without compromise on product quality and safety. While we have industry-leading best of breed products, our 'secret sauce' is the smart way our engineers work for our customers.

Safety is a priority and we achieved a 49% improvement in the lost time injury frequency rate. Lost time injuries improved 33% in FY22.

I would like to sincerely thank all of the members of the Acrow family for their absolute commitment to excellence in our Business.

Expansion into jump form market

After balance date, we secured contracts valued at circa \$4 million to provide jump forms on the Cross River Rail Albert Street underground station and The Monaco apartments on the Gold Coast. These projects, which will be completed in FY23, fast track our entry into a lucrative

and strategically important market. Jump form systems complement our formwork and screen systems products, enhancing our opportunities to bid for a range of works on suitable commercial buildings.

We anticipate that we will generate from the capital required to service the projects a return on investment in the region of 70%, which reflects the critical nature of the engineering work. The Australian jump form market is estimated to be a multi-hundred-million-dollar industry, and we are confident of developing this new revenue channel into a sustainable \$20 million per year business line within three years.

Outlook

We are delivering on our future growth trajectory. The positive momentum of FY22 has continued in the first two months of FY23 with the securing of hire contracts totalling \$12 million, up 97% on the same period last year. This includes expected income from newly secured jump form contracts.

Government spending continues to provide a good range of opportunities, particularly in transport infrastructure, and our growing industrial services capability has increased the size of Acrow's addressable markets. We anticipate further packages of work from ongoing projects including Snowy Hydro 2, Melbourne Metro Rail, Melbourne Westgate, Qld Bruce Hwy Upgrade and Brisbane Cross River Rail amongst many others.

Our short to medium growth opportunities include expansion of our industrial services business on the east coast into South Australian and Western Australian markets, where we are targeting new contracts. We are capitalising on our major project experience to further increase market share in the New South Wales and Queensland formwork civil infrastructure markets. Also, we are leveraging our unique product range to open new revenue channels in state markets. Our investment in formwork and industrial services capabilities continues as we expand revenue streams and improve opportunities to cross-sell products and services.

We are confident of future growth and have provided guidance for FY23:

- Revenue in the range \$165 million – \$175 million, an increase of 15% on FY22;
- EBITDA (underlying) in the range \$43 million – \$44 million, a 20% improvement;
- NPAT (underlying) in the range \$21.5 million to \$22.5 million, an increase of 23%.



Steven Boland
CEO



Case Study: Cross River Rail



PROJECT

Cross River Rail



TECHNOLOGY

Formwork MK system
and SMK frames



LOCATION

Brisbane

Cross River Rail is a critical public infrastructure project comprising a 10.2 kilometre rail line with four new underground stations. It includes 5.9 kilometres of twin tunnels under the Brisbane River and central business district which will unlock a bottleneck in Brisbane's transport network and improve across south east Queensland.

Acrow's solution used our MK System and SMK frames products to create the walls for the station structures. The MK system offers a highly versatile system for civil engineering applications that need high load-bearing capacity, while our SMK frames provide a single-sided formwork solution with a truss structure that is flexible, allowing access on tunnel projects. We used sets of 10.875 metre pre-assembled SMK frames which allowed the pour for the station structures' single sided walls including, on one occasion, enabling a single 10.3 metre pour from basement level 4 to above basement level 2.

As Arrow assembled the full height frames off-site, the work and space needed for on-site construction was greatly reduced.

Photo: Cross River Rail,
Roma St, Brisbane, QLD

FORMWORK



Overview

- Provides a range of wall forming panel, soffit forming and conventional systems for large and small construction equipment
- Dry hires formwork equipment and provides the product that forms the temporary mould to support concrete structures during construction
- Dry hires falsework equipment used to support suspended horizontal structures during construction
- Products are generally manufactured overseas and imported
- Generates revenue through dry hire agreements that are typically based on a

price per tonne per week, or price per cubic metre per week

- Bespoke special formwork and climbing systems provided for large projects

FY22 Commentary

- Exceptional growth with expanded product and service offering and contribution increases across all states and most business units particularly Qld (50%) and WA (69%)
- Revenue up 30%
- Continued focus on product sales with growth of 26% which contributed 48% of formwork revenue

INDUSTRIAL SERVICES



Overview

- Highly experienced team and customer service ethic
- Generates revenue from wet hire agreements including hire, transport, labour and consumables
- At the forefront of scaffold service providers in Queensland to the industrial sector and expanding interstate
- Full turnkey solution from design to supply and install

- Strong focus on the energy, pulp, paper, mining and industrial sectors

FY22 Commentary

- Large growth Rebased this business into the future
- Revenue up 110% and contribution up 53%
- Focus on industrial labour that increased 156% with margin remaining relatively stable (19.4% down from 21.6%)
- Continued expansion outside of Queensland market into NSW, SA and Tasmania

SCREENS



Overview

- Leading designer and hirer of screen systems for the construction industry
- Provides screen-based formwork systems which support the construction of commercial high-rise buildings and civil infrastructure, including bridges, roadworks and train stations

- Dry-hire model offering highly engineered solutions for a wide range of customers
- Engineering capabilities provide a key competitive advantage

COMMERCIAL SCAFFOLD



Overview

- Provides access solutions to builders and building contractors when working at heights
- Generates revenue through both dry hire and wet hire agreements
- Dry hire agreements are typically based on a price per tonne per week, over a minimum of 4 weeks
- Wet hire agreements are typically based on a contract sum encompassing equipment

hire, transport, labour provisions and supply of consumables

- Solutions offered on both a wet and dry basis
- Supports commercial building including office and high rise developments, universities and schools, industrial buildings, hospitals and retail centre developments

Acrow is a leading provider of engineered formwork solutions and scaffold hire in Australia.

- Expanded timber sales with contribution growth of 208%
- Key contributing projects included packages on Melbourne Metro Rail, Melbourne Western Distributor, Sydney Metro Rail including Crows Nest Station, Bruce Highway Highway upgrade, Cross River Rail, QLD

FY23 Strategy

- Transformational investment into Jump Forms. 10 year licensing agreement with two initial projects
- Gain market share in NSW and benefit from civil infrastructure

development with specific focus on major projects. Snowy 2.0, Sydney Gateway and Sydney Metro West

- Continue to benefit from uplift in Queensland infrastructure activity as projects continue to ramp up. Major projects such as Bruce Highway upgrade, Cross River Rail and Inland Rail
- Continue to grow in other states through expansion of Acrow product range
- Ongoing capital investment to support growth



- Capital investment of \$4m during the year
- Key project wins include Visy, Snowy Hydro, Mt Piper, Origin Surat Basin and Incitec Pivot – Phosphate Hill

FY23 Strategy

- Continue expansion on the east coast
- Push hard into SA and WA markets via targeted new contract wins and potential M&A

- Expansion further into new markets including coal fired power stations, hydro power and mining
- Further capital investment to support growth



FY22 Commentary

- Continued success across east coast markets, particularly in Queensland
- Total revenue and contribution relatively flat due to projects delayed due to Covid 19 and floods, particularly in NSW

FY23 Strategy

- Focus on continued market share growth via innovation and service capability especially in QLD and Victoria
- Capitalise on projects delayed in NSW from 2022



FY22 Commentary

- Revenue and sales contribution stabilised during year
- Increased focus on dry hire and smaller scale work. This has included reduced contract and labour work
- Margins have show signs of improvement towards the end of the year

- This is now a strong free cashflow business with little investment of gear required

FY23 Strategy

- Continuing participation in commercial projects
- Hire rates increases and utilisation will be capitalised on in the dry hire market
- Exiting the labour/contract market in commercial





Case Study: Rozelle Interchange



PROJECT

Rozelle Interchange



TECHNOLOGY

Formwork RKS System
and Fabrication



LOCATION

Sydney

Partnering with civil engineering specialists to complete three vent shafts on the Rozelle Interchange which is part of the WestConnex Sydney development, we used Acrow's RKS rail climbing formwork system to construct ventilation shafts with different radiuses, assisted by cranes.

The design to fit the circular shape of the shafts was managed by introducing a fabricated square hollow section (SHS) steel to achieve the curved shape. This was connected to the formwork system with our proprietary SHS clamps. Bespoke tailoring of the curved sections maintained the full roll back properties of the system.

Our formwork systems are robust and highly adaptable, which allowed us to increase the pour heights from 3 metres to 3.6 metres, reducing the cycles needed whilst still jumping the platforms with the wall forms attached and in rolled back position. This simple but effective system reduced the number of 'special items' needed to complete the task, reducing cost and allowing a quality surface finish.

Photo: Rozelle Vent Shafts,
Rozelle, NSW

Safety

The health and safety of our people, customers and subcontractors is paramount.

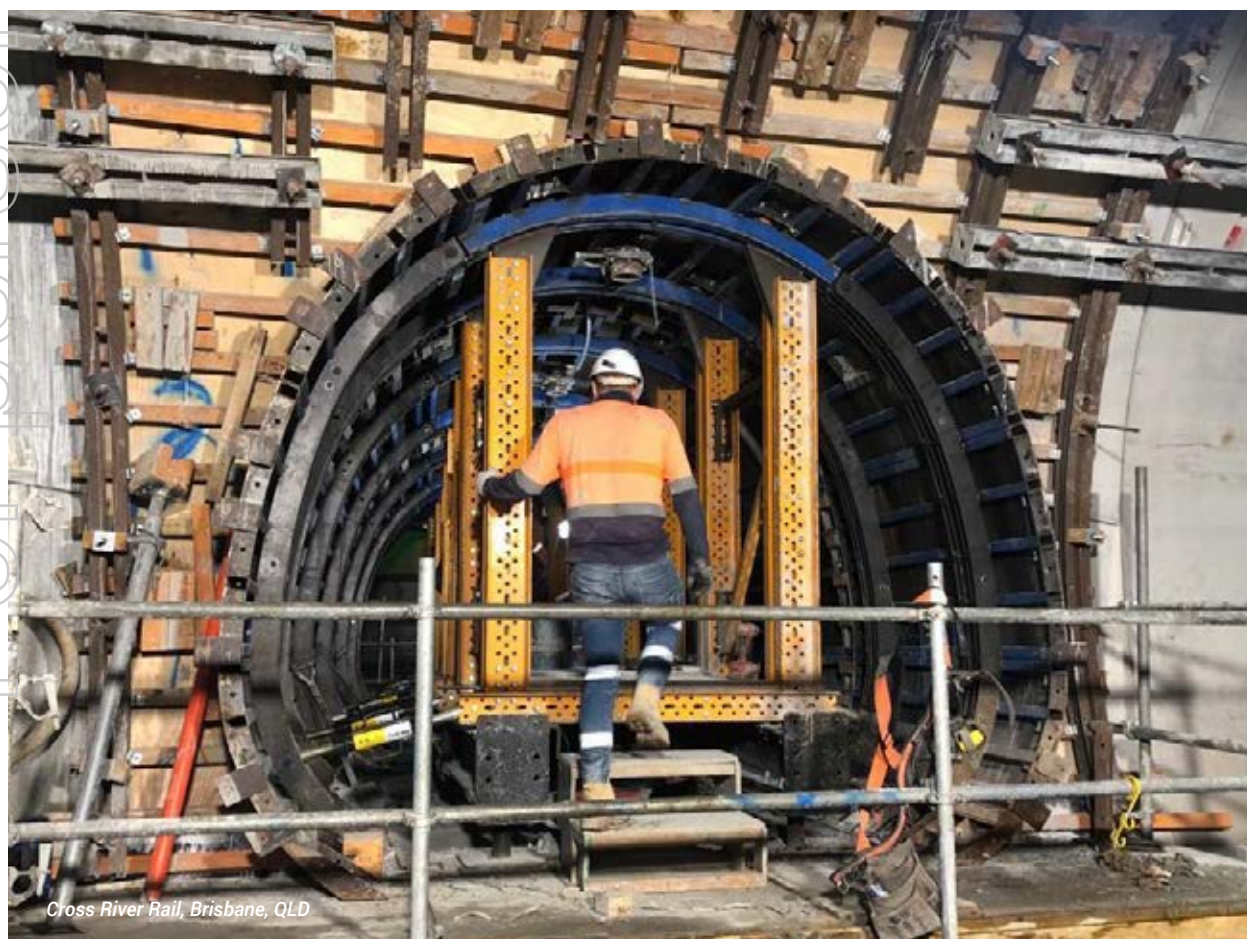
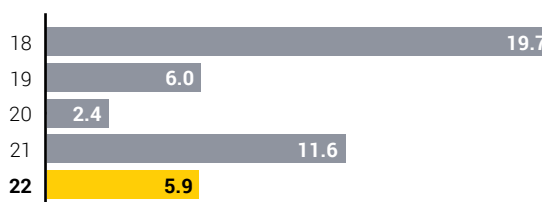
Acrow's safety culture is based on collaboration and a shared sense of responsibility. We have a multi-tiered process that ensures our employees and subcontractors are trained and follow industry leading safe work practices. Employees have access to health and safety information from Acrow's Safety Manager, Head of People & Culture and through the Acrow intranet. Our lost time injury frequency rate was lower while working an additional 152,000 hours compared to FY21. Other safety key performance indicators remained in line with the previous year.

Specific initiatives and programs conducted in FY22 included:

- Placement of a dedicated, new Safety Manager position
- Briefing on recent developments in health and safety for the CEO, and the Executive Leadership team

- Continued growth of online information resources to help employees understand their responsibilities
- Continued evaluation and updating of all health and safety related materials including procedures, policies and manuals, across all Acrow locations.
- Free access to RAT tests for COVID-19, and voluntary influenza vaccinations for employees.

LOST TIME INJURY FREQUENCY RATE



Cross River Rail, Brisbane, QLD



Mr Peter Lancken AM

Non-Executive Chairman

Peter has a career spanning over 30 years in a range of executive and director roles in equipment hire, industrial, and real estate companies.

He was formerly the Managing Director and Non-Executive Chairman of Kennards Hire Pty Limited.

Peter managed an era of growth spanning two decades at Kennards, with sales now exceeding \$550 million from a network of over 200 locations, and remains on the Board as a Non-Executive Director.

Peter is also a Non-Executive Director of Crimestoppers NSW and was Non-Executive Chairman of Propertylink Group (ASX:PLG) prior to its acquisition in April 2019.

Peter holds a Bachelor of Engineering (Civil) degree from the University of New South Wales, is a Fellow of the Institute of Engineers Australia and is a fellow of the Australian Institute of Company Directors.



Mr Steven Boland

Executive Director

Steve's 30 year executive career includes extensive experience in operational management and leadership spanning waste, sports management and hire in both Australia and the United Kingdom

Steven joined Acrow in 2013 and since then has served as its Chief Executive Officer. Steven was previously the CEO of the Melbourne Rebels Rugby Club and was responsible for the start-up phase of a Super Rugby professional sporting team. Previously, from 2004 to 2010, Steven served as the Global Executive Director (Recycling) of Visy Industries, and from 2002 to 2004, Steven was the Executive Director (Commercial Waste) of Veolia Environment UK.



Mrs Melanie Allibon

Non-Executive Director (Chair of the Remuneration & Nomination Committee)

Melanie has an extensive background in human resources and operating risk primarily in the industrial services, mining, manufacturing and FMCG sectors.

She has held senior executive roles with Newcrest Mining, Seven Group Holdings, Amcor, Pacific Brands and Foster's Group with responsibility spanning Australia, USA, Asia and the UK.

Melanie has been a non executive director for the last 9 years including Boom Logistics Pty Limited for over three years and Chair since November 2021. Melanie is a member of Chief Executive Women, International Women's Forum and AICD.



Mr David Moffat

Non-Executive Director

Appointed 19 September 2019

David has a career spanning over 35 years in the construction industry, most recently with Lipman for 29 years, prior to his resignation in December 2018. From 2013-2018, David was the Managing Director of the Lipman Group of Companies.

In 2019 David founded Cornerstone (NSW) Pty Ltd, whereas Managing Director, he provides strategic business planning and advisory services to Subcontractors, Head Contractors and Clients within the construction industry.

David brings with him key competencies in Leadership, Construction Management, Innovation and Safety. He holds a Bachelor of Engineering Degree (Civil) from The University of Technology, Sydney ("UTS").



Ms Laurie Lefcourt

Non-Executive Director (Chair of the Audit and Risk Committee)

Laurie has an extensive background in financial, strategic and risk management, particularly in the resources, construction, and infrastructure sectors.

She has held senior management and executive roles across Rio Tinto, Queensland Rail, Sinopec Oil and Gas, and Wiggins Island Coal Terminal.

Laurie has been a non-executive director for the past 4 years and is currently on the boards of – Advance NanoTek Ltd (ASX:ANO), and SenterpriSYS Ltd (NSX:SPS). Laurie is a past member on the board of Tamawood Ltd (ASX: TWD), the Jabiru Town Development Authority and Central Queensland University Council.

Laurie holds a bachelor's degree in finance and administration, is a fellow of the Institute of Chartered Accountants of Australia and New Zealand as well as a graduate of the Australian Institute of Company Directors.

Key Management Team

Steven Boland

Chief Executive Officer

As above.

Andrew Crowther

Chief Financial Officer

Andrew joined Acrow in July 2019. He has more than 20 years' experience having held senior financial and chief financial officer roles at Thorn Group, SFG Ltd, BT Financial Group and Colonial First State. He brings a breadth of industry and property infrastructure finance expertise to Acrow, including work in the property funds and asset management, superannuation and financial advice, consumer finance and leasing and business finance industries.

Matthew Caporella

Chief Operating Officer

Matthew joined Acrow in 2012 and recently promoted to Chief Operating Officer from National Manager – Engineering Operations.

Jan Pienaar

General Manager (QLD)

Jan joined Acrow in December 2018 as General Manager, Queensland. He has more than 10 years' management experience and was previously National Sales manager at Doka Formwork Australia, and before that as General Manager (Formwork) at Waco Kwikform.

Jurie Roetger

National General Manager – Industrial Services

Jurie joined the Acrow Group as part of the Uni-span acquisition in October 2019. He has more than 18 years industry experience. His previous roles with the Uni-span Group includes Scaffold Designer, Project Manager, North Queensland Manager and National Industrial Services Manager.

Peter Fehrenbach

General Manager (NSW)

Peter joined Acrow in September 2021. He has over 15 years management experience, previously holding positions at Bullivants that include National Operations and Supply Chain Manager as well as Regional Business Manager (NSW, Vic and SA). He also held various Supply Chain leadership roles in the Australia Pacific region at Orica.

Jason Merjane

Natform Manager (NSW)

Jason joined Natform in 2015 and is responsible for the screens business across the country.

Jeffery Stewart

National Sales & Marketing Manager

Jeffery joined Acrow in 2011. His prior roles include Regional Manager and director for Atlas Steels in New Zealand, National Market Development Manager at Atlas Specialty Metals, and Market Development Manager for Smorgon Steels Metals Distribution.

Robert Parovel

Head of People & Culture

Robert joined Acrow in November 2021, having previously held senior Human Resource positions with Harsco Corporation, GCC Services, and Webuild Group. Having lived and worked abroad, he has extensive experience in the Asia Pacific and Middle East regions.

Colin Fisher

General Manager (TAS)

Colin previously worked at Honeywell Business Solutions as a General Manager. Prior to Honeywell Business Solutions he worked at Visy Industries as the General Manager, and as the National Operations Manager at Onyx UK Limited.

Bill Goodall

General Manager (SA)

Bill joined Acrow in 2016. Bill has spent the last 16 years in management roles in the Formwork and Scaffold industry operating in NSW, SA, NT & WA.

Conan Godrich

General Manager (WA)

Conan brings over a decade of experience with Acrow. His prior roles include Account Manager (Gnangara Operations) at Rinker Australia, and Sales and Customer Service at OneSteel Reinforcing.

Carl Roetger

National Head of Procurement

Carl joined Acrow in October 2019 as the National Procurement Manager previously being a Co founder and Director of Uni-span Group since 2001. Prior to this Carl was the Co-founder and Joint MD of Nu-form Formwork and Scaffolding in South Africa.

Eddie McNulty

National Business Development Manager

Eddie joined Acrow in 2019 and brings 20 years of experience from both in the UK and Australia, specialising in the Civil Engineering & Infrastructure industry. Previous roles include Managing Director for GHI Formwork Australia, National Sales Manager for Uni-span and prior Sales Management roles with Peri Australia and Peri UK Ltd.

White Residences, Main Beach, QLD



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The Directors present their report, together with the Annual Financial Report for Acrow Formwork and Construction Services Limited (Acrow or the Company) and its controlled entities, for the year ended 30 June 2022, and the Auditor's Report thereon.

This report has been prepared in accordance with the requirements of the Corporations Act 2001 and the information below forms part of this Directors' Report:

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Peter Lancken (Chairman)
 Steven Boland (Chief Executive Officer)
 David Moffat
 Melanie Allibon (appointed 1 September 2021)
 Laurie Lefcourt (appointed 1 October 2021)
 Gregg Taylor (resigned 22 November 2021)
 Margaret Prokop (resigned 31 December 2021)

Information on the current directors and shareholdings are presented in the Annual Report on pages 12 to 13 and pages 38 to 44 respectively. This information includes the qualifications, experience, and special responsibilities of each director.

DIRECTORS' MEETINGS

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year ending 30 June 2022 are:

	Board of Directors		Remuneration Nomination Committee		Audit and Risk Committee	
	No. held	No. attended	No. held	No. attended	No. held	No. attended
Peter Lancken (Chairman)	16	16	4	4	5	5
Steven Boland (Chief Executive Officer)	16	16	—	—	—	—
David Moffat	16	14	4	4	5	5
Melanie Allibon	9	9	3	3	—	—
Laurie Lefcourt	9	9	—	—	2	2
Gregg Taylor	9	8	2	2	3	3
Margaret Prokop	10	10	—	—	—	—

Mr David Moffat was Chair of the Remuneration and Nomination Committee up to 16 February 2022 and replaced on that date by Ms Melanie Allibon.

Mr Gregg Taylor was Chair of the Audit and Risk Committee up to his date of resignation of 22 November 2021 and replaced on that date by Ms Laurie Lefcourt.

COMPANY SECRETARY

Mr Lee Tamplin of Automic Group is the Company Secretary and has over 20 years' experience in the financial services industry in both Australia and the UK. He is Company Secretary for several ASX listed, NSX listed and Proprietary companies across a range of industries. Mr Tamplin holds a BA (Hons) Financial Services (Bournemouth University United Kingdom), a Diploma of Financial Planning, is a Graduate of the Australian Institute of Company Directors, a Member of the Governance Institute of Australia, and a Member of the Australian Institute of Company Directors.

PRINCIPAL ACTIVITIES

Acrow operates in the Australian construction services industry, hiring formwork, falsework, scaffolding and screen equipment and undertakes sales of formwork and scaffolding related consumables. It also operates an industrial services business.

The formwork operation involves the supply of the temporary mould that supports concrete structures in their construction, whilst falsework equipment is used to support suspended horizontal structures during construction.

Screen-based formwork systems support the construction of civil infrastructure, commercial and residential buildings.

The industrial services operation supplies an industrial labour service to compliment the scaffolding hire to the energy, industrial and mining sectors.

The scaffolding operation supplies scaffolding equipment and access solutions to builders and building contractors when working at heights.

OPERATING AND FINANCIAL REVIEW

The Acrow business performed very strongly for the 12 months to 30 June 2022.

The business strategy re-base towards the value added, highly engineered civil formwork solutions market as well as an increased focus on equipment sales and expanding its new Industrial Services division translated to a large increase in profit during the year.

Financial performance:

The company achieved a net profit after tax of \$15.69m up 296% from 2021 profit of \$3.96m.

On an underlying basis (refer to table below), the net profit after tax increased 104% from \$8.71m to \$17.81m. The key highlights for the year included:

- Group revenue increased 40% on prior comparative period ("pcp") to \$148.3m (including sales of ex-hire gear), attributable to a strong trading performance across all divisions and states, led by Industrial Services, up 110%. Performance was all organically generated.
- Sales contribution increased 32% to \$81.4m, driven primarily by growth in the Formwork hire business
- Underlying EBITDA increased 49% to \$36.3m and EBITDA margin of 24.5% increased by 1.5ppts from pcp. Significant scale benefits are now being achieved whereby expenses are increasing at a much lower rate than the increase in sales contribution. The \$19.9m increase in sales contribution from pcp flowed through to a \$12.0m increase in EBITDA to pcp. That is 60% of the increase in sales contribution flowed through to EBITDA.
- Underlying NPAT increased 104% from \$8.7m pcp to \$17.8m. Effective tax rate declined from 15% pcp to 10% assisted by carry forward tax losses which have not been taken up as an asset in the accounts of the company.
- Statutory NPAT increased 296% from \$3.96m to \$15.69m, assisted by a substantial decline in significant items and share-based payments, down 55% to \$2.1m.

Financial performance table

	2022 \$'000	2021 \$'000
Statutory net profit after tax	15,694	3,963
Add back share-based payments	1,165	2,246
Add back acquisition, integration and restructuring costs	954	1,150
Add back pre-acquisition tax expense	—	670
Add back pre acquisition accelerated depreciation	—	384
Add back non-operating net interest	—	300
Underlying net profit after tax	17,813	8,713
Add back depreciation	13,070	11,179
Add back interest	3,467	2,948
Add back tax expense	1,962	1,509
EBITDA	36,312	24,349

Financial position:

There was an improvement in net current assets of \$11.2m from a deficit of \$8.2m pcp to a surplus of \$3.0m.

Net debt increased from \$22.5m in 2021 to \$32.8m, being cash \$3.0m (2021: \$1.8m) less debt of \$35.9m (2021: \$24.2m). This was predominantly due to:

- significant investment expenditure during the year including growth capital expenditure of \$14.2m and payment of deferred consideration of Uni-span \$3.5m.
- expansion of our sales and industrial services labour businesses that required increases in our working capital facilities.

Net gearing (net debt / (net debt + equity)) increased from 26.7% to 28.3%.

Property, plant and equipment increased from \$83.0m to \$95.5m due to total capital expenditure (Growth and Stay-in-Business) of \$22.4m (2021: \$17.4m) offset by depreciation and sales with a written down value of \$2.6m (2021: \$4.6m).

Total working capital increased by \$20.7m to \$32.8m from \$12.1m pcp. This increase was the result of:

- an increase in overall revenue flowing through to debtors' balances of \$34.4m from \$24.6m pcp.
- strategic decision taken to increase inventory holdings to secure supply and de-risk the disruptions to the supply chains which also resulted in increased prepayments.

Trade receivables debtor's days reduced from 65 days to 63 days during the year however if the impact of negotiated extended sales are taken out, debtors days increased from 56 to 60. Total bad debts written off, or debts in default and fully provided for totalled \$0.8m (or 0.6% of revenue). The percentage of write offs to sales is relatively consistent with previous years. The total provision for bad debts was increased during the year from \$1.2m to \$1.5m.

Further information on the operating and financial review is contained in the Chairman's and Managing Director's Review on pages 4 to 6 of this Annual Report.

Operating results:

Refer to the Managing Director's Report on pages 4 to 6 of this Annual Report.

DIVIDENDS

The Company paid a 1.15 cent franked dividend per share being a total of \$2.88m for the financial year ending 30 June 2021 on 25 November 2021. Shares totalling 1,432,611 were issued under the Dividend Reinvestment Plan at \$0.4437 cents per share including a 5% discount.

The Company paid an interim 1.20 cents 20% franked dividend per share being a total of \$3.0m for the financial year ending 30 June 2022 on 27 May 2022. Shares totalling 706,181 were issued under the Dividend Reinvestment Plan at \$0.4575 cents per share including a 2.5% discount.

Subsequent to year end, Directors declared a final 60% franked dividend of 1.50cps on 23 August 2022 to be

paid on 30 November 2022. This dividend has not been provided for in this financial report.

ENVIRONMENTAL REGULATIONS

Acrow's operations are not subject to significant environmental regulations under the Commonwealth of Australia and State/Territory legislation. The Board believes that Acrow has adequate systems in place to manage its environmental responsibilities and is not aware of any breach of regulations.

The Group is also subject to environmental regulation in respect of its exploration activities in Ghana but not aware of any breach of those regulations.

NO OFFICERS ARE FORMER AUDITORS

No officer of the Company has been a partner in an audit firm, or a director of an audit company, that is an auditor of the Company during the year or was such a partner or Director at a time when the audit firm or the audit company undertook an audit of the Company.

NON-AUDIT SERVICES

All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee to ensure that they do not impact the integrity and objectivity of the auditor.

All the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid or payable to the auditor of the Group, Grant Thornton and their related practices for audit and non-audit services during the year are set in note 27.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the Group's state of affairs.

REMUNERATION REPORT

Information on Acrow's remuneration framework and the outcomes for the Group are included in the Remuneration Report section of this Annual Report.

During the year, 845,090 performance rights were issued to KMP's under the Company's Rights Plan.

During the year, 743,400 performance rights that had previously been issued to KMP's under the Company's Rights Plan vested when the vesting conditions were achieved. A total of 908,600 performance rights relating to the same tranches did not meet vesting conditions and were forfeited.

Other than above, no new share rights or options were issued to Key Management Personnel or Non-executive directors during the year.

SHARE RIGHTS

At the date of this report, Acrow had 6,860,000 share options outstanding relating to grants of deferred equity to Directors and employees under the previous Long-Term Incentive Plan. These have a range of vesting dates through to July 2024. During the year 50,000 share options were cancelled after failing to meet vesting criteria and none were exercised.

7,901,708 Performance Rights were issued during the year with vesting periods at the end of the financial years 2023 and 2024. If the vesting conditions are met each Performance Right can be exercised into one Fully Paid Ordinary Share at the holder's discretion until the expiry date of 6 June 2037. The Performance Rights were issued to employees of the Company under the Company's Rights Plan and form part of the new Long Term Variable Remuneration (LTVR) of the employees. Performance Rights issued to KMP's are included in this balance.

A further 1,175,618 Performance Rights were granted during the year relating to the 30 June 2022 vesting period and 364,000 were cancelled on terminated employees.

359,000 Performance Rights were issued and vested immediately from the plan relating to a short-term incentive. These were exercised during the year into ordinary shares.

3,526,620 Performance Rights vested during the year after meeting vesting criteria for the measurement period to 30 June 2021 and 3,165,120 were exercised into ordinary shares. 4,310,330 Performance Rights relating to measurement period to 30 June 2021 were forfeited after not achieving vesting criteria. This includes KMP Performance Rights detailed above.

Balance of outstanding rights and options as at year end:

	Quantity outstanding	Weighted average exercise price	Expiry date
Performance rights	17,184,826	Nil	31 July 2035 to 6 June 2037
Options	6,860,000	\$0.47	13 December 2022 to 16 July 2024
Loan funded options	2,194,500	\$0.20	26 March 2023

For further details, refer to note 29 of this Annual Report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

For information about likely developments and expected results in the operations of the Company, refer to the Chairman's and Managing Director's Reports on pages 2 to 6 of this Annual Report.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Under the terms of Article 35 of the Company's Constitution, and to the extent permitted by law, the Company has indemnified the directors of the Company named in this Directors' report, the Company Secretaries, and other persons concerned in or taking part in the management of Acrow. The indemnity applies when persons are acting in their capacity as officers of the Company in respect of:

- Liability to third parties (other than the Company or related bodies corporate), if the relevant officer has acted in good faith; and
- Costs and expenses of successfully defending legal proceedings in which relief under the *Corporations Act 2001* is granted to the relevant officer.

The Group has not made any indemnity payment during the year.

INSURANCE PREMIUMS

During the financial year, the Company paid a premium of \$229,896 excluding GST for Directors' and Officers' Liability Insurance policy. The insurance provides cover for the Directors named in this Directors' Report, the Company Secretary, and officers and former Directors and officers of the Company. The insurance also provides cover for present and former Directors and officers of other companies in the Group.

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices in place throughout the financial year and can be referred to on the Acrow Group website: <https://www.acrow.com.au/investors/>

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Equipment finance and Trade finance facility limits to revert on 30 September 2022 from \$20,000,000 to \$22,000,000 and from \$8,000,000 to \$6,000,000 respectively, per agreement made on 10 June 2022.

A new loan agreement for capital purchases was drawn down in July 2022. The loan amount is \$4,125,000, matures in 3 years from commencement date and repayable in full by June 2025.

Bank guarantee facility increased from \$1,400,000 to \$1,700,000 by reducing the overdraft facility from \$6,600,000 to \$6,300,000.

Further Equipment finance loans of \$3,832,596 were drawn, repayable in full at end of three years and Trade finance loans of \$1,688,639 were drawn in and repayable in full within 180 days.

An insurance premium finance loan of \$1,201,539.53 was drawn on 22 August 2022 repayable in full by 22 July 2023.

On 23 August 2022 the Directors declared a 60% franked dividend of 1.5 cents per share to be paid on 30 November 2022. Dividend Reinvestment Plan is available for election. The dividend has not been provided for in this financial report as it was not declared until after 30 June 2022.

Other than the matters noted above, there has not arisen in the interval between the end of the financial year and the date of this Directors' report, any item, transaction, or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of Acrow, the results of those operations, or the state of affairs of Acrow in future financial years.

ROUNDING OF AMOUNTS

Acrow Formwork and Construction Services Limited is a company of the kind referred to in the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 and in accordance with that Legislative Instrument, amounts in the Consolidated Financial Statements and this Directors' Report have been rounded off to the nearest dollar, unless stated otherwise.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration made under section 307C of the Corporations Act 2001 is set out on page 22 of the Annual Report and forms part of the Directors' Report for the financial year ended 30 June 2022.

Signed in accordance with a resolution of the Directors:



Peter Lancken
Chairman

Sydney, 27 September 2022



Steven Boland
Director, Chief Executive Officer

Sydney, 27 September 2022

Auditor's Independence Declaration

for the year ending 30 June 2022



Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW
1230
T +61 2 8297 2400

Auditor's Independence Declaration

To the Directors of Acrow Formwork and Construction Services Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Acrow Formwork and Construction Services Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read "Grant Thornton", is written over a faint, larger "Grant Thornton" watermark.

Grant Thornton Audit Pty Ltd
Chartered Accountants

A handwritten signature in black ink, appearing to read "N P Smietana", is written over a faint, larger "Grant Thornton" watermark.

N P Smietana
Partner – Audit & Assurance
Sydney, 27 September 2022

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1 Letter from the Chair of the Remuneration Committee

I am delighted to bring you this Remuneration Report of the Acrow Group which outlines key aspects of the remuneration policy and framework and the remuneration awarded this year.

The information provided in this report has been prepared based on the requirements of the Corporations Act 2001 and the applicable accounting standards and has been audited.

The Board provides guidance and oversight to the remuneration strategy and has established a Remuneration & Nomination Committee to ensure the remuneration strategy attracts and retains quality directors and executives, fairly and responsibly rewards them, is equitable and aligned to shareholders' interests, and complies with the law and high standards of governance.

The Remuneration Committee reviews executive remuneration to ensure that it continues to align with Acrow's strategy, motivates management, reflects market best practice and support the delivery of sustainable long-term returns to shareholders. As part of the review process, we will continue to engage with specialised advisors and major shareholders.

The remuneration report received overwhelming support from shareholders at the 2021 AGM with 99.36% of votes in favour including proxy's discretion of 1.56%.

During the FY2022 reporting period, the Remuneration Committee has focussed on the performance of executives in delivering expected outcomes. We have also engaged external advisors to support the committee to identify those areas of remuneration policies, procedures and practices that will require ongoing change and improvement.

Melanie Allibon

Independent Non-Executive Director
Chair of the Remuneration Committee

2 Scope of the Remuneration Report and Individuals Classed as KMP

The Remuneration Report sets out the prescribed key management personnel (KMP) remuneration information and details in accordance with section 300A of the Corporations Act and associated regulations, including policies, procedures, governance, and factual practices as required.

In addition, Acrow Formwork and Construction Services Limited (Acrow, the Company) has decided to set out such further information as shareholders may require for

them to obtain an accurate and complete understanding of the Company's approach to the remuneration of KMP.

KMP are the non-executive directors, the executive directors and employees who have authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly during any part of the financial year. On that basis, the following roles/individuals are addressed in this report:

Non-executive Directors (NEDs)

- Mr Peter Lancken, independent non-executive Chairman since 27 March 2018.
- Mr David Moffat, independent non-executive director since 19 September 2019, Chair of Remuneration Committee from 6 October 2020 to 16 February 2022.
- Ms Melanie Allibon, independent non-executive director from 1 September 2021, Chair of Remuneration Committee from 17 February 2022.
- Ms Laurie Lefcourt, independent non-executive director since 1 October 2021, Chair of Audit & Risk Committee from 23 November 2021.
- Mr Gregg Taylor, independent non-executive director since 11 August 2017, Chair of the Audit & Risk Committee since 6th October 2020, resigned on 22 November 2021.

Senior Executives Classified as KMP During the Reporting Period

- Mr Steven Boland, Chief Executive Officer (CEO) & Executive Director since 27 March 2018.
- Mr Andrew Crowther Chief Financial Officer (CFO) since 8 July 2019.
- Ms Margaret Prokop, Executive Director since 31 August 2018, retired on 31 December 2021.

3 Context of KMP Remuneration for FY2022 and into FY2023 – unaudited

3.1 Context for Remuneration Governance during FY2022

The KMP remuneration structures that appear in this report are largely those that prevailed over FY2022, as is required by regulation, but also address expectations for FY2023, to some extent.

The Board has further developed remuneration governance, policies and practices applied to KMP of the Company, as well as other employees as the business has and continues to mature. The following outlines important context for the decisions that were made in relation to remuneration for/during FY2022, the outcomes of which are presented in this report.

- A total of 7,901,708 performance rights were issued to executives and senior managers in the 12 months to 30 June 2022 for the 2023 and 2024 years. The issues have three-year measurement periods.
- A total of 1,175,618 performance rights were issued to executives and senior managers and 364,000 cancelled in the 12 months to 30 June 2022 for the 2022 year. This issue had a three-year measurement period.
- A total of 359,000 performance rights were issued out of the LTVR plan to senior executives and senior managers relating to short term incentive. These rights were vested immediately and all exercised by 30 June 2022.
- The Company is focussed on delivering value for shareholders by executing on strategy including:
 - Becoming the leading engineered formwork sales and hire equipment solutions provider in Australia
 - Become the leading engineered solutions provider to the Australian Industrial Services market
 - Concentrating on profitable organic growth
 - Actively pursuing strategically sensible acquisitions to accelerate profitable growth
 - Target high ROI organic growth opportunities across all states

4 Overview of Acrow's Remuneration Governance Framework & Strategy

4.1 Transparency and Engagement

The Company seeks input regarding the governance of KMP remuneration from a wide range of sources, including:

- Shareholders and other stakeholders,
- Remuneration Committee Members,
- External remuneration consultants (ERCs),
- Other experts and professionals such as tax advisors and lawyers, and
- Company management to understand roles and issues facing the Company.

The following outlines a summary of Acrow's Remuneration Framework, including policies and practices to the extent developed. Shareholders can access a number of the related documents by visiting the investors portal on the Company website www.acrow.com.au. It is recommended that shareholders, proxy advisors and other interested parties consider all the available information.

4.2 Remuneration Committee Charter

The Remuneration Committee Charter (the Charter) governs the operation of the Remuneration Committee (the Committee). It sets out the Committee's role and responsibilities, composition, structure and membership requirements. The purpose of the Committee is to assist the Board by:

- Establishing appropriate processes regarding the review of the performance of directors, committees and the Board, and implementing them,
- Reviewing and making recommendations to the Board in relation to the remuneration packages of Senior Executives and non-executive directors, equity-based incentive plans and other employee benefit programs,
- Developing policies, procedures and practices that will allow the Company to attract, retain and motivate high calibre executives, and
- Ensuring a framework for a clear relationship between key executive performance and remuneration.

The Committee has the authority to obtain outside legal or other professional advice or assistance on any matters within its terms of reference.

Acrow recognises the importance of ensuring that any recommendations given to the Committee provided by remuneration consultants are provided independently of those to whom the recommendations relate. Further information about the parameters under which external remuneration consultants are engaged is provided below.

4.3 Senior Executive Remuneration Policy

The Company's senior executive remuneration policy may be summarised as follows:

- Remuneration for senior executives should be composed of:
 - Fixed Package inclusive of superannuation, allowances, benefits and any applicable fringe benefits tax (FBT),
 - Variable remuneration which is at-risk, creating opportunity for the Company to pay less than the potential variable remuneration when performance expectations have not been met, and which is partly an incentive to reward executives for meeting or exceeding expectations, including:
 - Short Term Incentive (STI) or Bonus opportunity which provides a reward for performance against annual objectives, and
 - Long Term Variable Remuneration (LTVR) which provides an equity-based reward for performance against indicators of shareholder

benefit or value creation, over a multi-year period, and

- In total the sum of the elements will constitute a total remuneration package (TRP).
- Both internal relativities and external market factors should be considered,
- Total remuneration packages (TRPs, which include Fixed Package and incentives) should be structured with reference to market practices, the practices of competitors for talent, and the circumstances of the Company at the time,
- Remuneration will be managed within a range to allow for the recognition of individual differences such as the calibre of the incumbent and the competency with which they fulfil a role (a range of +/- 20% is specified in line with common market practices), and
- Termination benefits will generally be limited to the default amount allowed for under the Corporations Act (without shareholder approval).

Changes to remuneration resulting from annual reviews are generally to be determined in relation to:

- external benchmarking, and/or market movements,
- whether current remuneration for the incumbent is above or below the policy midpoint/benchmark – those below the midpoint will tend to receive higher increases,
- the competence of the incumbent in fulfilling their role which determines their positioning within the policy range – higher calibre incumbents are intended to be positioned higher in the range, and
- any changes to internal relativities related to role/organisation design that have occurred since the previously review.

4.4 Non-executive Director Remuneration Policy

The Non-executive Director remuneration policy applies to non-executive directors (NEDs) of the Company in their capacity as directors and as members of committees, and may be summarised as follows:

- Remuneration may be composed of:
 - Board fees,
 - Committee fees,
 - Superannuation,
 - Other benefits, and
 - Equity (if appropriate at the time)

- Remuneration will be managed within the aggregate fee limit (AFL) or fee pool approved by shareholders of the Company, noting that equity does not count towards the AFL unless cash remuneration is sacrificed for a grant of equity, refer section 9. The company has operated under the AFL throughout the year,
- The Board may seek adjustment to the AFL in the case of the appointment of additional NEDs, or should the AFL become insufficient to attract or retain the appropriate calibre of NEDs,
- Remuneration should be reviewed annually,
- Committee fees may be used to recognise additional contributions to the work of the Board by members of committees in circumstances that the workload of the Board is not equally shared, and
- The Board Chair fee will be set as a multiple of the fees payable to other NEDs, in recognition of the additional workload associated with this role.

4.5 Short-Term Incentive Policy

The short-term incentive policy of the Company is that an annual component of executive remuneration should be at-risk and allow the Company to modulate the cost of employment to align with individual and Company performance while motivating value creation for shareholders:

- The STI should be paid in cash and deferral should not apply since there is a separate component of remuneration (the LTVR) which is intended to address long term outcomes,
- Non-executive directors are excluded from participation,
- A termination of employment will trigger a forfeiture of some or all of unearned STI entitlements depending upon the circumstances of the termination. The Board retains discretion to trigger or accelerate payment or vesting of incentives provided the limitation on termination benefits as outlined in the Corporations Act are not breached, and
- Short term awards are linked to the main drivers of value creation at the group, business unit or individual level, as may be appropriate to the role and subject to Board decision.

4.6 Long-Term Incentive Policy

The long-term incentive policy of the Company is that a component of remuneration of executives should be at-risk and linked to equity in the Company to ensure that the interests of executives are aligned with those of shareholders, and share risk with shareholders:

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan Rules, Offers and Comments
Purpose	The LTVR Plan's purpose is to provide an element of at-risk remuneration that constitutes part of a market competitive total remuneration package and aims to ensure that Senior Executives have commonly shared goals related to producing relatively high returns for Shareholders. Other purposes of the LTVR Plan are to assist Senior Executives to become Shareholders, provide a component of remuneration to enable the Company to compete effectively for the calibre of talent required for it to be successful and to help retain employees, thereby minimising turnover and stabilising the workforce such that in periods of poor performance the cost is lesser (applies to non-market measures under AASB2). As at balance date, the Company had Options and Loan funded shares for the purposes of the LTVR outstanding although none were issued in the year.
Form of Equity	The current plan in operation at balance date includes the ability to grant the following Rights to Eligible Employees which includes Directors and employees as nominated by the Board: ■ Share Awards, ■ Performance Rights, which are subject to performance related vesting conditions, and which may be settled upon exercise by new issues or on market purchase of ordinary fully paid Shares, ■ Options, which are subject to an exercise price, and which typically have no intrinsic value when granted (exercise price is around the Share price), creating an incentive to increase Share price and grow shareholder value. The Options may be settled as "Cashless Exercise" in which case on exercise of the Options the Company will only allot and issue or transfer that number of Plan Shares to the Participant that are equal in value to the difference between the Exercise Price otherwise payable in relation to the Options and the then market value of the Plan Shares as at the time of the exercise. Options may also be subject to performance related vesting conditions, and ■ Loan funded shares and share purchase Loans, whereby the Company provides a non-recourse, interest free loan to executives to acquire fully paid ordinary shares, with an associated obligation to repay the lesser of the loan amount and the value of the Shares at the end of the term of the loan. This functions effectively the same as an Option, with no intrinsic value at the time the arrangement is made, however participants hold Shares at an earlier stage. The proceeds of the loan must be used to buy shares. As the only recourse on the loans is the shares and there are vesting conditions, the arrangement has been accounted for as share options, as required under accounting standards. No dividends accrue to unvested Rights or Options, and no voting rights are attached, however dividends do accrue to vested Loan Funded Shares (along with voting entitlements) which must be put towards repayment of the Loan if any amount is outstanding.

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan Rules, Offers and Comments
Plan Limit	Unless prior Shareholder Approval is obtained, the number of Awards which may be granted under this Plan (assuming all Options and Performance Rights were exercised) must not at any time exceed in aggregate 10% of the total Issued Capital of the Company at the date of any proposed new Awards.
LTI Value	The Board retains discretion to determine the LTVR to be offered each year, subject to shareholder approval in relation to Directors, when the Rights are to be settled in the form of a new issue of Company shares. The Board may also seek shareholder approval for grants to Directors in other circumstances, at its discretion. FY2022 Invitations Eligible employees were granted 7,901,708 performance rights over four tranches with a total fair value of \$3,325,303. These have potential vestings in 2023 and 2024. Eligible employees were granted 1,175,618 performance rights over two tranches with a total fair value of \$436,229. These have potential vestings in 2022. Selected senior executives and managers were issued 359,000 performance rights relating to short term incentives with a total fair value of \$150,780.
Measurement Period	Three-year Measurement Periods combined with annual grants will produce overlapping cycles that will promote a focus on producing long term sustainable performance/value improvement and mitigates the risk of manipulation and short-termism (continuous improvement). Because of the timing of grants, the life of the Right may be less than 3 years at times, however this does not impact the Measurement Period over which performance is measured.
Performance, Vesting and Forfeiture Conditions	The Board has discretion to set Vesting, Performance and Forfeiture Conditions and for each Invitation. When such conditions are not met, the entitlement lapses. FY2022 Invitations Except as indicated below, a participant must remain employed by the Company during the Measurement Period and the performance conditions must be satisfied for LTVR to vest.
Retesting	Retesting is not contemplated under the Plan Rules.
Amount Payable for Grants	The target value of LTVR is included in assessments of remuneration benchmarking and policy positioning. No amount is payable by participants for grants of Performance Rights. An Acquisition Price will apply in respect of grants of Loan Funded Shares (with an accompanying loan) and may also apply to grants of Share Awards, which may or may not have Vesting Conditions. Any loan must be repaid prior to the end of the Loan Term, up to the Market Value of the Loan Funded Shares (non-recourse). For the FY2018 grant, Loan Funded Shares were offered at a price of 20c each, being the share price at the time of the grant calculation, and a loan for this amount was provided to the Participant for this amount in respect of each Loan Funded Shares acquired. These shares vested in March 2020 with only 280,500 exercised to balance date. No new Loan Funded Shares have been granted since FY2019.

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan Rules, Offers and Comments
Exercise of Grants	Participants will be required to submit an Exercise Notice in respect of Performance Rights and Options, in order to convert them to Shares, as well as the payment of the Exercise Price in respect of each Option exercised. No amount is payable by KMP on the exercise of Performance Rights.
Disposal Restrictions etc.	Options and/or Performance Rights granted under this Plan may not be assigned, transferred, encumbered with a Security Interest in or over them, or otherwise disposed of by a Participant, unless the consent of the Board is obtained, or due to the force of law in the case of the death of a Participant. The Board has discretion to determine the disposal restrictions attaching to Share Awards, Loan Funded Shares or Plan Shares (resulting from vesting and exercise of grants) as part of the Invitation terms.
Cessation of Employment	In the event of cessation of employment in the circumstances of a “Bad Leaver” (resignation or termination for cause), all unvested entitlements will be forfeited. In other circumstances, the treatment of unvested awards will be dealt with as determined by the Board. In the case of outstanding loans related to Loan Funded Shares, a Bad Leaver must repay the loan by the date of the cessation of employment. In other cases of termination, the Participant will have six months from the date of the termination, to repay the loan. If these requirements are not satisfied the Loan Shares are surrendered.
Change of Control of the Company (CoC)	If in the opinion of the Board a change of control event has occurred, or is likely to occur; a) Performance Rights granted will vest to the extent that the performance period has elapsed, and to the extent performance conditions have been met (may involve a pro-rata calculation), with the remainder lapsing, b) Options may be subject to accelerated vesting in the sole discretion of the Board, and c) Share Awards or Loan Funded Shares which do not vest will automatically be surrendered by the Participant, and any that do not lapse, and which are subject to an outstanding loan will be subject to the requirement of the loan being repaid by the date of the CoC.
Fraudulent or Dishonest Actions	If the Board takes the view that a Participant has acted fraudulently, dishonestly, or wilfully breaches their duties to the group, the Board has discretion to determine that unvested or unexercised awards are forfeited.

- The LTVR should be based on Performance Rights or Options (which may include Loan Funded Shares arrangements) that produce a benefit for Participants when performance objectives are met (which may include increasing Share price),
- The measurement period for long term incentives should be at least two years,
- A termination of employment will trigger a forfeiture of some, or all of the long-term incentives held by an executive in respect of which performance conditions and hurdles have not yet been met, depending upon the circumstances of the termination. The Board

retains discretion to trigger or accelerate payment or vesting of incentives provided the limitation on termination benefits as outlined in the Corporations Act are not breached.

4.7 Securities Trading Policy

The Company's Securities Trading Policy applies to Directors and executives classified as KMP (including their relatives and associates), those employees working closely with KMP, employees nominated by the Board, or any other employee holding inside information. It sets out the guidelines for dealing in any type of Company

Securities by persons covered by the policy, and the requirement for the Company to be notified within 2 business days of any dealing. It also summarises the law relating to insider trading which applies to everyone at all times. Under the current policy, those covered by the policy may not trade during a "blackout period" or when they hold inside information (subject to exceptional circumstances arrangements, see the policy on the Company website). The following periods in a year are "blackout periods" as defined in the policy:

- 2 weeks prior to the release of the Company's half year results,
- From the financial year balance date until 24 hours following the release of the Company's preliminary full year results (Appendix 4E),
- Within 24 hours of release of price sensitive information to the market, and
- another date as declared by the Board ("ad-hoc").

4.8 Executive Remuneration Engagement Policy and Procedure

The Company has adopted an executive remuneration engagement policy and procedure to manage the interactions between the Company and external remuneration consultants, to ensure their independence and that the Remuneration Committee will have clarity regarding the extent of any interactions between management and the external remuneration consultants. This policy enables the Board to state with confidence whether the advice received has been independent, and why that view is held. The Policy states that external remuneration consultants are to be approved and engaged by the Board before any advice is received, and that such advice may only be provided to a non-executive director. Interactions between management and the external remuneration consultants must be approved and will be overseen by the Remuneration Committee when appropriate. Refer to section 13.

4.9 Variable Executive Remuneration – The Short-Term Incentive Bonus Plan

Short Term Incentive Plan (STIP)

Aspect	Plan Rules, Offers and Comments
Purpose	The short-term incentive bonus plan's purpose is to give effect to an element of remuneration. This element of remuneration reinforces a performance focussed culture, encourages teamwork and co-operation among executive team members and maintains a stable executive team by helping retain key talent. These objectives aim to be achieved by a simple plan that rewards participants for their performance during a 12-month period.
Measurement Period	The Company's financial year (12 months). For the year ended 30 June 2022, the measurement period was from 1 July 2021 to 30 June 2022.
Award Opportunities	The CEO was offered an opportunity of up to 50% of Fixed Package which is based on achieving a range of measurable KPI's which are predominately based on achieving Profit before Tax targets and strategic goals and meeting safety standards. For other KMP Executives, their individual KPI's are determined by the CEO in collaboration with the Board.
Performance Assessments and Award Outcomes	Performance assessments are undertaken by the CEO in relation to other Senior Executives who then make recommendations to the Board, and by the Board in relation to the CEO. The Board has discretion to vary the recommendations of the CEO in determining final award outcomes.
Award Payment	Assessments and award determinations are performed following the end of the Measurement Period and the auditing of Company accounts. Awards will generally be paid in cash in the September following the end of the Measurement Period. They are to be paid through payroll with PAYG tax deducted as appropriate. There are limited situations where awards may be satisfied through the issue of equity. Deferral has not been introduced due to the mix of short term and long-term incentives being appropriately weighted.

Short Term Incentive Plan (STIP)

Aspect	Plan Rules, Offers and Comments
Cessation of Employment During a Measurement Period	In the event of cessation of employment due to dismissal for cause, all entitlements in relation to the Measurement Period are forfeited. In the event of cessation of employment due to resignation, all entitlements in relation to the Measurement Period are forfeited, unless the termination is classified as “good leaver” in the discretion of the Board, in which case the Board may make an award at the time of the termination, or assess outcomes at the normal time, following the termination.
Change of Control	In the event of a Change of Control including a takeover, the Board has discretion regarding the treatment of short-term incentive bonus opportunities.
Fraud, Gross Misconduct etc.	If the Board forms the view that a Participant has committed fraud, defalcation or gross misconduct in relation to the Company then all entitlements in relation to the Measurement Period will be forfeited by that participant.

4.10 Variable Executive Remuneration – Long Term Variable Remuneration Plan (LTVR) – Performance Rights

The LTVR plan is an annual performance rights plan to which selected executives and KMP are invited to participate at the Board’s discretion. The Company currently has two LTVR plans running which share the same method but differ slightly in their hurdles and vesting criteria detailed in the table below. All of the 2023 and 2024 plans were granted in the form of performance rights directly linked to the performance of the Company, the returns generated, and relative increases in shareholder wealth. This structure was used to ensure appropriate alignment to shareholder value over a specified timeframe.

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan Rules, Offers and Comments
Instrument	Performance rights being a right to receive a share subject to performance and vesting conditions.
Purpose	To motivate executives to achieve the long-term performance targets.
Plan limit	Performance rights issued for 2023 and 2024 rely on Corporations Act Section 708 relief – “Senior Managers”. Performance rights issued outstanding for 2022 were issued under Class Order exemption 14/1000.

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan Rules, Offers and Comments
LTVR Value	The Board retains discretion to determine the LTVR to be offered each year 2021 plan vested The measurement period of the 2021 plan finished on 30 June 2021. The performance outcome resulted in 45% of rights on issue vesting. 60% of the EPS rights vested and 40% lapsed, TSR rights did not meet threshold performance and lapsed. A total of 3,526,620 were vested during the year with all but 361,500 being exercised into ordinary shares as at the date of this report. KMP Steve Boland vested 495,900 rights and subsequently exercised into shares. 606,100 rights did not meet performance hurdles and lapsed. KMP Andrew Crowther vested 247,500 rights and subsequently exercised into shares. 302,500 rights did not meet performance hurdles and lapsed. 2022 plan outstanding During the year an additional 1,175,618 performance rights were issued to senior executives and managers at a value of \$436,229. There were 364,000 performance rights cancelled due to termination of employment. Valuation of additional 2022 performance rights used Monte Carlo simulation with inputs included: ■ Exercise price: nil ■ Share price at grant date of between \$0.42 and \$0.52 ■ Expected price volatility between 30% and 36% based on comparable companies ■ Expected dividend yield between 4.7% and 5.8% ■ Risk-free interest rate between 0.05% and 0.08% There are 8,921,618 performance rights available for vesting at the date of this report. KMP Steve Boland has 1,102,000 rights available for vesting. KMP Andrew Crowther has 550,000 rights available for vesting. Short term incentive There were 359,000 performance rights issued during the year relating to short term incentives for certain senior executives and managers at a value of \$150,780. These rights vested immediately with no performance conditions and have subsequently been exercised into shares. 2023 plan Invitations A total of 3,584,434 performance rights have been granted in the 2023 plan with nil cancelled at the date of this report. KMP Andrew Crowther has been issued 418,664 performance rights in this plan with a total fair value of \$184,322.

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan Rules, Offers and Comments
LTVR Value (continued)	2024 plan Invitations A total of 4,317,274 performance rights have been granted in the 2024 plan with nil cancelled at the date of this report. KMP Andrew Crowther has been issued 426,426 performance rights in this plan with a total fair value of \$172,576. Valuation of 2023 and 2024 performance rights used Monte Carlo simulation with inputs included: ■ Exercise price: nil ■ Share price at grant date of 1 June 2022 was \$0.48 ■ Expected price volatility between 14% and 33% – based on comparable companies ■ Expected dividend yield 5.1% ■ Risk-free interest rate between 2.25% and 3.6%
Dividends	No dividends are paid or accrued on unvested awards
Tranches	2023 plan: ■ 50% issue measured on Earnings per share (EPS) criteria specifically “NPAT / Weighted average number of shares on issue” ■ 50% issue measured on Total Shareholder return (TSR) criteria. This compares the share price and dividends through the measurement period to the ASX small industrials index. 2024 Plan: ■ 50% issue measured on Earnings per share (EPS) criteria specifically “NPAT / Weighted average number of shares on issue” ■ 50% issue measured on Total Shareholder return (TSR) criteria. This compares the share price and dividends through the measurement period to the ASX small industrials index.

Long Term Variable Remuneration Plan (LTVR)**Aspect****Plan Rules, Offers and Comments**

Performance hurdles

The vesting of the TSR Performance Rights will be determined by reference to the following scale, in relation to the Measurement Period:

Performance Level	Company's Annulised TSR Compared to the Annualised TSR of the ASX Small Industrials total Return Index	% of Tranche Vesting
Stretch and Above	Index TSR + 160% TSR CAGR	100%
Between Target and Stretch	> 130% Index TSR, < 160% TSR CAGR	Pro-rata
Target	130% Index TSR	50%
Between Threshold and Target	> Index TSR, < 130% TSR CAGR	Pro-rata
Threshold	Index TSR	0%
Below Threshold	< Index TSR	0%

TSR is the sum of Share price appreciation and dividends (assumed to be reinvested in Shares) during the Measurement Period. It is annualised for the purposes of the above vesting scale. CAGR is Compound Annual Growth Rate. The Company's annualised TSR will be compared with the annualised TSR of the Index.

The vesting of EPS Performance Rights will be determined by reference to the following scale, in relation to the Measurement Period:

Performance Level	Earnings Per Share (EPS) CAGR	% of Tranche Vesting
Stretch and Above	20%	100%
Between Target and Stretch	> 10%, < 20%	Pro-rata
Target	10%	50%
Between Threshold and Target	> 8%, < 10%	Pro-rata
Threshold	8%	0%
Below Threshold	< 8%	0%

EPS growth will be calculated as the CAGR required for the EPS in the year immediately prior to the commencement of the Measurement Period to equal the EPS achieved in the final year of the Measurement Period. The EPS will be calculated as follows for each year of the calculation:

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan Rules, Offers and Comments
Performance hurdles (continued)	NPAT EPS ÷ Time Weighted Average Issued Shares - NPAT in any period relating to the plan will be signed off by the Board. This will also include “base” capex budgeted to achieve the budgeted NPAT. - Any capex acquired above budget will require the target NPAT adjusted for the relevant measurement years at a required return of 40% weighted post tax for the time available (i.e. above budget capex 40% return time available during year). - If any M&A activity occurs, the NPAT will be adjusted in consultation with the Board. - The Board has discretion regarding whether or not to approve adjustments relating to NPAT at each measurement period. Options and Loan funded shares granted before FY2021 Conditions of issues have been included in previous Remuneration reports. For KMP's the vesting conditions include minimum service period of one year to four years and various share price targets with exercise price of 20 cents to 50 cents. Andrew Crowther has 600,000 out of 1,200,000 units of options (all with exercise price of 40 cents per unit) vested but remain unexercised after two years of service period before reporting date. The remaining 600,000 units consist of two further tranches further equal tranches vesting over three and four years of service periods.
Gateway	TSR and EPS Performance Rights are not subject to a gate, however, vesting above Target in any years will be subject to the Boards discretionary approval.
Measurement Period and vesting dates	2023 Plan: 1 July 2020 to 30 June 2023 (3 years) 2024 plan: 1 July 2021 to 30 June 2024 (3 years) Each grant is tested on the grant performance hurdles criteria at the end of the measurement period. Vesting for each successful tranche occurs only after the signed audited financial statements are lodged with the Australian Stock Exchange relevant to each plan.
Retesting	Retesting is not contemplated under the Plan Rules.
Amount payable for grants	No amount is payable by participants for grants of Performance Rights
Exercise of Grants	Participants will be required to submit an Exercise Notice in respect of vested performance rights in order to convert them to Shares. Each Right has a Term of 15 years from the Grant Date and if not exercised within that Term the Rights will lapse.
Performance Assessments and Award Outcomes	At the end of each performance period, the Remuneration and Nomination Committee assesses the relevant performance measures and determines the extent to which the awards should vest. Payment is made by the issuing or transfer of shares.
Award Payment	Assessments and award determinations are performed following the end of the Measurement Period and the auditing of Company accounts. Awards will generally be paid in cash in the September following the end of the Measurement Period. They are to be paid through payroll with PAYG tax deducted as appropriate. There are limited situations where awards may be satisfied through the issue of equity. Deferral has not been introduced due to the mix of short term and long-term incentives being appropriately weighted.

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan Rules, Offers and Comments
Cessation of Employment During a Measurement Period	In the event of cessation of employment due to dismissal for cause, all entitlements in relation to the Measurement Period are forfeited. In the event of cessation of employment due to resignation, all entitlements in relation to the Measurement Period are forfeited, unless the termination is classified as "good leaver" in the discretion of the Board, in which case the Board may make an award at the time of the termination, or assess outcomes at the normal time, following the termination.
Change of Control	If a change of control occurs prior to the vesting of an award, then the Board may determine in its absolute discretion whether all or some of a participant's unvested award vest, lapse, is forfeited, or continues.

5 Proforma Executive Remuneration for FY2022 (non-statutory disclosure)

– unaudited

The disclosures required under the Corporations Act (including regulations) and prepared in accordance with applicable accounting standards, do not provide shareholders with an understanding of the intended remuneration in a given year. For example, the LTVR disclosed is not reflective of the remuneration opportunity for the year being reported on, due to the requirements of AASB2. Therefore, the following table is provided to ensure that shareholders have an accurate understanding of the Board's intention regarding the remuneration offered to executives during FY2022. The values presented reflect the remuneration for a full year i.e. ignoring any part-year reporting impact.

Position	Incumbent	Fixed Package including super ¹	Target STI ²	LTVR Opportunity	Total Value of Package
Executive Director and Chief Executive Officer	Steven Boland	\$553,519	\$276,760	\$247,922	\$1,078,201
Chief Financial Officer	Andrew Crowther	\$327,818	\$98,346	\$93,706	\$519,870
Executive Director	Margaret Prokop (resigned 31 December 2021)	\$83,345	–	–	\$83,345

¹ Package includes car allowance and superannuation.

² With Steven Boland (CEO), STI is capped at 50% of his package; with Andrew Crowther (CFO) STI is capped at 30% of his package subject to achieving individual KPIs and performance targets.

Remuneration Report – Audited

for the year ending 30 June 2022

6 Vested/Awarded Incentives and Remuneration Outcomes in Respect of the Completed FY2022 Period (non-statutory disclosure) – Unaudited

The statutory disclosure requirements and accounting standards make it difficult for shareholders to obtain a clear understanding of what the actual remuneration outcomes for executives were in relation to a given reporting period. The following table brings these outcomes back to the year of performance outcome to which the award outcome relates, and which is the reporting period, i.e. LTI is presented as being part of the remuneration for the year during which performance testing was completed.

STI and LTI Outcomes									
Position	Incumbent	Fixed Package including super ¹	Temporary relocation ²	Actual STI ³	STI vested %	STI forfeited %	LTVR Value ⁴	Total Value of Package	Gains/Losses on Vested LTI from Change in Value During Vesting Period ⁵
Executive Director and Chief Executive Officer	Steven Boland	\$553,519	\$97,072	\$276,760	100%	0%	\$108,156	\$1,035,507	\$98,621
Chief Financial Officer	Andrew Crowther	\$327,818	–	\$93,926	96%	4%	\$41,283	\$463,027	\$61,917
Executive Director	Margaret Prokop (resigned 31 December 2021)	\$83,345	–	–	–	–	–	\$83,345	–

1 Package paid includes car allowance and superannuation.

2 Includes temporary accommodation that ceased in November 2021.

3 This is the value of the total STI award calculated and payable following the end of the FY 2022.

4 Only LTIs that vested and exercised in FY2022 have been disclosed in the above. For Steven Boland, 495,900 units of performance rights were vested and exercised as shares; and for Andrew Crowther, 247,500 units performance rights were vested and exercised as shares.

5 This is the number of LTI rights that vested in FY2022, multiplied by the 5-day VWAP share price on the date of vesting less the grant value.

Details regarding the assessments of performance that gave rise to the short-term incentive bonus outcomes for FY2022 are given below.

7 Performance Outcomes for FY2022

7.1 Company Performance

The following outlines the performance of the Company over the FY2016 and FY2022 period in accordance with the requirements of the Corporations Act:

Corporate Performance Measures

FY End Date	Revenue	Profit/ (loss) after Tax	Share Price	Change in Share Price	Total Dividend per Share ³	ST change in Shareholder Value over 1-year value (SP increase + Dividends)	
						Amount	%
30 June 2022	\$148,345,521	\$15,694,168	\$0.505	\$0.130	\$0.024	\$0.154	41%
30 June 2021	\$105,743,623	\$3,962,998	\$0.375	\$0.060	\$0.018	\$0.078	25%
30 June 2020	\$81,681,600	\$3,013,023	\$0.315	\$0.015	\$0.010	\$0.025	8%
30 June 2019	\$68,858,910	\$4,948,715	\$0.300	\$0.010	\$0.015	\$0.025	9%
30 June 2018 ¹	\$15,478,995	\$10,510,658	\$0.290	\$0.170	Nil	\$0.170	142%
30 June 2017	\$0	\$(613,395)	\$0.120	\$(0.06)	Nil	\$(0.06)	(33%)
30 June 2016 ²	\$0	\$8,468,607	\$0.180	n/a	Nil	n/a	n/a

¹ The above 30 June 2018 represents three-months consolidated result since Acrow's acquisition of the Acrow Holdings Group from April 18 to June 2018.

² The Company was not listed between July 2013 to April 2016 and hence no further historical results provided.

³ Dividends paid are the cash amount (post franking).

7.2 Links Between Performance and Reward Including STI and LTVR Determinations

The remuneration of executive KMP is intended to be composed of three parts as outlined earlier, being:

- Fixed Package, which is not intended to vary with performance, but which tends to increase as the scale of the business increases (i.e. following success),
- STI which is intended to vary with indicators of annual Company and individual performance, and
- LTVR which is also intended to deliver a variable reward based on long-term measures of Company performance.

If STI is achieved, it is paid after the end of the financial period it related to. This level of potential award was considered appropriate under the STI process as it stood at the time, and strongly linked to performance.

Following the end of FY2022, reports on the Company's activities during the year were prepared for the Board. The Board then assessed the extent to which expectations had been met or exceeded in relation to the Company and each role, to calculate the total award payable. This included assessed NPAT, underlying EBITDA and EPS growth.

During the reporting period, grants of equity were made in relation to the LTVR scheme as part of remuneration for FY2022 but did not vest due to the presence of the

long-term measurement period and vesting conditions that are yet to be completed/assessed.

7.3 Links Between Company Strategy and Remuneration

The Company intends to attract the superior talent required to successfully implement the Company's strategies at a reasonable and appropriately variable cost by:

- positioning Fixed Packages (the fixed element) around relevant market data benchmarks when they are undertaken, and
- supplementing the Fixed Package with at-risk remuneration and incentives that motivate executive focus on:
 - short to mid-term objectives linked to the strategy via annual performance assessments, and
 - long term value creation for shareholders by linking a material component of remuneration to those factors that shareholders have expressed should be the long-term focus of executives and the Board, such as share price appreciation.

To the extent appropriate, the Company links strategic implementation and measures of success of the strategy, directly to incentives in the way that performance is assessed.

8 KMP Equity

8.1 Number of equities granted as remuneration

Only selected employees have been granted performance rights under the long-term variable remuneration (LTVR) plan during the year, changes during the year and the balance held at reporting date are as follows.

Executives:

Name	Instrument	Number Held at 1 July 2021	Granted FY22		Forfeited	Vested and Exercised		Vested and Remaining Unexercised	Purchase/ (Disposal)		Others	Number held at 30 June 2022
			Number	Date Granted	Number	Number	Number	Number	Number	Number	Number	Number
Steven Boland	Escrowed Shares	–	–	–	–	–	–	–	–	–	–	–
	Loan Shares	510,000	–	–	–	–	–	–	–	–	–	510,000
	Options	–	–	–	–	–	–	–	–	–	–	–
	Performance Rights	2,204,000	–	–	(606,100)	(495,900)	–	–	–	–	–	1,102,000
	Unrestricted Shares*	3,551,326	–	–	–	495,900	–	379,980	97,356	4,524,562		
Andrew Crowther	Escrowed Shares	–	–	–	–	–	–	–	–	–	–	–
	Loan Shares	–	–	–	–	–	–	–	–	–	–	–
	Options	1,200,000	–	–	–	–	600,000	–	–	–	–	1,200,000
	Performance Rights	1,100,000	01-Jun-22	845,090	(302,500)	(247,500)	–	–	–	–	–	1,395,090
	Unrestricted Shares	–	–	–	–	247,500	–	–	13,074	260,574		
Margaret Prokop (resigned 31 December 2021)	Escrowed Shares	–	–	–	–	–	–	–	–	–	–	–
	Loan Shares	–	–	–	–	–	–	–	–	–	–	–
	Options	–	–	–	–	–	–	–	–	–	–	–
	Performance Rights	–	–	–	–	–	–	–	–	–	–	–
	Unrestricted Shares	11,281,287	–	–	–	–	–	–	595,965	11,877,252		
TOTALS		19,846,613		845,090	(908,600)	–	600,000	379,980	706,395	20,869,478		

* Unrestricted shares; paid-up ordinary shares, no disposal restrictions.

NED's:

No NED have been granted options in FY2022.

Name	Instrument	Number Held at 1 July 2021	Granted FY22		Forfeited	Vested and Exercised		Vested and Remaining Unexercised	Purchase/ (Disposal)		Others	Number held at 30 June 2022
			Number	Date Granted	Number	Number	Number	Number	Number	Number	Number	Number
Peter Lancken	Escrowed Shares	-	-	-	-	-	-	-	-	-	-	-
	Loan Shares	525,000	-	-	-	-	-	-	-	-	-	525,000
	Options	-	-	-	-	-	-	-	-	-	-	-
	Performance Rights	-	-	-	-	-	-	-	-	-	-	-
	Unrestricted Shares	11,112,493	-	-	-	-	-	-	-	-	-	11,112,493
Gregg Taylor (resigned 22 November 2021)	Escrowed Shares	-	-	-	-	-	-	-	-	-	-	-
	Loan Shares	90,000	-	-	-	-	-	-	-	-	-	90,000
	Options	200,000	-	-	-	-	-	-	-	-	-	200,000
	Performance Rights	-	-	-	-	-	-	-	-	-	-	-
	Unrestricted Shares	753,464	-	-	-	-	-	-	-	-	-	753,464
David Moffat	Escrowed Shares	-	-	-	-	-	-	-	-	-	-	-
	Loan Shares	-	-	-	-	-	-	-	-	-	-	-
	Options	-	-	-	-	-	-	-	-	-	-	-
	Performance Rights	-	-	-	-	-	-	-	-	-	-	-
	Unrestricted Shares	416,208	-	-	-	-	-	-	-	-	-	416,208
Melanie Allibon (appointed 1 September 2021)	Escrowed Shares	-	-	-	-	-	-	-	-	-	-	-
	Loan Shares	-	-	-	-	-	-	-	-	-	-	-
	Options	-	-	-	-	-	-	-	-	-	-	-
	Performance Rights	-	-	-	-	-	-	-	-	-	-	-
	Unrestricted Shares	-	-	-	-	-	-	-	200,000	-	-	200,000

Remuneration Report – Audited

for the year ending 30 June 2022

Name	Instrument	Number Held at 1 July 2021		Granted FY22		Forfeited		Vested and Exercised		Vested and Remaining Unexercised		Purchase/ (Disposal)		Others		Number held at 30 June 2022	
		Number	Date Granted	Number	Date	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number
Laurie Lefcourt (appointed 1 October 2021)	Escrowed Shares	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Loan Shares	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Options	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Performance Rights	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Unrestricted Shares	–	–	–	–	–	–	–	–	–	–	10,000	–	–	–	10,000	–
TOTALS		13,097,165	–	–	–	–	–	–	–	–	–	210,000	–	–	–	13,307,165	–

8.2 Value of equities granted as remuneration

Executives

Only selected employees have been granted performance rights under the long-term variable remuneration (LTVR) plan during the year which were valued at costs as shown in the below table.

2022 Equity Grants

Name	Role	Type	Grant Date	Expiry Date	Fair Value per Unit	Number of Units	Total Value at Grant	Value Expensed in Previous Years	Value Expensed in FY22	Max Value to be Expensed in Future Years	Min Value to be Expensed in Future Years
Steven Boland	Executive Director and Chief Executive Officer	Loan Shares	27-Mar-18	27-Mar-23	0.1071	510,000	\$54,621	\$54,621	–	–	–
		Performance Rights	30-Nov-20	31-Jul-35	0.2321	275,500	\$63,944	\$30,554	\$33,390	–	–
			30-Nov-20	31-Jul-35	0.2226	826,500	\$183,979	\$87,910	\$96,069	–	–
			30-Nov-20	31-Jul-35	0.2352	275,500	\$64,798	\$64,798	(\$64,798)	–	–
			30-Nov-20	31-Jul-35	0.2181	826,500	\$180,260	\$180,260	(\$72,104)	–	–

2022 Equity Grants

Name	Role	Type	Date	Date	per Unit	of Units	at Grant	Years	in FY22	Years	Years	
Andrew Crowther	Chief Financial Officer	Options	16-Jul-19	16-Jul-24	0.0361	300,000	\$10,843	\$10,843	–	–	–	
			16-Jul-19	16-Jul-24	0.0561	300,000	\$16,816	\$16,447	\$369	–	–	
			16-Jul-19	16-Jul-24	0.0710	300,000	\$21,301	\$13,896	\$7,094	\$311	\$311	
			16-Jul-19	16-Jul-24	0.0826	300,000	\$24,782	\$12,128	\$6,191	\$6,463	\$6,463	
		Performance Rights	31-Jul-20	31-Jul-35	0.1727	137,500	\$23,746	\$11,347	\$12,399	–	–	
			31-Jul-20	31-Jul-35	0.1696	412,500	\$69,960	\$33,429	\$36,531	–	–	
			31-Jul-20	31-Jul-35	0.1744	137,500	\$23,980	\$23,980	(\$23,980)	–	–	
			31-Jul-20	31-Jul-35	0.1668	412,500	\$68,805	\$68,805	(\$27,522)	–	–	
Performance Rights	01-Jun-22	30-Jun-37	0.4289	209,332	\$89,788	–	\$6,615	\$83,173	\$83,173			
	01-Jun-22	30-Jun-37	0.4516	209,332	\$94,534	–	\$6,950	\$87,584	–			
	01-Jun-22	30-Jun-37	0.3801	213,213	\$81,034	–	\$3,092	\$77,942	\$77,942			
	01-Jun-22	30-Jun-37	0.4293	213,213	\$91,542	–	\$3,497	\$88,045	–			
TOTALS							5,859,090	\$1,164,733	\$609,018	\$23,793	\$343,518	\$167,889

Remuneration Report – Audited for the year ending 30 June 2022

2021 Equity Grants

Name	Role	Type	Grant Date	Expiry Date	Fair Value per Unit	Number of Units	Total Value at Grant	Value Expensed in Previous Years	Value Expensed in FY21	Max Value to be Expensed in Future Years	Min Value to be Expensed in Future Years
Steven Boland	Executive Director and Chief Executive Officer	Loan Shares	27-Mar-18	27-Mar-23	0.1071	510,000	\$54,621	\$54,621	–	–	–
		Performance Rights	30-Nov-20	31-Jul-35	0.2321	275,500	\$63,944	–	\$30,554	\$33,390	\$33,390
			30-Nov-20	31-Jul-35	0.2226	826,500	\$183,979	–	\$87,910	\$96,069	–
			30-Nov-20	31-Jul-35	0.2352	275,500	\$64,798	–	\$64,798	–	–
			30-Nov-20	31-Jul-35	0.2181	826,500	\$180,260	–	\$180,260	–	–
Andrew Crowther	Chief Financial Officer	Options	16-Jul-19	16-Jul-24	0.0361	300,000	\$10,843	\$10,369	\$474	–	–
			16-Jul-19	16-Jul-24	0.0561	300,000	\$16,816	\$8,051	\$8,396	\$369	\$369
			16-Jul-19	16-Jul-24	0.0710	300,000	\$21,301	\$6,802	\$7,094	\$7,405	\$7,405
			16-Jul-19	16-Jul-24	0.0826	300,000	\$24,782	\$5,937	\$6,191	\$12,654	\$12,654
		Performance Rights	31-Jul-20	31-Jul-35	0.1727	137,500	\$23,746	–	\$11,347	\$12,399	\$12,399
			31-Jul-20	31-Jul-35	0.1696	412,500	\$69,960	–	\$33,429	\$36,531	–
			31-Jul-20	31-Jul-35	0.1744	137,500	\$23,980	–	\$23,980	–	–
			31-Jul-20	31-Jul-35	0.1668	412,500	\$68,805	–	\$68,805	–	–
TOTALS						5,014,000	\$807,835	\$85,780	\$523,238	\$198,817	\$66,217

NED's

No NED have been granted options in FY2022.

2022 Equity Grants

Name	Role	Type	Grant Date	Expiry Date	Fair Value per Unit	Number of Units	Total Value at Grant	Value Expensed in Previous Years	Value Expensed in FY22	Max Value to be Expensed in Future Years	Min Value to be Expensed in Future Years
Peter Lancken	Independent Non-executive Chairman	Loan Shares	27-Mar-18	27-Mar-23	0.1071	525,000	\$56,228	\$56,228	-	-	-
Gregg Taylor (resigned 22 November 2021)	Independent Non-executive Director	Loan Shares Options	27-Mar-18 13-Dec-17	27-Mar-23 13-Dec-22	0.1071 0.0874	90,000 200,000	\$9,639 \$17,485	\$9,639 \$17,485	-	-	-
TOTALS						815,000	\$83,352	\$83,352	-	-	-

No NED have been granted options in FY2021.

2021 Equity Grants

Name	Role	Type	Grant Date	Expiry Date	Fair Value per Unit	Number of Units	Total Value at Grant	Value Expensed in Previous Years	Value Expensed in FY21	Max Value to be Expensed in Future Years	Min Value to be Expensed in Future Years
Peter Lancken	Independent Non-executive Chairman	Loan Shares Options Performance Rights	27-Mar-18 27-Mar-18 27-Mar-18	27-Mar-23 27-Mar-21	0.1071 0.0805 0.2000	525,000 350,000 2,625,000	\$56,228 \$28,175 \$525,000	\$56,228 \$28,175 \$525,000	-	-	-
Gregg Taylor	Independent Non-executive Director	Loan Shares Options Options Options Performance Rights	27-Mar-18 13-Dec-17 13-Dec-17 27-Mar-18 27-Mar-18	27-Mar-23 13-Dec-20 13-Dec-22 27-Mar-21	0.1071 0.0708 0.0874 0.0805 0.2000	90,000 200,000 200,000 59,997 450,000	\$9,639 \$14,169 \$17,485 \$4,830 \$90,000	\$9,639 \$14,169 \$17,485 \$4,830 \$90,000	-	-	-

2021 Equity Grants

Name	Role	Type	Grant Date	Expiry Date	Fair Value per Unit	Number of Units	Total Value at Grant	Value Expended in Previous Years	Value Expended in FY21	Max Value to be Expended in Future Years	Min Value to be Expended in Future Years
Joshua May (resigned 9 October 2021)	Independent Non-executive Director	Loan Shares	27-Mar-18	27-Mar-23	0.1071	450,000	\$48,195	\$48,195	–	–	–
		Options	27-Mar-18	27-Mar-21	0.0805	300,000	\$24,150	\$24,150	–	–	–
		Performance Rights	27-Mar-18	27-Mar-21	0.2000	2,250,000	\$450,000	\$450,000	–	–	–
TOTALS						7,499,997	\$1,267,871	\$1,267,871	–	–	–

9 NED Fee Policy Rates for FY2022 and FY2023, and Fee Limit

The Remuneration and Nominations Committee took advice from an external remuneration consultant that was not the auditor, and these adjustments have been implemented to ensure we continue to attract the highest talent in the Director pool.

The total annual fee for FY2022 was \$471,000 which remains under the annual fees limit (AFL or fee pool) of \$500,000 which was approved by shareholders as part of the constitution of the Company since re-listing in April 2018

The following table outlines the NED fee policy rates that were applicable for the 2022 year.

Director	Directors Fees/Executive Remuneration
Chairperson	\$136,000
Other	\$80,000
Chair of Audit & Risk Committee	Additional \$10,000
Chair of Remuneration Committee	Additional \$10,000

10 Remuneration Records for FY2022 – Statutory Disclosures

10.1 Senior Executive Remuneration

The following table outlines the remuneration received and receivable by Senior Executives of the Company prepared according to statutory disclosure requirements and applicable accounting standards:

FY2022

Name	Role	Short-Term			Post employ- ment	Other long term	Share-based payments			% performance based
		Salary	STI	Non-cash			Rights	Options	Total	
Steven Boland	Executive Director and									
	Chief Executive Officer	\$529,951	\$276,760	\$97,072	\$903,783	\$23,568	\$67,404	–	\$987,312	27%
Andrew Crowther	Chief Financial Officer	\$305,000	\$93,926	–	\$398,926	\$22,818	\$28,905	\$17,582	\$481,884	26%
Margaret Prokop (resigned 31 December 2021)	Executive Director	\$79,922	–	\$1,584	\$81,506	\$3,424	–	–	\$84,930	–
Total KMP		\$914,873	\$370,686	\$98,656	\$1,384,215	\$49,810	\$96,309	\$10,139	\$13,653 \$1,554,126	

STI of \$370,686 is for FY2022, payable in FY2023.

FY2021

Name	Role	Short-Term		Non-cash	Sub-total	Post employ- ment	Share-based payments			% performance based
		Salary	STI				Other long term	Rights	Options	
Steven Boland	Executive Director and Chief Executive Officer	\$529,951	\$275,822	\$243,247	\$1,049,020	\$21,694	\$107,997	\$363,521	–	\$1,542,233 41%
Andrew Crowther	Chief Financial Officer	\$300,000	\$53,350	\$856	\$354,206	\$21,694	\$27,814	\$137,560	\$22,156	\$563,430 38%
Margaret Prokop	Executive Director	\$205,427	–	\$7,749	\$213,176	\$19,515	\$47,952	–	–	\$280,643 –
Total KMP		\$1,035,378	\$329,172	\$251,852	\$1,616,402	\$62,903	\$183,764	\$501,081	\$22,156	\$2,386,305

STI of \$329,172 was for FY2021, paid in FY2022.

10.2 NED Remuneration

Remuneration received by non-executive directors in FY2022 and FY2021 are disclosed below:

FY2022

Name	Role	Short-Term		Share-based payments			% performance based
		Salary		Rights	Options	Total	
Peter Lancken	Chairman	\$135,993		–	–	\$135,993	–
Gregg Taylor (resigned 22 November 2021)	Independent NED	\$37,500		–	–	\$37,500	–
David Moffat	Independent NED	\$84,583		–	–	\$84,583	–
Melanie Allibon (appointed 1 September 2021)	Independent NED	\$70,317		–	–	\$70,317	–
Laurie Lefcourt (appointed 1 October 2021)	Independent NED	\$65,833		–	–	\$65,833	–
Total NED		\$394,226		–	–	\$394,226	

FY2021

Name	Role	Short-Term			Share-based payments			% performance based
		Salary	Rights	Options	Total			
Peter Lancken	Chairman	\$109,996	–	–	\$109,996			–
Gregg Taylor	Independent NED	\$70,000	–	–	\$70,000			–
Joshua May (resigned 6 Oct 2020)	Independent NED	\$18,561	–	–	\$18,561			–
David Moffat	Independent NED	\$70,000	–	–	\$70,000			–
Total NED		\$268,557	–	–	\$268,557			

11 Employment Terms for Key Management Personnel

11.1 Service Agreements

A summary of contract terms in relation to executive KMP is presented below:

Name	Position Held at Close of FY2022	Employing Company	Duration of Contract	Period of Notice		Termination Payments
				From Company	From KMP	
Steven Boland	Executive Director and Chief Executive Officer	Acrow Formwork and Construction Services Limited	Open-ended	6 months	6 months	Up to 6 months' Total Remuneration*
Andrew Crowther	Chief Financial Officer	Acrow Formwork and Construction Services Limited	Open-ended	6 months	6 months	Up to 6 months' Total Remuneration*
Margaret Prokop (resigned 31 December 2021)	Executive Director	Acrow Formwork and Construction Services Limited	Open-ended	6 months	6 months	Up to 6 months' Total Remuneration*

*The treatment of incentives in the case of termination is addressed in separate sections of this report that give details of incentive design.

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation relevant to the office of the director. No contracts apply to the appointment of non-executive KMP.

12 Other Remuneration Related Matters

The following outlines other remuneration related matters that may be of interest to stakeholders, in the interests of transparency and disclosure:

- Other than in the case of grants of Loan Funded Shares, there were no loans to Directors or other KMP at any time during the reporting period, and
- Other transactions with KMP:

As with the previous year, the Company leases a number of industrial and commercial properties from Margaret Prokop's personal companies (MRP Property, MRP Property QLD & MRP Superannuation) through the Natform subsidiaries. Rental and related out-going payments to these companies amounted to \$1,057,924 (2021: \$852,581).

13 External Remuneration Consultant Advice

During the reporting period, the Board engaged external remuneration consultants to provide KMP remuneration recommendations relating to remuneration post the date of this report including the long-term variable remuneration referred to in subsequent events in the Directors Report.

The Board reviewed the recommendations from the external remuneration advisor directly and independent of executive management and are satisfied the recommendations were made free of undue influence of the relevant KMP's.

The Board has adopted a policy to govern any such future engagements, the details of which will be disclosed in future Remuneration Reports should they arise.

End of audited Remunerations Report.

Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2022

In dollars	Note	2022	2021
Continuing operations			
Revenue	4	140,826,918	94,608,887
Other income	5	4,955,787	6,552,430
Personnel expenses		(51,875,934)	(36,585,402)
Sub-contract labour costs		(18,039,520)	(16,646,962)
Inventory purchased, net of changes in finished goods		(31,642,371)	(18,276,344)
Depreciation		(13,070,352)	(11,563,598)
IT and telecommunication expenses		(1,641,245)	(1,542,961)
Freight costs		(1,975,256)	(1,664,296)
Insurance expenses		(1,090,449)	(813,199)
Gain on fair value of derivatives		–	350,000
Contingent consideration related to Uni-span acquisition		–	(148,264)
Other expenses	6	(5,278,112)	(4,822,433)
Profit before finance costs and income tax		21,169,466	9,447,858
Finance costs	7	(3,513,116)	(3,305,705)
Profit before income tax		17,656,350	6,142,153
Income tax expense	8	(1,962,182)	(2,179,155)
Profit from continuing operations		15,694,168	3,962,998
Other comprehensive income			
Items that may be reclassified to profit / (loss)			
Foreign operations – foreign currency translation differences		1,431	(1,407)
Total comprehensive income for the year		15,695,599	3,961,591
Earnings per share from continuing operations			
Basic EPS (cents per share)	24	6.32	1.82
Diluted EPS (cents per share)	24	6.06	1.77

The above statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2022

In dollars	Note	2022	2021
Current assets			
Cash and cash equivalents	9	3,010,433	1,754,622
Trade and other receivables	10	34,362,867	24,611,736
Inventories	11	14,872,186	8,958,554
Contract assets	12	111,927	775,168
Prepayments and other assets	12	5,075,832	3,618,377
Assets held for sale	13	72,579	66,507
Total current assets		57,505,824	39,784,964
Non-current assets			
Property, plant and equipment	14	95,490,436	83,008,854
Right-of-use lease assets	15	24,478,720	28,808,936
Intangible assets	16	7,428,704	7,428,704
Total non-current assets		127,397,860	119,246,494
Total assets		184,903,684	159,031,458
Current liabilities			
Bank overdraft	9	3,001,005	1,865,938
Trade payables	17	21,484,027	25,122,155
Other payables	17	–	3,486,289
Employee benefits	18	6,159,454	4,639,524
Lease liabilities	15	4,964,215	4,645,552
Loans and borrowings	19	17,001,678	7,898,384
Current tax liabilities	21	1,869,031	310,331
Liabilities associated with assets held for sale	13	67,063	61,453
Total current liabilities		54,546,473	48,029,626
Non-current liabilities			
Employee benefits	18	444,988	611,541
Lease liabilities	15	23,285,254	27,396,387
Loans and borrowings	19	15,848,299	14,440,464
Provisions	20	469,274	469,274
Deferred income tax liability	21	6,990,415	6,596,723
Total non-current liabilities		47,038,230	49,514,389
Total liabilities		101,584,703	97,544,015
Net assets		83,318,981	61,487,443
Equity			
Issued capital		58,310,046	46,703,384
Reserves		3,059,423	3,026,437
Retained earnings		21,949,512	11,757,622
Total equity		83,318,981	61,487,443

The above statement should be read in conjunction with the accompanying notes.

Statement of changes in equity

for the year ended 30 June 2022

In dollars	Share capital	Share-based option payments reserve	Foreign currency translation reserve	Retained earnings	Total equity
Balance at 30 June 2020	45,674,176	858,546	55,718	11,706,794	58,295,234
Total comprehensive income for the period					
Profit for the year	–	–	–	3,962,998	3,962,998
Other comprehensive income	–	–	(1,407)	–	(1,407)
Total comprehensive income	–	–	(1,407)	3,962,998	3,961,591
Transactions with owners of the company					
Dividends paid to shareholders	–	–	–	(3,912,170)	(3,912,170)
Shares issued under dividend reinvestment plan (DRP)	766,913	–	–	–	766,913
Equity settled share base payments	–	2,245,520	–	–	2,245,520
Options exercised	262,295	(131,940)	–	–	130,355
Total transactions with owners of the company	1,029,208	2,113,580	–	(3,912,170)	(769,382)
Balance at 30 June 2021	46,703,384	2,972,126	54,311	11,757,622	61,487,443
Total comprehensive income for the period					
Profit for the year	–	–	–	15,694,168	15,694,168
Other comprehensive income	–	–	1,431	–	1,431
Total comprehensive income	–	–	1,431	15,694,168	15,695,599
Transactions with owners of the company					
Shares issued net of transaction costs	9,897,173	–	–	–	9,897,173
Options & Performance Rights forfeited, written back to P&L	–	(409,120)	–	–	(409,120)
Options & Performance Rights failed to meet market condition	–	(398,910)	–	398,910	–
Dividends paid to shareholders	–	–	–	(5,901,188)	(5,901,188)
Shares issued under dividend reinvestment plan ("DRP"), net of costs	951,671	–	–	–	951,671
Equity settled share base payments	–	1,573,788	–	–	1,573,788
Transfer of option reserves to share capital	734,203	(734,203)	–	–	–
Proceeds from exercise of options, net of costs	23,615	–	–	–	23,615
Total transactions with owners of the company	11,606,662	31,555	–	(5,502,278)	6,135,939
Balance at 30 June 2022	58,310,046	3,003,681	55,742	21,949,512	83,318,981

The above statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2022

In dollars	Note	2022	2021
Cash flows from operating activities			
Receipts from customers		88,716,570	46,116,027
Receipts on lease revenue		54,374,672	46,429,610
Payments to suppliers and employees		(131,718,641)	(79,665,777)
Income tax paid	21	(9,790)	(556,302)
Net cash inflow from operating activities		11,362,811	12,323,558
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	5	7,518,603	11,134,735
Purchase of property, plant and equipment	14	(22,378,490)	(17,409,883)
Deferred payment on acquisitions	17	(3,582,656)	(3,567,944)
Net cash outflow from investing activities		(18,442,543)	(9,843,092)
Cash flows from finance activities			
Proceeds from issue of shares		10,500,000	—
Capital raising costs		(602,826)	—
Proceeds from exercise of options, net of costs		16,525	130,355
Proceeds from borrowings		28,528,971	6,793,284
Repayment of borrowings		(18,017,843)	(6,272,932)
Repayment of lease liabilities	15	(5,145,257)	(4,198,952)
Dividends paid net of DRP		(4,942,427)	(3,145,257)
Finance costs paid		(3,136,668)	(3,136,790)
Net cash inflow/(outflow) from financing activities		7,200,475	(9,830,292)
Net increase/(decrease) in cash and cash equivalents		120,743	(7,349,826)
Cash and cash equivalents as at 1 July 2021		(111,316)	7,238,511
Effect of exchange rate fluctuations on cash held		1	(1)
Cash and cash equivalents at the end of the year		9,428	(111,316)

The above statement should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

for the year ending 30 June 2022

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Acrow Annual Report 2022

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9	Cash and cash equivalents
10	Trade and other receivables
11	Inventories
12	Prepayments and other assets
13	Assets and liabilities held for sale
14	Property, plant and equipment
15	Leases
16	Intangible assets
17	Trade and other payables
18	Employee benefits
19	Loans and borrowings
20	Provisions
21	Deferred income tax liability and tax liability
22	Issued capital
23	Capital management
24	Earnings per share
25	Capital commitments
26	Reconciliation of cash flows from operating activities
27	Remuneration of auditors
28	Key management personnel and related parties
29	Share-based payments
30	Financial risk management
31	Group entities
32	Operating segments
33	Parent entity disclosures
34	Deed of cross guarantee
35	Subsequent events

1. Reporting entity

53 Acrow Formwork and Construction Services Limited (Acrow or the Group) is a limited company incorporated in Australia and whose shares are traded on the Australian Securities Exchange under the issuer code "ACF".

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61 The consolidated financial statements of Acrow for the year ended 30 June 2022 comprise of the Company and its controlled entities (the Group).

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62 The Group is a for-profit entity and is primarily involved in the hire and sale of falsework, formwork, scaffolding and screen equipment, and other construction services.

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63 Acrow's Annual Reports for prior reporting periods are available upon request from the Group's registered office located at Level 5, 126 Phillip Street, Sydney NSW 2000, Australia or at www.acrow.com.au.

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2. Basis of preparation

(a) Basis of accounting

65 The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

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69 The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) and were authorised for issue by the Board of Directors on 27 September 2022.

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71 Details of the Group's significant accounting policies are included in note 3.

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(b) Basis of measurement

74 The consolidated financial statements have been prepared on accrual basis and are based on historical costs, modified where applicable by the measurement at fair value.

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(c) Functional and presentation currency

76 The consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

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(d) Use of estimates and judgements

78 The preparation of consolidated financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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85 Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates

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Notes to the Consolidated Financial Statements

for the year ending 30 June 2022

2. Basis of preparation (continued)

are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimations, uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements include the following:

Accounting estimate and judgements	Note
Revenue	4
Income tax expense	8
Trade and other receivables	10
Inventories	11
Property, plant and equipment	14
Leases	15
Intangible assets	16
Employee benefits	18
Provisions	20
Deferred income tax liability	21
Share-based payments	29

The accounting policies below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group.

(e) Comparative information

Where applicable, comparative information is reclassified to comply with disclosure requirements and improve comparability.

(f) Rounding

Acrow is a company of the kind referred to in the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 and in accordance with that Legislative Instrument, amounts in these consolidated financial statements have been rounded off to the nearest dollar and are shown as such, unless stated otherwise.

3. Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements have been prepared by aggregating the financial statements of all the entities that comprise the Group, being Acrow Formwork and Construction Services Limited and its controlled entities.

All inter-entity balances and transactions are eliminated in these consolidated financial statements.

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the statement of profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity, otherwise subsequent changes to the fair value of the contingent consideration are recognised in the statement of profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(b) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or (loss) on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Foreign currency differences arising on retranslation are recognised in the statement of profit or loss, except for qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises receivables on the date that they are originated. All other financial assets (including assets held at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends to either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: receivables and cash and cash equivalents.

Receivables

A receivable is recognised when the goods are collected or delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at the transaction price plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and cash equivalents, net of bank overdrafts. Cash equivalents represent highly liquid investments which are readily convertible to cash.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities (including liabilities held at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method.

Financial liabilities comprise loans and borrowings, trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iii) Issued capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs (see below).

Cost also may include transfers from other comprehensive income of any gain or (loss) on qualifying cash flow hedges of foreign currency purchases of

Notes to the Consolidated Financial Statements

for the year ending 30 June 2022

3. Significant accounting policies (continued)

property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains and (losses) on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income or other expenses in the statement of profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Right-of-use lease assets are depreciated over the shorter of the lease term and useful life, on a straight-line basis, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The expected useful lives for depreciation purposes are as follows:

■ Hire equipment	2 – 33 years
■ Leasehold improvements	over the lease term
■ Plant and equipment	2 – 20 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(iv) Hire equipment loss provision

A hire equipment loss provision is recognised to cover the expected loss of equipment on hire. The provision is based on historical experience of unrecoverable losses incurred on the return of hire equipment from customers.

(e) Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at costs less any accumulated impairment losses.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Impairment

(i) Non-derivative financial assets

Non-derivative financial assets comprise trade and other receivables and cash and cash equivalents.

Non-derivative financial instruments excluding financial assets at fair value in profit or loss are recognised initially at fair value plus transaction costs. Subsequent to initial recognition, non-derivative financial assets are measured at amortised cost less impairment losses.

A financial asset is recognised if the Group becomes a party to the contractual provisions of the asset.

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

The Group recognises its financial assets at either amortised cost or fair value, depending on the contractual cash flow characteristics of the financial assets.

The classification of financial assets that the Group held at the date of initial application was based on the

facts and circumstances of the financial assets held at that date.

Financial assets recognised at amortised cost are measured using the effective interest method, net of any impairment loss. Financial assets other than those classified as financial assets recognised at amortised cost are measured at fair value with any changes in fair value recognised in the statement of profit or loss.

Receivables

For trade receivables, the Group conducts an ongoing assessment of expected credit losses (ECL) by analysing actual loss experience of the Group, arrears, and other inputs such as exposure or timing. The assessment is broken down into 4 sectors including Industrial Services, Civil Infrastructure, Commercial, and Residential. These sectors are then analysed in a set of 5 stages ranging from currently due receivables to above 90-days due receivables. The Group also separately quantifies receivables due from entities in liquidation/default.

The Group provides for a loss allowance equivalent to the lifetime expected credit losses from initial recognition of those receivables.

Losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income and reflected in an allowance account against trade receivables.

When a subsequent event causes the amount of impairment loss to decrease, the decrease is reversed through the statement of Profit or loss and Other Comprehensive Income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment, and if any such indication exists, then the asset's recoverable amount is estimated.

For intangible assets, namely goodwill that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of annual impairment testing applicable to goodwill, such intangible assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the statement of profit or loss.

Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of assets in the CGU (or group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount

does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of profit or loss in the periods during which services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs.

The benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

Notes to the Consolidated Financial Statements

for the year ending 30 June 2022

3. Significant accounting policies (continued)

The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

The calculation is performed using the projected unit credit method.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

If termination benefits are payable more than 12 months after the reporting period, the termination benefits are discounted to their present value.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(v) Share-based payments

The Group provides benefits to selected employees in the form of share-based payment transactions, whereby employees render services in exchange for options and/or performance rights over ordinary shares.

The cost of the share-based payments is measured by reference to the fair value at the date at which they are granted and amortized over the expected vesting period with a corresponding increase in share capital reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the

number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital.

The fair value of share-based payments is appraised at grant date in accordance with AASB 2 Share-based Payments. These are independently determined using a pricing model that considers the exercise price, the terms of the payment, the vesting and performance criteria, the impact of the dilution, the non-tradeable nature of the payment, the share price at grant date, the expected price volatility of the underlying share, the comparative share market indices, the expected dividend yield and the risk-free interest rate for the term of the share-based payment.

(i) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The unwinding of the discount is recognised as finance cost.

(i) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Future operating losses are not provided for.

(ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(iii) Make good

A provision for make good is measured at the present value of the cost of restoring leased properties to their original condition, at the conclusion of the lease.

(j) Revenue

Acrow is predominately a provider of falsework, formwork, scaffolding and screen equipment for hire or sale with revenue primarily generated via dry hire, project hire or sale.

The company generates revenue via provision of equipment hire, services and the sales of product. Revenue generated from hire of equipment only is referred to as "dry hire" revenue.

Project hire or "wet hire" revenue includes "dry hire" revenue plus labour services, cartage services, consumable sales and/or other services which are recognised over time as services can be staged progressively as they are rendered. These forms of contracts may vary in scope; however, all project hire has one common performance obligation, being the provision of scaffolding structures to the customer which includes the scaffolding equipment, the labour on installation and dismantling, cartage (transport to and from the customer) and any ancillary materials that are required to fulfill the obligation.

To determine whether to recognise revenue, the Group follows a 5-step process:

- 1) Identifying the contract with a customer
- 2) Identifying the performance obligations
- 3) Determining the transaction price
- 4) Allocating the transaction price to the performance obligations
- 5) Recognising revenue when/as performance obligation(s) are satisfied.

(i) Hire of equipment

Falsework, formwork, scaffolding and screen equipment are rented to customers under operating leases with rental periods averaging six months to less than one year.

The rental can be arranged as dry hire where only equipment is provided to the customer and revenue is recognised at fixed rates over the period of hire; or as part of a project hire where Acrow supplies labour and cartage services between warehouse and building sites.

Revenue recognition on equipment hire commences once falsework, formwork, scaffold or screen equipment

is either collected by the customer, delivered to the customer or once a scaffolding structure has been certified to be safe and access granted to customers or control otherwise passes to a customer.

Revenue is recognised over straight-line bases over the life of the hire agreements per AASB 16 Leases.

(ii) Labour and cartage services

Revenue from providing scaffolding labour in installation and dismantling, and equipment cartage, being transport to and from the customer, are recognised at one or more points in time as services can be staged progressively as they are rendered.

Revenue is recognised based on the actual service provided to the end of the reporting period because the customer receives and uses the benefits simultaneously.

Labour and cartage services revenue are recognised over time under AASB 15 Revenue from Contracts with Customers.

(iii) Consumable sales and other services

Revenue from sales are measured as the transaction price net of returns, trade discounts and volume rebates.

Revenue is recognised when control of the goods or services are transferred to customers which is generally upon delivery to or collection by the customer depending on the contract with the customer.

Discounts are recognised as a reduction in revenue until management determine that it is highly probable that no significant reversal of revenue will occur.

Revenue recognition of consumable sales and other services are at a point in time when control passes which is typically upon delivery or collection as under AASB 15 Revenue from Contracts with Customers.

(k) Finance income and finance costs

Finance income comprises interest income on funds deposited. Interest income is recognised as it accrues in the statement of profit or loss, using the effective interest method.

Finance costs comprise interest expenses on loans and borrowings, lease liabilities and, where material, the unwinding of the discount on provisions.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of profit or loss using the effective interest method.

(l) Tax

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in the statement of profit or loss, except to the extent that it

Notes to the Consolidated Financial Statements

for the year ending 30 June 2022

3. Significant accounting policies (continued)

relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or (loss) for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or (loss).

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Exploration and evaluation assets

Exploration and evaluation expenditure relating to an area of interest is capitalised where exploration rights have been obtained.

The expenditure is only carried forward to the extent that they are expected to be recouped through successful development and exploitation or sale of the area or where the exploration and evaluation activities have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves and active exploration operations are continuing.

Expenditure is not subject to amortisation but is assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

(n) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Cash flows included in the statement of cash flows are on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO, are classified as operating cash flows.

(o) Lease accounting

The Group as a lessee

The Group makes the use of leasing arrangements principally for the provision of the warehouse/ office space, forklift equipment, motor vehicles and printers. The Group does not enter into sale and leaseback arrangements.

All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses. The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Only motor vehicle lease contracts contain both lease and non-lease components. These non-lease components are usually associated with servicing and repair contracts.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid

at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease.

The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined.

The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss.

The right-of-use asset is adjusted for all other lease modifications. The Group has elected to account for low-value assets using the practical expedients. These leases relate to mobile IT devices such as computer monitors, laptops and mobile telephones. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

(p) New accounting standards and interpretations not yet adopted

There were no new accounting standards, interpretations and amendments significantly impacting the Group in the financial year ended 30 June 2022.

4. Revenue

In dollars	2022	2021
Revenue from contracts with customers		
Labour services transferred over time	34,449,251	21,881,696
Cartage services transferred over time	5,936,777	5,084,962
Consumable sales and other services transferred at a point in time	44,597,902	25,433,493
	84,983,930	52,400,151
Revenue from operating leases		
Hire of equipment	55,842,988	42,208,736
	140,826,918	94,608,887

Notes to the Consolidated Financial Statements

for the year ending 30 June 2022

5. Other income

In dollars	2022	2021
Disposal of property, plant and equipment		
Proceeds	7,518,603	11,134,736
Written down value	(2,562,816)	(4,582,306)
Net gain on disposal of property, plant and equipment	4,955,787	6,552,430

6. Other expenses

In dollars	2022	2021
Restructuring and due diligence expenses	(748,453)	(950,314)
Audit, tax and legal expenses	(837,125)	(730,548)
Doubtful debt expense	(650,000)	(150,466)
Motor vehicle expenses	(347,101)	(390,391)
Plant & equipment operating expenses	(402,058)	(340,170)
Repair & maintenance	(339,708)	(283,715)
Travelling expenses	(419,487)	(267,598)
Utilities	(779,347)	(651,873)
Property costs	(217,698)	(155,347)
Others	(537,135)	(902,011)
	(5,278,112)	(4,822,433)

7. Finance costs

In dollars	2022	2021
Finance costs		
Unwinding interest on deferred consideration	(33,960)	(168,915)
Interest expense on financial liabilities	(1,833,618)	(1,255,498)
Interest expense on leases	(1,509,802)	(1,675,195)
Borrowing costs	(135,736)	(206,097)
Net finance costs from continuing operations	(3,513,116)	(3,305,705)

8. Income tax expense

In dollars	2022	2021
Current income tax expense	(1,584,228)	625,040
Deferred income tax expense	(360,775)	(2,793,780)
Under provision for income tax in prior year	(17,179)	(10,415)
Income tax expense attributable to profit	(1,962,182)	(2,179,155)

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

In dollars	2022	2021
Profit before income tax	17,656,350	6,142,153
Income tax (expense) using the Group's domestic tax rate (30%)	(5,296,905)	(1,842,647)
Income tax effects of amounts which are not deductible / (taxable) in calculating taxable income:		
Non-deductible losses on overseas entities	(288)	274
Non-deductible share-based payment expense	(349,400)	(673,656)
Non-deductible acquisition expense	(31,644)	46,729
Non-deductible impairment expense	(17,989)	(15,656)
Other non-deductible expenses	(17,209)	(60,311)
(Under) provision for income tax in prior year	(17,179)	(10,415)
Utilisation of prior year tax losses not previously recognised	3,768,432	376,527
Income tax expense attributable to profit	(1,962,182)	(2,179,155)

9. Cash and cash equivalents

In dollars	2022	2021
Cash at bank	3,010,433	1,754,622
Bank overdraft	(3,001,005)	(1,865,938)
	9,428	(111,316)

Notes to the Consolidated Financial Statements

for the year ending 30 June 2022

10. Trade and other receivables

In dollars	2022	2021
Trade receivables	35,821,806	25,789,926
Expected credit loss provision	(1,458,939)	(1,178,190)
	34,362,867	24,611,736

Movement in the expected credit loss provision:

In dollars	2022	2021
At 1 July		
Opening balance	(1,178,190)	(1,196,940)
Expected credit loss recognised during the year	(650,000)	150,000
Receivables written off/(back) during the year	369,251	(131,250)
Balance at 30 June	(1,458,939)	(1,178,190)

	Current	More than 30 days	More than 60 days	More than 90 days	Default	Total
2022						
Expected credit loss rate	0.02%	0.30%	4.22%	15.98%	100.00%	
Gross carrying amount	17,237,806	11,002,000	2,161,000	4,867,517	553,483	35,821,806
Lifetime expected credit loss	3,448	33,006	91,194	777,808	553,483	1,458,939
2021						
Expected credit loss rate	0.07%	1.40%	11.06%	16.82%	–	
Gross carrying amount	12,626,926	6,061,000	1,911,000	5,191,000	–	25,789,926
Lifetime expected credit loss	8,839	84,854	211,357	873,140	–	1,178,190

11. Inventories

In dollars	2022	2021
Finished goods	15,146,338	9,025,959
Provision for slow moving stock	(274,152)	(67,405)
	14,872,186	8,958,554

12. Contract assets, prepayments and other assets

In dollars	2022	2021
Contract assets	111,927	775,168
	111,927	775,168
Current		
Other receivables	807,617	608,339
Prepayments	4,268,215	3,010,038
	5,075,832	3,618,377

13. Assets and liabilities held for sale

In dollars	2022	2021
Assets classified as held for sale	72,579	66,507
Liabilities associated with assets held for sale	67,063	61,453

Acrow continues to explore the divestment of Noble Mineral Resources Ghana Ltd, which owns the Group's exploration and evaluation assets in Ghana. The business remains non-core to the Group, has an immaterial financial and limited management impacts.

14. Property, plant and equipment

In dollars	Land and buildings	Plant and equipment	Hire equipment	Total
Cost				
Balance at 1 July 2020	475,989	11,528,314	82,765,705	94,770,008
Additions	–	1,595,706	15,814,177	17,409,883
Disposals	–	(52,460)	(5,829,158)	(5,881,618)
Balance at 30 June 2021	475,989	13,071,560	92,750,724	106,298,273
Cost				
Balance at 1 July 2021	475,989	13,071,560	92,750,724	106,298,273
Additions	–	1,020,433	21,358,057	22,378,490
Disposals	–	(42,457)	(2,950,875)	(2,993,332)
Balance at 30 June 2022	475,989	14,049,536	111,157,906	125,683,431
Depreciation and impairment losses				
Balance at 1 July 2020	354,558	10,693,801	7,683,156	18,731,515
Depreciation for the year	19,206	316,956	5,552,159	5,888,321
Disposals	–	(34,752)	(1,264,561)	(1,299,313)
Hire equipment loss adjustment	–	–	(31,104)	(31,104)
Balance at 30 June 2021	373,764	10,976,005	11,939,650	23,289,419

Notes to the Consolidated Financial Statements

for the year ending 30 June 2022

14. Property, plant and equipment (continued)

In dollars	Land and buildings	Plant and equipment	Hire equipment	Total
Balance at 1 July 2021	373,764	10,976,005	11,939,650	23,289,419
Depreciation for the year	17,467	500,611	6,869,271	7,387,349
Disposals	–	(41,319)	(389,197)	(430,516)
Hire equipment loss adjustment	–	–	(53,257)	(53,257)
Balance at 30 June 2022	391,231	11,435,297	18,366,467	30,192,995
Carrying amounts				
At 1 July 2020	121,431	834,513	75,082,549	76,038,493
At 30 June 2021	102,225	2,095,555	80,811,074	83,008,854
At 1 July 2021	102,225	2,095,555	80,811,074	83,008,854
At 30 June 2022	84,758	2,614,239	92,791,439	95,490,436

Property, plant and equipment are at times sold prior to the end of its useful life either at the request of the customers or due to loss. "Loss on Hire" revenue are charged as Other Income (see note 5) where the customers are liable. On acquisition of property plant and equipment there is no intention to dispose through sale.

15. Leases

The Acrow group leases various properties, forklifts, motor vehicles and printers. Property lease terms are up to 10 years and often include extension options, forklift lease terms are up to 7 years, motor vehicle lease terms are from 1 to 3 years, whilst all printers are for a 5-year lease term.

The printers form one master lease agreement while all other leases are negotiated on an individual basis and contain a broad range of terms and conditions.

Lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the consolidated statement of financial position as a right-of-use asset and a lease liability.

Right-of-use assets are measured at cost and comprise:

- Any initial direct costs incurred by the lessee;
- An estimate of restoration or make good costs;
- The amount of the initial measurement of the lease liability; and
- Any lease payments made at or before the commencement date, less any lease incentives received.

Extension options are only included in the lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or change in circumstance occurs which affects this assessment and that is within the control of the lessee.

Lease amounts recognised in the Statement of Financial Position:

In dollars	2022	2021
Right-of-use assets		
Properties	22,218,881	26,165,469
Forklifts and office equipment	1,860,910	2,145,017
Motor vehicles	398,929	498,450
Total right-of-use assets	24,478,720	28,808,936
Lease liabilities		
Current	4,964,215	4,645,552
Non-current	23,285,254	27,396,387
Total lease liabilities	28,249,469	32,041,939

Additions to the right-of-use assets during FY 2022 were \$1,047,654 (FY 2021: \$1,671,900).

Lease amounts recognised in the Statement of Profit or loss and Other Comprehensive Income:

In dollars	2022	2021
Depreciation charge for right-of-use assets:		
Properties	4,765,763	4,843,914
Forklifts and office equipment	646,144	555,296
Motor vehicles	271,098	276,066
Total depreciation charge for right-of-use assets	5,683,005	5,675,276

Lease payments include:

- Variable lease payments that are based on an index or rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if Acrow is reasonably certain to exercise that option;
- Fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- Payment of penalties for terminating the lease, if the lease term reflects Acrow exercising that option.

Lease payments are discounted using the interest rate implicit in the lease, if determinable or at the Group's incremental borrowing rate.

In dollars	2022	2021
Lease amounts included in the Statement of cashflows		
Lease payments	5,145,257	4,198,952
Interest expense (included in finance costs)	1,509,802	1,675,195
Total amount paid	6,655,059	5,874,147
Expenses relating to low value asset leases	138,788	125,249

Notes to the Consolidated Financial Statements

for the year ending 30 June 2022

15. Leases (continued)

Lease payments not recognised as liabilities

The Group has elected not to recognise a lease liability for low value leases (where an asset is valued at USD5,000 or lower per AASB 16). Payments for these are recognised on a straight-line basis as an expense in the statement of profit or loss.

Low value assets are predominately portable IT and telecommunication equipment. The undiscounted cash flows on the remaining lease term at the reporting date are as follow:

In dollars	2022	2021
Less than one year	114,968	129,920
Between one and five years	194,961	162,824
	309,929	292,744

16. Intangible assets

In dollars	2022	2021
Goodwill	7,428,704	7,428,704
	7,428,704	7,428,704

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at costs less any accumulated impairment losses.

Acrow annually tests goodwill with indefinite useful lives for impairment. An asset that does not generate independent cash flows is tested for impairment as part of a cash generating unit (CGU).

Where there is an impairment loss, it is recognised in the statement of profit or loss when the carrying amount of an asset exceeds its recoverable amount. The asset's recoverable amount is estimated based on the higher of its value-in-use and fair value less costs to sell.

The recoverable amount of a CGU is determined based on a value-in-use calculation. The calculations use cash flow projections based on a one-year budget that has been approved by the board of directors and then a four-year forecast approved by the management. Cash flows beyond the five-year period* are extrapolated using the cash flows for year 5 and the estimated long-term growth rates.

The discount rate used is the Group's weighted average cost of capital. The terminal growth rate reflects the management's outlook on growth. The discount rate used is the Group's weighted average cost of capital. The terminal growth rate reflects the management's outlook on growth.

In dollars	2022	2021
Average growth rate 1 – 5 years	57.5%*	5%
Terminal growth rate	1%	1%
Post-tax discount rate	10.6%	10.7%

* Increase in EBIT from 2022 to 2023 is 251% and between 6.7% and 12.5% for the following 4 years. The large increase in the 2023 year is due to catchups on delays caused by COVID and wet weather conditions in the east coasts in 2022. Many of these projects had either commenced late in 2022 or will commence in 2023, current pipelines prove to be strong and will continue into 2023.

In dollars	2022	2021
Opening goodwill balance	7,428,704	7,428,704
Additions	—	—
Reductions	—	—
Closing balance	7,428,704	7,428,704

Allocation to CGU Groups

In dollars	2022	2021
Natform companies	7,301,902	7,301,902
Other	126,802	126,802
	7,428,704	7,428,704

Impairment testing on Natform companies

Goodwill of \$7,301,902 was recorded at 31 August 2018 with respect to the acquisition of Natform Pty Ltd and Natform (QLD) Pty Ltd. The recoverable amount of CGU was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Sensitivity

Management has made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur, the carrying value of goodwill may vary. Any reasonable change in the key assumptions on which the estimates and/or the discount rate are based would not cause the carrying amount of the CGU to exceed the recoverable amount.

17. Trade and other payables

In dollars	2022	2021
Current Trade payables		
Trade payables	12,344,200	19,562,215
Accrued expenses	9,139,827	5,559,940
	21,484,027	25,122,155
Other payables		
Natform deferred consideration	—	—
Uni-span deferred consideration	—	3,338,025
Uni-span contingent consideration	—	148,264
	—	3,486,289

A final deferred payment of \$3,374,370 (with present value of \$3,338,025 at June 2021) and a contingent consideration of \$148,264 were paid in September 2021 to the Uni-span vendors. Then a further adjustment payment of \$60,022 was made in December 2021 as a contribution to a legal matter that Acrow has taken over since acquisition. Total considerations paid amount to \$3,582,656 for the year.

Notes to the Consolidated Financial Statements

for the year ending 30 June 2022

18. Employee benefits

In dollars	2022	2021
Current		
Annual leave	2,377,838	1,891,263
Long service leave	1,913,103	1,639,784
Other employee benefits	1,868,513	1,108,477
	6,159,454	4,639,524
Non-current		
Long service leave	444,988	611,541
	444,988	611,541

All employees have defined contribution plans for superannuation and the expense recognised during the year was \$3,334,148 (2021: \$2,476,487).

19. Loans and borrowings

In dollars	2022	2021
Current	17,001,678	7,898,384
Non-current	15,848,299	14,440,464
	32,849,977	22,338,848

Borrowings are represented by the following finance facilities:

In dollars	2022	2021
Secured amortising business loan of \$18,168,000	11,483,000	14,423,000
Equipment finance facility, revolving 3-year limit of \$22.0m, temporarily reduced to \$20.0m (30 Jun 21: \$10.0m) with \$2.0m transferred to Trade finance facility for the period between June to September 22.	13,450,245	6,381,357
Headroom	6,549,755	3,618,643
Trade finance facility, revolving 180-day limit of \$6.0m temporarily increased to \$8.0m (30 Jun 21: \$3.0m) with \$2.0m transferred from Equipment finance facility for the period between June to September 22.	7,916,732	1,534,491
Headroom	83,268	1,465,509
Working capital facility, \$8.4m (30 Jun 21: \$5.0m) including \$1.4m bank guarantee (30 Jun 21: \$1.4m), and \$6.6m bank overdraft (30 Jun 21: \$3.6m)	4,336,853	3,171,866
Headroom	3,663,147	1,828,134
Borrowings utilised*	37,186,830	25,510,714
Headroom	10,296,170	6,912,286
Total accessible borrowing amount	47,483,000	32,423,000

In dollars	2022	2021
Borrowings utilised and committed	37,186,830	25,510,714
Less: Bank overdraft utilised excluded from loans and borrowings disclosed separately on the Statement of Financial Position	(3,001,005)	(1,865,938)
Less: Bank guarantee utilised not drawn	(1,335,848)	(1,305,928)
Total Loans and Borrowings	32,849,977	22,338,848

*FY21 amounts have been recalculated to adjust the headroom and borrowings utilised relating to the Group's bank overdraft.

All borrowings are secured by interlocking guarantees where each company within the group jointly and severally guarantees the repayment of loans to the lending institution. All loans are secured over the assets and inventory of the Group.

Covenants are reviewed half-yearly with the lender. The Group has complied with all the respective borrowing covenants throughout the year ended 30 June 2022. The covenant measures include Debt Service Cover ratio, Equity ratio and Financial Debt to EBITDA ratio.

Interest rates on secured amortised business loans are variable and dependent on prevailing market rates and bank margins.

All borrowing costs incurred in the year have been expensed.

20. Provisions

In dollars	2022	2021
Make good	469,274	469,274
	469,274	469,274

A provision for make good is measured at the present value of the cost of restoring leased properties to their original condition, at the conclusion of the lease. No long term (greater than 12 months) new property lease had been entered into during the year that require further addition.

Notes to the Consolidated Financial Statements

for the year ending 30 June 2022

21. Deferred income tax liability and current income tax liability

In dollars	2022	2021
Deferred income tax liability movement during the year:		
Opening balance at 1 July	6,596,723	4,727,900
Changes to estimates from prior years	32,919	–
Provisions	(250,978)	(5,613,213)
Accruals	74,124	(139,788)
Property, plant and equipment	537,627	7,333,145
Revenue tax loss	–	288,679
Closing balance at 30 June	6,990,415	6,596,723
Income tax liabilities		
Opening balance at 1 July	310,332	556,301
Changes to estimates from prior years	(15,739)	–
Tax paid	(9,790)	(556,301)
Current tax liabilities	1,584,228	310,332
Carried forward unpaid tax liabilities	1,869,031	310,332
Unrecognised deferred tax assets		
Deferred tax assets not recognised for the following items:		
Revenue tax losses	11,200,229	15,475,859
Capital losses	202,441	202,441
Temporary differences	(5,921,940)	(6,061,604)
	5,480,730	9,616,696

While tax losses and temporary differences do not expire under current tax legislation, deferred tax assets have not been recognised in respect of these items as certain subsidiaries have experienced a number of years without taxable income and therefore recovery is not considered probable. The tax losses do not expire under current tax legislation.

The potential benefit of the deferred tax asset in respect of tax losses carried forward will only be obtained if:

- The subsidiaries continue to derive future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- The subsidiaries continue to comply with the conditions for deductibility imposed by the law;
- No changes in tax legislation adversely affect the subsidiaries in realising the asset; and
- The subsidiaries pass the continuity of ownership test, or the same business test as outlined by the Australian Taxation Office.

22. Issued capital

In dollars	2022	2021
Number of shares		
On issue of 1 July	219,377,208	216,039,534
Issue of DRP shares (i)	2,138,792	2,183,021
Issue of shares for cash (ii)	27,631,579	–
Shares issued through conversion of performance rights (iii)	3,165,120	–
Exercise of share options (iv)	280,500	1,154,653
Exercise of restricted rights (v)	359,000	–
	252,952,199	219,377,208

(i) 1,432,611 units of ordinary shares were issued at \$0.4437 per share following the final 2021 dividend declaration on 25 November 2021 pursuant to the Dividend Reinvestment Plan (DRP); 706,181 units of ordinary shares were issued at \$0.4575 per share following the FY2022 interim dividend declaration on 27 May 2022 also pursuant to the DRP.

(ii) 27,631,579 units of fully paid ordinary shares were issued at \$0.38 per share via capital raising on 27 July 2021.

(iii) 3,165,120 units of ordinary shares were issued through conversion of performance rights granted under Long Term Variable Remuneration plan in July 2019.

(iv) 280,500 units of Loan Funded Shares were exercised at \$0.20 per share with \$42,776 loan repaid immediately after applying accumulated dividend.

(v) 359,000 units of Restricted Rights were granted to a number of selected employees in September 2021 which were exercised on 21 December 2021.

The holders of these shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group.

Dividends

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved prior to the reporting date.

The following dividends were declared and paid by the Group during the year:

In dollars	2022	2021
Dividends on ordinary shares declared and paid:		
FY21: 1.15 cent per share (FY20: 1.05 cent per share)		
– Paid in cash	2,239,483	1,875,228
– Paid via DRP	635,683	399,287
Interim dividend for the current reporting period:		
FY22: 0.75 cent per share (FY21: 0.75)		
– Paid in cash	2,702,944	1,270,029
– Paid via DRP	323,078	367,626
	5,901,188	3,912,170

A fully franked dividend of \$2,875,166 for the year ended 30 June 2021 was paid on 25 November 2021 at 1.15 cents per share with 1,432,611 new shares issued as part of the DRP.

A 20% franked interim dividend of \$3,026,022 for FY 2021 was paid on 27 May 2022 at 1.20 cents per share with 706,181 new shares issued as part of the DRP.

Notes to the Consolidated Financial Statements

for the year ending 30 June 2022

22. Issued capital (continued)

Subsequent to balance date, the Directors declared a dividend of 1.50 cents per share 60% franked on 23 August 2022, to be paid on 30 November 2022.

Franking credit balance was \$2,393,015 at 30 June 2022 (2021: \$1,954,882).

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising on translation of the Group entities that do not have functional currency of AUD dollars and have been translated for presentation purpose.

Share-based payments reserve

The share-based payments reserve is used to recognize the grant date fair value of shares issued to employees and directors that have not yet vested.

23. Capital management

Management monitors the capital of the Group, in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and borrowings.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

24. Earnings per share

Basic EPS is calculated by dividing profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

In dollars	2022	2021
Earnings reconciliation		
Profit excluding significant items	17,812,912	8,712,829
Net share-based payments and significant items*	(2,118,744)	(4,749,831)
Net profit after tax	15,694,168	3,962,998

*Significant items are comprised of Share-based payments, restructuring and due diligence expenses as in note 6.

In dollars	2022	2021
Number of ordinary shares:		
Weighted average number of ordinary shares used in the calculation of basic EPS	248,515,534	217,558,863
Weighted average number of ordinary shares used in the calculation of diluted EPS	258,794,953	224,511,742
Cents per share:		
Basic EPS excluding significant items (cents per share)	7.17	4.00
Diluted EPS excluding significant items (cents per share)	6.88	3.88
Basic EPS (cents per share)	6.32	1.82
Diluted EPS (cents per share)	6.06	1.77

25. Capital commitments

In dollars	2022	2021
Capital commitments		
Capital expenditure contracted for at the reporting date but not recognised as liabilities as follows:		
Plant and equipment	2,382,900	1,885,383

Notes to the Consolidated Financial Statements

for the year ending 30 June 2022

26. Reconciliation of cash flows from operating activities

In dollars	2022	2021
Cash flows from operating activities		
Profit	15,694,168	3,962,998
<i>Adjustments for:</i>		
– Depreciation and impairment	7,387,349	5,888,321
– Depreciation on right-of-use assets	5,683,003	5,675,276
– Hire equipment loss provision	(53,257)	(31,104)
– (Gain) on disposal of assets	(4,955,787)	(6,552,430)
– Share-based payment	1,164,668	2,245,520
– Remeasurement of shares issued on Uni-span acquisitions	–	(350,000)
– Contingent consideration related to Uni-span acquisition	–	148,264
– Tax expense	1,962,182	2,179,155
<i>Net changes in working capital:</i>		
– Other financial assets	–	99,411
– Trade and other receivables	(9,751,131)	(7,597,076)
– Inventories	(5,913,632)	(3,380,809)
– Contract assets	663,241	(655,701)
– Prepayments and other assets	(1,457,455)	(1,382,604)
– Assets held for sale	(6,072)	6,347
– Trade and other payables	(3,918,210)	8,800,091
– Provisions and employee benefits	1,353,377	525,767
– Liabilities associated with assets held for sale	7,041	(7,271)
– Current tax liabilities	(9,790)	(556,302)
Cash generated from operating activities	7,849,695	9,017,853
Finance costs	3,513,116	3,305,705
Net cash from operating activities	11,362,811	12,323,558

27. Remuneration of auditors

During the year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd (GT) as the auditor of the parent entity.

In dollars	2022	2021
<i>Audit and review of financial reports</i>		
Group and controlled entities	335,315	318,535
Total audit and review of financial reports	335,315	318,535
<i>Other assurance services</i>	12,700	31,815
<i>Other services</i>		
Tax advisory services	—	23,650
Tax compliance services	111,180	41,850
Total other non-audit services	111,180	65,500
Total services provided by GT	459,195	415,850

28. Key management personnel and related parties

Key management personnel are those persons having authority and responsibility of planning, directing and controlling the activities of the Group, directly or indirectly, including any director, whether executive or otherwise, of the Group.

In dollars	2022	2021
■ Short term employment benefits	1,778,441	1,884,959
■ Long term employment benefits	96,309	183,764
■ Post-employment benefits	49,810	62,903
■ Share-based payments	23,792	523,237
Total compensation paid to key management personnel	1,948,352	2,654,863

Other related party transactions

The Group leases industrial and commercial properties from Margaret Prokop's personal companies (MRP Property Pty Ltd & MRP Superannuation Pty Ltd) through the Natform subsidiaries.

Margaret Prokop was previously a director of Natform companies and upon the sale of Natform to Acrow, Margaret was appointed as a director of the Group. Rental and related property payments to her companies amounted to \$1,057,924 (2021: \$852,581). Lease terms are up to 8 years. Balance outstanding at 30 June 2022 was \$48,612 (2021: \$6,635). Margaret Prokop retired from the board on 31 December 2021.

Natform engaged Margaret Prokop's brother, the proprietor of Nat Pty Ltd to manufacture and assemble screens for Natform, the amount incurred for the year was \$961,079 (2021: \$1,235,128); balance outstanding at 30 June 2022 was \$12,496 (2021: \$132,394). Agreement with Nat Pty Ltd terminated on 28 May 2022 with all manufacturing functions sourced internally and managed by Natform employees going forward.

All intercompany transactions between the parent entity and the subsidiaries and amongst the subsidiaries have been eliminated on consolidation.

Notes to the Consolidated Financial Statements

for the year ending 30 June 2022

29. Share-based payments

At 30 June 2022 the Group had the following share-based payment arrangements.

Loan Funded Shares

The Group carries forward only Loan Funded Shares issued in 2018 where selected employees and directors of the Group had been granted an interest-free loan to subscribe to shares of Acrow Formwork and Construction Services Limited.

These loans are non-recourse other than to the shares held by that employee/director, and the proceeds of the loan must be used to buy shares. As the only recourse on the loans is the shares and there are vesting conditions, the arrangement has been accounted for as share options, as required under accounting standards.

These options entitle the holders to receive dividends on ordinary shares of the Group, and these dividends are required to be used to repay the loans described above.

The Loan Funded Shares have the following terms:

- (i) Date of issue: 27 March 2018
- (ii) Loan term: 5 years;
- (iii) Interest: No interest is payable; and
- (iv) Vesting hurdles: subject to being a continuous employee or director of the Group for 2 years from the date of issue, and the 20-day (at any point over

the vesting period) volume weighted average share price ("VWAP") of the Group's share price exceeding 40 cents per share (post the share consolidation).

The fair value at grant date was determined using an adjusted form of the Monte-Carlo model that factors in market conditions. The grant date fair value of rights granted in the year was \$0.1071.

All vesting hurdles had been met at 27 March 2020. In July 2021, 280,500 units of Loan Funded Options had been exercised at \$0.20 per share discounted by dividend accrued from \$56,100 to \$42,776. Loan was immediately settled in cash by the employee.

The model inputs for the in-substance options granted had included:

- a) Exercise price \$0.20
- b) Share price at grant date \$0.20
- c) Expected price volatility 75% – based on comparable companies
- d) Expected dividend yield 0%
- e) Risk-free interest rate 2.41%
- f) Expected life 3 years

Total number of outstanding loan funded shares at 30 June 2022 were 2,194,500 units (30 June 2021: 2,475,000).

Reconciliation of outstanding loan funded share options:

The number and weighted average exercise prices of loan funded options were as follows:

	2022		2021	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 July	2,475,000	\$0.20	2,475,000	\$0.20
Granted during the year	–	–	–	–
Exercised during the year	280,500	\$0.20	–	–
Outstanding at 30 June	2,194,500	\$0.20	2,475,000	\$0.20

Options

No new options have been issued during the year.

In November 2021, 50,000 units were cancelled due to failure to meet vesting condition (being 20-day volume weighted average price of 60 cents per share) before expiry date.

Total number of outstanding options at 30 June 2022 were 6,860,000 units (30 June 2021: 6,910,000). Balance of all outstanding options at balanced date are as follow:

Grant date	Expiry date	2022		2021	
		Exercise price	Number of options	Exercise price	Number of options
23 November 2016	23 November 2021	\$0.20	–	\$0.20	50,000
13 December 2017	13 December 2022	\$0.20	200,000	\$0.20	200,000
14 January 2019	14 January 2024	\$0.50	5,100,000	\$0.50	5,100,000
4 March 2019	4 March 2024	\$0.50	360,000	\$0.50	360,000
16 July 2019	16 July 2024	\$0.40	1,200,000	\$0.40	1,200,000
Balance at 30 June			6,860,000		6,910,000

Reconciliation of outstanding share options:

	2022		2021	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 July	6,910,000	\$0.47	9,323,000	\$0.40
Granted during the year	–	–	–	–
Exercised during the year	–	–	(1,663,000)	\$0.20
Forfeited during the year	(50,000)	\$0.20	(750,000)	–
Outstanding at 30 June	6,860,000	\$0.47	6,910,000	\$0.47

Performance Rights

As of 30 June 2021, there were a total of 15,946,950 Performance Rights (LTVR 1-4) outstanding which were granted based on Earning Per Share (EPS) and Total Shareholder Return (TSR) performance hurdles over FY2021 & FY2022. There are four tranches and their movements are summarized as follow:

Long term variable incentives	LTVR 1	LTVR 2	LTVR 3	LTVR 4
Measurement period	FY2022	FY2022	FY2021	FY2021
Hurdle	TSR	EPS	TSR	EPS
Vesting status at 30 June 2022	Unvested	Unvested	Lapsed	Vested
Outstanding as of 1 July	2,027,500	6,082,500	1,959,250	5,877,700
Grants / (cancellations) of issues	202,905	608,713	–	–
Unvested or forfeiture	–	–	(1,959,250)	(2,351,080)
Vested and exercised as ordinary shares	–	–	–	(3,165,120)
Balance outstanding 30 June 2022	2,230,405	6,691,213	–	361,500

With LTVR 1-2, a further 1,175,618 units have been granted to eligible employees in September 2021 and March 2022, and 364,000 units have been cancelled on terminated employees, resulting in 8,921,618 rights outstanding at end of June 2022.

With LTVR 3, the Group failed to meet TSR conditions resulting in cancellation of all 1,959,250 units issued.

With LTVR 4, the Group met the EPS performance conditions with 60% vesting rate resulting in 3,526,620 units vested and 2,351,080 units forfeited. 3,165,120 units that vested had been exercised and converted to ordinary shares,

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for the year ending 30 June 2022

29. Share-based payments (continued)

leaving a balance of 361,500 units unexercised at end of June 2022.

A short-term incentive issue of 359,000 rights were granted to eligible employees, vested and exercised as ordinary shares during the reporting period.

On 1 June 2022, The Group granted 7,901,708 performance rights (LTVR 5-8) to eligible employees over two plans, being 3,584,434 for FY 2023 and 4,317,274 for FY 2024. Each year is consisted of two tranches, one on EPS and one on TSR performance vesting conditions of equal number of units. If the vesting conditions are met, each Performance Right can be exercised into one Fully Paid Ordinary Share at the holder's discretion until the expiry date of 30 June 2037. The Performance Rights were issued to employees of the Company under the Company's Rights Plan and form part of the Long-Term Variable Remuneration of the employees.

The performance rights have the following terms:

- (i) Exercise price: nil;
- (ii) Conversion: upon vesting, conversion to shares on a 1 for 1 basis;
- (iii) Dividends: not entitled until performance rights are exercised;
- (iv) Vesting hurdles:
 - a. 50% of each issue measured on Earnings per share (EPS) criteria specifically "Net profit after tax / Weighted average number of shares on issue".
 - i. A threshold cumulative return of 8% is required below which no vesting will occur.
 - ii. A target return of 10% will vest 50% of performance rights and pro rata between 8% and 10%
 - iii. Above 10% return up to a maximum of 20% return the balance of the performance rights will vest on a pro rata basis.
 - b. 50% of each issue measured on Total Shareholder return (TSR) criteria. This compares the share price and dividends through the measurement period to the ASX Small Industrials Index.
 - i. A threshold cumulative return equal to the market is required below which no vesting will occur.
 - ii. A target return of 130% of the index TSR will vest 50% of performance rights and pro rata between index return and 130% of index return.

- iii. Above 130% of index return up to a maximum of 160% index return the balance of the performance rights will vest on a pro rata basis.

- c. The performance rights will be measured between 1 July 2020 and 30 June 2023 for the 2023 issue and 1 July 2021 and 30 June 2024 for the 2024 issue.

The model inputs for the performance rights granted included:

- a) Exercise price: nil
- b) Share price at grant date of 1 June 2022 was \$0.48
- c) Expected price volatility between 14% and 33%- based on comparable companies
- d) Expected dividend yield 5.1%
- e) Risk-free interest rate between 2.25% and 3.6%

Total number of outstanding performance rights on 30 June 2022 were 17,184,826 units (30 June 2021: 15,946,950).

30. Financial risk management

Risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for economic hedging purpose and are not used as speculative or trading instruments.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

There was no open foreign exchange contract at 30 June 2022 and 30 June 2021.

Fair value hierarchy

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Fair value inputs are summarised as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The fair value hierarchy was not applicable for the year ended 30 June 2022, as the Group held no financial assets or liabilities that required valuation.

Fair value hierarchy is re-assessed annually for any change in circumstance that may suggest a revised level be assigned to a type of balance measured at fair value.

The Group's risk management is coordinated by management, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to interest rate risk and certain other price risks, which result from its operating activities.

Exposure to currency risk

As at 30 June 2022 the Group held the below AUD equivalent of foreign currency risks in USD, EUR and HKD:

	30 June 2022			30 June 2021	
	USD	EUR	HKD*	USD	EUR
Trade payables	2,728,137	768,196	191,557	1,059,549	780,755
Purchase orders at 30 June	3,479,939	1,695,780	232,824	1,885,383	—
Cash at Bank	(59,369)	—	—	—	—
Net exposure	6,148,707	2,463,976	424,381	2,944,932	780,755

*The Group had no exposure to HKD at 30 June 2021.

Foreign currency sensitivity

A possible strengthening/(weakening) of the USD, EUR or the HKD at 30 June would have affected profit or loss by the amounts (in AUD) shown below. This analysis assumes that all other variables remain constant and ignores the impact of forecast purchases.

In dollars	Profit or loss	
	Strengthening	Weakening
USD (10% movement)	558,973	(683,190)
EUR (10% movement)	223,998	(273,775)
HKD (10% movement)	38,580	(47,153)

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for the year ending 30 June 2022

30. Financial risk management (continued)

Interest rate risk

Interest rate risk is the risk that changes in interest rates impact the Group's financial performance or the value of its financial instruments.

The Group's interest rate risk arises from its overdrafts, term loans and when new equipment or trade finances are drawn. Draw down and increase in overdraft under the current debt facility are priced using a floating interest rate plus a fixed margin.

The Group does not currently use interest rate hedges. However, management regularly reviews its funding arrangements to ensure loans are competitively priced and access are maintained to necessary liquidity levels to service the Group's operational activities.

At 30 June 2022 the Group has the following exposure to interest rates on borrowings:

	2022	2021
Fixed rate instruments		
Loans and borrowings	21,366,977	7,915,848
Variable rate instruments		
Loans and borrowings	11,483,000	14,423,000
Overdraft*	3,001,005	1,865,938

*FY2021 values have been adjusted to include overdraft balance of \$1,865,938 at 30 June 2021 for consistency and comparability.

Interest Rate Sensitivity

At 30 June 2022, the Group held interest bearing loans of \$32,849,977 (2021: \$22,338,848) and a bank overdraft of \$3,001,005 (2021: \$1,865,938).

An increase of 100 basis points in interest rates on variable instruments at the reporting date would have a negative impact of \$155,723 (2021: \$167,644) on the net profit, whereas a decrease of 100 basis points would have a positive impact of \$143,611 (2021: \$155,373) on the net profit.

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk principally through receivables from customers. The Group leases hire equipment and provides services to consumers pursuant to policies and procedures that are intended to ensure that there is no concentration of credit risk with any particular individual, company or other entity.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors such as market segment, financial profile, default risk of the industry sector and credit history of the customers. To manage this risk, the Group has a policy for establishing credit approvals and limits under which each new customer is analysed individually for creditworthiness

before standard payment terms and limits are granted. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. The summary of the Group's trade receivables is available in note 10.

The Group conducts an ongoing assessment of expected credit losses (ECL) by analysing actual loss experience of the Group, arrears, and other inputs such as exposure or timing. The assessment is broken down into 4 sectors including Industrial Services, Civil Infrastructure, Commercial, and Residential. These sectors are then analysed in a set of 5 stages ranging from currently due receivables to receivables due in over 90 days. The Group also separately quantifies receivables due from entities in liquidation/default.

Macroeconomic Scenarios

Expected credit losses ("ECL") are a probability-weighted estimate of credit losses over the expected life of the financial instrument. The Group has a process for incorporating forward looking economic scenarios and determining the probability weightings assigned to each scenario in determining the overall ECL. The Group prepares a base, best and worst-case scenarios based on economic variables.

The Group has incorporated this by use of a management overlay or economic risk reserve.

Write-off policy

The Group writes off financial assets in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral such that there is no reasonable expectation of full recovery.

Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations.

The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

Net cash requirements are compared to available borrowing facilities to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period. Refer to note 19 for undrawn borrowing facilities.

The Group's objective is to maintain cash to meet its liquidity requirements for 30-day periods at a minimum. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, notably its cash resources and trade receivables.

The following liquidity risk disclosures reflect all contractually fixed repayments and interest resulting from recognised financial liabilities and derivatives as of 30 June 2022. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract.

	Carrying Amount	Contractual cash flow			
		Total	1 year or less	1 to 5 years	Over 5 years
2022					
Non-derivative financial liabilities					
Trade payables and accrued expenses	21,484,027	(21,484,027)	(21,484,027)	—	—
Loans and borrowings	32,849,977	(35,302,897)	(18,039,906)	(17,262,991)	—
Lease liabilities	28,249,469	(33,556,109)	(6,392,739)	(19,481,318)	(7,682,052)
	82,583,473	(90,343,033)	(45,916,672)	(36,744,309)	(7,682,052)
2021					
Non-derivative financial liabilities					
Deferred consideration	3,486,289	(3,520,248)	(3,520,248)	—	—
Trade payables and accrued expenses	25,122,155	(25,122,155)	(20,694,234)	(4,427,921)	—
Loans and borrowings	22,338,848	(24,289,195)	(8,626,267)	(15,662,928)	—
Lease liabilities	32,041,939	(38,014,095)	(6,125,388)	(20,899,218)	(10,989,489)
	82,989,231	(90,945,693)	(38,966,137)	(40,990,067)	(10,989,489)

Notes to the Consolidated Financial Statements

for the year ending 30 June 2022

31. Group entities

The consolidated financial statements include the financial statements of the following wholly-owned subsidiaries:

	Place of incorporation	% Equity interest
Acrow Holdings Pty Limited (a), (b)	NSW	100%
Acrow Formwork and Scaffolding Pty Ltd (a), (b)	NSW	100%
Natform Pty Ltd (a), (b)	NSW	100%
Natform (QLD) Pty Ltd (a), (b)	QLD	100%
Uni-span Group Pty Ltd (a), (b)	QLD	100%
Uni-span Height Safety Pty Ltd (a), (b)	QLD	100%
Unispan Australia Pty Ltd (a), (b)	QLD	100%
Uni-span Formwork Solutions Pty Ltd (a), (b)	QLD	100%
Acrow Group Investments Pty Ltd (a), (b)	NSW	100%
Noble Mineral Resources Ghana Limited	Ghana	100%

(a) These subsidiaries have been granted relief from the necessity to prepare financial reports under the option available to the Group under ASIC Corporations (Wholly Owned Companies) Instrument 2016/785.

(b) These subsidiaries, along with Acrow Formwork and Construction Services Limited (the parent entity of the Group), form the Deed of Cross Guarantee Group described further from note 34.

32. Operating segments

The Group's operating segment is based on the internal reports that are reviewed and used by the Board of Directors and the executive management team (being the Chief Operating Decision Makers ("CODM")) in assessing the financial performance and in determining the allocation of resources. The Group operates in the building construction market, providing falsework, formwork, scaffolding, screens and related material for hire and sales. There are no operating segments for which discrete financial information exists. The prior year segment disclosure included an additional segment being mining exploration. This segment was a legacy of the Company prior to its current operations, immaterial and does not get reported separately to the CODM therefore was excluded.

The information reported to the CODM, on at least monthly basis, is the consolidated results as shown in the statement of profit or loss and other comprehensive income and statement of financial position.

33. Parent entity disclosures

In dollars	2022	2021
Results of the parent entity		
Profit for the period	1,139,571	3,063,463
Total comprehensive income for the period	1,139,571	3,063,463
Financial position of the parent entity at year end		
Current assets	18,455	5,405
Non-current assets	54,554,925	50,707,007
Total assets	54,573,380	50,712,412
Current liabilities	201,184	3,615,726
Total liabilities	201,184	3,615,726
Net assets	54,372,196	47,096,686
Total equity of parent entity comprising:		
Issued capital	58,310,046	46,703,384
Share-based payments reserve	3,003,682	2,972,126
Accumulated losses	(6,941,532)	(2,578,824)
Total equity	54,372,196	47,096,686
<i>Movement to accumulated profits/(losses):</i>		
Opening balance at 1 July	(2,578,824)	(1,730,117)
Dividend paid and reinvested through DRP	(5,901,188)	(3,912,170)
Write back of cancelled performance rights	398,909	–
Profit for the period	1,139,571	3,063,463
Closing balance at 30 June	(6,941,532)	(2,578,824)

Accounting policies of the parent company Acrow Formwork and Construction Services Limited are consistent with the group and subsidiaries.

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity, these are reviewed annually for recoverability at the reporting date.

34. Deed of cross guarantee

Under the terms of ASIC Corporations (Wholly owned Companies) Instrument 2016/785, certain wholly owned controlled entities have been granted relief from the requirement to prepare audited financial reports.

Acrow entered into an approved Deed of Indemnity on 26 June 2018 for the cross-guarantee of liabilities with Acrow Formwork and Scaffolding Pty Ltd and Acrow Holdings Pty Ltd, then on 19 December 2018, an Assumption Deed was executed to include newly formed entity Acrow Group Investments Pty Ltd and acquired companies, Natform Pty Ltd and Natform (QLD) Pty Ltd.

A further assumption deed was executed on 3 May 2020 to include the new acquired Uni-span group of companies.

The following statement of profit or loss and statement of financial position comprises Acrow and its controlled entities which are party to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed.

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for the year ending 30 June 2022

34. Deed of cross guarantee (continued)

Statement of Profit or Loss

For the year ended 30 June 2022

In dollars	2022	2021
Continuing operations		
Revenue	140,826,918	94,608,887
Other income	4,955,787	6,552,430
Personnel expenses	(51,815,012)	(36,534,129)
Sub-contract labour costs	(18,039,520)	(16,646,962)
Inventory purchased, net of changes in finished goods	(31,642,371)	(18,276,344)
Depreciation	(13,070,352)	(11,563,598)
IT and telecommunication expenses	(1,641,245)	(1,542,961)
Freight costs	(1,975,256)	(1,664,296)
Insurance expenses	(1,090,449)	(813,198)
Gain on fair value of derivatives	–	350,000
Contingent consideration related to Uni-span acquisition	–	(148,264)
Other expenses	(5,338,074)	(4,874,621)
Profit before net finance costs and income tax	21,170,426	9,446,944
Finance costs	(3,513,116)	(3,305,705)
Profit before income tax	17,657,310	6,141,239
Income tax expense	(1,962,182)	(2,179,155)
Profit from continuing operations	15,695,128	3,962,085

Statement of Financial Position

As at 30 June 2022

In dollars	2022	2021
Current assets		
Cash and cash equivalents	3,010,318	1,754,516
Trade and other receivables	34,362,867	24,611,736
Inventories	14,872,186	8,958,554
Contract assets	111,927	775,168
Prepayments and other assets	5,075,832	3,618,377
Total current assets	57,433,130	39,718,351

In dollars	2022	2021
Non-current assets		
Property, plant and equipment	95,490,436	83,008,854
Right-of-use lease assets	24,478,720	28,808,936
Intangible assets	7,428,694	7,428,694
Total non-current assets	127,397,850	119,246,484
Total assets	184,830,980	158,964,835
Current liabilities		
Bank overdraft	3,001,005	1,865,938
Trade payables	21,484,027	25,122,155
Other payables	–	3,486,289
Employee benefits	6,159,454	4,639,524
Lease liabilities	4,964,215	4,645,552
Loans and borrowings	17,001,678	7,898,384
Current tax liabilities	1,869,031	310,331
Total current liabilities	54,479,410	47,968,173
Non-current liabilities		
Employee benefits	444,988	611,541
Lease liabilities	23,285,254	27,396,387
Loans and borrowings	15,848,299	14,440,464
Provisions	469,274	469,274
Deferred income tax liability	6,990,415	6,596,723
Total non-current liabilities	47,038,230	49,514,389
Total liabilities	101,517,640	97,482,562
Net assets	83,313,340	61,482,273
Equity		
Issued capital	58,310,046	46,703,384
Share-based payments reserve	3,003,681	2,972,126
Retained earnings	21,999,613	11,806,763
Total equity	83,313,340	61,482,273

Notes to the Consolidated Financial Statements

for the year ending 30 June 2022

35. Subsequent events

Changes on loan facilities either effected or agreed after balance date:

- Equipment finance and Trade finance facility limits to revert on 30 September 2022 from \$20,000,000 to \$22,000,000 and from \$8,000,000 to \$6,000,000 respectively, per agreement made on 10 June 2022.
- A new loan agreement for capital purchases. The loan amount is \$4,125,000, matures in 3 years from commencement date and repayable in full by June 2025.
- Bank guarantee facility increased from \$1,400,000 to \$1,700,000 by reducing the overdraft facility from \$6,600,000 to \$6,300,000.
- Further Equipment finance loans of \$3,832,596 were drawn, repayable in full at end of three years and Trade finance loans of \$1,688,639 were drawn and repayable in full within 180 days.
- An insurance premium finance loan of \$1,201,540 was drawn on 22 August 2022 repayable in full by 22 July 2023.

On 23 August 2022 the Directors declared a 60% franked dividend of 1.5 cents per share to be paid on 30 November 2022. Dividend Reinvestment Plan is available for election. The dividend has not been provided for in this financial report as it was not declared until after 30 June 2022.

Other than the above events, there has not otherwise arisen between 30 June 2022 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial years.

In the opinion of the Directors of Acrow Formwork and Construction Services Ltd (the Group):

- (a) the consolidated financial statements and notes set out on pages 49 to 88 and the Remuneration Report in the Directors' Report, set out on pages 23 to 48 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards, International Financial Report Standards and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) There are reasonable grounds to believe that Acrow Formwork and Construction Services Limited and its controlled entities identified in note 31 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between Acrow Formwork and Construction Services Limited and its controlled entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
- (d) The Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2022.

Signed in accordance with a resolution of the Directors:



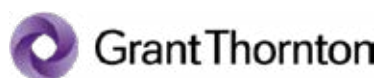
Peter Lancken
Chairman

Sydney, 27 September 2022



Steven Boland
Director, Chief Executive Officer

Sydney, 27 September 2022



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Independent Auditor's Report

To the Members of Acrow Formwork and Construction Services Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Acrow Formwork and Construction Services Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill (Note 16) As disclosed in Note 16, intangible assets comprise goodwill relating to the acquisition of Natform Pty Ltd and Natform (QLD) Pty Ltd which amounts to \$7.3 million. In accordance with AASB 136 <i>Impairment of Assets</i>, the Group is required to test the carrying value of goodwill annually. Management has tested goodwill for impairment by comparing the carrying value of the assets related to this cash-generating unit to a valuation model based on the value in use of these assets. We have determined this is a key audit matter as this assessment requires the exercise of significant judgement about forecasting future revenues and expenses, including discount rates applied to cash flows.	Our procedures included, amongst others: • Enquiring with management to obtain and document an understanding of the processes and controls related to the assessment of impairment, including the calculation of the recoverable amount; • Obtaining management's value-in-use calculations to: – Test the mathematical accuracy; – Evaluate management's ability to perform accurate estimates by comparing historical forecasting to actual results; – Test forecast cash inflows and outflows; and – Assess the discount rates applied to forecast future cash flows; • Evaluating the value in use model against the requirements of AASB 136, including consultation with our internal valuation experts; • Performing sensitivity analysis on the significant inputs and assumptions made by management in preparing the calculation; and • Assessing the adequacy of financial report and accounting policy disclosures.
Expected credit loss (Note 10) As disclosed in Note 10, the Group's expected credit loss provision amounts to \$1.5 million. In accordance with AASB 9 <i>Financial Instruments</i>, the Group is required to prepare an estimation of expected credit losses as at 30 June 2022. We have determined this is a key audit matter due to the inherent subjectivity involved in the Group making forward looking judgements in relation to the recovery of credit risk exposures. We further note there is an increased risk in relation to the recoverability of trade receivables in the current year due to the unstable environment in the construction industry resulting from the impact of the COVID-19 pandemic amongst other factors and the insolvency risk that may impact the Group's customers.	Our procedures included, amongst others: • Assessing the Group's expected credit loss model at year end with respect to the requirements of the accounting standard AASB 9; • Reviewing management's memorandum and assessing the reasonableness of key assumptions used in their expected credit loss model; • Testing the trade receivables ageing profile prepared by the Group for the purpose of placing reliance on the trade receivables ageing profile for our analysis; • Assessing the Group's identification of credit impaired trade receivables including the basis adopted by the Group in the identification; • Challenging the identified trade receivables by taking into account past payment trends, industry

data and observable data specific to the relevant customers and to customers that are more than 90 days past due;

- Assessing the Group's disclosures in relation to trade receivables' credit risk, by comparing these disclosures to the requirements of the accounting standards.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 23 to 48 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Acrow Formwork and Construction Services Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd
Chartered Accountants



N P Smietana
Partner – Audit & Assurance

Sydney, 27 September 2022

Additional Information for Listed Entities (Shareholder Information)

The shareholder information set out below was applicable as at 16 September 2022 (**Reporting Date**).

Substantial Holders

Top Holders	Securities	%
PERENNIAL VALUE MANAGEMENT LIMITED	25,172,301	9.90%
KENECO PROPERTY PTY LTD <FAMIGLIA A LTD PARTNER A/C>	13,086,667	5.25%

Holding Distribution

Analysis of numbers of equity holders by size of holding:

Ordinary Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	1,519	10,6554	0.04%
above 1,000 up to and including 5,000	488	1,325,170	0.52%
above 5,000 up to and including 10,000	276	228,1436	0.89%
above 10,000 up to and including 100,000	1,109	43,451,198	17.01%
above 100,000	303	208,238,841	81.53%
Totals	3,695	255,403,199	100.00%

Unlisted Options

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	—	—	—
above 1,000 up to and including 5,000	—	—	—
above 5,000 up to and including 10,000	—	—	—
above 10,000 up to and including 100,000	—	—	—
above 100,000	9	6,860,000	100%
Totals	10	6,860,000	100.00%

Performance Rights

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	—	—	—
above 1,000 up to and including 5,000	—	—	—
above 5,000 up to and including 10,000	—	—	—
above 10,000 up to and including 100,000	11	754,012	4.31%
above 100,000	33	16,747,688	95.69%
Totals	44	17,501,700	100.00%

Based on a closing price per security of \$0.515, there are 1,505 holders with an unmarketable holding representing a total 92,583 shares, amounting to 0.04% of Issued Capital.

Voting Rights

Fully Paid Ordinary Shares – on a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share have one vote.

Options and Performance Rights – do not have voting rights.

Securities subject to Voluntary Escrow

There are no securities voluntarily escrowed.

Unlisted Securities

Unlisted Securities include: 6,860,000 unlisted options and 17,501,700 performance rights.

There are no holders of more than 20% in either the options or performance right classes.

On-Market Buy-Back

The Company is not currently conducting an on-market buy-back.

Top Holders

Twenty Largest Quoted Equity Security Holders

The names of the twenty largest holders of quoted equity securities are listed below:

Position	Holder Name	Holding	% IC
1	NATIONAL NOMINEES LIMITED	17,775,955	6.96%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,381,933	6.02%
3	KENECO PROPERTY PTY LTD <FAMIGLIA A LTD PARTNER A/C>	13,086,667	5.12%
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	12,610,535	4.94%
5	EVERGREEN PARTNERS NO 4 LP	12,351,252	4.84%
6	CITICORP NOMINEES PTY LIMITED	11,049,866	4.33%
7	BOND STREET CUSTODIANS LIMITED <SALTER – D79836 A/C>	9,000,000	3.52%
8	MARGARET ANNA PROKOP	7,126,209	2.79%
9	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	6,148,691	2.41%
10	MRP PROPERTY PTY LTD <MRP GROUP FAMILY A/C>	4,751,043	1.86%
11	MR ANDREW HAROLD KENNARD & MRS PRUDENCE ALICE KENNARD <KENNARD FAMILY SUPER FUND>	3,039,474	1.19%
12	JOSAMBA PTY LTD <WR&P GIBSON SUPER FUND A/C>	2,500,000	0.98%
13	BOND STREET CUSTODIANS LIMITED <SA1 – D74506 A/C>	2,206,192	0.86%
14	MARYVILLE PTY LTD <BOLAND FAMILY A/C>	2,204,326	0.86%
15	WHOOSHKA NOMINEES PTY LTD <WALLY WHOOSHKA A/C>	2,184,976	0.86%
16	DRACKA PTY LTD <THE DRACKA A/C>	2,148,554	0.84%
17	MALCOLM & JUNE ROSS INVESTMENTS PTY LTD	2,091,132	0.82%
18	11 BELGRAVIA PTY LTD <A & S SUPER FUND A/C>	2,085,256	0.82%
19	MR TIMOTHY JOHN EAKIN <ESTATE LATE VJA FLYNN A/C>	1,469,692	0.58%
20	BRUNDEE INVESTMENTS PTY LTD <KIRRA FAMILY A/C>	1,437,065	0.56%
Total		130,648,818	51.15%
Total issued capital		255,403,199	100.00%

Other Information:

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act 2001 (Cth) that have not yet been completed.

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

COMPANY

Acrow Formwork and Construction Services Limited

BOARD OF DIRECTORS

Mr Peter Lancken AM | Non-Executive Chairman

Mr Steven Boland | Executive Director

Ms Laurie Lefcourt | Non-Executive Director (Chair of the Audit and Risk Committee)

Mrs Melanie Allibon | Non-Executive Director (Chair of the Remuneration and Nomination Committee)

Mr David Moffat | Non-Executive Director

CHIEF FINANCIAL OFFICER

Mr Andrew Crowther

COMPANY SECRETARY

Mr Lee Tamplin

REGISTERED OFFICE

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Sydney NSW 2000

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