

Financial Report

For the half-year ended
31 December 2022

INCORPORATING APPENDIX 4D

SHAPE AUSTRALIA CORPORATION LIMITED

ABN: 14 654 729 352

Level 11, 155 Clarence Street,
Sydney NSW 2000

SHAPE

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APPENDIX 4D

Name of entity: SHAPE Australia Corporation Limited
 ABN: 14 654 729 352
 Reporting period: the half-year ended 31 December 2022
 Previous period: the half-year ended 31 December 2021

Results for announcement to the market	Up/Down	Movement	\$'000
Revenues from ordinary activities	up	32%	436,251
Profit from ordinary activities after tax attributable to the owners of SHAPE Australia Corporation Limited	down	19%	4,709
Profit for the half-year attributable to the owners of SHAPE Australia Corporation Limited	down	19%	4,709
Underlying EBITDA	up	108%	9,342
Underlying Profit	up	200%	4,709

Earnings per share	31 Dec 2022 (cents)	31 Dec 2021 (cents)
Basic earnings per share	5.65	7.07
Diluted earnings per share	5.47	6.78*

*The comparative of diluted earnings per share has been restated, refer to Note 3 of the financial statements for further detail.

Net Tangible Assets	31 Dec 2022 (cents)	31 Dec 2021 (cents)
Net tangible assets per ordinary security	16.70	27.90

Dividends	Amount per share (cents)	Franked amount per share (cents)	Record Date	Payment Date
2022 final dividend	2.00	2.00	1 Sep 2022	14 Sep 2022
2023 interim dividend**	5.00	5.00	6 Mar 2023	20 Mar 2023

**Declared on 24 February 2023.

Name of associate	Reporting period holding %	Previous period holding %
DLG SHAPE Pty Limited	49	49

The remainder of the information requiring disclosure to comply with listing rule 4.2A.3 is contained in the December 2022 Directors' Report and the Interim Financial Statements for the half-year ended 31 December 2022.

DIRECTORS' REPORT

The Directors of SHAPE Australia Corporation Limited ('the Company') present their report, together with the financial statements, on the consolidated entity ('SHAPE' or 'Group') consisting of the Company and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

SHAPE Australia Corporation Limited was incorporated on 22 October 2021. On 14 December 2021, the Group undertook an internal corporate restructure whereby the SHAPE Australia Holdings Pty Limited shareholders exchanged their shares in that company for shares in SHAPE Australia Corporation Limited. Each shareholder's proportionate interest in SHAPE Australia Holdings Pty Limited was not altered as a result of the restructure. Prior to the restructure, SHAPE Australia Holdings Pty Limited was the parent company of the Group, the effect of the restructure was to interpose SHAPE Australia Corporation Limited as the new parent of the Group.

The financial statements of SHAPE Australia Corporation Limited present a continuation of the existing SHAPE Australia Holdings Pty Limited business and the historical comparative financial information is the consolidated financial information of SHAPE Australia Holdings Pty Limited.

Directors

The names of each person below were Directors of SHAPE Australia Corporation Limited from the date of appointment until the date of this report.

		Appointment Date
G. Miles	Chairman and Non-Executive Director	1 September 2022
P. Marix-Evans	Chief Executive Officer and Managing Director	22 October 2021
M. Barnes	Non-Executive Director	5 November 2021
J. Lloyd	Non-Executive Director	5 November 2021
K. Parsons	Non-Executive Director	5 November 2021
J. Sloman OAM	Non-Executive Director	5 November 2021
C. van der Laan	Non-Executive Director	5 November 2021

Directors who resigned during the period

		Resignation Date
P. Arnall	Chairman and Non-Executive Director	1 September 2022
G. McMahon	Non-Executive Director	30 September 2022

Principal activities

The principal activities of SHAPE were the construction, fitout and refurbishment of commercial properties.

Review of operations and financial position

The Directors of SHAPE are pleased with the performance of the Company in H1 FY23, with significant increases in volume, underlying profitability, and Shareholder value. SHAPE's focus on our people and delivering exceptional customer service has led to repeat business and strong relationships with our stakeholders.

SHAPE's profit after providing for income tax amounted to \$4.7M, and net profit before tax of \$7.0M. The comparative statutory result of \$5.8M NPAT included one off items related to costs of listing, changes in revenue recognition and other non typical amounts as noted in the table below. The current period result for NPBT represents an increase of \$4.7M or 207% compared to the underlying prior corresponding period.

Underlying Net Profit Before Tax Reconciliation	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Statutory Net Profit Before Tax	7,019	8,303
Revised revenue recognition accounting estimate ¹	-	(6,335)
Resolution of customer dispute	-	(3,400)
Costs associated with the Initial Public Offering (IPO)	-	2,794
Shares granted to employees in conjunction with the IPO	-	924
Underlying Net Profit Before Tax	7,019	2,286

SHAPE maintained a strong net cash position of \$112.6M, an increase of 19% on H1FY22 (31 December 2021: \$94.7M). This allowed SHAPE to leverage increasing interest rates during the period and anticipated ongoing higher interest rates along with strong cash management will continue to provide further opportunity.

DLG SHAPE produced a positive first half delivering revenue of \$17.6M and Gross Margin (GM) of \$1.6M which has lead to increased management fees being received from the entity.

SHAPE delivered record revenue of \$436.3M, representing an increase of 32% compared to the prior corresponding period. SHAPE maintained a strong focus on managing overheads to leverage our scalability as we increase revenue and provide further efficiencies whilst maintaining our commitment to investing in growth initiatives.

FY23 has seen easing of restrictive work practices and improvements in supply constraints and as such Gross Margin achieved for H1FY23 was 7.4% which is up 16% from 6.4% in the prior corresponding period. SHAPE continues to pursue improvements in GM through maximising market opportunities and continued focus on improvements in commercial outcomes.

The Company's order backlog remains at a healthy \$369.3M, supporting strong revenues into H2 FY23.

¹ The accounting estimate in relation to revenue recognition changed during the period ended 31 December 2021 based on new information identified and analysed. The impact of this for the period ended 31 December 2021 was an increase in profit of \$6.335M.

EBITDA and Underlying EBITDA are non-IFRS earnings measures which do not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies. These measures, which are unaudited, are important to management as an additional way to evaluate the Consolidated Entity's performance.

Reconciliation of profit before income tax to EBITDA and Underlying EBITDA (unaudited):

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Profit/(loss) before income tax	7,019	8,303
Depreciation and amortisation	2,654	2,113
Interest revenue	(954)	(126)
Finance costs	623	214
EBITDA	9,342	10,504
Initial Public Offering costs	-	2,794
Customer legal dispute	-	(3,400)
Revised revenue recognition accounting estimate	-	(6,335)
Shares granted to employees in conjunction with IPO	-	924
Underlying EBITDA	9,342	4,487

Details of associates

The Group has a 49% holding in DLG SHAPE Pty Limited, a majority Indigenous owned business with David Liddiard Group Pty Ltd. The Group generated management fees of \$1.1M for the six-month period, compared to \$687k for the prior corresponding period, up 62%.

DLG SHAPE provides commercial fitout and refurbishment services while committing to help close the gap in Indigenous disadvantage by increasing opportunities for Indigenous Australians within our company and procuring products and services from Indigenous companies.

Outlook

SHAPE's strategy of focusing on our people and our constructive culture continues to deliver exceptional project results for our clients, further strengthening relationships and supporting our increase in revenue.

Enquiry remains strong, and in addition to the order backlog of \$369.3M, the Group has identified a pipeline of over \$2.7B, compared to \$2.3B in the prior corresponding period.

SHAPE established two new regional offices throughout the period to support our strategic growth and existing client base. SHAPE Newcastle and Gold Coast have opened with Regional Managers appointed to grow market share in both regions.

The acquisition of modular building company, K.L. Modular Systems (Aust) Pty Ltd ('KLMSA'), was completed in March 2022. The benefits of integration of KLMSA into SHAPE is delivering good results, and synergies have supported the KLMSA business in achieving strong project wins and revenue results for H1 FY23. The pipeline for modular building continues to grow in the Australian market and provides an excellent opportunity for SHAPE moving forward.

SHAPE's Net Promoter Score is sitting at +82, which is a testament to our firm commitment to providing an exceptional customer experience. Over 80% of work came from repeat clients and achieved a solid tender success rate of 56%. This result, coupled with a strong pipeline, supports sustainable growth over the coming periods.

SHAPE's Balance Sheet and net cash position remain robust.

Growth Strategy

SHAPE continues to see growth in our core markets and the economy in general. Whilst residential sectors have shown some decline, SHAPE's commercial markets appear to be strengthening across our diversified markets.

SHAPE continues to focus on our strategic growth strategy, which is made up of the following three pillars:

1. Expansion of core markets

- Increase revenue and grow our existing core markets in each state operation. Growth includes expansion into appropriate regional areas, with SHAPE opening two new regional operations in Newcastle and the Gold Coast during the period.

2. Diversification

- Continue to invest in diversification into sectors outside of commercial office including Facades, Health, and Education, along with a strong focus on continuing to develop our Defence capabilities.

3. SHAPE Modular

- Continue to integrate the operations of our recent acquisition, KLMSA, into SHAPE with all financial system integration completed and ongoing focus on operational efficiencies to maximise the output of current manufacturing whilst we assess sustainable expansion opportunities of the Modular business.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of SHAPE during the financial half-year.

Subsequent events

A new property lease commenced in January 2023 and SHAPE has recognised a right-of-use asset and corresponding lease liability of \$7.2M on the commencement date of the lease.

The Directors declared an additional fully franked interim dividend of 5 cents per share on 24 February 2023, a record date of 6 March 2023 and a payment date set for 20 March 2023.

Apart from the matters described above, no other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect SHAPE's operations, the results of those operations, or SHAPE's state of affairs in future financial years.

Rounding of amounts

SHAPE is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

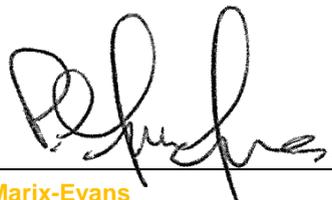
Signed On behalf of the Directors



Greg Miles

Chairman

24 February 2023



Peter Marix-Evans

CEO and Managing Director

24 February 2023

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF SHAPE AUSTRALIA
CORPORATION LIMITED**

As lead auditor, I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.



SW Audit (formerly ShineWing Australia)
Chartered Accountants



Nick Michael
Partner

Melbourne, 24 February 2023

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SHAPE Australia Corporation Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	31 Dec 2022	31 Dec 2021
		\$'000	\$'000
Revenue	4	436,251	329,263
Expenses			
Construction costs		(401,795)	(300,061)
Employee benefits expense		(17,254)	(13,810)
Depreciation and amortisation expense		(2,654)	(2,113)
Transaction costs in connection with the IPO and preparation towards the IPO		-	(2,794)
Other expenses	5	(6,906)	(1,968)
Finance costs		(623)	(214)
Total expenses		(429,232)	(320,960)
Profit before income tax expense		7,019	8,303
Income tax expense		(2,310)	(2,522)
Profit after income tax expense for the half-year attributable to the owners of SHAPE Australia Corporation Limited		4,709	5,781
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of SHAPE Australia Corporation Limited		4,709	5,781
		Cents	Cents
Basic earnings per share	3	5.65	7.07
Diluted earnings per share*	3	5.47	6.78

*The comparative of diluted earnings per share has been restated, refer to Note 3 of the financial statements for further detail.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

SHAPE Australia Corporation Limited
Consolidated statement of financial position
As at 31 December 2022

	Note	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Assets			
Current Assets			
Cash and cash equivalents	6	112,578	82,031
Trade and other receivables	7	82,560	87,497
Income tax refund due		3,075	245
Finance lease receivables		96	242
Prepayments		3,900	4,491
Total current assets		202,209	174,506
Non-current assets			
Investments accounted for using the equity method		98	98
Property, plant and equipment	8	24,211	25,354
Intangibles	9	11,470	11,670
Deferred tax		2,718	3,924
Finance lease receivables		356	405
Total non-current assets		38,853	41,451
Total assets		241,062	215,957
Liabilities			
Current liabilities			
Trade and other payables	10	163,460	139,245
Borrowings		-	2,675
Lease liabilities		1,604	1,945
Employee benefits		10,759	10,679
Provisions		4,792	4,696
Total current liabilities		180,615	159,240
Non-current liabilities			
Trade and other payables	10	9,512	7,609
Borrowings		6,688	8,025
Lease liabilities		18,063	18,754
Employee benefits		1,866	1,779
Provisions		265	265
Total non-current liabilities		36,394	36,432
Total liabilities		217,009	195,672
Net assets		24,053	20,285
Equity			
Issued capital	11	13,287	12,872
Reserves		(2,639)	(2,948)
Retained profits		13,405	10,361
Total equity		24,053	20,285

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

SHAPE Australia Corporation Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2022

	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2021	9,477	(2,409)	11,377	18,445
Profit after income tax expense for the half-year	-	-	5,781	5,781
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	5,781	5,781
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	3,107	-	-	3,107
Share-based payments	-	290	-	290
Performance rights exercised in legal acquiree and settled in previously held treasury shares	288	(288)	-	-
Dividends paid (note 12)	-	-	(4,889)	(4,889)
Balance at 31 December 2021	12,872	(2,407)	12,269	22,734
	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2022	12,872	(2,948)	10,361	20,285
Profit after income tax expense for the half-year	-	-	4,709	4,709
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	4,709	4,709
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity (note 11)	415	-	-	415
Share-based payments	-	309	-	309
Dividends paid (note 12)	-	-	(1,665)	(1,665)
Balance at 31 December 2022	13,287	(2,639)	13,405	24,053

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

SHAPE Australia Corporation Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2022

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash flows from operating activities			
Receipts from customers		484,463	361,185
Payments to suppliers and employees		(442,939)	(368,797)
Interest received		842	126
Interest and other finance costs paid		(623)	(214)
Income taxes paid		(3,934)	(3,890)
Net cash from/(used in) operating activities		37,809	(11,590)
Cash flows from investing activities			
Payments for property, plant and equipment		(997)	(3,599)
Payments for intangibles		(3)	(326)
Loans from related and other parties		-	69
Proceeds from disposal of property, plant and equipment		32	-
Net cash used in investing activities		(968)	(3,856)
Cash flows from financing activities			
Proceeds from issue of shares	11	415	2,000
Repayment of borrowings		(4,012)	-
Share issue transaction costs		-	(105)
Dividends paid	12	(1,665)	(4,889)
Repayment of lease liabilities		(1,032)	(1,979)
Net cash used in financing activities		(6,294)	(4,973)
Net increase/(decrease) in cash and cash equivalents		30,547	(20,419)
Cash and cash equivalents at the beginning of the financial half-year		82,031	115,147
Cash and cash equivalents at the end of the financial half-year	6	112,578	94,728

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

1. Basis of preparation and accounting policies

These financial statements for the half-year ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

The half year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the class order applies.

This half year financial report presents reclassified comparative information where required for consistency with the current half year's presentation.

Key judgements, estimates and assumptions

The preparation of the financial statements requires judgement and the use of estimates and assumptions in applying the Consolidated Entity's accounting policies, which affect amounts reported for assets, liabilities, income and expenses. Actual results may differ from these judgements, estimates and assumptions.

The key judgements, estimates and assumptions applied in the half-year financial report, including the key sources of estimation uncertainty are the same as those applied in the 30 June 2022 financial report.

New and amended standards and interpretations adopted from 1 July 2022

There are no amendments and interpretations that apply for the first time to the Consolidated Entity in this half-year reporting period. The Consolidated Entity has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

There are no other standards, amendments or interpretations that are not yet effective and that would be expected to have a material impact on the Consolidated Entity in the current or future reporting periods and on foreseeable future transactions.

2. Operating segments

Identification of reportable operating segments

The Consolidated Entity operates only in Australia and manages its operations as a single business operation. There are no parts of the Consolidated Entity that qualify as operating segments under AASB 8 *Operating Segments*. As the Consolidated Entity operates in only one segment, the consolidated results are also its segment results.

3. Earnings per share

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Profit after income tax attributable to the owners of SHAPE Australia Corporation Limited	4,709	5,781
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	83,366,521	81,811,397
Adjustments for calculation of diluted earnings per share:		
Performance rights*	2,703,287	3,446,610
Weighted average number of ordinary shares used in calculating diluted earnings per share*	86,069,808	85,258,007
	Cents	Cents
Basic earnings per share	5.65	7.07
Diluted earnings per share*	5.47	6.78

*The comparative of the diluted earnings per share has been adjusted to reflect inclusion of contingently issuable shares.

4. Revenue

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<i>Revenue from contracts with customers</i>		
Construction services	434,074	328,294
<i>Other revenue</i>		
Management fees	1,117	687
Rent	85	156
Interest income	954	126
Other	21	-
	2,177	969
	436,251	329,263

5. Expenses

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
IT expenses	1,268	1,047
Tenancy outgoing	996	469
Reversal of provision for warranty - dispute	-	(2,000)
Other expenses	4,642	2,452
	6,906	1,968

6. Cash and cash equivalents

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Current assets</i>		
Cash at bank	77,724	62,808
Cash on deposit	30,000	15,199
Restricted Cash	4,854	4,024
	112,578	82,031

7. Trade and other receivables

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Current assets</i>		
Trade receivables	65,176	78,935
Less: Allowance for expected credit losses	(216)	-
	64,960	78,935
Contract assets	17,132	8,141
Other receivables	143	202
Loans at call	10	11
Receivable from associate	315	208
	82,560	87,497

8. Property, plant and equipment

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Non-current assets</i>		
Leasehold improvements - at cost	9,837	9,333
Less: Accumulated depreciation	(6,013)	(5,773)
	3,824	3,560
Plant and equipment - at cost	4,837	4,388
Less: Accumulated depreciation	(2,755)	(2,209)
	2,082	2,179
Right-of-use assets - at cost	21,878	24,070
Less: Accumulated depreciation	(3,573)	(4,455)
	18,305	19,615
	24,211	25,354

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Leasehold improvements \$'000	Plant and equipment \$'000	Right-of-use assets \$'000	Total \$'000
Balance at 1 July 2022	3,560	2,179	19,615	25,354
Additions	504	493	322	1,319
Disposals	-	(11)	-	(11)
Depreciation expense	(240)	(579)	(1,632)	(2,451)
Balance at 31 December 2022	3,824	2,082	18,305	24,211

An office lease expired during the period, resulting in a reduction in the value of the right of use asset and accumulated depreciation of \$2.514M.

9. Intangibles

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Non-current assets</i>		
Goodwill - at cost	7,318	7,318
Patents and trademarks - at cost	682	682
Customer contracts - at cost	3,325	3,325
Less: Accumulated amortisation	(208)	(69)
	3,117	3,256
Software - at cost	867	866
Less: Accumulated amortisation	(560)	(512)
	307	354
Licenses - at cost	177	175
Less: Accumulated amortisation	(131)	(115)
	46	60
	11,470	11,670

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill \$'000	Patents and trademarks \$'000	Customer contracts \$'000	Software \$'000	Licenses \$'000	Total \$'000
Balance at 1 July 2022	7,318	682	3,256	354	60	11,670
Additions	-	-	-	1	2	3
Amortisation expense	-	-	(139)	(48)	(16)	(203)
Balance at 31 December 2022	7,318	682	3,117	307	46	11,470

10. Trade and other payables

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Current liabilities</i>		
Trade payables and project accruals	101,171	75,422
Other payables and accrued expenses	6,079	6,736
Contract liabilities	36,719	41,003
Retentions	15,404	14,788
GST payable	4,396	1,296
	<u>163,769</u>	<u>139,245</u>
<i>Non-current liabilities</i>		
Retentions	9,512	7,609
	<u>173,281</u>	<u>146,854</u>

11. Issued capital

	31 Dec 2022 Shares	30 Jun 2022 Shares	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Ordinary shares - fully paid	<u>83,489,260</u>	<u>83,241,085</u>	<u>13,287</u>	<u>12,872</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 Jul 2022	83,241,085		12,872
Shares issued to employees under the ESAP (note 13)	30 Sept 2022	<u>248,175</u>	\$1.67	<u>415</u>
Balance	31 Dec 2022	<u>83,489,260</u>		<u>13,287</u>

12. Dividends

Dividends paid during the financial half-year were as follows:

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Final dividend for the year ended 30 June 2022 (2021: 30 June 2021) of 2 cents (2021: 4 cents) per ordinary share	1,665	3,257
Interim dividend for the year ended 30 June 2022 of 2 cents per ordinary share	-	1,632
	<u>1,665</u>	<u>4,889</u>

The dividends paid during the half year ended 31 December 2021 were paid to the shareholders of SHAPE Australia Holdings Pty Limited prior to the restructure and IPO.

Dividends not recognised at the end of the reporting period:

In addition to the above dividends, since the half-year end the Directors have recommended the payment of an interim dividend of 5 cents per fully paid ordinary share (refer to note 14).

13. Share-based payments

Employee Incentive Plans

(i) Employee Share Acquisition Plan (ESAP)

Under the rules of the ESAP, the Board may in its absolute discretion from time to time invite eligible employees of the Company to participate in the ESAP by providing it with an invitation, which entitles the employee to acquire shares in the Company.

On 30 September 2022, the Company granted 248,175 shares to employees that vested immediately on grant date and have no exercise price. The fair value at grant date was \$1.6697, being the volume weighted average price of shares as traded on the ASX over the 10 trading days up to but excluding the acquisition date.

(ii) Senior Executive Long-Term Incentive Scheme (SELT)

Under the rules of the SELT, the Board has a discretion to grant a share right (Right) which entitles the eligible persons who have been granted Rights, 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.

Set out below is a summary of the movements in performance rights granted under the SELT:

31 Dec 2022

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
01/12/2020	01/07/2023	\$0.00	894,268	-	-	-	894,268
01/07/2021	01/07/2023	\$0.00	92,308	-	-	-	92,308
27/09/2021	01/07/2024	\$0.00	1,020,904	-	-	-	1,020,904
24/02/2022	01/07/2024	\$0.00	65,035 ²	-	-	-	65,035
30/09/2022	01/07/2025	\$0.00	-	1,247,979	-	-	1,247,979
			2,072,515	1,247,979	-	-	3,320,494

14. Events after the reporting period

Leases

A new property lease commenced in January 2023 and SHAPE has recognised a right-of-use asset and corresponding lease liability of \$7.2M on the commencement date of the lease.

Dividend

The Directors declared an additional fully franked interim dividend of 5 cents per share on 24 February 2023, a record date of 6 March 2023, and a payment date set for 20 March 2023.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

² Number of SELT performance rights issued to a Senior Executive relating to a change of role.

SHAPE Australia Corporation Limited
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Greg Miles

Chairman

24 February 2023



Peter Marix-Evans

CEO and Managing Director

24 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF SHAPE AUSTRALIA CORPORATION LIMITED

Report on the Half-Year Financial Statements

Conclusion

We have reviewed the half-year financial statements of SHAPE Australia Corporation Limited (the Company and its subsidiaries (the Group)) which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Statements* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors' for the Financial Statements

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

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Auditor's Responsibilities for the Review of the Financial Statements

Our responsibility is to express a conclusion on the half-year financial statements based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial statements are not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



SW Audit (formerly ShineWing Australia)
Chartered Accountants



Nick Michael
Partner

Melbourne, 24 February 2023

CORPORATE DIRECTORY

Principal place of business and Registered office

Level 11,
155 Clarence Street,
Sydney NSW 2000

Auditor

SW Audit
Level 7,
Aurora Place,
88 Phillip Street,
Sydney NSW 2000

Banker

National Australia Bank

Company Secretary

L Newell

Solicitors

Turtons Lawyers
Level 18,
56 Pitt Street,
Sydney NSW 2000

Share Registry

Boardroom Pty Ltd
Level 8,
210 George St,
Sydney NSW 2000
1300 737 760

Stock Exchange Listing

SHAPE Australia Corporation Limited shares are listed on the Australian Securities Exchange (ASX code: SHA)

Website

shape.com.au

Corporate Governance Statement

investor.shape.com.au/corporate-governance