ACN 654 729 352

PROSPECTUS

IN RELATION TO

- **the offer of up to 1,020,408 New Shares at $1.96 per New Share to raise $2,000,000 (Public Offer); and**
- **the offer of 82,220,676 Shares at a deemed issue price of $1.96 per Share to the SHAPE Shareholders as consideration payable by the Company for the acquisition of 100% of SHAPE Australia Holdings (Consideration Offer)**

The Offer closes at 7pm (AEDT) on Wednesday, 8 December 2021

This Prospectus is important, and should be read in its entirety before any investment decision regarding the Shares offered under this Prospectus is made. If after reading this Prospectus, you have any questions, whether about the Company, the Offers or otherwise, you should contact your independent professional adviser. In particular, you should consider the risks that could affect the financial performance of the Group (including the risk factors set out in Section 6) in detail before deciding whether or not to invest in the Company.

SHAPE Australia Corporation Limited / **www.shape.com.au**

SHAPE

EXPERIENCE BETTER

Important Notices

Offers

This Prospectus is dated 10 November 2021 and was lodged with ASIC on that date. None of ASIC, ASX or their respective officers or employees takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is issued by SHAPE Australia Corporation Limited (ACN 654 729 352) (**Company**). The Prospectus contains the Public Offer and the Consideration Offer (together, the **Offers**). The Public Offer contained in this Prospectus is an invitation for you to participate in the initial public offering and acquire fully paid ordinary shares in the Company at an issue price of $1.96 per Share (**Share** or **Shares**). The Consideration Offer is an offer of Consideration Shares to the SHAPE Shareholders as part of the consideration payable by the Company for the acquisition of 100% of the issued share capital in SHAPE Australia Holdings Pty Ltd (ACN 008 656 264) (**SHAPE Australia Holdings**). See Section 7 for further information on the Offers, including details of the Shares that will be issued under this Prospectus.

Proposed Transaction

The Company intends to acquire 100% of the issued capital of SHAPE Australia Holdings (**Proposed Transaction**). Completion of the Proposed Transaction is conditional upon the Company receiving conditional approval from ASX in relation to the Listing. Please refer to Section 10.3 for details of the Proposed Transaction.

Interpretation

In this Prospectus:

- a reference to "the Company", "we", "our" or "us" is to SHAPE Australia Corporation Limited (ACN 654 729 352);
- a reference to "you" or "your" is to a person to whom the relevant Offer is made (see further Section 7) and, where the context permits, any professional adviser of such person;
- a reference to "Section" is to a section of this Prospectus;
- the words "include", "including", "for example", "such as" and similar expressions are not used as words of limitation and, when introducing specific examples, do not limit the meaning of the words to which those examples relate or examples of a similar kind; and
- headings, boldings, italics and underlines are for convenience only and do not affect the interpretation of this Prospectus.

Defined terms

Some of the terms used in this Prospectus have defined meanings. These are capitalised and are defined in the Glossary in Section **13**.

Exposure Period

The Corporations Act prohibits the Company from processing Applications to subscribe for Shares offered under this Prospectus within the first seven days after the date of this Prospectus. This period is known as the "Exposure Period", and may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. During this period, this Prospectus will be made generally available to the public in electronic form, without the Application Form, on the Company's website: https://shape.com.au. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

Expiry date

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Not financial product advice

The information in this Prospectus is not financial product advice and has been prepared without taking into account your financial and investment objectives, financial situation or particular needs (including financial or taxation issues).

It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company. In particular, in considering the prospects of the Group (including the Company), you should consider the risks that could affect the financial performance of the Group. You should carefully consider these risks in light of your financial and investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer, tax adviser or other independent and qualified professional adviser if you have any questions.

Some of the risks that prospective investors and their professional advisers should consider before deciding whether to invest in the Company are set out in Section 6. There may be additional risks to those set out in Section 6 that should be considered in light of your personal circumstances.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

ASX listing

The Company will apply for admission to the Official List of ASX and quotation of the Shares (including all Shares issued under the Offers) on ASX as soon as practicable, but in any case within seven days, after the date of this Prospectus.

The fact that ASX may grant approval for the Company to be admitted and the Shares to be quoted on ASX should not be taken as an indication of the merits of the Company or the Shares being offered for subscription under this Prospectus.

The Company does not intend to issue any Shares pursuant to this Prospectus unless and until permission has been granted for the Shares to be quoted on ASX on terms acceptable to the Company. If permission is granted, quotation of the Shares on ASX will commence as soon as practicable after initial holding statements are despatched.

If permission is not granted before the end of three months after the date of this Prospectus (or such longer period permitted by the Corporations Act or with the consent of ASIC), the Offers will be withdrawn and all Application Money received by or on behalf of the Company will be refunded to Applicants, without interest, within the time prescribed by or otherwise permitted in accordance with the Corporations Act.

Geographical restrictions

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. Persons residing in any such jurisdiction who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of law.

This Prospectus does not constitute an offer to issue or sell, or invitation to apply for or buy, Shares in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify this Prospectus, the Shares or the Offers, or to otherwise permit a public offering of the Shares, in any jurisdiction other than Australia.

Before making an Application for Shares, it is your personal responsibility, as an investor, to ensure that you have complied with the applicable laws of each jurisdiction that may be relevant to your Application. By submitting an Application, you are taken to have warranted and represented to the Company that you are not restricted by law from applying for Shares and have observed the applicable laws of all relevant jurisdictions in making the Application.

Notice to U.S. residents

This Prospectus may not be distributed to, or relied upon by, persons in the U.S. Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the U.S. and may not be offered or sold, directly or indirectly, in the U.S., except in a transaction exempt from, or not subject to, registration under the U.S. Securities Act and applicable state securities laws of the U.S. Hedging transactions involving Shares (including New Shares) may not be conducted except in accordance with the U.S. Securities Act.

Obtaining a copy of this Prospectus

You can obtain a hard copy of this Prospectus, free of charge, by calling the Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8:15am and 5:30pm (AEDT), Monday to Friday, during the Offer Period.

This Prospectus is also available in electronic form to any prospective investor that is resident in Australia at the Company's website: https://shape.com.au.

Any person accessing the electronic version of this Prospectus for the purpose of lodging an Application Form for Shares must be an Australian resident and must only access the information from within Australia. Shares will only be issued on the basis of the electronic version of this Prospectus if the Company or the Share Registry has received a printed copy of the Application Form accompanying the electronic version of this Prospectus, or the lodgement of a completed Online Application Form. If you access the electronic version of this Prospectus, you should ensure that you download and consider the document in full.

By submitting an Application, you are taken to have warranted and represented to the Company that you were given access to the Prospectus, together with the Application Form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is attached to, or accompanied by, a paper version of this Prospectus or a complete and unaltered electronic version of this Prospectus.

Disclaimer

In making a decision as to whether or not to invest in the Company and apply for Shares, you should only rely on the information contained in this Prospectus. No person is authorised to give any information or make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, the Board or any other person in connection with the Offers.

The Company's website (https://shape.com.au) and its contents do not form part of this Prospectus and are not to be interpreted as part of, nor incorporated into, this Prospectus.

Except to the extent required by law, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the

Company or any other Group Member, the repayment of capital by the Company, the payment of a return on the Shares (including New Shares) or the future value of the Shares (including New Shares). The business, financial condition, operating results and prospects of the Group may change after the date of this Prospectus. Any new or change in circumstances that arise after the date of this Prospectus will be disclosed by the Company to the extent required and in accordance with the Corporations Act.

Forward looking statements

Some of the statements appearing in this Prospectus are in the nature of forward looking statements, including statements of intention, opinion and belief and predictions as to possible future events. Such statements are not statements of fact and are subject to inherent risks and uncertainties (both known and unknown) which may or may not be within the control of the Company. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "should", "target", "trend" and other similar expressions that are predictions or indicative of future events and trends.

Although the Directors believe that the expectations reflected by the forward looking statements in this Prospectus (including the assumptions on which they are based) are reasonable as at the date of this Prospectus, no assurance can be given that such expectations or assumptions will prove to be correct. Actual outcomes, events or results may differ – possibly to a material extent – from the outcomes, events or results expressed or implied in any forward looking statement in this Prospectus. Factors that may cause such differences include the risks described in Section 6 of this Prospectus. You are urged to consider these factors carefully in evaluating the forward looking statements contained in this Prospectus, and are cautioned not to place undue reliance on such statements.

None of the Company, any other Group Member or their respective directors, officers, employees or advisers, nor any other person named in or involved in the preparation of this Prospectus, makes any representation, warranty or guarantee (expressed or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement in this Prospectus, or any outcome expressed or implied in any such statement.

The forward looking statements in this Prospectus reflect views held only as at the date of this Prospectus. The Company does not intend to publicly update or revise such statements to reflect new or changes in circumstances arising after the date of this Prospectus except to the extent required by the Corporations Act.

Market data and industry forecasts

Some of the statements in this Prospectus have been made based on market data and industry forecasts obtained from industry publications, third party market research and publicly available materials. These publications and materials generally state that the information contained in them have been obtained from sources that are believed to be reliable. However, the Company has not independently verified the accuracy and completeness of such information.

Statements of past performance

This Prospectus includes information regarding the past performance of the Group. You should be aware that past performance is not indicative of future performance.

Independent Limited Assurance Report and Financial Services Guide

The provider of an Independent Limited Assurance Report on Historical and Pro Forma Financial Information is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act. The Independent Limited Assurance Report in relation to the Group and accompanying Financial Services Guide are provided in Section 5.

Privacy

The Application Form accompanying this Prospectus requires you to provide information that may be "personal information" for the purposes of the *Privacy Act 1988* (Cth) (**Privacy Act**) to the Company, other Group Members, their respective officers, employees, agents, contractors, third party service providers (such as the Share Registry) (collectively, **Collecting Parties**). The personal information collected may include your full name, date of birth, address and phone number.

The collection and management of your personal information will be conducted in accordance with the Privacy Act, which governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information.

The personal information that the Collecting Parties collect from you on the Application Form will be used to evaluate your Application for Shares and if your Application is successful, to issue securities in the Company to you and provide services and appropriate administration in relation to your security holdings in the Company. In particular, if you become a security holder in the Company, the Corporations Act, ASX Settlement Operating Rules and Australian taxation legislation require that the Company includes information about you (including your name, address and details of the securities that you held) in its public register. The information contained in the Company's public register must remain there even if you cease to be a security holder. Information contained in the Company's registers may be used, from time to time, to:

- facilitate dividend and distribution payments;
- facilitate corporate communications (including the Company's financial results, annual report and other information that the Company may wish to communicate to its security holders);
- inform security holders about other products and services offered by the Group that it considers may be of interest to security holders; and
- comply with legal and regulatory requirements.

The types of agents and service providers that may be provided with your personal information and the circumstances in which such information may be shared include:

- the Company's share registry for ongoing administration of the Company's share register;
- printers and mail houses for the purpose of preparing, distributing and mailing statements and other communications;
- market research companies for the purpose of analysing the Company's investor base; and
- legal and accounting firms, auditors, contractors, consultants and other professional advisers for the purpose of administering the Shares and advising on the Group's rights and obligations with respect to Shareholders and associated actions.

If the Collecting Parties are obliged to do so by law, your personal information will be passed on to other parties in accordance with legal requirements. Once personal information is no longer needed for the Company's records, the Collecting Parties will destroy or de-identify it.

By submitting an Application, you agree that the Collecting Parties may:

- hold and use any information on your Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company and other Group Members, their respective officers, employees, agents, contractors, third party service providers (including printers, mailing houses) and professional advisers, and to ASX, ASIC and other regulatory authorities; and
- disclose your personal information to recipients both in Australia and in other jurisdictions for the purposes set out in this privacy disclosure statement or as otherwise required by law.

If you do not provide the information required on the Application Form, the Collecting Parties (as relevant) may not be able to accept or process your Application.

You have a right to gain access to the information that the Collecting Parties hold about you subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the relevant Collecting Party's registered office. If you wish to make an access request to the Company or the Share Registry, please direct your request to the Privacy Officer at privacy@shape.com.au.

Currency and time

Unless otherwise specified in this Prospectus, a reference to a monetary amount is a reference to that amount in Australian dollars and a reference to a time is a reference to Australian Eastern Daylight Time (AEDT).

Rounding adjustments

Some of the numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, the numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

Photographs and diagrams

Photographs used in this Prospectus should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets or equipment shown are owned or used by the Group. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at the date of this Prospectus.

Intellectual Property

This Prospectus may contain trademarks of third parties, which are the property of their respective owners. Third-party trademarks used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with the Group.

Questions

If you have any other questions in relation to the Offers, please contact the Offer Information Line on 1300 737 760 (within Australia) or +61 02 9290 9600 (outside Australia) between 8:15am and 5:30pm (AEDT), Monday to Friday, during the Offer Period.

If you have any questions about whether or not to invest in the Company and apply for Shares, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer, tax adviser or other independent and qualified professional adviser. This is an important document that should be read in its entirety before making any investment decision.

Contents

Important Notices ii

Key Information 4

Chair's Letter 6

1. Investment Overview 7
2. Company Overview 27
3. Industry Overview 46
4. Financial Information 59
5. Investigating Accountant's Report 80
6. Key Risk Factors Associated with Investing 88
7. Details of the Offer 96
8. Key People, Interests and Benefits and Corporate Governance 107
9. Material contracts 122
10. Additional Information 127
11. Significant Accounting Policies 137
12. Directors' Authorisation 147
13. Glossary 149
14. Application Form 157

Corporate Directory iii

SHAPE

Key Information

KEY INDICATIVE DATES*

Prospectus is lodged with ASIC	**Wednesday, 10 November 2021**
Offers open	**Wednesday, 17 November 2021****
Offers close	**7pm (AEDT) on Wednesday, 8 December 2021**
New Shares validly subscribed for under the Public Offer are issued	**Thursday, 16 December 2021**
Shares subscribed for under the Consideration Offer are issued and the Restructure is completed	**Thursday, 16 December 2021**
Holding statements for New Shares are dispatched	**Friday, 17 December 2021**
Commencement of trading of Shares (including New Shares) on ASX	**Friday, 17 December 2021*****

Unless otherwise indicated, all times are AEDT.

* Other than the date of lodgement of this Prospectus with ASIC, the above dates are indicative only and subject to change. The Company reserves the right to vary the dates and times of an Offer, including, subject to the ASX Listing Rules and the Corporations Act, to close an Offer early, to extend the Closing Date or to accept late Applications for Shares (either generally or in particular cases), without notifying any recipient of this Prospectus or any Applicants or the SHAPE Shareholders. The Company also reserves the right to cancel or withdraw an Offer at any time before Shares are issued to successful Applicants and/or the SHAPE Shareholders. If the Public Offer is cancelled or withdrawn before the issue of the New Shares, all Application Money received by or on behalf of the Company will be refunded to Applicants, without interest, within the time prescribed by or otherwise permitted in accordance with the Corporations Act.

** The Corporations Act prohibits the Company from processing Applications for Shares in the first seven days after the date of the Prospectus. This period – known as the "Exposure Period" – may be extended by ASIC by up to a further seven days. You are encouraged to submit your Application as soon as possible after the Public Offer opens.

*** The quotation and commencement of trading of Shares is subject to confirmation by ASX.

KEY OFFER STATISTICS AND FINANCIAL RATIOS

Offer Price	**$1.96 per Share**
Total number of New Shares offered under the Public Offer	**Up to 1,020,408**
Gross proceeds of the Public Offer[1]	**$2,000,000**
Total number of Shares offered under the Consideration Offer	**82,220,676**
Total number of Shares on issue as at Listing	**83,241,085**
Indicative market capitalisation at the Offer Price[2]	**Approximately $163 million**
Pro forma net cash (as at 30 June 2021)[3]	**$109,544,738**
Enterprise value at the Offer Price (EV)[4]	**$53,607,788**
EV / EBITDA ratio (based on pro forma FY21 EBITDA)[5]	**7.2x**
Dividend payout ratio[6]	**70-90% of NPAT**

HOW TO INVEST

Applications for New Shares under the Public Offer can only be made by completing and lodging the Application Form attached to or accompanying this Prospectus (including the Online Application Form).

Instructions on how to apply for New Shares are set out in Section 7.

1. Based on the Offer Price and the total number of New Shares that are expected to be issued under the Offers.
2. Market capitalisation refers to the total market value of the Shares that the Company has on issue at the relevant time. It is calculated here as the total number of Shares that are expected to be on issue as at Listing multiplied by the Offer Price. Prospective investors are cautioned that Shares may not trade at the Offer Price after Listing.
3. Pro forma net cash represents the pro forma cash and debt position of the Group as at 30 June 2021. Refer to Table 4.8 in Section 4.6 for further information.
4. The enterprise value of the Group (**EV**) is calculated as its market capitalisation at the Offer Price (refer to paragraph 2 above), less pro forma net cash (refer to note 3 above).
5. The EV / EBITDA multiple is calculated as the expected enterprise value of the Group at the Offer Price (see paragraph 4 above), divided by the Group's pro forma FY21 EBITDA before significant items of $7.4m. This ratio is used as a measure of the cost of a company's shares by comparing the price that an investor pays for the shares (in the form of EV) for the benefit of the company's cash flow (in the form of the Group's pro forma FY21 EBITDA).
6. It is the intention of the Board as at the date of this Prospectus to declare an interim dividend in respect of the half year ending 31 December 2021 that targets a dividend payout ratio of between 35% - 45% of its NPAT. No assurance can be given by any person, including the Board, about the payment or the quantum of future dividends, or the level of franking or imputation of any such dividend. There may be periods in respect of which dividends are not paid. Refer to Section 4.9 for further details on the Company's dividend policy.

Chair's Letter

Dear investor,

On behalf of the Directors, it is my pleasure to invite you to become a shareholder of SHAPE Australia Corporation Limited (**Company**).

Established over thirty years ago as a business focused solely on office fit-out and refurbishment to organisations in Canberra, Melbourne and Sydney, SHAPE has grown to become one of Australia's leading fit-out and refurbishment companies, with a national presence across commercial and government, hospitality, healthcare, education, defence and retail sectors.

At the forefront of the Group's success is its 400+ employees and leading organisational culture. As Chair, I am immensely proud of our people and in particular, I believe SHAPE has assembled a highly skilled and dedicated management team, led by our Chief Executive Officer (CEO) Peter Marix-Evans. It is this culture, including a strong focus on providing exceptional customer service, combined with decades of experience that has created one of Australia's largest private companies in the construction services industry.

The next step in SHAPE's evolution is a Listing. This step of transitioning from a private to a publicly listed company will not only provide a facility to our existing shareholders to trade their holdings, but also facilitate the opportunities to expand our business model across new and current service offerings.

The resilience of SHAPE's operating model has been demonstrated during the coronavirus pandemic, with no material contract cancellations during this time, enabling the Group to continue to deliver positive earnings and dividends for our shareholders. As Australia moves towards a COVID-19 normal environment with less restrictions and fewer (if any) lockdowns, SHAPE is well positioned to grow, with a strong pipeline of work and anticipated new business that is expected to eventuate as the economy recovers.

This Prospectus contains important information about the Offers as well as the financial and operating performance of the Group. The key risks associated with an investment in the Company are detailed in Section 6 of this Prospectus and should be considered in detail.

On behalf of my fellow Directors and the senior management team, I look forward to welcoming you as a Shareholder as we embark on the next phase of the SHAPE story.

Phil Arnall

Chair of SHAPE Australia Corporation Limited

Section 1

INVESTMENT OVERVIEW

1. Investment Overview

This Section contains an overview of key information regarding the Group, and frequently asked questions regarding the Offer. This overview is intended to be a summary only and should be read in conjunction with the more detailed information contained elsewhere in this Prospectus, including, in particular, the cross-referenced sections referred to in the third column of the table below.

Item	Summary	Further information
1.1 COMPANY OVERVIEW		
Who is SHAPE?	SHAPE Australia Corporation Limited (**Company**) was incorporated on 22 October 2021 for the purposes of the Listing. SHAPE Australia Holdings Pty Ltd (**SHAPE Australia Holdings**) and its subsidiaries (SHAPE Australia, SHAPE Qld and Experience Better) is a specialist building contractor and construction manager, focused on commercial fit-out and refurbishments, with select capabilities in new build. The Company intends to acquire 100% of the issued capital of SHAPE Australia Holdings prior to Listing (**Proposed Transaction**). Please refer to Section 10.3 for details of the Proposed Transaction. For the purposes of this Prospectus, "**SHAPE**" or the "**Group**" refers to: • SHAPE Australia Holdings, SHAPE Australia, SHAPE Qld and Experience Better prior to completion of the Proposed Transaction; and • the Company, SHAPE Australia Holdings, SHAPE Australia, SHAPE Qld and Experience Better after completion of the Proposed Transaction.	10.3

Item	Summary	Further information
What is SHAPE's business model and how does it generate income?	SHAPE operates an end-to-end service and delivery model across the project lifecycle, from new build, fit-out and refurbishment, and recurring minor works. The Group principally acts as a head contractor on fit-out and refurbishment projects across Australia, with capabilities across a range of projects and services, including: • New build fit-outs; • New build (including modular buildings); • End of lease make-goods; • New lease fit-outs; • Post project support services throughout the lease term; • Interior reconfigurations; • Refurbishment of ageing building stocks; and • Façade remediation. SHAPE utilises a variety of delivery and contracting models depending on the nature of the project, specific customer requirements and risk profile. Typically, SHAPE is engaged by an independent project manager on behalf of the asset owner or end user, and in less common cases by the asset owner or operator directly. SHAPE's primary workforce comprises project managers, construction managers, project engineers and site managers, with trade works being sub-contracted to industry professionals. Depending on the procurement methodology, SHAPE typically generates its revenue on a Lump Sum or Cost Plus basis. Most contracts require bank guarantees or performance bonds to secure delivery of contract obligations. SHAPE also operates DLG SHAPE jointly with a First Nations owned business, the David Liddiard Group (**DLG**). DLG SHAPE provides fit-out and refurbishment services nationally, and has an established track record in delivery projects with specified Indigenous Procurement Policy (**IPP**) criteria.	2.1, 2.5
Where does SHAPE operate?	SHAPE currently has permanent offices in all seven mainland capital cities - Sydney, Melbourne, Canberra, Brisbane, Darwin, Perth and Adelaide. SHAPE has also undertaken work in many regional cities, as workload permits and at the request of repeat customers. Each office has a dedicated local team, and is led by an experienced State Manager. This local presence enables SHAPE to provide direct support and engagement with its customers in each region, delivering excellent customer service.	2.4, 2.6

1. Investment Overview

Item	Summary	Further information
Who are SHAPE's customers?	SHAPE has successfully delivered projects for a broad range of customers, across both public and private sectors, and diversified end markets. SHAPE has developed trusted and long-standing relationships with a broad suite of blue chip clients including ASX 200, internationally listed and large multinational companies and government bodies.	2.7
What is SHAPE's organisational culture?	SHAPE employs a national workforce of over 440 individuals, led by a committed executive team of industry professionals. SHAPE considers its business model to be akin to that of a professional services firm, with a core focus on leadership development and a cultural emphasis on achieving business targets. This is exemplified by the Group's focus on the development of its employees, providing induction and professional and personal development initiatives and programs designed to attract and retain talent. These initiatives have resulted in a highly experienced and dedicated workforce. The Group's continued focus on building a constructive culture has seen it recognised by Human Synergistics for its leadership effectiveness and organisational culture, benchmarking it in the top 10% of companies globally when compared to the global research group.	2.9
How has SHAPE been impacted by COVID-19?	Trading performance has been negatively impacted during the pandemic, including due to clients delaying work given the uncertainty around markets, albeit SHAPE has experienced no material contract cancellations since the start of the pandemic. In line with prudent cost management, the Company implemented some medium-term cost saving initiatives including employee redundancies at the onset of the pandemic. The Australian building and construction sector is exhibiting resilience in the face of the COVID-19 trading environment, as comprehensive government policy measures, vaccination rates and stimulus drive the market recovery. SHAPE's diversified business operations across states, sectors and markets has enabled it to pivot into different markets where activity is stronger. With a recovering secured order book, and vaccination rates increasing, SHAPE is well positioned to take advantage of future market opportunities, as restrictions continue to ease and NSW and Victoria (also SHAPE's major regions) reopen. Changes to the design of offices and other commercial interiors are anticipated by industry participants (refer to Section 3.7) when the business restrictions ease, driving future work in the fit-out and refurbishment sector specifically.	2.8

Item	Summary	Further information
What is SHAPE's order book and pipeline?	As at 30 September 2021, SHAPE had a secured forward order book of $247m[1]. The forward order book does not include potential future revenue from current and ongoing projects by way of contract variations, extensions and ongoing engagements for recurring minor works. SHAPE has a total identified future project pipeline of ~$1.9bn (**Pipeline**) as at 30 September 2021. Of this Pipeline, SHAPE has submitted tenders for projects totalling ~$280m and is in the process of tendering for a further ~$230m of works, with over 80% of the projects anticipated to be awarded in FY22. Both SHAPE's existing order book and Pipeline are diversified by state, end market and project size.	2.10, 2.11
What is SHAPE's growth strategy?	With a continued focus on growing the business and delivering returns to its shareholders, SHAPE has identified a number of potential growth initiatives and business focus areas that it is prioritising. SHAPE's growth strategy is focused on both organic and prudent acquisition initiatives in the near to medium term that leverage its core competencies and capabilities. These include: – **Expansion into target growth sectors** including Defence, cladding / façade replacement, healthcare and science works; – **Geographic expansion** including establishment of dedicated regional offices, and increasing market penetration in existing regions; and – **Service offering expansion** including both vertical and horizontal integration, with a focus on opportunistic, complementary bolt-on acquisitions.	2.15

1. Excludes DLG SHAPE

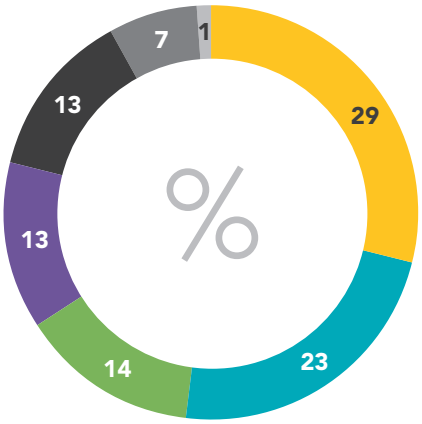
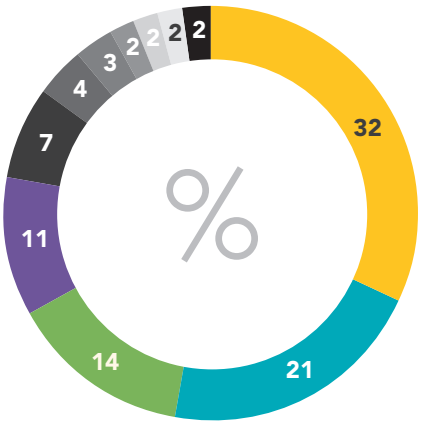
1. Investment Overview

Item	Summary	Further information
1.2 INDUSTRY OVERVIEW		
What industry does SHAPE operate in?	SHAPE's agile business model has seen the Group develop capabilities and expertise across a wide range of specialised industries focused within the non-residential building construction segment. SHAPE has successfully delivered projects within the following diversified end markets: – Real estate/property (including commercial building owners and property developers); – Government (including Defence); – Hospitality (including hotels, casinos and restaurants); – Professional services (including accounting firms, law firms); – Education (including public and private schools, higher education); – Technology/media/telecommunications; – Financial services (including retail banks, insurance providers); – Health (including hospitals, blood banks, aged care); – Retail; and – Mining/resources.	2.6

Item	Summary	Further information
What are the key drivers of the industries in which SHAPE operates and relies on to generate income?	Demand for SHAPE's core fit-out and refurbishment services is linked to underlying building and construction activity in Australia, specifically that of non-residential construction that includes industrial, public and commercial facilities. SHAPE is also exposed to underlying office space demand, including the construction of new office buildings, as well as the fit-out/reconfiguration of existing spaces for new or current tenants/owners. Key underlying demand drivers include: – **Government capital expenditure on public infrastructure:** non-residential building construction is heavily reliant on public funding, specifically for health, aged care and education facilities. – **Ageing assets:** As the existing office asset base in Australia ages, this requires increased levels of maintenance or refurbishment works to be undertaken. Simultaneously, as tenants/owners move from dated office spaces into new facilities this creates work for SHAPE by the way of end of lease make-goods and new office fit-outs. – **Hybrid working model and employment rates:** As the traditional office environment shifts towards more hybrid methods of working, there is a requirement for the renewal and/or reconfiguration of existing spaces to facilitate new ways of working. As employment rates grow there is a need for new or expansion of existing office spaces. – **Sustainability initiatives:** A focus on lowering emissions has increased the focus on sustainability within the built environment. Property owners are increasingly seeking to achieve specified sustainability ratings and accreditations for their buildings, with mid-tier buildings likely to implement programs to redesign their existing spaces to meet these specifications. – **Population growth:** as the Australian population grows there is an increased need for public infrastructure and related facilities, including health care and education facilities. This necessitates further government capital expenditure (refer above). – **Ageing population:** Australia's ageing population is a key driver of increased expenditure on health and aged care assets. – **Australian Defence industry expenditure:** SHAPE has identified Defence as a key growth category of focus, with significant annual infrastructure investment including bases, training areas and logistics facilities. Demand for such assets is driven by increased government funding, as well as associated private sector investment. – **Stricter building codes:** As Australia continues the trend of implementing stricter building codes, further remediation and refurbishment works are required. This is specifically evidenced in the case of combustible cladding, with SHAPE providing façade remediation works for buildings that are non-compliant with newer regulatory standards.	3.6

1. Investment Overview

Item	Summary	Further information
How has COVID-19 impacted the construction industry?	The Australian construction industry was adversely impacted by COVID-19 as it caused significant disruption through the supply chain including construction equipment, building materials and skilled labour. The industry was further impacted by COVID-19 related lockdowns in key states limiting construction activity and the number of workers on site, along with strict guidelines on social distancing on work sites and increased hygiene measures and practices. These measures resulted in delays to construction works and completion times, as well as increased input costs in some cases. Firms were required to reprogram works and manage contractor shifts and deliveries in order to continue to undertake works in line with project timeframes.	3.2
1.3 KEY INVESTMENT HIGHLIGHTS		
Dedicated national service coverage with seven offices and a physical presence in all mainland states and territories	SHAPE's Head Office is located in Sydney, with a total of seven permanent offices across mainland states and territories. SHAPE became the only commercial fit-out specialist with a presence in all mainland states and territories following the establishment of its Darwin office in 2007. This national presence provides SHAPE with a competitive advantage, able to offer a single point of contact and consistency of delivery for clients with national operations and property portfolios. SHAPE has also undertaken work in many regional cities including Geelong, Hobart, Newcastle and Townsville, and has carried out projects in these towns as workload permits and at the request of repeat customers.	2.1 and 2.4
Long-standing relationships with blue chip customers driving repeat revenue	SHAPE's focus on providing exceptional customer experience and a track record of on time, defect-free project delivery has resulted in long-standing customer relationships with a broad suite of blue chip clients including the Australian Federal Government, The Star, ACT Health, Monash University, WeWork and Commonwealth Bank of Australia. As a result, SHAPE is also a member of a range of government and blue chip customer panels, allowing the Company to be considered for ongoing project opportunities. The longevity of SHAPE's customer base is demonstrated by its long tenure servicing key clients including ACT Health since establishment in 1989, and Australia Post, the Australian Federal Government and The Star for over 25 years. The Company's ability to secure repeat business from its customers, with revenue from existing SHAPE clients accounting for ~80% of pro forma revenue in FY21.	2.1 and 2.7

Item	Summary	Further information
Diversified end market and geographic exposure	SHAPE's national presence and capabilities across a wide range of specialised industries allows it to adapt and focus on markets with the highest growth potential and favourable margins. The Company has also established proven capabilities in executing projects of varying sizes including from sub $1m minor works up to complex projects worth over $100m, enabling the business to support and service customers with all their fit-out and refurbishment needs. **FY21 Revenue by Geography and End Market**  NSW / VIC / QLD / ACT SA / WA / NT  Government / Real Estate & Property Professional Services / Hotels & Hospitality Financial Services / Mining, Resources & Energy Technology, Media & Telco / Education / Health Retail / Other	2.4 and 2.6

1. Investment Overview

Item	Summary	Further information
Reputation for high-quality projects delivered on-time and defect-free	Over its 30-year history, SHAPE has established itself as a leading specialist in the commercial fit-out and/refurbishment market, with a track record of successful project delivery. SHAPE has also been consistently recognised for its quality and innovation, having won 75 Master Builders Australia (MBA) awards. SHAPE's Perfect Delivery™ model underpins its customer centric approach to project delivery, focused on achieving three key objectives throughout the project delivery process: (1) On-time project delivery; (2) Defect free at practical completion; and (3) Training and operating manuals provided within a week of handover. This model provides a key point of differentiation for the business relative to its peers and assists in achieving high customer satisfaction metrics, exemplified by a Net Promoter Score (NPS) of +80[2]. SHAPE achieved Perfect Delivery on ~79% of projects in FY21[3], with management's view that this assists SHAPE in gaining repeat business from participating clients.	2.4, 2.12 and 2.14
Leadership effectiveness and superior organisational culture	SHAPE has established an industry leading culture, that continues to be recognised by Human Synergistics in the top 10% of companies globally in its database, for leadership effectiveness and organisational culture. SHAPE's leadership team of industry professionals has also been recognised by Human Synergistics, benchmarked in the top 5% of its global data base for leadership effectiveness.	2.1 and 2.9
High employee retention with an experienced management team and deep talent pool	SHAPE employs approximately 446 people[4], including professional, technical, corporate and support personnel nationwide. Focusing heavily on the development of its employees, SHAPE provides induction and professional and personal development initiatives and programs designed to attract and retain talent. This is supported by a long-standing executive management team who each have a minimum of 10 years employment at SHAPE, providing consistency and continuity within the business. This longevity is also exemplified in SHAPE's highly experienced workforce with employees having an average of more than five and a half years of service with the Company.	2.1 and 2.9

2. As at 30 September 2021.
3. Excludes projects where customers did not respond.
4. As at September 2021.

Item	Summary	Further information
Multiple levers for growth	Over its 30-year history SHAPE has delivered steady, organic growth through expansion of its core service offering, delivering fit-out and refurbishment projects in various end markets and regions. The Company is seeking to deliver growth into the future, and has identified target growth initiatives that leverage SHAPE's existing core competencies and capabilities. A dedicated working group led by Group Executive – Strategy, George Panacheril and CEO, Peter Marix-Evans, has developed a growth strategy that is focused on both organic and prudent potential acquisition initiatives, expected to be implemented in the near to medium-term.	2.15

1.4 SUMMARY OF KEY FINANCIAL INFORMATION

What is SHAPE's historical financial performance?

The information presented below is a summary only and should be read in conjunction with the information set out in Section 4 as well as the risk factors summarised in Section 6.

Table below sets out the Pro forma Historical Income Statements of SHAPE:

$'000	FY19	FY20	FY21
Revenue	661,717	748,208	557,212
Construction costs	(594,306)	(678,961)	(514,773)
Employee benefits	(25,563)	(26,726)	(23,835)
Rent, rates and outgoings	(2,656)	(2,483)	(2,006)
Other expenses	(9,426)	(10,503)	(9,175)
EBITDA before significant items	**29,765**	**29,534**	**7,423**
Significant items	(1,531)	(3,431)	(1,515)
EBITDA after significant items	**28,234**	**26,103**	**5,908**
Depreciation and amortisation	(3,638)	(3,901)	(3,630)
Net interest income	1,340	869	737
Profit before income tax	**25,936**	**23,071**	**3,015**
Income tax expense	(7,999)	(7,200)	(1,078)
Net profit after tax	**17,938**	**15,871**	**1,937**

Investors should read Section 4 for full details of SHAPE's pro forma and statutory historical financial performance, including pro forma adjustments made.

4.3

1. Investment Overview

Item	Summary	Further information
What is SHAPE's financial position and how has it funded its operation?	SHAPE's Pro Forma Historical Statement of Financial Position is set out in Section 4.5. SHAPE expects that it will have sufficient funds available from its ongoing operations and available cash on balance sheet, to meet its operational requirements and have sufficient working capital to carry its objectives for the next 12 months.	4.5
What is the Company's dividend policy?	The declaration and payment of a dividend by the Company is at the discretion of the Board and will be a function of a number of factors, including the operating results and financial condition of the Company, general business conditions, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions (including under the Corporations Act) on the payment of dividends by the Company, and any other factors the Board may consider relevant at the applicable time. Subject to the considerations outlined above, it is the intention of the Board as at the date of this Prospectus to declare an interim dividend in respect of the half year ending 31 December 2021 that targets a dividend payout ratio of between 35% - 45% of its NPAT. Thereafter, it is the intention of the Board as at the date of this Prospectus that the Company will target a dividend payout ratio of between 70% - 90% of its NPAT.	4.9

1.5 KEY RISKS

The business, assets and operations of the Group are subject to certain risk factors that have the potential to influence future operating and financial performance. These risks may have an impact on the value of an investment in Shares. The Board aims to manage these risks by carefully planning its activities and implementing mitigating risk control measures. Some risks are unforeseeable and so the extent to which these risks can be effectively managed is somewhat limited.

Set out below are specific key risks to which the Group is exposed. Further general risks associated with an investment in the Company are outlined in Section 6.

COVID-19	The coronavirus pandemic is continuing to impact global economic markets. The nature and extent of the effect of the pandemic on the performance of the Company is unknown. The Company's financial performance after Listing may continue to be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Group's operations (including the working conditions of the Group's personnel) and are likely to be beyond the control of the Company.	6.1(1)

Item	Summary	Further information
Brand and reputation	The Group's ability to maintain its reputation is critical to the ongoing financial performance of the Group. The Group's reputation could be jeopardised if, by way of examples, it fails to maintain high standards for service quality, if it does not comply with regulations or accepted practices, experiences a major site accident or incident or commits negligence in providing contracting services. Any consequential negative publicity may reduce demand for the Group's services. Failure to comply with laws and regulations, to maintain an effective system of internal controls or to provide accurate and timely information to ASX could also damage the Group's reputation.	6.1(2)
Competition from competitors and new market entrants	The Group operates in a very active and competitive industry. Competition in this industry is expected to continue, presenting the Group with numerous challenges relating to its ability to maintain growth rates and acceptable margins. There are a number of markets in the Australian construction services industry in which the Group operates, and a number of entities compete with the Group in each market (and some in more than one market). The Group faces competition from existing competitors and could face competition from new participants who could aggressively attempt to grow their market share through activities including significant price reductions. There is no assurance that the Group will be able to readily anticipate the actions of competitors and/or respond effectively and in a timely manner to them. If the Group cannot compete successfully, it could lose clients and market share, suffer reduced operating margins and fail to effectively execute its long-term growth strategy.	6.1(3)
Tender process and pricing	The Group usually enters into contracts for construction projects following a competitive tender process. A material reduction in the number of tender contracts awarded to the Group is likely to adversely impact the Group's financial performance. Further, where existing or new projects are delayed and/or postponed indefinitely, the recognition of revenue for those contracts may be deferred to later financial periods. Failure by the Group to properly assess and manage project risks may result in cost overruns which cause a project to be less profitable than expected or loss making. If this occurs, it may have an adverse impact on the Group's future financial performance and position.	6.1(4)

Item	Summary	Further information
Management of growth	There is a risk that management of the Group will not be able to implement the Group's growth strategy after completion of the Offers. The capacity of management to properly implement and manage the growth of the Group may affect the Group's financial performance.	6.1(5)
Sustainability of growth and margins	The Group has achieved growth in revenue and profits prior to COVID-19. The sustainability of this growth and the level of profit margins from operations is dependent on a number of factors, including factors outside the Group's control. Factors that may have an adverse impact on the financial performance of the Group include continuing low margin projects (including in the Company's current order book).	6.1(6)
Cyclical nature of the business	Clients of the Group are involved in industries that can be cyclical in the volume of construction work which the Group undertakes. Although the Group has a diverse client base, the cycles in these clients' businesses may adversely impact on the Group's financial performance. The loss of major clients through industry cycles or for any other reason could also impact earnings of the Group.	6.1(7)
1.6 BOARD OF DIRECTORS AND SENIOR MANAGEMENT		
Who are the Board of Directors of the Company?	The Directors of the Company are: • Phillip Arnall (Phil Arnall) – Non-Executive Chair • Michael Barnes – Non-Executive Director • Rhonda Jane Lloyd (Jane Lloyd) – Non-Executive Director • Peter Marix-Evans – Chief Executive Officer and Executive Director • Gerard McMahon – Non-Executive Director • Kathryn Parsons (Kathy Parsons) – Non-Executive Director • James Sloman OAM (Jim Sloman) – Non-Executive Director • Craig van der Laan de Vries (Craig van der Laan) – Non-Executive Director	8.1
Who are the members of the Group's senior management?	The senior management of the Group are: • Peter Marix-Evans – Chief Executive Officer • Scott Jamieson – Chief Financial Officer	8.2

Item	Summary	Further information

1.7 CAPITAL STRUCTURE AND RELATED PARTY INTERESTS

What is the current capital structure of the Company, and how will the Offers affect it?

The details of the ownership of Shares immediately prior to the Offers, and the ownership of Shares on Completion of the Proposed Transaction and the Offers, are set out below:

7.6

SHAREHOLDERS	SHARES HELD PRIOR TO THE OFFERS		SHARES HELD AT COMPLETION OF THE OFFERS ON AN UNDILUTED BASIS	
	%	Number of Shares	%	Number of Shares
Biramont Pty Ltd[1]	–	–	17.8%	14,782,938
Drayton Holding Company Pty Ltd, Drayton No.1 Pty Ltd & Drayton No.2 Pty Ltd	–	–	13.6%	11,313,938
Supercomp No. 25 Pty. Ltd and Kerry Ann McMahon[2]	–	–	11.7%	9,737,920
Veroxo Pty Ltd	–	–	7.0%	5,818,297
Dakov Pty. Ltd.	–	–	5.9%	4,875,825
Josephine Theresa Mary Hynes and Hynes Super Pty Limited	–	–	5.5%	4,585,623
SET Australia Pty Limited	–	–	5.0%	4,145,700
Other Existing Shareholders[3]	100.0%	1	32.4%	26,960,436
IPO Shareholders	–	–	1.2%	1,020,408
Total	**100.0%**	**1**	**100.0%**	**83,241,085**

1. On Completion, an associate of Biramont Pty Ltd will also have an indirect interest in the Company through a 6.5% shareholding in SET Australia Pty Limited.
2. These shareholders are associates of Gerard McMahon, a Director. On Completion, Gerard will also have an indirect interest in the Company through a 6.5% shareholding in SET Australia Pty Limited.
3. As at the date of this Prospectus, Phillip Arnall, a Director, is the sole Shareholder of the Company. On Completion, this will include the other SHAPE Shareholders and various employees of the Group.

Item	Summary	Further information
	On Completion of the Restructure, the Company expects to have the following Performance Rights on issue:	

PERFORMANCE RIGHTS HOLDERS	NUMBER OF PERFORMANCE RIGHTS	% OF THE TOTAL ISSUED CAPITAL AT LISTING ON A FULLY DILUTED BASIS
Directors	688,353	0.8%
Key executives and employees	2,816,709	3.2%
Total	**3,505,062**	**4.0%**

The Performance Rights will be granted under the SELTI. For a summary of the material terms of the SELTI, please refer to Section 8.3(g). For further information in relation to the Performance Rights that will be held by Peter Marix-Evans, a Director, please see Section 8.3(h).

What interests do related parties of the Company and other persons connected with the Offers hold in SHAPE?

8.3

DIRECTORS AND SENIOR MANAGEMENT SHAREHOLDINGS	SHARES HELD ON COMPLETION		PERFORMANCE RIGHTS ON COMPLETION
	NUMBER	% OF TOTAL ISSUED CAPITAL	
Peter Marix-Evans	1,329,556	1.6%	688,353
Scott Jamieson	1,633,092	2.0%	313,525
Phil Arnall[1]	1,391,039	1.7%	–
Gerard McMahon[2]	9,737,920	11.7%	–
Michael Barnes	2,800,000	3.4%	–
Jim Sloman	209,119	0.3%	–
Craig van der Laan[3]	–	–	–
Jane Lloyd	–	–	–
Kathy Parsons	–	–	–
Total	**17,100,726**	**20.5%**	**1,001,878**

1. On Completion, Phil Arnall will also have an indirect interest in the Company through a 6.5% shareholding in SET Australia Pty Limited.
2. On Completion, Gerard McMahon will also have an indirect interest in the Company through a 6.5% shareholding in SET Australia Pty Limited.
3. On Completion, Craig van der Laan will also have an indirect interest in the Company through a 3.2% shareholding in SET Australia Pty Limited.

Are any existing Shareholders selling their Shares into the Offer?

No existing Shareholders are selling their Shares into an Offer.

7.4

Item	Summary	Further information
Will there be a controlling interest in SHAPE?	The Directors do not expect any Shareholder to control (as defined in section 50AA of the Corporations Act) the Company on Completion of the Offers.	7.7
Are there any escrow arrangements?	The Directors do not anticipate that ASX will classify any of the Shares as "restricted securities" for the purposes of the ASX Listing Rules, and therefore, expect that no ASX-imposed restrictions on the trading or disposal of Shares will apply after Listing. However, certain SHAPE Shareholders have agreed, and other SHAPE Shareholders have given powers of attorney to the Directors to execute voluntary restriction deeds, to voluntarily escrow approximately 70% of their Shares (comprising approximately 52,056,151 Shares) on the basis set out in Section 7.13.	7.13
1.8 SUMMARY OF THE OFFER		
Who is the issuer of this Prospectus?	SHAPE Australia Corporation Limited (ACN 654 729 352)	
What is being offered, and at what price?	This Prospectus relates to the following Offers: • the **Public Offer**, an initial public offering of 1,020,408 Shares (**New Shares**) at the Offer Price of $1.96 to raise approximately $2,000,000; and • the **Consideration Offer**, the offer of 82,220,676 Shares at a deemed issue price of $1.96 per Share to the SHAPE Shareholders. The Shares will be issued as soon as possible after the Closing Date. All Shares issued under this Prospectus will rank equally with existing Shares.	7.1
What is the purpose of the Offers?	The purpose of the Public Offer is to: • provide the Group with the benefits of being a listed group; and • fund the costs of the Offers and the Listing. The purpose of the Consideration Offer is to enable the Company to issue the Consideration Shares to the SHAPE Shareholders without breaching Chapter 6D.2 of the Corporations Act and to qualify the Consideration Shares issued to the SHAPE Shareholders for secondary trading.	7.4
How is the Public Offer structured?	The Public Offer consists of: • the Priority Offer, which is open to persons who have received a Priority Offer invitation from the Company; and • the Broker Firm Offer, which is open to Australian resident retail investors and sophisticated investors who have received an invitation from the Broker.	7.2

1. Investment Overview

Item	Summary	Further information
What are the key dates of the Offers?	The Offers are currently scheduled to open on Wednesday, 17 November 2021 and close at 7pm (AEDT) on Wednesday, 8 December 2021, unless varied by the Company at the discretion of the Board. The Directors reserve the right to open and close the Offers at any other date and time, without prior notice.	7.1
How will the proceeds of the Public Offer be used?	At the Offer Price, the Public Offer will raise $2,000,000. The proceeds of the Public Offer will be applied as set out below: **PROPOSED USE OF PROCEEDS** — **$** — **%** Costs of Offers and Listing — $2,000,000 — 100% **Total** — **$2,000,000** — **100%**	7.5
Is the Public Offer underwritten?	The Public Offer is not underwritten.	7.1
Will the Shares be quoted on the ASX?	The Company will apply to ASX as soon as practicable, but in any case within seven days, after the date of this Prospectus for admission to the Official List, and quotation of its Shares, by ASX under the code 'SHA'[5]. If approval is not received by the Company within three months after the date of this Prospectus (or such longer period permitted by the Corporations or with the consent of ASIC): • the Public Offer will be withdrawn and all Application Money received by or on behalf of the Company will be refunded to Applicants, without interest, within the time prescribed by or otherwise permitted in accordance with the Corporations Act; and • the Consideration Offer will be withdrawn and the Proposed Transaction will not proceed. The fact that ASX may admit the Company to the Official List should not be taken as an indication of the merits of an investment in the Group or the Shares being offered for subscription under this Prospectus. ASX and its officers do not take any responsibility for this Prospectus or the investment to which it relates.	7.3

5. The Company has used its best endeavours to confirm with ASX the company code under which its Shares will likely trade if the Company achieves Listing on ASX. However, there is no guarantee that the Company will be allocated the company code specified above. It is the responsibility of each Applicant to confirm the Company's company code on ASX before trading in Shares.

Item	Summary	Further information
When are the Shares expected to commence trading?	It is expected the Shares will commence trading on ASX on a normal settlement basis on Friday, 17 December 2021. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. The Company disclaims all liability, whether in negligence or otherwise, if an Applicant sells Shares before receiving a holding statement, even if the Applicant obtained details of their holding through the Offer Information Line or the Share Registry.	7.8
Can the Offers be withdrawn?	The Company may withdraw the Offers at any time before the issue of Shares to SHAPE Shareholders and successful Applicants under the Offers. If the Offers, or any part of them, do not proceed, all relevant Application Monies will be refunded (without interest).	7.12
Who is eligible to apply for New Shares under the Public Offer?	The Priority Offer is open to selected investors nominated by the Company in eligible jurisdictions who have received a Priority Offer invitation to acquire Shares under the Prospectus. The Priority Offer may include directors and certain employees of the Group. If you are a Priority Offer Applicant, you will receive a personalised invitation to apply for Shares in the Priority Offer. The Priority Offer is not open to persons who are in the U.S. The Broker Firm Offer is open to clients of the Broker who have a registered address in Australia and who received an invitation from the Broker to acquire Shares under this Prospectus and are not in the U.S. You should contact the Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.	7.9(1) and 7.11(1)
How can you apply for New Shares under the Public Offer?	If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for Shares, you must apply in accordance with the instructions provided in your personalised invitation. If you have received a Broker Firm Offer, Application Forms must be completed in accordance with the instructions given to you by the Broker and the instructions set out on the back of the Application Form. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry.	7.9(2) and 7.11(2)
What is the minimum investment size per Application?	The minimum investment size of the Priority Offer and Broker Firm Offer is $2,000 of Shares in aggregate.	7.8

1. Investment Overview

Item	Summary	Further information
What is the allocation policy?	The allocation of Shares between the Priority Offer and the Broker Firm Offer will be determined by the Company, having regard to the allocation policies outlined in Sections 7.9(4) and 7.11(4). The final allocation of Shares under the Priority Offer will be determined by the Company. For further information on the Priority Offer see Section 7.9. With respect to the Broker Firm Offer, it is a matter for the Broker how they allocate Shares among their eligible clients. For further information on the Broker Firm Offer see Section 7.11.	7.9, 7.11
Will successful Applications be notified to Applicants?	It is expected that initial holding statements will be despatched to successful Applicants on or about Friday, 17 December 2021. Refunds (without interest) to Applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion of the Public Offer.	7.8
Is there any brokerage, commission or stamp study payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under an Offer. Investors who buy or sell Shares on ASX may be subject to brokerage and other transaction costs. Under current legislation, no stamp duty is payable on the sale or purchase of shares on ASX	7.8
What are the tax implications of investing in Shares?	As with any investment, there may be taxation implications associated with you applying for Shares. The Directors do not consider that it is appropriate to give advice regarding the taxation consequences of applying for the Shares offered under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences for individual investors. The taxation consequences of an investment in the Company will depend upon your particular circumstances and it is your personal obligation, as a prospective investor in the Company, to make your own enquiries or seek personalised professional tax advice about the taxation consequences of an investment in Shares. However, to assist potential investors, a general overview of the tax treatment for Australian resident investors is included in Section 10.6. The Group and its advisers, officers, employees and agents do not accept any responsibility or liability for any taxation consequences of participating in an Offer.	7.8
Where can I find more information about this Prospectus or the Offer?	If you require more information about this Prospectus or the Offers, please call the Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) from 8:15am to 5:30pm (AEDT), Monday to Friday during the Offer Period.	

Section 2

COMPANY OVERVIEW

2. Company Overview

2.1 INTRODUCTION

SHAPE[1] was founded in 1989 by a group of six industry professionals. SHAPE is a specialist building contractor and construction manager, focused on commercial fit-out and refurbishments, with select capabilities in new build. SHAPE is Australia's only fit-out and refurbishment specialist with a presence in all mainland states and territories. SHAPE has evolved from a specialist fit-out and refurbishment company, broadening its product offering to include selective new build, as well as professional services such as buildability reviews and property search assistance.

SHAPE commenced operations with offices in Sydney, Melbourne and Canberra but quickly grew and established itself as a national brand. SHAPE's Head Office is located in Sydney, with a total of seven offices including Melbourne, Canberra, Brisbane, Darwin, Perth and Adelaide. While SHAPE does not currently have a permanent presence in regional Australia, it has undertaken work in many regional cities including Geelong, Hobart, Newcastle and Townsville and has carried out projects in these towns as workload permits and at the request of repeat customers. This national presence allows SHAPE to offer a single point of contact and consistency of delivery for clients with national operations and property portfolios, including leading 5 star hotel operators such as the Marriott and Intercontinental, major airlines, government departments, large banks and other financial institutions.

SHAPE is led by a committed executive team of industry professionals, each with extensive experience and a long history of employment at SHAPE. The Company has been overseen by a Board with independent directors since 1996. SHAPE employs a workforce of approximately 446[2] professional, technical, corporate and support personnel nationwide. SHAPE's primary workforce comprises project managers, construction managers, project engineers and site managers with trade works being sub-contracted to industry specialists. The Company has recognised the benefit in committing to the development of its people and been recognised by Human Synergistics for its leadership effectiveness and organisational culture, benchmarking it in the top 10% of companies globally[3].

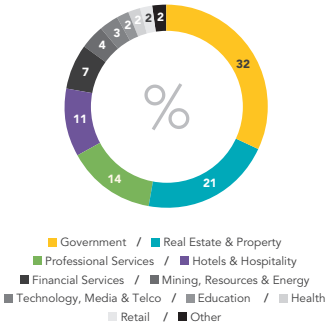
Principally acting as a head contractor on fit-out and refurbishment projects, SHAPE provides services for a diverse range of building end-market users including corporates, government, healthcare, Defence, education, hospitality, and retail. SHAPE's focus on providing exceptional customer experience and a track record of on-time, defect-free project delivery has resulted in long-standing customer relationships with a broad suite of blue chip clients including the Australian Federal Government, The Star, ACT Health, Monash University and Commonwealth Bank of Australia. The Company's high level of customer satisfaction and customer longevity drives repeat business with SHAPE firmly positioned as a partner of choice.

1. Previously known as ISIS Group (ISIS) before rebranding to SHAPE in 2015.
2. As at 30 September 2021.
3. Human Synergistics' database includes 1,000+ companies globally.

2.2 FAST FACTS

Commercial fit-out specialist with national footprint

Blue chip
Customer base



Diversified revenue by end market (FY21)[1]

$557.2m
FY21 revenue[1]

~$1.9b
Total identified project pipeline

70-90%
of NPAT
Dividend payout policy[2]

$247m
Forward order book[3]
30 September 2021

$115m
Cash at Bank
30 June 2021

+80
Client Net Promoter Score[4]

5.8
Total Recordable Injury Frequency Rate (TRIFR)[4]

446
Staff Nationally[4]

Global Top 10%
Organisational Culture and Leadership Effectiveness[5]

Notes:
1. Pro forma.
2. Refer to Section 4.9 for further details on the Company's dividend policy.
3. Excludes DLG SHAPE (joint operation with the majority indigenous owned David Liddiard Group).
4. As at 30 September 2021.
5. Human Synergistics' database includes 1,000+ companies globally.

2.3 SHAPE'S KEY STRENGTHS, DIFFERENTIATORS AND COMPETITIVE ADVANTAGES

With a 30-year track-record, SHAPE has established itself as a major national player in the commercial fit-out/refurbishment market. SHAPE's success has been underpinned by its key strengths and differentiating factors, including:

- Dedicated national service coverage with seven offices and a presence in all mainland states and territories;
- Highly developed and tailored risk management systems and processes;
- Long-standing relationships with blue chip customers driving repeat business;
- Diversified end market and geographic exposure;
- Reputation for high-quality projects delivered on-time and defect-free;
- Demonstrable leadership effectiveness and organisational culture;
- Experienced management team and deep talent pool;
- Continuous profitability and dividend history;
- Strong balance sheet; and
- Multiple levers for growth.

SHAPE plans to leverage the above competitive advantages in developing the strong pipeline provided by its existing business and pursue future opportunities appropriate to its core strengths (refer to Section 2.15 for further information).

2.4 HISTORY OF SHAPE AND TRACK RECORD OF ORGANIC GROWTH

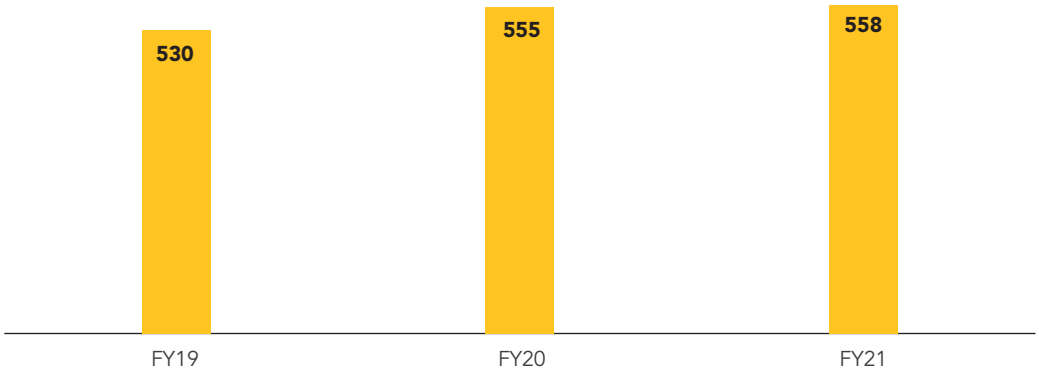
Over its 30-year history, SHAPE has established itself as a leading specialist in the commercial fit-out and/refurbishment market, with a track record of successful project delivery. The Company has historically pursued an organic growth strategy, expanding its operations both geographically and by end market.

Following its initial success in the south-eastern states of Australia, SHAPE commenced operations in other regions with the opening of its Brisbane office in 1996. SHAPE became the only commercial fit-out specialist with a presence in all mainland states and territories following the establishment of its Darwin office in 2007.

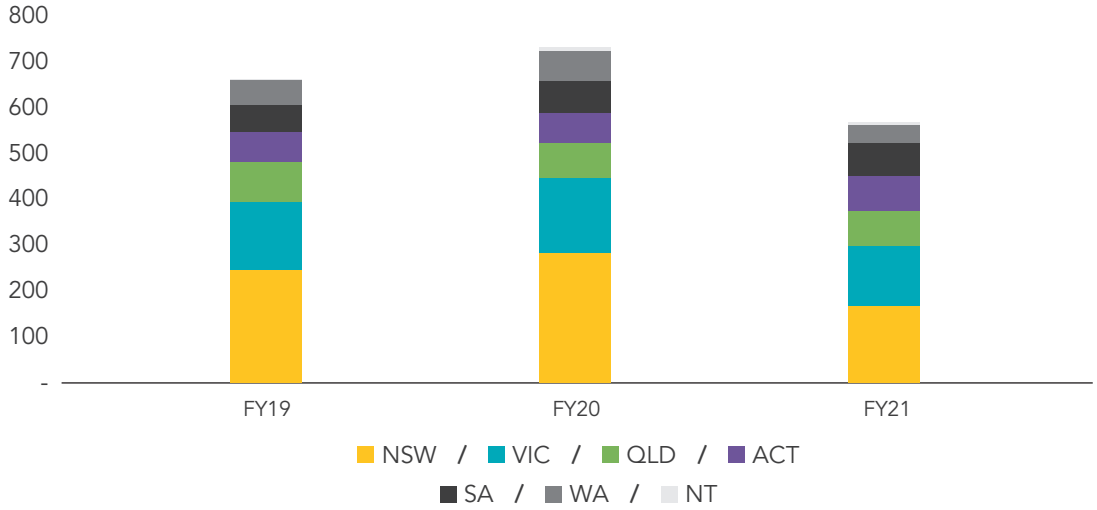
SHAPE's business model enables it to adapt and focus on markets with the highest growth potential and favourable margins. This has seen the Company develop core capabilities in a diverse range of end-markets including corporate, hospitality, health, education, and retail, and most recently Defence. SHAPE actively pursued Defence projects in FY21, with a strategy focused on building key stakeholder relationships and establishing a track record of performance upon which it can increase market share. SHAPE's investment in this sector is starting to deliver results, with revenue in this sector in FY21 more than doubling that of FY20 and the future pipeline of Defence projects to provide an opportunity for revenue growth into the future.

SHAPE has proven capabilities in executing projects of varying sizes including from sub $1m minor works up to complex projects worth over $100m, enabling the business to support and service customers for all their fit-out and refurbishment needs. SHAPE has established itself as a key player in the top end of the market, with a track record of successfully delivering large scale projects including Property NSW at 231 Elizabeth St (Sydney), ABC Ultimo, ANZ's Global Headquarters "Open House" and Mastercard's St Leonards office. SHAPE's organic expansion has resulted in a steady growth in the number of projects being undertaken - rising from 530 in FY19 to 558 in FY21.

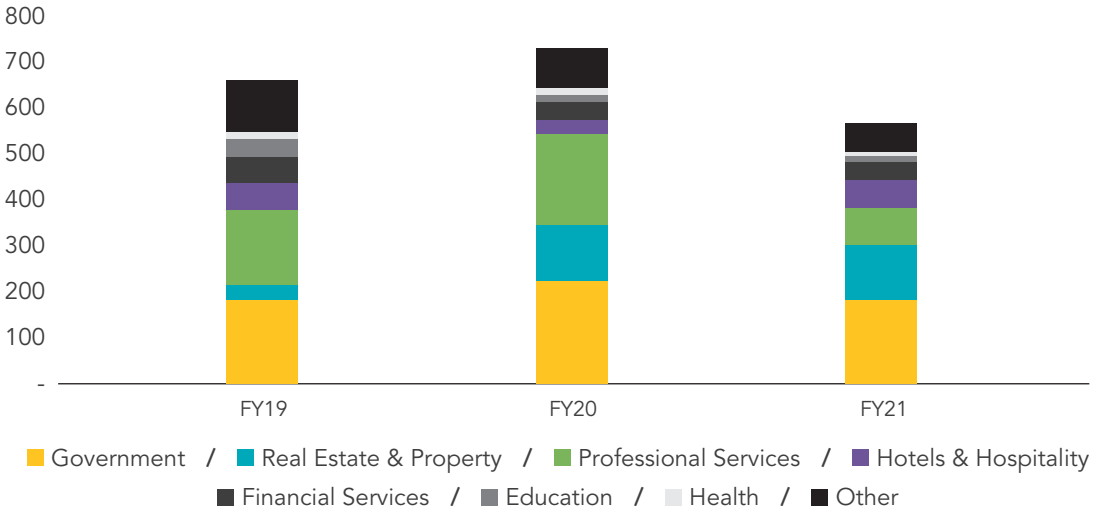
NUMBER OF PROJECTS UNDERTAKEN



REVENUE BY REGION[4]



REVENUE BY END MARKET[5]



4. Pro forma revenue. Refer to Section 4.3 for details of the pro forma adjustments applied to SHAPE's Statutory Financial Information.
5. Pro forma revenue. Refer to Section 4.3 for details of the pro forma adjustments applied to SHAPE's Statutory Financial Information.

2.5 BUSINESS AND OPERATING MODEL

(A) SERVICE OFFERING

SHAPE operates an end-to-end service and delivery model across the project lifecycle, from new build, refurbishment, and recurring minor works. SHAPE has the capabilities and expertise to deliver a range of projects and services including:

- New build fit-outs;
- New build (including modular buildings);
- End of lease make-goods;
- New lease fit-outs;
- Post project support services throughout the lease term;
- Interior reconfigurations;
- Refurbishment of ageing building stocks; and
- Façade remediation.

The Company has a successful track record in delivering projects while undertaking work in an active operating environment, ensuring business continuity and minimising disruption for its customers.

(B) OPERATING MODEL

SHAPE utilises a variety of delivery and contracting models depending on the nature of the project and specific client requirements. The choice of delivery and contracting model is typically made by SHAPE's client, before SHAPE's engagement.

SHAPE's contracts are usually between SHAPE and the asset owner or end user of the works. SHAPE's relationships with consultants engaged on behalf of clients are also an important factor of its operating model.

SHAPE is normally engaged as head contractor or construction manager, relying on specialist trade contractors to carry out the physical construction work.

The types of contract entered into by SHAPE typically fall into one of two categories, being either:

- 'Lump Sum', where SHAPE is engaged to complete the project by a fixed price and by a fixed date; or
- 'Cost Plus', where SHAPE charges a fee for performing pre-construction services and for managing the project, and is compensated separately for its third party costs of carrying out the project (mainly subcontractor and supplier costs).

In many instances, SHAPE's role is limited to the performance of work that has been designed by consultants engaged by the customer's consultants. In other instances, SHAPE is engaged to design the work, or to take full ownership of a partially developed design, and to complete the project according to that design.

Most contracts require bank guarantees or performance bonds to ensure delivery of contract obligations. As at 30 June 2021, SHAPE had ~$25m of bank guarantees and ~$17m of insurance bonds. The bank guarantees have immaterial cash backing, whilst the insurance bonds require no cash backing. SHAPE has no prior history of bank guarantees or insurance bonds ever being called for warranty or defect liability claims.

For further details regarding SHAPE's customer contracts, please refer to Section 9.1 below.

(C) SUPPLIERS/SUBCONTRACTORS

SHAPE engages nationally with a diversified and specialised subcontractor base of approved suppliers. Subcontractors are assessed based on their reputation, quality of work, insurance, corporate compliance, financial stability, Occupational Health & Safety (**OH&S**) procedures and reference checks, and are unable to be engaged for a job until they have been accepted as an approved supplier.

SHAPE has implemented supplier programs and initiatives to ensure the business maintains these relationships and its competitive positioning. This includes SHAPE's early payment discount program and Preferred Partnering Program which rewards subcontractors based on specific assessment criteria including safety, performance, delivery and pricing.

(D) DLG SHAPE

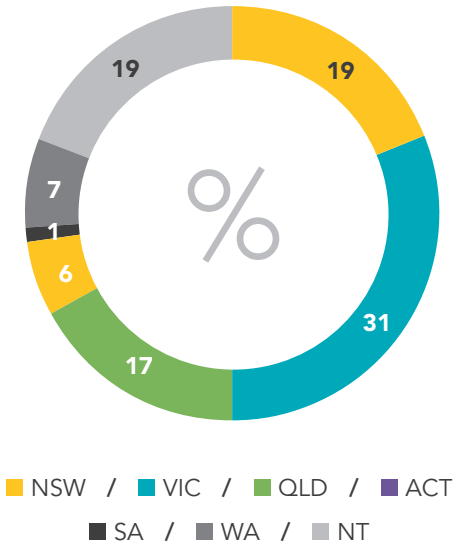
In 2016 SHAPE established DLG SHAPE, a national provider of fit-out and refurbishment services in conjunction with The David Liddiard Group **(DLG)** (a First Nations owned business). DLG holds a 51% interest in DLG SHAPE, with SHAPE Australia holding the remaining 49% share. DLG SHAPE leverages DLG's proven expertise in corporate engagement with First Nation communities and projects, and SHAPE's capabilities and expertise in providing fit-out and refurbishment services.

DLG SHAPE is committed to promoting indigenous employment and targets local indigenous engagement on every project, while aiming to build long-lasting relationships with Indigenous communities. DLG SHAPE has a strong track record of government sector work, and is able to tender for government projects with specified Indigenous Procurement Policy (**IPP**) criteria.

DLG SHAPE achieved significant growth in FY21, with revenue of $26.5m, over double that of FY20 at $11.3m[9]. This performance reflected focus on the Defence growth strategy. SHAPE as the capability partner provides DLG SHAPE access to its national footprint.

SHAPE reflects and reports revenue from DLG SHAPE as management fee income. Please refer to Section 9.3 of the Prospectus for further information regarding the shareholders agreement in respect of DLG SHAPE between SHAPE Australia, DLG and DLG SHAPE.

DLG SHAPE REVENUE (FY21)



2. Company Overview

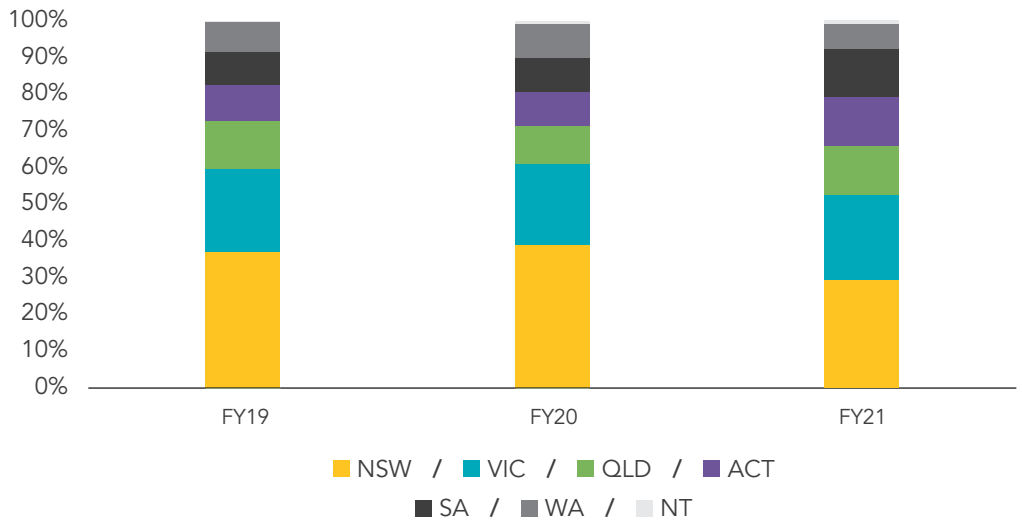
2.6 DIVERSIFIED END MARKETS AND GEOGRAPHIES

SHAPE currently has permanent offices in Sydney, Melbourne, Canberra, Brisbane, Darwin, Perth and Adelaide, and has undertaken work in many regional cities. SHAPE's agile business model has seen the Company develop capabilities across a wide range of specialised industries, with previous projects undertaken for the following end markets:

- Real estate/property (including commercial building owners and property developers);
- Government (including Defence);
- Hospitality (including hotels, casinos and restaurants);
- Professional services (including accounting firms, law firms);
- Education (including public and private schools, higher education);
- Technology/media/telecommunications;
- Financial services (including retail banks, insurance providers);
- Retail;
- Health (including hospitals, blood banks, aged care); and
- Mining/resources.

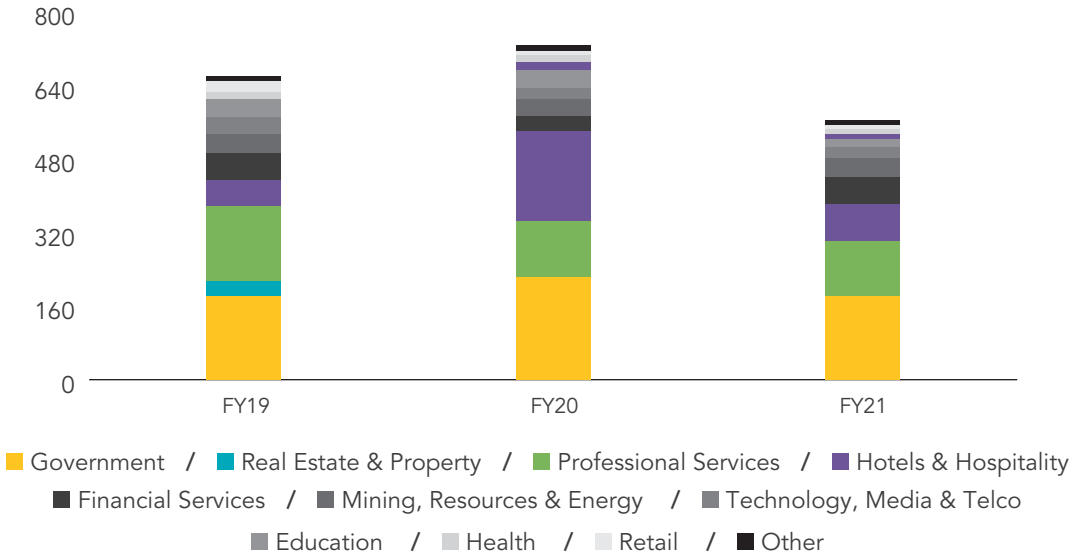
Since establishment SHAPE has sought to expand organically and diversify revenue by geography and end market.

REVENUE CONTRIBUTION BY STATE FY19 – FY21[6]



6. Pro forma revenue. Refer to Section 4.3 for details of the pro forma adjustments applied to SHAPE's Statutory Financial Information.

REVENUE CONTRIBUTION BY END MARKET FY19 – FY21[7]



2.7 CLIENTS

SHAPE has developed trusted and long-standing relationships with a broad suite of blue chip clients including ASX 200, internationally listed and large multinational companies and government bodies. SHAPE is also a member of a range of government and blue chip customer panels, allowing the Company to be considered for ongoing project opportunities. SHAPE has a demonstrated ability to secure repeat business from its customers, with revenue from existing SHAPE clients accounting for ~80% of pro forma revenue in FY21.

The Company credits its focus on customer satisfaction, leading to its Net Promoter Score **(NPS)** of +80[8], with its ability to generate repeat work from customers. The longevity of SHAPE's customer base is demonstrated by its long history servicing key clients including ACT Health since establishment in 1989, and Australia Post, the Australian Federal Government and The Star for over 25 years.

7. Pro forma revenue. Refer to Section 4.3 for details of the pro forma adjustments applied to SHAPE's Statutory Financial Information.
8. As at 30 September 2021.

2. Company Overview

End market	Select clients
Real estate & property	• WeWork • Savills • Dexus • ISPT
Government	• Department of Education, Employment and Workplace Relations • Department of Social Services • ABC • Horizon Power • IP Australia • NBN • Department of Water and Energy Regulation
Hotels & hospitality	• The Star Entertainment Group • Marriott • Intercontinental • SkyCity Adelaide Casino • Qantas
Professional services	• MYOB • KPMG • Herbert Smith Freehills • White & Case
Education	• Monash University • University of South Australia • University of Technology Sydney • Australian Catholic University • Swinburne University
Technology, media & telecommunications	• MYOB • Domain
Financial services	• Commonwealth Bank of Australia • ANZ • Westpac • BPAY • Mastercard
Health	• ACT Health • Invocare • Flinders Medical Centre • Calvary Healthcare

End market	Select clients
Retail	• Delaware North Companies • Porter Davis
Mining, resources & energy	• Red Energy • Jacana Energy

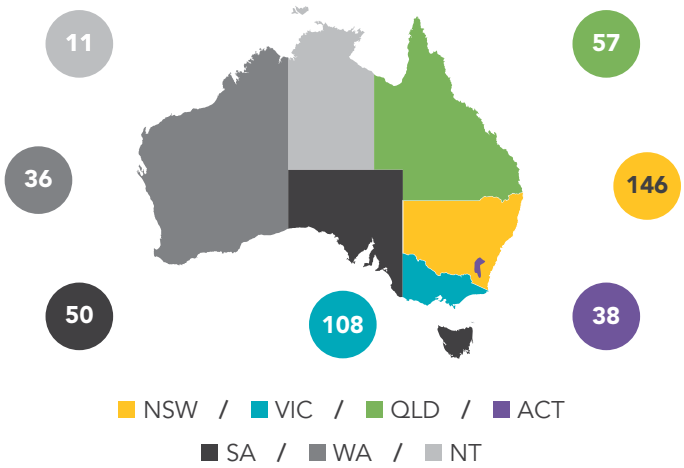
2.8 TRADING PERFORMANCE AND COVID-19 IMPACT

SHAPE's financial performance was negatively impacted during the coronavirus pandemic, including due to clients delaying work or reducing the size of projects given the lockdowns and economic uncertainty created by the pandemic. SHAPE's operations were also adversely impacted by the prolonged COVID-19 related lockdowns in key states, which limited construction and building activity including the number of workers on site, along with strict guidelines on distancing and hygiene protocols. These measures resulted in delays to project works and completion timelines for SHAPE projects, albeit SHAPE has experienced no material contract cancellations since the start of the pandemic.

SHAPE's diversified business operations across states, sectors and markets has enabled it to minimise the impacts of the coronavirus pandemic by pivoting into different markets where activity is stronger. The Board believes the strength of SHAPE's existing relationships with its customer base and supply chain will support the business in its trading recovery post COVID-19. With a recovering secured order book, and vaccination rates increasing, SHAPE is well positioned to take advantage of future market opportunities, as restrictions continue to ease and NSW and Victoria (also SHAPE's major regions) reopen. Changes to the design of offices and other commercial interiors are anticipated by industry participants (refer to Section 3.7) when the business restrictions ease, driving future work in the fit-out and refurbishment sector specifically.

2.9 PEOPLE AND CULTURE

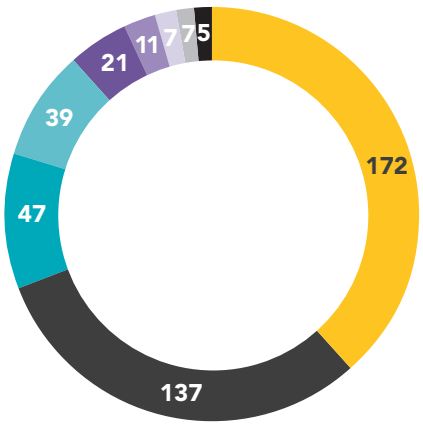
SHAPE employs approximately 446 people[9], including professional, technical, corporate and support personnel nationwide. SHAPE's primary workforce comprises project managers, construction managers, project engineers and site managers.



9. As at 30 September 2021.

2. Company Overview

EMPLOYEES BY FUNCTION[10]:



Project Management / Site Management / BD & Tendering / Business Support and IT
State Management / Finance / EHSQ / Design & Construct / Executive Management

SHAPE focuses heavily on the development of its employees, providing induction and professional and personal development initiatives and programs designed to attract and retain talent. SHAPE has a highly experienced workforce with employees having an average tenure of more than five and a half years with the Company.

SHAPE's business model is akin to that of a professional services firm, with a core focus on leadership development and ongoing cultural focus to achieve business targets. The Company has been recognised by Human Synergistics for its leadership effectiveness and organisational culture, benchmarking it in the top 10% of companies globally when compared to the global research group. SHAPE's senior leadership effectiveness has separately been benchmarked in the top 5% of the Human Synergistics global data base. The culture SHAPE has created encourages excellence in project delivery through constructive interpersonal interaction.

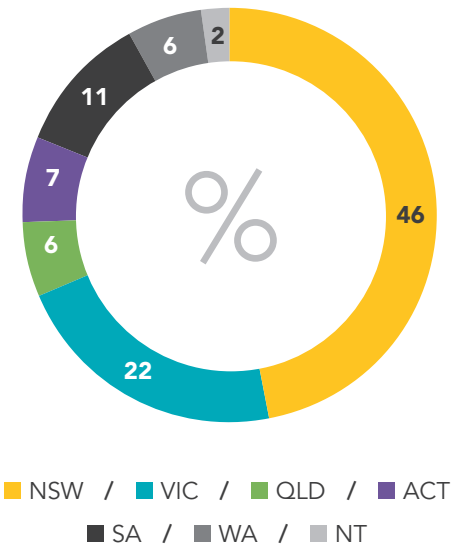
2.10 ORDER BOOK

SHAPE had a secured project forward order book of $247m as at 30 September 2021[11], diversified by state, end market and size. SHAPE's order book tends to be weighted towards the south-eastern states of NSW (46%) and VIC (22%) given the higher average project size and contract length relative to other states. However, SHAPE's national presence provides a diversified revenue stream across seven offices. SHAPE anticipates that the revenue generated from the secured project forward order book will be supplemented by new tenders won and completed in the future periods.

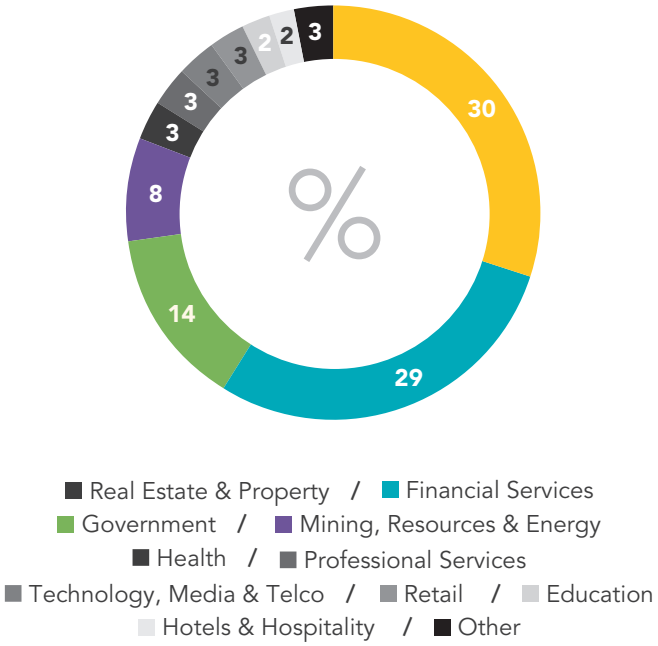
The forward order book does not include potential future revenue from current and ongoing projects by way of contract variations, extensions and ongoing engagements for recurring minor works. These incremental revenue opportunities above initial sales value are, if realised, not recognised until receipt and approval of specific purchase orders.

10. As at 30 September 2021.
11. Excludes DLG SHAPE.

ORDER BOOK BY STATE (30 SEPTEMBER 2021)



ORDER BOOK BY END MARKET (30 SEPTEMBER 2021)



2.11 PIPELINE

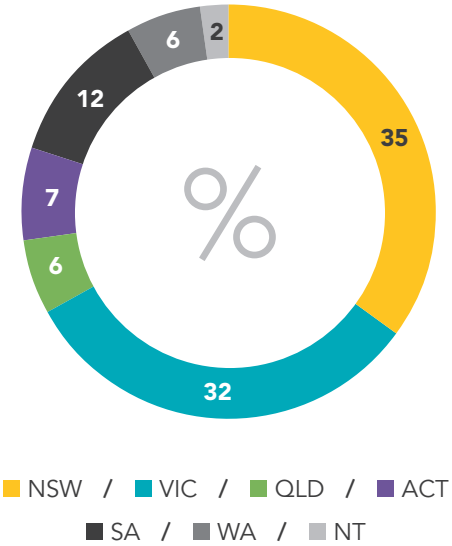
SHAPE defines its Pipeline (**Pipeline**) as the Group's total identified future project tender opportunities. All opportunities included in the Pipeline would be considered by the Company for tender, with a tender decision to be made following receipt of further information regarding the relevant project specifics and scope.

SHAPE actively identifies and monitors the commercial construction market for potential opportunities, informed by regular engagement across the business with clients and industry consultants. SHAPE utilises a customised relationship management software system to analyse identified market opportunities. SHAPE has a total identified project Pipeline of ~$1.9bn as at September 2021. Of this Pipeline, SHAPE has submitted tenders for projects totalling ~$280m and is in the process of tendering for a further ~$230m of works. Previous SHAPE clients comprise over 65% of the total Pipeline, with SHAPE's long-standing relationships and existing track-record of project delivery providing a level of confidence regarding future contract wins. ~80% of FY21 pro forma revenue was derived from existing SHAPE clients, demonstrating SHAPE's ability to win repeat business.

~86% of projects in the Pipeline are anticipated to be awarded in FY22 with a further ~6% expected in FY23. SHAPE has a high level of visibility on Pipeline projects that are anticipated to be awarded within the next six months. It is anticipated by industry participants (refer to Section 3.7) that, as vaccination rates increase and CBD's reopen, there will be renewed demand for commercial refits and an increase in leasing that will further enhance the Pipeline.

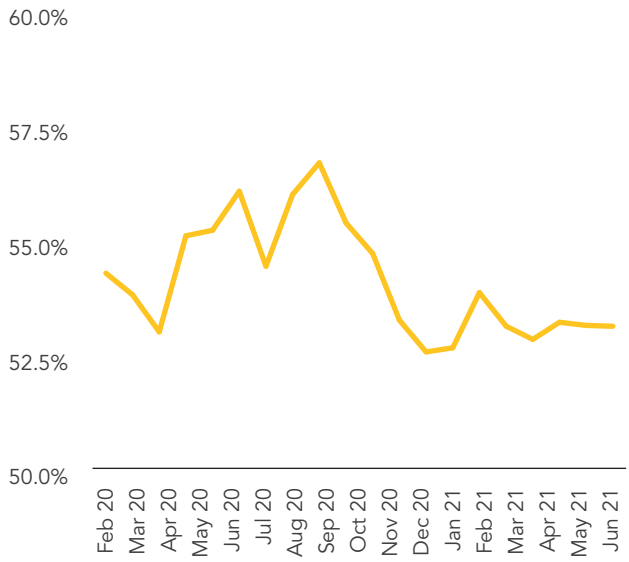
2. Company Overview

PIPELINE BY STATE

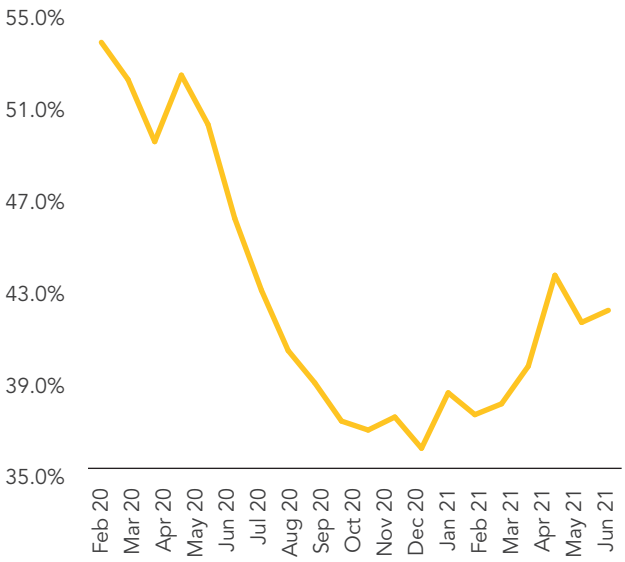


SHAPE adopts a disciplined and strategic approach to tendering, focusing resources on projects identified as having the greatest likelihood of success, with acceptable risk and return dynamics (refer to Section 2.13 for further details of SHAPE's risk management framework). Leveraging its customised sales platform, SHAPE utilises data analytics to identify these opportunities taking into consideration available resources, opportunity costs, historical track record and win rate, strength of relationships and the type / risk profile of the works to be undertaken. This has aided SHAPE's win rate by number of projects to remain relatively consistent during the pandemic with a monthly rolling twelve month average of ~54% since March 2020. While SHAPE's win rate by value saw a significant decline post the onset of the pandemic, the Company has seen an upturn in win rates by value as economic recovery continues.

12 MONTH TRAILING WIN RATE (BY NUMBER OF TENDERS)



12 MONTH TRAILING WIN RATE (BY VALUE OF TENDERS)



2.12 PROJECT DELIVERY PROCESS

PERFECT DELIVERY

SHAPE's Perfect Delivery™ model underpins its customer centric approach to project delivery. SHAPE's people work towards this standard for every project and it is designed to provide clients with a smooth journey and quality results, with no surprises at handover. The Perfect Delivery model incorporates a holistic approach to maintaining a high standard of operational excellence and delivering an exceptional customer experience, with measurable expectations set before project commencement.

SHAPE aims to proactively identify and solve issues as a project progresses, keeping focus on the achievement of Perfect Delivery throughout the project. SHAPE clients are also kept up to date with the process, provided with regular project updates.

Perfect Delivery focuses on achievement of three key objectives throughout the project delivery process:

1. On-time project delivery;
2. Defect free at practical completion; and
3. Training and operating manuals provided within a week of handover.

Perfect Delivery aims to focus SHAPE teams and supply chain in providing an exceptional customer experience so that customers choose to work with SHAPE. Achievement of Perfect Delivery on each project is dependent on clients acknowledging that SHAPE has satisfied the three Perfect Delivery objectives. This model provides a key point of differentiation for the business relative to its peers and assists in achieving high customer satisfaction metrics, exemplified by a Net Promoter Score (NPS) of +80[12]. SHAPE achieved Perfect Delivery on ~79% of projects in FY21[13], with management's view that this assists SHAPE in gaining repeat business from participating clients.

12. As at 30 September 2021.
13. Excludes projects where customers did not respond.

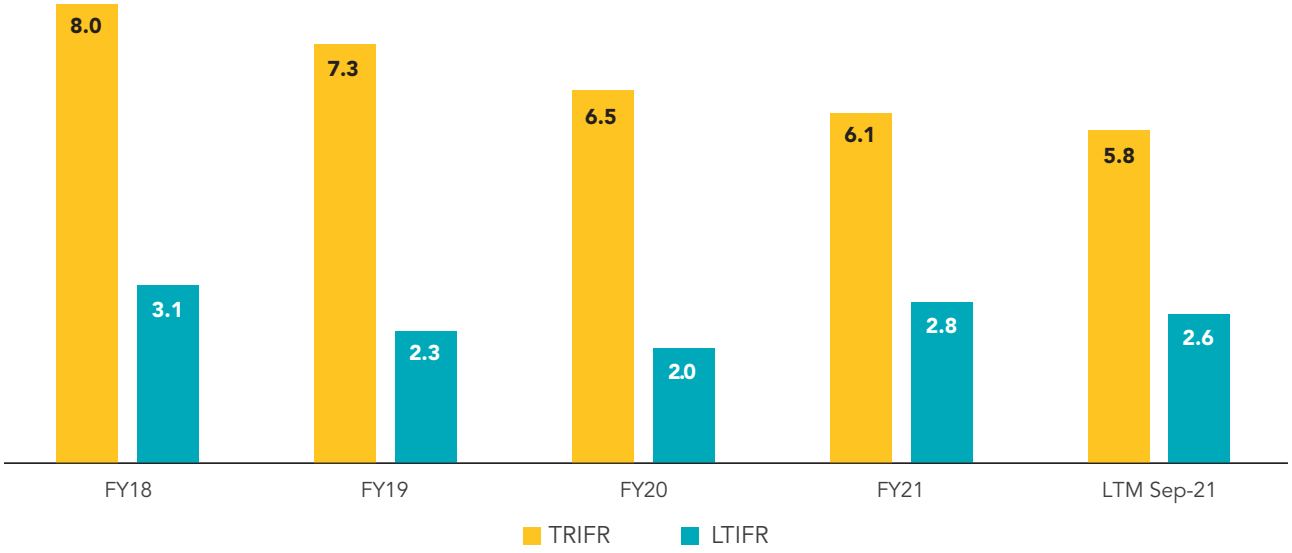
2.13 RISK MANAGEMENT AND SAFETY

SHAPE employs customised proprietary processes and tools as part of its risk management framework at both the tendering and project award stage. The Company seeks to identify any material project risks before project commencement, including credit assessment, pricing, scope of works, design, contract terms and risk allocation and project complexity. Mitigants are developed to manage and deal with specific risks aiming to ensure each project meets SHAPE's desired risk profile. Based on the assessed risk profile, different levels of managerial approval are then required, or in select cases Board approval, as defined by the Limits of Authority.

SHAPE's operating model and organisational culture focuses on workplace health and safety, incorporating best practice Workplace Health & Safety **(WHS)** policies, procedures and targets to support the business. SHAPE has a best practice safety track record and a focus on continual improvement through people development programs and safety management systems. SHAPE regularly undergoes third party auditing to retain its WHS System AS/NZS 4801 certifications, which are accredited by the Office of the Federal Safety Commissioner.

SHAPE's focus on WHS is demonstrated by its low injury frequency rates and continual improvement exemplified during the period FY19 – FY21. SHAPE's current rolling twelve-month average TRIFR[14] for its projects of 5.8 at September 2021 is well below that of the non-residential building construction industry 5-year average rate of 8.2[15].

INJURY FREQUENCY RATES[16]



SHAPE also adopts Environment, Health, Safety and Quality (**EHSQ**) management systems and training programs for all staff.

SHAPE possesses all relevant industry qualifications and accreditations:

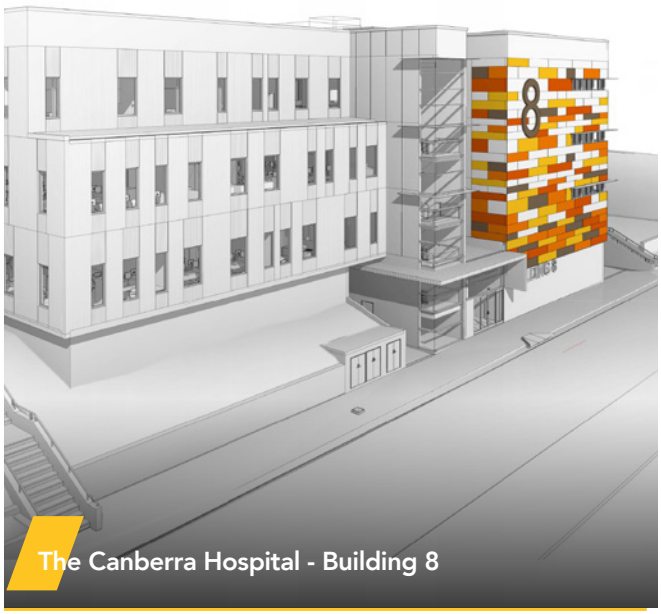
Agency	Accreditation/Certificate
International Organisation for Standardisation (ISO)	• ISO 14001 – Environmental Management System • ISO 45001 – Occupational Health & Safety Management System • ISO 9001 – Quality Management System
Federal Safety Commissioner	• Australian Government Building and Construction WHS Accreditation Scheme
Relevant state authorities	• Builders Licences

14. TRIFR refers to Total Recordable Injury Frequency Rate and LTIFR refers to Lost Time Injury Frequency Rate (both include sub-contractors).
15. Safe Work Australia.
16. TRIFR refers to Total Recordable Injury Frequency Rate and LTIFR refers to Lost Time Injury Frequency Rate (both include subcontractors).

2.14 SELECT PROJECTS AND AWARDS

SHAPE has been consistently recognised for quality and innovation, having won 75 Master Builders Australia (MBA) awards. The MBA awards are recognised throughout the industry as a hallmark for the commercial, industrial and civil engineering sectors. One of the industry's oldest awards programs, it celebrates excellence in construction, workmanship, innovation and dedication to the industry.

Below is a selection of projects that SHAPE has successfully delivered:



The Canberra Hospital - Building 8

PROJECT SUMMARY

SHAPE were successful in securing a Design and Construct contract for the construction of the new Building 8 at The Canberra Hospital (TCH). The project is part of the $620M SPIRE Project which is a major redevelopment of The Canberra Hospital site.

The Building 8 Project is a New Build on a Brownfield Site. The scope included taking the 80% PSP design provided by the client through to For-Construction and offering a fast and efficient new construction of a 4 storey building. The project allowed SHAPE to utilise a relatively new style of construction which involved the fabrication of the majority of the structure off site and assembled on site.

Scope included completed building and fitout from below ground to plant deck on the roof top. The facility will house various hospital organisations and is made up of consult and medical spaces and general office fitout.

The Project is delivered under a GC21 Head Contract.

CLIENT
ACT Government - Major Projects Canberra

DESIGNER
COX Architecture

VALUE
$26.9 Million

PROJECT SIZE
4000m²

DELIVERY MODEL
Design & Construct

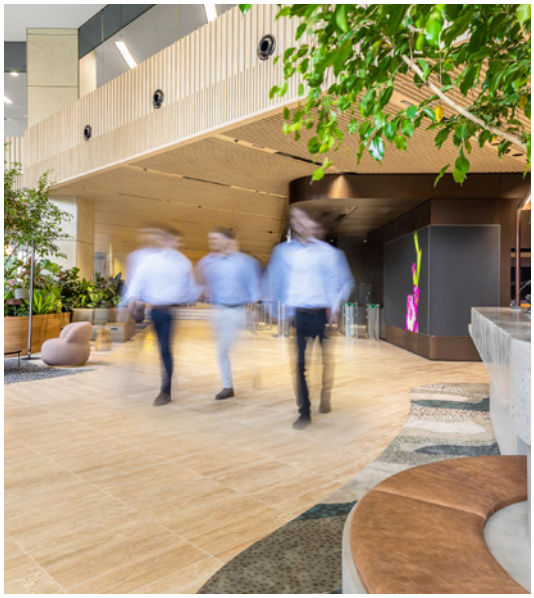
LOCATION
Garran ACT

DURATION
36 Weeks

PROJECT DELIVERABLES

- ACCELERATED PROGRAMME
- NEW BUILD
- MINIMAL DISRUPTION
- DESIGN MANAGEMENT
- WORKING IN A LIVE ENVIRONMENT
- COMPLEX SERVICES

2. Company Overview



Property NSW
231 Elizabeth St, NSW

Sydney, NSW

$94 Million

23,000m²

Construction Management / Design & Construct

43 weeks

SHAPE were engaged by Charter Hall & Property NSW under a Design and Construct agreement to complete the integrated Base Building upgrade and Fit out of 231 Elizabeth Street. The project objective was to create an exciting new space for the first state government CBD hub managed by Property NSW for various state government agencies.

The 231 Elizabeth Street re development was a total of 94 million dollars across 23,000m² of commercial building. The project was completed over a duration of 43 weeks. The base building works involved the complete strip out and makegood of all 15 floors within the building, bathroom upgrades, ground floor lobby upgrades, lift upgrades, plantroom upgrades, and a new end of trip facility.

The base building woks were completed in parallel with the fitout works which involved 14 floors of commercial office space, interconnecting stairs, communication rooms for each agency to their specific requirements (5 x Main Communications Rooms (MCRs) and 9 x Field Communications Rooms (FCRs).

The completed re development boasted a 5-star green star for the base building works, 5 star green star rating for the office fit out, and a 5 Star NABERS rating for the building.

SHAPE was chosen by Charter Hall & Property NSW as we proved an effective and streamlined approach to a base building upgrade and office fit out that needed to be run in parallel. It was this approach that was able to deliver such a large volume of work in a compressed time frame.

Gadens, Collins Arch Office Fitout

SHORTLIST
2020 MBAV AWARDS
EXCELLENCE IN FITOUT

CLICK HERE FOR MORE IMAGES

PROJECT SUMMARY

SHAPE recently completed a high-end, three floor office fitout for Gadens Law Firm in the new Collins Arch building at 447 Collins Street. This impressive $11.5M fitout was completed in just over 18 weeks.

Delivering a sophisticated and carefully considered end product was a key focus of the client. The project included an open plan workspace for 350 staff, an interconnecting staircase and an extensive client-facing area featuring natural stone, timber wall panelling, doors & furniture, polished plaster and timber Barrisol lighting throughout.

Being a law firm, the acoustic performance of the offices and meeting rooms was critical. The exceptional acoustic performance as a result of diligent quality control from the SHAPE project team. Inspection Test Plans were developed, and hold points put in place prior to closing of the access floor, walls and ceilings, to ensure works were completed as documented. SHAPE also fast tracked the meeting room build, and completed acoustic testing to the rooms 4 weeks ahead of Practical Completion, to ensure acoustics ratings were achieved, and any issues could be rectified prior to PC.

Also critical to the project success was the seamless integration of works with the 1000-man strong base builder who was completing the building whilst SHAPE completed the fitout on the lower floors. The development of strong relationships coupled with proactive management of deliveries, loading & integration works ensured the build was delivered on time and without disruption.

- NEW BUILDING
- WORKING ALONGSIDE BASE BUILDER
- ACOUSTIC FOCUS
- ECI INVOLVEMENT
- STAIR CONSTRUCTION
- EARLY COMMS HANDOVER

CLIENT
Gadens

DESIGNER
Bates Smart
batessmart.com

CLIENT PROJECT MANAGER
Montlaur / CBRE

VALUE
$11.5 Million

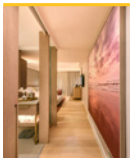
PROJECT SIZE
6,000m²

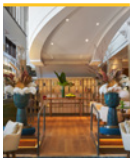
DELIVERY MODEL
Lump Sum

LOCATION
Melbourne, VIC

DURATION
18 weeks

JW Marriott Guest Rooms & Public Areas Refurbishment, Surfers Paradise, QLD





PROJECT SUMMARY

JW Marriott is a high end and luxurious brand of Marriott, and the JW Marriott Surfers Paradise is the first of its kind in Australia. SHAPE were engaged to complete the refurbishment of all guestrooms and public spaces within a compressed programme in which all 16 floors were fitout concurrently.

Works included refurbishment and refresh of all hotel public areas including the restaurant, pool grotto, lobbies and function rooms. Works to the 223 guestrooms consisted of:

- Ensuites, tiling, fixtures and fittings;
- Overseas procured joinery and fabric panelling;
- New Room Automation systems controlling lighting and mechanical operation;
- New FFE including furniture, feature lighting, curtains and various OS&E items;
- Floor and wall finishes including timber and tiled flooring, broadloom carpet and wallpaper;
- New ceilings and bulkheads; and
- Services alterations.

- ACCELERATED PROGRAMME
- INTERSTATE/INTERNATIONAL STAKEHOLDERS
- STAGED DELIVERY
- LIVE ENVIRONMENT
- VALUE ENGINEERING
- SAFETY FOCUS

CLIENT
Bensonlily Surfers Paradise Pty Ltd

DESIGNER
DBI Design Pty Ltd

VALUE
$29 Million

PROJECT SIZE
16,000m²

DELIVERY MODEL
D&C Lump Sum

LOCATION
Gold Coast, QLD

DURATION
8 Months

2.15 GROWTH STRATEGY

Over its 30-year history, SHAPE has delivered steady, organic growth through expansion of its original core service offering, delivering fit-out and refurbishment projects across mainland Australia. With a continued focus on growing the business and delivering returns to its shareholders, SHAPE has identified a number of potential growth initiatives and business focus areas that it is prioritising. SHAPE has established a dedicated working group focused on executing its growth strategy, led by Group Executive – Strategy, George Panacheril and CEO, Peter Marix-Evans, with oversight by the Board.

SHAPE's growth strategy is focused on both organic and prudent potential acquisition initiatives in the near to medium term that leverage its core competencies and capabilities being:

- National footprint – full service offices in seven cities;
- Network of client and consultant relationships across a range of sectors;
- Disciplined approach to risk management and safety;
- Team of construction industry professionals with strong sector expertise and supply chain relationships;
- Experience in bringing teams of diverse stakeholders together to solve complex problems; and
- Track-record of on-time and on-budget project delivery.

Key growth initiatives being considered by SHAPE are outlined below:

(A) EXPANSION INTO TARGET GROWTH SECTORS

SHAPE intends on expanding into identified key growth sectors through targeted business development initiatives and relationship building. The Company has established dedicated resources and plans on appointing sector leads to drive increased market penetration and develop specialist expertise and capabilities into these areas. SHAPE has identified the following current key growth sectors of focus:

- Defence, and associated defence industry projects;
- Replacement of combustible cladding facades on commercial and residential buildings; and
- Healthcare and science works.

With SHAPE's approach to pursuing targeted growth sectors, the Company more than doubled its revenue in the Defence sector from FY20 to FY21, along with doubling the number of cladding projects awarded.

(B) GEOGRAPHIC EXPANSION

SHAPE intends on continuing to increase market penetration in mainland capital cities where it already has an established presence, while also looking to establish dedicated regional offices in identified growth hubs. SHAPE plans on appointing Regional Managers to oversee relationship building, Pipeline development and resourcing to establish capabilities in target areas over the next six to 18 months.

SHAPE is actively scanning the market for opportunistic, strategic acquisition targets, particularly on the east coast of Australia, to increase penetration in specific markets or geographies.

(C) SERVICE OFFERING EXPANSION

The Board intends to expand SHAPE's service offering for existing and new clients through the acquisition of complementary bolt-on businesses. SHAPE is currently considering acquisitions that would facilitate both vertical and horizontal integration, creating potential cross-sell opportunities and realisation of cost savings. Management believes that the coronavirus pandemic may provide opportunities for bolt-on acquisitions.

Section 3

INDUSTRY OVERVIEW

3. Industry Overview

3.1 INTRODUCTION TO AUSTRALIAN CONSTRUCTION MARKET

The Australian building and construction sector is expected to reach $253 billion in 2021, reflecting moderate annual growth of ~3%[1]. The sector is exhibiting resilience in the face of the COVID-19 trading environment[2], as comprehensive government policy measures, vaccination rates and stimulus drive the market recovery. Significant government capital expenditure plans in the near to medium term are expected to offset the slowdown in private sector investment, with public investment forecast to grow by over 6% in 2021[1]. Despite the slower pace of its recovery, private sector investment is anticipated to rebound in the medium-term[1].

3.2 IMPACT OF COVID-19 ON THE CONSTRUCTION INDUSTRY

The Australian construction industry was adversely impacted by COVID-19 as it caused significant disruption through the supply chain including construction equipment, building materials and skilled labour. The industry was further impacted by COVID-19 related lockdowns in key states limiting construction activity and the number of workers on site, along with strict guidelines on social distancing on work sites and increased hygiene measures and practices. These measures resulted in delays to construction works and completion times, as well as increased input costs in some cases. Firms were required to reprogram works and manage contractor shifts and deliveries in order to continue to undertake works in line with project timeframes.

In 2020, approximately 39% of Australia's population resided in either Sydney or Melbourne, the two regions most heavily impacted by the coronavirus pandemic and related lockdowns and restrictions. The CBDs of Sydney and Melbourne typically represent 20% of the national economy, however spending was curbed in 2020 and 2021 as residents were contained to their local areas due to restrictions. As at the date of this Prospectus, the improvements in vaccination rates were underpinning a staged reopening in these cities, however the ongoing impact of COVID-19 related lockdowns and restrictions remains unclear.

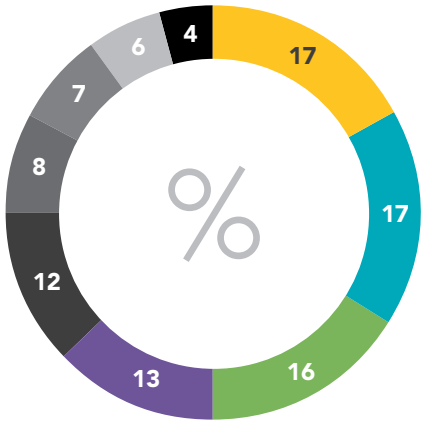
3.3 NON-RESIDENTIAL BUILDING CONSTRUCTION

SHAPE is exposed to demand for building and construction activity in Australia, predominantly comprising non-residential construction that includes industrial, public and commercial facilities. Non-residential building construction is forecast to reach $46 billion in 2021, with a strong pipeline of works expecting to total ~$128 billion over the three years to 2024[1]. This sector is expected to benefit from significant government stimulus, with increased spending on social infrastructure and services. The Australian Construction Industry Forum (ACIF) tracks active and early stage Major Project developments (those valued at over $20 million), and as at April 2021 it estimated there was ~$260 billion worth of non-residential building projects in its Major Project database[1]. This figure reflects an increase in new projects over the six-month period from October 2020, including 63 health and aged care projects valued at over $8.5 billion, as well as a pipeline of $4.5 billion worth of education projects[1].

1. Australian Construction Industry Forum, Australian Construction Market Report (May 2021).
2. Australian Construction Industry Forum, Australian Construction Market Report (May 2021).

3. Industry Overview

NON-RESIDENTIAL BUILDING CONSTRUCTION END MARKETS (2021)



Educational / Offices / Industrial / Health / aged care / Retail / wholesale trade
Miscellaneous / Entertainment / recreation / Accommodation / Other commercial

3.4 REGULATORY FRAMEWORK

In undertaking its operations, SHAPE must comply with a range laws and regulations from national and relevant state jurisdictions. Federal, state and local governments, and their related bodies, as well as industry regulators, oversee the industry in which SHAPE operates.

SHAPE holds building licences required for its operations pursuant to each state/territory's applicable laws, these include VIC, ACT, QLD, SA, WA and TAS. SHAPE also holds a Federal Safety Accreditation which is required to complete Australian Government building and construction work.

SHAPE must also comply with relevant laws and regulations in each state in which it operates, these include employment and industrial relations, workplace health and safety, taxation, consumer protection, competition and corporate.

3.5 COMPETITION

Within the non-residential building construction market, SHAPE primarily focuses on fit-out, refurbishment and façade remediation projects. There are varying participants within SHAPE's core market, ranging from specialised project management firms, design firms and larger construction and engineering companies. Within the industry there are barriers to entry, including;

- specialised technical knowledge and expertise;
- securing and retaining a highly-qualified and experienced employee base;
- established reputation in the market, with a track-record of successful project delivery;
- strength of client relationships, and ability to win repeat customer work;
- scale of operations, including geographic exposure and end-market coverage;
- ability to attract / engage specialised subcontractors and maintain supplier relationships;
- financial backing – including strong balance sheet required to tender for larger scale projects and provide securities in the form of bank guarantees and surety bonds;

- specialised risk management protocols and procedures;
- extensive processes and procedures to ensure the safety of operations, and that WHS regulations are upheld;
- ability to identify upcoming projects, tender and price projects appropriately;
- Australian Government Building and Construction WHS Accreditation Scheme;
- Commonwealth Indigenous Procurement Policy; and
- Accreditation under ISO for 14001,9001 and 45001.

Given SHAPE's diversified operations, key competitors can differ somewhat by region, sector, size and service, and could include:

- FDC Construction & Fitout Pty Ltd
- Built Holdings Pty Ltd
- Unispace Global Pty Ltd
- Buildcorp Holdings Pty Ltd
- Schiavello Construction Pty Ltd
- MPA Construction Group Pty Ltd

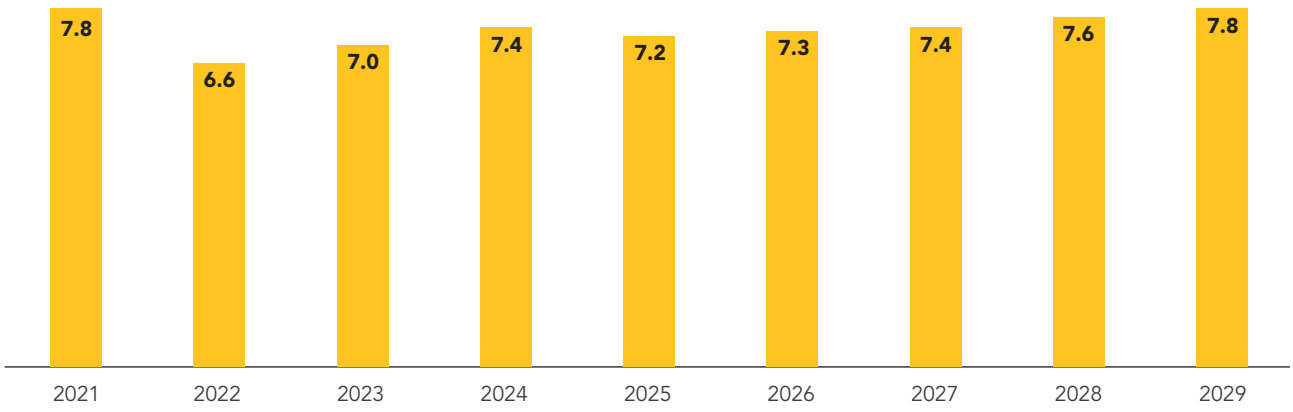
3.6 SHAPE KEY END MARKETS OVERVIEW

(A) OFFICES

The medium and long-term outlook for office construction remains positive, with a recovery in activity expected from 2023, following the completion of an enlarged development pipeline of Major Projects in 2021[3]. As at April 2021, ACIF estimated there was a pipeline of ~$26 billion worth of Major Projects in the sector[3], with works expected to total ~$66 over the next nine years to 2029.

The office environment has changed as a result of the coronavirus pandemic, with it still unclear exactly what a hybrid workforce will look like, in an office environment companies are likely to adjust to new ways of working. Refer to Section 3.7 for further details on the future of office.

OFFICE (ACTUAL AND FORECAST VALUE OF CONSTRUCTION WORK) ($BN)[3]



3. Australian Construction Industry Forum, Forecast Dashboard (May 2021).

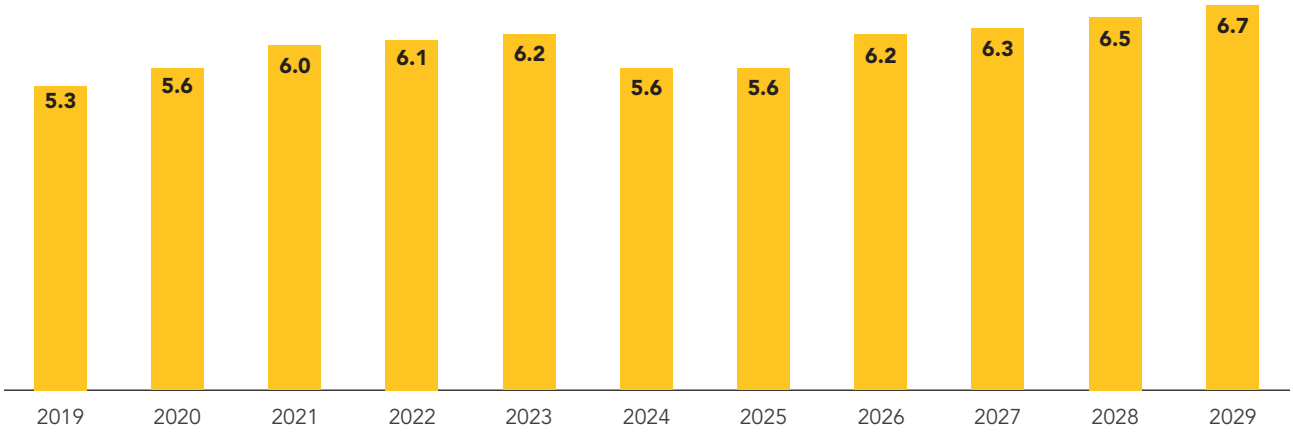
3. Industry Overview

(B) HEALTH AND AGED CARE

Building and construction works in health and aged care are expected to continue to experience strong growth in 2021, increasing ~7.5% to reach $6.0 billion[3]. Australia's ageing population is expected to necessitate ongoing spending in this market, as well as the coronavirus pandemic prioritising increased investment in healthcare. ACIF estimated there is a pipeline of ~$30 billion worth of Major Projects in the sector to commence from April 2021[3].

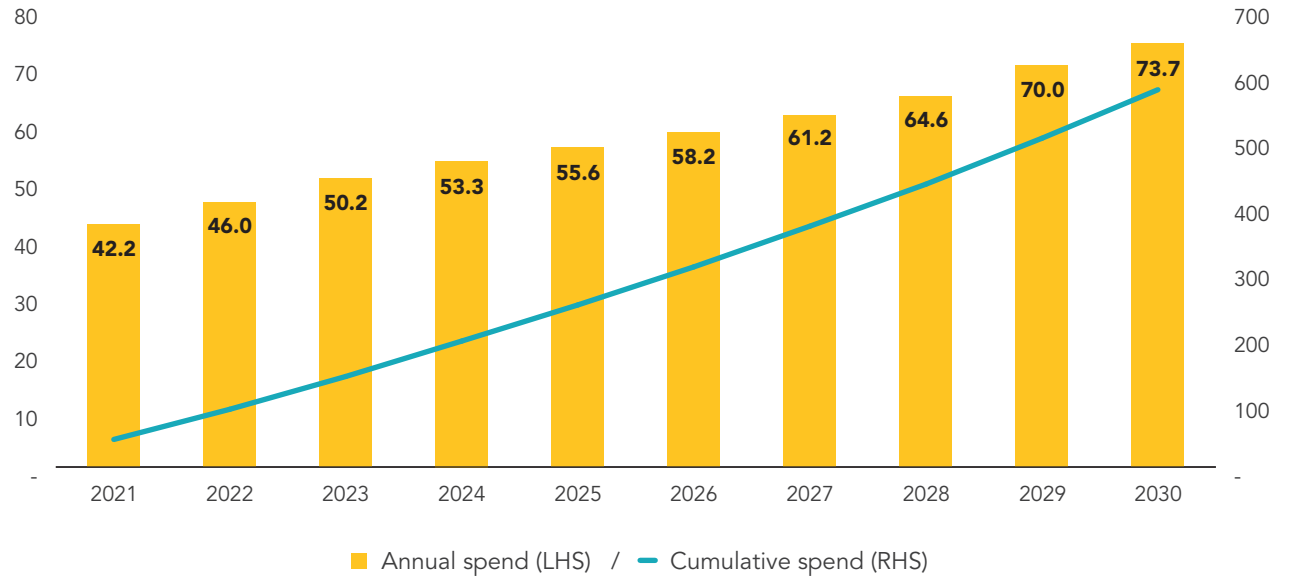
Following the recent Royal Commission, as well as emerging requirements exposed by the pandemic, aged care is expected to be a key focus for government spending with the Commonwealth announcing a budget of $17.7 billion to reform the sector[2]. Other key government initiatives expected to support building and construction works in this sector are the $13.2 billion investment in the NDIS, and $2.3 billion to support mental health reform[3].

HEALTH AND AGED CARE (ACTUAL AND FORECAST VALUE OF CONSTRUCTION WORK DONE) ($BN)[3]



(C) DEFENCE

AUSTRALIAN DEFENCE SPEND (A$BN)[4]



3. Australian Construction Industry Forum, Forecast Dashboard (May 2021).
4. Department of Defence, 2020 Strategic Update.

The Australian Federal Government has committed significant funding to the expansion of Australia's defence industry, expected to total $575 billion over the next decade. The government's annual spend is expected to reach ~$74 billion by 2030, providing funding support to the Defence's strategy outlined in the 2020 Defence Strategic Update.

Infrastructure such as bases, training areas and logistics facilities are the backbone for the Australian Defence Force's (ADF) ability to prepare for and maintain military operations. The Defence Estate and Infrastructure Group (E&IG) is tasked with managing and sustaining the Defence estate of land, building and infrastructure including more than 330 properties, with more than 30,000 buildings. The E&IG has an annual budget in excess of $5.5 billion[5], with an established Integrated Investment Program to specifically deal with the redevelopment and refurbishment of existing facilities, and the introduction of new facilities across Australia[6].

In addition, the government's commitment to enhancing its support to civil authorities in response to national and regional crises and natural disasters, such as pandemics, bushfires, floods or cyclones. This includes continuing to develop the provision of logistic and other support for civil authorities during and after a disaster, in particular equipment and training facilities[7].

The government is focused on providing opportunities for Australian industry, particularly in regional areas, when tendering for defence projects. Local industry and indigenous involvement in the delivery of these projects are facilitated through the Defence's Local Industry Capability Plan and IPP initiatives. SHAPE is well positioned deliver such projects through its majority indigenous owned investment DLG SHAPE.

(D) COMBUSTIBLE CLADDING/FAÇADE REMEDIATION

In 2018 it was found that there is a high prevalence of non-compliant combustible cladding on commercial buildings. Since then, there has been no single national response, with each state implementing a bespoke solution. The trend of stricter codes Australia-wide is continuing, with a need for increased technical expertise in construction and façade remediation works for buildings to remain both compliant from a regulatory perspective and to pass vendor due diligence.

It is estimated that buildings in Australia with extreme and high-risk combustible cladding will cost approximately $1.7 million per building to rectify at a total cost of roughly $6.2 billion over time. It is estimated there are over 3,400 buildings nationwide with combustible cladding, and NSW is planning to remediate 225 of high-risk buildings between now and 2024 at an estimated cost of up to $260 million, with Victoria budgeting an estimated $700 million to fix 500 buildings. This may provide opportunities for SHAPE who operate within these markets, with the average length of each remediation around 180 days.

3.7 THE FUTURE OF OFFICE

Private industry is likely heading towards a more hybrid working model, with 29% of companies surveyed by Cushman and Wakefield[8] employing some form of hybrid model pre-pandemic. Landlords and tenants are now investing in creative solutions to reconfigure space, embrace smart building technology and create places where employees want to be. The coronavirus pandemic has accelerated the natural evolution of the office away from a productivity space to both a learning space and one to solve complex problems through collaboration. COVID-19 has meant some changes that were expected to take years have been implemented over a matter of months. Offices are expected to become a physical reflection of a company's culture and a place where employees collaborate and build networks, expected to necessitate bespoke fit-outs and refurbishments.

The Property Council of Australia data suggests that industry expectations about the future capital value of office property has been recovering steadily since June 2020. The office is expected to continue to be a necessity and with an estimated increase of 1 million+ sqm to Australian CBD office supply over the next two years, premium and A-grade buildings are anticipated to remain in demand as tenants are increasingly looking to evolve their spaces to fit their employees' needs.

5. Steve Grzeskowiak, Deputy Secretary Estate & Infrastructure Group (E&IG), ADM Defence Estate and Base Services Summit, September 2019.
6. Steve Grzeskowiak, Deputy Secretary Estate & Infrastructure Group (E&IG), ADM Defence Estate and Base Services Summit, September 2019.
7. Department of Defence, 2020 Strategic Update.
8. Cushman & Wakefield - Workplace Ecosystems, April 2021.

3. Industry Overview

The future of the office is therefore likely to be based on the 'quality' of the asset. The 'flight to quality' thematic is now well-evidenced across global CBDs, as businesses look to increase employee wellness and productivity as well as attract and retain talent. As a result, landlords are incentivised to invest in upgrading offices to attract these tenants. For tenants, a workplace is far more than the address; it is about the brand and the amenity as defined by its services. Commercial buildings should be about more than work, including a hybrid office workplace which relies heavily on technology features enabling employees to connect seamlessly between office and home.

Of equal importance is the provision of services and amenities around health and wellbeing, as well as sustainability ratings that underpin buildings. A trend accelerated by COVID-19 is a reduction in workspace density. Sydney had an average occupational density of 11.1m^2 per person vs the 13.3m^2 global average before the coronavirus pandemic. Working habits have been trending towards open plan environments, hot-desking and collaborative spaces and COVID-19 has focused the need for employers to move away from outdated office layouts and adapt to hybrid working.

(A) HYBRID WORKING

Companies located within the CBD are likely to maintain their office footprint due to accessibility and reputation of working within 'trophy' buildings, albeit they are expected to experiment with hybrid working models. Over the medium-term, there is expected to be rapid growth in demand for flexible space as occupiers return to the workplace, with one in three employees expecting less density and some physical separation once they return. Flexible office space currently accounts for less than 3% of all office space in Australia and New Zealand and is well below the Asia-Pacific average of 4.4%[9]. Some businesses may find the short-term pricing pressures an opportunity to relocate to the CBDs and redesign their space, when it was previously too costly.

Despite the newfound ability for many employees to work from home, the Australian Government estimates that if all people who could work from home did so for two days per week, it is unlikely that more than 13% of total work hours will be done in the home[10]. This means offices likely need to be redefined and redesigned to suit more collaborative and social interactions, to make them more attractive to employees and to foster innovation.

Industry trends could include:

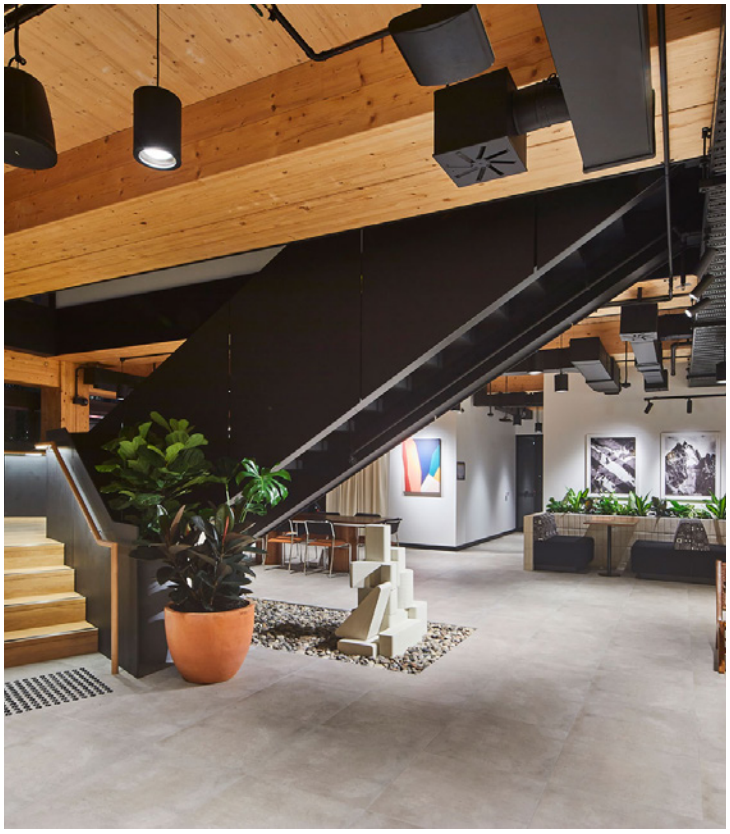
- Reforming offices to provide quiet floors
- Replacing traditional workstations and cubicles with hybrid collaborative and meeting spaces
- Flexible and innovative floorplate designs and leasing arrangements
- Buildings with individual brands, artefacts and personas to create a point of difference
- Developers, investors and occupiers considering future design solutions that prioritise employee health and wellbeing
- Acoustic treatment and specific furnishing requirements to reduce distraction and noise set to increase with an even greater reliance on technology
- Increase collaboration space for unscheduled catch ups replacing the addition of formal meeting rooms
- Activity-based working should remain a key feature of the design working space, with higher staff-to-desk sharing ratios e.g. 15+ people to 10 desks

Examples of recent SHAPE projects:

- Global technology company, Market Street, Sydney – providing a vibrant new workspace, including 4,200m^2 of high-end client facing public areas, 10,000m^2 of commercial office space, a new stadium/amphitheater style meeting space, seven training rooms, over 100 meeting spaces and two external terrace spaces

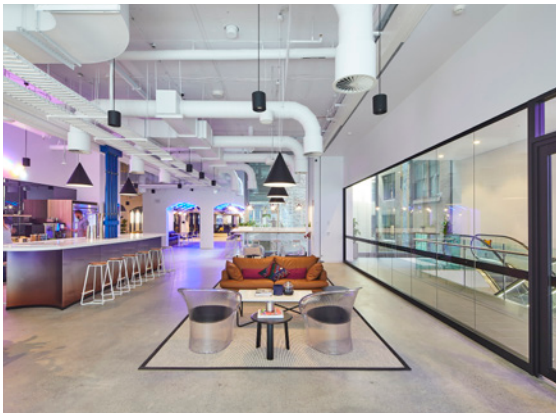
9. CBRE - The Future of Office Survey, September 2020.
10. Australian Government Productivity Commission - Working from Home Research Paper, September 2021.

- WeWork, 1 Sussex Street – fit-out combining a highly activated social space and flexible workspaces, interconnected with a lounge, kitchenette spaces and integrated meeting spaces



3. Industry Overview

- WeWork, 383 George Street – designing of a new six-floor shared office space, including meeting rooms, pantries and open community areas



(B) SUSTAINABILITY AND HEALTH AND WELLNESS

The Australian property industry was already at the forefront of the workplace wellness movement pre COVID-19, topping global indices for sustainability for more than a decade, and now has the largest number of buildings rated under the global WELL Building Standard. The WELL Building Standard, administered by the International WELL Building Institute, is a global indicator of a building's impact on human health and wellness. WELL applies ten core concepts of wellness to the fabric of buildings including air, water, nourishment, light, fitness, comfort and mind. As Australia emerges from the coronavirus pandemic and looks to employees to return to the office, with a focus on health, wellness and experience to become common features of sustainable, energy efficient office buildings.

Industry trends could include:

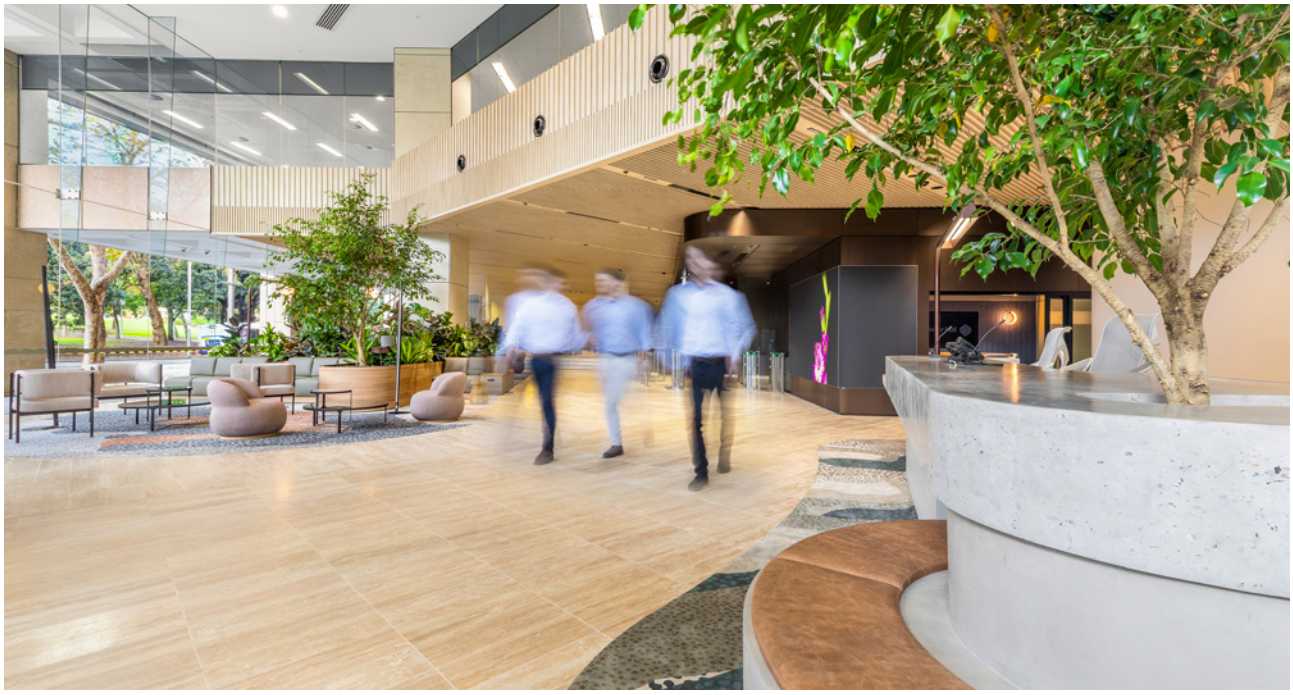
- Sustainable workspaces with possible government incentives for net zero emissions buildings, with a focus on indoor environment quality
- Programs to support the reconstitution and redesign of mid-tier buildings
- An improved indoor environment with a focus on fresh air, natural light and clean workplaces, already established in Green Star, WELL and NABERS
- An opportunity for governments to further incentivise green ratings, and for landlords to integrate these into lease agreements and make-good clauses
- Future building designs will likely include a combination of skylights, large windows, fresh air opportunities, rooftop terraces, vegetation, balconies and courtyards

Examples of recent SHAPE projects:

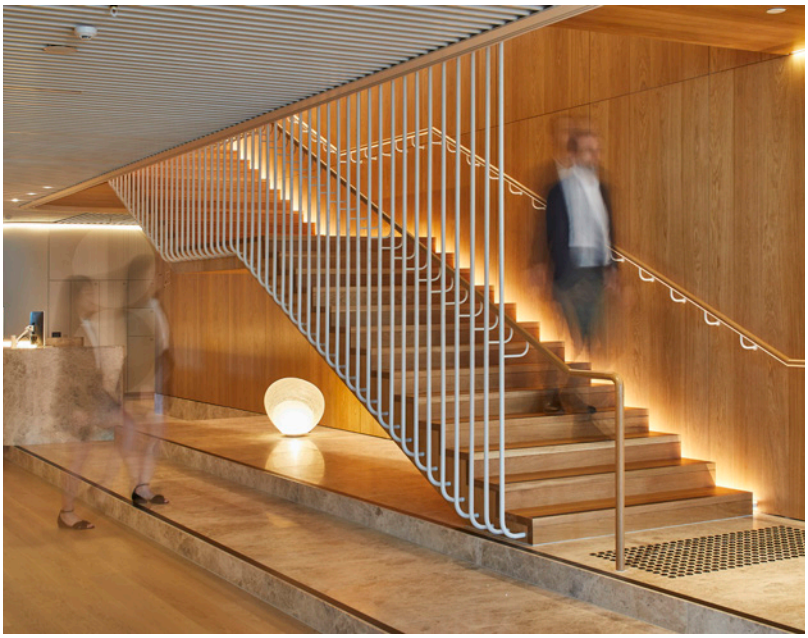
- AusTrade, Barangaroo – 6-star Greenstar and WELL/NABERS project, utilising sustainable products and timber classing as well as low-impact materials for natural stone and timber statement features, with only 800kg sent to landfill out of a 2.5 tonnes limit. 14 tones of waste was recycled

3. Industry Overview

- Property NSW, 231 Elizabeth Street – 5-star Greenstar and NABERS project of 15 floors of commercial office space, communication rooms, plantroom upgrades and new end of trip facility

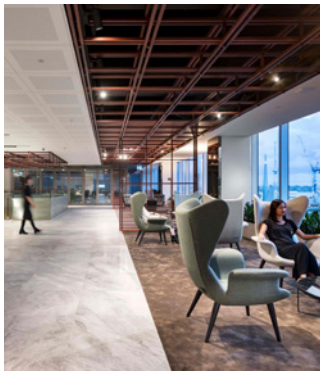


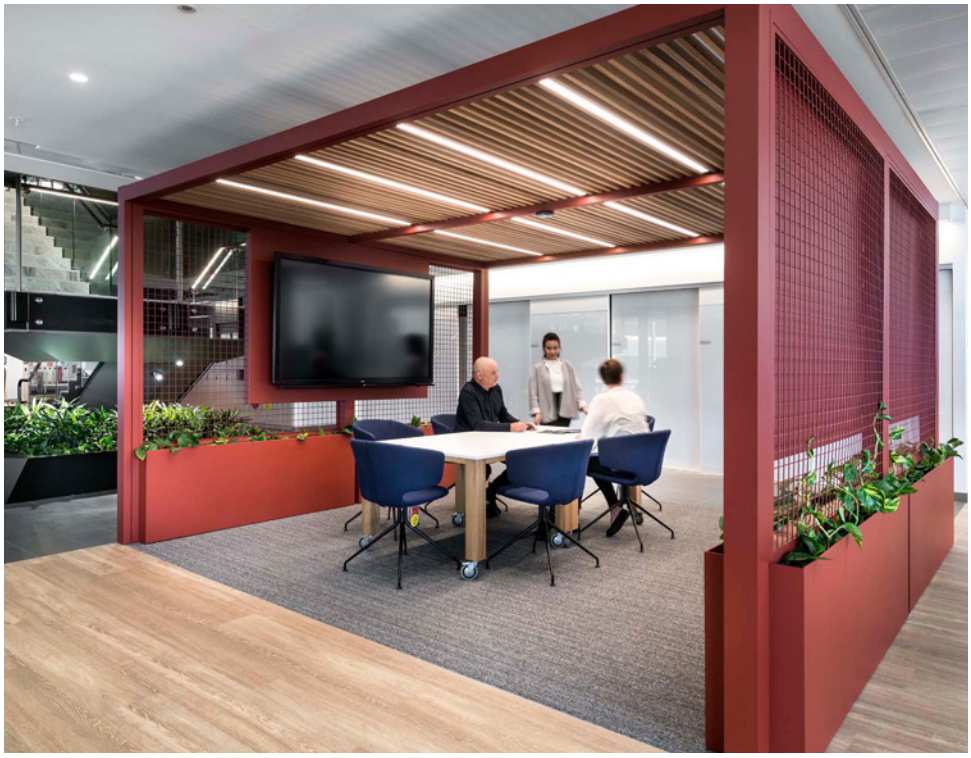
- First Sentier Investors, Barangaroo – 6-star GreenStar rating project, with a focus on acoustic design with an acoustic pod ceiling, perforated wall paneling and timber battened feature ceilings. The architect's design intent was met whilst eliminating non-compliant materials and adding cost effective redesign options



3. Industry Overview

- Westpac, Perth - 6-star GreenStar rating project spanning three levels in Perth's CBD. Involving a high level of involvement from SHAPE to identify cost effective redesign options whilst collaborating with the design partner. To achieve the 6-star Green Star rating, SHAPE engaged a third party Green Star and commissioning agent to assist with the process.





Section 4

FINANCIAL INFORMATION

4. Financial Information

4.1 INTRODUCTION

The financial information included in this Section (Section 4) includes

- Statutory Historical Financial Information for SHAPE Australia Holdings Pty Ltd (**SHAPE Australia Holdings**) and its controlled entities (together with SHAPE Australia Holdings, **SHAPE**), comprising:
  - Audited statutory historical consolidated statements of profit and loss for the three financial years ended 30 June 2019 (**FY19**), 30 June 2020 (**FY20**) and 30 June 2021 (**FY21**) (**Statutory Historical Income Statements**);
  - Audited statutory historical consolidated statements of cash flows for FY19, FY20 and FY21 (**Statutory Historical Cash Flows**); and
  - Audited statutory historical consolidated statement of financial position as at 30 June 2021 (**Statutory Historical Statement of Financial Position**),

(collectively, **Statutory Historical Financial Information**).

- Pro forma Historical Financial Information for the Company comprising:
  - Pro forma historical consolidated statements of profit and loss for FY19, FY20 and FY21 (**Pro Forma Historical Income Statements**);
  - Pro forma historical consolidated statements of cash flows for FY19, FY20 and FY21 (**Pro Forma Historical Cash Flows**); and
  - Pro forma statutory historical consolidated statement of financial position as at 30 June 2021 (**Pro Forma Historical Statement of Financial Position**),

(collectively, **Pro Forma Historical Financial Information**).

The Statutory Historical Financial Information and Pro Forma Historical Financial Information together form the **Financial Information.**

The Financial Information has been reviewed by PricewaterhouseCoopers Securities Ltd whose Independent Limited Assurance Report is contained in Section 5. Prospective investors should note the scope and limitations of the Independent Limited Assurance Report on the Financial Information.

In addition, Section 4 includes:

- the basis of preparation and presentation of the Financial Information, including the application of new accounting standards to the Financial Information and areas of critical judgements and estimates (see Section 4.2). Section 11 also contains a discussion of the Company's significant accounting policies;
- an explanation of certain non–International Financial Reporting Standards (non-IFRS) financial measures in the context in which they are presented in Section 4 (see Section 4.2);
- pro forma adjustments to the Statutory Historical Financial Information (see Section 4.3, Section 4.4 and Section 4.7);
- a presentation of key operating metrics (see Section 4.4);
- information regarding SHAPE's Liquidity, Indebtedness and Financing Arrangements (see Section 4.6);
- management discussions and analysis of the Pro Forma Historical Financial Information (see Section 4.8);
- overview of the impact of COVID-19 on SHAPE (see Section 4.8); and
- the Company's proposed dividend policy (see Section 4.9).

Unless otherwise indicated, all amounts disclosed in this Section are presented in Australian dollars (which is the Company's functional and presentation currency for statutory financial reporting purposes) and are rounded to the nearest thousand dollars. Any discrepancies between totals and the sum of components in tables, figures and diagrams contained in this Prospectus are due to rounding.

The information in this Section should be read in conjunction with the Company Overview set out in Section 2, the key risk factors set out in Section 6, the Company's significant accounting policies set out in Section 11 and critical areas of accounting estimates and judgements set out in Section 4.10 and other information contained in this Prospectus.

As a prospective investor, you should be aware that past performance is not necessarily a guide as to future performance.

4.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

(A) OVERVIEW

The Directors are responsible for the presentation and preparation of the Financial Information.

The Financial Information contained in this Prospectus is intended to assist prospective investors with their understanding of the statutory and pro forma historical financial performance, cash flows and financial position of SHAPE.

The Statutory Historical Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) adopted by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board and SHAPE's accounting policies (see Section 11).

The Pro forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles of AAS other than it includes certain adjustments which have been prepared in a manner consistent with AAS, that reflect (a) the exclusion of certain transactions and events that occurred in the relevant periods and (b) the impact of certain transactions and events as if they had occurred on or before 30 June 2021.

The Financial Information has been reviewed by PricewaterhouseCoopers Securities Ltd in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, whose Independent Limited Assurance Report is contained in Section 5.

The Financial Information is presented in an abbreviated form, and it does not include all of the presentation and disclosures, statements or comparative information required by **AAS** and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Given the impact of COVID-19 on SHAPE to date and with Sydney and Melbourne only recently emerging from extended lockdown periods, the impact on the markets in which SHAPE operates and the time of any potential recovery are uncertain. As a result, the Directors, having also considered the matters set out in *ASIC Regulatory Guide 170: Prospective Financial Information*, do not believe that there are reasonable grounds to provide a forecast of the future earnings the Company in this Prospectus. The Financial Information in this section includes certain non-IFRS measures that SHAPE uses to manage and report on its business that are not recognised under AAS or IFRS, as described in Section 4.2 (c).

The Company's Directors have made enquiries and nothing has come to their attention to suggest that the Group is not continuing to earn profit from continuing operations up to the date of this Prospectus.

(B) RESTRUCTURE

SHAPE Australia Corporation Limited is a newly incorporated company. In preparation for the listing of SHAPE Australia Corporation Limited on the Australian Securities Exchange, SHAPE Australia Corporation Limited will acquire the entire issued share capital of SHAPE Australia Holdings Pty Ltd (ACN 008 656 264) in consideration for fully-paid ordinary shares in the Company (the Restructure), upon completion of the IPO. This results in SHAPE Australia Corporation Limited becoming the legal parent of the Group, conditional on the IPO completing.

The Directors elected to account for the Restructure as a capital reorganisation rather than a business combination. In the Directors' judgement, the continuation of the existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to IPO and most appropriately reflects the substance of the internal restructure.

As such, the consolidated financial statements of the new Group have been presented as a continuation of the pre-existing accounting values in the SHAPE Australia Holdings Pty Ltd financial statements.

The Directors believe that this presentation is consistent with that of other similar IPO transactions in the Australian market. An IASB project on accounting for common control transactions is likely to address such restructures in the future. If any changes are made and are required to be applied retrospectively, there remains the risk that the accounting treatment may need to be amended from that currently adopted. Acquisition accounting would require identifiable assets and liabilities to be fair valued by SHAPE Australia Corporation Limited at the acquisition date in accordance with AASB 3 Business Combinations.

(C) PREPARATION OF THE FINANCIAL INFORMATION

The Financial Information presented in the prospectus has been prepared by SHAPE Australian Corporation Limited and includes certain pro forma adjustments, as discussed in detail later in this section.

i. Statutory Historical Financial Information

Pending completion of the Restructure, SHAPE Australia Holdings is the holding company of SHAPE. The Statutory Historical Financial Information for FY20 and FY21 has been extracted from the audited general purpose financial statements for the consolidated SHAPE Australia Holdings group for FY21, which was audited by ShineWing Australia. The Statutory Historical Financial Information for FY19 has been extracted from the audited general purpose financial statements for the consolidated SHAPE Australia Holdings group for FY19, which was audited by ShineWing Australia. ShineWing Australia have issued unqualified audit opinions on each of these financial statements.

ii. Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared for the sole purpose of inclusion in this Prospectus and does not reflect the actual financial results and cash flows of SHAPE Australia Holdings for the periods indicated. The Directors of the Company believe that it provides useful information as it permits investors to examine what the Company considers to be the underlying financial performance and cash flows of the Group, presented on a consistent basis across FY19, FY20 and FY21.

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information outlined above, adjusted for the effects of certain pro forma adjustments made in the income statements and cash flow statements to reflect the following:

- estimated impact of a change in accounting estimate in relation to the revenue and margin recognised at each stage of project completion, in each of FY19, FY20 and FY21. The change in estimate was implemented from 1 July 2021;
- estimated impact on FY19 had AASB16 been adopted by SHAPE in that financial year;
- adjustment of the cost of the current LTIP program introduced in FY20, such that the share based payments expenses initially recorded in FY20 are spread across FY19 and FY20;
- inclusion of estimated incremental public company costs of approximately $1.1m;
- removal of third party transaction costs relating to previous liquidity events;
- add back the one-off costs associated with the redundancy program instigated as a result of COVID-19;
- adjustment to remove the impact of both the recording of an additional provision for workers compensation in FY20 ($0.5m) in respect of a potential change in workers classification in NSW and its subsequent reversal in FY21 when it was determined that it was not required; and
- the pro forma tax impact of the above adjustments has been determined using the Australian corporate income tax rate.

The transaction costs relating to the Offers have not been included as a pro forma adjustment to the Statutory Historical Financial Information as these will be incurred in FY22.

A reconciliation of the Pro Forma Historical Income Statements to the Statutory Historical Income Statements, including explanations of these adjustments, is set out in Section 4.3, whilst a reconciliation of the Pro Forma Historical Cash Flows to the Statutory Historical Cash Flows, including explanations of these adjustments, is set out in Section 4.7.

The Pro Forma Historical Statement of Financial Position has been derived from the Statutory Historical Statement of Financial Position at 30 June 2021, and is adjusted to reflect:

- the impact of the Offer;
- the estimated impact of a change in accounting estimate in relation to the revenue and margin recognised at each stage of project completion, effective from 1 July 2021, on the balance sheet at 30 June 20211; and
- pro forma tax impacts of the above adjustments.

iii. Treatment of AASB 16 Leases in the Financial Information

SHAPE adopted AASB 16 in its statutory financial statements from 1 July 2019. AASB 16 replaces AASB 117 Leases and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. In accordance with the transition requirements of AASB 16, SHAPE has elected to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect, if any, of initially applying the new standard recognised as an adjustment to opening retained earnings at the date of initial application (i.e. at 1 July 2019). Accordingly, comparative information for FY19 has not been restated.

The following approach has been taken in relation to the treatment of AASB 16 Leases in the Financial Information:

- Statutory Historical Income Statements and Statutory Historical Cash Flows for FY19, FY20 and FY21 reflect the adoption of AASB 15;
- Statutory Historical Income Statements and Statutory Historical Cash Flows for FY20 and FY21 reflect the adoption of AASB 16; and
- Pro forma Historical Income Statements and Pro forma Historical Cash Flows for FY19, FY20 and FY21 reflect the application of AASB 15 and AASB 16 consistently across all periods.

(D) EXPLANATION OF CERTAIN NON IFRS FINANCIAL INFORMATION

SHAPE uses certain measures to manage and report on its business that are not recognised under AAS. These measures are collectively referred to as 'non-IFRS financial measures', consistent with their meaning under the Australian Securities and Investments Commission's (ASIC) Regulatory Guide 230 Disclosing non-IFRS financial information.

SHAPE believes that these non-IFRS measures provide useful information about its financial and operating performance because they provide management with an ability to analyse and understand key underlying drivers of financial performance and trends therein relative to budgets and SHAPE's strategic objectives. However, they should be considered as supplements to the statutory income statement measures that have been presented in accordance with AAS and not as a replacement for them. Investors should note that these non-IFRS measures are not defined by AAS, and the way that SHAPE calculates them may differ from the same or similarly titled measures used by other companies. Accordingly, investors should not place undue reliance on these non-IFRS measures.

The principal non-IFRS measures referred to in this Prospectus include the following:

- EBITDA before significant items which means earnings before interest, taxation, depreciation and amortisation, and those significant items discussed in note 6 of table 4.1;
- EBITDA before significant items margin means EBITDA before significant items as a percentage of revenue;
- EBITDA after significant items or EBITDA means earnings before interest, taxation, depreciation and amortisation;
- EBITDA after significant items or EBITDA margin means EBITDA after significant items as a percentage of revenue;
- PBT which means profit before tax;
- PBT margin means PBT as a percentage of revenue;
- Gross margin means revenue less construction costs, as a percentage of revenue;
- Employee benefits ratio means employee benefits expense as a percentage of revenue;
- Rent, rates and outgoings ratio means rent, rates and outgoings expense as a percentage of revenue;
- Other expenses ratio means other expenses as a percentage of revenue;
- Operating cash flow before interest, financing and taxation is net operating cash flow before financing activities, interest income, tax paid and capital expenditure;
- Free cash flow before interest, financing and taxation is net operating cash flow before financing activities, interest income, tax paid less capital expenditure; and
- Net cash flow before corporate financing is net operating cash flow before corporate financing activities defined as equity raisings.

4.3 HISTORICAL INCOME STATEMENTS

(A) PRO FORMA INCOME STATEMENTS

Table 4.1 sets out a summary of the Pro forma Income Statements of the Group for FY19, FY20 and FY21. The Pro forma Historical Income Statements are reconciled to the Statutory Historical Income Statements in Section 4.3 (c).

TABLE 4.1: PRO FORMA INCOME STATEMENTS

$'000	FY19	FY20	FY21	NOTES
Revenue	661,717	748,208	557,212	1
Construction costs	(594,306)	(678,961)	(514,773)	2, 8
Employee benefits	(25,563)	(26,726)	(23,835)	3, 8
Rent, rates and outgoings	(2,656)	(2,483)	(2,006)	4
Other expenses	(9,426)	(10,503)	(9,175)	5
EBITDA before significant items	**29,765**	**29,534**	**7,423**	**6**
Significant items	(1,531)	(3,431)	(1,515)	7
EBITDA after significant items	**28,234**	**26,103**	**5,908**	
Depreciation and amortisation	(3,638)	(3,901)	(3,630)	
Net interest income	1,340	869	737	
Profit before income tax	**25,936**	**23,071**	**3,015**	
Income tax expense	(7,999)	(7,200)	(1,078)	
Net profit after tax	**17,938**	**15,871**	**1,937**	

Notes:

1. **Revenue** is predominantly derived from contracts in connection with the construction, fit-out and refurbishment projects for customers across Australia.
2. **Construction costs** comprise direct costs incurred in relation to the development and delivery of projects, including subcontractor costs and the cost of employees specifically involved in project construction.
3. **Employee benefits** include employee expenses for all employees not specifically involved in project construction, including salaries, super, bonuses and taxes, as well as share based payments expenses.
4. **Rent, rates and outgoings** comprise of property outgoings, electricity, cleaning, parking, repair and maintenance and storage costs.
5. **Other expenses** include communication costs such as telephone and internet expenses as well as insurance, audit, professional and other consultancy fees, HR, stationary and other administration expenses.
6. **EBITDA before significant items:** represents EBITDA prior to the significant items noted below.
7. **Significant items** represent the legal costs and write-down of the work-in-progress associated with a legal dispute with a customer, as well as the legal costs and a settlement amount paid in in respect of a dispute with a liquidator of a former SHAPE subcontractor.
8. **Employee incentives:** No pro forma adjustment has been made to employee incentives for any potential impact that the change in estimate for the timing of revenue recognition and project margin may have had on the actual employee incentive amounts paid in those periods. Construction costs and Employee benefits include total short term and long term employee incentive expenses and related on-costs (excluding project specific incentives) of $6.1m, $6.7m and $4.5m in FY19, FY20 and FY21 respectively. See section 4.8 for further discussion on employee incentives.

(B) STATUTORY INCOME STATEMENTS

Table 4.2 sets out a summary of the Statutory Income Statements of SHAPE for FY19, FY20 and FY21.

TABLE 4.2: STATUTORY HISTORICAL INCOME STATEMENTS

$'000	FY19	FY20	FY21	NOTES
Revenue	651,090	747,909	571,575	1
Construction costs	(595,237)	(681,769)	(515,789)	2
Employee benefits	(24,703)	(28,458)	(24,078)	3
Rent, rates and outgoings	(5,043)	(2,483)	(2,006)	4
Other expenses	(8,631)	(10,649)	(8,895)	5
EBITDA	**17,476**	**24,550**	**20,807**	
Depreciation and amortisation	(1,551)	(3,901)	(3,630)	
Net interest income	1,856	869	737	
Profit before income tax	**17,781**	**21,518**	**17,914**	
Income tax expense	(5,552)	(6,734)	(5,548)	
Net profit after tax	**12,229**	**14,784**	**12,366**	

Notes:

1. **Revenue** is predominantly derived from contracts in connection with the construction, fit-out and refurbishment projects for customers across Australia.
2. **Construction costs** comprise direct costs incurred in relation to the development and delivery of projects, including subcontractor costs and the cost of employees specifically involved in the project construction.
3. **Employee benefits** include employee expenses for all employees not specifically involved in project construction, including salaries, super, bonuses and taxes, as well as share based payments expenses.
4. **Rent, rates and outgoings** comprise of property outgoings, electricity, cleaning, parking, repair and maintenance and storage costs.
5. **Other expenses** include communication costs such as telephone and internet expenses as well as insurance, audit, professional.

(C) RECONCILIATION BETWEEN PRO FORMA INCOME STATEMENTS AND STATUTORY INCOME STATEMENTS

Table 4.3 below sets out the reconciliation of revenue from the Statutory Income Statements to the Pro forma Income Statements.

TABLE 4.3: PRO FORMA REVENUE ADJUSTMENTS TO THE STATUTORY INCOME STATEMENTS

$'000	FY19	FY20	FY21	NOTES
Statutory revenue	651,090	747,909	571,575	
Pro forma adjustments				
Revised revenue recognition accounting estimate	10,627	299	(14,363)	1
Pro forma revenue	**661,717**	**748,208**	**557,212**	

Notes:

1. Refer to Note 1 of Table 4.4.

4. Financial Information

Table 4.4 below sets out the reconciliation of EBITDA from the Statutory Income Statements to the Pro forma Income Statements.

TABLE 4.4: PRO FORMA EBITDA ADJUSTMENTS TO THE STATUTORY INCOME STATEMENTS

$'000	FY19	FY20	FY21	NOTES
Statutory EBITDA	17,476	24,550	20,807	
Pro forma adjustments				
Revised revenue recognition accounting estimate	10,627	299	(14,363)	1
Impact of AASB 16	2,387	–	–	2
Implementation of the current LTIP	(1,183)	986	–	3
Incremental listed company costs	(1,072)	(1,153)	(1,103)	4
Transaction costs related to previous liquidity events	–	185	930	5
COVID-19 related redundancies	–	706	166	6
Workers compensation provision	–	530	(530)	7
Total proforma adjustments	**10,758**	**1,553**	**(14,899)**	
Significant items	1,531	3,431	1,515	8
Pro forma EBITDA before significant items	**29,765**	**29,534**	**7,423**	

Notes:

1. **Revised revenue recognition accounting estimate:** reflects the estimated impact of a change in accounting estimate in relation to the revenue and margin recognised at each stage of project completion, in each of FY19, FY20 and FY21. The change in estimate was implemented from 1 July 2021. Refer to the Critical Accounting Estimates and Judgments in Section 4.10 and Summary of Significant Accounting Policies in Section 11 for further details of the Company's revenue recognition accounting policy.
2. **Impact of AASB 16:** SHAPE adopted AASB 16 in FY20 and hence the Statutory Historical Information in both FY20 and FY21 reflect the application of AASB 16. This adjustment reflects the estimated impact on FY19 had AASB 16 been adopted in that financial year.
3. **Implementation of the current LTIP:** A new incentive plan focused on long-term value creation was implemented for senior management in FY20. Under this scheme, a tranche of share rights are granted to eligible employees on an annual basis and (subject to performance) vest over 3 years. At the point of implementation in FY20, costs were incurred commensurate with the full vesting of the FY20 tranche (i.e.100% of the FY20 tranche), 50% of the FY21 tranche, and 33% of the FY22 tranche.
   As a result, the expense in FY20 was significantly in excess of the ongoing annual expense. The pro forma adjustment reduces the cost of the current LTIP program introduced in FY20, such that the share based payments expenses initially recorded in FY20 are spread across FY18, FY19 and FY20 effectively.
4. **Incremental listed company costs:** Reflects the increase in corporate costs expected to arise as a consequence of the Company becoming an ASX-listed company. The increase in costs principally relate to an expected increase in Directors and Officers insurance, additional audit and adviser costs, incremental finance and investor relations staffing requirements, registry fees, and ASX listing costs.
5. **Transaction costs related to previous liquidity events:** adds back the third party advisor fees and other transaction costs incurred in relation to previously aborted liquidity events.
6. **COVID-19 related redundancies:** reversal of the one-off redundancy costs associated with the employee redundancy program instigated as a result of the impacts of COVID-19 on SHAPE.
7. **Workers compensation provision:** adjustment to reverse the impact of both the initial recognition (in FY20) and the subsequent release (in FY21) of a provision raised in connection with possible changes to worker classifications under the workers compensation scheme. Subsequent to year end it was determined that no changes were required.
8. **Significant items:** represents the costs associated with the following:
   a. **Customer legal dispute:** add back of the legal costs and write-down of the work-in-progress balances associated with a material legal dispute.
   b. **Liquidated subcontractor settlement:** add back of the legal costs and settlement amount paid in respect of a legal dispute with the liquidator of a former SHAPE subcontractor. This subcontractor went into liquidation in FY12.

Table 4.5 below sets out the reconciliation of NPAT from the Statutory Income Statements to the Pro forma Income Statements.

TABLE 4.5: PRO FORMA NPAT ADJUSTMENTS TO THE STATUTORY INCOME STATEMENTS

$'000	FY19	FY20	FY21	NOTES
Statutory NPAT	12,229	14,784	12,366	
Pro forma adjustments				
Revised revenue recognition accounting estimate	10,627	299	(14,363)	1
Impact of AASB 16	(217)	–	–	2
Implementation of the current LTIP	(1,183)	986	–	3
Incremental listed company costs	(1,072)	(1,153)	(1,103)	4
Transaction costs related to previous liquidity events	–	185	930	5
COVID-19 related redundancies	–	706	166	6
Workers compensation provision	–	530	(530)	7
Tax impact of pro forma adjustments	(2,447)	(466)	4,470	8
Total proforma adjustments	**5,709**	**1,087**	**(10,429)**	
Pro forma NPAT	**17,938**	**15,871**	**1,937**	

Notes:

1- 7. Please refer to the notes to Table 4.4.

8. **Tax impact of pro forma adjustments:** The pro forma tax impact of the pro forma adjustments identified above has been determined using the Australian corporate income tax rate (30%).

4.4 KEY OPERATING METRICS

Table 4.6 below sets out key operating metrics of the Group for FY19 to FY21 on a pro forma basis.

TABLE 4.6: KEY OPERATING METRICS

KEY OPERATING METRICS	FY19	FY20	FY21
Revenue growth	n.q.	13.1%	(25.5)%
Gross margin (%)	10.2%	9.3%	7.6%
Operating expenses ratio (as % of revenue)			
Employee benefits	(3.9)%	(3.6)%	(4.3)%
Rent, rates and outgoings	(0.4)%	(0.3)%	(0.4)%
Other expenses	(1.4)%	(1.4)%	(1.6)%
EBITDA margin % before significant items	4.5%	3.9%	1.3%
EBITDA margin % after significant items	4.3%	3.5%	1.1%
PBT margin %	3.9%	3.1%	0.5%
Employee benefits, of which:			
Salaries, bonuses and other on-costs	(24,380)	(25,472)	(24,148)
Share based payments	(1,183)	(1,255)	313
Total employee benefits	**(25,563)**	**(26,726)**	**(23,835)**
Pro forma EBITDA before significant items	**29,765**	**29,534**	**7,423**
Pre-AASB 16 rent expense	(2,387)	(2,475)	(2,565)
Pre-AASB 16 pro forma EBITDA before significant items	**27,378**	**27,059**	**4,858**

4.5 HISTORICAL STATEMENT OF FINANCIAL POSITION

(A) STATUTORY HISTORICAL STATEMENT OF FINANCIAL POSITION AND PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

The table below summarises the Statutory Historical Statement of Financial Position as at 30 June 2021, as well as the pro forma adjustments that have been made to calculate the Pro forma Historical Statement of Financial Position at 30 June 2021.

The Pro forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the views of the Company or the Directors as to the future financial position the Company upon Completion or at a future date.

TABLE 4.7: STATUTORY HISTORICAL STATEMENT OF FINANCIAL POSITION AND PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

$'000	STATUTORY 30 JUN 2021	IMPACT OF THE OFFER (NOTE 1)	REVISED REVENUE RECOGNITION ACCOUNTING ESTIMATE (NOTE 2)	PRO FORMA 30 JUN 2021
Assets				
Cash and cash equivalent	115,147	(170)	–	114,977
Trade and other receivables	53,968	–	–	53,968
Other assets	3,253	–	–	3,253
Finance lease receivable	497	–	–	497
Total current assets	**172,865**	**(170)**	**–**	**172,695**
Plant and equipment, intangible assets	6,367	–	–	6,367
Deferred tax assets	4,897	521	–	5,418
Investment in associate	98	–	–	98
Finance lease receivable	647	–	–	647
Total non-current assets	**12,009**	**521**	**–**	**12,530**
Total assets	**184,874**	**351**	**–**	**185,225**
Liabilities				
Trade and other payables	(131,290)	–	6,335	(124,955)
Current tax liability	(541)	407	(1,900)	(2,034)
Provisions	(19,512)	–	–	(19,512)
Lease liabilities	(2,255)	–	–	(2,255)
Total current liabilities	**(153,598)**	**407**	**4,434**	**(148,756)**
Trade and other payables	(7,417)	–	–	(7,417)
Provisions	(2,237)	–	–	(2,237)
Lease liabilities	(3,177)	–	–	(3,177)
Total non-current liabilities	**(12,831)**	**–**	**–**	**(12,831)**
Total liabilities	**(166,429)**	**407**	**4,434**	**(161,587)**
Issued capital	9,477	2,924	–	12,401
Reserves	(2,409)	–	–	(2,409)
Retained earnings	11,377	(2,166)	4,434	13,645
Total equity	**18,445**	**758**	**4,434**	**23,637**

Notes:

1. **Impact of the Offers:** Gross proceeds from the Offers are expected to be $2.0m. Total costs of the Offers are estimated to be $2.2m ($1.5m after tax) and largely relate to third party advisor fees and ASX listing costs. Total costs of the Offers will be expensed to the income statement reducing retained earnings by the after tax cost of $1.5m.

   Additionally, the grant by the Company of 471,500 shares to existing employees in conjunction with the Offers (refer Section 10.3 for further details), is expected to generate an additional $0.9m of issued capital and a $0.9m expense to the income statement (after tax impact of $0.6m recognised in retained earnings).

   Costs in relation to the employee share grant and part of the costs of the Offers are expected to be deductible for tax purposes in FY22, resulting in a reduction in the current tax liability of $0.4m, with a deferred tax asset of $0.5 million recognised in respect of the future income tax benefit of the costs of the Offers expected to be deductible for tax purposes post FY22.

2. **Revised revenue recognition accounting estimate:** reflects the estimated impact of a change in accounting estimate in relation to the revenue and margin recognised at each stage of project completion. The change in estimate was implemented from 1 July 2021. The pro forma adjustment illustrates the impact on the Statutory Historical Statement of Financial Position at 30 June 2021 as if the revised estimate had been in place at that date, resulting in a reduction in unearned income (presented for statutory purposes within Accounts Payable), due to additional revenue being recognised compared to the Statutory Historical Statement of Financial Position at 30 June 2021. Refer to the Critical Accounting Estimates and Judgments in Section 4.10 and Summary of Significant Accounting Policies in Section 11 for further details of the Company's revenue recognition accounting policy.

4.6 LIQUIDITY, INDEBTEDNESS AND FINANCING ARRANGEMENTS

The table below sets out the liquidity and indebtedness of the Group as at 30 June 2021 on a statutory and pro forma basis, at Completion.

TABLE 4.8: INDEBTEDNESS AND LIQUIDITY AS AT 30 JUNE 2021

$'000	STATUTORY 30 JUN 2021	PRO FORMA 30 JUN 2021	NOTES
Cash and cash equivalent	115,147	114,977	1, 2
Borrowings	–	–	
Total net cash (pre AASB 16)	**115,147**	**114,977**	
Lease liabilities	(5,432)	(5,432)	
Total net cash after lease liabilities (post AASB 16)	**109,715**	**109,545**	

Notes:

1. **Restricted cash:** As at 30 June 2021 $3.4m of cash was restricted, primarily under the New South Wales Building and Construction Security of Payment Amendment (Retention Money Trust Account) Regulation 2015 which requires all retention money held by a head contractor under a construction contract with a project value over $20 million to be held in a trust account.
2. **Short term bank deposits:** As at 30 June 2021 $45.5m of cash was held in short term bank deposits.

In addition, the Company has one banking facility for bank guarantees and two facilities for surety bond purposes. These guarantees and surety bonds can be called upon in the event of a failure by the Company to meet its contractual obligations and are therefore reflected as contingent liabilities. As at 30 June 2021, SHAPE had issued approximately $25m and $17m in relation to bank guarantees and surety bonds respectively. As at 30 June 2021 SHAPE was required to hold $0.2m of bank deposits against bank guarantees. To date, SHAPE has not had prior history of a bank guarantee and/or surety bond being called upon.

Following Completion of the Offer, SHAPE's principal sources of funding are expected to be cash flow generated from operations and available cash on the balance sheet. SHAPE expects that it will have sufficient cash to fund its operational requirements and will have sufficient working capital to meet its business objectives for the next 12 months.

4.7 HISTORICAL CASH FLOW STATEMENTS

(A) PRO FORMA HISTORICAL CASH FLOWS

The table below presents the summarised Pro forma Historical Cash Flows of the Group for FY19, FY20 and FY21. The Pro forma Historical Cash Flows are reconciled to the Statutory Historical Cash Flows in Section 4.7 (c).

TABLE 4.9: PRO FORMA HISTORICAL CASH FLOWS

$'000	FY19	FY20	FY21	NOTES
EBITDA before significant items	29,765	29,534	7,423	
Non-cash items	1,183	1,255	(313)	1
Change in net working capital	9,569	(11,513)	1,846	2
Net rent payments	(2,387)	(2,073)	(2,283)	
Cash generated from operations	**38,131**	**17,203**	**6,673**	
Capital expenditure	(1,214)	(758)	(1,231)	3
Free cashflow pre interest, tax and financing	**36,917**	**16,445**	**5,442**	
Net interest received	1,812	1,473	416	
Tax paid	(9,810)	(9,581)	(3,473)	
Net cash flow before financing activity	**28,919**	**8,337**	**2,385**	
Significant items (tax effected)	(471)	(63)	(875)	
Net cash flow before financing activity after significant items	**28,448**	**8,274**	**1,510**	
Cash generated from operations conversion	128%	58%	90%	
Free cashflow pre interest, tax and financing conversion	124%	56%	73%	

Notes:

1. **Non-cash items** include share based payments expenses.
2. **Key drivers of working capital** for SHAPE are summarised in Section 4.8.1 (e).
3. **Capital expenditure** primarily comprise the purchase of conferencing equipment (including IT equipment such as laptops and phones) and SHAPE's own office fit-outs.

(B) STATUTORY HISTORICAL CASH FLOWS

The table below presents the summarised Statutory Historical Cash Flows of SHAPE for FY19, FY20 and FY21.

TABLE 4.10: STATUTORY HISTORICAL CASH FLOWS

$'000	FY19	FY20	FY21	NOTES
EBITDA	17,476	24,550	20,807	
Non-cash items	–	2,241	(313)	1
Change in net working capital	20,796	(7,762)	(13,445)	2
Net rent payments	–	(2,073)	(2,283)	3
Cash generated from operations	**38,272**	**16,956**	**4,766**	
Capital expenditure	(1,214)	(758)	(1,231)	4
Free cashflow pre interest, tax and financing	**37,058**	**16,198**	**3,535**	
Net interest received	1,812	1,473	416	
Tax paid	(6,123)	(8,086)	(7,488)	
Net cash flow before financing activity	**32,747**	**9,585**	**(3,537)**	
Payment to acquire shares in associates	–	–	(49)	
Net shareholder loan payments	(16)	253	–	
Dividends paid	(9,350)	(11,382)	(12,459)	
Proceeds from share issue	450	–	–	5
Repurchase of issued capital	–	(2,718)	(1,960)	5
Net cash flows	**23,831**	**(4,262)**	**(18,005)**	

Notes:

1. **Non-cash items** include share based payments expenses.
2. **Key drivers of working capital** for SHAPE are summarised in Section 4.8.1.
3. **Net rent payments** have been reclassified from cash flows from financing activities into cash generated from operations.
4. **Capital expenditure** primarily comprise the purchase of conferencing equipment (including IT equipment such as laptops and phones) and SHAPE's own office fit-outs.
5. **Proceeds from share issue and repurchase of issued capital** are related to the new share issuance and share buyback associated with the employee share scheme for SHAPE's employees.

(C) RECONCILIATION BETWEEN PRO FORMA HISTORICAL CASH FLOWS AND STATUTORY HISTORICAL CASH FLOWS

Table below sets out the reconciliation of the Statutory Historical Cash Flows to the Pro forma Historical Cash Flows.

TABLE 4.11: PRO FORMA ADJUSTMENTS TO STATUTORY HISTORICAL CASH FLOWS

$'000	FY19	FY20	FY21	NOTES
Statutory net cash flow before financing activity	32,747	9,585	(3,537)	
Pro forma adjustments				
Revised revenue recognition accounting estimate	–	–	–	1
Impact of AASB 16	–	–	–	2
Implementation of the current LTIP	–	–	–	3
Incremental listed company costs	(1,072)	(1,153)	(1,103)	4
Transaction costs related to previous liquidity events	–	185	930	5
COVID-19 related redundancies	–	123	750	6
Workers compensation provision	–	–	–	7
Tax impact of pro forma adjustments	(3,227)	(466)	4,470	8
Total cash impact of pro forma adjustments	**(4,299)**	**(1,311)**	**5,047**	
Cash effect of significant items after tax	471	63	875	9
Pro forma net cash flow before financing activity and significant items	**28,919**	**8,337**	**2,385**	

Notes:

1. **Revised revenue recognition accounting estimate:** Nil cash flow impact associated with the pro forma income statement adjustment for the change in accounting estimate in relation to the revenue and margin recognised at each stage of project completion, as the pro forma income statements impact is offset by a corresponding impact to the movement in net working capital.
2. **Impact of AASB 16:** Nil cash flow impact of the estimated impact on the FY19 income statement had AASB 16 been adopted in that financial year, as AASB16 has no cash impact.
3. **Implementation of the current LTIP:** Nil cash flow impact of the income statement adjustment set out at Note 3 to Table 4.4 as share based payments expenses are non-cash items.
4. Reflects the cash impact of the income statement adjustments set out in Table 4.4.
5. Reflects the cash impact of the income statement adjustments set out in Table 4.4.
6. Reflects the cash impact of the income statement adjustments set out in Table 4.4.
7. **Workers compensation provision:** Nil cash flow impact of the adjustment set out at Note 7 to Table 4.4.
8. **Tax impact of pro forma adjustments:** A pro forma cash flow adjustment has been raised which reflects a 30% tax effect for each of the PBT pro forma income statements adjustments.
9. **Significant items:** represents the after tax net cashflow impact associated with the following:
   a. **Customer legal dispute:** Reflects the cash impact of the income statement adjustments set out in Table 4.4
   b. **Liquidated subcontractor settlement:** Reflects the cash impact of the income statement adjustments set out in Table 4.4

4.8 MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION

4.8.1 GENERAL FACTORS AFFECTING OPERATING RESULTS, INCLUDING KEY OPERATING METRICS

This section sets out management's discussion of the significant factors that have driven SHAPE's operating and financial performance and cash flows in FY19, FY20 and FY21. This discussion is based on the Pro forma Historical Financial Information. Investors should also refer to Section 4.4 for the key operating metrics. The discussion of these general factors is intended to provide a brief summary and does not detail all factors that affected or are assumed to affect SHAPE's historical operating and financial performance, nor everything that may affect the Company's operating and financial performance in the future.

(a) Revenue

Revenue is primarily generated by SHAPE in their role as head contractor and construction manager on construction, fit-out and refurbishment projects for customers across Australia. SHAPE recognises revenue and margin over the life of projects based on the estimated stage of completion, which is determined based on costs incurred to date as a percentage of total estimated project costs.

The key drivers of SHAPE's revenue include:

- Total number of projects undertaken; and
- Average value of projects undertaken

SHAPE has longstanding relationships with its clients which result in repeat work. Approximately 80% of the total revenue in FY21 was derived from repeat customers. SHAPE utilises a variety of delivery models (including Construct Only, Design and Construct (D&C), Early Contractor Involvement (ECI), Managing Contractor (MC).) depending on the nature of the project and specific customer requirements.

Revenue also includes income received from the sub-lease of office space in various states and a management fee received from its minority interest in DLG SHAPE.

(b) Construction costs and Gross Margin

Construction costs comprises labour costs, materials, consumables and subcontractor expenses incurred directly in relation to the delivery of customer projects. As noted, project margins (and construction costs) are recognised based on the estimated stage of completion. The resulting gross margin can vary depending on both the mix of the stage of completion of the projects and the profitability of projects.

(c) Operating expenses

Operating expenses include the following:

- Employee benefits that relate to indirect (non-project specific) staff costs, primarily comprising salaries, payroll tax, superannuation, leave entitlements and bonuses;
- Rent, rates and outgoings, comprising property outgoings, utilities, cleaning, repairs and maintenance and storage costs;
- Other expenses, such as communications, insurance, audit, professional and other consultancy fees, HR, stationary and other administration expenses.

(d) Depreciation and amortisation

Depreciation and amortisation primarily comprises depreciation expenses incurred in respect of short term assets such as IT equipment and furniture as well as amortisation of intangible assets such as IT security licenses, capitalised website and software development costs. In addition, this line item also includes depreciation of the right-of-use asset under AASB 16.

(e) Working capital

Working capital comprises trade and other receivables, trade and other payables and provisions.

(f) Capital expenditure

SHAPE has incurred limited capital expenditure to operate the business in FY19 to FY21. These expenses primarily relate to the purchase of conferencing equipment (including IT equipment such as laptops and phones) and SHAPE's own office fit-outs.

4.8.2 MANAGEMENT DISCUSSION AND ANALYSIS ON THE PRO FORMA HISTORICAL INCOME STATEMENTS AND CASH FLOW STATEMENTS

TABLE 4.12: FY19 TO FY21 PRO FORMA HISTORICAL INCOME STATEMENTS

	PRO FORMA HISTORICAL INCOME STATEMENTS			MOVEMENT (%)	
$'000	**FY19**	**FY20**	**FY21**	**FY19 VS FY20**	**FY20 VS FY21**
Revenue	661,717	748,208	557,212	13.1%	*(25.5)%*
Construction costs	(594,306)	(678,961)	(514,773)	14.2%	*(24.2)%*
Gross margin	**67,411**	**69,247**	**42,439**	**2.7%**	***(38.7)%***
Employee benefits	(25,563)	(26,726)	(23,835)	4.5%	*(10.8)%*
Rent, rates and outgoings	(2,656)	(2,483)	(2,006)	(6.5)%	*(19.2)%*
Other expenses	(9,426)	(10,503)	(9,175)	11.4%	*(12.6)%*
EBITDA before significant items	**29,765**	**29,534**	**7,423**	**(0.8)%**	***(74.9)%***
Significant items	(1,531)	(3,431)	(1,515)	124.2%	*(55.9)%*
EBITDA after significant items	**28,234**	**26,103**	**5,908**	**(7.5)%**	***(77.4)%***
Depreciation and amortisation	(3,638)	(3,901)	(3,630)	7.2%	*(6.9)%*
Net interest income	1,340	869	737	(35.2)%	*(15.2)%*
Profit before income tax	**25,936**	**23,071**	**3,015**	**(11.0)%**	***(86.9)%***
Income tax expense	(7,999)	(7,200)	(1,078)	(10.0)%	*(85.0)%*
Net profit after tax	**17,938**	**15,871**	**1,937**	**(11.5)%**	***(87.8)%***
Key operating metrics					
Revenue growth %	n.a.	13.1%	(25.5)%		
Gross margin %	10.2%	9.3%	7.6%		
EBITDA margin % before significant items	4.5%	3.9%	1.3%		
EBITDA margin % after significant items	4.3%	3.5%	1.1%		
No. of projects	530	555	558		
Average revenue/project (in $'000s)	1,249	1,348	999		
Avg production FTE	271	296	277		
Average revenue/Avg production FTE (in $'000s)	2,442	2,528	2,012		
Avg total FTE	380	423	398		

TABLE 4.13: FY19 TO FY21 PRO FORMA HISTORICAL CASH FLOWS

PRO FORMA HISTORICAL CASH FLOW STATEMENTS - $'000	FY19	FY20	FY21	MOVEMENT (%) FY19 VS FY20	MOVEMENT (%) FY20 VS FY21
EBITDA before significant items	29,765	29,534	7,423	(0.8)%	(74.9)%
Non-cash items	1,183	1,255	(313)	6.0%	(124.9)%
Change in net working capital	9,569	(11,513)	1,846	(220.3)%	(116.0)%
Net rent payments	(2,387)	(2,073)	(2,283)	(13.1)%	10.1%
Cash generated from operations	**38,131**	**17,203**	**6,673**	**(54.9)%**	**(61.2)%**
Capital expenditure	(1,214)	(758)	(1,231)	(37.6)%	62.4%
Free cashflow pre interest, tax and financing	**36,917**	**16,445**	**5,442**	**(55.5)%**	**(66.9)%**
Net interest received	1,812	1,473	416	(18.7)%	(71.7)%
Tax paid	(9,810)	(9,581)	(3,473)	(2.3)%	(63.8)%
Net cash flow before financing activity	**28,919**	**8,337**	**2,385**	**(71.2)%**	**(71.4)%**
Significant items (tax effected)	(471)	(63)	(875)	(86.7)%	1297.1%
Net cash flow before financing activity after significant items	**28,448**	**8,274**	**1,510**	**(70.9)%**	**(81.8)%**
Operating cash flow conversion	128%	58%	90%		
Free cash flow conversion	124%	56%	73%		

(a) FY20 compared to FY19

Income Statement

Revenue increased by $86.5m or 13.1% to $748.2m in FY20, primarily due to an increase in total projects from 530 in FY19 to 555 in FY20 and an increase in the average revenue per project from $1.2m in FY19 to $1.3m in FY20. These increases in FY20 were delivered despite the commencement of the pandemic, which began to impact SHAPE from March 2020 (i.e. impacted Q4 FY20).

Gross margin declined from 10.2% in FY19 to 9.3% in FY20, impacted by the completion of several large and lower than average margin projects in FY20. Employee benefits expenses increased by $1.2m, primarily due to an increase in average FTE of 18. Rent, rates and outgoings and other expenses increased by $0.2m on a combined basis.

Overall, the revenue growth achieved in FY20 was offset by a decrease in gross margin and EBITDA margin, resulting in SHAPE generating EBITDA before significant items of $29.5m in FY20, a $0.3m decrease from FY19.

SHAPE has employee incentive schemes in place which are designed to attract, motivate, retain and reward employee performance. See 4.8.2 (b) for further commentary on incentive plans.

Cash flows

SHAPE has a capital light business model and benefits from a favourable net working capital position as SHAPE typically invoices customers in advance of the work being performed. This resulted in SHAPE generating $38.1m of cashflow from operations in FY19, representing 128% operating cash flow conversion relative to EBITDA before significant items.

Whilst EBITDA before significant items generated in FY20 was broadly consistent with FY19, a slowdown in project activity was experienced in Q4 FY20 as the effects of the coronavirus pandemic began to impact the business. This resulted in the partial unwinding of SHAPE's net working capital position. This resulted in operating cash flow conversion to EBITDA before significant items reducing to 58% in FY20.

(b) FY21 compared to FY20

Income Statement

Revenue fell by 25.5% to $557.2m in FY21 and was impacted by lockdowns and restrictions on access to workplaces, with some projects being delayed or amended. Whilst the total number of active of projects was broadly consistent with FY20 (558 projects in FY21 vs. 555 projects in FY20), average revenue per project reduced from $1.3m in FY20 to $1.0m in FY21.

Gross margins declined by 1.7% to 7.6% in FY21, primarily due to excess capacity in the market created by COVID-19 lockdowns and site access restrictions, as well as additional project costs due to COVID-19 regulations.

Given the impact of COVID-19 (refer (c) below), SHAPE implemented a redundancy program resulting in 27 staff leaving the business in Q4 FY20 and Q1 FY21. This resulted in a $2.9m reduction in employee benefit expenses in FY21. However, the impacts of COVID-19 on both revenue and gross margin were greater than these cost savings, resulting in EBITDA before significant items reducing to $7.4m in FY21.

SHAPE has employee incentive schemes in place which are designed to attract, motivate, retain and reward employee performance. These incentives include project specific incentives, as well as other short term and long term incentives (including those set out in Section 8.4 (g). Achievement of agreed financial targets is a key criteria governing an employee's eligibility for these incentives, with the quantum of incentives payable determined with reference to achievement of both financial and non-financial targets. The quantum of employee incentive expenses reflected in the Financial Information in each financial year are reflective of the actual incentive amounts paid to eligible employees in those financial years, based on SHAPE's actual performance against the applicable financial targets and the accounting policies in place at that time. No pro forma adjustment has been made to employee incentives for any potential impact that the change in estimate for the timing of revenue recognition and project margin may have had on the actual employee incentive amounts paid in those periods. Construction costs and Employee benefits include total short term and long term employee incentive expenses and related on-costs (excluding project specific incentives) of $6.1m, $6.7m and $4.5m in FY19, FY20 and FY21 respectively.

Cashflows

Operating cash flows in FY21 decreased from FY20 primarily due to reduction in EBITDA before significant items, with operating cash flow conversion to EBITDA before significant items of 90%.

(c) Impact of COVID-19

SHAPE's financial performance was materially negatively impacted by the pandemic as a result of:

- some clients delaying work or reducing their project scope given the economic uncertainty created by the pandemic. There was also reduced demand for new office fit-outs as the workforce in major cities shifted to working from home as governments attempted to reduce the movement of people to contain the spread of COVID-19;
- a decline in margins on some existing projects and new projects won, due to increased competition. Construction costs also increased due to density limits on sites and costs of COVID-19 related site cleaning; and
- various lockdowns in states and territories resulting in delays to works for which the majority of costs have been borne by the Company.

SHAPE's revenues and margins were adversely affected from April 2020 onwards, with FY21 pro forma revenues representing a 25.5% decrease from the prior comparable period.

The Company did not qualify for the JobKeeper wage subsidy in Australia.

SHAPE has taken the view that the fall in market demand as a result of COVID-19 will be temporary and has adopted a strategy of bidding for new work at lower margins (in line with market conditions) in order to generate sufficient work to retain staff.

The project pipeline and new project win rates have improved since July 2021, although project margins have not yet increased to pre-pandemic levels. With vaccination rates increasing and the recent end of lockdowns in Sydney and Melbourne, SHAPE is well positioned to take advantage of future market opportunities, as restrictions continue to ease and SHAPE's major markets reopen. In addition, SHAPE anticipates that changes will be required to the design of offices and other commercial interiors when business restrictions ease, driving future work in the fit-out and refurbishment sector specifically.

4.9 DIVIDEND POLICY

The declaration and payment of a dividend by the Company is at the discretion of the Board and will be a function of a number of factors, including the operating results and financial condition of the Company, general business conditions, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions (including under the Corporations Act) on the payment of dividends by the Company, and any other factors the Board may consider relevant at the applicable time.

Subject to the considerations outlined above, it is the intention of the Board as at the date of this Prospectus to declare an interim dividend in respect of the half year ending 31 December 2021 that targets a dividend payout ratio of between 35% - 45% of its NPAT. Thereafter, it is the intention of the Board as at the date of this Prospectus that the Company will target a dividend payout ratio of between 70% - 90% of its NPAT. The Board's current intention is to declare interim dividends in respect of half years ending 31 December and final dividends in respect of full years ending 30 June each year. An interim dividend is expected to be payable in March, with a final dividend payable in September.

No assurance can be given by any person, including the Board, about the payment or the quantum of future dividends by the Company, or the level of franking or imputation on any such dividend. There may be periods in respect of which dividends are not paid.

4.10 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The directors evaluate estimates and judgments incorporated into the financial statements and the Financial Information based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

KEY ESTIMATES AND JUDGEMENTS

(i) Impairment

The Group assesses impairment at the end of each financial year, or more frequently if events or changes in circumstances indicate that they may be impaired. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(ii) Recognition of construction revenue

There is significant judgement in the recognition of revenue including estimating the progress in satisfying the performance obligations within the contract which includes estimating contract costs expected to be incurred to satisfy remaining performance obligations and the probability that the amount to be recognised as variable consideration for approved variations and claims where the final price has not been agreed with the customer.

The Group revised its accounting estimates in relation to the revenue and margin recognised at each stage of project completion. The change in estimate was implemented from 1 July 2021. These revised estimates were informed by updates to the Group's historical track record in estimating contract costs and project gross margins following a review of actual results achieved by the Group in recent financial years.

(iii) Loss making contracts

Losses on construction contracts are recognised immediately when the directors believe that the project is no longer profitable. Directors' judgement is used in making the appropriate provisions.

(iv) Warranty provision

A provision is recognised for any future rectification work to be performed on projects. There is significant judgement in estimating the expected costs of rectifying any defects identified on projects. A provision has been recognised to cover estimated claims that arise due to defects.

(v) Equity-settled compensation

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value has historically been determined by using an independent valuation. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(vi) Make good provision

The Group assesses the need for a make good provision on leased properties based on the terms and conditions stipulated in each lease agreement. An estimate is made on the required costs needed to restore leased properties to a suitable condition required by the lessor upon the termination of each lease.

4.11 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Refer to Section 11 for a summary of the significant accounting policies that have been adopted in the preparation of the Financial Information.

Section 5

INVESTIGATING ACCOUNTANT'S REPORT

5. Investigating Accountant's Report

The Directors
SHAPE Australia Corporation Limited
155 Clarence Street
Sydney NSW 2000

10 November 2021

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on SHAPE Australia Corporation Limited's historical and pro forma historical financial information and Financial Services Guide

We have been engaged by SHAPE Australia Corporation Limited ACN 654 729 352 (the **Company**), to report on the historical financial information of the SHAPE group, as defined below, for inclusion in the prospectus dated on or about 10 November 2021 (the **Prospectus**) and relating to the proposed initial public offering of ordinary shares in the Company and associated listing of the Company on the Australian Securities Exchange (the **Offer**).

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Background

The Company is a new holding company incorporated on 22 October 2021 for the purposes of the Listing. The Company and SHAPE Australia Holdings Pty Ltd ACN 008 656 264 (**SHAPE Australia Holdings**) intend to undertake the Restructure, whereby the Company intends to acquire 100% of the issued capital of SHAPE Australia Holdings prior to Listing (**Proposed Transaction**) in consideration for fully-paid ordinary shares in the Company. The interposition of the Company is being undertaken as a preparatory step to, and in order to facilitate, the Listing. This results in SHAPE Australia Corporation Limited becoming the legal parent of the Group, conditional on the IPO completing.

"**SHAPE**" or the "**Group**" therefore refers to:

- SHAPE Australia Holdings and its subsidiaries (SHAPE Australia, SHAPE Qld and Experience Better) prior to completion of the Proposed Transaction; and
- the Company, SHAPE Australia Holdings, SHAPE Australia, SHAPE Qld and Experience Better after completion of the Proposed Transaction.

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Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following historical financial information of the Company (the responsible party) and its controlled entities (together with SHAPE Australia Holdings, **SHAPE**), included in the Prospectus (**Financial Information**):

The **Statutory Historical Financial Information** of SHAPE Australia Holdings and its subsidiaries comprising the:

- Audited statutory historical consolidated statements of profit and loss for the three financial years ended 30 June 2019 (**FY19**), 30 June 2020 (as restated, **FY20**) and 30 June 2021 (**FY21**) (**Statutory Historical Income Statements**);
- Audited statutory historical consolidated statements of cash flows for FY19, FY20 and FY21 (**Statutory Historical Cash Flows**); and
- Audited statutory historical consolidated statement of financial position as at 30 June 2021 (**Statutory Historical Statement of Financial Position**).

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the adopted accounting policies SHAPE Australia Holdings. For FY20 and FY21 the Statutory Historical Financial Information has been extracted from the financial report of SHAPE Australia Holdings for the year ended 30 June 2021, which was audited by ShineWing Australia in accordance with the Australian Auditing Standards. For FY19 the Statutory Historical Financial Information has been extracted from the financial report of SHAPE Australia Holdings for the year ended 30 June 2019, which was audited by ShineWing Australia in accordance with the Australian Auditing Standards. ShineWing Australia issued unmodified audit opinions on each of these financial reports. The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

The **Pro Forma Historical Financial Information** of the Company included in the Prospectus, comprising the:

- Pro forma historical consolidated statements of profit and loss for FY19, FY20 and FY21 (**Pro Forma Historical Income Statements**);
- Pro forma historical consolidated statements of cash flows for FY19, FY20 and FY21 (**Pro Forma Historical Cash Flows**); and
- Pro forma statutory historical consolidated statement of financial position as at 30 June 2021 (**Pro Forma Historical Statement of Financial Position**),

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of SHAPE Australia Holdings, after adjusting for the effects of pro forma

adjustments described in section 4.2, 4.3, 4.5 and 4.7 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the events and transactions to which the pro forma adjustments relate, as described in section 4.2, 4.3, 4.5 and 4.7 of the Prospectus, as if those events and transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and cash flows.

Directors' responsibility

The directors of the Company are responsible for the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of Statutory Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Financial Information.

Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information of SHAPE Australia Holdings and its subsidiaries, as described in section 4.3, 4.5 and 4.7 of the Prospectus, and comprising the:

- Audited statutory historical consolidated statements of profit and loss for the three financial years ended 30 June 2019 (**FY19**), 30 June 2020 (as restated, **FY20**) and 30 June 2021 (**FY21**) (**Statutory Historical Income Statements**);

- Audited statutory historical consolidated statements of cash flows for FY19, FY20 and FY21 (**Statutory Historical Cash Flows**); and
- Audited statutory historical consolidated statement of financial position as at 30 June 2021 (**Statutory Historical Statement of Financial Position**)

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of the Company as described in section 4.2, 4.3, 4.5 and 4.7 of the Prospectus, and comprising the:

- Pro forma historical consolidated statements of profit and loss for FY19, FY20 and FY21 (**Pro Forma Historical Income Statements**);
- Pro forma historical consolidated statements of cash flows for FY19, FY20 and FY21 (**Pro Forma Historical Cash Flows**); and
- Pro forma statutory historical consolidated statement of financial position as at 30 June 2021 (**Pro Forma Historical Statement of Financial Position**),

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the events and transactions to which the pro forma adjustments relate, as described in section 4.2, 4.3, 4.5 and 4.7 of the Prospectus, as if those events and transactions had occurred as at the date of the Statutory Historical Financial Information.

Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, we draw attention to section 4.2 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of the Offers other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

Troy Porter
Authorised Representative
PricewaterhouseCoopers Securities Ltd

5

Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 10 November 2021

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) (**PwC Securities**) has been engaged by SHAPE Australia Corporation Limited (the **Company** or **you)** to provide a report in the form of an Investigating Accountant's Report in relation to the statutory and pro forma financial information of the Company (the "**Report**") for inclusion in the Prospectus dated on or about 10 November 2021 relating to the proposed initial public offering of ordinary shares in the Company and listing on the Australian Securities Exchange.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. Our fees charged for preparation of the Report are outlined in section 10.9 of the Prospectus.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

7. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (**"AFCA"**), an external complaints resolution service. AFCA can be contacted by calling 1800 931 678. You will not be charged for using the AFCA service.

8. Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Mr Troy Porter
PricewaterhouseCoopers Securities Ltd
One International Towers Sydney, Watermans Quay,
Barangaroo NSW 2000

Section 6

KEY RISK FACTORS ASSOCIATED WITH INVESTING

6. Key Risk Factors Associated with Investing

This Section 6 describes some of the potential risks associated with investing in the Company and in the Shares. The Group is subject to risks that are specific to its Business (see Section 6.1). There are also risks that are associated with external events unrelated to the usual course of the Business (see Section 6.2), or that are common to all investments in equity securities and not specific to an investment in the Company (see Section 6.3).

If any of these risks were to occur, the future operating and financial performance and prospects of the Group could be materially and adversely effected and you could lose part or all of your investment in the Company. Whilst some of the risk factors may be mitigated by appropriate commercial action, many are either wholly or in part outside of the control of the Group, the Directors and Management. The Shares being offered under this Prospectus carry no guarantee as to maintenance of, or appreciation in, value, the payment of dividends or return of capital. Further, there can be no guarantee that the Group will achieve its stated objectives or that any forward-looking statement will eventuate.

Please note that this Section 6 does not purport to list every risk that may be associated with an investment in the Shares, whether now or in the future. The risks highlighted in this Section 6 have been selected based on an assessment of the key risks that the Management and Board would focus on when managing the Business, the probability of the risk occurring, as well as the significance of the impact on the Group if the relevant risk did occur. The assessment is based on the knowledge of the Directors as at the date of this Prospectus, but there is no guarantee or assurance that the importance of risks will not change or other risks will not emerge. Further, your individual financial objectives, financial situation and particular needs have not been taken into account in the preparation of this Section 6.

Before applying for Shares, you should satisfy yourself, as a prospective investor, that you have a sufficient understanding of the inherent risks of investing in a company and becoming a shareholder of a company, including the risks described in this Section 6. Consider whether shares are a suitable investment for you having regard to your personal investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus, or are in any doubt as to whether or not to invest in the Shares, the Directors strongly recommend that you seek professional guidance from your accountant, financial adviser, stockbroker, lawyer, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

6.1 RISKS SPECIFIC TO AN INVESTMENT IN THE GROUP

(1) COVID-19

The COVID-19 pandemic is continuing to impact global economic markets. The nature and extent of the future effect of the pandemic on the performance of the Company is unknown. The Company's financial performance after Listing may continue to be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19.

Further, any governmental or industry measures taken may adversely impact the Group's operations (including the working conditions of the Group's personnel) and are likely to be beyond the control of the Company. The Group may:

- remain exposed to further project delays for which the Group may not be entitled to time and or cost relief from clients;
- be exposed to material shortages or delays, or increased site expenditure (such as site deep cleans);
- be exposed to labour price rises or shortages;
- be exposed to developing changes in the way the office is used and the subsequent impacts on the commercial sector, which in turn may have an adverse impact on the Group's financial performance.

(2) BRAND AND REPUTATION

The Group's ability to maintain its reputation is critical to the ongoing financial performance of the Group. The Group's reputation could be jeopardised if, by way of examples, it fails to maintain high standards for service quality, if it does not comply with regulations or accepted practices, experiences a major site accident or incident or commits negligence in providing contracting services.

Any consequential negative publicity may reduce demand for the Group's services. Failure to comply with laws and regulations, to maintain an effective system of internal controls or to provide accurate and timely information to ASX could also damage the Group's reputation. Damage to the Group's reputation could have a material adverse effect on the Group's operations and financial performance.

(3) COMPETITION FROM COMPETITORS OR NEW MARKET ENTRANTS

The Group operates in a very active and competitive industry. Competition in this industry is expected to continue, presenting the Group with numerous challenges relating to its ability to maintain growth rates and acceptable margins. There are a number of markets in the Australian construction services industry in which the Group operates, and a number of entities compete with the Group in each market (and some in more than one market). The Group faces competition from existing competitors and could face competition from new participants who could aggressively attempt to grow their market share through activities including significant price reductions.

Some of the competitors have greater capital and resources available to them or have been established for a longer period of time in relevant locations, whilst some competitors have lower cost bases and operate in specific regions or sectors. Increased competition could result in price reductions, under-utilisation of equipment and personnel, reduced operating margins and loss of market share. Despite the Group's historical ability to compete effectively in the markets in which it operates, any of these occurrences may adversely affect the Group's financial performance and/or financial position. An increase in competition may also result in the Group being unable to increase its prices, which may also adversely affect the Group's financial performance and/or financial position.

There is no assurance that the Group will be able to readily anticipate the actions of competitors and/or respond effectively and in a timely manner to them. If the Group cannot compete successfully, it could lose clients and market share, suffer reduced operating margins and fail to effectively execute its long-term growth strategy (see Section 2.15). These outcomes could seriously impede the operating and financial performance and prospects of the Group.

(4) TENDER PROCESS AND PROJECT PROFITABILITY

The Group usually enters into contracts for construction projects following a competitive tender process. A material reduction in the number of tender contracts awarded to the Group is likely to adversely impact the Group's financial performance. Further, where existing or new projects are delayed and/or postponed indefinitely, the recognition of revenue for those contracts may be deferred to later financial periods.

Failure by the Group to properly assess and manage project risks may result in cost overruns which cause a project to be less profitable than expected or loss making. If this occurs, it may have an adverse impact on the Group's future financial performance and position. Please see Section 2.13 for further information in relation to the Group's project risk management systems and processes.

(5) MANAGEMENT OF GROWTH

There is a risk that management of the Group will not be able to implement the Group's growth strategy after completion of the Offer. The capacity of management to properly implement and manage the growth of the Group may affect the Group's financial performance.

(6) SUSTAINABILITY OF GROWTH AND MARGINS

The Group has achieved growth in revenue and profits prior to COVID-19. The sustainability of this growth and the level of profit margins from operations is dependent on a number of factors, including factors outside the Group's control. Factors that may have an adverse impact on the financial performance of Group include continuing low margin projects (including in the Company's current order book).

(7) CYCLICAL NATURE OF THE BUSINESS

Clients of the Group are involved in industries that can be cyclical in the volume of construction work which the Group undertakes. Although the Group has a diverse client base, the cycles in these clients' businesses may adversely impact on the Group's financial performance. The loss of major clients through industry cycles or for any other reason could also impact earnings of the Group.

(8) COMPLIANCE AND REGULATION COSTS AND LIABILITIES

Complying with and adhering to relevant regulatory and compliance standards at national and state levels impose real costs to the Business both in monetary value but also allocation of resources. If there are any changes in regulatory or compliance standards with which the Group is required to comply, that may result in either one-off costs and / or ongoing expenses to the Group. They may also result in a change to the Group's business model. These increased costs may not be able to be mitigated or passed on to clients. This may impact on the Group's operations and financial performance.

In addition, the Group holds licences that authorise it to operate the Business. These licences include building and similar licences issued by various regulatory authorities. Holders of licences and authorisations are required to comply with the conditions of those licences and authorisations. Compliance is typically monitored by those authorities which may conduct periodic reviews of regulated entities. An unsatisfactory review may cause the relevant authority to impose conditions that may make it comparatively less cost effective or profitable to operate the Business or that aspect of the Business to which the licence applies, with the ultimate sanction being the revocation of the licence or authorisation.

(9) DEPENDENCE ON KEY PERSONNEL

The Company depends on the expertise, experience and network of its personnel. The Company's ability to attract and retain personnel will have a direct correlation to its ability to deliver its project commitments. Additionally, many of the Company's projects are secured through the business relationship, reputation and contacts of its key personnel. Any failure to retain existing employees and recruit and retain additional personnel, may have a negative impact on existing operations and future growth prospects of the Group, and adversely affect the financial performance and/or financial position of the Group.

(10) AVAILABILITY OF SKILLED LABOUR

The Group's operations are labour intensive, and the Group relies on skilled and qualified project and site managers to grow its business. Accordingly, lack of availability of skilled and qualified project and site managers may adversely impact on the Group's ability to deliver current projects or grow the business. Although the Group has to date attracted and retained a skilled workforce, there can be no guarantee that the Group will continue to be able to do so on terms that are acceptable to the Group or at all.

(11) LIABILITY FOR DEFECTS

Under its client contracts, the Group usually provides written warranties against defects for a period of 12 months and up to 24 months after completion of the relevant project. In addition, SHAPE is at risk for the defects until the expiry of the relevant statutory limitation period. These warranties against defects may expose the Group to further costs associated with rectifying any defects (net of insurance and other recoverable costs). These costs may have a material adverse impact on the Group's financial performance.

(12) OCCUPATIONAL HEALTH AND SAFETY

The Group is exposed to risks associated with the occupational health and safety of its employees. Injuries to employees may result in significant lost time for the employee and costs and impacts on the Group beyond what is covered under workers compensation schemes.

(13) INDUSTRIAL ACCIDENTS

Services provided by the Group involve both risk to persons and property. A serious accident may occur, causing damage, injury or death with operational and financial implications for the Group as well as damage to the Group's reputation and standing. There can be no guarantee that the Group will not suffer a serious industrial accident in the future.

(14) SECURITY BREACHES

Whilst the Group has cyber security protections and procedures in place, it is unable to guarantee that it will not be subject to a malicious attack from external or internal sources, including a ransomware attack. A malicious attack on the Group's systems, processes or people, from external or internal sources, could put the integrity and confidentiality of the Group's data and business systems at risk. If the Group's efforts to combat any malicious attack are unsuccessful, the Group's business reputation and brand name may be harmed, potentially having a material adverse effect on the Group's operations and financial position.

(15) RELIANCE UPON SYSTEMS AND TECHNOLOGY

The Group's services and operations are heavily reliant upon technology and information systems. The Group has invested significantly in the development of information systems designed to assist the Group to monitor the delivery of individual projects, manage financial risks, manage business development relationships and assess potential work in the pipeline, and identify and rectify risk or loss making situations. These systems may fail, or not operate effectively, and this may negatively impact on the business and the Group's performance.

(16) RELIANCE ON CLIENTS AND CLIENT CONCENTRATION

The historical success of the Business and the success of its future growth is predicated on its capacity to retain existing client relationships and foster new ones. If a significant number of the Group's existing relationships fail to deliver continued work flow that is secured by the Group, or if the Group fails to develop new clients, then it is likely to adversely impact the Group's financial performance, financial position and market share. There is also the potential that the Group will not receive payments for the provision of its services if a client becomes insolvent or fails to provide payment in accordance with its agreement with the Group. Further, the Group does not have a steady client base in all sectors in which it operates, or there may be a high turnover of active clients in some sectors, and the Group may experience poor tender conversion rates in those sectors, which in turn may negatively impact on the business and the Group's performance.

(17) PERFORMANCE OF SUBCONTRACTORS

Non-performance or delays in performance by subcontractors or where performance is considered sub-standard, may expose the Group to project disruption and potential liability.

(18) PROJECT DELAYS

Delays to the commencement or completion of work on projects have occurred from time-to-time and may occur in the future due to a variety of reasons, including changes in the scope of work, legal issues, supply of labour, scarcity of quality materials and equipment, lower than expected productivity levels, accidents, natural disasters, inclement weather conditions, regulatory intervention, delays in necessary approvals, difficult site access, or industrial relations issues. These delays may be as a result of matters beyond the control of the Group. Project delays may result in revenue being recognised in a later period, or in certain circumstances the Group may be liable to the client for liquidated damages. In addition, project delays may prevent or delay the Group's personnel and assets from being deployed to progress other projects. Where any of these occur, the Group's financial performance may be adversely impacted.

(19) PAYMENT DELAYS AND FAILURE TO RECEIVE PAYMENT

While the Group has processes to undertake a financial review of contracting parties there are risks, including insolvency of a contracting party, that can significantly impact on the Group's financial performance.

(20) ACCESS TO SUFFICIENT LEVELS OF ASSETS, EQUIPMENT, PRODUCTS AND PARTS

The Group is reliant on its assets and equipment base (usually procured through subcontractors) to commence and perform new projects. If the Group is unable to acquire required additions to its assets and equipment or if the price of any additional assets and equipment increases because of shortages in the relevant market, the Group may be unable to commence new projects which may adversely impact on the Group's financial performance.

In addition, any interruptions to the availability, or increase in the cost of parts, equipment or products that the Group requires, can impact on the Group's ability to perform its contractual obligations on time and on budget which can also adversely impact the Group's financial performance.

(21) ACQUISITION INTEGRATION

The Group may in the future pursue strategic acquisitions in the course of its business. To finance such acquisitions, the Group may procure additional debt and/or seek to raise equity capital. Growth through acquisition entails numerous operational and financial risks. These risks include, but are not limited to, poor integration of the acquired businesses, entry into market segments with more risk than existing operations and loss of managerial focus on existing businesses. Acquisition risk may have an adverse impact on the Group's financial performance and/or financial position.

(22) CONTRACTUAL DISPUTES AND LITIGATION

The Group operates in an industry in which contractual disputes are relatively common. It may be exposed to claims or disputes in the future with respect to its operations. Disputes may arise during the execution of a project with clients, subcontractors or suppliers. While the Group endeavours to settle claims and disputes collaboratively, this is not always possible and may lead to litigation. If the litigation involves a material sum or related costs, this may have an adverse effect on the Group's financial performance and other resources.

(23) INDUSTRIAL DISPUTES

The Group operates in the commercial construction industry that has historically been subject to high levels of industrial disturbance, although the fit-out and refurbishment segment of the industry tends not to attract as much attention from trade unions as the new build segment. If the Group becomes a party to protracted industrial action, its financial performance could suffer. There can be no guarantee that the Group will not experience industrial action in the future. Any change to the political climate or the size of the Group's projects, may increase the risk of industrial disputes.

(24) CHANGE IN STRUCTURE AND CONTROL

The Group is transitioning from privately owned companies into a listed entity structure. As a listed entity, the Company will be subject to strict standards of financial management and reporting, corporate governance and operating requirements. New governance arrangements, policies and processes will be put in place on or prior to the date of Listing. However, there is a risk that the Group may not adequately manage and deploy the necessary resources to manage the changes in governance and financial management and reporting standards. There is a risk that, if the Group is unable to adequately manage this transition to being a listed entity, it will have an adverse impact on the Group's financial performance.

(25) COMMON CONTRACTUAL RISK

The Group is often exposed to risks that are common in construction contracts. These include taking on design risk, fit for purpose risk and latent condition risk. The Group may not adequately manage any or all of these risks and may be exposed to both time and cost liability, which in turn may have an adverse impact on the Group's financial performance.

6.2 GENERAL RISKS

(1) MACRO-ECONOMIC RISKS

Changes in the general economic conditions in Australia and globally are outside of the control of the Group, but may have a significant impact on the future performance of the Group and the price or value of the Shares. Such changes may include:

- fluctuations in interest rates, exchange rates, commodity prices and the rate of inflation in Australia resulting from domestic or international conditions (including movements in domestic interest rates and reduced activity in the Australian economy);
- changes in government, legislation, government policy or the regulatory environment in which the Group operates;
- changes in Australian and global equity market conditions;
- changes in investor sentiment toward particular market sectors;
- acts of terrorism or other hostilities; and
- the occurrence of natural disasters.

A prolonged deterioration in any number of the above factors may have a material adverse effect on the financial performance, financial position, cash flows, distributions, growth prospects and Share price of the Company.

(2) TAXATION

Australia's tax laws and the interpretation of such laws are subject to change from time to time. An increase in the rates of taxation imposed on the Group, a broadening of the taxable events that apply to the Group and the Business, and/or an interpretation of the tax laws by the relevant tax authority that is contrary to the Group's view of those laws may all result in an increase in the amount of tax to be paid by it. To mitigate such risks, the Group obtains independent expert advice on the application of tax laws to its operations. However, the extent to which the tax laws will apply to the Group and the manner in which they are interpreted are outside of the control of the Group and Board. Therefore, there is the risk that any change in Australia's tax laws and its interpretation will adversely affect the Group's profitability – and in turn, returns to Shareholders – possibly to a material extent.

(3) ACCOUNTING STANDARDS

The Company reports to Shareholders as to the financial position and performance of the Group through the preparation of audited financial statements, in accordance with AAS. Changes to AAS are determined by AASB, and are outside of the control of the Group and Board. AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key income statement and balance sheet items, including revenue and receivables. There is also a risk that interpretations of existing AAS, including those relating to the measurement and recognition of key statements of profit and loss and balance sheet items, including revenue and receivables, may differ. Changes to AAS issued by AASB or changes to the commonly held views on the application of those standards could adversely affect the financial performance and position reported in the Group's financial statements, possibly to a material extent.

(4) UNFORESEEN EXPENDITURE RISK

Expenditure may need to be incurred that has not been taken into account in this Prospectus. Although the Group is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the Group's growth prospects, operating results and financial performance.

(5) INSURANCE

The Group will face various risks in connection with the Business and may not hold the relevant insurance coverage, may hold insufficient insurance coverage, or may not be able to secure effective insurance coverage on commercially acceptable terms. The Group currently maintains insurance coverage that it considers appropriate for its needs. However, if the Group incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, the Group's financial position and financial performance may be adversely affected.

(6) LITIGATION, CLAIMS AND DISPUTES

The Group may be subject to litigation and other claims and disputes in the course of its business, including contractual disputes with subcontractors or clients, employment disputes, indemnity claims, and occupational and other claims. There is a risk that any such litigation, claim or dispute could materially adversely impact the Group's operating and financial performance due to the significant cost and time invested by Management in investigating, commencing, defending and/or settling such matters. Any claim against the Group, if proven, may also have a sustained negative impact on its operations, financial performance, financial position and reputation.

Other than as set out in Section 4.3, the Group is not currently engaged in litigation and as at the date of the Prospectus, the Directors are not aware of any legal proceedings pending or threatened against, or any material legal proceedings affecting, the Company or other Group Members.

6.3 RISKS ASSOCIATED WITH HOLDING SHARES

(1) STOCK MARKET RISKS

There are risks associated with any investment in shares.

In particular, there is a risk that the price at which Shares trade on ASX may be less than the Offer Price payable under this Prospectus. While fluctuations in the price of the Shares may be a direct reflection of changes in the financial performance of the Group, the market price of the Shares may also be affected by factors unrelated to the operating performance of the Group (such as the macro-economic conditions referred to in Section 6.2(1) above) and the demand for and supply of capital generally.

As the Shares have not previously been publicly traded, they have no trading history and as such, there is no indication of the prices at which they may trade, or of the liquidity of the market for them.

(2) LIQUIDITY OF SHARES

The Company will be applying to ASX for admission to the Official List and official quotation of all Shares (including New Shares and Sale Shares) on ASX. There can be no guarantee however that an active market in the Shares will develop or that the price of the Shares will increase after Listing. There may be relatively few buyers or sellers of the Shares on ASX at any given time, which may in turn affect the prevailing market price at which the Shares are able to be sold and generally increase the volatility of the market price of the Shares. In particular, if the volume of trading in the Shares is low, significant price movement can result from the trading of a relatively small number of shares.

In accordance with the ASX Listing Rules, the Company will have a minimum free float[1] of at least 20% upon Listing. However, if a market in the Shares does not develop or is not sustained, it may be difficult for Shareholders to sell their Shares at all. As at Listing, approximately 63% of the Company's total issued capital will be subject to escrow on the terms set out in Section 7.13. While these escrow arrangements are in place, the liquidity in the market for Shares is likely to be reduced. As these Shares are released from escrow, if their holders wish to sell more Shares than the level of demand of the market, the additional Shares available for sale may result in an overall reduction in the market price of the Company's Shares.

Therefore, if you decide to apply for Shares and become an investor in the Company, there is no guarantee that you will be able to sell your Shares or recover all or any of the amount that you paid in applying for them.

(3) RISK OF DILUTION

After Listing, the Group may issue Shares from time to time to raise additional capital to finance its continued growth or other future developments. The amount and timing of such additional financing needs will vary primarily on the amount of cash flow from the Group's operations. While the Group will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within any 12 month period (other than where exceptions apply, such as Shareholder approval), there is a risk that the issue of additional equity will result in the ownership interest of Shareholders in the Company from time to time being diluted.

(4) NO GUARANTEE OF DIVIDENDS

The prospect of future dividends being paid or made to Shareholders will be contingent upon the Group's ability to generate sustainable profits. To the extent that the Company pays any dividends, the ability to offer fully franked dividends will depend on the Group making taxable profits. Taxable profits may be volatile, making the payment of fully franked dividends unpredictable. Further, the value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. As a prospective Shareholder, you should be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on your individual tax position.

As such, no assurance can be given by any person, including the Board, about the payment or the quantum of future dividends, or the level of franking or imputation of any such dividend. There may be periods in respect of which dividends are not paid.

See Section 4.9 for more information about the Company's dividend policy.

(5) TAX CONSIDERATIONS

An investment in Shares involves tax considerations which may differ for each Shareholder. As a prospective investor, you are encouraged to obtain professional tax advice in connection with any investment in Shares.

1. "Free float" refers to the portion of the Company's Shares that can be publicly traded after Listing and that are not held by persons affiliated with the Company or any other Group Member.

Section 7

DETAILS OF THE OFFER

7. Details of the Offer

7.1 THE OFFERS

This Prospectus relates to the following Offers:

- the **Public Offer**, an initial public offering of 1,020,408 Shares (**New Shares**) at the Offer Price of $1.96 to raise approximately $2,000,000; and
- the **Consideration Offer**, the offer of 82,220,676 Shares at a deemed issue **price** of $1.96 per Share to the SHAPE Shareholders.

The Offers are made on the terms, and are subject to the conditions, set out in this Prospectus.

Assuming the Offers are fully subscribed, it is expected that, on Completion of the Offers, the Company will raise gross proceeds of approximately $2,000,000 and that the total number of Shares on issue will be 83,241,085, including 1,020,408 New Shares (constituting 1.2% of the total issued Share capital of the Company as at Completion of the Offers).

The Offers are currently scheduled to open on Wednesday, 17 November 2021 and close at 7pm (AEDT) on Wednesday, 8 December 2021, unless varied by the Company at the discretion of the Board.

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Shares offered under this Prospectus are fully paid and will, once issued, rank equally in all respects with all other Shares then on issue.

The rights, liabilities and obligations attaching to the Shares are governed by the Company's Constitution, the Corporations Act and general law. An overview of some of the key provisions of the Constitution relating to the rights and liabilities that attach to the Shares is contained in Section 10.4.

No existing Shareholders are selling any of the Shares that they hold under the Offers.

7.2 STRUCTURE OF THE PUBLIC OFFER

The Public Offer comprises:

- the Priority Offer, which is open to persons who have received a Priority Offer invitation from the Company; and
- the Broker Firm Offer, which is open to Australian resident retail investors and sophisticated investors who have received an invitation from the Broker.

No general public offer of Shares will be made under the Public Offer. Members of the public wishing to apply for Shares under the Public Offer must do so through the Broker under the Broker Firm Offer.

The allocation of Shares between the Priority Offer and the Broker Firm Offer will be determined by the Company.

The Public Offer is not underwritten.

7.3 LISTING CONDITION

Completion of the Offers is conditional on ASX approving the Company's application for admission to the Official List of ASX and quotation of its Shares (including New Shares) on ASX (**Admission/Quotation Application**), on terms acceptable to the Company.

The Company will submit its Admission/Quotation Application to ASX as soon as practicable, but in any case within seven days, after the date of this Prospectus.

If approval is not received by the Company within three months after the date of this Prospectus (or such longer period permitted by the Corporations or with the consent of ASIC):

- the Public Offer will be withdrawn and all Application Money received by or on behalf of the Company will be refunded to Applicants, without interest, within the time prescribed by or otherwise permitted in accordance with the Corporations Act; and
- the Consideration Offer will be withdrawn and the Proposed Transaction will not proceed.

The fact that ASX may admit the Company to the Official List should not be taken as an indication of the merits of an investment in the Group or the Shares being offered for subscription under this Prospectus. ASX and its officers do not take any responsibility for this Prospectus or the investment to which it relates.

7.4 PURPOSE OF THE OFFERS

The purpose of the Public Offer is to:

- provide the Group with the benefits of being a listed group; and
- fund the costs of the Offers and the Listing.

The purpose of the Consideration Offer is to enable the Company to issue the Consideration Shares to the SHAPE Shareholders without breaching Chapter 6D.2 of the Corporations Act and to qualify the Consideration Shares issued to the SHAPE Shareholders for secondary trading.

7.5 PROPOSED USE OF FUNDS

At the Offer Price, the Public Offer will raise $2,000,000. The proceeds of the Public Offer will be applied as set out below:

PROPOSED USE OF PROCEEDS	$	%
Costs of Offers and Listing	$2,000,000	100%
Total	**$2,000,000**	**100%**

Offer costs includes the fees payable to advisers as referred to in Section 10.9, as well as other costs such as registry fees, ASX listing fees and other adviser fees.

The Group's operations generate sufficient cash flow to meet the working capital requirements of the Business. The Directors expect that this will continue after Listing, assuming that the Group continues to withstand the impacts of the global coronavirus pandemic and that other market conditions do not materially deteriorate compared to conditions as at the date of this Prospectus. However, as a prospective investor, you should be aware that past performance is not necessarily a guide as to future performance. No assurance can be given as to the future financial performance or condition of the Group.

7.6 SHAREHOLDING STRUCTURE

The details of the ownership of Shares immediately prior to the Offers, and the ownership of Shares on Completion of the Proposed Transaction and the Offers, are set out below:

SHAREHOLDERS	SHARES HELD PRIOR TO THE OFFERS		SHARES HELD AT COMPLETION OF THE OFFERS ON AN UNDILUTED BASIS	
	%	NUMBER OF SHARES	%	NUMBER OF SHARES
Biramont Pty Ltd[1]	–	–	17.8%	14,782,938
Drayton Holding Company Pty Ltd, Drayton No.1 Pty Ltd & Drayton No.2 Pty Ltd	–	–	13.6%	11,313,938
Supercomp No. 25 Pty. Ltd and Kerry Ann McMahon[2]	–	–	11.7%	9,737,920
Veroxo Pty Ltd	–	–	7.0%	5,818,297
Dakov Pty. Ltd.	–	–	5.9%	4,875,825
Josephine Theresa Mary Hynes and Hynes Super Pty Limited	–	–	5.5%	4,585,623
SET Australia Pty Limited	–	–	5.0%	4,145,700
Other Existing Shareholders[3]	100.0%	1	32.4%	26,960,436
IPO Shareholders	–	–	1.2%	1,020,408
Total	**100.0%**	**1**	**100.0%**	**83,241,085**

Notes:

1. On Completion, an associate of Biramont Pty Ltd will also have an indirect interest in the Company through a 6.5% shareholding in SET Australia Pty Limited.
2. These shareholders are associates of Gerard McMahon, a Director. On Completion, Gerard will also have an indirect interest in the Company through a 6.5% shareholding in SET Australia Pty Limited.
3. As at the date of this Prospectus, Phillip Arnall, a Director, is the sole Shareholder of the Company. On Completion, this will include the other SHAPE Shareholders and various employees of the Group.

In accordance with the ASX Listing Rules, the Company will have a minimum free float[1] of at least 20% upon Listing. However, approximately 63% of the Company's total issued capital will be subject to escrow on the terms set out in Section 7.13. While these escrow arrangements are in place, the liquidity in the market for Shares is likely to be reduced. There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase after Listing (see further Section 6.3(2)). For a more detailed discussion of the risks associated with investing in Shares, please see Section 6.

On Completion of the Restructure, the Company expects to have the following Performance Rights on issue:

PERFORMANCE RIGHT HOLDERS	NUMBER OF PERFORMANCE RIGHTS	% OF THE TOTAL ISSUED CAPITAL AT LISTING ON A FULLY DILUTED BASIS
Directors	688,353	0.8%
Key executives and employees	2,816,709	3.2%
Total	**3,505,062**	**4.0%**

The Performance Rights will be granted under the SELTI. For a summary of the material terms of the SELTI, please refer to Section 8.3(g). For further information in relation to the Performance Rights that will be held by Peter Marix-Evans, a Director, please see Section 8.3(h).

1. "Free float" refers to the portion of the Company's Shares that can be publicly traded after Listing and that are not held by persons affiliated with the Company or any other Group Member.

7.7 CONTROL IMPLICATIONS OF THE OFFERS

The Directors do not expect any Shareholder to control (as defined in section 50AA of the Corporations Act) the Company on Completion of the Offers.

7.8 TERMS AND CONDITIONS OF THE OFFERS

TOPIC	SUMMARY
What is the type of security being offered?	The Company is offering fully paid ordinary shares in the Company.
What are the rights and liabilities attached to Shares?	The Shares will rank equally in all respects with the Shares currently on issue in the Company. A summary of the rights and liabilities attaching to the Shares is set out in Section 10.4.
What is the consideration payable for each security being Offered?	Successful Applicants under the Public Offer will pay the Offer Price, being $1.96 per Share. The SHAPE Shareholders will be offered Consideration Shares at a deemed issue price of $1.96 per Share as the consideration payable by the Company for the acquisition of 100% of the issued share capital of SHAPE Australia Holdings under the Consideration Offer.
What is the Offer Period?	The key dates, including details of the Offer Period, are on page 4 in the Key Offer Information. No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.
What are the cash proceeds to be raised?	$2,000,000 will be raised from the issue of New Shares under the Public Offer.
Is the Public Offer underwritten?	The Public Offer is not underwritten.
What is the minimum and maximum Application size under the Priority Offer and the Broker Firm Offer?	The minimum Application under: • the Priority Offer is $2,000 of Shares in aggregate. • the Broker Firm Offer $2,000 of Shares in aggregate. There is no maximum Application size under the Offers.
What is the allocation policy?	The allocation of Shares between the Priority Offer and the Broker Firm Offer will be determined by the Company, having regard to the allocation policies outlined in Sections 7.9(4) and 7.11(4). The final allocation of Shares under the Priority Offer will be determined by the Company. For further information on the Priority Offer see Section 7.9. With respect to the Broker Firm Offer, it is a matter for the Broker how they allocate Shares among their eligible clients. For further information on the Broker Firm Offer see Section 7.11.

TOPIC	SUMMARY
Will the Shares be quoted on the ASX?	The Company will apply to ASX as soon as practicable, but in any case within seven days, after the date of this Prospectus for admission to the Official List, and quotation of its Shares, by ASX under the code 'SHA'[2]. If approval is not received by the Company within three months after the date of this Prospectus (or such longer period permitted by the Corporations or with the consent of ASIC): • the Public Offer will be withdrawn and all Application Money received by or on behalf of the Company will be refunded to Applicants, without interest, within the time prescribed by or otherwise permitted in accordance with the Corporations Act; and • the Consideration Offer will be withdrawn and the Proposed Transaction will not proceed. The fact that ASX may admit the Company to the Official List should not be taken as an indication of the merits of an investment in the Group or the Shares being offered for subscription under this Prospectus. ASX and its officers do not take any responsibility for this Prospectus or the investment to which it relates.
When are the Shares expected to commence trading?	It is expected the Shares will commence trading on ASX on a normal settlement basis on Friday, 17 December 2021. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. The Company disclaims all liability, whether in negligence or otherwise, if an Applicant sells Shares before receiving a holding statement, even if the Applicant obtained details of their holding through the Offer Information Line or the Share Registry.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be despatched to successful Applicants on or about Friday, 17 December 2021. Refunds (without interest) to Applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion of the Public Offer.
Are there any escrow arrangements?	Yes. Details are provided in Section 7.13.

2. The Company has used its best endeavours to confirm with ASX the company code under which its Shares will likely trade if the Company achieves Listing on ASX. However, there is no guarantee that the Company will be allocated the company code specified above. It is the responsibility of each Applicant to confirm the Company's company code on ASX before trading in Shares.

TOPIC	SUMMARY
Are there any taxation considerations?	As with any investment, there may be taxation implications associated with you applying for Shares. The Directors do not consider that it is appropriate to give advice regarding the taxation consequences of applying for the Shares offered under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences for individual investors. The taxation consequences of an investment in the Company will depend upon your particular circumstances and it is your personal obligation, as a prospective investor in the Company, to make your own enquiries or seek personalised professional tax advice about the taxation consequences of an investment in Shares. However, to assist potential investors, a general overview of the tax treatment for Australian resident investors is included in 10.6. The Group and its advisers, officers, employees and agents do not accept any responsibility or liability for any taxation consequences of participating in an Offer.
Is there brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under an Offer. Investors who buy or sell Shares on ASX may be subject to brokerage and other transaction costs. Under current legislation, no stamp duty is payable on the sale or purchase of shares on ASX.
What should you do with any enquiries?	If you require more information about this Prospectus or the Offers, please call the Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) from 8:15am to 5:30pm (AEDT), Monday to Friday during the Offer Period. You should read this Prospectus in its entirety, including the risk factors set out in Section 6, before deciding whether or not to invest in the Company. If you are unclear about any matter or are uncertain as to whether Shares in the Company is a suitable investment for you, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer, tax adviser or other independent professional adviser before deciding whether to invest.

7.9 PRIORITY OFFER

(1) WHO CAN APPLY?

The Priority Offer is open to selected investors nominated by the Company in eligible jurisdictions who have received a Priority Offer invitation to acquire Shares under the Prospectus. The Priority Offer may include Directors and certain employees of the Group. If you are a Priority Offer Applicant, you will receive a personalised invitation to apply for Shares in the Priority Offer. The Priority Offer is not open to persons who are in the U.S.

(2) HOW TO APPLY?

If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for Shares, you must apply in accordance with the instructions provided in your personalised invitation to apply.

Recipients of the Priority Offer invitation should read the separate offer letter and this Prospectus carefully and in their entirety before deciding whether to apply under the Priority Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

To apply under the Priority Offer, you must complete the online Priority Offer Application Form in accordance with the instructions provided in your Priority Offer invitation and on the website containing the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applications must be received by no later than 7pm (AEDT) on Wednesday, 8 December 2021 and it is your responsibility to ensure that this occurs.

(3) HOW TO PAY?

Applicants under the Priority Offer must pay their Application Monies by Bpay® in accordance with the instructions on the personalised Priority Offer Application Form.

When completing your Bpay® payment, please make sure to use the specific biller code and unique CRN provided to you or generated by the online Application Form. Application Monies paid via Bpay® must be received by the Share Registry by no later than 7pm (AEDT) on Wednesday, 8 December 2021 and it is your responsibility to ensure that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. The Company takes no responsibility for any failure to receive Application Monies or payment by Bpay® before the Priority Offer closes arising as a result of, among other things, delays in processing of payments by financial institutions.

(4) WHAT IS THE PRIORITY OFFER ALLOCATION POLICY?

The allocation of Shares among Applicants in the Priority Offer will be determined by the Company. There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant applied.

(5) ACCEPTANCE OF APPLICATIONS

An Application in the Priority Offer is an offer by an Applicant to the Company to apply for Shares in the amount specified the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Priority Offer Invitation (including the terms and conditions in Section 7.8 and the acknowledgements in Section 7.15). To the extent permitted by law, an Application by an Applicant under the Public Offer is irrevocable.

An Application may be accepted by the Company in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

7.10 APPLICATIONS MONIES

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies provided by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down and any excess refunded (without interest).

If the amount of your Application Monies that you pay via Bpay® is less than the amount specified on your online Application Form, you may be taken to have applied for such lower Australian dollar amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your online Application Form) or your Application may be rejected.

7.11 BROKER FIRM OFFER

(1) WHO MAY APPLY?

The Broker Firm Offer is open to clients of the Broker who have a registered address in Australia and who received an invitation from the Broker to acquire Shares under this Prospectus and are not in the U.S. You should contact the Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.

(2) HOW TO APPLY?

If you have received an invitation to apply for Shares from the Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact the Broker for information about how to submit your Broker Firm Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms or payment to the Share Registry.

Applicants under the Broker Firm Offer should contact the Broker to request a copy of this Prospectus and Broker Firm Offer Application Form, or download a copy at https://shape.com.au. The Broker will act as your agent and it is the Broker's responsibility to ensure that your Broker Firm Application Form and Application Monies are received before 7pm (AEDT) on the Closing Date or any earlier closing date as determined by the Broker.

Broker clients should complete and lodge their Broker Firm Offer Application Form with the Broker. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by the Broker and the instructions set out on the Broker Firm Offer Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company and the Share Registry take no responsibility for any acts or omissions committed by the Broker in connection with your Application.

The Broker Firm Offer opens at 9am (AEDT) on Wednesday, 17 November 2021 and is expected to close at 7pm (AEDT) on Wednesday, 8 December 2021. The Company may elect to close the Broker Firm Offer or any part of it early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. The Broker Firm Offer, or any part of it, may be closed at any earlier date and time, without further notice. The Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible after the Public Offer opens. Please contact the Broker for instructions.

(3) HOW TO PAY?

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with the instructions received from the Broker.

(4) WHAT IS THE BROKER FIRM OFFER ALLOCATION POLICY?

The allocation of Shares to the Broker will be determined by the Company, in its absolute discretion. Shares which are allocated to the Broker for allocation to its Australian resident clients will be issued to the Applicants nominated by the Broker (subject to the right of the Company to reject, aggregate or scale back Applications). It will be a matter for the Broker as to how it allocates Shares among its clients, and it (and not the Company) will be responsible for ensuring that clients who have received an allocation from them receive the relevant Shares.

(5) ACCEPTANCE OF APPLICATIONS

An Application in the Broker Firm Offer is an offer by you to the Company to apply for the amount of Shares specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant is irrevocable.

7.12 DISCRETION REGARDING THE OFFERS

The Company may withdraw the Offers at any time before the issue of Shares to SHAPE Shareholders and successful Applicants under the Offers. If the Offers, or any part of them, do not proceed, all relevant Application Monies will be refunded (without interest).

The Company also reserves the right to, subject to the Corporations Act, extend the Public Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than the amount applied for.

7.13 ESCROW RESTRICTIONS

The Directors do not anticipate that ASX will classify any of the Shares as "restricted securities" for the purposes of the ASX Listing Rules, and therefore, expect that no ASX-imposed restrictions on the trading or disposal of Shares will apply after Listing.

However, certain SHAPE Shareholders have agreed, and other SHAPE Shareholders have given powers of attorney to the Directors to execute voluntary restriction deeds, to voluntarily escrow approximately 70% of their Shares (comprising approximately 52,056,151 Shares), on the following basis:

- 30% of the SHAPE Shareholder's Shareholding will be freely tradeable;
- 10% will be escrowed until the date on which the Company's preliminary final report for the financial year ending 30 June 2022 is released on ASX;
- 10% will be escrowed until the date on which the Company's half yearly report for the half-year ending 31 December 2022 is released on ASX;
- 25% will be escrowed until the date on which the Company's preliminary final report for the financial year ending 30 June 2023 is released on ASX; and
- 25 % will be escrowed until the date on which the entity's half yearly report for the half-year ending 31 December 2023 is released on ASX.

The Company will announce to ASX details of the Shares subject to escrow restrictions prior to Listing.

7.14 CHESS AND ISSUER SPONSORED HOLDINGS

Subject to Listing, the Company will apply to participate in ASX's Clearing House Electronic Sub-register System (**CHESS**), in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are affected in an electronic form.

When the Shares (including New Shares) become Approved Financial Products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion of the Offers, successful Applicants will be sent a holding statement that sets out the number of Shares that they have been issued. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Shareholder Reference Number (SRN) of issuer sponsored holders.

Shareholders will subsequently receive statements showing any changes to their shareholding. Share certificates will not be issued.

Initial holding statements are expected to be despatched by post to relevant Applicants on or around Friday, 17 December 2021.

7.15 OVERSEAS JURISDICTIONS

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer, invitation or issue under this Prospectus.

No action has been taken to register or qualify this Prospectus, the Shares or the Offers, or to otherwise permit a public offering of the Shares, in any jurisdiction other than Australia. In particular, the Offers do not constitute an offer to sell, or solicitation of an offer to buy, securities in the U.S.. The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the U.S., except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

This Prospectus may not be released or distributed in the U.S. or any other jurisdiction outside of Australia, and may only be distributed to persons to whom the Offers may lawfully be made in accordance with the laws of any applicable jurisdiction.

By submitting an Application, each Applicant under the Public Offer will be taken to have represented, warranted and agreed that it:

- understands that the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States except in transactions exempt from, or not subject to, registration requirements of the U.S. Securities Act and applicable US state securities laws;
- is not in the U.S.;
- has not and will not send the Prospectus or any other material relating to the Offers to any person in the U.S.; and
- will not offer or sell the Shares in the U.S. or in any other jurisdiction outside of Australia except in transactions exempt from, or not subject to, registration requirements of the U.S. Securities Act and in compliance with all applicable laws in the jurisdiction which Shares are offered and sold.

7.16 FURTHER INFORMATION

If you require more information about this Prospectus or the Offers, please call the Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) from 8:15am to 5:30pm (AEDT), Monday to Friday during the Offer Period.

You should read this Prospectus in its entirety, including the risk factors set out in Section 6, before deciding whether or not to invest in the Company.

If you are unclear about any matter or are uncertain as to whether Shares in the Company is a suitable investment for you, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer, tax adviser or other independent professional adviser before deciding whether to invest.

Section 8

KEY PEOPLE, INTERESTS AND BENEFITS AND CORPORATE GOVERNANCE

8. Key People, Interests and Benefits and Corporate Governance

8.1 BOARD OF DIRECTORS

The Board of Directors of the Company is currently comprised of eight directors, including five independent directors and one executive director (together, the **Directors**).

The Group has been governed by an independent board of Directors since 1996.

Together, the Directors bring to the Board a broad range of experience and skills required for the future conduct and growth of the Business under a publicly listed structure, including industry and business knowledge, financial management and corporate governance experience. As such, the Board is well positioned to guide the Group towards achieving its strategic objectives.

Each Director has confirmed that he or she anticipates being available to perform his or her duties and responsibilities as a director of the Company after Listing, without constraint from other commitments.

For a more detailed discussion of the criteria applied by the Company in determining the independence of the Directors, please see Section 8.5(a).

The qualifications and experience of the Directors are set out below:

DIRECTOR	SUMMARY
	PHILLIP ARNALL (PHIL ARNALL) **Chair, Independent Non-Executive Director** Phil joined the SHAPE board as Chair in August 2012. He brings considerable experience in board operations and business management, having served as Chair of five ASX listed companies and several private companies over the past fifteen years. In his corporate career, Phil held several senior management positions in Australian mining and manufacturing businesses and was responsible for the expansion of several businesses into overseas markets in this role. He was initially a product of the Australian Steel industry cadet scheme and as such, graduated in Commerce from the University of Newcastle, where he undertook postgraduate studies in Marketing and Industrial Law. Phil is currently a member of the Remuneration and Human Resources Committee, but he will resign from this role upon Listing.
	MICHAEL BARNES **Non-Executive Director** Michael joined SHAPE in 1990, rising steadily from Project Manager to ACT Manager and Chief Executive Officer in 1997. After 20 years as CEO, he retired in 2017 and now remains on the board as a Non-Executive Director. Michael holds a degree in Civil Engineering and has more than 30 years of experience in the construction industry. Michael was a Director of the Green Building Council of Australia and a founding Director of majority Indigenous-owned construction fit-out and refurbishment business, DLG SHAPE. Michael is a member of the Audit and Risk Committee.

RHONDA JANE LLOYD (JANE LLOYD)

Independent Non-Executive Director

Jane has more than 29 years' experience in the Australian and international property markets across the commercial, retail, industrial and residential sectors. Jane is a Non-Executive Director of ISPT, a member of the Australian Prime Property Fund (APPF) Retail Investment Review Committee, a Global Trustee of the Urban Land Institute and a board member of Habilis Housing Limited.

Her executive career included two years as Stockland's General Manager of Development and Design, Commercial Property and eleven years at DEXUS culminating in her role as Managing Director of US Investments. Jane started her career in the development business of Lendlease.

Jane has a Bachelor of Town Planning (Hons) and a Masters of Business Administration from AGSM/UNSW and a Masters of Public Administration from the Harvard Kennedy School.

Jane is a member of the Remuneration and Human Resources Committee and the Nomination Committee.

PETER MARIX-EVANS

Chief Executive Officer and Managing Director

Peter was appointed as Chief Executive Officer in December 2017. After joining SHAPE in 2011 as the Group Executive and General Manager of NSW, he became Chief Operating Officer in August 2016.

Peter brings over 30 years of wide-ranging construction and industry experience, including senior roles in both commercial and public sectors, including risk and commercial management, customer experience and environmental health and safety (EHS).

Before joining SHAPE, Peter held several operational and strategic management positions at Lend Lease, including General Manager for NSW, Operations Manager for ACT, National Operations Manager and Head of EHS for the Asia Pacific. He has particular passions for customer experience, as well as developing and leading high-performance teams.

8. Key People, Interests and Benefits and Corporate Governance

GERARD MCMAHON

Non-Executive Director

Gerard is one of SHAPE's founders and was initially responsible for the Group's shared services functions, including Finance, People & Culture, Customer Experience and Business Technology.

He has extensive experience in measuring and improving Leadership and Organisational Culture at SHAPE and with other organisations in Australia, Europe and North America. This work has led to demonstrable improvements in business performance.

Gerard's qualifications include a Master of Leadership (Deakin University) and an Advanced Diploma of Accounting.

He is a member of the Audit and Risk Committee.

KATHRYN PARSONS (KATHY PARSONS)

Independent Non-Executive Director

Kathy is a former audit partner with Ernst and Young where she spent time in the firm's US, UK and Australian practices. Her clients operated over a wide range of industries including real estate and construction. She was part of the firm's Oceania Assurance Leadership team with responsibility for assurance quality and risk management.

She is currently an Independent Non Executive Director and chair of the Audit, Risk and Compliance committee at McMillan Shakespeare Limited and an Independent Non-Executive Director of Tassal Group Limited.

Kathy holds a Bachelor of Comm from UNSW and is a qualified chartered accountant.

Kathy chairs the Audit and Risk Committee.

JAMES SLOMAN OAM (JIM SLOMAN)

Independent Non-Executive Director

Jim is a civil engineer with over 23 years of experience in project and business management with Lend Lease and was for four years Chief Operating Officer for the Sydney 2000 Olympic and Paralympic Games.

He has been a Non-Executive Director of several ASX listed companies the most recent of which was the Goodman Group (2006 - 2019). Jim recently retired as Executive Chairman of Laing O'Rourke Australia (since 2010) responsible for strategy and corporate direction and leading construction and investment strategy implementation across the Australian hub. He remains an Advisor to the Chairman and Managing Director.

Jim is a member of the Remuneration and Human Resources Committee and chairs the Nomination Committee.

CRAIG VAN DER LAAN DE VRIES (CRAIG VAN DER LAAN)

Independent Non-Executive Director

Craig has had an extensive international career with a range of large public companies in operational, functional, project leadership and unique advisory roles. He held several executive positions over many years with the Brambles Group, operating in more than 45 countries, including as President of Brambles' CHEP logistics/network business across the Asia Pacific region, Global Head of Mergers and Acquisitions, Group General Counsel and Group Company Secretary.

Craig has also held senior executive and advisory roles with the Westfield Group, Foster's Group, Leighton Holdings Group, Lendlease Corporation and Transurban.

From 2014 to 2019, Craig was the Chief Executive Officer and a Board Member of the Barangaroo Delivery Authority, the NSW statutory agency responsible for delivering the Barangaroo Project, a multi-billion dollar infrastructure and urban renewal project on the shores of Sydney Harbour.

Craig holds a Bachelor of Arts (B.A.) and a Bachelor of Laws (LL.B.) from the University of Sydney.

Craig chairs the Remuneration and Human Resources Committee and is a member of the Nomination Committee.

8.2 SENIOR MANAGEMENT

SHAPE has a highly capable leadership team with over 100 years of cumulative construction, engineering, fit-out and refurbishment industry experience and an average tenure of 15 years.

DIRECTOR	SUMMARY

PETER MARIX-EVANS

Chief Executive Officer

As set out in Section 8.1.

SCOTT JAMIESON

Chief Financial Officer

After working as an External Auditor of SHAPE for seven years, Scott joined SHAPE in 2008 as Financial Controller. He has been an integral member of the SHAPE team for more than ten years and is now Chief Financial Officer with a strategic and operational focus. He also has responsibility for the company's Business Technology and Risk Management areas.

Scott has a Bachelor of Business majoring in Accounting and Finance from the University of Technology, Sydney, and is a Chartered Accountant and Chartered Tax Advisor.

8.3 DIRECTORS' AND MANAGEMENT'S BENEFITS AND INTERESTS

(A) CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

Peter Marix-Evans is employed by SHAPE Australia in the position of Chief Executive Officer and Managing Director of the Group. The key terms of Peter's employment are summarised below:

Remuneration	$784,400.00 per annum (inclusive of superannuation) Peter does not otherwise receive any director's fee for his services to the Group.
Benefits	Peter is not entitled to any additional remuneration for any required travel in performance of his duties, but the expenses of such travel, including accommodation and meals, will either be paid for, or reimbursed, by SHAPE Australia.
Incentive plans	Peter is entitled to participate in the Group's short term incentive scheme. In respect of the short term incentive scheme for the financial year ending 30 June 2022, Peter is entitled to earn a bonus of up to $588,375 (inclusive of superannuation), depending on the financial performance of the Group as at the end of that financial year. Peter is eligible to participate in ESAP and SELTI. Please see Section 8.3(g) below for further detail in relation to ESAP and SELTI.
Termination rights	Either party may terminate the employment by providing the other party with at least 12 months' prior written notice. SHAPE Australia may elect to pay Peter in lieu of all or partly any notice period. SHAPE Australia may terminate the employment at any time without prior notice (or payment in lieu of notice) and with immediate effect for cause.
Post-employment restraints	Peter must not directly or indirectly (whether on his own account or for the benefit of any other party), during the term of his employment and: (a) for 12 months after termination of the employment: (i) solicit away or induce, or endeavour to solicit away or induce, any employee, officer or consultant of the Group to terminate their employment or cease offering their services to the Group; (ii) solicit away or induce, or endeavour to solicit away or induce, the Group the business or services of any person, firm, company or organisation who or which was a customer, supplier, joint venturer or partner (including those persons who were, at the relevant time, in the process of being engaged as a customer, supplier, joint venturer or partner) of a Group Member with whom Peter had any dealings in the 12 months prior to the termination of the employment; (iii) interfere with or disrupt or attempt to interfere with or disrupt the relationship, contractual or otherwise, between any Group Member and any of their customers, suppliers, referrers, joint venturers or partners; (b) for 6 months after the termination of the employment, engage in any business or activity in Australia which is the same as, similar to or in competition with the whole or any material part or parts of the Business as conducted by any Group Member at any time in the 18 months prior to the termination of the employment; or (c) directly or indirectly assist any person to, or procure any person to, do any of the acts or things referred to above.

In addition to the above, SHAPE Australia has agreed to pay $75,000 to Peter in consideration for his services in relation to the Listing.

(B) CHIEF FINANCIAL OFFICER

Scott Jamieson is employed by SHAPE Australia in the position of Chief Financial Officer of the Group. The key terms of Scott's employment are summarised below:

Remuneration	$475,000 per annum (inclusive of superannuation)
Benefits	SHAPE Australia will provide Scott with various equipment to enable him to perform his role (e.g. a laptop, a mobile phone, a wireless internet access card). In addition, Scott will be reimbursed any reasonable business expenses he incurs in the course of his employment.
Incentive plans	Scott is entitled to participate in the Group's short term incentive scheme. In respect of the short term incentive scheme for the financial year ending 30 June 2022, Scott is entitled to earn a bonus of up to $285,000 (inclusive of superannuation), depending on the financial performance of the Group as at the end of that financial year. Scott is eligible to participate in ESAP and SELTI. Please see Section 8.3(g) below for further detail in relation to ESAP and SELTI.
Termination rights	Either party may terminate the employment on 3 months' written notice. SHAPE Australia may elect to pay Scott in lieu of all or part any notice period. SHAPE Australia may terminate Scott's employment immediately (and without any payment in lieu of notice) if Scott engages in serious misconduct.
Post-employment restraints	For 3 months following termination of Scott's employment, Scott must not become involved in any business, in any market where the Group operates, that competes for the same (or substantially the same) type of work as that performed or sought to be performed by the Group at any time in the final 18 months of Scott's employment. In addition, for 12 months following termination of Scott's employment, he may not solicit or entice: (a) any employees or contractors with whom Scott has dealt with while working at the Group; or (b) any client, organisation or other person to whom Scott has provided services during the period of his employment, without SHAPE Australia's prior written consent.

In addition to the above, SHAPE Australia has agreed to pay $75,000 to Scott in consideration for his services in relation to the Listing.

(C) NON-EXECUTIVE DIRECTORS' FEES

As at the date of this Prospectus, the Company has agreed to pay annual fees of $170,000 to the Chair and $110,000 for each other non-executive director under appointment letters with the Company. All non-executive directors' fees are inclusive of superannuation required by law to be made by the Company. The appointment letters are on terms typical for agreements of this nature.

The Company has also agreed to pay each Director who is a chair of a Board committee an annual fee of $20,000 (inclusive of superannuation) in consideration for this additional service.

Under the Constitution, the Company is permitted to pay its non-executive directors, fees to an amount determined by the Board that does not, in any financial year, exceed in aggregate the amount set out in the Constitution or last determined by Shareholders in general meeting (which, as at the date of this Prospectus, is $1,000,000 per annum).

(D) INTERESTS IN SHARES AND OTHER SECURITIES

As at the date of this Prospectus, the following Directors and Senior Management will hold the following Shares and Performance Rights, either directly and/or through company and trust structures, on Completion:

DIRECTORS AND SENIOR MANAGEMENT SHAREHOLDINGS	SHARES HELD ON COMPLETION		PERFORMANCE RIGHTS ON COMPLETION
	NUMBER	% OF TOTAL ISSUED CAPITAL	
Peter Marix-Evans	1,329,556	1.6%	688,353
Scott Jamieson	1,633,092	2.0%	313,525
Phil Arnall[1]	1,391,039	1.7%	–
Gerard McMahon[2]	9,737,920	11.7%	–
Michael Barnes	2,800,000	3.4%	–
Jim Sloman	209,119	0.3%	–
Craig van der Laan[3]	–	–	–
Jane Lloyd	–	–	–
Kathy Parsons	–	–	–
Total	**17,100,726**	**20.5%**	**1,001,878**

Notes:

1. On Completion, Phil Arnall will also have an indirect interest in the Company through a 6.5% shareholding in SET Australia Pty Limited.
2. On Completion, Gerard McMahon will also have an indirect interest in the Company through a 6.5% shareholding in SET Australia Pty Limited.
3. On Completion, Craig van der Laan will also have an indirect interest in the Company through a 3.2% shareholding in SET Australia Pty Limited.

* The Performance Rights will be subject to the terms and conditions of the SELTI, a summary of which is set out in Section 8.3(g). Further information in relation to the Performance Rights that will be held by Peter Marix-Evans is set out in Section 8.3(h).

Under the Constitution, directors are not required to hold any Shares or other securities in the Company in order to hold office in the Company.

The Directors may, but are not obliged, to apply for New Shares under the Public Offer (in addition to the above Shareholdings). Final directors' Shareholdings will be notified to ASX after Listing, to the extent required under the Corporations Act and ASX Listing Rules.

(E) EMPLOYEE INCENTIVE PLANS

The Company has established:

(i) an employee incentive plan to assist in the attraction, motivation, retention and reward of senior management and other eligible employees (**SELTI**); and

(ii) an employee incentive plan to assist in the attraction, motivation, retention and reward of all of the Group's employees (**ESAP**).

For the purposes of ASX Listing Rule 7.2 Exception 13, the aggregate pool of securities that may be issued under SELTI and ESAP after Listing is limited to 1,248,616, being 1.5% of the total issued capital of the Company on an undiluted basis as at Completion.

Non-executive Directors are not entitled to participate in the SELTI and the ESAP. Executive Directors may participate in both the SELTI and the ESAP. As at the date of this Prospectus, Peter Marix-Evans proposes to participate in both the SELTI and ESAP. Please see Section 8.3(h) for further information in relation to Peter's participation in SELTI. Peter's participation in ESAP will be in accordance with the terms of that plan.

SELTI

Under the rules of the SELTI (**SELTI Rules**), the Board has a discretion to grant a share right (**Right**) which entitles the Eligible Persons (as defined below) who have been granted Rights (**Participant**), if the relevant performance or vesting conditions are satisfied, to receive a fully paid ordinary share in the Company. All Rights that do not satisfy the relevant performance condition at the time for vesting, lapse and have no further effect.

The terms and conditions of the SELTI are set out in comprehensive rules. A summary of the key rules of the SELTI is set out below:

Eligibility and grant

(iii) SELTI is open to senior managers of the Group or any other employee or officer of the Group whom the Company considers should be invited to participate in the SELTI, as determined by the Board (**Eligible Persons**).

(iv) The Board may determine the number of Rights that each Eligible Person will be granted and other terms of issue of the Rights including vesting hurdles.

(v) Rights granted under the SELTI will only vest and be exercisable if the applicable vesting condition or performance hurdles or both (as applicable) have been satisfied, waived by the Board or are deemed to have been satisfied under the SELTI Rules.

(vi) Each vested Right enables a Participant to be issued or to be transferred one fully paid ordinary share in the Company upon exercise for no cash exercise price, subject to the SELTI Rules and the terms of any particular offer.

(vii) Participants holding Rights are not permitted to participate in new issues of securities by the Company but adjustments may be made to the number of shares over which the Rights are granted and/or the exercise price (if any) to take into account changes in the capital structure of the Company in accordance with the SELTI and the ASX Listing Rules.

(viii) No Eligible Person may accept an offer of a grant of Rights if at the time the offer is made, the Eligible Person owns, or has an interest in, or otherwise controls 10% or more of the issued share capital of the Company.

Termination of employment

(i) If cessation of employment or engagement of a Participant within the Group occurs, the Board will determine whether the Participant is to be treated as a Good Leaver or a Bad Leaver.

   (a) Circumstances where the Participant will be classified as a Good Leaver include death, total and permanent disablement, permanent retirement from the workforce with the Board's prior written consent, and other circumstances determined by the Board from time to time. Where the Participant is classified as a Good Leaver, then subject to the SELTI Rules, the Board shall in its discretion determine the extent, if any, to which unvested Rights shall vest and any remaining unvested Rights shall be forfeited.

   (b) Circumstances where the Participant will be classified as a Bad Leaver include resignation of a Participant unless, in the Board's absolute discretion, the Board considers that special circumstances exist that would justify the termination being treated as a 'Good Leaver', and termination for serious misconduct. Where the Participant is classified as a Bad Leaver then all unvested Rights will be forfeited, unless and to the extent otherwise determined by the Board in its discretion.

(ii) If cessation of employment or engagement of a Participant within the Group occurs for reasons classified by the Board as not qualifying for being a Good Leaver, then all unvested Rights will be forfeited, unless and to the extent otherwise determined by the Board in its discretion.

Forfeiture and lapsing

(i) The Board has sole discretion to determine that some or all unvested Rights held by a Participant lapse on a specified date if allowing the Rights to vest would, in the opinion of the Board, result in an inappropriate benefit to the Participant.

(ii) In addition, in the event that the Board forms the opinion that a Participant has committed an act of fraud, defalcation or gross misconduct in relation to the Group, the Participant will forfeit all unvested Rights.

Change of Control

In the event of a "Change of Control", being:

(i) a bona fide takeover bid is declared unconditional and the bidder has acquired at least 50.1% of the Company's issued shares;

(ii) a person obtains Voting Power (as defined in the Corporations Act) in the Company which the Board determines to be sufficient to control the composition of the Board; or

(iii) the Board determines an analogous event to be a "Change of Control",

all unvested Rights will immediately vest based on the amount that would have been received had the target performance level been reached.

Amendment of the SELTI Rules

The Board may at any time by written instrument, or by resolution, amend all or any of the provisions of the SELTI Rules. No amendment to the SELTI Rules may reduce a Participant's existing rights in respect of any invitation to be granted Rights that had commenced prior to the date of the amendment, other than with the Participant's consent or where the amendment is introduced primarily:

(i) for the purpose of complying with or conforming to the Listing Rules or other legal requirements;

(ii) to correct any manifest error or mistake; or

(iii) to address possible adverse tax implications for Participants generally or the Group.

ESAP

Under the rules of the ESAP (**ESAP Rules**), the Board may in its absolute discretion from time to time invite eligible employees of the Company (**Employees**) to participate in the ESAP by providing it with an invitation, which entitles the Employee to acquire Shares in the Company (**Participant**).

The terms and conditions of the ESAP are set out in comprehensive rules. A summary of the key terms of the ESAP is set out below:

Eligibility and issue

(i) The ESAP is open to any permanent full time or permanent part time employee of a Group Member, other than a non-executive director of a Group Member, as determined by the Board.

(ii) A percentage of the Company's audited profit before tax, determined by the Board each year, is allocated to ESAP (**Profit Pool**) to be applied for the benefit of Participants equally, having regard to their length of service during the relevant year.

(iii) A Participant's share of the Profit Pool is used firstly in providing up to not more than the maximum number of Shares that satisfy the requirements of paragraph 83A-35(2)(a) of the Income Tax Assessment Act 1997 (Cth) (**Tax-Free Cap**), presently $1,000. The balance of a Participant's share of the Profit Pool is paid to the Participant in cash.

(iv) Shares may be delivered to a Participant under the ESAP by way of allotment and issue of Shares or by acquiring Shares on-market, as determined by the Board.

(v) Unless otherwise determined by the Board, no payment is required for the delivery of Shares under the ESAP.

(vi) No Participant may continue to participate in the ESAP if that Participant owns, or has an interest in, or otherwise controls 10% or more of the issued share capital of the Company.

(vii) The maximum number of Shares that may be issued to a Participant in respect of any financial year is not to exceed in aggregate the Tax-Free Cap, presently $1,000, divided by:

(a) if Shares are purchased on market, the price paid for those Shares; and

(b) if Shares are allotted and issued, the volume weighted average price of Shares traded on the ASX over the 10 trading days up to the date of acquisition,

rounded down to the nearest whole number (**Maximum Share Price**).

(viii) On 1 September of each year during the term of the ESAP, the Board will determine the size of the Profit Pool and a Participant's share of that pool, including the available number of Shares for each Participant, and will:

(a) subject to the Maximum Share Price, deliver Shares to each Participant to the value of each Participant's share entitlement determined under the ESAP; and

(b) if the available amount is greater than the share entitlement, ensure that a cash bonus is paid by the applicable Group Member to each Participant equal to the difference.

(ix) Shares issued under the ESAP will rank equally in all respects with all existing Shares from the date of allotment, including in respect of voting rights and dividend rights.

(x) Except with the approval of the holders of the Company's ordinary shares, the number of Shares that may be issued by the Company, including rights and options convertible into or exercisable for Shares, under all employee incentive schemes (including the ESAP) is limited to 1.5% of the total number of issued Shares as of the time of the issue.

Restriction on transfer

(i) A "Holding Lock" (as defined in the ASX Listing Rules), being a mechanism to prevent a Participant transferring or otherwise dealing with the Shares, will be applied to all Shares granted to a Participant under the ESAP for the period from the date of acquisition until the earlier of:

(a) three years after the date of acquisition of the Shares; or

(b) such other later date as determined by the Board,

(Holding Lock Period).

(ii) While a Share is subject to a Holding Lock, that Share may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered without the prior approval of the Board.

(iii) After the expiration of the Holding Lock Period, the Company will release the Shares from their Holding Lock and notify the Participant of the release of Shares.

(iv) Within the six-month period after the expiration of the Holding Lock Period, the Company must apply for quotation by ASX of the Shares that are subject to the Holding Lock.

Amendment of the ESAP Rules

The Board may amend, add to, delete, revoke or otherwise vary any or all of the terms of issue of Shares or the ESAP Rules at any time in any manner it thinks fit in its absolute discretion (**Amendment**). However, no Amendment to the provisions of the ESAP Rules may be made which reduces the rights of Participants in respect of Shares acquired by them prior to the date of the Amendment, other than an Amendment introduced primarily:

(i) for the purpose of complying with or conforming to present or future applicable law;

(ii) to correct any manifest error or mistake; or

(iii) for the purpose of enabling Participants to receive a more favourable taxation treatment in respect of their participation in the ESAP.

(F) PERFORMANCE RIGHTS

As at Listing, Peter Marix-Evans, a Director, will hold 688,353 Performance Rights. For the purposes of ASX Listing Rule 10.16(c)(i):

(i) Peter Marix-Evans is a Director and, accordingly, ASX Listing Rule 10.14.1 will, upon Listing, apply to any securities issued or granted to Peter after Listing, including Shares issued upon the conversion of Performance Rights granted prior to Listing.

(ii) 688,353 Performance Rights will be granted to Peter. Equivalent performance rights were held by Peter prior to Listing and they are being cancelled in exchange for the grant of these new Performance Rights.

(iii) Details of Peter's current remuneration package are set out in Section 8.3(a).

(iv) No securities have been previously granted to Peter under the SELTI.

(v) The material terms of the Performance Rights are set out below:

NUMBER OF PERFORMANCE RIGHTS	BASE YEAR FOR MEASUREMENT OF PERFORMANCE	START OF MEASUREMENT PERIOD	END OF MEASUREMENT PERIOD
261,947	30/06/2019	01/07/2019	30/06/2022
206,993	30/06/2020	01/07/2020	30/06/2023
219,413	30/06/2021	01/07/2021	30/06/2024

The vesting of the Performance Rights will be determined by reference to compound annual net profit growth (Profit before Income Tax and Employee Profit Share as shown in the Group's accounts) between the base year (year prior to commencement of the measurement period) and the final year of the measurement period and applying the following scale:

PERFORMANCE LEVEL	STANDARD OF PERFORMANCE: COMPOUND ANNUAL GROWTH RATE FOR NET PROFIT GROWTH OVER MEASUREMENT PERIOD	VESTING % OF TRANCHE
Stretch	≥ 12.00%	100%
Between Target & Stretch	> 8.00% & < 12.00%	Pro-rata
Target	**8.00%**	**50%**
Between Threshold & Target	> 5.00% & < 8.00%	Pro-rata
Threshold	5.00%	25%
Below Threshold	< 5.00%	0%

(vi) The value, if any, of the Performance Rights to be granted to Peter depend on the financial performance of the company over a 3 year measurement period. If minimum threshold growth of net profit before income tax and employee profit share (5% Compound Annual Growth – see above table) is not achieved over the relevant 3 year measurement period, that tranche of performance rights has no value. By way of example, based on the Offer Price of $1.96, if 5% Compound Annual Growth is achieved for all performance rights, those rights would have a value of $337,292.97. If 8% Compound Annual Growth is achieved, those rights would have a value of $674,585.94 and if 12% Compound Annual Growth is achieved, those rights would have a value of $1,349,171.88.

(vii) The Company uses Performance Rights under the SELTI as it creates alignment between employees and Shareholders. Performance Rights do not provide employees with the full benefits of Share ownership (such as voting rights) unless and until the underlying performance and service conditions are met and Shares are issued.

(viii) The Performance Rights will be granted upon completion of the Restructure and for nil cash consideration.

(ix) For a summary of the material terms of the SELTI, please refer to Section 8.3(g).

(x) No loan will be provided to Peter in relation to the grant or conversion of the Performance Rights.

8.4 DEEDS OF ACCESS, INDEMNITY AND INSURANCE

The Company has entered into deeds of access, indemnity and insurance with each of the Directors (each, an **Officer**).

These deeds grant rights of access to the Officers to certain books and records of the Group at any time while the relevant Officer is in office with the Group and for a period of seven years thereafter, if during that period, a claim is made or threatened against that Officer in connection with the activities of the Group, its directors, officers, employees or other agents, or the Business.

During the term of their office with the Company and for a period of seven years thereafter, the Officers are also insured under an insurance policy maintained by the Group against all liability, loss and legal expense that they may incur as a result of the performance of their duties in respect of the Group, its business and affairs, or arising out of the conduct of the business and affairs of the Group during term of their office, to the extent permitted by law. If any relevant claim is threatened, made or brought against the relevant Officer during this period, then the period is extended to ensure the Officer is properly and fully protected.

In addition, under the deeds, the Officers are indemnified by the Company and other Group Members against all such liability, to the fullest extent permitted by law and all legal costs and expenses incurred by the Officer in defending any action for liability. The indemnity is enforceable for any act, matter or circumstance regardless of whether it occurs before or after the date of the deed of access, indemnity and insurance and is a continuing obligation enforceable even when the Officer has ceased to hold office in the Group.

8.5 CORPORATE GOVERNANCE

The Board of Directors considers it to be its primary responsibility to represent and advance the interests of Shareholders and to protect the interests of all stakeholders of the Group, considered as a whole. To fulfil this responsibility, the Board oversees the management of the Business by, among other things:

- determining the strategic direction and objectives of the Business and approving its annual business plans and budgets; and
- monitoring the Group's achievement of these goals, including in particular its operational and financial position and performance.

The Board is committed to maximising the performance of the Group, generating an appropriate level of Shareholder value and financial return and sustaining the growth and success of the Group. In conducting the Business with these overriding objectives, the Board seeks to ensure that the Group is properly managed to protect and enhance Shareholder interests and that the Group, its Directors, officers and personnel operate in an appropriate environment of corporate governance.

Accordingly, the Board has developed and adopted a framework of corporate governance policies and practices and risk management practices that it believes are appropriate for the Business, given its nature and size, and that are designed to promote the responsible management and conduct of the Group.

The main policies and practices that have been adopted the Group are summarised below. The Board has evaluated these policies and practices in light of the ASX Corporate Governance Principles and Recommendations (**ASX Recommendations**), and considers that they are consistent with the ASX Recommendations, with no departures to disclose. The policies and practices will be formally reviewed by the Board after Listing on an annual basis to ensure they are appropriate as the Group's operations evolve over time. Any departure from the ASX Recommendations will be disclosed by the Company in its annual report.

(A) BOARD APPOINTMENT AND COMPOSITION

The Board is currently comprised of eight directors.

The size and composition of the Board is determined in accordance with the Constitution (see further Section 10.4(k)). The Board will seek to ensure that it is comprised of directors that will provide the range of skills and experience required to enable the Board to carry out its roles and responsibilities effectively.

A director will be considered independent by the Company if he or she is free of any business, interest, position, association or other relationship that might interfere, or reasonably be perceived to interfere, in a material respect with his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Group and Shareholders generally. The Board will regularly review the independence of each director.

Based on the above guidelines, the Board considers each of:

(i) Phil Arnall;

(ii) Jane Lloyd;

(iii) Kathy Parsons;

(iv) Jim Sloman; and

(v) Craig van der Laan,

to be independent directors of the Company. Peter-Marix Evans is not considered independent because he is an executive director. Gerard McMahon is not considered independent as result of the size of his Shareholding. Michael Barnes is not considered independent given he joined the Board immediately post his resignation from the position of CEO.

Given the range of skills and knowledge that the Directors bring and the current ratio of independent directors with the Board, the Board considers that its composition is appropriate for the requirements of the Group and Business once a publicly listed entity on ASX.

8. Key People, Interests and Benefits and Corporate Governance

(B) BOARD CHARTER

The Board has adopted a written charter to provide a framework for the effective operation of the Board. The charter sets out:

- the roles and responsibilities of the Board, including to provide strategic guidance to and effective oversight of senior management;
- the role and responsibilities of the Chair and company secretary;
- the authority delegated by the Board to Board committees and senior management;
- the membership and composition of the Board, including in relation to the independence of directors and the conduct of individual directors; and
- the Board process, including how meetings of the Board shall be convened and the frequency.

The charter does not limit the ability of the Board to delegate any of their powers to such other persons as the Board determines, provided the delegation is in accordance with the Corporations Act or any other applicable laws or the Constitution.

(C) BOARD COMMITTEES

The Board may from time to time establish appropriate committees to assist it in carrying out its responsibilities. The current standing committees of the Board include:

(i) Audit and Risk Committee – oversees the Company's corporate accounting and financial reporting, including auditing of the Group's financial statements and the qualifications, independence, performance and terms of engagement of the Company's external auditor. The Audit and Risk Committee will also be responsible for monitoring and advising the Board on risk management policies and procedures.

(ii) Remuneration and Human Resources Committee – establishes, amends, reviews and oversees the compensation and equity incentive plans with respect to senior management and employees of the Group, including determining individual elements of total compensation of the members of senior management. The Remuneration and Human Resources Committee is also responsible for reviewing the performance of the Group's executive officers with respect to these elements of compensation.

(iii) Nomination Committee – formulates a Board skill matrix, recommends the director nominees for each annual general meeting and ensures that the Audit and Risk Committee and Remuneration and Human Resources Committee have the benefit of qualified and experienced directors.

(D) CORPORATE GOVERNANCE POLICIES

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Corporate Governance Principles:

(i) Continuous Disclosure and Market Communication Policy – once listed on the ASX, the Company will need to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act to ensure the Company discloses to the ASX any information concerning the Group which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. As such, this policy sets out certain procedures and measures which are designed to ensure that the Company complies with its continuous disclosure obligations and to ensure effective communication with its stakeholders.

(ii) Shareholder Communication Policy – this policy sets out practices which the Company will implement to ensure effective communication with its Shareholders.

(iii) Code of Conduct – this policy sets out the standards off ethical behaviour that the Company expects from its Directors, officers and employees.

(iv) Diversity Policy – this policy sets out the Company's objectives for achieving diversity amongst the Board, management and employees.

(v) Whistleblower Policy – this policy sets out the Group's regime for the reporting of wrongdoing that may cause loss to the Group or damage to the Group's reputation, or may cause harm to others.

(vi) Anti-bribery and Corruption Policy – this policy sets out the responsibilities of the Group and its personnel in observing and upholding the prohibition on bribery and corruption.

(vii) **Performance Evaluation Policy** – this policy sets out the process for periodically evaluating the performance of the Board, committees, Directors and senior executives of the Company.

(viii) **Securities Trading Policy** – this policy is designed to maintain investor confidence in the integrity of the Company's internal controls and procedures. The Company is committed to complying with insider trading laws and establishing a best practice for dealing in securities. The Company has adopted the Securities Trading Policy to:

(a) ensure that all Directors, employees and contractors of the Company (and their associates) are aware of the Australian insider trading laws as they apply to trading in the Company's securities;

(b) detail what trading is prohibited and allowed under the Corporations Act; and

(c) set out additional restrictions on trading in the Company's securities that apply to Directors, senior executives and certain restricted employees.

The Company understands that Directors, senior executives and certain other employees may be in a position where they may be or perceived to be in possession of inside information. As such, Directors, senior executives and certain restricted employees must obtain prior approval for any proposed dealing in the Company's securities. The policy specifies exemptions to certain types of trading, which include disposals arising as a result of acceptance of a takeover bid or equal access buy back, acquisitions under a dividend reinvestment plan and acquisitions under an employee incentive plan.

Further details of the Group's key corporate governance policies and the charters for the Board and each of its committees will be available from Listing at https://shape.com.au.

8.6 DISCIPLINARY ACTION/INSOLVENCIES

None of the Directors or senior management has been subject to any criminal convictions, declarations under section 1317E of the Corporations Act or personal bankruptcies, disqualifications or disciplinary actions, nor have any of them been an officer of a company that has entered into a form of external administration during the time the person was an officer or within a 12 month period afterwards.

Section 9

MATERIAL CONTRACTS

9. Material Contracts

The Board considers that there are a number of agreements which are significant or material to the Company or of such a nature that an investor may wish to have details of them when making an assessment of whether to apply for the Shares. Summaries of material contracts set out below or elsewhere in this Prospectus do not purport to be complete and are qualified by the text of the contracts themselves.

9.1 CLIENT CONTRACTS

The relevant Group Member enters into contracts with its clients that regulate the parties' rights and obligations. These contracts are normally awarded following the conclusion of a competitive tender process.

The relevant Group Member's role under its contracts is to act as head contractor/construction manager. The relevant Group Member engages third party trade contractors to carry out the construction work on its behalf, and engages specialised third party consultants to provide professional services where needed.

The forms of contract entered into by a Group member are typical for the commercial construction industry in Australia. They generally fall into one of two categories:

- Lump Sum contracts, under which the relevant Group Member is required to complete the project for a fixed price and by a fixed date. Under these contracts, the relevant Group Member carries the burden of any cost overruns and receives the benefit of any savings it can achieve through the construction process; and
- Cost Plus contracts, which are generally used where a client wishes to seek input and advice from a builder (including advice in relation to construction methodologies and pricing) before the design has been finalised. Often these contracts are entered without there being any guarantee that the project will proceed or that the relevant Group Member will be engaged to perform it. Under this type of contract, the relevant Group member charges a fee (usually a fixed amount) for performing its pre-construction services and for managing the project, assuming it proceeds. The relevant Group Member is separately compensated for its third party costs of carrying out the project, once the value of those costs can be determined.

On some projects (Construct Only projects), the relevant Group Member's client will provide the design of the works, and the relevant Group Member's primary obligation is to perform the works in accordance with that design. On other projects ('design and construct' or 'D&C' projects), the relevant Group Member is engaged to prepare the design itself, or to develop a preliminary design provided by its client, and to then complete the project according to that design.

Regardless of the type of contract involved:

- The relevant Group Member is normally responsible for any construction defects in the work performed. Where a D&C contract is involved, a Group Member is also responsible for any defects that arise out of the design of the works. The relevant Group Member's exposure to defects claims extends for years beyond the date of project completion.
- If a project does not reach completion by the agreed date for completion, the relevant Group Member is usually often required to compensate its client for the delay. This compensation usually takes the form of liquidated damages, being a rate of compensation that is agreed between the parties at the time of entering the contract.
- The relevant Group Member normally carries the risk of any cost overruns or delays that arise as a result of a trade contractor's default or insolvency.
- The relevant Group Member is responsible for ensuring the project is carried out safely and in accordance with all applicable laws.
- The relevant Group Member is required to provide warranties and indemnities that are connected with its performance obligations, and the relevant Group Member is normally responsible for arranging and maintaining all relevant insurances as specified in each contract.
- The relevant Group Member is normally required to provide third party security to its client, such as bank guarantees or insurance bonds, to secure its performance obligations. The amount of security is generally 5% of the contract sum, unless otherwise agreed by the parties. Often the relevant Group Member's client will have the right to recourse to this security, in the event of default by the relevant Group Member, including where the relevant Group Member fails to satisfy a debt to the client.

- The relevant Group Member's client often has the right to terminate the contract at any time, for any reason, regardless of whether the relevant Group Member has breached any of its obligations.
- The relevant Group Member's liability for potential claims is usually unlimited.

For both Lump Sum and Cost Plus contracts, once the price of work and the date for completion has been agreed, they can only be changed in limited circumstances. The range of circumstances in which time and cost adjustments are permitted vary from contract to contract.

The relevant Group Member generally seeks to exclude the risk of adverse site conditions that cannot reasonably be identified at the time of contract, as well with any other major risks that the relevant Group member is able to identify at the time of contract that are likely to be outside the control of a Group Member and its subcontractors. Tender periods are typically short, meaning that it is often not possible for a Group Member to identify all potential project risks before submitting a tender and entering into a contract.

9.2 MOELIS AGREEMENT

SHAPE Australia Holdings entered into an agreement with MA Moelis Australia Advisory Pty Ltd (ACN 142 008 446) (AFSL 345499) (**Moelis**) on 21 September 2021 (**Moelis Agreement**) on the following key terms:

(a) services: Moelis will act as exclusive financial advisor and arranger to SHAPE Australia Holdings in connection with the Listing and will provide SHAPE Australia Holdings with financial advice and corporate advisory services in connection with the Listing;

(b) fees: in consideration for providing the services, SHAPE Australia Holdings agrees to pay Moelis:

(i) a non-refundable monthly retainer fee of $50,000 (exclusive of GST) payable in advance on and from 1 August and ending upon completion of the Listing;

(ii) a transaction fee of $1,000,000 (exclusive of GST) (less the aggregate amount of the monthly retainer fees that have already been paid to Moelis) (**Listing Fee**) payable upon completion of the Listing; and

(iii) reimbursement of all expenses incurred by Moelis in performing the services under the Moelis Agreement;

(c) termination: the Moelis Agreement may be terminated at any time after the date of the Moelis Agreement, with or without cause, by either SHAPE Australia Holdings or Moelis upon written notice. If SHAPE Australia Holdings terminates the Moelis Agreement for any reason other than the fraud, wilful misconduct or gross negligence of Moelis, SHAPE Australia Holdings must pay Moelis for services provided up to and including the date of termination, and if the Listing is consummated in the 12 month period after termination, SHAPE Australia Holdings must pay the Listing Fee to Moelis upon the completion of the Listing;

(d) first right of refusal: during the term of Moelis' engagement and for a period of 12 months from the date of termination or cessation of the Moelis Agreement, SHAPE Australia Holdings agrees that Moelis will have a right of first refusal to act as SHAPE Australia Holdings' financial adviser and capital market adviser, placement agent, arranger or book-running lead manager for SHAPE Australia Holdings or an affiliate of SHAPE Australia Holdings; and

(e) indemnity:

(i) SHAPE Australia Holdings agrees with Moelis for the benefit of each of Moelis and its affiliates and their respective directors, officers, employees and representatives (**Indemnified Person**) that:

(A) SHAPE Australia Holdings indemnifies Moelis for all losses incurred by an Indemnified Person;

(B) none of the Indemnified Persons will be liable to SHAPE Australia Holdings in any way for any losses incurred by SHAPE Australia Holdings in relation to the Moelis Agreement; and

(C) it will promptly pay upon demand all amounts the subject of, or otherwise payable by virtue of the indemnity, (the **Indemnity**); and

(ii) the Indemnity does not extend to any liability finally judicially determined to have resulted from the wilful misconduct, fraud or primarily as a direct consequence of the gross negligence of the Indemnified Person who is claiming the benefit of the Indemnity. Moelis holds the benefit of the Indemnity separately for itself and as agent for the other Indemnified Persons.

Otherwise, the Moelis Agreement is on terms customary for an agreement of its nature.

9.3 DLG SHAPE

SHAPE Australia holds 49% of the total issued share capital of DLG SHAPE, with the remaining 51% being held by DLG. DLG Qld is a wholly-owned subsidiary of DLG SHAPE. For further information in relation to DLG SHAPE, please see Section 2.5(d).

Neither DLG SHAPE nor DLG Qld are subsidiaries of the Company, SHAPE Australia Holdings or SHAPE Australia for the purposes of section 46 of the Corporations Act.

DLG SHAREHOLDERS AGREEMENT

The key terms of the shareholders agreement of DLG SHAPE (**DLG Shareholders Agreement**) are set out below:

(a) non-compete: during the term of the DLG Shareholders Agreement, SHAPE Australia will not be involved either directly or indirectly with other indigenous owned businesses or organisations to secure work substantially the same as contemplated under the DLG Shareholders Agreement;

(b) contracting services:

(i) each shareholder will be able to contribute at market value the services it is best able to provide in securing and performing work for clients of DLG SHAPE;

(ii) SHAPE Australia must maximise the use of services of DLG, indigenous contractors and indigenous persons in its provision of services to DLG SHAPE and most of the work required for the conduct of the business of DLG SHAPE will be provided by SHAPE Australia;

(iii) SHAPE Australia will have complete control over the selection and appointment of subcontractors by DLG SHAPE and the systems and procedures applied to the performance of all project related work;

(iv) SHAPE Australia will be paid for SHAPE employees' direct labour, as well as an amount equal to all project costs including preliminaries together with an amount equal to 7% of project revenue for overhead recovery; and

(v) DLG will be paid an amount equal to 3% of project revenue for overhead recovery;

(c) financial loss: as between SHAPE Australia and DLG, any financial loss suffered by DLG SHAPE on a project will:

(i) to the extent there are reserves within DLG SHAPE sufficient to enable the loss to be borne by DLG SHAPE, the loss will be borne by DLG SHAPE;

(ii) if there are insufficient reserves within DLG SHAPE for the loss to be borne by DLG SHAPE without impacting on available working capital, SHAPE Australia may, but is not obliged to, lend to DLG SHAPE the amount required to enable the loss to be borne by DLG SHAPE without impacting on available working capital;

(d) indemnity: if at any time a shareholder gives a guarantee or undertaking, or enters into any other binding commitment, to a third party for the benefit of DLG SHAPE (**Commitment**) and the other shareholder consents in writing to the Commitment in advance, then the consenting shareholder agrees to unconditionally and irrevocably indemnify the shareholder from and against all claims that arise directly or indirectly out of, or in connection with, the Commitment (up to the amount calculated by multiplying the maximum liability under the Commitment by the percentage of DLG SHAPE's total issued share capital held by the shareholder at the time the Commitment was made);

(e) put option: at any time during which DLG SHAPE has no current outstanding unfulfilled contractual obligations relating to any projects, SHAPE Australia will be entitled, by notice in writing to DLG to require DLG to purchase SHAPE Australia's shareholding in DLG SHAPE for $1.00. If SHAPE Australia gives this notice, DLG SHAPE will not enter into any new contracts for future projects during the period notice is given and in contemplation of the share sale; and

(f) appointment of liquidator: at any time by giving not less than 90 days' prior notice in writing of its intention, either shareholder may appoint a liquidator to DLG SHAPE, and if that occurs the other shareholder will be deemed to have consented to that appointment.

9. Material Contracts

9.4 SHARE EXCHANGE AGREEMENT

The Company proposes to enter into the Share Exchange Agreement with the SHAPE Shareholders to acquire 100% of the issued share capital of SHAPE Australia Holdings. As at the date of this Prospectus, the Share Exchange Agreement is in draft form. Each SHAPE Shareholder has given a limited power of attorney in favour of each director from time to time of SHAPE Australia Holdings to implement the Restructure, which will enable a director of SHAPE Australia Holdings to sign the Share Exchange Agreement on behalf of that SHAPE Shareholder.

Pursuant to the Share Exchange Agreement, as consideration for 100% of the issued shares of SHAPE Australia Holdings (comprising 82,220,676 fully-paid ordinary shares), the Company will issue 82,220,676 Shares to the SHAPE Shareholders.

Completion of the Share Exchange Agreement is conditional upon the Company receiving conditional approval from ASX for its application for admission to the Official List of ASX and quotation of the Shares on ASX, where the conditions to which such approval is subject are within the control of the Company.

Otherwise, the Share Exchange Agreement is on terms customary for an agreement of its nature.

For further information in relation to the Restructure, please refer to Section 10.3.

9.5 SHAPE SHAREHOLDERS AGREEMENT

SHAPE Australia Holdings and the SHAPE Shareholders have entered into a shareholders agreement to regulate their affairs (**Shareholders Agreement**). The Shareholders Agreement will automatically terminate when one person holds all of the shares in SHAPE Australia Holdings. Accordingly, the Shareholders Agreement will automatically terminate upon completion of the Share Exchange Agreement.

9.6 EMPLOYMENT AGREEMENTS

Each of Peter Marix-Evans and Scott Jamieson has entered into an employment agreement with SHAPE Australia, the material terms of which are summarised in Sections 8.3(a) and 8.3(d) respectively.

9.7 DIRECTOR APPOINTMENT LETTERS

Each of Phillip Arnall, Gerard McMahon, Michael Barnes, Jim Sloman, Craig van der Laan, Kathy Parsons and Jane Lloyd has entered into a director appointment letter with the Company, the material terms of which are summarised in Section 8.3(e).

9.8 DEEDS OF ACCESS, INDEMNITY AND INSURANCE

Each of the Directors has entered into a deed of access, indemnity and insurance with the Company, the material terms of which are set out in Section 8.4.

Section 10

ADDITIONAL INFORMATION

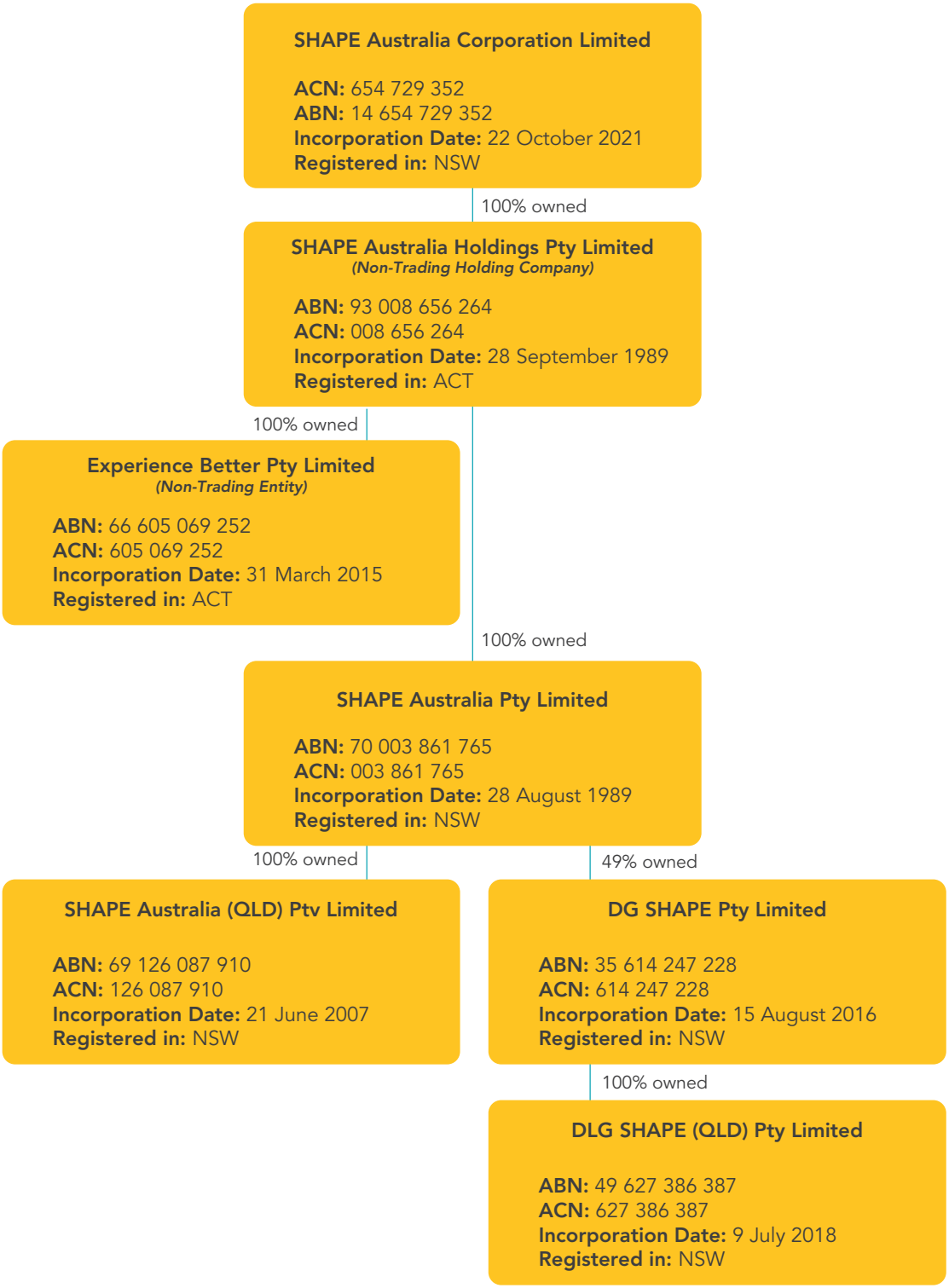
10. Additional Information

10.1 REGISTRATION

The Company was registered in New South Wales on 22 October 2021.

10.2 CORPORATE STRUCTURE

The following diagram shows the entities in the corporate structure of the Group at Listing.



10.3 RESTRUCTURE AND PROPOSED TRANSACTION

The Company and SHAPE Australia Holdings intend to undertake the Restructure, whereby the Company is to be interposed as the new holding company of SHAPE Australia Holdings (by way of a share for share exchange with SHAPE Shareholders). The interposition of the Company is being undertaken as a preparatory step to, and in order to facilitate, the Listing.

In order to complete the Restructure, the Company and each SHAPE Shareholder must enter into and complete the Share Exchange Agreement, pursuant to which each SHAPE Shareholder will transfer all of its shares in SHAPE Australia Holdings to the Company in exchange for an issue of the equivalent number of fully-paid, unencumbered Shares in the Company (**Proposed Transaction**). Each SHAPE Shareholder has given a limited power of attorney in favour of each director from time to time of SHAPE to implement the Restructure.

As a part of the Restructure, the holders of performance rights granted by SHAPE Australia Holdings have agreed to the cancellation of those rights in consideration for the grant by the Company of the equivalent number of Performance Rights on substantially similar terms. The new Performance Rights will be granted under SELTI, the terms of which are summarised in Section 8.3(g). Further information in relation to the Performance Rights that will be issued to Peter Marix-Evans is also set out in Section 8.3(h).

The Restructure is, and completion under the Share Exchange Agreement will be, conditional on the Company receiving conditional approval from ASX for its application for admission to the Official List of ASX and quotation of its Shares on ASX (**Admission/Quotation Application**), where the conditions to which such approval is subject are within the control of the Company (**Restructure Condition**). The granting of new Performance Rights under SELTI is also conditional upon the Restructure Condition.

The Company will submit its Admission/Quotation Application to ASX as soon as practicable, but in any case within seven days, after the date of this Prospectus.

If ASX approval is not received by the Company within three months after the date of this Prospectus (or such longer period permitted by the Corporations Act or with the consent of ASIC) the Restructure and the Listing will not proceed, the SHAPE Shareholders will continue to hold their shareholdings in SHAPE Australia Holdings and the holders of performance rights granted by SHAPE Australia Holdings will continue to hold those performance rights.

Finally, as a part of the Restructure, SHAPE Australia Holdings is conducting a selective buy-back of 1,122,339 fully-paid ordinary shares in SHAPE Australia Holdings from SHAPE ESAT Pty Ltd ACN 082 872 811 for $1.00 in aggregate (**Buy-Back**). The Buy-Back is not conditional upon the Restructure Condition. The Directors anticipate that the Buy-Back will be completed shortly after the date of this Prospectus.

10.4 RIGHTS AND LIABILITIES ATTACHING TO SHARES

The rights and liabilities attaching to ownership of the Shares offered under this Prospectus (being fully paid ordinary shares in the Company) are:

- detailed in the Company's Constitution, which may be inspected during normal business hours at the registered office of the Company; and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules (collectively, **Applicable Law**) and the general law.

A summary of the material provisions of the Constitution, including those relating to certain significant rights, liabilities and obligations attaching to the Shares, are set out below.

This summary is not intended to be exhaustive and is qualified by the fuller terms of the Constitution. As a prospective Shareholder of the Company, please be aware that the following summary does not constitute a definitive statement of the rights and liabilities of Shareholders.

10. Additional Information

(A) VOTING AT A GENERAL MEETING

Each Shareholder is entitled to receive notice of and be present to vote and speak at general meetings of the Company.

At a general meeting, each Shareholder present (in person or by proxy, attorney or representative) has one vote on a show of hands. On a poll, each Shareholder present (in person or by proxy, attorney or representative) has one vote per Share. This is subject to any other rights or restrictions that may be attached to any Shares. If a Share is held jointly, only the vote of the Shareholder whose name appears first in the register of Shareholders will be counted.

The Company must give Shareholders at least 28 days' prior notice in writing of a general meeting.

Shareholders may requisition meetings in accordance with the Corporations Act.

(B) DIVIDENDS

Subject to the Corporations Act, the Constitution and the terms of issue or rights of any shares with special rights to dividends, each holder of a Share will participate in all dividends declared after their issue. The Board may declare any interim or final dividend that, in its judgment, are justified by the financial position of the Group. The Board may rescind a decision to pay a dividend if it decides, before the payment date, that the Company's financial position no longer justifies the payment. Paying a dividend does not require confirmation at a general meeting.

(C) DIVIDEND REINVESTMENT PLAN

The Board may, on terms that it decides, establish a share investment plan under which dividends, interest, or any other amount payable to Shareholders participating in the plan may be applied to subscribe for or to purchase securities in the Company.

(D) DIVIDEND SELECTION PLAN

The Board may also, on terms that it decides, establish a dividend selection plan under which participants may elect to receive a dividend from the Company paid wholly or partly out of a particular source, or to forego a dividend from the Company in place of another form of distribution.

(E) RIGHTS ON WINDING UP

If the Company is wound up, subject to any special terms and conditions attached to any shares, any surplus must be divided among the Shareholders in proportion to the number of Shares held by them, irrespective of the amounts paid or credited as paid on the Shares. The liquidator may, with the sanction of a Special Resolution of Shareholders, divide among the Shareholders in kind all or any part of the Company's property and for that purpose, determine how it will carry out the division as between the Shareholders.

(F) TRANSFERRING SHARES

Subject to the Constitution and any restrictions attached to a Share, the Shares are generally freely transferrable subject to meeting certain formal requirements. The Company may refuse to register a transfer of Shares only in certain specified circumstances, such as when it is required to do so by the Applicable Law or by a law concerning stamp duty, or where the transfer would be contrary to the terms of an ASX-imposed Restriction Agreement or escrow agreement and the Board so resolves.

(G) FUTURE CHANGES IN CAPITAL

Subject to Applicable Law, the Constitution and any rights and restrictions attached to a class of shares, the Company may, by resolution of the Board, issue shares or grant options to acquire shares, at any time, for any consideration and with such special rights, restrictions or restrictions, as the Board thinks fit. The Constitution permits the issue of preference shares, if the rights of the holders of the preference shares are as set out in the Constitution or are approved in accordance with the Applicable Law.

Subject to the ASX Listing Rules, the issue of shares, options or other securities is not required to be ratified by Shareholders in general meeting.

The Company may consolidate and divide its share capital or reduce its share capital and buy back its Shares, in any manner provided by Applicable Law.

(H) VARIATION OF CLASS RIGHTS

At present, the only class of shares on issue in the capital of the Company is fully paid ordinary shares. Subject to the Corporations Act and the terms of issue of shares in a particular class, the Company may vary or cancel the rights attached to shares in that class:

- by Special Resolution passed at a meeting of the holders of shares of that class; or
- with the written consent of the holders of at least 75% of the votes that may be cast in respect of shares in that class.

In either case, in accordance with the Corporations Act, the holders of not less than 10% of the votes in the class of shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such a variation or cancellation.

(I) SALE OF NON-MARKETABLE PARCELS

Subject to the Applicable Law, the Company may sell the Shares of a Shareholder if the total number of Shares held by that Shareholder is less than a marketable parcel at the date specified in a written notice given by the Company to that Shareholder.

(J) PROPORTIONAL TAKEOVER

The Constitution contains provisions that require Shareholder approval to be obtained in relation to any proportional takeover bid made for the Company's Shares. These provisions will cease to apply on the day which is three years after their adoption, unless renewed in accordance with the Corporations Act.

(K) APPOINTMENT AND REMOVAL OF DIRECTORS

The number of directors (not including alternate directors) of the Company is to be no less than three and not more than nine, unless determined otherwise by the Directors in accordance with the Corporations Act.

The Company may, from time to time, by resolution passed at a general meeting, remove a director from office or appoint any additional directors. The Company must accept nominations from Shareholders for the election of directors up to 35 days before the general meeting at which the candidates are to be elected.

The Board may also appoint a director, either to fill a casual vacancy or as an addition to the existing directors. A director so appointed (excluding the managing director) will hold office only until the end of the next general meeting, and will be eligible for re-election by Shareholders at that meeting.

Retirement will occur on a rotational basis so that a director (excluding the managing director) must retire from office by no later than either the third annual general meeting of the Company following, or three years after, that director's last election or appointment, whichever is the later. If no director would otherwise be required to retire in the foregoing circumstances but the ASX Listing Rules require that an election of directors be held at an annual general meeting, the director to retire is the director who has held office for the longest period of time since his or her last election or if two or more directors have held office for the same period of time, the director determined by lot, unless those directors agree otherwise.

(L) VARIATION OF THE CONSTITUTION

The Constitution can only be amended by Special Resolution of Shareholders passed at a general meeting.

10.5 OWNERSHIP RESTRICTIONS

The sale and purchase of Shares in Australia is regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in contribution with others), including the takeover provisions in the Corporations Act. This Section 10.5 contains a general description of the takeover provisions in the Corporations Act.

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquisition would result in an increase in the acquirer's, or any other person's, Voting Power in the Company:

- from a level that is below 20% of the Company's total share capital immediately before the acquisition, to a level that is greater than 20% (**20% Rule**); or
- if the relevant person's Voting Power in the Company already exceeds 20% immediately before the acquisition, by any more than a further three percentage points above their interest as at six months prior to completion of the acquisition,

unless the relevant person makes an off-market takeover bid for all of the shares in the company or is able to rely on another statutory exemption to the 20% Rule.

The Corporations Act also imposes notification requirements on persons having Voting Power in 5% or more of a publicly listed company, whether through a direct shareholding or indirectly through an Associate.

10.6 TAXATION CONSIDERATIONS

This Section 10.6 contains a general summary of the Australian tax treatment for Shareholders who acquire Shares in the Company to hold on capital account. This summary does not apply to Shareholders who hold their Shares on revenue account, such as taxpayers that carry on a share trading business.

The following tax comments are general in nature only and are not intended to be a complete analysis of how applicable tax laws may apply to a particular taxpayer's circumstances. The Directors strongly urge you, as a prospective Shareholder, to seek your own independent and personal taxation advice to ensure that your specific tax circumstances are appropriately considered before deciding whether or not to invest in the Company and apply for Shares.

(A) TAXATION OF DIVIDENDS

Dividends paid by the Company will be capable of being franked to the extent that the Company has paid sufficient Australian tax to attach franking credits to the dividends.

Shareholders who are Australian residents

Broadly, for Shareholders that are individuals, complying superannuation funds or corporate entities and Australian tax residents, any dividend amount received, together with any attached franking credit, should be included as assessable income in the income year the dividend is paid. Subject to the holding period rule (discussed below), these Shareholders are generally entitled to offset the franking credit attached to the dividend received, against the tax payable on their taxable income.

Where this tax offset exceeds the Shareholder's own income tax liability, individual and complying superannuation fund Shareholders should generally be entitled to a refund of the excess franking credit. For corporate Shareholders, excess franking credits cannot generate a tax refund but may, where the receiving company would be in losses but for the receipt of the dividend, be able to be converted into carry-forward income tax losses.

Resident corporate Shareholders are also generally entitled to credit their franking account to the extent of the franking credit applicable to the dividend received.

Where the Shareholder is an Australian tax resident trust or partnership, the dividend and franking credit should be included when determining the net taxable income of the trust or partnership. A beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit attached to the net income distributed by the trust or partnership to the beneficiary/partner.

Holding period rule

To qualify for franking benefits, such as the franking credits on the dividend received, the resident Shareholder must broadly have held the relevant Shares "at risk" for at least 45 days, referred to as the 'holding period rule.' This rule is subject to certain exceptions depending on the Shareholder's entity type. There is also a further related 45 day holding period measure (with a different test period) that applies where Shareholders have made, or are obliged to make, a related payment in relation to the dividend.

As these rules are complex, Shareholders should seek their own advice to determine whether these provisions have any application to their specific circumstances

Shareholders who are not Australian residents

The unfranked portion of dividends paid to non-resident Shareholders will generally be subject to Australian dividend withholding tax at a rate of 30% of the total amount of the dividend. The rate of withholding tax may be reduced where a taxpayer is a resident of a country that has a double taxation agreement with Australia.

Franked dividends paid to non-resident Shareholders are not subject to dividend withholding tax.

(B) CAPITAL GAINS TAX (CGT) ON DISPOSAL OF SHARES

Shareholders who are Australian residents

For Australian tax resident Shareholders, the disposal of Shares in the Company will be a CGT event. A Shareholder will make a capital gain where the proceeds it receives upon the sale of the Shares is greater than the cost base of the Shares, or a capital loss where the capital proceeds are less than the cost base of the Shares. The capital proceeds received on the sale of Shares should broadly be equal to the money received in respect of the disposal. The Share's cost base is generally the amount paid to acquire the Share plus any transaction/incidental costs. The capital gain, net of any capital losses or applicable discount (as explained following), is included in the assessable income of the Shareholder and taxed at the Shareholder's applicable tax rate.

Where the Shareholder is an individual, trust or complying superannuation fund, a CGT discount may be available to reduce the assessable capital gain arising on disposal of the Share. This discount is only available if the Shares are owned by the Shareholder for at least 12 months prior to disposal. The CGT discount applicable for individuals is 50% and 33⅓% for complying superannuation funds. Any current year or carry-forward capital losses should be offset against the capital gain first, before the CGT discount is applied. The CGT discount is not available to Shareholders that are companies.

Where the Shareholder is a trust that has held the relevant Shares for at least 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust, provided those beneficiaries are not companies. Note also that where an Australian resident trust is the Shareholder and the beneficiary is not an Australian resident, the CGT discount is unlikely to be available to the beneficiary unless the holding trust is regarded as a 'fixed trust'. As the rules regarding eligibility of the CGT discount to beneficiaries of trusts are complex, Shareholders that hold their shares through a trust structure should seek independent advice regarding the tax consequences of distributions of capital gains to beneficiaries.

To the extent that a capital loss arises on the disposal of Shares, Shareholders may offset such capital loss against any capital gains they derive in the same income year or in future income years. Shareholders cannot offset their net capital losses against their ordinary income. In addition, rules relating to the recoupment of carried-forward capital losses must first be satisfied if the Shareholder is a company.

Shareholders who are not Australian residents

As the Company does not have significant interests in real property, non-resident Shareholders may be exempt from CGT on the disposal of their Shares.

(C) GOODS & SERVICE TAX (GST)

The acquisition, redemption or disposal of Shares should not be subject to GST. Dividends paid on the Shares would also not give rise to a GST liability.

Shareholders that are Australian residents and registered for Australian GST would not generally be entitled to claim full input tax credits in respect of the GST incurred on their expenses relating to the acquisition or disposal of the Shares (for example, lawyers' and accountants' fees).

(D) STAMP DUTY

No stamp duty should be payable by a Shareholder as a consequence of acquiring any Shares pursuant to the Offers.

(E) TFN OR ABN WITHHOLDING

Tax File Number (TFN) or Australian Business Number (ABN) withholding may be deducted from dividends paid by the Company at a rate of 47% of the total amount of the dividend, if a TFN or ABN is not quoted by the relevant Shareholder.

10.7 LEGAL PROCEEDINGS

So far as the Directors are aware, other than as noted in Note 7 of Section 4.3, there are no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company or any other Group Member is directly or indirectly concerned which is likely to have a material adverse impact on the Business or financial position of the Company, any other Group Member or the Group as a whole.

10.8 NO MODIFICATIONS OF THE CORPORATIONS ACT OR WAIVERS FROM ASX LISTING RULES

Other than legislative instruments (formerly known as class orders) issued by ASIC which are of general application to the class of persons to which the instrument applies, the Company is not relying on any modifications or waivers of, or exemptions from, the Corporations Act or the ASX Listing Rules in connection with the issue of this Prospectus or the making of the Offer under this Prospectus.

10.9 INTERESTS OF ADVISERS

For the purpose of preparing this Prospectus and conducting the Offer, the Company engaged the following professional advisers:

- Moelis as the Financial Advisor in connection with the Offer. The Company has agreed to pay the fees set out in Section 9.2 for these services;
- PwCS as Investigating Accountant, for the purpose of preparing the Independent Limited Assurance Report in Section 5. The Company has paid, or has agreed to pay approximately $215,000 (excluding disbursements and GST) for these services for the period up to the date of this Prospectus;
- ShineWing Australia has acted as auditor of the Group. During the 24 months preceding lodgement of this Prospectus with ASIC, ShineWing Australia has received $221,675 (excluding disbursements and GST) for these services;
- ShineWing Australia Pty Ltd, as tax adviser, for the purposes of advising the Company on the tax implications of the Restructure and reviewing and advising the Company on the accuracy of the overview in Section 10.6 of the tax treatment for Australian resident investors that acquire Shares in the Company on capital account. The Company has paid, or agreed to pay, approximately $32,000 (excluding disbursements and GST) for these services for the period up to the date of this Prospectus; and
- Addisons as Australian legal adviser, for the purpose of advising the Company in relation to legal issues arising in connection with the Offer under Australian law and the preparation of this Prospectus. The Company has paid, or agreed to pay, approximately $305,000 (excluding disbursements and GST) for these services for the period up to the date of this Prospectus. Further amounts may be paid to Addisons in accordance with its normal time-based rates.

The Company will pay these amounts, and other expenses of the Offer, out of the funds raised under the Offer or cash otherwise available to the Company. Further information on the use of the proceeds, and the payment of the expenses, of the Offer are set out in Sections 7.5 and 10.12.

10.10 NO OTHER INTERESTS AND BENEFITS

Sections 8 and 10.9 set out the nature and extent of the interests and fees received by certain persons involved in the Offer.

Other than as set out in Sections 8 and 10.9:

- no Director;
- no person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which such person is a partner or employee; and
- no promoter of the Company,

holds at the date of this Prospectus, nor has held in the two years preceding that date, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such person for services in connection with the formation or promotion of the Company or the Offer, or to any Director to induce them to become, or qualify as, a director of the Company.

10.11 CONSENTS AND LIABILITY STATEMENTS

The Corporations Act requires the Company to obtain the consent of any person who has made a statement that is included in this Prospectus or whose statement forms the basis of certain content in this Prospectus. For this and all other purposes:

- Moelis has given, and at the time of lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Financial Advisor to the Company in relation to the Offer in the form and context in which it has been named;
- PwCS has given, and at the time of lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Investigating Accountant in relation to the Offer in the form and context in which it has been named and the inclusion of the Independent Limited Assurance Report in Section 5 in the form in which it appears in this Prospectus;
- ShineWing Australia has given, and at the time of lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as auditor of the Group in the form and context in which it has been named;
- ShineWing Australia Pty Ltd has given, and at the time of lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Australian tax adviser to the Company in relation to the Offer in the form and context in which it has been named;
- Addisons has given, and at the time of lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Australian legal adviser to the Company in relation to the Offer in the form and context in which it has been named; and
- Boardroom has given, and at the time of lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as the share registry to the Company.

Each person referred to in this Section 10.11 above has not authorised or caused the issue of this Prospectus and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and any statement or report included in this Prospectus with its consent as specified above.

References are made in this Prospectus to entities that have certain dealings with the Company and other Group Members, including counterparties to contractual arrangements referred to in this Prospectus. Please note that these parties have been referred to for information purposes only, and have neither authorised or caused the issue of this Prospectus nor had no involvement in the preparation of any part of this Prospectus.

10.12 COSTS OF THE OFFER

The total costs of the Offer payable by the Company are estimated at approximately $2,000,000 as at the date of this Prospectus, and will be paid out of the funds raised under the Offer and cash otherwise available to the Company (see Section 7.5). These expenses include financial, legal, accounting and taxation advisory fees, broker fees, ASX listing fees, shareholder communication and Prospectus printing and other costs. Further particulars of these expenses can be found in Section 10.9.

10.13 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the laws applicable in New South Wales and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

Section 11

SIGNIFICANT ACCOUNTING POLICIES

11. Significant Accounting Policies

(A) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate all of the assets, liabilities and results of the Company and all of its subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of subsidiaries is provided in Section 10.2. The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(B) INCOME TAX

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit). Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority. Deferred income tax expense/(benefit) reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense/(benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity. Deferred tax assets and liabilities are based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding business combinations, where there is no effect on accounting or taxable profit or loss. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future. Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

TAX CONSOLIDATION

SHAPE Australia Holdings Pty Limited and its wholly-owned subsidiaries have formed a tax consolidated group under the tax consolidation legislation. Each entity in the tax consolidated group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the modified 'stand-alone taxpayer' approach to allocation. Current tax liabilities and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. Each member of the tax consolidated group has entered into a tax funding and sharing agreement whereby each entity in the tax consolidated group contributes to the income tax payable in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised either as a payable or receivable to the Company.

(C) PLANT AND EQUIPMENT

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Plant and equipment are measured using the cost basis and are carried at cost less accumulated depreciation and any impairment losses. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of the recoverable amount is made when impairment indicators are present. The cost of fixed assets constructed within the Group includes the cost of materials, direct labour and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

DEPRECIATION

The depreciable amount of all plant and equipment is depreciated on a straight line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

CLASS OF FIXED ASSET	DEPRECIATION RATE
Leasehold improvements	10%-19%
Plant and equipment	20%-33%
Right-of-Use Assets	17%-46%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit or loss.

(D) LEASES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract, is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from used of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - The Group has the right to operate the asset; or
  - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changes, on or after 1 July 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease component as a single lease component.

AS A LESSEE

The Group recognises a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the 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. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonable certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents its right-of-use assets in 'plant and equipment' and its lease liabilities in 'trade and other payables' in the statement of financial position.

The Group has the following leases:

(i) Property leases

The Group leases property for its office space. The lease includes an option to renew the lease for an additional period of time after the end of the contract term. The lease also requires the Group to make payments that relate to property taxes and other outgoings levied on the lessor. These are accounted for separately to the lease and expensed in the period in which it is incurred.

The Group has sub-leased a portion of its office space.

(ii) Other leases

The Group leases office equipment with a contract term of five years. These leases are of low-value and the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

PRACTICAL EXPEDIENTS APPLIED

As allowed by the accounting standards the Group has applied the following practical expedients in applying this accounting standard for the first time.

Low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets, which includes office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Single discount rate

The Group has elected to apply a single discount rate to a portfolio of leases which all have reasonably similar characteristics, such as similar remaining lease term.

Initial direct costs

The Group has excluded initial direct costs from the measurement of the right-of-use assets at the date of initial application.

Lease options

The Group has used hindsight when determine the full length of the lease term if the contracts contains options to extend or terminate the lease.

AS A LESSOR

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies AASB 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from AASB 16. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

(E) FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly or unforced transaction between independent, knowledgeable, and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the Company's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

11. Significant Accounting Policies

(F) FINANCIAL INSTRUMENTS

INITIAL RECOGNITION AND MEASUREMENT

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to the profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15 Revenue from Contracts with Customers.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT

Financial assets

Financial assets are subsequently measured at amortised cost on the basis of the two primary criteria:

- The contractual cash flow characteristics of the financial asset; and
- The contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

By default, all other financial assets that do not meet the conditions of amortised cost are subsequently measured at fair value through profit or loss. There were no assets that are measured at fair value through profit or loss.

Equity Instruments

At initial recognition the Group made an irrevocable election to measure any subsequent changes in the fair value of equity instruments in other comprehensive income, while the dividend revenue received on the underlying equity instrument is still recognised in profit or loss.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest method is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount of initial recognition.

A financial liability cannot be reclassified.

DERECOGNITION

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- The right to receive cash flows from the asset has expired or been transferred;
- All the risks and rewards of ownership of the asset have been substantially transferred; and
- The Company no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

IMPAIRMENT

The Group recognises a loss allowance for expected credit losses on:

- Financial assets that are measured at amortised cost; and
- Contract assets (e.g. amount due from customers under contracts).

Loss allowances are not recognised for financial assets recognised at fair value through profit or loss.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the simplified approach to impairment, as applicable under AASB 9 *Financial Instruments*.

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to trade receivables or contract assets that result from transactions that are within the scope of AASB 15 *Revenue from Contracts with Customers*.

A simplified approach has been applied in measuring expected credit losses to trade and other receivables using a lifetime expected loss allowance. A practical expedient has been applied in using fixed rates to approximate the expected credit losses. These provisions are considered representative across all business and geographic segments of the Group based on historical credit loss experience and other information.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset. For financial assets that are unrecognised, such as loan commitments yet to be drawn and financial guarantees, a provision for loss allowance is created in the statement of financial position to recognise the loss allowance associated with these unrecognised commitments when necessary.

(G) IMPAIRMENT OF ASSETS

The Group tests its tangible and intangible assets for impairment annually, or more frequently if events or changes in circumstances indicate that those assets might be impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

11. Significant Accounting Policies

(H) INTANGIBLES

SOFTWARE AND LICENSING

Expenditure during the research phase of a project is recognised as an expense when incurred. Software development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Software development costs and licences have finite lives and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

The amortisation rates used for each class of intangible assets are as follows:

CLASS OF INTANGIBLE ASSET	DEPRECIATION RATE
Computer Software	20%-33%
Licenses	20%

(I) EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

OTHER LONG-TERM EMPLOYEE BENEFITS

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service.

Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures that are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position except where the Group does not have an unconditional right to deter settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current obligations.

EQUITY-SETTLED SHARE-BASED PAYMENTS

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period. The amount recognised as an expense is adjusted to reflect the performance conditions which are expected to be met, such that the amount ultimately recognised is based on the number of rights that meet the related performance conditions at the vesting date.

(J) PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(K) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(L) REVENUE AND OTHER INCOME

Revenue is derived from medium to long-term fit out and refurbishments in Australia. Contracts entered into may be for a fit-out of one or more separate inter-linked projects. The work performed on each individual project is generally taken as one performance obligation. These projects typically take between three months and two years to complete. The transaction price includes the initial amount agreed in the contract plus any variations for contract work and claims to the extent that it is probable that they will result in revenue and can be measured reliably.

The performance obligation is fulfilled over time and as such revenue is recognised over time. As work is performed on the project, the underlying asset is controlled by the customer and has no alternative use to the Group, with the Group having the right to payment for performance to date. Generally, contracts identify various inter-linked activities required in the construction process. Revenue is recognised based on costs incurred to date to estimate the stage of completion. An expected margin based on the stage of completion is then applied.

Revenue earned is typically invoiced monthly or, in some cases, on achievement of milestones. Invoices are paid on normal commercial terms, which may include the customer withholding a retention amount until finalisation of the project and the end of the defect period. Certain projects entered into receive payment prior to the work being performed, in which case revenue is deferred on the balance sheet.

Any consideration deferred for over 12 months is treated as provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initial recognised and the amount ultimately received is recognised as interest revenue.

VARIABLE CONSIDERATION

It is common for contracts to have minor amendments to them throughout the project period without giving rise to a separate performance modification. These variations result in variable consideration for the Group. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved. The Group will assess this on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise whilst also considering the uncertainty of the consideration.

CONTRACT ASSETS AND LIABILITIES

'Contract asset' and 'contract liability' are used to describe what is commonly known as 'accrued revenue' and 'deferred revenue'. Contract receivables represent receivables in respect of which the Group's right to consideration is unconditional subject only to the passage of time. Contract assets are non-derivative financial assets accounted for in accordance with the Group's accounting policy for non-derivative financial assets. Contract assets represent the Group's right to consideration for services provided to customers for which the Group's right remains conditional on something other than the passage of time. Contract liabilities arise where payment is received prior to work being performed.

CONTRACT FULFILMENT COSTS

Costs incurred prior to the commencement of a contract may arise due to mobilisation, site setup costs, and preliminary design activities as these are costs incurred to fulfil a contract. Where these costs are expected to be recovered and the recognition period of the contracts is greater than 12 months, they are capitalised and amortised over the course of the contract, consistent with the transfer of service to the customer. Where the costs, or a portion of these costs, are reimbursed by the customer, the amount received is recognised as deferred revenue and allocated to the performance obligations within the contract and recognised as revenue over the course of the contract.

LOSS MAKING CONTRACTS

Loss making contracts are accounted for in accordance with the accounting policy for provisions. Refer to note 1(j).

CHANGE IN ACCOUNTING ESTIMATE

SHAPE's accounting estimate in relation to the revenue and margin recognised at each stage of project completion has been revised effective from 1 July 2021. This revision resulted from a project that was completed in the first quarter of FY22 to review and update the Group's historical track record in estimating contract costs and project gross margins, including actual results achieved by the Group in recent financial years. Project findings included SHAPE's ability to reliably estimate project exit margins has improved, which has resulted in SHAPE bringing forward the recognition of revenue and gross margin to earlier in the project lifecycle.

The accounting estimate applied prior to 1 July 2021 resulted in a portion of revenue being deferred to the balance sheet for a period post project completion.

OTHER REVENUE

Interest revenue is recognised using the effective interest rate method.

Management fees are recognised when the contractual terms of the agreement are met.

(M) GOODS AND SERVICES TAX ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO").

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(N) INTERESTS IN OTHER ENTITIES

ASSOCIATES

Associates are entities which the Group has significant influence but not control or joint control. Significant influence is:

- the power to participate in the financial and operating policy decisions of the entity.

After initial recognition at cost, associates are accounted for using the equity method. When the Group's share of losses in an associate exceeds its interest in the associate, the Group does not recognise further losses, unless it incurred obligations or made payments on behalf of the associate.

Section 12

DIRECTORS' AUTHORISATION

12. Directors' Authorisation

This Prospectus is dated 10 November 2021 and is issued by SHAPE Australia Corporation Limited. Its issue has been authorised by unanimous resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and, at the date of this Prospectus, has not withdrawn his or her consent.

Phil Arnall

Chair
on behalf of the Board of Directors of SHAPE Australia Corporation Limited

Section 13

GLOSSARY

13. GLOSSARY

For the purposes of this Prospectus, the following terms have the meanings specified below:

A-grade building	Best in class office accommodation
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
AEDT	Australian Eastern Daylight Time
Applicant	A person or entity who submits an Application
Application	An application made to subscribe for Shares offered under this Prospectus
Application Form	An application form attached to this Prospectus (including the electronic form provided by an online application facility)
Application Monies	The money received by the Company pursuant to the Public Offer, being the Offer Price multiplied by the number of Shares applied for
ASIC	Australian Securities and Investments Commission
ASX 200	S&P/ASX 200 index, the 200 largest index-eligible stocks listed on the ASX by float-adjusted market capitalisation
ASX	ASX Limited (ACN 008 624 691) or the securities exchange operated by it (as the case requires)
ASX Listing Rules	The rules of the ASX that govern the admission, quotation and removal of securities from the ASX official list
ASX Settlement	ASX Settlement Pty Ltd (ACN 008 504 532)
ASX Settlement Operating Rules	The ASX Settlement Operating Rules, being the operating rules of the Settlement Facility for the purposes of the Corporations Act
AUD, A$ or $	The Australian dollar
Australian Construction Industry Forum or ACIF	A member's organisation for the Australian construction industry
Board	The board of directors of the Company
Broker	Any ASX participating organisation selected by the Company to participate in the Public Offer
Broker Firm Application Form	An application form relating to the Broker Firm Offer

Broker Firm Offer	The offer of Shares under this Prospectus to Australian clients of the Broker who have received a firm allocation from the Broker
Broker Firm Offer Applicant	A person who submits an application under the Broker Firm Offer
Business	The business carried on by the Group
Business Day	A day that is not a Saturday or a Sunday or a public holding in Sydney, New South Wales
CBD	Central Business District
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHESS	Clearing House Electronic Subregister System, operated by ASX Settlement
Closing Date	The closing date for the Offer, being 8 December 2021
Company	SHAPE Australia Corporation Limited (ACN 654 729 352)
Completion	The completion of all offers, being the earliest day when the Public Offer and the Consideration Offer have completed
Consideration Offer	The offer of Consideration Shares to SHAPE Shareholders under this Prospectus
Consideration Shares	82,220,676 new Shares to be issued to SHAPE Shareholders as consideration payable by the Company for the acquisition of 100% of the issued capital in SHAPE Australia Holdings
Constitution	The constitution of the Company
Construct Only	A method of contracting where the contractor is appointed to only undertake the construction element of the project
Construction Management	A method of contracting where the construction manager is appointed as the head contractor to manage and supervise the construction project on the principal's behalf
Corporations Act	*Corporations Act 2001* (Cth)
Cost Plus	A pricing method where the final selling price of goods and services is determined by adding a mark-up to the product's original unit cost
Coronavirus pandemic	Ongoing global pandemic of coronavirus disease that commenced in 2019
COVID-19	Coronavirus disease, an infectious disease caused by the SARS-CoV-2 virus

13. GLOSSARY

CY	Calendar year ended 31 December. For example, CY21 would be the calendar year ended 31 December 2021
Defence or DoD	Australian Commonwealth Department of Defence
Defence Estate and Infrastructure Group (E&IG)	The consolidated service delivery organisation for Defence
Design and Construct (D&C)	A method of contracting where the contractor is appointed to undertake both the construction and design works
Director	A director of the Company, as appointed from time to time
Dividend Yield	Dollar value of dividends paid per share divided by the Company's Share price
DLG	David Liddiard Group Pty Ltd (ACN 166 809 061)
DLG Qld	DLG SHAPE (QLD) (ACN 627 386 387), subsidiary of DLG SHAPE
DLG SHAPE	DLG SHAPE Pty Limited (ACN 614 247 228)
Early Contractor Involvement (ECI)	A method of contracting that allows the contractor to become involved, and potentially start work, before the design has been completed
EBIT	Earnings before interest expense and income tax
EBITDA	Earnings before interest expense, income tax, depreciation and amortisation
Environment, Health, Safety and Quality (EHSQ)	A set of laws that govern processes, professionals and workplace behaviours to reduce incidents and injuries
ESAP	Has the meaning given in Section 8.3(g)
Experience Better	Experience Better Pty Limited (ACN 605 069 252)
Exposure Period	The period of 7 days (or 14 days if extended by ASIC) after the lodgement of the Prospectus with ASIC during which the Company may not accept Applications
Financial Advisor or Moelis	MA Moelis Australia Advisory Pty Ltd (ACN 142 008 446) (AFSL 345499)
First Nations	Refers to aboriginal and Torres Strait Island people
FY	Financial year ended 30 June. For example, FY21 would be the financial year ended 30 June 2021

Government bodies / government departments	A department or agency of the Australian Federal Government or Australian state and territory governments
Group	The Company, SHAPE Australia Holdings, SHAPE Australia, SHAPE Qld and Experience Better
Group Member	A member of the Group
GST	Goods and services tax
Head Office	The Group's head office located at Level 11, 155 Clarence Street, Sydney NSW 2000, Australia
Human Synergistics	Human Synergistics, Inc., provider of the Organisational Culture Survey
Hybrid model / hybrid office	Flexible workplace model that is designed to support a mix of in-office and remote workers
Integrated Investment Program	Program developed by the Australian Department of Defence that outlines the areas of Defence capability investment
International Organisation for Standardisation (ISO)	An international standard-setting body that develops and publishes worldwide technical, industrial and commercial standards
Indigenous Procurement Policy (IPP)	A policy run by the Australian Government and administered by the National Indigenous Australians Agency (NIAA)
Independent Limited Assurance Report	The report prepared by the Investigating Accountant set out in Section 5
Investigating Accountant or PwCS	Pricewaterhousecoopers Securities Limited (ACN 003 311 617)
IPO	Initial public offering
Limits of Authority	The maximum value of any single contract that may be approved by management, without the prior approval of the Board
Listing	Admission of the Company to the Official List and quotation of the Shares on the ASX
Local Industry Capability Plan	Tender requirement for Department of Defence projects where contractor's must outline their approach to ensure that full, fair and reasonable opportunity is afforded to local industry in the delivery of the project
LTIFR	Lost Time Injury Frequency Rate, calculated by (number of lost time injuries in past 12 months x 1,000,000) / (total hours worked in past 12 months)

13. GLOSSARY

Lump Sum	A pricing method where the contractor is engaged to provide goods and services for an agreed fixed price
Mainland capital cities	The capital cities of Sydney, Brisbane, Canberra, Darwin, Melbourne, Perth and Adelaide
Mainland states and territories	Victoria, New South Wales, Queensland, Australian Capital Territory, Northern Territory, Western Australia and South Australia
Major Project	Building and construction projects valued at over $20 million, identified by the Australian Construction Industry Forum
Managing Contractor (MC)	A method of contracting where contractors are engaged by the construction manager, who is typically liable to the principal for the acts and omissions of the trade contractors
Master Builders Australia (MBA)	Building and construction industry association with operations in all Australian states and territories
MSA	Master Services Agreement
NDIS	National Disability Insurance Scheme
Net Promoter Score (NPS)	A survey measure of customer experience, calculated by subtracting the percentage of Detractors from the percentage of Promoters
New Shares	Shares to be issued by the Company under the Public Offer
NPAT	Net profit after tax
NSW	New South Wales
OH&S	Occupational health and safety
Offers	The Public Offer and the Consideration Offer and Offer means each of them
Offer Price	$1.96 per Share
Official List	The official list of the ASX
Perfect Delivery™	The Group's approach to maintaining a high standard of operational excellence and delivering an exceptional customer experience, with measurable expectations set before project commencement
Performance Right	A right to be issued or transferred to a Share
Pipeline	A list of the Group's identified future project tender opportunities

Preferred Partnering Program	A program delivered by the Group that rewards high performing subcontractors
Priority Offer	The component of the Public Offer under which investors who have received a Priority Offer Invitation are invited to apply for Shares, as described in Section 7.9
Priority Offer Applicants	A person who submits an Application under the Priority Offer
Property Council of Australia	A member's organisation representing the Australian property industry
Proposed Transaction	The proposed acquisition of 100% of the issued share capital of SHAPE Australia Holdings pursuant to the Share Exchange Agreement
Prospectus	This prospectus dated 10 November 2021, including the electronic form of this Prospectus (and any supplementary prospectus in relation to this document)
Prospectus Date	10 November 2021
Quotation Date	The first date Shares are granted quotation on ASX
Recommendations	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition)
Restructure	The restructure of the Group, whereby the Company is to be interposed as the new holding company of SHAPE Australia Holdings, as described in Section 10.3
Royal Commission	The Royal Commission into Aged Care Quality and Safety, published 1 March 2021
Schedule of Rates	A contracting method where the contract will contain a schedule of rates setting out the staff, labour and other rates that a contractor will use for pricing cost reimbursable work
SELTI	Has the meaning given in Section 8.3(g)
Settlement Facility	Has the meaning specified in the ASX Settlement Operating Rules
SHAPE Australia	SHAPE Australia Pty Ltd (ACN 003 861 765)
SHAPE Australia Holdings	SHAPE Australia Holdings Pty Ltd (ACN 008 656 264)
SHAPE Qld	SHAPE Australia (Qld) Pty Ltd (ACN 126 087 910)
Share	A fully paid ordinary share in the Company
Share Registry	BoardRoom Pty Limited (ACN 003 209 836)

13. GLOSSARY

Shareholder	A holder of a Share
States	New South Wales, Queensland, South Australia, Tasmania, Victoria, Western Australia
Territories	Australian Capital Territory, Northern Territory
TRIFR	Total Recordable Injury Frequency Rate, calculated by (the number of recordable injuries in the past 12 months x 1,000,000) / (total hours worked in the past 12 months)
U.S.	The United States of America
WELL Building Institute	The International WELL Building Institute that administers the WELL Building Standards
Win rate	Calculated by dividing the number of awarded by the number of contracts tendered for
Workplace Health & Safety (WHS)	The management of risks to the health and safety in the workplace
You	An investor under this Prospectus

Section 14

APPLICATION FORM

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SHAPE Australia Corporation Limited
ACN 654 729 352
Broker Firm Application Form

Broker Reference – Stamp Only

Broker Code

Advisor Code

This is an Application Form for SHAPE Australia Corporation Limited (**Company**) on the terms set out in the Prospectus dated 10 November 2021. Defined terms in the Prospectus have the same meaning in this Application Form. You must apply for a minimum of 1,021 Shares. This Application Form and your payment must be received by **7.00pm (Sydney Time) on the closing date**.

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus dated 10 November 2021 contains information relevant to a decision to invest in the Shares of the Company and you should read the entire Prospectus carefully before applying for Shares.

The Share Registry's Privacy Policy (**Privacy Policy**) also sets out important information relating to the collection, use and disclosure of all personal information that you provide to the Company. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting this Application Form. The Privacy Policy can be found on the website https://www.boardroomlimited.com.au/corp/privacy-policy

To meet the requirements of the *Corporations Act 2001* (Cth), this Application Form must not be distributed to another person unless included in or accompanied by the Prospectus dated 10 November 2021. A person who gives another person access to this Application Form must, at the same time and by the same means, give the other person access to the Prospectus. During the Offer period, the Company will send you a free copy of the Prospectus if you have received an electronic prospectus and you ask for a paper copy.

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

A **Number of Shares you are applying for**

Minimum of 1021 Shares to be applied for

x $1.96 per Share =

B **Total amount payable**

$

C **Write the name(s) you wish to register the Shares in** ***(see reverse for instructions)***

Applicant #1

Name of Applicant #2 or <Account Designation>

Name of Applicant #3 or <Account Designation>

D **Write your postal address here**

Number/Street

Suburb/Town

State

Postcode

E **CHESS participant – Holder Identification Number (HIN)**

Important please note *if the name and address details above in sections C and D do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.*

F **Enter your Tax File Number(s), ABN, or exemption category**

Applicant #1

Applicant #2

Applicant #3

G **Cheque payment details –** PIN CHEQUE(S) HERE. Cheque to be made in accordance with the instruction from your broker. If payment is made by cheque, enter cheque details below.

Name of drawer of cheque	Cheque no.	BSB no.	Account no.	Cheque Amount A$

H **Contact telephone number (daytime/work/mobile)**

Contact Name

E-mail Address

Declaration

By submitting this Application Form with your Application Monies, I/we declare that I/we:

- ✓ have read the Prospectus in full;
- ✓ have received a copy of the electronic Prospectus or a print out of it;
- ✓ have completed this Application Form in accordance with the instructions on the form and in the Prospectus;
- ✓ Declare that the Application Form and all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- ✓ apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- ✓ acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

A If applying for Shares insert the ***number*** of Shares for which you wish to subscribe at Item **A** (not less than 1,021 Shares representing a minimum investment of $2,000). Multiply by A$1.96 to calculate the total Application Monies for Shares and enter the ***A$amount*** at Item **B**.

C Write your ***full name***. Initials are not acceptable for first names.

D Enter your ***postal address*** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**

F Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form. However, if no TFN is quoted your dividends and distributions may be taxed at the highest marginal tax rate plus medicare levy.

G Applicants pay their Application Monies to their Broker in accordance with the relevant Broker's directions. Please contact your broker for further instructions.

H Enter your ***contact details,*** *including name, phone number and e-mail address,* so we may contact you regarding your Application Form or Application Monies.

Correct Form of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgment

Mail your completed Application Form with your cheque(s) or bank draft attached to your broker, and complete the broker details below:

Broker Contact Number **Broker Name**

The Broker Firm Offer closes at 7:00 p.m. (Sydney Time) on Wednesday, 8 December 2021, unless varied in accordance with the Corporations Act and ASX Listing Rules.

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

Privacy Statement

SHAPE Australia Corporation Limited advises that Chapter 2C of the Corporations Act requires information about its shareholders (including names, addresses and details of shares held) to be included in the Company's share register. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the Company. To obtain access to your personal information or more information on how the Company collects, stores, uses and disclosures your information please contact the Company at the address or telephone number shown in the Prospectus.

Corporate Directory

REGISTERED OFFICE

Level 11
155 Clarence Street
Sydney NSW 2000

WEBSITE

www.shape.com.au

OFFER INFORMATION LINE

1300 737 760 (within Australia)
+61 2 9290 9600 (outside Australia)
Between 8:15am and 5:30pm (AEDT), Monday to Friday during the Offer Period
Email: corporateactions@boardroomlimited.com.au

AUSTRALIAN LEGAL ADVISER

Addisons
Level 12
60 Carrington Street
Sydney NSW 2000

INVESTIGATING ACCOUNTANT

Pricewaterhousecoopers Securities Limited
One International Towers
Watermans Quay
Barangaroo NSW 2000

AUDITOR AND TAX ADVISOR

ShineWing Australia (Auditor)
ShineWing Australia Pty Ltd (Tax Advisor)
Level 8
167 Macquarie Street
Sydney NSW 2000

SHARE REGISTRY

BoardRoom Pty Limited
Grosvenor Place
Level 12
225 George Street
Sydney NSW 2000

FINANCIAL ADVISOR

MA Moelis Australia Advisory Pty Ltd
Level 27
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

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