

Financial Report

For the half-year ended
31 December 2023

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 2023
 Previous Period: the half-year ended: 31 December 2022

Results for announcement to the market	Up/Down	Movement	\$'000
Revenues from ordinary activities	down	4.8%	415,201
Profit from ordinary activities after tax attributable to the owners of SHAPE Australia Corporation Limited	up	59.4%	7,503
Profit for the half-year attributable to the owners of SHAPE Australia Corporation Limited	up	59.4%	7,503
EBITDA	up	31.0%	12,239

Earnings per share	31 Dec 2023 (cents)	31 Dec 2022 (cents)
Basic earnings per share	8.99	5.65
Diluted earnings per share	8.67	5.47

Net Tangible Assets	31 Dec 2023 (cents)	31 Dec 2022 (cents)
Net tangible assets per ordinary security	24.05	16.70

Dividends	Amount per share (cents)	Franked amount per share (cents)	Record Date	Payment Date
2023 final dividend	6.50	6.50	1 Sep 2023	15 Sep 2023
2024 interim dividend*	8.00	8.00	1 Mar 2024	15 Mar 2024

*Declared on 22 February 2024

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 2023 Directors' Report and the Interim Financial Statements for the half-year ended 31 December 2023.

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 2023.

Directors

The names of the Directors of SHAPE Australia Corporation Limited in office at any time during the reporting period until the date of this report are as follows. Directors were in office for the entire time unless otherwise stated.

G. Miles	Chairman and Non-Executive Director
P. Marix-Evans	Chief Executive Officer and Managing Director
M. Barnes	Non-Executive Director
J. Lloyd	Non-Executive Director
K. Parsons	Non-Executive Director
C. van der Laan (Resigned 25 July 2023)	Non-Executive Director

Principal activities

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

Dividends

The Directors declared a fully franked interim dividend of 8 cents per share on 22 February 2024, a record date of 1 March 2024 and a payment date set for 15 March 2024.

Review of operations and financial position

The first half of the financial year saw SHAPE deliver a strong revenue result of \$415.2m, albeit 5% behind the result of \$436.3m in the prior corresponding period (PCP). The backlog order book remains at a healthy \$457.2m, representing a 24% increase on backlog in the PCP of \$369.3m. This, along with record project wins in the first half of \$526.8m, will support continued strong revenues for the second half.

Gross margin for the first half of the financial year increased to 9.0% from 7.4% against the PCP. This reflects the completion of several larger projects along with a sustained focus on gross margins through consistent and diligent risk management.

In addition to a focus on gross margins, the result in the period reflects a continued focus on managing overhead efficiencies while investing appropriately to support our Defence, Modular and Aftercare growth initiatives.

At the end of the first half, SHAPE held cash and marketable securities totaling \$97.9m. This strong liquidity position has allowed SHAPE to capitalise on rising interest rates during the period. SHAPE's first half profit after providing for income tax (NPAT) amounted to \$7.5m, and net profit before tax (NPBT) was \$10.9m. The comparative results of \$4.7m and \$7.0m for the PCP indicate increases of 59% and 55% in NPAT and NPBT, respectively.

SHAPE's strategy of hiring great people and supporting them with a best practice workplace culture continues to deliver exceptional project results for our clients, further strengthening relationships (as evidenced by our NPS of +87) and generating high levels of repeat work. We remain uncompromising in our commitment to ensuring the health and wellbeing of all who come into contact with our operations. This focus is reflected in performance against key safety metrics, with our Lost Time Injury Frequency Rate (LTIFR) sitting at 1.6 and our Total Recordable Injury Frequency Rate (TRIFR) at 5.5. We maintain that no injury or incident is acceptable, as we continue to pursue zero harm in all our operations.

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

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Profit/(loss) before income tax	10,846	7,019
Depreciation and amortisation	2,424	2,654
Interest revenue	(1,778)	(954)
Finance costs	747	623
EBITDA	<u>12,239</u>	<u>9,342</u>

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. In the first half, the Group received management fees and profit share totaling \$1.2m, an increase of 7.4% compared to \$1.1m in the PCP. DLG SHAPE produced another positive first half, recording revenue of \$17.7m and gross margin of \$1.6m, which were in line with the PCP, as were the resulting management fees and profit share received by SHAPE.

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

Demand remains strong, combined with project wins in the first half of \$526.8m, an order backlog of \$457.2m, and the identified pipeline of over \$3.6bn (PCP was \$2.7bn), augurs well for a strong second half of the financial year.

Growth Strategy

SHAPE continues to focus on our core while we also pursue growth in new customer market segments, geographies, and service capabilities.

1. Growing share in non-core market segments

Our growth strategy involves ensuring that we remain the market leader in our core market (Commercial Office), while investing in our ability to deliver value for clients in other sectors.

Defence Sector

We continue to grow our Defence sector portfolio, with project wins of \$45.1m and construction revenue of \$42.4m recorded by SHAPE and its associated companies in the first half of the financial year. These half-year results compare favourably against the previous full year results of \$66.54m and \$54.77m respectively.

2. Expanding into new geographical markets

SHAPE's new regional offices in the Gold Coast (est. Nov 2022) and Newcastle (est. Dec 2022) continued to go from strength to strength in H1, with project wins of \$22.3m and \$16.6m respectively. The SHAPE team continued to grow its project portfolio in Tasmania, with project wins totaling \$12.9m secured in H1, and the recruitment of our first team members permanently based in the state.

3. Adding new capabilities

Modular

Our modular capability continues to evolve and grow. H1 highlights include the following:

- KLMSA, our modular business in Victoria, successfully completed its largest project to date – a \$14.3m three storey classroom and library complex at Bacchus Marsh Grammar's Maddingley Campus.
- The first buildings were delivered out of our new South Australian production facility for the Royal Flying Doctor Service and Purple House respectively. Our South Australian modular team has now grown to eight people.
- First half project wins across our Victorian and South Australian modular operations included 15 projects totaling \$22.8m compared to the first half of FY23 results of 3 projects totaling \$15.9m

New Build

A focus on growing our new build capability saw SHAPE secure greenfield project wins totaling \$71.7m in the first half of the financial year. This included seven projects across four of our state operations and is more than double the full year result for FY23.

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

Apart from the dividend described above, no other matter or circumstance has arisen since 31 December 2023 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

22 February 2024



Peter Marix-Evans

CEO and Managing Director

22 February 2024

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 2023 there have been:

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



SW Audit
Chartered Accountants



René Muller
Partner

Sydney, 22 February 2024

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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 2023

	Note	31 Dec 2023	31 Dec 2022
		\$'000	\$'000
Revenue			
	4	415,201	436,251
Share of profits of associates accounted for using the equity method		87	-
Expenses			
Construction costs		(374,850)	(401,795)
Employee benefits expense – administration and marketing	5	(19,812)	(17,254)
Depreciation and amortisation expense		(2,424)	(2,654)
Other expenses	5	(6,609)	(6,906)
Finance costs		(747)	(623)
Total expenses		(404,442)	(429,232)
Profit before income tax expense		10,846	7,019
Income tax expense		(3,343)	(2,310)
Profit after income tax expense for the half-year attributable to the owners of SHAPE Australia Corporation Limited		7,503	4,709
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of financial assets at fair value through other comprehensive income, net of tax		253	-
Other comprehensive income for the half-year, net of tax		253	-
Total comprehensive income for the half-year attributable to the owners of SHAPE Australia Corporation Limited		7,756	4,709
		Cents	Cents
Basic earnings per share	3	8.99	5.65
Diluted earnings per share	3	8.67	5.47

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 2023

	Note	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Assets			
Current Assets			
Cash and cash equivalents	6	80,120	90,552
Financial assets	7	17,756	-
Trade and other receivables	8	88,623	117,899
Income tax refund due		-	158
Finance lease receivables		106	101
Prepayments		4,084	4,632
Total current assets		190,689	231,342
Non-current assets			
Investments accounted for using the equity method	9	577	147
Property, plant and equipment	10	27,637	30,403
Intangibles	11	10,665	10,845
Deferred tax		4,462	4,277
Finance lease receivables		250	304
Total non-current assets		43,591	45,976
Total assets		234,280	259,318
Liabilities			
Current liabilities			
Trade and other payables	12	147,908	172,956
Lease liabilities		1,992	1,783
Income tax		1,919	-
Employee benefits		12,028	11,417
Provisions		4,106	4,474
Total current liabilities		167,953	190,630
Non-current liabilities			
Trade and other payables	12	9,728	9,665
Borrowings		2,675	5,350
Lease liabilities		21,965	24,318
Deferred Tax		1,057	1,098
Employee benefits		2,168	2,053
Provisions		265	265
Total non-current liabilities		37,858	42,749
Total liabilities		205,811	233,379
Net assets		28,469	25,939
Equity			
Issued capital	13	12,752	13,250
Reserves		(1,378)	(2,330)
Retained profits		17,095	15,019
Total equity		28,469	25,939

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 2023

	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2023	13,250	(2,330)	15,019	25,939
Profit after income tax expense for the half-year	-	-	7,503	7,503
Other comprehensive income for the half-year, net of tax	-	253	-	253
Total comprehensive income for the half-year	-	253	7,503	7,756
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	699	-	699
Treasury shares acquired (note 13)	(498)	-	-	(498)
Dividends paid (note 14)	-	-	(5,427)	(5,427)
Balance at 31 December 2023	12,752	(1,378)	17,095	28,469

	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, net of transaction costs	415	-	-	415
Share-based payments	-	309	-	309
Dividends paid (note 14)	-	-	(1,665)	(1,665)
Balance at 31 December 2022	13,287	(2,639)	13,404	24,052

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 2023

	Note	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		484,753	484,463
Payments to suppliers and employees (inclusive of GST)		(466,678)	(442,939)
Interest received		1,671	842
Interest and other finance costs paid		(697)	(623)
Income taxes paid		(1,492)	(3,934)
Net cash from operating activities		17,557	37,809
Cash flows from investing activities			
Payments for financial assets	7	(17,503)	-
Payments for capital invested in associate	9	(343)	-
Payments for property, plant and equipment	10	(705)	(997)
Payments for intangibles	11	(13)	(3)
Proceeds from disposal of property, plant and equipment		60	32
Net cash used in investing activities		(18,504)	(968)
Cash flows from financing activities			
Proceeds from issue of shares		-	415
Repayment of borrowings		(2,675)	(4,012)
Treasury shares purchased	13	(498)	-
Dividends paid	14	(5,427)	(1,665)
Repayment of lease liabilities		(885)	(1,032)
Net cash used in financing activities		(9,485)	(6,294)
Net (decrease)/increase in cash and cash equivalents		(10,432)	30,547
Cash and cash equivalents at the beginning of the financial half-year		90,552	82,031
Cash and cash equivalents at the end of the financial half-year	6	80,120	112,578

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 2023 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 2023 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 half-year financial report is presented in Australian dollars and all values are rounded to the nearest million 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.

Key judgements, estimates and assumptions

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

The 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 2023 financial report.

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 SHAPE in the current or future reporting periods and on foreseeable future transactions.

The following new accounting policy has been applied in the period.

Financial assets

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and SHAPE has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

- held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
- designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise:

- Equity securities which are not held for trading and which SHAPE has irrevocably elected at initial recognition to recognise in this category.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of SHAPE's business model is achieved both by collecting contractual cash flows and selling financial assets

In the case of debt securities measured at fair value through other comprehensive income, any gain or loss accumulated in OCI is reclassified to profit or loss only at time of derecognition of the asset.

Impairment of financial assets

SHAPE recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon SHAPE's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

2. Operating segments

Identification of reportable operating segments

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

3. Earnings per share

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Profit after income tax attributable to the owners of SHAPE Australia Corporation Limited	7,503	4,709
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	83,489,260	83,366,521
Adjustments for calculation of diluted earnings per share:		
Performance rights	3,016,717	2,703,287
Weighted average number of ordinary shares used in calculating diluted earnings per share	86,505,977	86,069,808
	Cents	Cents
Basic earnings per share	8.99	5.65
Diluted earnings per share	8.67	5.47

4. Revenue

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<i>Revenue from contracts with customers</i>		
Construction services	412,212	434,074
<i>Other revenue</i>		
Management fees	1,113	1,117
Interest income	1,778	954
Other revenue	98	106
	2,989	2,177
	415,201	436,251

5. Expenses

Other expenses comprise of the following:

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
IT expenses	1,472	1,268
Tenancy outgoings	846	996
Other expenses	4,291	4,642
	6,609	6,906

6. Cash and cash equivalents

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<i>Current assets</i>		
Cash at bank	64,664	53,853
Cash on deposit	10,000	30,000
Restricted Cash	5,456	6,699
	80,120	90,552

7. Financial assets

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<i>Current assets</i>		
Marketable securities at fair value through other comprehensive income - fixed and floating-rate, ASX-listed and wholesale market, financial and corporate bonds, and hybrids (see Note 16)	17,756	-
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:		
Opening fair value	-	-
Additions	17,503	-
Revaluation increments	253	-
Closing fair value	17,756	-

8. Trade and other receivables

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<i>Current assets</i>		
Trade receivables	72,612	100,923
Less: Allowance for expected credit losses	-	(148)
	72,612	100,775
Contract assets	15,030	16,480
Other receivables	832	149
Receivable from associate	149	495
	88,623	117,899

9. Investments accounted for using the equity method

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<i>Non-current assets</i>		
Investment in DLG SHAPE Pty Limited	577	147
<i>Reconciliation</i>		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial half-year are set out below:		
Opening carrying amount	147	98
Share of profit after income tax	87	-
Additional investment	343	49
Closing carrying amount	577	147

Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to SHAPE are set out below:

	Ownership Interest	
	31 Dec 2023 %	30 June 2023 %
DLG SHAPE Pty Limited	49%	49%

10. Property, plant and equipment

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<i>Non-current assets</i>		
Leasehold improvements - at cost	5,381	5,381
Less: Accumulated depreciation	(1,679)	(1,396)
	3,702	3,985
Plant and equipment - at cost	6,013	5,396
Less: Accumulated depreciation	(3,756)	(3,193)
	2,257	2,203
Right-of-use assets - at cost	27,605	29,072
Less: Accumulated depreciation	(5,927)	(4,857)
	21,678	24,215
	27,637	30,403

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 2023	3,985	2,203	24,215	30,403
Additions	-	705	492	1,197
Disposals	-	(39)	-	(39)
Lease Termination	-	-	(1,693)	(1,693)
Depreciation expense	(283)	(612)	(1,336)	(2,231)
Balance at 31 December 2023	3,702	2,257	21,678	27,637

11. Intangibles

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<i>Non-current assets</i>		
Goodwill - at cost	6,891	6,891
Patents and trademarks - at cost	682	682
Customer contracts - at cost	3,325	3,325
Less: Accumulated amortisation	(485)	(346)
	2,840	2,979
Software - at cost	879	866
Less: Accumulated amortisation	(646)	(604)
	233	262
Licenses - at cost	178	178
Less: Accumulated amortisation	(159)	(147)
	19	31
	10,665	10,845

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 2023	6,891	682	2,979	262	31	10,845
Additions	-	-	-	13	-	13
Amortisation expense	-	-	(139)	(42)	(12)	(193)
Balance at 31 December 2023	6,891	682	2,840	233	19	10,665

12. Trade and other payables

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<i>Current liabilities</i>		
Trade payables	75,145	89,626
Accrued expenses and other payables	24,787	16,828
Contract liabilities	27,190	48,212
Retentions	17,090	16,317
GST payable	3,696	1,973
	<u>147,908</u>	<u>172,956</u>
<i>Non-current liabilities</i>		
Retentions	9,728	9,665
	<u>157,636</u>	<u>182,621</u>

13. Issued capital

	31 Dec 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Ordinary shares - fully paid	<u>83,156,261</u>	<u>83,464,483</u>	<u>12,752</u>	<u>13,250</u>

Movements in ordinary share capital

Details	Date	Shares	\$'000
Balance	1 Jul 2023	83,464,483	13,250
Treasury shares purchased		(308,222)	(498)
Balance	31 Dec 2023	<u>83,156,261</u>	<u>12,752</u>

Treasury shares

Treasury shares are shares in SHAPE Australia Corporation Limited that are held by the SHAPE Employee Share Plan Trust (the Trust) for the purpose of issuing shares under the employee incentive plan. Shares issued to employees are recognised on a first-in-first-out basis.

	Number of Shares	\$'000
Balance at 1 July 2023	(24,777)	(37)
Acquisition of shares by the Trust (average price: \$1.61 per share)	(308,222)	(498)
Balance at 31 December 2023	<u>(332,999)</u>	<u>(535)</u>

14. Dividends

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

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Final dividend for the year ended 30 June 2023 (2022: 30 June 2022) of 6.5 cents (2022: 2 cents) per ordinary share	5,427	1,665

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 8 cents per fully paid ordinary share (refer to note 16).

15. Share-based payments

Senior Executive Long Term Incentive (SELT)

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

31 Dec 2023

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
27/09/2021	01/07/2024	\$0.00	1,020,904	-	-	-	1,020,904
24/02/2022	01/07/2024	\$0.00	65,035	-	-	-	65,035
30/09/2022	01/07/2025	\$0.00	1,247,979	-	-	-	1,247,979
12/10/2023	01/07/2026	\$0.00	-	1,551,049	-	-	1,551,049
			2,333,918	1,551,049	-	-	3,884,967

16. Fair value measurements

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 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).

The fair value of liabilities and the entity'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 instruments, 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.

The Group measures the following assets at fair value on recurring basis:

- Marketable securities at fair value through OCI.

The Group does not subsequently measure any liabilities at fair value on a non-recurring or recurring basis.

Fair value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs.

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. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3

The fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition are categorised as Level 1.

17. Events after the reporting period

The Directors declared a fully franked interim dividend of 8 cents per share on 22 February 2024, a record date of 1 March 2024, and a payment date set for 15 March 2024.

No other matter or circumstance has arisen since 31 December 2023 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.

**SHAPE Australia Corporation Limited
Directors' Declaration
31 December 2023**

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 SHAPE's financial position as at 31 December 2023 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

22 February 2024



Peter Marix-Evans

CEO and Managing Director

22 February 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF SHAPE AUSTRALIA CORPORATION LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of SHAPE Australia Corporation Limited (the Company and its subsidiaries (the Group)) which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of 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 report of SHAPE Australia Corporation Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 Report* section of our report. We are independent of the Company 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 report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors' for the Financial Report

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

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date and

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complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

SW

SW Audit

Chartered Accountants



René Muller

Partner

Sydney, 22 February 2024

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

E. Baron

S Jamieson

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