ASX Announcement

22 September 2023

FY23 ANNUAL REPORT RELEASE

Acrow Formwork and Construction Services Limited (ASX: ACF) ("Acrow" or "the Company") is pleased to release the Annual Report for Financial Year 2023.

As noted at the time of the FY23 results release (14/08/23), the new financial year has commenced very strongly both in terms of actual trading results and secured new hire contracts.

We look forward to providing an update at the Annual General Meeting, to be held on the 15th of November 2023.

This release was approved by the Acrow Board of Directors.

-ENDS-

About Acrow

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

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

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

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acrow.

ENGINEERING & CONSTRUCTION

Annual Report 2023

Raising the Standard.

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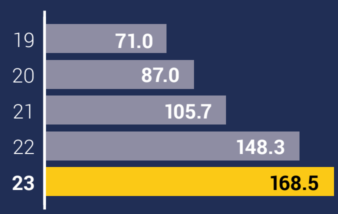
Photos: Cover – Sydney Gateway, NSW
Inside cover – Clayton yard, VIC

2023 Highlights

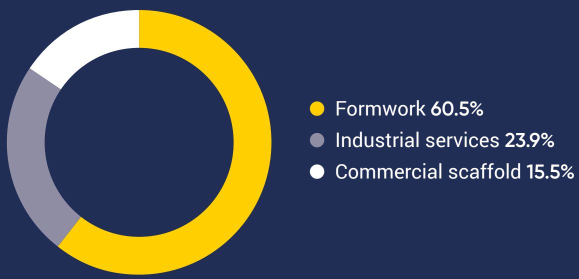
Acrow is a leading provider of smart integrated construction systems across formwork, industrial services and commercial scaffolding in Australia. We are proud to report 10 years of consecutive growth and a strong outlook for the future.

Total Revenue $m

14% Increase to $168.5m

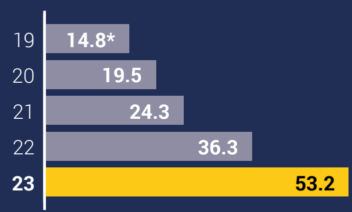


Revenue by Business Unit#

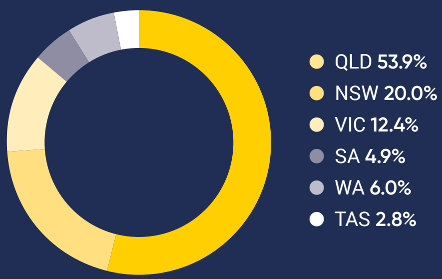


EBITDA* $m*

47% Increase to $53.2m



Revenue by Geography



Earnings per Share c*

62% Increase to 11.64c

*Underlying

#Revenue includes sale of ex hire equipment

Chairman's Address

FY23 was another great year for Acrow in which we achieved progress across all facets of the business.

Our strategy of participating in the Australian civil infrastructure market, which includes the federal government's 10-year, $120 billion infrastructure pipeline[1] and greenfield projects that represent $72 billion[2] worth of opportunity, delivered strong organic growth further cementing Acrow's position as Australia's leading provider of smart integrated construction systems across formwork, industrial services and commercial scaffolding.

Our core business has benefited from expanding interstate where we have been under-represented in the past, and winning new contracts which include some of Australia's marquee infrastructure projects.

Outstanding growth led to a new record statutory net profit of $23.5 million, an increase of 49% on the previous year.

As we build a larger and more robust platform, we are driving better returns. Return on equity has more than doubled in four years, improving to 32.7% in FY23 compared to 23.0% in the previous year. Capital expenditure for the year was $23.4 million, of which $17.8 million was invested in growth. In addition, we acquired $23.5 million premium screens and panels in the last quarter of FY23. We continue to invest smartly to exploit the market opportunities before us. The company maintains a strong balance sheet.

Dividend

This robust result has enabled the Board to declare a final dividend of 2.7 cents per share, fully franked. Together with the interim dividend of 1.7 cents per share, 85% franked, this represents full year dividends of 4.4 cents per share, 94% franked, a 63% increase on the prior year.

Underlying earnings per share were 11.7 cents per share, up 63% on 7.2 cents per share and continuing the company's positive track record of growth. This has also been recognised in the company's market capitalisation and share price which increased substantially during the financial year.

Innovation driving national growth

These results validate the success of our business strategy which is focused on the east coast infrastructure market and on strengthening our network nationally. We maintain an impressive forward-looking pipeline of work including large projects with significant opportunities for Acrow, which present an exciting trend for the future.

Importantly, we continue to be successful in converting opportunity into contracts.

We are investing significantly in people and particularly in engineering skills and training, which has led to Acrow's people being recognised in the industry as 'best of breed' and by our clients for their ability to deliver superior outcomes on projects.

Acrow is differentiated by a unique approach to engineering which has placed us in a sweet spot. We have invested in developing our own suite of products, placing us at the forefront of product innovation. The growth of our product offerings has allowed us to offer attractive prices

1 Benchmark Report 2023, Australian Trade and Investment Commission

2 Australian Infrastructure Investment Report 2022

Our core business has benefited from expanding interstate where we have been under-represented in the past, and winning new contracts which include some of Australia's marquee infrastructure projects. *Peter Lancken, Chairman*

Preassembled Kidston Work Box, Morrison Lane yard, QLD

and to package them effectively, raising our competitive position. We also made significant yard operational improvements, establishing new facilities in south-east Queensland and in Melbourne to support our growing business reducing yard congestion and improving material handling safety.

These facilities support ongoing growth, particularly in formwork which is the company's powerhouse. Our industrial services business is well positioned with a strong platform for expansion into new states and markets. The strategic approach we have activated in commercial scaffolding, supported by a skilled team, has seen utilisation rates reach an all-time high.

One Acrow

We have taken the decision to elevate the way we project ourselves to the market through the exciting launch of a new brand on 4 September 2023. This leverages the opportunities from the acquisitions made since listing on the ASX, uniting the business in a 'one company' approach which allows the business we have built to demonstrate a single purpose.

Our most recent acquisitions are already demonstrating their value. During the year we entered the jump form market through acquisition of a best in class jacking system, which enables the construction of the lift shaft core of a multi-story building. This business is off to a great start. It also has synergy with our screen business, which we have strengthened with the acquisition of premium screen assets. Acrow is now the only combined jump form and screens provider in Australia, and four of the first five contracts secured by the jump form business include a screen component. This provides an excellent example of how we are packaging product innovation and engineering expertise to drive business growth.

Closing

A key role of the Board is to ensure that we can capitalise on the opportunities before us, and it is pleasing to be part of a stable and productive Board which is navigating the company through change successfully with another optimal year ahead.

I would like to thank my Board colleagues as well as Steven Boland, his executive team, and all our employees for their efforts.

In addition to our ongoing investment in hard assets, significant investment is continuing to strengthen our platform, including enterprise resource planning, and ensuring that the technology supporting our business advances at a pace to enable its growth.

While at a macroeconomic level the domestic economy has been affected by rising interest rates, the nation-building economy is strong, and major infrastructure growth is continuing. We forecast that Acrow's performance will continue to improve. The company maintains a record pipeline of work and is consistently tendering for new projects in a market which is bursting with opportunities.

Peter Lancken AM Chairman

47% EBITDA increase to $53.2m

4.4c Dividend per share up 63% on 2022

Managing Director's Report

Another outstanding year for the business.

It is pleasing to report that Acrow's great run and momentum has continued with strong organic growth across Australia and record financial results.

We are a leading provider of smart integrated construction systems across formwork, industrial services and commercial scaffolding and have built a competitive advantage from innovative engineering solutions, a superior product range, a high-quality team and an unmatched network. Our market presence has now been strengthened with the decision to unite our businesses through the relaunch of a single, overarching Acrow brand, which is underpinned by a 'best of breed' approach.

The new brand reflects that while our operations have grown through acquisition, we work as one group of people with a unified product offering – and our ability to engineer bespoke solutions and cross-sell nationally provides a platform for ongoing growth.

Acrow today is a go-to supplier on infrastructure projects, having established a positive reputation for quality, safety and service. Some of the marquee civil engineering projects which we serve include the Bruce Highway upgrade and Cross River Rail in Queensland, Melbourne Metro and Westgate Tunnel in Victoria, Sydney Gateway, Sydney M12 Motorway, and Snowy 2.0 in NSW.

Our people

Through my career, I have never worked with a more talented, committed group as the 300 people that make up the Acrow team which I am proud to lead. We have a very diverse workforce with an entrepreneurial and solutions-focused culture that is committed to positive outcomes for clients.

We place an enormous emphasis on internal training and development. Focused initially on engineering leadership, this has broadened to include sales and administration staff. For example, the Acrow graduate experience provides two years of mentoring and regular professional development and our mental health champion program provides staff with professional support.

Our talent and succession planning for key roles also has an emphasis on providing internal and external training and mentoring.

Engineering skills transform products

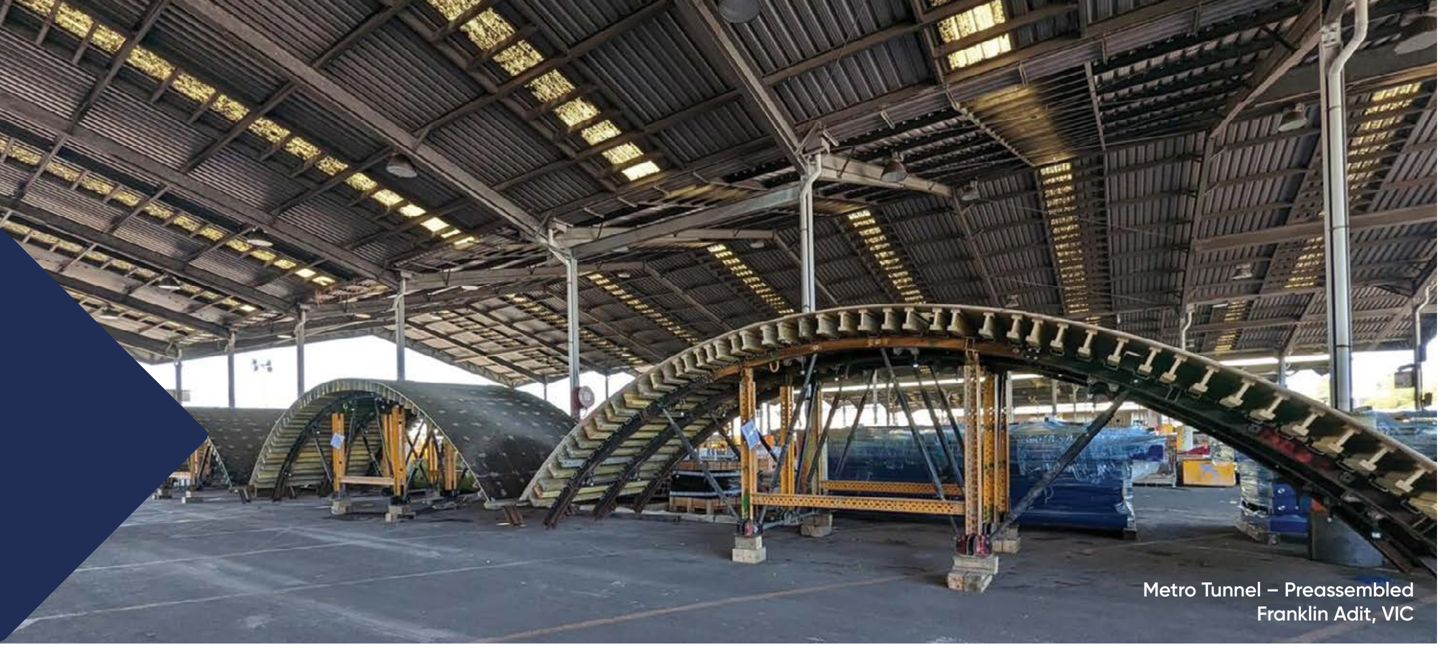
Acrow's transformation into an engineering led business has enabled us to achieve our mission in the formwork market over the past five years, and we are now the clear market leader in Australia.

Since listing on ASX, the balance of our business has changed. The revenue generated by engineered systems and services has shifted from 43% of the total to 83% in FY23. We now employ 45 engineers including chartered and dedicated site engineers. Our national approach to engineering includes ISO accreditation and a dedicated product testing facility.

Our engineering focus is now evolving to include a dedicated product design team, whose mission is to design products specifically for the Australian market. This is an incredibly exciting development within our business and will further consolidate our position as the Australian formwork and industrial scaffold leader.

Capitalising on a gap in the market, the Powershore 150 was our first locally designed product. It has been well received by the Australian heavy-duty shoring market, offering 50% more capacity than similar systems. Owning the intellectual property means we are unconstrained by licensor restrictions and can enter untapped markets with tight cost and supply chain control.

Through my career, I have never worked with a more talented, committed group as the 300 people that make up the Acrow team which I am proud to lead. *Steven Boland, CEO*



Metro Tunnel – Preassembled Franklin Adit, VIC

Our product versatility and solutions focus allows us to supply multiple added formwork packages and provide all engineering design, supply and preassembly.

New product range stimulates strong organic growth

We have successfully leveraged acquisitions and our general capital program to open new channels for revenue. Our FY23 entry into the $150 million jumpform market has propelled us in the commercial buildings market. Our system has a competitive advantage as it is computer controlled and all components are reusable, reducing the special fabrication needs and saving time and labour cost.

We commenced with two jumpform contracts valued at $4 million and began quoting for new business in May 2023, rapidly developing a pipeline valued at $26 million. We are now targeting $20 million of annualised revenue from jumpform, within 30 months of commencing operations.

Also in the last quarter of FY23, we acquired premium screens assets and intellectual property for $11.5 million. These heavy-duty screens can be extended to widths of 5.4 metres, which we have leveraged to win Tier 1 commercial multi-story high rise building work. The premium screens complement our existing screen assets and add flexibility. As they are only available in south-east Queensland, we anticipate national rollout and cross selling opportunities.

Our industrial services division has also been bolstered with the acquisition of a ring lock modular scaffolding system and specific furnace scaffolding equipment that provides a significant competitive advantage.

All acquisitions are fully integrated. The growth hurdle which we apply for all capital expenditure of 40% has been significantly exceeded, with an actual cumulative return of 57.9% over FY23.

Ongoing hire sales momentum

A highlight of the year was securing hire contracts of $67.5 million, up 35% from $50.4 million in the previous year and a threefold increase from $21.9 million in FY19. Hire contracts are a key lead indicator of future performance and our pipeline of work grew 70% with strong organic growth across the country, demonstrated by the increase in the value of our pipeline to $142.3 million compared with $83.9 million. Formwork represented 80% of the pipeline and the new premium screens provide a strong uplift.

Our strong success rate in tenders has continued to exceed 50% demonstrating that we are the primary trusted partner in our sector.

Financial overview

We delivered strong returns for shareholders in FY23. EBITDA was $53.2 million, up 47% on $36.3 million in the previous year as we benefited from our organic growth initiatives. Costs were carefully controlled, a significant achievement at a time of growth. Our focus on providing effective bespoke solutions for customers also allowed margin improvement, with EBITDA margin growing to 31.6% from 24.5%. Cash flow from operations was $44.9 million, representing an 84% conversion rate.

Total revenue was $168.5 million, an increase of 14% on $148.3 million, driven by both volume and price growth in hire revenue across most states of Australia. Total sales contribution increased 29% to $104.6 million, supported by market share gains and new product development. While bad debts increased, these remained low compared to peers.

Following capital investment initiatives valued at $45 million in FY23, total assets increased by $33.6 million to $218.5 million at 30 June 2023. Acrow's total headroom of debt facilities has been increased to $16.6 million, and gearing remains at comfortable levels. While Acrow's net

35.0% **Secured hire contracts of $67.5 million, up from $50.4 million in the previous year**

debt to net debt plus equity ratio increased 2.8% to 31.1%, net debt to EBITDA remained flat at 1.1 times. The group held cash of $4.9 million at 30 June 2023.

Formwork

National formwork revenue increased to a record $102.0 million, up 29% from $78.8 million with strong equipment hire growth, and substantial gains in Queensland and NSW while consistent incremental growth in Victoria and Western Australia continued. Product sales grew 55% to $22.7 million and screens revenue was a record $13.3 million, including initial premium screen sales. Sales contribution increased 28%. We maintained a strong formwork pipeline nationally.

Some significant screens packages won included The Archibald, two 30-storey towers in Gosford, the University of NSW's 15-storey health translation hub in Sydney and Cirque 2, a 22-storey luxury apartment building in Perth, which is also a jumpform project.

Industrial services

Industrial services revenue was $40.4 million, 11% lower than $45.6 million in the previous year, reflecting a lower volume of product sales. The industrial services business provides recurring earnings for Acrow. Since entering the industrial services market with a Queensland-based acquisition in 2020, we have increased revenue fourfold and expanded into NSW, South Australia and Tasmania and built a highly-skilled team with strong sector expertise.

In FY23 we consolidated market share gains across the east coast, securing a five-year contract on the Snowy 2.0 renewable energy project. We participated in several power station shutdowns including at Eraring, Mount Piper and Stanwell. Bidding continues on a range of product sales and labour hire contracts nationally. We are broadening this business nationally and target growth in north Queensland, South Australia and Western Australia.

Commercial scaffold

Commercial scaffold revenue grew 9% to $26.1 million with improved hire revenue growth and strong volumes, compared to $23.9 million in the previous year. As customers have experienced increased funding costs, hire has become more attractive than purchase and with a shortage of supply driving increased prices, we have locked in favourable terms for longer-term contracts. We responded positively to the market by focusing on dry hire growth and exiting non-performing contracts. Sales contribution was up 82% for this strong free cash flow business.

Outlook

Acrow is experiencing organic growth nationally at the fastest rate in the company's history. While our primary focus remains the east coast civil infrastructure markets of Queensland, NSW and Victoria, we are also growing in South Australia, Western Australia and Tasmania as we capitalise on the capability of our teams to secure packages of work and take products into these markets.

Spending across the national civil transport infrastructure sector continues to grow, providing tailwinds. Based on actual and projected spending from 2018-2027, the projected spend from 2023 to 2027 represents 68% of the total, more than double actual spending from 2018-2022.

Forthcoming major transport infrastructure projects include the $30 billion Victorian suburban rail loop, $16 billion Victorian North East Link, $4.6 billion Queensland component of Inland Rail, $2.2 billion Coomera Connector Stage 1, $2.6 billion Sydney Metro West and the Sydney M6 Stage I motorway valued at $1.6 billion. We anticipate tendering for packages on these projects and are optimistic that our engineering innovation, competitive position and pricing will continue to achieve success.

The range of products that we offer is expanding with our Acrowdeck modular slab formwork system and Universal soldier system, a multipurpose formwork system for infrastructure projects, to be rolled out this year. We are also aggressively seeking to grow our national industrial services business.

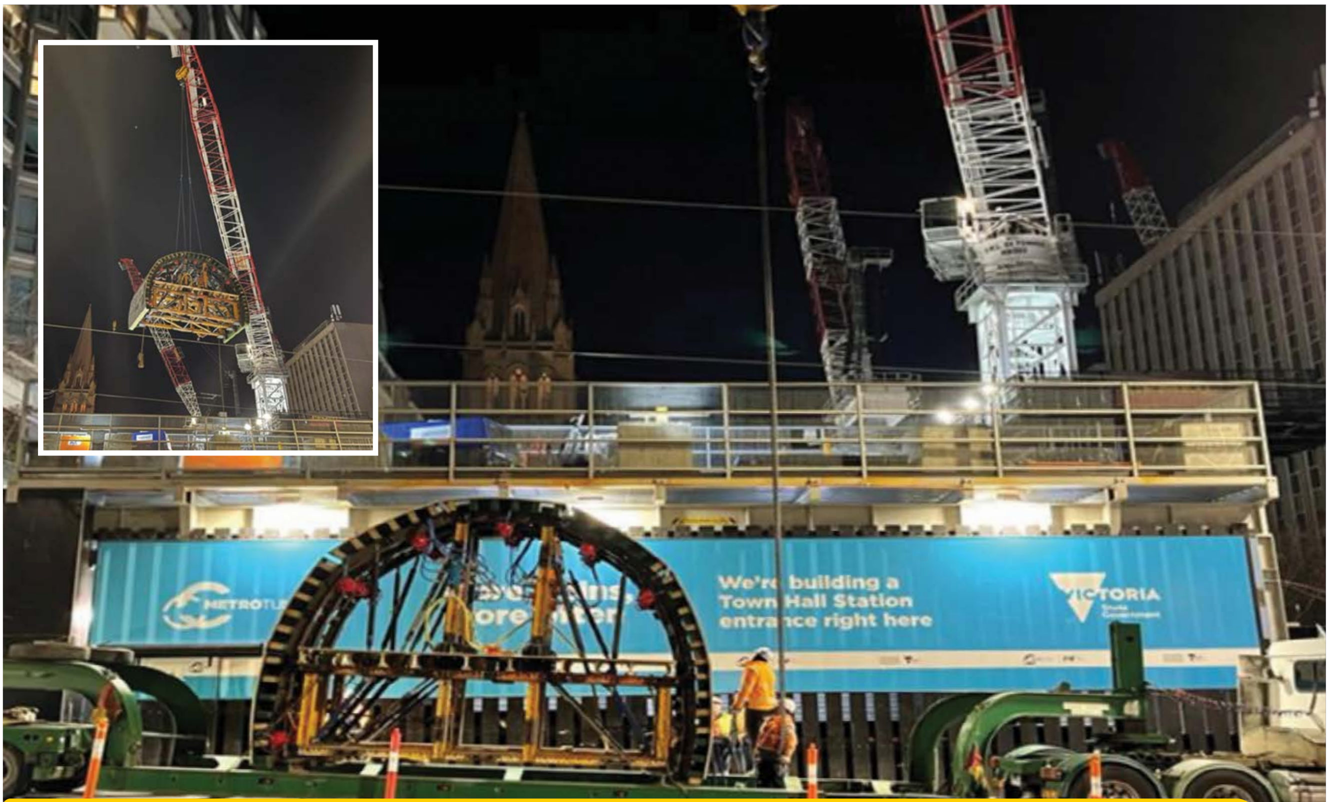
We expect continued growth in FY24 and anticipate revenue in the range $190 million-$200 million, and another year of record hire revenues. EBITDA is forecast in the range $67 million-$70 million, with asset acquisitions completed in the last quarter of FY23 to contribute an estimated $8 million in incremental EBITDA. Net debt is expected to decline in FY24.

Our growth is guided by a clear strategy. We are capitalising on our leadership position in the formwork market and offer the widest range of product across formwork, industrial services and commercial scaffold in the Australian market, supported by a national network, strong engineering expertise and skilled teams. We have a fantastic team of people in Acrow who are dedicated to continuing our profitable business growth by providing the highest possible service to our customers across Australia.

Steven Boland CEO

$30.5m Underlying NPAT increased 71%

29% Sales contribution increased to $104.6m



Case Study:

CYP Metro South & North stations

THE PROJECT

Design and supply of Adit formwork

TECHNOLOGY USED

Full turnkey solution including Universal Soldier System and Powershore 150

STAFF FOR PROJECT

Engineers and Project Sales

Partnering with the Cross Yarra Partnership (CYP), Acrow has provided the design and supply for all Adit formwork on the CYP Metro South & North stations. Adit formwork provides the mould that shapes concrete during casting.

The packages have been extremely complex, requiring significant product versatility and engineering expertise including many engineering firsts for the Australian construction industry. One example was the Little La Trobe Street adit, which used 10 metres of Acrow's Powershore 150 shoring system and was hydraulically jacked four times up an 11% slope. Acrow provided a full turnkey solution including the design and supply of the hydraulic jacking system.

Working in tight and confined spaces, the Acrow engineering team worked hand in hand with CYP to develop detailed, step-by-step staging for offsite assembly and installation.

The project is part of the largest package of works for the $12.5 billion Metro Tunnel, which includes twin tunnels and five new underground stations. When opened in 2025, it will enable around half a million more passengers to use Melbourne's rail network every week.

"An exercise in millimetres, this gallery arch mobilisation was intuitive formwork design and travelling system. Those on-site are loving it and are excited to be working on it." *Henry Walker, CVP D&V JV*

Photo: CYP Metro Victoria

Business Overview

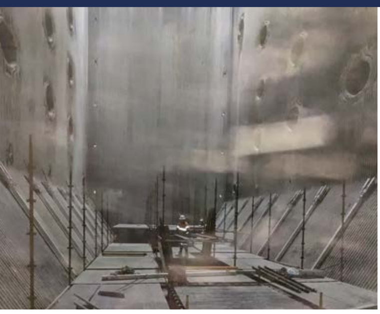
Formwork

$90.7m Revenue

- Leading provider of formwork systems in Australia
- Provides a range of wall forming panel, soffit forming and conventional systems for large and small construction equipment
- Dry hires formwork equipment and provides the product that forms the temporary mould to support concrete structures during construction
- Dry hires falsework and shoring systems used to support horizontal structures and vertical loads during construction
- Jacking systems (Jumpform) to construct the lift shaft core of multi-storey buildings
- Products are manufactured overseas and/or imported
- Generates revenue through dry hire agreements
- Bespoke engineering and design for large projects

Industrial Services

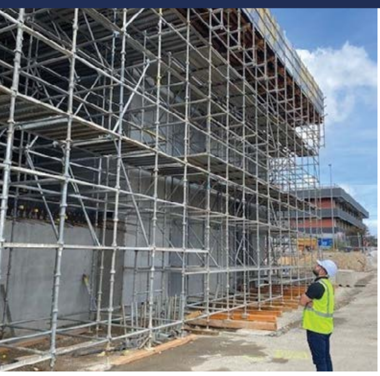
$40.4m Revenue



- Highly experienced team and customer service ethic
- Generates revenue from wet hire agreements including hire, transport, labour and consumables.
- At the forefront of scaffold service providers in Australia to the industrial sector
- Full turnkey solution from design to supply and install
- Strong focus on the energy, mining and industrial sectors including shutdowns

Commercial Scaffold

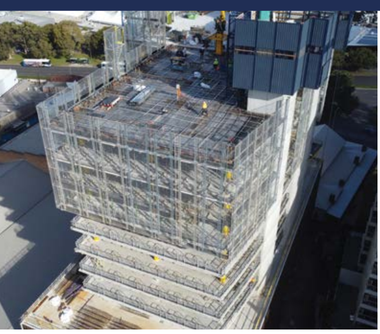
$26.1m Revenue



- Premier provider of scaffolding systems in Australia
- Provides access solutions to builders and building contractors when working at heights
- Generates revenue through both dry hire and wet hire agreements
- Dry hire agreements are typically based on a price per tonne per week, over a minimum of 4 weeks
- Wet hire agreements are typically based on a contract sum encompassing equipment hire, transport, labour provisions and supply of consumables
- Solutions offered on both a wet and dry basis
- Supports commercial building including office and high rise developments, universities and schools, industrial buildings, hospitals and retail centre developments

Screens

$13.3m Revenue



- Leading designer and hirer of heavy-duty and versatile screen systems for the construction industry
- Provides screen-based formwork systems which support the construction of commercial high-rise buildings and civil infrastructure, including bridges, roadworks and train stations
- Dry-hire model offering highly engineered solutions for a wide range of customers
- Engineering capabilities provide a key competitive advantage

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

190 Projects in the pipeline

FY23 Commentary

- Strong organic growth
- Record revenue up 29%
- Strong increased activity in Queensland and NSW
- Incremental growth in other national markets
- Product sales up 55%
- Jumpform commences with two projects, develops $26 million pipeline

FY24 Strategy

- Capitalise on strong national pipeline to secure packages on major infrastructure projects
- Ongoing sale and hire of formwork equipment in Australia
- Expand Jumpform across Acrow's national network
- Design and deliver Acrow's innovative products in the Australian formwork market

8 Projects in the pipeline

FY23 Commentary

- Strong free cash flow business
- Softer product sales and labour hire market
- Increased margins with greater hire business revenue
- Ongoing power station shutdowns

FY24 Strategy

- Expansion into new products and markets around Australia
- Consolidate expansion in east coast states
- Active M&A pipeline to enter new territories and markets

129 Projects in the pipeline

FY23 Commentary

- Strategic move to dry hire
- Strong improvement on higher volumes and prices
- Revenue up 9%
- Highly skilled workforce
- Purchased high quality ring lock business

FY24 Strategy

- Leverage supply shortage as customer funding more expensive
- Favourable terms locked in for longer-term contracts

229 Projects in the pipeline

FY23 Commentary

- Record screens revenue
- Acquired premium screen assets

FY24 Strategy

- Continue interstate market share growth
- Expand premium screens business outside Queensland to secure Tier 1 multi-storey building contracts
- New product development and cross-sell

Case Study:

Jacking Systems (Jumpform)

THE PROJECT

The Monaco, Main Beach

TECHNOLOGY USED

Acrow Jacking Systems Jumpform

STAFF FOR PROJECT

- site supervisor
- engineers
- project manager

Acrow provided the design and supply of the lift shaft and stair core jumpform system for The Monaco, a luxury 24-storey residential tower at Main Beach.

This was Acrow's first venture into the jumpform market. While the project was mostly straightforward, it required a large concrete placing boom to be mounted to the jumpform. In the absence of available internal cells, the engineering team designed a smart, efficient bracing system using shear blocks and the Powershore 150 heavy-duty high load shoring system to provide an internal bracing tower.

The system's top platform was built off-site and lifted into position in two 15 tonne segments, minimising onsite assembly and allowing fast installation.

The key benefit of Acrow's system is the simplicity of its electric jacking controls. Acrow's client was able to learn the system and operate the jump form without assistance after two supervised jumps.

Main and inset photos: The Monaco, Jacking Systems (Jumpform), Main Beach, QLD

Safety

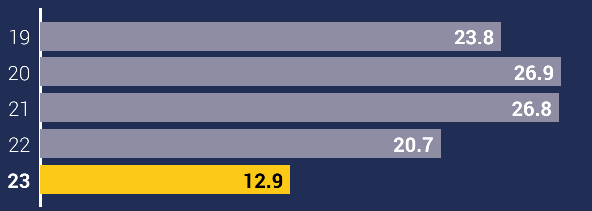
The health and safety of our people, customers and subcontractors is paramount.

Acrow's safety culture is based on collaboration and a shared sense of responsibility. We have a multi-tiered process that ensures our employees and subcontractors are trained and follow industry leading safe work practices. Employees have access to health and safety information from Acrow's Safety team, Head of People & Culture and through the Acrow intranet. Our lost time injury frequency rate was lower while working an additional 21,400 hours compared to FY22. Other safety key performance indicators remained in line with the previous year.

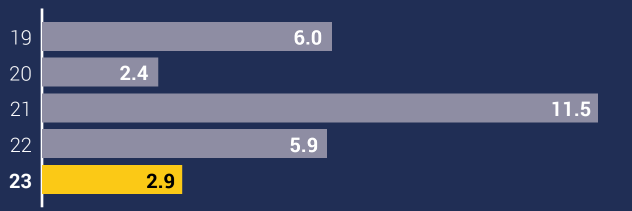
Specific initiatives and programs conducted in FY23 included:

- Updates on recent developments in health and safety for the CEO, and the Executive Leadership team
- Professional development and growth of the Safety team
- Development of online information resources to help employees understand their responsibilities
- Evaluation and updating of all health and safety related materials including procedures, policies and manuals, across all Acrow locations

Total recordable injury frequency rate

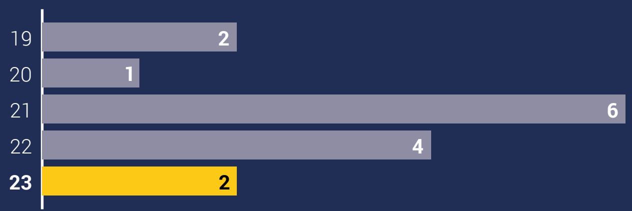


Lost time injury frequency rate



Total recordable injuries

Lost time injuries



Cross River Rail, Albert Street Station, Lot 3, Brisbane QLD

Board of Directors

Mr Peter Lancken AM | NON-EXECUTIVE CHAIRMAN

Peter has a career spanning over 30 years in a range of executive and director roles in equipment hire, industrial, and real estate companies. He was formerly the Managing Director and Non-Executive Chairman of Kennards Hire Pty Limited.

Peter managed an era of growth spanning two decades at Kennards, with sales now exceeding $550 million from a network of over 200 locations, and remains on the Board as a Non-Executive Director. Peter is also a Non-Executive Director of Crimestoppers NSW and was Non-Executive Chairman of Propertylink Group (ASX:PLG) prior to its acquisition in April 2019.

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

Mr Steven Boland | EXECUTIVE DIRECTOR

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

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

Mrs Melanie Allibon | NON-EXECUTIVE DIRECTOR

Chair of the Remuneration & Nomination Committee

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

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

Melanie has been a non-executive director for the last 10 years including Boom Logistics Pty Limited for over three years and Chair since November 2021. Melanie is a member of Chief Executive Women, International Women's Forum and AICD.

Mr David Moffat | NON-EXECUTIVE DIRECTOR

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

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

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

Ms Laurie Lefcourt | NON-EXECUTIVE DIRECTOR

Chair of the Audit and Risk Committee

Laurie has an extensive background in financial, strategic and risk management, particularly in the resources, construction, and infrastructure sectors. She has held senior management and executive roles across Rio Tinto, Queensland Rail, Sinopec Oil and Gas, and Wiggins Island Coal Terminal.

Laurie has been a non-executive director for the past 5 years and). and is a past member on the boards of Tamawood Ltd (ASX: TWD), Advance NanoTek Ltd (ASX:ANO), and SenterpriSYS Ltd (NSX: SPS). In 2013, Laurie founded Sage Strategies Pty Ltd where she provides support to organisations in developing and executing strategy.

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

Key Management Team

Steven Boland
Chief Executive Officer

As above.

Andrew Crowther
B Ec, CA
Chief Financial Officer

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

Matthew Caporella
B.Eng (Civil) B.Bus (Mgt) MIEAust CPEng NER RPEQ 21573
Chief Operating Officer

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

Jan Pienaar
BComm Hons
General Manager (QLD)

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

Jurie Roetger
National General Manager – Industrial Services

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

Peter Fehrenbach
MBA, CPIM
General Manager (NSW)

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

Belma Dulic
B.ChemEng
General Manager VIC

Belma joined Acrow in 2022 as General Manager Victoria. Belma has had an extensive career to date and has held several senior positions, most recently as Operations Manager at CSR Masonry & Insulation.

Belma holds a Bachelor's Degree in Chemical Engineering and has over 20 years of manufacturing and operational experience.

Jason Merjane
B.Eng (Civil), MIEAust
Natform Manager (NSW)

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

Jeffery Stewart
National Sales & Marketing Manager

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

Robert Parovel
B Arts (Psychology & Management), MBA, AHRI, AICD
Head of People & Culture

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

Colin Fisher
General Manager (TAS)

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

Bill Goodall
General Manager (SA)

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

Conan Godrich
B.Comm (Marketing and Finance), PGDip
General Manager (WA)

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

Evan Field

B.Eng (Civil & Environmental Mgt), M.Adv Eng (Structural Engineering Design), MIEAust, CPEng, RPEQ 12200, PRE0001793, PE0007203

National Manager – Engineering

Evan joined Acrow in 2022 as the National Manager – Engineering. He has over 15 years' experience in the design & construction of major infrastructure, primarily specialising in Temporary Works, and has most recently held positions as Senior Construction Services Engineer ADG Engineers and Principal Engineer Infrastructural Engineers.

Carl Roetger

BComm (Marketing)

National Head of Procurement

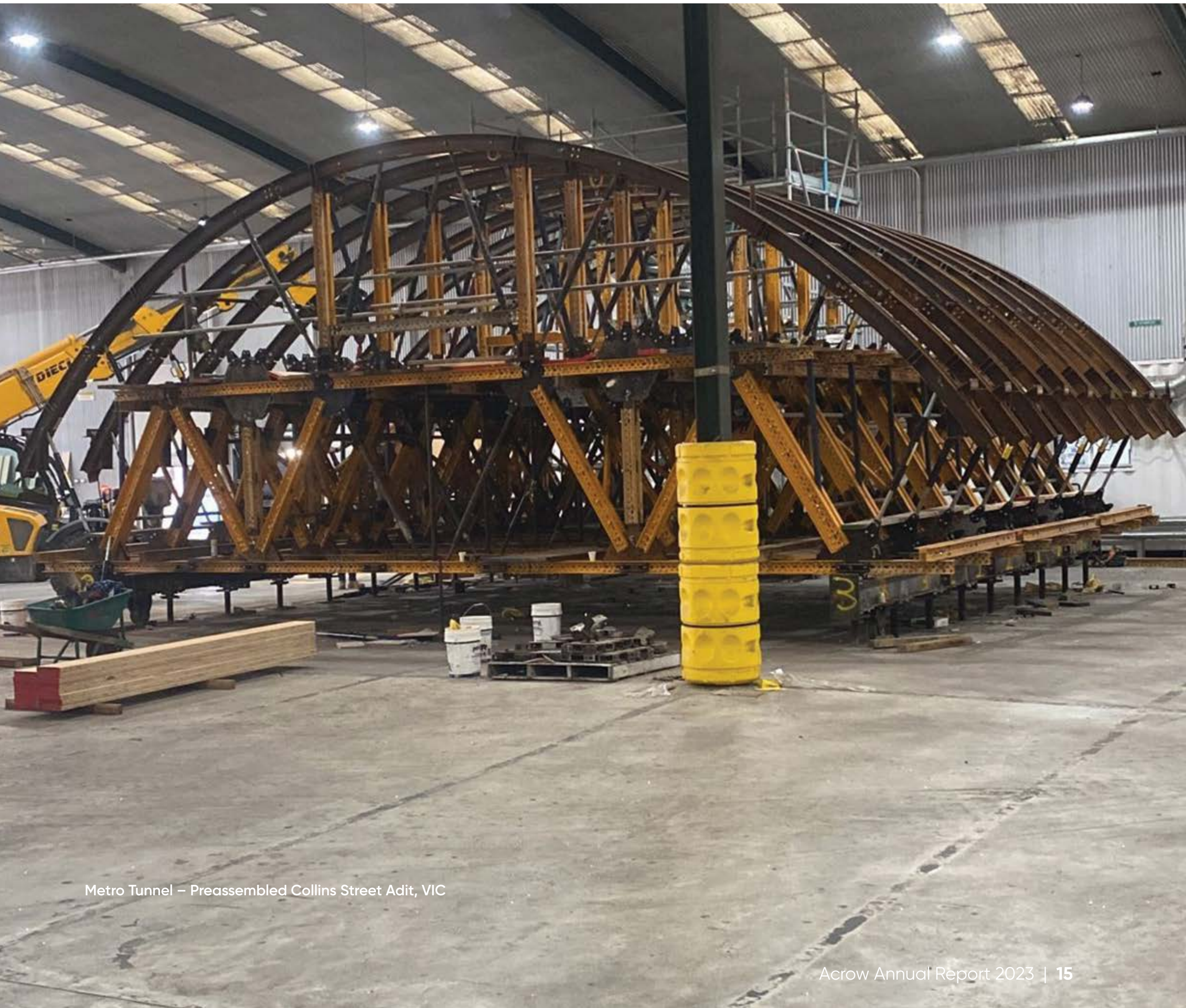
Carl joined Acrow in October 2019 as the National Procurement Manager previously being a Co founder and Director of Uni span Australia since 2001. Prior to this Carl was the Co-founder and Joint MD of Nu-form Formwork and Scaffolding in South Africa.

Eddie McInulty

B.Arts (Town and Country Planning)

National Business Development Manager

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



Metro Tunnel – Preassembled Collins Street Adit, VIC

Financial Report

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Photo: Cross River Rail, Albert Street Station, Lot 1, Jacking Systems (Jumpform), Brisbane QLD

Directors' Report

For the year ending 30 June 2023

The Directors present their report, together with the Annual Financial Report for Acrow Formwork and Construction Services Limited (Acrow or the Company) and its controlled entities, for the year ended 30 June 2023, and the Auditor's Report thereon.

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

DIRECTORS

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

Peter Lancken (Chairman)
Steven Boland (Chief Executive Officer)
David Moffat
Melanie Allibon
Laurie Lefcourt

Information on the current directors and shareholdings are presented in the Annual Report on pages 12 to 13 and pages 35 to 39 respectively. This information includes the qualifications, experience, and special responsibilities of each director.

DIRECTORS' MEETINGS

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year ending 30 June 2023 are:

	Board of Directors		Remuneration Nomination Committee		Audit and Risk Committee	
	No. held	No. attended	No. held	No. attended	No. held	No. attended
Peter Lancken (Chairman)	13	13	4	4	5	5
Steven Boland (Chief Executive Officer)	13	13	–	–	–	–
David Moffat	13	13	4	4	5	5
Melanie Allibon	13	13	4	4	–	–
Laurie Lefcourt	13	13	–	–	5	5

COMPANY SECRETARY

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

PRINCIPAL ACTIVITIES

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

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

Acrow perimeter screens support the construction of civil infrastructure, commercial and residential projects, providing an edge protection and perimeter access solution for these structures.

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

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

OPERATING AND FINANCIAL REVIEW

The Acrow business performed very strongly for the 12 months to 30 June 2023.

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

Financial performance:

The company achieved a net profit after tax of $23.5m up 49% from 2022 profit of $15.7m.

Directors' Report

For the year ending 30 June 2023

On an underlying basis (reconciliation refer to table below), the net profit after tax increased 71% from $17.8m to $30.5m. The key highlights for the year included:

- Group revenue increased 14% on prior comparative period "pcp" to $168.5m (including sales of ex-hire gear), assisted by a strong trading performance in the formwork division, up 29% on pcp and commercial scaffold division, up 9%. Performance continues to be predominantly organically generated. Hire revenue increased $17.5m or 31%, labour and cartage reduced by $3.8m, sales of equipment increased by $6.5m or 12.5%.
- Sales contribution increased 29% to $104.6m. 77% of that increase was generated from stronger equipment hire across all divisions. Gross margin increased by 7.3% to 62.1%, benefitting from the revenue mix change towards hire revenue as a proportion of total revenue.
- Underlying earnings before interest, depreciation and amortisation "EBITDA" increased 47% to $53.2m, accelerating in the second half of the year due to scale benefits from previous capital expenditure. EBITDA margin of increased 7.1% to 31.6% likewise by the increased proportion of hire revenue to sales revenue. 73% of the increased sales contribution/gross margin flowed directly to increased EBITDA, up from 60% pcp.
- Depreciation and interest expenses increased in line with average capital expenditure and gross debt/ interest rate.
- Underlying effective tax rate reduced from 9.9% pcp to 8.3% with the year continuing to benefit from carry forward tax losses from an underlying subsidiary. These previously unrecognised tax balances have now been brought on balance sheet as at balance date and impacted statutory tax expense below.
- Underlying Net profit after tax "NPAT" increased 71% to $30.5m.
- Underlying Earnings Per Share increased 62% to 11.64 cents per share.
- Full year dividend per share up 63% to 4.40 cents per share.
- Net debt to EBITDA maintained flat at 1.0 times. Includes only 2 months of earnings contributions from asset acquisitions reported in May 2023 against directly associated borrowings of $16.0m.
- Underlying Return on Equity up 9.7% to 32.7%.

Statutory NPAT increased 49% to $23.5m. Previously unrecognised tax balances from the subsidiary carrying the majority of the groups tax losses, Acrow Formwork and Scaffolding Pty Limited, were recognised at balance date resulting in a net tax expense of $2.6m (recognition of previously unrecognised deferred tax credit $4.3m and first-time recognition of current year expense of $6.9m). This was classified as a significant item being non-cash related.

Financial performance table

	2023 $'000	2022 $'000
Statutory net profit after tax	**23,457**	**15,694**
Add back share-based payments	3,217	1,165
Add back acquisition and integration costs	1,222	954
Recognition of previously unrecognised deferred tax and current tax not brought to account	2,592	–
Underlying net profit after tax	**30,488**	**17,813**
Add back depreciation	15,223	13,070
Add back interest	4,766	3,467
Add back tax expense	2,760	1,962
Underlying EBITDA	**53,237**	**36,312**

Financial position:

There was continued improvement in net current assets of $2.7m to $5.7m surplus.

Net debt increased from $32.8m in 2022 to $46.4m, being cash $4.9m (2022: $3.0m) less debt of $51.3m (2022: $35.9m). This was predominantly due to:

- significant capital expenditure during the year of $23.4m including $17.8m growth capex for our new jumpform system, ringlock industrial services scaffold and other civil infrastructure formwork equipment; and
- asset acquisitions that totalled $23.5m were made in the last quarter of the year which included $16.0m of debt finance;

Net gearing (net debt / (net debt + equity)) increased from 28.3% to 31.1%.

Property, plant and equipment increased from $95.5m to $131.6m due to capital expenditure and acquisitions of $46.9m (2022: $22.4m) offset by depreciation and sales with a written down value of $6.7m (2022: $2.6m).

Total working capital increased by $6.7m to $39.5m from $32.8m pcp. This increase was the result of:

- an increase in trade debtors' balance of $4.8m to $39.2m. This increase of 14% was consistent with the increase in revenue;
- decrease in inventory and prepayments of $4.7m; and
- decrease in trade payables of $6.6m due to the paying down of longer dated payables after last year end.

Trade receivables debtor's days reduced from 60 days to 57 days during the year excluding the impact of negotiated extended term sales. Total bad debts expense during the year was $3.1m or 1.8% of revenue compared to last year's $0.65m. Total debts written off totalled $2.1m compared to $0.4m last year. The total provision for bad debts was increased during the year from $1.5m to $2.5m.

Further information on the operating and financial review is contained in the Chairman's and Managing Director's Review on pages 2 to 6 of this Annual Report.

Operating results:

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

DIVIDENDS

The Company paid a 1.50 cent franked dividend per share being a total of $3.90m for the financial year ending 30 June 2022 on 30 November 2022. Shares totalling 1,269,071 were issued under the Dividend Reinvestment Plan at 49.50 cents per share including a 5% discount.

The Company paid an interim 1.70 cents 85% franked dividend per share being a total of $4.5m for the financial year ending 30 June 2023 on 31 May 2023. Shares totalling 574,947 were issued under the Dividend Reinvestment Plan at 72.42 cents per share including a 5% discount.

Subsequent to balance date, the Directors declared a dividend of 2.70 cents per share, 100% franked on 14 August 2023 to be paid on 30 November 2023. The dividend has not been provided for in this financial report.

ENVIRONMENTAL REGULATIONS

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

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

NO OFFICERS ARE FORMER AUDITORS

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

NON-AUDIT SERVICES

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

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

REMUNERATION REPORT

The remunerations report forms part of the directors' report and can be found on pages 23 to 43. It has been audited in accordance with section 300A of the Corporations Act.

SHARE RIGHTS

At the date of this report, Acrow had 300,000 share options outstanding relating to grants of deferred equity to employees under the previous Long-Term Incentive

Plan. These vest through to July 2023. During the year 1,500,000 share options were cancelled after failing to meet vesting criteria and 7,254,500 units in total were exercised.

2,893,962 Performance Rights were issued during the year with vesting periods at the end of the financial years 2023 and 2024. If the vesting conditions are met each Performance Right can be exercised into one Fully Paid Ordinary Share at the holder's discretion until the expiry date of 6 June 2037. The Performance Rights were issued to Steven Boland and senior managers of the Company under the Company's Rights Plan and form part of the new Long Term Variable Remuneration (LTVR) of the employees. Performance Rights issued to KMP's are included in this balance.

8,474,004 Performance Rights vested during the year after meeting vesting criteria for the measurement period to 30 June 2022 and 7,128,149 were exercised into ordinary shares. 447,614 Performance Rights relating to measurement period to 30 June 2022 were forfeited after not achieving vesting criteria. This includes KMP Performance Rights detailed above.

Balance of outstanding rights and options as at year end:

	Quantity outstanding	Weighted average exercise price	Expiry date
Options	300,000	$0.40	16 July 2024
Performance rights	12,503,025	Nil	31 July 2035 to 30 August 2037

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

INDEMNIFICATION OF DIRECTORS AND OFFICERS

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

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

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

INSURANCE PREMIUMS

During the financial year, the Company paid a premium of $240,365 excluding GST for Directors' and Officers' Liability Insurance policy. The insurance provides cover for the Directors named in this Directors' Report, the Company Secretary, and officers and former Directors and officers of the Company. The insurance also provides cover for present and former Directors and officers of other companies in the Group.

CORPORATE GOVERNANCE STATEMENT

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

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

- Trade finance loans of $893,334 were drawn and repayable in full within 180 days.
- Insurance premium finance loans of $3,202,846 in total were drawn and repayable in full by July 2024.

On 14 August 2023 the Directors declared a 100% franked dividend of 2.7 cents per share to be paid on 30 November 2023. Dividend Reinvestment Plan is available for election. The dividend has not been provided for in this financial report as it was not declared until after 30 June 2023.

On 21 August 2023 a total of 4,807,117 units of performance rights on FY2024 and FY2025 have been issued to executives and senior managers.

Other than the above events, there has not otherwise arisen between 30 June 2023 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial years.

ROUNDING OF AMOUNTS

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

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration made under section 307C of the Corporations Act 2001 is set out on page 22 of the Annual Report and forms part of the Directors' Report for the financial year ended 30 June 2023.

Signed in accordance with a resolution of the Directors:

Peter Lancken
Chairman

Sydney, 22 September 2023

Steven Boland
Director, Chief Executive Officer

Sydney, 22 September 2023

GrantThornton

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

Auditor's Independence Declaration

To the Directors of Acrow Formwork and Construction Services Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Acrow Formwork and Construction Services Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

N P Smietana
Partner – Audit & Assurance

Sydney, 22 September 2023

Remuneration Report – Audited

For the year ending 30 June 2023

1. Letter from the Chair of the Remuneration Committee

Dear Shareholder,

On behalf of the Board, I am delighted to present the Remuneration Report of the Acrow Group for the year ended 30 June 2023. The report outlines key aspects of the remuneration policy and framework and the remuneration awarded this year.

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

Significant progress has been made in pursuing our defined strategy of becoming the national leader in formwork and hire and sales as well as expanding our industrial services footprint. This included our expansion into the Jumpform market.

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

The Remuneration Committee is focused on executive remuneration to ensure that it continues to align with Acrow's strategy, motivate management, reflect market best practice and support the delivery of sustainable long-term returns to shareholders. During the 2023 year we engaged with specialised remuneration advisors and major shareholders as part of this process.

As we move ahead, the group is very well positioned to deliver on targets and strategy. The incentive targets for the longer are aligned with the group strategy.

Melanie Allibon
Independent Non-Executive Director
Chair of the Remuneration Committee

2. Scope of the Remuneration Report and Individuals Classed as KMP

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

In addition, Acrow Formwork and Construction Services Limited (Acrow, the Company) has decided to set out such further information as shareholders may require for them to obtain an accurate and complete understanding of the Company's approach to the remuneration of KMP.

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

Non-executive Directors (NEDs)

- Mr Peter Lancken, independent non-executive Chairman since 27 March 2018.
- Mr David Moffat, independent non-executive director since 19 September 2019.
- Ms Melanie Allibon, independent non-executive director from 1 September 2021 and Chair of Remuneration Committee.
- Ms Laurie Lefcourt, independent non-executive director since 1 October 2021 and Chair of Audit & Risk Committee.

Senior Executives Classified as KMP During the Reporting Period

- Mr Steven Boland, Chief Executive Officer (CEO) & Executive Director since 27 March 2018.
- Mr Andrew Crowther Chief Financial Officer (CFO) since 8 July 2019.

3. Context of KMP Remuneration for FY2023 and into FY2024 – unaudited

3.1 Context for Remuneration Governance during FY2023

The KMP remuneration structures that appear in this report are largely those that prevailed over FY2023, as is required by regulation, but also address expectations for FY2024, to some extent.

The Board has further developed remuneration governance, policies and practices applied to KMP of the Company, as well as other employees as the business has and continues to mature. The following outlines important context for the decisions that were made in relation to remuneration for/during FY2023, the outcomes of which are presented in this report.

- A total of 2,893,962 performance rights were issued in FY2023, 2,148,588 units to Steven Boland (CEO) for 2023 plan and 2024 plan and 745,374 units to Senior Managers for 2023 plan only. The issues have three-year measurement periods.
- The Company is focussed on delivering value for shareholders by executing on strategy including:
  - Becoming the leading engineered formwork sales and hire equipment solutions provider in Australia including moving into the Jumpform market
  - Become the leading engineered solutions provider to the Australian Industrial Services market
  - Concentrating on profitable organic growth
  - Actively pursuing strategically sensible acquisitions to accelerate profitable growth

- Target high ROI organic growth opportunities across all states.

4. Overview of Acrow's Remuneration Governance Framework & Strategy

4.1 Transparency and Engagement

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

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

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

4.2 Remuneration Committee Charter

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

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

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

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

4.3 Senior Executive Remuneration Policy

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

- Remuneration for senior executives should be composed of:
  - Fixed Package inclusive of superannuation, allowances, benefits and any applicable fringe benefits tax (FBT),
  - Variable remuneration which is at-risk, creating opportunity for the Company to pay less than the potential variable remuneration when performance expectations have not been met, and which is partly an incentive to reward executives for meeting or exceeding expectations, including:
    - Short-term Incentive (STI) or Bonus opportunity which provides a reward for performance against annual objectives, and
    - Long Term Variable Remuneration (LTVR) which provides an equity-based reward for performance against indicators of shareholder benefit or value creation, over a multi-year period, and
  - In total the sum of the elements will constitute a total remuneration package (TRP).
- Both internal relativities and external market factors should be considered,
- Total remuneration packages (TRPs, which include Fixed Package and incentives) should be structured with reference to market practices, the practices of competitors for talent, and the circumstances of the Company at the time,
- Remuneration will be managed within a range to allow for the recognition of individual differences such as the calibre of the incumbent and the competency with which they fulfil a role (a range of +/- 20% is specified in line with common market practices), and
- Termination benefits will generally be limited to the default amount allowed for under the Corporations Act (without shareholder approval).

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

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

4.4 Non-executive Director Remuneration Policy

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

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

4.5 Short-Term Incentive Policy

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

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

4.6 Long-Term Incentive Policy

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

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan Rules, Offers and Comments
Purpose	The LTVR Plan's purpose is to provide an element of at-risk remuneration that constitutes part of a market competitive total remuneration package and aims to ensure that Senior Executives have commonly shared goals related to producing relatively high returns for Shareholders. Other purposes of the LTVR Plan are to assist Senior Executives to become Shareholders, provide a component of remuneration to enable the Company to compete effectively for the calibre of talent required for it to be successful and to help retain employees, thereby minimising turnover and stabilising the workforce such that in periods of poor performance the cost is lesser (applies to non-market measures under AASB2). As at balance date, the Company had Performance Rights and Options for the purposes of the LTVR. All Loan Funded Shares were exercised and loans paid during the year with no balance of these at year end.

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan Rules, Offers and Comments
Form of Equity	The current plan in operation at balance date includes the ability to grant the following Rights to Eligible Employees which include the Managing Director and employees as nominated by the Board: • Share Awards, • Performance Rights, which are subject to performance related vesting conditions, and which may be settled upon exercise by new issues or on market purchase of ordinary fully paid Shares, • Options, which are subject to an exercise price, and which typically have no intrinsic value when granted (exercise price is around the Share price), creating an incentive to increase Share price and grow shareholder value. The Options may be settled as "Cashless Exercise" in which case on exercise of the Options the Company will only allot and issue or transfer that number of Plan Shares to the Participant that are equal in value to the difference between the Exercise Price otherwise payable in relation to the Options and the then market value of the Plan Shares as at the time of the exercise. Options may also be subject to performance related vesting conditions, and No dividends accrue to unvested Rights or Options, and no voting rights are attached, however dividends do accrue to vested Loan Funded Shares (along with voting entitlements) which must be put towards repayment of the Loan if any amount is outstanding.
Plan Limit	Unless prior Shareholder Approval is obtained, the number of Awards which may be granted under this Plan (assuming all Options and Performance Rights were exercised) must not at any time exceed in aggregate 10% of the total Issued Capital of the Company at the date of any proposed new Awards.
LTI Value	The Board retains discretion to determine the LTVR to be offered each year, subject to shareholder approval in relation to Directors, when the Rights are to be settled in the form of a new issue of Company shares. The Board may also seek shareholder approval for grants to Directors in other circumstances, at its discretion. **FY2023 Invitations** Eligible senior employees were granted 745,374 performance rights over two tranches with a total fair value of $323,266. These have potential vestings in 2023. Steven Boland (CEO) was granted 2,148,588 performance rights over four tranches with a total fair value of $1,170,150. These have potential vestings in 2023 and 2024.
Measurement Period	Three-year Measurement Periods combined with annual grants will produce overlapping cycles that will promote a focus on producing long term sustainable performance/value improvement and mitigates the risk of manipulation and short-termism (continuous improvement). Because of the timing of grants, the life of the Right may be less than 3 years at times, however this does not impact the Measurement Period over which performance is measured.
Performance, Vesting and Forfeiture Conditions	The Board has discretion to set Vesting, Performance and Forfeiture Conditions and for each Invitation. When such conditions are not met, the entitlement lapses. **FY2023 Invitations** Except as indicated below, a participant must remain employed by the Company during the Measurement Period and the performance conditions must be satisfied for LTVR to vest.
Retesting	Retesting is not contemplated under the Plan Rules.
Amount Payable for Grants	The target value of LTVR is included in assessments of remuneration benchmarking and policy positioning. No amount is payable by participants for grants of Performance Rights. An Acquisition Price will apply in respect of grants of Loan Funded Shares (with an accompanying loan) and may also apply to grants of Share Awards, which may or may not have Vesting Conditions. Any loan must be repaid prior to the end of the Loan Term, up to the Market Value of the Loan Funded Shares (non-recourse).

Long Term Variable Remuneration Plan (LTVR)

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

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

4.7 Securities Trading Policy

The Company's Securities Trading Policy applies to Directors and executives classified as KMP (including their relatives and associates), those employees working closely with KMP, employees nominated by the Board, or any other employee holding inside information. It sets out the guidelines for dealing in any type of Company Securities by persons covered by the policy, and the requirement for the Company to be notified within 2 business days of any dealing. It also summarises the law relating to insider trading which applies to everyone at all times. Under the current policy, those covered by the policy may not trade during a "blackout period" or when they hold inside information (subject to exceptional circumstances arrangements, see the policy on the Company website). The following periods in a year are "blackout periods" as defined in the policy:

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

4.8 Executive Remuneration Engagement Policy and Procedure

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

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

Short-term Incentive Plan (STIP)

Aspect	Plan, Offers and Comments
Purpose	The short-term incentive bonus plan's purpose is to give effect to an element of remuneration. This element of remuneration reinforces a performance focussed culture, encourages teamwork and co-operation among executive team members and maintains a stable executive team by helping retain key talent. These objectives aim to be achieved by a simple plan that rewards participants for their performance during a 12-month period.
Measurement Period	The Company's financial year (12 months). For the year ended 30 June 2023, the measurement period was from 1 July 2022 to 30 June 2023.
Award Opportunities	The CEO was offered an opportunity of up to 40% of Fixed Package which is based on achieving a range of measurable KPI's which are predominately based on achieving Profit before Tax targets and strategic goals and meeting safety standards. For other KMP Executives, their individual KPI's are determined by the CEO in collaboration with the Board.
Performance Assessments and Award Outcomes	Performance assessments are undertaken by the CEO in relation to other Senior Executives who then make recommendations to the Board, and by the Board in relation to the CEO. The Board has discretion to vary the recommendations of the CEO in determining final award outcomes.
Award Payment	Assessments and award determinations are performed following the end of the Measurement Period and the auditing of Company accounts. Awards will generally be paid in cash in the September following the end of the Measurement Period. They are to be paid through payroll with PAYG tax deducted as appropriate. There are limited situations where awards may be satisfied through the issue of equity. Deferral has not been introduced due to the mix of short-term and long-term incentives being appropriately weighted.
Cessation of Employment During a Measurement Period	In the event of cessation of employment due to dismissal for cause, all entitlements in relation to the Measurement Period are forfeited. In the event of cessation of employment due to resignation, all entitlements in relation to the Measurement Period are forfeited, unless the termination is classified as "good leaver" in the discretion of the Board, in which case the Board may make an award at the time of the termination, or assess outcomes at the normal time, following the termination.
Change of Control	In the event of a Change of Control including a takeover, the Board has discretion regarding the treatment of short-term incentive bonus opportunities.
Fraud, Gross Misconduct etc.	If the Board forms the view that a Participant has committed fraud, defalcation or gross misconduct in relation to the Company then all entitlements in relation to the Measurement Period will be forfeited by that participant.

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

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

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan, Offers and Comments
Instrument	Performance rights being a right to receive a share subject to performance and vesting conditions.
Purpose	To motivate executives to achieve the long-term performance targets.
Plan limit	Performance rights issued to CEO and senior executives for 2023 and 2024 rely on Corporations Act Section 708 relief – "Senior Managers". Performance rights issued for certain senior managers outstanding for 2023 were issued under Class Order exemption 14/1000.
LTVR Value	The Board retains discretion to determine the LTVR to be offered each year. **2022 plan vested** The measurement period of the 2022 plan finished on 30 June 2022. The performance outcome resulted in an overall 97% of rights on issue vesting. 96% of the EPS rights vested and 4% lapsed, 100% of the TSR rights vested, which amounted to a total of 8,474,004 units vested in FY2023,all but 1,635,355 being exercised into ordinary shares as at the date of this report. The KMP vestings are below: KMP Steven Boland vested 1,067,287 rights and subsequently exercised into shares. 34,713 rights did not meet performance hurdles and lapsed. KMP Andrew Crowther vested 532,675 rights and subsequently exercised into shares. 17,325 rights did not meet performance hurdles and lapsed. **2023 plan Invitations** A total of 5,404,102 performance rights have been granted in the 2023 plan, of which 3,584,434 performance rights were granted in FY2022 to executives, 1,074,294 were granted to Steven Boland and 745,374 were granted to Senior Managers in FY2023. KMP Steven Boland has been issued 1,074,294 performance rights in this plan with a total fair value of $602,889. KMP Andrew Crowther has been issued 418,664 performance rights in this plan with a total fair value of $184,322. **2024 plan Invitations** A total of 5,391,568 performance rights have been granted in the 2024 plan. KMP Steven Boland has been issued 1,074,294 performance rights in this plan with a total fair value of $567,261. KMP Andrew Crowther has been issued 426,426 performance rights in this plan with a total fair value of $172,576.
Dividends	No dividends are paid or accrued on unvested awards.
Tranches	**2023 plan:** • 50% issue measured on Earnings per share (EPS) criteria specifically "NPAT / Weighted average number of shares on issue" • 50% issue measured on Total Shareholder return (TSR) criteria. This compares the share price and dividends through the measurement period to the ASX small industrials index. **2024 Plan:** • 50% issue measured on Earnings per share (EPS) criteria specifically "NPAT / Weighted average number of shares on issue" • 50% issue measured on Total Shareholder return (TSR) criteria. This compares the share price and dividends through the measurement period to the ASX small industrials index.

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan, Offers and Comments
Performance hurdles	The vesting of the TSR Performance Rights will be determined by reference to the following scale, in relation to the Measurement Period:

Performance Level	Company's Annulised TSR compared to the Annulised TSR of the ASX Small Industrials Total Return Index	% of Tranche Vesting
Stretch and above	Index TSR + 160% TSR CAGR	100%
Between target and stretch	> 130% Index TSR, < 160% TSR CAGR	Pro-rata
Target	130% Index TSR	Executives 50%; Senior Managers 62.5%
Between threshold and target	> Index TSR, < 130% TSR CAGR	Pro-rata
Threshold	Index TSR	0%
Below threshold	< Index TSR	0%

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

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

Performance Level	Earnings Per Share (EPS) CAGR	% of Tranche Vesting
Stretch and above	20%	100%
Between target and stretch	> 10%, < 20%	Pro-rata
Target	10%	Executives 50%; Senior Managers 62.5%
Between threshold and target	> 8%, < 10%	Pro-rata
Threshold	8%	0%
Below threshold	< 8%	0%

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan, Offers and Comments
	EPS growth will be calculated as the CAGR required for the EPS in the year immediately prior to the commencement of the Measurement Period to equal the EPS achieved in the final year of the Measurement Period. The EPS will be calculated as follows for each year of the calculation: NPAT EPS ÷ Time Weighted Average Issued Shares. • NPAT in any period relating to the plan will be signed off by the Board. This will also include "base" capex budgeted to achieve the budgeted NPAT. • Any capex acquired above budget will require the target NPAT adjusted for the relevant measurement years at a required return of 40% weighted post tax for the time available (i.e. above budget capex 40% return time available during year). • If any M&A activity occurs, the NPAT will be adjusted in consultation with the Board. • The Board has discretion regarding whether or not to approve adjustments relating to NPAT at each measurement period. Andrew Crowther had 900,000 out of 1,200,000 units of options vested and exercised before reporting date. Exercise price was 40 cents per unit, 436,894 units were forfeited at market price in exchange for 463,106 units of ordinary shares. The last remaining 300,000 units of vested in July 2023.
Gateway	TSR and EPS Performance Rights are not subject to a gate, however, vesting above Target in any years will be subject to the Boards discretionary approval.
Measurement Period and vesting dates	**2023 Plan:** 1 July 2020 to 30 June 2023 (3 years) **2024 plan:** 1 July 2021 to 30 June 2024 (3 years) Each grant is tested on the grant performance hurdles criteria at the end of the measurement period. Vesting for each successful tranche occurs only after the signed audited financial statements are lodged with the Australian Stock Exchange relevant to each plan.
Retesting	Retesting is not contemplated under the Plan Rules.
Amount payable for grants	No amount is payable by participants for grants of Performance Rights
Exercise of Grants	Participants will be required to submit an Exercise Notice in respect of vested performance rights in order to convert them to Shares. Each Right has a Term of 15 years from the Grant Date and if not exercised within that Term the Rights will lapse.
Performance Assessments and Award Outcomes	At the end of each performance period, the Remuneration and Nomination Committee assesses the relevant performance measures and determines the extent to which the awards should vest. Payment is made by the issuing or transfer of shares.
Award Payment	Assessments and award determinations are performed following the end of the Measurement Period and the auditing of Company accounts. Awards will generally be paid in cash in the September following the end of the Measurement Period. They are to be paid through payroll with PAYG tax deducted as appropriate. There are limited situations where awards may be satisfied through the issue of equity. Deferral has not been introduced due to the mix of short-term and long-term incentives being appropriately weighted.
Cessation of Employment During a Measurement Period	In the event of cessation of employment due to dismissal for cause, all entitlements in relation to the Measurement Period are forfeited. In the event of cessation of employment due to resignation, all entitlements in relation to the Measurement Period are forfeited, unless the termination is classified as "good leaver" in the discretion of the Board, in which case the Board may make an award at the time of the termination, or assess outcomes at the normal time, following the termination.
Change of Control	If a change of control occurs prior to the vesting of an award, then the Board may determine in its absolute discretion whether all or some of a participant's unvested award vest, lapse, is forfeited, or continues.

5. Proforma Executive Remuneration for FY2023 (non-statutory disclosure) – unaudited

The disclosures required under the Corporations Act (including regulations) and prepared in accordance with applicable accounting standards, do not provide shareholders with an understanding of the intended remuneration in a given year. For example, the LTVR disclosed is not reflective of the remuneration opportunity for the year being reported on, due to the requirements of AASB2. Therefore, the following table is provided to ensure that shareholders have an accurate understanding of the Board's intention regarding the remuneration offered to executives during FY2023. The values presented reflect the remuneration for a full year i.e. ignoring any part-year reporting impact.

Position	Incumbent	Year	Fixed Package including Super[1]	Target STI[2]	LTVR Opportunity	Total Value of Package
Executive Director and Chief Executive Officer	Steven Boland	2023	$555,243	$221,053	$602,889	$1,379,185
		2022	$553,519	$276,760	$247,922	$1,078,201
Chief Financial Officer	Andrew Crowther	2023	$337,355	$101,206	$209,104	$647,665
		2022	$327,818	$98,346	$115,007	$541,171
Executive Director	Margaret Prokop (resigned 31 December 2021)	2023	–	–	–	–
		2022	$83,345	–	–	$83,345

1 Package includes car allowance and superannuation.

2 With Steven Boland (CEO), STI is capped at 40% of his package; with Andrew Crowther (CFO) STI is capped at 30% of his package subject to achieving individual KPIs and performance targets.

6. Vested/Awarded Incentives and Remuneration Outcomes in Respect of the Completed FY2023 Period (non-statutory disclosure) – UNAUDITED

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

STI and LTI Outcomes

			Fixed Package including Super[1]	Temporary relocation[2]	Total STI Awarded following completion of the Financial Year (cash)[3]			LVTR Value[4]	Total Remune-ration Package (TRP)	Gains/Losses on Vested LTI from Change in Value During Vesting Period[5]
Position	Incumbent	Year	Amount	Amount	Amount	Vested %	Forfeited %	Amount		
Executive Director and Chief Executive Officer	Steven Boland	2023	$555,243	–	$160,000	72%	28%	$240,195	$955,438	$293,448
		2022	$553,519	$97,072	$276,760	100%	0%	$108,156	$1,035,507	$98,621
Chief Financial Officer	Andrew Crowther	2023	$337,355	–	$75,570	75%	25%	$112,069	$524,994	$510,872
		2022	$327,818	–	$93,926	96%	4%	$41,283	$463,027	$61,917
Executive Director	Margaret Prokop (resigned 31 December 2021)	2023	–	–	–	–	–	–	–	–
		2022	$83,345	–	–	–	–	–	$83,345	–

1 Package paid includes car allowance and superannuation.

2 Includes temporary accommodation that ceased in November 2021.

3 This is the value of the total STI award calculated and payable in the next reporting year.

4 This is the value of LTIs that vested in the reporting year. For Steven Boland, 1,067,287 units of performance rights vested; and for Andrew Crowther, 300,000 units of options and 532,675 performance rights vested in FY2023.

5 This is the number of LTI units that exercised in the reporting year, multiplied by the 5-day VWAP share price on the date of vesting less exercise price and the value of LTIs when granted.

Details regarding the assessments of performance that gave rise to the short-term incentive bonus outcomes for FY2023 are given below.

Remuneration Report – Audited

For the year ending 30 June 2023

7. Performance Outcomes for FY2023

7.1 Company Performance

The following outlines the performance of the Company over the FY2016 and FY2023 period in accordance with the requirements of the Corporations Act:

Corporate Performance Measures

FY End Date	Revenue	Profit/(loss) after Tax	Share Price	Change in Share Price	Total Dividends per Share[1]	Short-term change in Shareholder Value over 1 Year (SP increase + Dividends) Amount	%
30-Jun-23	$168,494,966	$23,457,040	$0.780	$0.275	$0.320	$0.595	118%
30-Jun-22	$148,345,521	$15,694,168	$0.505	$0.130	$0.024	$0.154	41%
30-Jun-21	$105,743,523	$3,962,998	$0.375	$0.060	$0.018	$0.078	25%
30-Jun-20	$81,681,600	$3,013,023	$0.315	$0.015	$0.010	$0.025	8%
30-Jun-19	$68,858,910	$4,948,715	$0.300	$0.010	$0.015	$0.025	9%
30-Jun-18	$15,478,995	$10,510,658	$0.290	$0.170	Nil	$0.170	142%
30-Jun-17	$0	($613,395)	$0.120	($0.06)	Nil	($0.06)	(33%)
30-Jun-16	$0	$8,468,607	$0.180	n/a	Nil	n/a	n/a

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

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

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

7.2 Links Between Performance and Reward Including STI and LTVR Determinations

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

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

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

Following the end of FY2023, reports on the Company's activities during the year were prepared for the Board. The Board then assessed the extent to which expectations had been met or exceeded in relation to the Company and each role, to calculate the total award payable. This included assessed NPAT, underlying EBITDA and EPS growth.

During the reporting period, grants of equity were made in relation to the LTVR scheme as part of remuneration for FY2023 but did not vest due to the presence of the long-term measurement period and vesting conditions that are yet to be completed/assessed.

7.3 Links Between Company Strategy and Remuneration

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

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

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

8. KMP Equity

8.1 Number of equities granted as remuneration

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

Executives:

FY2023

		Number held at 1 July 2022	Granted FY23		Forfeited	Vested and Excercised	Vested and Remaining Unexercised	Purchase/ (Disposal)	Others	Number held at 30 June 2023
Name	**Instrument**	**Number**	**Date Granted**	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**
Steven Boland	Loan Shares	510,000	–	–	–	(510,000)	–	–	–	–
	Performance Rights	1,102,000	15-Nov-22	2,148,588	(34,713)	(1,067,287)	–	–	–	2,148,588
	Unrestricted Shares	4,524,562	–	–	–	1,577,287	–	(288,375)	–	5,813,474
Andrew Crowther	Options	1,200,000	–	–	(436,894)	(463,106)	–	–	–	300,000
	Performance Rights	1,395,090	–	–	(17,325)	(532,675)	–	–	–	845,090
	Unrestricted Shares	260,574	–	–	–	995,781	–	(249,703)	–	1,006,652
TOTALS		**8,992,226**		**2,148,588**	**(488,932)**	**–**	**–**	**(538,078)**	**–**	**10,113,804**

FY2022

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

NED's:

No NED have been granted options in FY2023.

		Number held at 1 July 2022	Granted FY23		Forfeited	Vested and Excercised	Vested and Remaining Unexercised	Purchase/ (Disposal)	Others	Number held at 30 June 2023
Name	Instrument	Number	Date Granted	Number	Number	Number	Number	Number	Number	Number
Peter Lancken	Loan Shares	525,000	–	–	–	(525,000)	–	–	–	–
	Unrestricted Shares	11,112,493	–	–	–	525,000	–	133,333	–	11,770,826
David Moffat	Unrestricted Shares	416,208	–	–	–	–	–	–	–	416,208
Melanie Allibon	Unrestricted Shares	200,000	–	–	–	–	–	–	–	200,000
Laurie Lefcourt	Unrestricted Shares	10,000	–	–	–	–	–	–	–	10,000
TOTALS		**12,263,701**	**–**	**–**	**–**	**–**	**–**	**133,333**	**–**	**12,397,034**

No NED have been granted options in FY2022.

		Number held at 1 July 2021	Granted FY22		Forfeited	Vested and Excercised	Vested and Remaining Unexercised	Purchase/ (Disposal)	Others	Number held at 30 June 2022
Name	Instrument	Number	Date Granted	Number	Number	Number	Number	Number	Number	Number
Peter Lancken	Loan Shares	525,000	–	–	–	–	–	–	–	525,000
	Unrestricted Shares	11,112,493	–	–	–	–	–	–	–	11,112,493
Gregg Taylor (resigned 22 November 2021)	Loan Shares	90,000	–	–	–	–	–	–	–	90,000
	Options	200,000	–	–	–	–	–	–	–	200,000
	Unrestricted Shares	753,464	–	–	–	–	–	–	–	753,464
David Moffat	Unrestricted Shares	416,208	–	–	–	–	–	–	–	416,208
Melane Alibon (appointed 1 September 2021)	Unrestricted Shares	–	–	–	–	–	–	200,000	–	200,000
Laurie Lefcourt (appointed 1 September 2021)	Unrestricted Shares	–	–	–	–	–	–	10,000	–	10,000
TOTALS		**13,097,165**	**–**	**–**	**–**	**–**	**–**	**210,000**	**–**	**13,307,165**

8.2 Value of equities granted as remuneration

Executives

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

FY2023

2023 Equity Grants

Name	Role	Type	Grant Date	Expiry Date	Fair Value per Unit	Number of Units	Total Value at Grant	Value Expensed in Previous Years	Value Expensed in FY23	Max Value to be Expensed in Future Years	Min Value to be Expensed in Future Years
Steven Boland	Executive Director and Chief Executive Officer	Loan Shares	27-Mar-18	27-Mar-23	0.1071	510,000	$54,621	$54,621	–	–	–
		Performance Rights	30-Nov-20	31-Jul-35	0.2321	275,500	$63,944	$63,944	–	–	–
			30-Nov-20	31-Jul-35	0.2226	826,500	$183,979	$183,979	($7,727)	–	–
			30-Nov-20	31-Jul-35	0.2352	275,500	$64,798	–	–	–	–
			30-Nov-20	31-Jul-35	0.2181	826,500	$180,260	$108,156	–	–	–
		Performance Rights	15-Nov-22	30-Jun-37	0.5608	537,147	$301,206	–	$301,206	–	–
			15-Nov-22	30-Jun-37	0.5616	537,147	$301,683	–	$301,683	–	–
			15-Nov-22	30-Jun-37	0.5228	537,147	$280,826	–	$107,500	$173,326	$173,326
			15-Nov-22	30-Jun-37	0.5333	537,147	$286,435	–	$109,647	$176,788	–
Andrew Crowther	Chief Financial Officer	Options	16-Jul-19	16-Jul-24	0.0361	300,000	$10,843	$10,843	–	–	–
			16-Jul-19	16-Jul-24	0.0561	300,000	$16,816	$16,816	–	–	–
			16-Jul-19	16-Jul-24	0.0710	300,000	$21,301	$20,990	$311	–	–
			16-Jul-19	16-Jul-24	0.0826	300,000	$24,782	$18,319	$6,191	$271	$271
		Performance Rights	31-Jul-20	31-Jul-35	0.1727	137,500	$23,746	$23,746	–	–	–
			31-Jul-20	31-Jul-35	0.1696	412,500	$69,960	$69,960	($2,938)	–	–
			31-Jul-20	31-Jul-35	0.1744	137,500	$23,980	–	–	–	–
			31-Jul-20	31-Jul-35	0.1668	412,500	$68,805	$41,283	–	–	–
		Performance Rights	01-Jun-22	30-Jun-37	0.4289	209,332	$89,788	$6,615	$83,173	–	–
			01-Jun-22	30-Jun-37	0.4516	209,332	$94,534	$6,950	$87,584	–	–
			01-Jun-22	30-Jun-37	0.3801	213,213	$81,034	$3,092	$38,918	$39,024	$39,024
			01-Jun-22	30-Jun-37	0.4293	213,213	$91,542	$3,497	$43,961	$44,085	–
TOTALS						**8,007,678**	**$2,334,883**	**$632,811**	**$1,069,509**	**$433,494**	**$212,621**

FY2022

2022 Equity Grants

Name	Role	Type	Grant Date	Expiry Date	Fair Value per Unit	Number of Units	Total Value at Grant	Value Expensed in Previous Years	Value Expensed in FY23	Max Value to be Expensed in Future Years	Min Value to be Expensed in Future Years
Steven Boland	Executive Director and Chief Executive Officer	Loan Shares	27-Mar-18	27-Mar-23	0.1071	510,000	$54,621	$54,621	–	–	–
		Performance Rights	30-Nov-20	31-Jul-35	0.2321	275,500	$63,944	$30,554	$33,390	–	–
			30-Nov-20	31-Jul-35	0.2226	826,500	$183,979	$87,910	$96,069	–	–
			30-Nov-20	31-Jul-35	0.2352	275,500	$64,798	$64,798	($64,798)	–	–
			30-Nov-20	31-Jul-35	0.2181	826,500	$180,260	$180,260	($72,104)	–	–
Andrew Crowther	Chief Financial Officer	Options	16-Jul-19	16-Jul-24	0.0361	300,000	$10,843	$10,843	–	–	–
			16-Jul-19	16-Jul-24	0.0561	300,000	$16,816	$16,447	$369	–	–
			16-Jul-19	16-Jul-24	0.0710	300,000	$21,301	$13,896	$7,094	$311	$311
			16-Jul-19	16-Jul-24	0.0826	300,000	$24,782	$12,128	$6,191	$6,463	$6,463
		Performance Rights	31-Jul-20	31-Jul-35	0.1727	137,500	$23,746	$11,347	$12,399	–	–
			31-Jul-20	31-Jul-35	0.1696	412,500	$69,960	$33,429	$36,531	–	–
			31-Jul-20	31-Jul-35	0.1744	137,500	$23,980	$23,980	($23,980)	–	–
			31-Jul-20	31-Jul-35	0.1668	412,500	$68,805	$68,805	($27,522)	–	–
		Performance Rights	01-Jun-22	30-Jun-37	0.4289	209,332	$89,788	–	$6,615	$83,173	$83,173
			01-Jun-22	30-Jun-37	0.4516	209,332	$94,534	–	$6,950	$87,584	–
			01-Jun-22	30-Jun-37	0.3801	213,213	$81,034	–	$3,092	$77,942	$77,942
			01-Jun-22	30-Jun-37	0.4293	213,213	$91,542	–	$3,497	$88,045	–
TOTALS						**5,859,090**	**$1,164,733**	**$609,018**	**$23,793**	**$343,518**	**$167,889**

NED's

No NED have been granted options in FY2023 and FY2022.

9. NED Fee Policy Rates for FY2023 and FY2024, and Fee Limit

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

The total annual fee for FY2023 was $396,000 which remains under the annual fees limit (AFL or fee pool) of $500,000 which was approved by shareholders as part of the constitution of the Company since re-listing in April 2018

The following table outlines the NED fee policy rates that were applicable for the 2023 year.

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

The table below outlines the proposed total annual fee from September FY2023 which on an annualised basis is $444,000 which remains under the annual fees limit (AFL or fee pool) of $500,000.

Director	Directors Fees/Executive Remuneration
Chairperson	$150,000
Other	$90,000
Chair of Audit & Risk Committee	Additional $12,000
Chair of Remuneration Committee	Additional $12,000

10. Remuneration Records for FY2023 – Statutory Disclosures

10.1 Senior Executive Remuneration

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

FY2023

			Short-term					Share Based Payments			
Name	**Role**	**Salary**	**STI**	**Non-cash**	**Sub-total**	**Post employment**	**Other long term**	**Rights**	**Options**	**Total**	**% performance based**
Steven Boland	Executive Director and Chief Executive Officer	$529,951	$160,000	$8,974	$698,925	$25,292	$65,559	$812,309	–	$1,602,085	61%
Andrew Crowther	Chief Financial Officer	$312,063	$75,570	$0	$387,633	$25,292	$45,180	$250,697	$6,502	$715,304	46%
TOTAL KMP		**$842,014**	**$235,570**	**$8,974**	**$1,086,558**	**$50,584**	**$110,739**	**$1,063,006**	**$6,502**	**$2,317,389**	

STI of $235,570 is for FY2023, payable in FY2024.

FY2022

			Short-term					Share Based Payments			
Name	**Role**	**Salary**	**STI**	**Non-cash**	**Sub-total**	**Post employment**	**Other long term**	**Rights**	**Options**	**Total**	**% performance based**
Steven Boland	Executive Director and Chief Executive Officer	$529,951	$276,760	$97,072	$903,783	$23,568	$67,404	($7,443)	–	$987,312	27%
Margaret Prokop (resigned 31 December 2021)	Executive Director	$79,922	–	$1,584	$81,506	$3,424	–	–	–	$84,930	–
Andrew Crowther	Chief Financial Officer	$305,000	$93,926	–	$398,926	$22,818	$28,905	$17,582	$13,653	$481,884	26%
Total KMP		**$914,873**	**$370,686**	**$98,656**	**$1,384,215**	**$49,810**	**$96,309**	**$10,139**	**$13,653**	**$1,554,126**	

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

Remuneration Report – Audited

For the year ending 30 June 2023

10.2 NED Remuneration

Remuneration received by non-executive directors in FY2023 and FY2022 are disclosed below:

FY2023

Name	Role	Short-term Board Fees	Share Based Payments Rights/ Options	Total	% performance based
Peter Lancken	Chairman	$135,993	–	$135,993	–
David Moffat	Independent NED	$80,000	–	$80,000	–
Melanie Allibon	Independent NED	$90,000	–	$90,000	–
Laurie Lefcourt	Independent NED	$90,000	–	$90,000	–
Total NED		**$395,993**	**–**	**$395,993**	**–**

FY2022

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

11. Employment Terms for Key Management Personnel

11.1 Service Agreements

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

Name	Position held at close of FY2023	Employing Company	Duration of Contract	Period of Notice From Company	 From KMP	Termination Payments
Steven Boland	Executive Director and Chief Executive Officer	Acrow Formwork and Construction Limited	Open-ended	6 months	6 months	Up to 6 months' Total Remuneration
Andrew Crowther	Chief Financial Officer	Acrow Formwork and Construction Limited	Open-ended	6 months	6 months	Up to 6 months' Total Remuneration

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

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

12. Other Remuneration Related Matters

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

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

13. External Remuneration Consultant Advice

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

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

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

End of audited Remunerations Report.

Statement of Profit or Loss and other Comprehensive Income

For the year ending 30 June 2023

In dollars	Note	2023	2022
Revenue	4	149,814,345	140,826,918
Other income	5	12,024,427	4,955,787
Personnel expenses		(55,775,184)	(51,875,934)
Sub-contract labour costs		(15,469,758)	(18,039,520)
Inventory purchased, net of changes in finished goods		(28,012,325)	(31,642,371)
Depreciation		(15,222,956)	(13,070,352)
IT and telecommunication expenses		(1,858,760)	(1,641,245)
Freight costs		(1,914,389)	(1,975,256)
Insurance expenses		(1,216,688)	(1,090,449)
Expected credit loss provision and bad debt expense		(3,145,000)	(650,000)
Other expenses	6	(5,932,869)	(4,628,112)
Profit before net finance costs and income tax		**33,290,843**	**21,169,466**
Finance costs	7	(4,481,063)	(3,513,116)
Profit before income tax		**28,809,780**	**17,656,350**
Income tax expense	8	(5,352,740)	(1,962,182)
Profit from continuing operations		**23,457,040**	**15,694,168**
Other comprehensive income			
Items that may be reclassified to profit / (loss)			
Foreign operations – foreign currency translation differences		(1,939)	1,431
Total comprehensive income for the year		**23,455,101**	**15,695,599**
Earnings per share from continuing operations			
Basic EPS (cents per share)	24	8.96	6.32
Diluted EPS (cents per share)	24	8.69	6.06

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

Statement of Financial Position

As at 30 June 2023

In dollars	Note	2023	2022
Current assets			
Cash and cash equivalents	9	4,939,396	3,010,433
Trade and other receivables	10	39,178,433	34,362,867
Inventories	11	11,397,484	14,872,186
Contract assets	12	42,814	111,927
Prepayments and other assets	12	3,850,665	5,075,832
Assets held for sale	13	–	72,579
Total current assets		**59,408,792**	**57,505,824**
Non-current assets			
Property, plant and equipment	14	131,589,548	95,490,436
Right-of-use lease assets	15	20,088,885	24,478,720
Intangible assets	16	7,428,704	7,428,704
Total non-current assets		**159,107,137**	**127,397,860**
Total assets		**218,515,929**	**184,903,684**
Current liabilities			
Bank overdraft	9	–	3,001,005
Trade payables	17	14,890,123	21,484,027
Other payables	17	3,000,000	–
Employee benefits	18	6,186,367	6,159,454
Lease liabilities	15	6,375,328	4,964,215
Loans and borrowings	19	21,907,696	17,001,678
Current tax liabilities	21	1,348,072	1,869,031
Liabilities associated with assets held for sale	13	–	67,063
Total current liabilities		**53,707,586**	**54,546,473**
Non-current liabilities			
Other payables	17	4,000,000	–
Employee benefits	18	628,024	444,988
Lease liabilities	15	17,537,389	23,285,254
Loans and borrowings	19	29,382,836	15,848,299
Provisions	20	469,274	469,274
Deferred income tax liability	21	9,907,149	6,990,415
Total non-current liabilities		**61,924,672**	**47,038,230**
Total liabilities		**115,632,258**	**101,584,703**
Net assets		**102,883,671**	**83,318,981**
Equity			
Issued capital		61,809,122	58,310,046
Reserves		4,076,017	3,059,423
Retained earnings		36,998,532	21,949,512
Total equity		**102,883,671**	**83,318,981**

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

Statement of Changes in Equity

For the year ended 30 June 2023

In dollars	Share capital	Share based option payments reserve	Foreign currency translation reserve	Retained earnings	Total equity
Balance at 30 June 2021	**46,703,384**	**2,972,126**	**54,311**	**11,757,622**	**61,487,443**
Total comprehensive income for the period					
Profit for the year	–	–	–	15,694,168	15,694,168
Other comprehensive income	–	–	1,431	–	1,431
Total comprehensive income	**–**	**–**	**1,431**	**15,694,168**	**15,695,599**
Transactions with owners of the company					
Shares issued net of transaction costs	9,897,173	–	–	–	9,897,173
Options & Performance Rights forfeited, written back to P&L	–	(409,120)	–	–	(409,120)
Options & Performance Rights failed to meet market condition	–	(398,910)	–	398,910	–
Dividends paid to shareholders	–	–	–	(5,901,188)	(5,901,188)
Shares issued under dividend reinvestment plan (DRP), net of costs	951,671	–	–	–	951,671
Equity settled share base payments	–	1,573,788	–	–	1,573,788
Transfer of option reserves to share capital	734,203	(734,203)	–	–	–
Proceeds from exercise of options, net of costs	23,615	–	–	–	23,615
Total transactions with owners of the company	**11,606,662**	**31,555**	**–**	**(5,502,278)**	**6,135,939**
Balance at 30 June 2022	**58,310,046**	**3,003,681**	**55,742**	**21,949,512**	**83,318,981**
Total comprehensive income for the period					
Profit for the year	–	–		23,457,040	23,457,040
Other comprehensive income	–	–	(1,939)	–	(1,939)
Total comprehensive income	**–**	**–**	**(1,939)**	**23,457,040**	**23,455,101**
Options & Performance Rights forfeited, written back to P&L	–	(261,821)	–	–	(261,821)
Options & Performance Rights failed to meet market condition	–	(7,426)	–	7,426	–
Dividends paid to shareholders	–	–	–	(8,415,446)	(8,415,446)
Shares issued under dividend reinvestment plan (DRP), net of costs	1,036,828	–	–	–	1,036,828
Equity settled share base payments	–	3,478,692	–	–	3,478,692
Transfer of option reserves to share capital	2,190,912	(2,190,912)	–	–	–
Proceeds from exercise of options, net of costs	271,336	–	–	–	271,336
Total transactions with owners of the company	**3,499,076**	**1,018,533**	**–**	**(8,408,020)**	**(3,890,411)**
Balance at 30 June 2023	**61,809,122**	**4,022,214**	**53,803**	**36,998,532**	**102,883,671**

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

Statement of Cash Flows

For the year ended 30 June 2023

In dollars	Note	2023	2022
Cash flows from operating activities			
Receipts from customers		70,425,037	88,716,570
Receipts on lease revenue		80,641,924	54,374,672
Payments to suppliers and employees		(118,240,226)	(131,718,641)
Cash generated from operations		32,826,735	11,372,601
Income tax paid	21	(2,956,964)	(9,790)
Net cash inflow from operating activities		**29,869,771**	**11,362,811**
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	5	18,680,621	7,518,603
Purchase of property, plant and equipment		(44,941,533)	(22,378,490)
Deferred payment on acquisitions		–	(3,582,656)
Net cash outflow from investing activities		**(26,260,912)**	**(18,442,543)**
Cash flows from finance activities			
Proceeds from issue of shares		–	10,500,000
Capital raising costs		–	(602,826)
Proceeds from exercise of options, net of costs		263,597	16,525
Proceeds from borrowings		49,451,920	28,528,971
Repayment of borrowings		(31,011,363)	(18,017,843)
Repayment of lease liabilities	15	(5,831,150)	(5,145,257)
Dividends paid net of DRP		(7,370,832)	(4,942,427)
Finance costs paid		(4,181,064)	(3,136,668)
Net cash inflow from financing activities		**1,321,108**	**7,200,475**
Net increase in cash and cash equivalents		**4,929,967**	**120,743**
Cash and cash equivalents as at 1 July		9,428	(111,316)
Effect of exchange rate fluctuations on cash held		1	1
Cash and cash equivalents at the end of the year		**4,939,396**	**9,428**

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

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1. Reporting entity

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

The consolidated financial statements of Acrow for the year ended 30 June 2023 comprise of the Company and its controlled entities (the Group).

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

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

2. Basis of preparation

(a) Basis of accounting

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

The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) and were authorised for issue by the Board of Directors on 22 September 2023.

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

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

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

(e) Comparative information

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

(f) Rounding

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

3. Significant accounting policies

(a) Basis of consolidation

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

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

(i) Business combinations

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

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

Where an asset only purchase is made and deferred consideration is contingent to certain conditions being met, the amount payable is assumed to be at the maximum probable level, such that the capitalisation of assets includes the full value of the purchase price. Any reduction in final deferred consideration paid are to be recognised in the statement of profit or loss as when the conditions resulting in the reduction in deferred consideration have occurred.

(ii) Subsidiaries

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

(b) Foreign currency

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

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

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

3. Significant accounting policies (continued)

the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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

(c) Financial instruments

(i) Non-derivative financial assets

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

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

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

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

Receivables

A receivable is recognised when performance obligations are met or as lease income is earned as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

Cash and cash equivalents

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

(ii) Non-derivative financial liabilities

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

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

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

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

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

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

(iii) Issued capital

Ordinary shares

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

Cost also may include transfers from other comprehensive income of any gain or (loss) on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Right-of-use lease assets are depreciated over the shorter of the lease term (including any contractual extensions that are expected to be exercised) and useful life, on a straight- line basis, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The expected useful lives for depreciation purposes are as follows:

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

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

(iv) Hire equipment loss provision

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

(e) Intangible assets

(i) Goodwill

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

(f) Inventories

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

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

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

(g) Impairment

(i) Non-derivative financial assets

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

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

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

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

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

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

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

Receivables

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

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

Losses are recognised in the statement of profit or loss and other comprehensive income and reflected in an allowance account against trade receivables.

3. Significant accounting policies (continued)

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

(ii) Non-financial assets

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

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

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

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

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

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

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

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

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Employee benefits

(i) Defined contribution plans

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

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

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

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

(ii) Other long-term employee benefits

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

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

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

The calculation is performed using the projected unit credit method.

(iii) Termination benefits

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

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

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

(iv) Short-term benefits

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

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

(v) Share-based payments

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

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

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital.

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

(i) Provisions

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

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

The unwinding of the discount is recognised as finance cost.

(i) Restructuring

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

Future operating losses are not provided for.

(ii) Onerous contracts

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

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

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

(iii) Make good

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

(j) Revenue

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

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

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

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

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

(i) Hire of equipment

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

The rental can be arranged as dry hire where only equipment is provided to the customer and revenue is recognised at fixed rates over the period of hire; or as part

3. Significant accounting policies (continued)

of a project hire where Acrow supplies labour and cartage services between warehouse and building sites.

Revenue recognition on equipment hire commences once falsework, formwork, scaffold or screen equipment is either collected by the customer, delivered to the customer or once a scaffolding structure has been certified to be safe and access granted to customers or control otherwise passes to a customer.

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

(ii) Labour and cartage services

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

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

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

(iii) Consumable sales and other services

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

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

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

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

(k) Finance income and finance costs

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

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

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

(l) Tax

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

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

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

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

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

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

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

(m) Goods and services tax

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

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

(n) Lease accounting

The Group as a lessee

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

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

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

Measurement and recognition of leases as a lessee

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

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term including any lease extensions that are likely to be exercised.

The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease.

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

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

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

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

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

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

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

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

The Group as a lessor

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

(o) Accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting period and have not been early adopted by the Company.

These standards are not expected to have material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates;
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction;

3. Significant accounting policies (continued)

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current; and
- AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants.

4. Revenue

In dollars	2023	2022
Revenue from contracts with customers		
Labour services transferred over time	30,173,235	34,449,251
Cartage services transferred over time	6,424,309	5,936,777
Consumable sales and other services transferred at a point in time	39,905,960	44,597,902
	76,503,504	**84,983,930**
Revenue from operating leases		
Hire of equipment	73,310,841	55,842,988
	149,814,345	**140,826,918**

5. Other income

In dollars	2023	2022
Disposal of property, plant and equipment		
Proceeds	18,680,621	7,518,603
Written down value	(6,656,194)	(2,562,816)
Net gain on disposal of property, plant and equipment	**12,024,427**	**4,955,787**

6. Other expenses

In dollars	2023	2022
Restructuring, preparation of new yard and other significant costs	(1,142,196)	(748,453)
Audit, tax and legal expenses	(975,831)	(837,125)
Travelling expenses	(931,428)	(419,487)
Utilities	(890,752)	(779,347)
Property costs	(473,438)	(217,698)
Plant & equipment operating expenses	(430,646)	(402,058)
Repair & maintenance	(423,731)	(339,708)
Motor vehicle expenses	(286,300)	(347,101)
Others	(378,547)	(537,135)
	(5,932,869)	**(4,628,112)**

7. Finance costs

In dollars	2023	2022
Finance costs		
Unwinding interest on deferred consideration	–	(33,960)
Interest expense on financial liabilities	(2,937,522)	(1,833,618)
Interest expense on leases	(1,327,157)	(1,509,802)
Borrowing costs	(216,384)	(135,736)
Net finance costs from continuing operations	**(4,481,063)**	**(3,513,116)**

8. Income tax expense

In dollars	2023	2022
Current income tax expense	(7,692,833)	(1,584,228)
Deferred income tax expense	(1,862,236)	(360,775)
Under provision for income tax in prior year	(96,140)	(17,179)
Recognition of previously unrecognised deferred tax not brought to account	4,298,469	–
Income tax expense attributable to profit	**(5,352,740)**	**(1,962,182)**

In dollars	2023	2022
Profit before income tax	**28,809,780**	**17,656,350**
Income tax (expense) using the Group's domestic tax rate (30%)	(8,642,934)	(5,296,905)
Income tax effects of amounts which are not deductible / (taxable) in calculating taxable income:		
Non-deductible losses on overseas entities	(46,396)	(288)
Non-deductible share-based payment expense	(965,061)	(349,400)
Non-deductible acquisition expense	-	(31,644)
Non-deductible impairment expense	(17,782)	(17,989)
Other non-deductible expenses	(26,919)	(17,209)
(Under) provision for income tax in prior year	(96,140)	(17,179)
Recognition of previously unrecognised deferred tax not brought to account	4,298,469	–
Utilisation of prior year tax losses not previously recognised	144,023	3,768,432
Income tax expense attributable to profit	**(5,352,740)**	**(1,962,182)**

9. Cash and cash equivalents

In dollars	2023	2022
Cash at bank	4,939,396	3,010,433
Bank overdraft	–	(3,001,005)
	4,939,396	**9,428**

10. Trade and other receivables

In dollars	2023	2022
Trade receivables	41,668,122	35,821,806
Expected credit loss provision	(2,489,689)	(1,458,939)
	39,178,433	**34,362,867**

Movement in the expected credit loss provision:

In dollars	2023	2022
At 1 July		
Opening balance	(1,458,939)	(1,178,190)
Expected credit loss recognised during the year	(3,145,000)	(650,000)
Receivables written off during the year	2,114,250	369,251
Balance at 30 June	**(2,489,689)**	**(1,458,939)**

	Current	More than 30 days	More than 60 days	More than 90 days	Default	Total
2023						
Expected credit loss rate	0.03%	0.20%	1.26%	27.71%	100.00%	
Gross carrying amount	21,286,667	9,270,500	2,163,810	8,102,604	844,541	41,668,122
Lifetime expected credit loss	6,386	18,541	27,264	1,592,957	844,541	2,489,689
2022						
Expected credit loss rate	0.02%	0.30%	4.22%	15.98%	100.00%	
Gross carrying amount	17,237,806	11,002,000	2,161,000	4,867,517	553,483	35,821,806
Lifetime expected credit loss	3,448	33,006	91,194	777,808	553,483	1,458,939

11. Inventories

In dollars	2023	2022
Finished goods	11,397,484	14,872,186
	11,397,484	**14,872,186**

12. Contract assets, prepayments and other assets

In dollars	2023	2022
Contract assets	42,814	111,927
	42,814	**111,927**
Current		
Other receivables	935,144	807,617
Prepayments	2,915,521	4,268,215
	3,850,665	**5,075,832**

13. Assets and liabilities held for sale

In dollars	2023	2022
Assets classified as held for sale	–	72,579
Liabilities associated with assets held for sale	–	67,063

Asset held for sale relates to exploration assets of Noble Mineral Resources Ghana Limited (NMRGL), this was impaired during FY2023. The Company intends to wind up NMRGL and is assessing various options.

14. Property, plant and equipment

In dollars	Land and buildings	Plant and equipment	Hire equipment	Total
Cost				
Balance at 1 July 2021	475,989	13,071,560	92,750,724	106,298,273
Additions	–	1,020,433	21,358,057	22,378,490
Disposals	–	(42,457)	(2,950,875)	(2,993,332)
Balance at 30 June 2022	**475,989**	**14,049,536**	**111,157,906**	**125,683,431**
Cost				
Balance at 1 July 2022	475,989	14,049,536	111,157,906	125,683,431
Additions	45,025	464,888	51,431,620	51,941,533
Disposals	–	(39,323)	(8,405,822)	(8,445,145)
Balance at 30 June 2023	**521,014**	**14,475,101**	**154,183,704**	**169,179,819**
Depreciation and impairment losses				
Balance at 1 July 2021	373,764	10,976,005	11,939,650	23,289,419
Depreciation for the year	17,467	500,611	6,869,271	7,387,349
Disposals	–	(41,319)	(389,197)	(430,516)
Hire equipment loss adjustment	–	–	(53,257)	(53,257)
Balance at 30 June 2022	**391,231**	**11,435,297**	**18,366,467**	**30,192,995**
Balance at 1 July 2022	391,231	11,435,297	18,366,467	30,192,995
Depreciation for the year	18,171	512,133	8,655,923	9,186,227
Disposals	–	(30,675)	(1,758,276)	(1,788,951)
Hire equipment loss adjustment	–	–	–	–
Balance at 30 June 2023	**409,402**	**11,916,755**	**25,264,114**	**37,590,271**
Carrying amounts				
At 1 July 2021	102,225	2,095,555	80,811,074	83,008,854
At 30 June 2022	**84,758**	**2,614,239**	**92,791,439**	**95,490,436**
At 1 July 2022	84,758	2,614,239	92,791,439	95,490,436
At 30 June 2023	**111,612**	**2,558,346**	**128,919,590**	**131,589,548**

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

15. Leases

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

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of financial performance over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments on IT equipment including laptops and mobile devices have been treated as low-value assets, are recognised on a straight-line basis as an expense in the statement of financial performance.

Lease amounts recognised in the Statement of Financial Position:

In dollars	2023	2022
Right-of-use assets		
Properties	18,215,522	22,218,881
Forklifts and office equipment	1,521,853	1,860,910
Motor vehicles	351,510	398,929
Total right-of-use assets	**20,088,885**	**24,478,720**
Lease liabilities		
Current	6,375,328	4,964,215
Non-current	17,537,389	23,285,254
Total lease liabilities	**23,912,717**	**28,249,469**

Additions to the right-of-use assets during FY2023 were $1,820,753 (FY2022: $1,047,654).

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

In dollars	2023	2022
Depreciation charge for right-of-use assets:		
Properties	4,920,155	4,765,763
Forklifts and office equipment	731,223	646,144
Motor vehicles	385,351	271,098
Total depreciation charge for right-of-use assets	**6,036,729**	**5,683,005**

Lease payments include:

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

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

In dollars	2023	2022
Lease amounts included in the Statement of cashflows		
Lease payments	5,831,150	5,145,257
Interest expense (included in finance costs)	1,327,157	1,509,802
Total amount paid	**7,158,307**	**6,655,059**
Expenses relating to low value asset leases	**135,688**	**138,788**

Lease payments not recognised as liabilities

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

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

In dollars	2023	2022
Less than one year	94,536	114,968
Between one and five years	100,425	194,961
	194,961	**309,929**

16. Intangible assets

In dollars	2023	2022
Goodwill	7,428,704	7,428,704
	7,428,704	**7,428,704**

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

Goodwill is stated at costs less any accumulated impairment losses.

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

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

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

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

	2023	2022
Average growth rate 1 – 5 years	14.7%*	57.5%
Terminal growth rate	1%	1%
Post-tax discount rate	11.8%	10.6%

* Increase in EBIT from 2023 to 2024 is 65% and between 1.1% to 2.9% for the following four years. The large increase in the 2024 year is due to strong organic growth in sales from expanding geographically and acquiring Premium Screens to the product range that has improved both Natform's and the Group's capacities and capabilities.

16. Intangible assets (continued)

In dollars	2023	2022
Opening goodwill balance	7,428,704	7,428,704
Additions	–	–
Reductions	–	–
Closing balance	**7,428,704**	**7,428,704**

In dollars	2023	2022
Allocation to CGU Groups		
Natform companies	7,301,902	7,301,902
Other	126,802	126,802
	7,428,704	**7,428,704**

Impairment testing on Natform companies

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

Sensitivity

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

17. Trade and other payables

In dollars	2023	2022
Current trade payables		
Trade payables	9,565,151	12,344,200
Accrued expenses	5,324,972	9,139,827
	14,890,123	**21,484,027**
Current other payables		
Deferred consideration on asset acquisitions	3,000,000	–
Non-current other payables		
Deferred consideration on asset acquisitions	4,000,000	–

18. Employee benefits

In dollars	2023	2022
Current		
Annual leave	2,175,165	2,377,838
Long service leave	1,949,972	1,913,103
Other employee benefits	2,061,230	1,868,513
	6,186,367	**6,159,454**
Non-current		
Long service leave	628,024	444,988
	628,024	**444,988**

All employees have defined contribution plans for superannuation and the expense recognised during the year was $3,731,993 (2022: $3,334,148).

19. Loans and borrowings

In dollars	2023	2022
Current	21,907,696	17,001,678
Non-current	29,382,836	15,848,299
	51,290,532	**32,849,977**
Borrowings are represented by the following finance facilities:		
Secured amortising business loan of $4,125,000 commenced in July 2022 maturing July, 2025	2,860,000	–
Secured interest only business loan of $16,000,000 commenced in March 2023 maturing July, 2024	16,000,000	–
Secured amortising business loan of $18,168,000	8,543,000	11,483,000
Equipment finance facility, revolving 3-year limit of $22.0m (Jun 22: $20.0m)	14,869,132	13,450,245
Headroom	**7,130,868**	**6,549,755**
Trade finance facility, revolving 180-day limit of $9.02m (Jun 22: $8.0m)	9,018,400	7,916,732
Headroom	**–**	**83,268**
Working capital facility, $11.0m (Jun 22: $8.4m) including $2.0m bank guarantee (Jun 22: $1.4m), $9.0m bank overdraft (Jun 22: $6.6m) and $0m Import Letters Credit Facility (Jun 22: $0.4m)	1,976,583	4,336,853
Headroom	**9,023,417**	**3,663,147**
Borrowings utilised	**53,267,115**	**37,186,830**
Headroom	**16,154,285**	**10,296,170**
Total accessible borrowing amount	**69,421,400**	**47,483,000**
Borrowings utilised and committed	**53,267,115**	**37,186,830**
Less: Bank overdraft utilised excluded from loans and borrowings disclosed separately on the Statement of Financial Position	–	(3,001,005)
Less: Bank guarantee utilised not drawn	(1,976,583)	(1,335,848)
Total Loans and Borrowings	**51,290,532**	**32,849,977**

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

Covenants are reviewed half-yearly with the lender. The Group has complied with all the respective borrowing covenants throughout the year ended 30 June 2023. The covenant measures include Debt Service Cover ratio, Equity ratio and Financial Debt to EBITDA ratio.

19. Loans and borrowings (continued)

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

All borrowing costs incurred in the year have been expensed.

20. Provisions

In dollars	2023	2022
Make good	469,274	469,274
	469,274	**469,274**

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

21. Deferred income tax liability and current income tax liability

In dollars	2023	2022
Deferred income tax liability movement during the year:		
Opening balance at 1 July	6,990,415	6,596,723
Recognition of previously unrecognised deferred tax not brought to account (v)	(4,298,469)	–
Changes to estimates from prior years	374,674	32,919
Provisions	(394,104)	(250,978)
Accruals	(98,200)	74,124
Property, plant and equipment	2,354,539	537,627
Revenue tax loss	4,978,294	–
Closing balance at 30 June	**9,907,149**	**6,990,415**
Income tax liabilities		
Opening balance at 1 July	1,869,031	310,332
Changes to estimates from prior years	(278,534)	(15,739)
Tax paid	(2,956,964)	(9,790)
Current tax liabilities	2,714,539	1,584,228
Carried forward unpaid tax liabilities	**1,348,072**	**1,869,031**
Unrecognised deferred tax assets		
Deferred tax assets not recognised for the following items:		
Revenue tax losses	1,351,811	11,200,229
Capital losses	411,923	202,441
Temporary differences	181,384	(5,921,940)
	1,945,118	**5,480,730**

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

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

(i) The subsidiaries continue to derive future assessable income of a nature and an amount sufficient to enable the benefit to be realised;

(ii) The subsidiaries continue to comply with the conditions for deductibility imposed by the law;

(iii) No changes in tax legislation adversely affect the subsidiaries in realising the asset and;

(iv) The subsidiaries pass the continuity of ownership test, or the same business test as outlined by the Australian Taxation Office.

(v) Net deferred tax asset of Acrow Formwork & Scaffolding Pty Ltd were previously unrecognised due to uncertainty of realisation, however it has been able to derive assessable income and meet the above four conditions in recent years that enable the benefit from the tax loss to be realised.

22. Issued capital

In units	2023	2022
Number of shares		
On issue of 1 July	252,952,199	219,377,208
Issue of DRP shares (i)	1,844,018	2,138,792
Issue of shares for cash	–	27,631,579
Shares issued through conversion of performance rights (ii)	7,128,149	3,165,120
Exercise of share options (iii)	2,220,190	280,500
Exercise of restricted rights	–	359,000
Issue of loan funded shares (iv)	2,194,500	–
	266,339,056	**252,952,199**

(i) 1,269,071 units of ordinary shares were issued at $0.495 per share following the final dividend declaration on 30 November 2022 pursuant to the Dividend Reinvestment Plan (DRP); 574,947 units of ordinary shares were issued at $0.7242 per share following the FY2023 interim dividend declaration on 31 May 2023 also pursuant to the DRP.

(ii) 7,128,149 units of ordinary shares were issued during the year through conversion of performance rights granted under Long Term Variable Remuneration (LTVR) plan.

(iii) 2,020,190 units of shares were issued during the year against 4,860,000 units of options exercised without cash, forfeiting 2,839,810 units of options at market price; and 200,000 units exercised with cash at $0.20 per unit.

(iv) 2,194,500 units of Loan Funded Shares were exercised at $0.20 per share. After applying accumulated dividend since FY2019, balance on the proceed was $260,049. This was immediately settled by cash, thus no loan has been drawn upon.

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

Dividends

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

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

In dollars	2023	2022
Dividends on ordinary shares declared and paid:		
Final dividend in respect of the previous reporting period:		
FY2022: 1.50 cents per share (FY2021: 1.15 cents per share)		
– Paid in cash	3,270,403	2,239,483
– Paid via DRP	628,190	635,683
Interim dividend for the current reporting period:		
FY2023: 1.70 cents per share (FY2022: 1.20 cents per share)		
– Paid in cash	4,100,428	2,702,944
– Paid via DRP	416,425	323,078
	8,415,446	**5,901,188**

22. Issued capital (continued)

A 60% franked dividend of $3,898,594 for the year ended 30 June 2022 was paid on 30 November 2022 at 1.50 cents per share with 1,269,071 new shares issued as part of the DRP.

An 85% franked interim dividend of $4,516,853 for FY2022 was paid on 31 May 2023 at 1.70 cents per share with 574,947 new shares issued as part of the DRP.

Subsequent to balance date, the Directors declared a dividend of 2.70 cents per share, 100% franked on 14 August 2023.

Franking credit balance was $833,029 at 30 June 2023 (2022: $523,984).

Foreign currency translation reserve

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

Share-based payments reserve

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

23. Capital management

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

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

There are no externally imposed capital requirements.

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

24. Earnings per share

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

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

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

In dollars	2023	2022
Earnings reconciliation		
Profit excluding significant items	30,488,289	17,812,912
Net share-based payments and significant items*	(7,031,249)	(2,118,744)
Net profit after tax	**23,457,040**	**15,694,168**

* Significant items are comprised of share-based payments, restructuring costs and preparation of new yards as in note 6; and for FY2023 the initial recognition of deferred tax of Acrow Formwork & Scaffolding Pty Ltd $2.6m.

	2023	2022
Number of ordinary shares:		
Weighted average number of ordinary shares used in the calculation of basic EPS	261,861,124	248,515,534
Weighted average number of ordinary shares used in the calculation of diluted EPS	269,961,010	258,794,953
Cents per share:		
Basic EPS excluding significant items (cents per share)	11.64	7.17
Diluted EPS excluding significant items (cents per share)	11.29	6.88
Basic EPS (cents per share)	8.96	6.32
Diluted EPS (cents per share)	8.69	6.06

25. Capital commitments

In dollars	2023	2022
Capital commitments		
Capital expenditure contracted for at the reporting date but not recognised as liabilities as follows:		
Plant and equipment	5,920,251	2,382,900

26. Reconciliation of cash flows from operating activities

In dollars	2023	2022
Cash flows from operating activities		
Profit	**23,457,040**	**15,694,168**
Adjustments for:		
– Depreciation and impairment	9,186,227	7,387,349
– Depreciation on right-of-use assets	6,036,729	5,683,003
– Hire equipment loss provision	–	(53,257)
– (Gain) on disposal of assets	(12,024,427)	(4,955,787)
– Share-based payment	3,216,871	1,164,668
Net changes in working capital:		
– Trade and other receivables	(4,815,566)	(9,751,131)
– Inventories	3,474,702	(5,913,632)
– Contract assets	69,113	663,241
– Prepayments and other assets	1,225,167	(1,457,455)
– Assets held for sale	72,579	(6,072)
– Trade and other payables	(6,593,955)	(3,918,210)
– Provisions and employee benefits	209,949	1,353,377
– Liabilities associated with assets held for sale	(69,002)	7,041
– Current income tax liabilities	(520,959)	1,558,700
– Deferred income tax liabilities	2,916,734	393,692
– Lease termination	(152,495)	–
Cash generated from operating activities	**25,688,707**	**7,849,695**
Finance costs	4,181,064	3,513,116
Net cash from operating activities	**29,869,771**	**11,362,811**

27. Remuneration of auditors

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

In dollars	2023	2022
Audit and review of financial reports		
Group and controlled entities	463,485	335,315
Total audit and review of financial reports	**463,485**	**335,315**
Other assurance services	21,169	12,700
Tax compliance services	211,788	111,180
Total other non-audit services	**211,788**	**111,180**
Total services provided by GT	**696,442**	**459,195**

28. Key management personnel and related parties

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

In dollars	2023	2022
Key management personnel compensation for the period:		
• Short-term employment benefits	1,482,551	1,778,441
• Long term employment benefits	110,739	96,309
• Post-employment benefits	50,584	49,810
• Share-based payments	1,069,508	23,792
Total compensation paid to key management personnel	**2,713,382**	**1,948,352**

Other related party transactions

With the resignation of Margaret Prokop in December 2021, rental payments in FY2023 (2022: $1,057,924) and outstanding balances at reporting date (2022: $48,612) to her companies are no longer considered as related party transactions; similarly with the cessation of manufacturing agreement with Nat Pty Ltd in May 2022, no transactions occurred in FY2023 (2022: $1,057,924) or are outstanding at reporting date (2022: $12,496).

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

29. Share-based payments

Loan Funded Shares

There were 2,194,500 units of Loan Funded Shares carried forward from FY2022 with exercise price $0.20 per share. After applying accumulated dividend since FY2019, balance on the proceed was $260,049. This was immediately settled by cash, thus no loan has been drawn upon.

No further loan funded shares had been granted in the reporting year, total number of outstanding shares at 30 June 2023 were nil (2022: 2,194,500).

Reconciliation of outstanding loan funded share options:

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

	2023		2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 July	2,194,500	$0.20	2,475,000	$0.20
Granted during the year	–	–	–	–
Exercised during the year	(2,194,500)	$0.20	(280,500)	$0.20
Outstanding at 30 June	**–**	**–**	**2,194,500**	**$0.20**

At 30 June 2023 the Group had the following share-based payment arrangements.

Options

During the period, 200,000 units were exercised at 20 cents per share with $40,000 proceeds received.

900,000 units were exercised at 40 cents per share cashless and 3,960,000 units were exercised at 50 cents per share cashless, by forfeiting a combined total of 2,839,810 units at market prices for the issue of 2,020,190 units of ordinary shares.

1,500,000 units were cancelled due to termination of employment.

No further options had been granted in the reporting year, total number of outstanding units on 30 June 2023 were 300,000 (2022: 6,860,000).

Balance of all outstanding options at balanced date are as follow:

Grant date	Expiry date	2023 Exercise price	2023 Number of options	2022 Exercise price	2022 Number of options
13 December 2017	13 December 2022	$0.20	–	$0.20	200,000
14 January 2019	14 January 2024	$0.50	–	$0.50	5,100,000
4 March 2019	4 March 2024	$0.50	–	$0.50	360,000
16 July 2019	16 July 2024	$0.40	300,000	$0.40	1,200,000
Balance at 30 June			**300,000**		**6,860,000**

Reconciliation of outstanding share options:

	2023 Number	2023 Weighted average exercise price	2022 Number	2022 Weighted average exercise price
Outstanding at 1 July	6,860,000	$0.47	6,910,000	$0.47
Granted during the year	–	–	–	–
Exercised during the year	(5,060,000)	$0.47	–	–
Forfeited during the year	(1,500,000)	$0.50	(50,000)	$0.20
Outstanding at 30 June	**300,000**	**$0.40**	**6,860,000**	**$0.47**

Performance Rights

Carried forward from FY2022, there were a total of 17,184,826 units Performance Rights (LTVR 1-8) outstanding which were granted based on Earnings Per Share (EPS) and Total Shareholder Return (TSR) performance hurdles over FY2021 to FY2024 periods. There are eight tranches and their movements are summarised as follow:

Long term variable incentives	LTVR 1	LTVR 2	LTVR 3	LTVR 4
Measurement period	FY2022	FY2022	FY2021	FY2021
Hurdle	TSR	EPS	TSR	EPS
Vesting status on 30 June 2023	Vested	Vested	Lapsed	Vested
Outstanding as of 1 July (i)	2,230,405	6,691,213	–	361,500
Grants / (cancellations) of issues	(43,000)	(129,000)	–	–
Unvested or forfeiture	–	(275,614)	–	–
Vested and exercised as ordinary shares	(1,828,405)	(5,010,244)	–	(289,500)
Balance outstanding 30 June 2023	**359,000**	**1,276,355**	**–**	**72,000**

Long term variable incentives	LTVR 5	LTVR 6	LTVR 7	LTVR 8
Measurement period	FY2023	FY2023	FY2024	FY2024
Hurdle	TSR	EPS	TSR	EPS
Vesting status at 30 June 2023	Unvested	Unvested	Unvested	Unvested
Outstanding as of 1 July	1,792,217	1,792,217	2,158,637	2,158,637
Grants / (cancellations) of issues (ii)	537,147	537,147	537,147	537,147
Unvested or forfeiture	–	–	–	–
Vested and exercised as ordinary shares	–	–	–	–
Balance outstanding 30 June 2023	**2,329,364**	**2,329,364**	**2,695,784**	**2,695,784**

(i) 8,474,004 units of LTVR 1 & 2 vested (vesting outcome of 100% and 95.8% respectively) during the FY2023, of which 6,838,649 had been exercised, along with LTVR 4 of which 289,500 units had been exercised, leaving balance of 1,707,355 units vested and exercisable at reporting date.

29. Share-based payments (continued)

(ii) 2,148,588 units of LTVR 5 to 8 were granted to Steven Boland (CEO) pursuant to the Annual General Meeting held on the 15 November 2022, bringing total performance rights to 10,050,296 units, unvested at reporting date.

A further 745,374 units of Performance Rights (LTVR 9 & 10) were granted to senior managers on 12 August 2022, with similar performance conditions as LTVR 5 & 6, these were granted based on Earnings Per Share (EPS) and Total Shareholder Return (TSR) performance hurdles over FY2023 periods.

Total number of all outstanding performance rights on 30 June 2023 were 12,503,025 units (2022: 17,184,826).

Performance rights granted in FY2022 and FY2023 (LTVR 5 to 10) have the following terms:

(i) Exercise price: nil;

(ii) Conversion: upon vesting, conversion to shares on a 1 for 1 basis;

(iii) Dividends: not entitled until performance rights are exercised;

(iv) Vesting hurdles:

a. 50% of each issue measured on Earnings per share (EPS) criteria specifically "Net profit after tax / Weighted average number of shares on issue".

   i. A threshold cumulative return of 8% is required below which no vesting will occur.

   ii. A target return of 10% will vest, either 50% for executives or 62.5% for senior managers, of performance rights and pro rata between 8% and 10%.

   iii. Above 10% return up to a maximum of 20% return the balance of the performance rights will vest on a pro rata basis.

b. 50% of each issue measured on Total Shareholder return (TSR) criteria. This compares the share price and dividends through the measurement period to the ASX Small Industrials Index.

   i. A threshold cumulative return equal to the market is required below which no vesting will occur.

   ii. A target return of 130% of the index TSR will vest, either 50% for executives or 62.5% for senior managers, of performance rights and pro rata between index return and 130% of index return.

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

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

The model inputs for the performance rights (LTVR 5 to 8) granted on the 1 June 2022 included:

a) Exercise price: nil.

b) Share price at grant date of 1 June 2022 was $0.48.

c) Expected price volatility between 14% and 33%- based on comparable companies.

d) Expected dividend yield 5.1%.

e) Risk-free interest rate between 2.25% and 3.6%.

The model inputs for the performance rights (LTVR 9 & 10) granted to senior Managers on the 12 August 2022 included:

a) Exercise price: nil.

b) Share price at grant date of 12 August 2022 was $0.51.

c) Expected price volatility between 21.3% and 38.3% – based on comparable companies.

d) Expected dividend yield 4.7%.

e) Risk-free interest rate at 3.2%.

The model inputs for the performance rights (LTVR 5 to 8) granted to Steven Boland (CEO) on the 15 November 2022 included:

a) Exercise price: nil.

b) Share price at grant date of 15 November 2022 was $0.58.

c) Expected price volatility between 17.9% and 37.4% – based on comparable companies.

d) Expected dividend yield 5.2%.

e) Risk-free interest rate between 3.4% and 3.5%.

30. Financial risk management

Risk management objectives and policies

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

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

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

There was no open foreign exchange contract at 30 June 2023 and 30 June 2022.

Fair value hierarchy

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

Fair value inputs are summarised as follows:

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

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

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

The fair value hierarchy was not applicable for the year ended 30 June 2023, as the Group held no financial assets or liabilities that required valuation.

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

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

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

Market risk analysis

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

Exposure to currency risk

As at 30 June 2023 the Group held the below AUD equivalent of foreign currency risks in USD, EUR and HKD:

	30 June 2023			30 June 2022		
In dollars	**USD**	**EUR**	**HKD**	**USD**	**EUR**	**HKD**
Trade payables	4,796,939	682,466	20,880	2,728,137	768,196	191,557
Purchase orders at 30 June	11,695,444	2,524,055	359,140	3,479,939	1,695,780	232,824
Cash at Bank	–	–	–	(59,369)	–	–
Net exposure	**16,492,383**	**3,206,521**	**380,020**	**6,148,707**	**2,463,976**	**424,381**

Foreign currency sensitivity

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

	Profit or loss	
In dollars	**Strengthening**	**Weakening**
USD (10% movement)	1,596,215	(1,735,579)
EUR (10% movement)	305,289	(342,493)
HKD (10% movement)	34,969	(41,803)

Interest rate risk

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

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

30. Financial risk management (continued)

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

At 30 June 2023 the Group has the following exposure to interest rates on borrowings:

In dollars	2023	2022
Fixed rate instruments		
Loans and borrowings	23,887,532	21,366,977
Variable rate instruments		
Loans and borrowings	27,403,000	11,483,000
Overdraft	–	3,001,005

Interest Rate Sensitivity

At 30 June 2023, the Group held interest bearing loans of $51,290,532 (2022: $32,849,977) and a bank overdraft of nil (2022: $3,001,005).

An increase of 100 basis points in interest rates on variable instruments at the reporting date would have a negative impact of $186,571 (2022: $155,723) on the net profit, whereas a decrease of 100 basis points would have a positive impact of $189,867 (2022: $143,611) on the net profit.

Credit risk analysis

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors such as market segment, financial profile, default risk of the industry sector and credit history of the customers. To manage this risk, the Group has a policy for establishing credit approvals and limits under which each new customer is analysed individually for creditworthiness before standard payment terms and limits are granted. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. The summary of the Group's trade receivables is available in note 10.

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

Macroeconomic Scenarios

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

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

Write-off policy

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

Liquidity risk analysis

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

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

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

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

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

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

The following liquidity risk disclosures reflect all contractually fixed repayments and interest resulting from recognised financial liabilities and derivatives as of 30 June 2023. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract.

		Contractual cash flow			
	Carrying amount	Total	1 year or less	1 to 5 years	Over 5 years
2023					
Non-derivative financial liabilities					
Trade payables and accrued expenses	14,890,123	(14,890,123)	(14,890,123)	–	–
Loans and borrowings	51,290,532	(54,213,736)	(24,098,777)	(30,114,959)	–
Lease liabilities	23,912,717	(27,132,178)	(6,525,646)	(16,246,407)	(4,360,125)
	90,093,372	**(96,236,037)**	**(45,514,546)**	**(46,361,366)**	**(4,360,125)**
2022					
Non-derivative financial liabilities					
Trade payables and accrued expenses	21,484,027	(21,484,027)	(21,484,027)	–	–
Loans and borrowings	32,849,977	(35,302,897)	(18,039,906)	(17,262,991)	–
Lease liabilities	28,249,469	(33,556,109)	(6,392,739)	(19,481,318)	(7,682,052)
	82,583,473	**(90,343,033)**	**(45,916,672)**	**(36,744,309)**	**(7,682,052)**

31. Group entities

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

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

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

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

32. Operating segments

The Group's operating segment is based on the internal reports that are reviewed and used by the Board of Directors and the executive management team (being the Chief Operating Decision Makers ("CODM")) in assessing the financial performance and in determining the allocation of resources. The Group operates in the building construction market, providing falsework, formwork, scaffolding, screens and related material for hire and sales. There are no operating segments for which discrete financial information exists.

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

33. Parent entity disclosures

In dollars	2023	2022
Results of the parent entity		
Profit for the period	4,257,926	1,139,571
Total comprehensive income for the period	**4,257,926**	**1,139,571**
Financial position of the parent entity at year end		
Current assets	42,940	18,455
Non-current assets	54,889,773	54,554,925
Total assets	**54,932,713**	**54,573,380**
Current liabilities	193,003	201,184
Total liabilities	**193,003**	**201,184**
Net assets	**54,739,710**	**54,372,196**

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

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

34. Deed of cross guarantee

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

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

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

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

Statement of profit or loss

For the year ended 30 June 2023

In dollars	2023	2022
Revenue	149,814,345	140,826,918
Other income	12,024,427	4,955,787
Personnel expenses	(55,699,125)	(51,815,012)
Sub-contract labour costs	(15,469,758)	(18,039,520)
Inventory purchased, net of changes in finished goods	(28,012,324)	(31,642,371)
Depreciation	(15,222,956)	(13,070,352)
IT and telecommunication expenses	(1,858,760)	(1,641,245)
Freight costs	(1,914,389)	(1,975,256)
Insurance expenses	(1,216,688)	(1,090,449)
Expected credit loss provision and bad debt expense	(3,145,000)	(650,000)
Other expenses	(5,854,273)	(4,688,074)
Profit before net finance costs and income tax	**33,445,499**	**21,170,426**
Finance costs	(4,481,063)	(3,513,116)
Profit before income tax	**28,964,436**	**17,657,310**
Income tax expense	(5,352,740)	(1,962,182)
Profit from continuing operations	**23,611,696**	**15,695,128**

34. Deed of cross guarantee (continued)

Statement of Financial Position

As at 30 June 2023

In dollars	2023	2022
Current assets		
Cash and cash equivalents	4,939,277	3,010,318
Trade and other receivables	39,178,433	34,362,867
Inventories	11,397,484	14,872,186
Contract assets	42,814	111,927
Prepayments and other assets	3,850,665	5,075,832
Total current assets	**59,408,673**	**57,433,130**
Non-current assets		
Property, plant and equipment	131,589,548	95,490,436
Right-of-use lease assets	20,088,885	24,478,720
Intangible assets	7,428,704	7,428,694
Total non-current assets	**159,107,137**	**127,397,850**
Total assets	**218,515,810**	**184,830,980**
Current liabilities		
Bank overdraft	–	3,001,005
Trade payables	14,739,052	21,484,027
Other payables	3,000,000	–
Employee benefits	6,186,367	6,159,454
Lease liabilities	6,375,328	4,964,215
Loans and borrowings	21,907,696	17,001,678
Current tax liabilities	1,348,072	1,869,031
Total current liabilities	**53,556,515**	**54,479,410**
Non-current liabilities		
Other payables	4,000,000	–
Employee benefits	628,024	444,988
Lease liabilities	17,537,389	23,285,254
Loans and borrowings	29,382,836	15,848,299
Provisions	469,274	469,274
Deferred income tax liability	9,907,149	6,990,415
Total non-current liabilities	**61,924,672**	**47,038,230**
Total liabilities	**115,481,187**	**101,517,640**
Net assets	**103,034,623**	**83,313,340**
Equity		
Issued capital	61,809,122	58,310,046
Share-based payments reserve	4,022,213	3,003,681
Retained earnings	37,203,288	21,999,613
Total equity	**103,034,623**	**83,313,340**

35. Subsequent events

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

- Trade finance loans of $893,334 were drawn and repayable in full within 180 days.
- Insurance premium finance loans of $3,202,846 in total were drawn and repayable in full by July 2024.

On 14 August 2023 the Directors declared a 100% franked dividend of 2.7 cents per share to be paid on 30 November 2023. Dividend Reinvestment Plan is available for election. The dividend has not been provided for in this financial report as it was not declared until after 30 June 2023.

On 21 August 2023 a total of 4,807,117 units of performance rights on FY2024 and FY2025 have been issued to executives and senior managers.

Other than the above events, there has not otherwise arisen between 30 June 2023 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial years.

Directors' Declaration

For the year ended 30 June 2023

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

(a) The consolidated financial statements and notes set out on pages 44 to 77 and the Remuneration Report in the Directors' Report, set out on pages 23 to 43 are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance, for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards, International Financial Report Standards and the *Corporations Regulations 2001*;

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

(c) There are reasonable grounds to believe that Acrow Formwork and Construction Services Limited and its controlled entities identified in note 31 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between Acrow Formwork and Construction Services Limited and its controlled entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

(d) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2023.

Signed in accordance with a resolution of the Directors:

Peter Lancken
Chairman

Sydney, 22 September 2023

Steven Boland
Director, Chief Executive Officer

Sydney, 22 September 2023

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Independent Auditor's Report

To the Members of Acrow Formwork and Construction Services Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Acrow Formwork and Construction Services Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill (Note 16)	
As disclosed in Note 16, intangible assets comprise goodwill relating to the acquisition of Natform Pty Ltd and Natform (QLD) Pty Ltd which amounts to $7.4 million. In accordance with AASB *136 Impairment of Assets*, the Group is required to test the carrying value of goodwill annually. Management has tested goodwill for impairment by comparing the carrying value of the assets related to this cash-generating unit to a valuation model based on the value in use of these assets. We have determined this is a key audit matter as this assessment requires the exercise of significant judgement about forecasting future revenues and expenses, including discount rates applied to cash flows.	Our procedures included, amongst others: • Enquiring with management to obtain and document an understanding of the processes and controls related to the assessment of impairment, including the calculation of the recoverable amount; • Obtaining management's value-in-use calculations to: – Test the mathematical accuracy; – Evaluate management's ability to perform accurate estimates by comparing historical forecasting to actual results; – Test forecast cash inflows and outflows; and – Assess the discount rates applied to forecast future cash flows; • Evaluating the value in use model against the requirements of AASB 136, including consultation with our internal valuation experts; • Performing sensitivity analysis on the significant inputs and assumptions made by management in preparing the calculation; and • Assessing the appropriateness of the disclosures included in the financial report.
Expected credit loss (Note 10)	
As disclosed in Note 10, the Group's expected credit loss provision amounts to $2.5 million. In accordance with AASB 9 *Financial Instruments*, the Group is required to prepare an estimation of expected credit losses as at 30 June 2023. We have determined this is a key audit matter due to the inherent subjectivity involved in the Group making forward looking judgements in relation to the recovery of credit risk exposures. We further note there is an increased risk in relation to the recoverability of trade receivables in the current year due to the unstable environment in the construction industry resulting from the insolvency risk that may impact the Group's customers.	Our procedures included, amongst others: • Assessing the Group's expected credit loss model at year end with respect to the requirements of the accounting standard AASB 9; • Reviewing management's accounting paper and assessing the reasonableness of key assumptions used in their expected credit loss model; • Testing the trade receivables ageing profile prepared by the Group for the purpose of placing reliance on the trade receivables ageing profile for our analysis; • Assessing the Group's identification of credit impaired trade receivables including the basis adopted by the Group in the identification; • Challenging the identified trade receivables by taking into account past payment trends, industry

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Key audit matter	How our audit addressed the key audit matter
	data and observable data specific to the relevant customers and to customers that are more than 90 days past due; and • Assessing the appropriateness of the disclosures included in the financial report.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

Independent Auditor's Report

For the year ended 30 June 2023

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Acrow Formwork and Construction Services Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

N P Smietana
Partner – Audit & Assurance

Sydney, 22 September 2023

Shareholder Information

For the year ended 30 June 2023

Additional Information for Listed Entities (Shareholder Information)

The shareholder information set out below was applicable as at 22 September 2023 (**Reporting Date**).

Substantial Holders

Top Holders	Securities	%
PERENNIAL VALUE ASSET MANAGEMENT	25,467,210	9.57%

Holding Distribution

Analysis of numbers of equity holders by size of holding:

Ordinary Shares

Top Holders	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	1,601	167,353	0.06%
above 1,000 up to and including 5,000	680	1,837,424	0.69%
above 5,000 up to and including 10,000	425	3,371,136	1.26%
above 10,000 up to and including 100,000	1,382	50,306,598	18.85%
above 100,000	335	211,161,741	79.13%
Totals	**4,423**	**266,844,252**	**100.00%**

Performance Rights

Top Holders	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	–	–	–
above 1,000 up to and including 5,000	–	–	–
above 5,000 up to and including 10,000	–	–	–
above 10,000 up to and including 100,000	2	121,652	0.72%
above 100,000	34	16,849,365	99.28%
Totals	**36**	**16,971,017**	**100.00%**

Based on the price per security, number of holders with an unmarketable holding: 1,477, with total 67,974, amounting to 0.03% of Issued Capital

Voting Rights

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

Performance Rights – do not have voting rights.

Securities subject to Voluntary Escrow

There are no securities voluntarily escrowed.

Unlisted Securities

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

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

On-Market Buy-Back

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

Shareholder Information

For the year ended 30 June 2023

Top Holders

Twenty Largest Quoted Equity Security Holders

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

Position	Holder Name	Holding	% IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	35,936,618	13.47%
2	KENECO PROPERTY PTY LTD <FAMIGLIA A LTD PARTNER A/C>	13,086,667	4.90%
3	CITICORP NOMINEES PTY LIMITED	12,973,816	4.86%
4	MARGARET ANNA PROKOP	7,126,209	2.67%
5	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	6,721,703	2.52%
6	BOND STREET CUSTODIANS LIMITED <SALTER – D79836 A/C>	6,716,495	2.52%
7	NATIONAL NOMINEES LIMITED	6,156,141	2.31%
8	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,559,417	2.08%
9	MRP PROPERTY PTY LTD <MRP GROUP FAMILY A/C>	4,751,043	1.78%
10	11 BELGRAVIA PTY LTD <A & S SUPER FUND A/C>	3,152,543	1.18%
11	MR ANDREW HAROLD KENNARD & MRS PRUDENCE ALICE KENNARD <KENNARD FAMILY SUPER FUND>	3,039,474	1.14%
12	JOSAMBA PTY LTD <WR&P GIBSON SUPER FUND A/C>	2,500,000	0.94%
13	DRACKA PTY LTD <THE DRACKA A/C>	2,265,625	0.85%
14	WHOOSHKA NOMINEES PTY LTD <WALLY WHOOSHKA A/C>	2,184,976	0.82%
15	MARYVILLE PTY LTD <BOLAND FAMILY A/C>	2,149,306	0.81%
16	MALCOLM & JUNE ROSS INVESTMENTS PTY LTD	2,091,132	0.78%
17	BOND STREET CUSTODIANS LIMITED <SA1 – D74506 A/C>	1,644,672	0.62%
18	BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	1,552,055	0.58%
19	BRUNDEE INVESTMENTS PTY LTD <KIRRA FAMILY A/C>	1,515,368	0.57%
20	MR MATTHEW ROBERT CAPORELLA	1,503,649	0.56%
	Total	**122,626,909**	**45.95%**
	Total issued capital	**266,844,252**	**100.00%**

Other Information:

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

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

Corporate Directory

For the year ended 30 June 2023

COMPANY

Acrow Formwork and Construction Services Limited

BOARD OF DIRECTORS

Mr Peter Lancken AM | Non-Executive Chairman

Mr Steven Boland | Executive Director

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

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

Mr David Moffat | Non-Executive Director

CHIEF FINANCIAL OFFICER

Mr Andrew Crowther

COMPANY SECRETARY

Mr Lee Tamplin

REGISTERED OFFICE

c/- Automic Group
Level 5, 126 Phillip Street
Sydney NSW 2000

SHARE REGISTRY

Automic Group
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Sydney NSW 2000

AUDITOR

Grant Thornton Audit Pty Ltd
Level 17, 383 Kent Street
Sydney NSW Australia 2000

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