ACROW SINCE 1936

ANNUAL REPORT 2021

CONTENTS

Front cover: *Multi-purpose gantry at CBD North Station, Metro Tunnel, Melbourne*
Above: *Natform screen systems at 6 Hassall Street, Parramatta*

2021 HIGHLIGHTS

At the start of every great project since 1936.

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

This was Acrow's eighth consecutive year of growth and we maintain a robust pipeline of opportunities for the future.

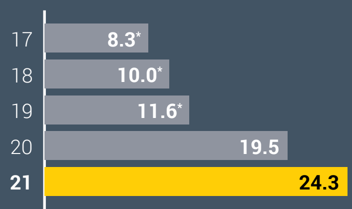
www.acrow.com.au

REVENUE
22%
TO $105.7m

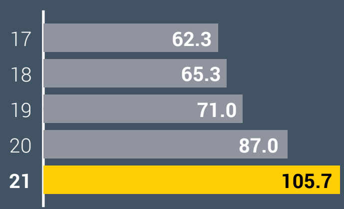
PRE-TAX PROFIT
35%
TO $10.2m

EBITDA
25%
TO $24.3m

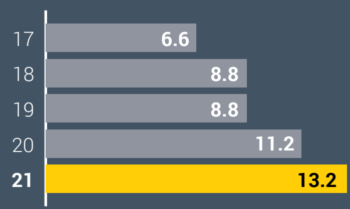
EBITDA $m



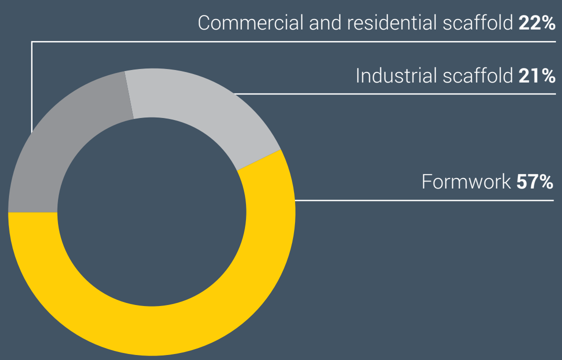
TOTAL REVENUE $m



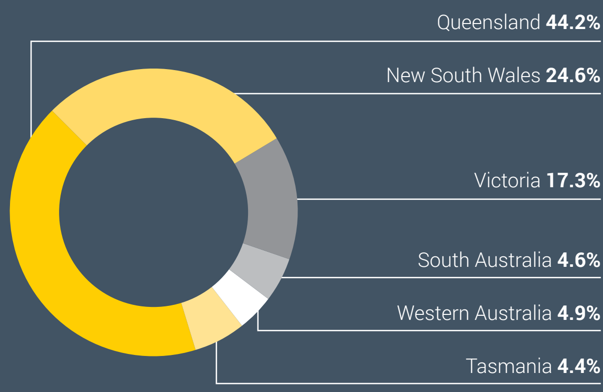
OPERATING CASH PROFIT $m



REVENUE BY BUSINESS UNIT#



REVENUE BY GEOGRAPHY#



*Pre AASB EBITDA includes lease payment expense

#Revenue includes sale of ex hire equipment

CHAIRMAN'S ADDRESS

Acrow delivered a strong result for FY21 despite the disruptions caused by COVID-19. During the year our strategic pivot toward providing highly engineered services for the civil infrastructure, formwork and industrial services markets continued.

Since listing in 2018 we have transformed Acrow's business through acquisition and organic growth with a focus on strengthening capabilities to serve these markets. We have been careful asset managers, prudently using capital to equip ourselves for the next stage of growth. The outcome is that our business has a unique product and service offering.

We have transitioned from servicing the residential scaffold market, which is no longer a significant part of our business, to expanding our civil formwork business and adding screen-based systems and industrial scaffold services. This is backed by a growing depth of specialised engineering expertise. This has allowed us to develop sophisticated packages that differentiate our services and enable us to secure higher margin civil infrastructure work on a number of flagship projects across the east coast of Australia.

Our strategy is to become the leading provider of engineered formwork sales and hire equipment, and the leading engineered solutions provider to the industrial scaffold market in Australia. We serve more than 1,300 customers in the construction and civil engineering sectors from ten locations in major cities nationwide.

STRONG FINANCIAL PERFORMANCE

Financial highlights for the year included earnings before interest, tax and amortisation (EBITDA) of $24.3 million, up 25% on the previous year and a record for the company. These compare with reported EBITDA of $10.0 million* in FY18 and represent an increase of more than 140% over three years, demonstrating the company's progress in a comparatively short time. Underlying net profit was $8.7 million, up 10%, despite the effect of a higher tax rate as our Natform and Uni-span operations increased profitability.

The company has a strong balance sheet and generates strong cash flow. In FY21, cash flow from operations was $23.8 million, and much of this was reinvested in growth. We have increased resources to take advantage of the substantial opportunities across government funded civil infrastructure development programs in the road, rail, defence and utilities sectors.

We have also modernised our technology to underpin the anticipated growth of our business and enhance security from the increasing risk of cyber threats. A one-off IT upgrade was completed for $1.3 million during the year.

DIVIDEND

The Board's dividend policy is to pay between 30% and 50% of operating cash profit. Having delivered strong earnings and cash flow, the final dividend declared for the year of 1.15 cents per share brings total dividends for the year to 1.90 cents per share, fully franked, up from 1.05 cents per share in the previous year.

ACQUISITIONS STRENGTHEN ENGINEERING CAPABILITY

Acquisitions have significantly broadened our business, allowing Acrow to package a full suite of formwork, scaffold, screening products and engineering services for the construction and industrial maintenance industries. This was particularly enhanced with the acquisition of Uni-Span, which provided Acrow with access to an exclusive distribution arrangement with ULMA, a leading global manufacturer and supplier of formwork, shoring and temporary scaffolding systems.

Our industrial services business was founded with the acquisition of Uni-span. Industrial services sales nearly doubled in FY21 as we expanded from our primary Queensland market into NSW, South Australia and Tasmania and entered new market segments including

* Pre the adoption of AASB16 leases

35% EBITDA INCREASE TO $24.3m

Enkoform formwork and Cuplok scaffolding, Coombabah Waste Water Treatment Plant – Clarifier H1, Queensland

power utilities, mining operations and other industrial sectors. Our businesses share an entrepreneurial and customer-focused culture; teamwork across our business lines has opened numerous opportunities to cross-sell our expanded product suite and engineering capabilities.

We now have the largest dedicated temporary structure engineering and design team in Australia, with more than 30 specialists. We work closely with customers using the latest software visualisation techniques to tailor high-quality, time-saving, and cost-effective engineering solutions. This expertise is fundamental to the innovative packages which help us win new work.

CAPITAL RAISING

After balance date, we raised $10.5 million through a placement to fund growth in our industrial services and civil formwork businesses. This capital places us in a strong position to take advantage of the infrastructure boom which is currently taking place. I would like to acknowledge the support of our existing and new shareholders who believe in our business and helped make this capital raise successful.

BOARD SUCCESSION

As Acrow evolves we have ensured that our Board is refreshed with new skills and experience to guide our future progress. I would like to thank Josh May, who retired from the board in October 2020, and acknowledge Gregg Taylor and Margaret Prokop for their service. Gregg will retire at the 2021 Annual General Meeting and Margaret on December 31, 2021.

It is a pleasure to welcome to the Board Melanie Allibon, who joined us on 1 September 2021. She is an experienced global people manager and company director. Her executive experience includes human resources roles at Pacific Brands, Seven Group and Newcrest, and she is currently a non-executive director of ASX-listed Boom Logistics.

Effective 1 October 2021, Laurie Lefcourt, an experienced non-executive director and senior finance executive, also joins our Board. Laurie has held senior finance roles at Queensland Rail and Rio Tinto and is currently a non-executive director of ASX-listed Tamawood and Advance Nanotek.

CLOSING

On behalf of the Board, I would like to express my thanks to Steven Boland, his leadership team and all Acrow's employees for the part they have played in Acrow's performance to-date.

I am excited about the future for the company as we participate in what we expect will be a long-lived infrastructure cycle. The value of major Australian transport infrastructure projects in 2022 is more than $14 billion. Acrow is well positioned to benefit from our innovative engineering, formwork and scaffolding expertise and product set as we prepare for continued expansion.

Peter Lancken AM Chairman

MANAGING DIRECTOR'S REPORT

In the three years since becoming an ASX listed company, I am very pleased to say, Acrow has come a long way.

Four key initiatives have transformed our business and all four have been executed successfully.

The first of these was pivoting away from the heavy reliance to the residential scaffolding market towards the formwork market, focusing on the Australian east coast civil infrastructure sector for growth. This pivot required significant investment in both people and equipment.

The second was the acquisition of Natform in October 2018, which expanded our product range with its protective screen-based formwork systems and brought with it a talented and entrepreneurial management team.

The third was the acquisition of Uni-span's Queensland-based formwork, industrial scaffolding and labour hire business in November 2019. Uni-span had similar dynamics to Acrow and brought a complementary formwork equipment offering and a well-regarded professional team. This helped us to establish our industrial services business and enter an exciting market with a well establish Queensland business. Access to ULMA's formwork products has triggered a leap in our capability from the sale and hire of formwork products to formwork systems.

The fourth initiative was our strategy to expand the industrial services business nationally. In a short period of time, we have already secured projects in NSW, South Australia and Tasmania and are investing further in this business to drive growth.

These initiatives have enabled us to increase our share of publicly funded civil infrastructure projects with the result that our highly technical, value-added formwork and industrial services businesses provided 84% of total revenue in FY21, a significant increase from 43% in FY17. So, the goals that we established in April of 2018 have been successfully completed.

Underpinning all these initiatives has been focussing on industry best engineering capability. The ability of our Engineering group to develop innovative formwork and industrial scaffold solutions has been critical in our ability to win tender packages on flagship civil infrastructure projects and major industrial facility contracts.

Acrow is now in a unique position across the Australian Formwork, Screens, Industrial Services and Commercial Scaffold markets, as there is no other company in Australia with the capacity to offer the range of products and services across the country.

SIGNIFICANT NEW CONTRACT WINS

During FY21, we reported the best four months of secured new hire contracts in the history of the business. This is the most important short to medium-term lead indicator for our business, with secured hire contracts increasing to $39.3 million in FY21, up 34% compared to the prior year. This stands the business in very good stead moving into the new financial year.

We have been very successful at winning projects including marquee contracts which have enhanced our reputation significantly. Across our Formwork division, key project wins included additional packages for Melbourne Metro Rail at Arden Street, Town Hall and State Library stations; Melbourne Western Distributor at Westgate Tunnel and Hyde Street Ramps; Sydney Metro Rail at Crows Nest Station; and the Cooroy to Curra Highway upgrade in Queensland. We have also experienced a significant uplift in secured screens contract wins in all east coast markets, and I am especially pleased with the growth of both the Queensland and Victorian businesses.

Key projects secured by our industrial services division included maintenance and shutdown contracts with Visy's Tumut Kraft Paper Mill; the Bayswater, Liddell, Eraring, and Mt Piper power stations; Olympic Dam in South Australia; and the Nystar Zinc Refinery in Tasmania. We have a growing list of blue-chip industrial services customers which include Origin Energy, UGL, Downer EDI and Monadelphous.

FINANCIAL OVERVIEW

Sales revenue was $105.7 million, an increase of 22% on the prior year and a record for the company. This reflected the strong performance of our Industrial

22% REVENUE INCREASE TO $105.7m

MK System motorised traveller at Legacy Way, Brisbane, Queensland

Services business and growth for the Formwork division across the east coast, together with expanding product sales and four months additional contribution from Uni-span. The company's EBITDA margin increased 60 basis points to 23.0% in FY21.

Formwork revenue increased 19% to $60.5 million and Industrial Services revenue grew 114% to $21.7 million (including an additional four months from Uni-span). Commercial Scaffold revenue was affected by soft markets and revenue declined 22% to $10.1 million.

Underlying group pre-tax profit of $10.2 million was up 35% compared to the prior year as we maintained tight control of costs and achieved benefits from increased scale.

STRONG BALANCE SHEET AND CASH FLOW

We have a strong balance sheet and during the year refinanced and extended our debt facility on favourable terms. This provides financial flexibility for growth and includes a $18 million term debt facility, $10 million equipment finance facility and $8 million facility for working capital.

Our capital expenditure and the deferred consideration for the Uni-span acquisition are reflected in net gearing which increased to 26.7% at 30 June 2021 from 20.0% at 30 June 2020. The final deferred consideration of $3.3m for Uni-span is payable in October 2021.

Acrow's effective tax rate was 14.8%, as tax paid by the Natform and Uni-span businesses was offset by Acrow's carry forward tax losses. We are investing to secure new civil infrastructure formwork and industrial services contracts, with total capital expenditure of $16.2 million, up from $12.1 million. Our recent IT upgrade is generating savings in the order of $25,000 per month.

FORMWORK

Our Formwork division increased sales as we continued to pivot nationally toward the growing civil infrastructure markets. Highlights included an exceptional trading performance in Melbourne, greater product sales, and growth in Natform.

Victorian formwork revenue increased to $13.8 million, nearly double the previous year and up nearly 600% from FY18. Melbourne formwork revenue increased 84% as we secured sizable packages for significant projects at Melbourne Metro Rail, Melbourne Western Distributor and Echuca Murray River Bridge. This demonstrated our growing reputation for high quality product and engineering capability.

Queensland remains Acrow's largest formwork market, with revenue growing 32% to $19.6 million. Key contracts included the Bruce Highway Cooroy to Curra section upgrade project, Chinatown Mall Commercial Tower and Tweed Heads Hospital. NSW sales also grew 26%.

Natform revenue grew 31% year on year. This included a new $1.1 million package to supply screens to Meriton's 180 George Street Parramatta development, its largest contract to date, amidst growth across all east coast states.

Product sales now contribute 35% of group revenue and continue to provide an important channel for acquiring and retaining clients.

INDUSTRIAL SERVICES

Our strategy to expand industrial services nationally gained momentum with significant contract wins and expansion into new markets including hydro power in Queensland, power stations in NSW and Queensland and the mining sector in South Australia and Tasmania.

When Acrow acquired Uni-span, the business was generating annual revenue of around $10 million. We have doubled sales by introducing new resources, targeting interstate growth and a broader range of industries. Our solutions-based approach has focused mainly on large operators and projects, which has enabled us to develop highly engineered and tailored packages that differentiate our services, unlike the commoditised nature of the Commercial Scaffold business.

We are investing in industrial services talent and specialised equipment to take advantage of the many opportunities available, predominantly on Australia's east coast. This business has significant potential to become a key earnings driver for Acrow and provides a strong, non-cyclical revenue stream.

COMMERCIAL SCAFFOLD

Our Commercial Scaffold business continued to experience soft markets, particularly in NSW.

Although commercial scaffold volumes remained consistent, weakness in the high-rise construction market has contributed to pricing remaining under pressure. However, our experience is that this business is cyclical. We are encouraged by growth opportunities in South Australia and Victoria, and anticipating there will be opportunities to increase margins over time, remain committed to this business.

Whilst Acrow will not focus on growing the business in this market segment, we will continue to participate in this area, and expect to benefit from increased margins as and when activity levels increase at some point, in what is a very price sensitive market.

RESPONSE TO COVID-19

Our teams responded effectively to the COVID-19 pandemic, maintaining a safe working environment and ensuring the safety of employees, customers and subcontractors. We implemented immediate risk mitigation measures and have experienced no days lost or cases of COVID-19 across our operations in FY 21. While we continue to navigate these challenges, both the federal and state governments have prioritised the continued operation of essential services.

PEOPLE

Our people are essential to our success, and we are focused on becoming an industry-leading employer of choice and developing a depth of talent across our operations, particularly in engineering. We aim to recruit, train and retain the best management and engineering talent to drive our business.

We have a strong, entrepreneurial and solutions-focused culture which places our customers at the heart of everything we do. I would like to take this opportunity to thank our team for their resilience and dedication during this exciting time of growth. In over 30 years of working in management roles across a range of businesses and industries, I have never worked with a more committed or talented group of people as I am now proud to work with at Acrow.

I would also like to thank our very committed Board, led by our Chairmen Peter Lancken, for their ongoing support and counsel.

OUTLOOK

We have had a very strong start to the new financial year, securing further contracts to provide industrial scaffold hire and labour services for maintenance shutdown programs at the Bayswater, Eraring, and Mt Piper power stations in NSW. Secured hire contract win momentum is continuing and demand is growing for our Formwork, Natform and Industrial Services businesses, particularly on the east coast. I am also very pleased with the progress of our branches in Western Australia, South Australia and Tasmania , which are now strongly capitalising on the organic growth opportunities that the Uni-span acquisition has brought with it.

The federal government plans to spend $110 billion over ten years to improve Australia's infrastructure, and we anticipate continued growth as we tender for packages supporting projects including the Great Western Highway upgrade, Melbourne Intermodal Terminal, North-South Corridor – Darlington to Anzac Highway and others where planning is still in its infancy. This activity will see Acrow experience at least a decade of opportunity to grow its civil infrastructure revenue base.

We are confident of continued strong growth into the new financial year and anticipate that FY22 revenue and EBITDA will exceed FY21 by a minimum of 20%. This includes our FY22 revenue target for Industrial Services of $31 million.

We are also targeting an increase in underlying net profit after tax of minimum 40%.

Our recent capital raising is enabling us to invest in our formwork and industrial services capabilities. We plan to strengthen our technical expertise and capability in the civil infrastructure sector and roll out our Industrial Services division nationally. Our plan is to focus on high return on investment organic growth opportunities as we benefit from increasing recognition of our expanded product suite and engineering capabilities to cross-sell products across our business.

We continue to seek earnings accretive acquisitions, primarily across the formwork and industrial services sectors. We believe Acrow has a strong future and look forward to reporting to you as we continue our journey.

Steven Boland
CEO

CASE STUDY: MT PIPER POWER STATION

PROJECT: Scaffolding for the shutdown of the Mt Piper power station

TECHNOLOGY: Aluminium planks as working decks saved 20 tonnes of equipment

STAFF: 50 workers on site 24hrs a day

At Mt Piper Power Station, Acrow's Uni-span Industrial Services is providing a full scaffolding turnkey solution including design, supply and install to support the shutdown of a furnace. At its peak the project will involve more than 50 staff on site operating 24 hours a day.

Acrow has developed a highly engineered, lightweight scaffold, 50 metres tall yet easy to move and able to sit in the throat of the furnace. This has enabled workers to access the burners, throat, and sides of the furnace, where they perform non-destructive testing and repairs. Over the course of the project a multitude of scaffold structures will allow maintenance workers safe access around the plant.

Photo: *Mt Piper Power Station, Portland, NSW*
Illustration: *Schematic diagram of furnace kit*

Our knowledge and experience enabled us to meet our customer's requirements on this critical power network infrastructure. Lightweight design reduced manual handling requirements within the furnace. Using our aluminium planks as working decks eliminated the need for more than 20 tonnes of equipment, which would typically be erected by hand in a confined area. Our engineered solution significantly reduced the risk of fatigue and manual handling.

> "Acrow's industrial services provided a full scaffolding turnkey solution using specialised, highly engineered lightweight scaffold for the Mt Piper shutdown.

FORMWORK

FORMWORK OVERVIEW

- Provides a range of wall forming panel, soffit forming and conventional systems for large and small construction equipment
- Dry hires formwork equipment and provides the product that forms the temporary mould to support concrete structures during construction
- Dry hires falsework equipment used to support suspended horizontal structures during construction
- Products are manufactured overseas and imported
- Generates revenue through dry hire agreements that are typically based on a price per tonne per week, or price per cubic metre per week
- Bespoke special formwork and climbing systems provided for large projects

INDUSTRIAL SERVICES

INDUSTRIAL SERVICES OVERVIEW

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

COMMERCIAL SCAFFOLD

COMMERCIAL SCAFFOLD OVERVIEW

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

SCREENS

SCREENS OVERVIEW

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

FY21 COMMENTARY

- Continued strong growth with expanded product and service offering across key east coast markets
- Revenue up 19%
- Increased focus on product sales which contributed 49% of formwork revenue
- Key project wins included packages on Melbourne Metro Rail, Melbourne Western Distributor, Sydney Metro Rail – Crows Nest Station, Cooroy to Curra Highway upgrade

FY22 STRATEGY

- Benefit from uplift in Queensland infrastructure activity as projects ramp up
- Continue growth from infrastructure development in NSW
- Further increase product sales to retain and secure new customers
- Ongoing capital investment to support growth
- Significant cross-selling opportunities

Right: *Enkoform formwork at Coombabah Waste Water Treatment Plant – Clarifier H1, Queensland*

FY21 COMMENTARY

- Record sales and profit
- Revenue up 114% (includes additional 4 months)
- Acquired as part of Uni-span in October 2019
- Expanded outside its established Queensland market with projects in NSW, SA and Tasmania
- Increasing blue-chip customer base

FY22 STRATEGY

- Build new revenue channels through further interstate expansion
- Expansion into new markets including coal fired power stations, hydro power and mining
- Further capital investment to support growth
- Significant cross-selling opportunities

Right: *Scaffold crew at Bruce Highway, Cooroy to Curra section, Gympie, Queensland*

FY21 COMMENTARY

- Difficult trading conditions continued
- Softness in high-rise construction market impacting pricing, particularly in NSW
- Margins remain under pressure
- Signs of recovery in Victoria and South Australia although NSW remains challenging

FY22 STRATEGY

- Continuing participation in commercial projects
- Markets expected to remain challenging
- Significant cross-selling opportunities

Right: *Quickstage scaffolding, St. Johns Cathedral, Brisbane, Queensland*

FY21 COMMENTARY

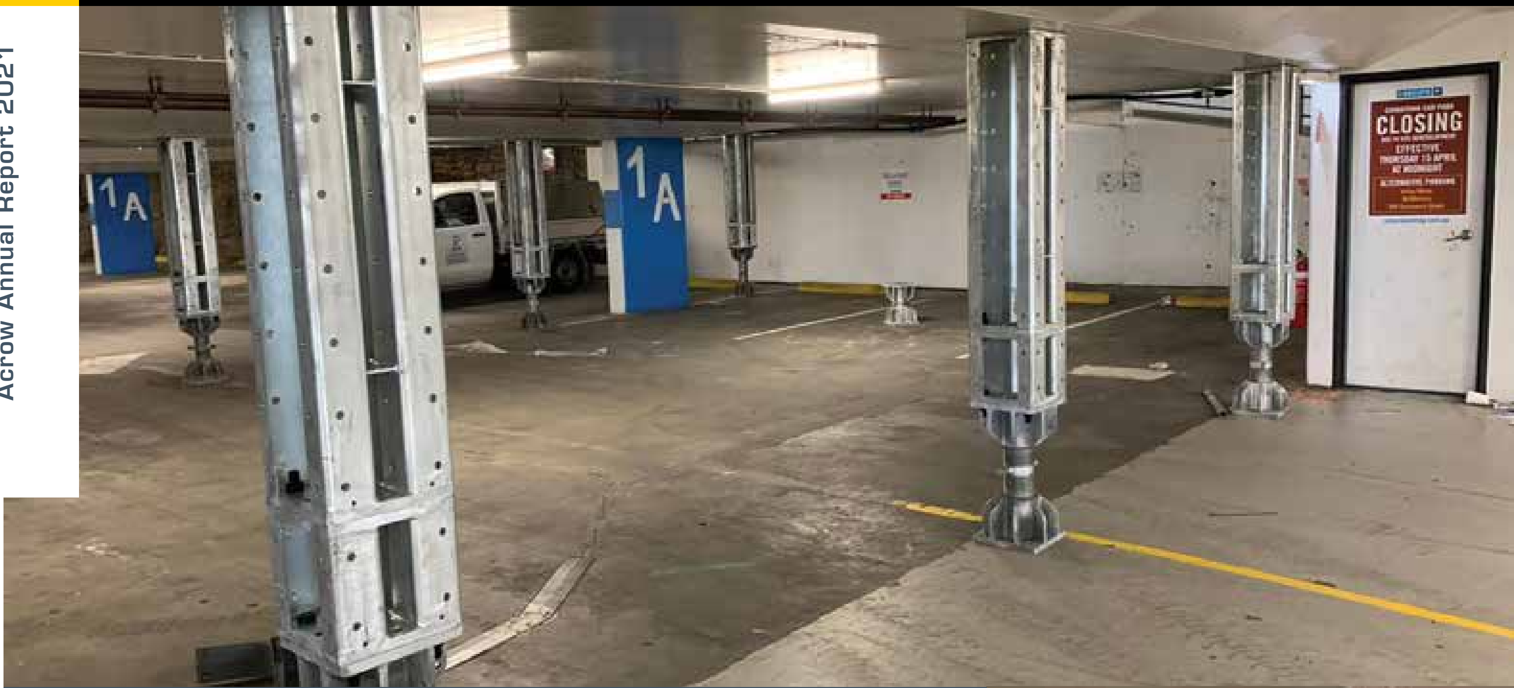
- Continued success across east coast markets, particularly in Queensland and NSW
- Revenue up 31%

FY22 STRATEGY

- Focus on continued east coast growth, with expansion into Queensland and Victorian markets
- Significant cross-selling opportunities

Right: *Natform screens at Christie Street, St Leonards, NSW*

CASE STUDY: 31 DUNCAN STREET



LOCATION: 31 Duncan Street, Fortitude Valley

PROJECT: Formwork engineering to prop up car park structure

TECHNOLOGY: Powershore 150 heavy-duty prop system

For 31 Duncan Street, Acrow developed an innovative formwork engineering solution to prop an existing car park structure and allow builders to remove and strengthen columns of an existing carpark as a new commercial building was constructed above. This formwork package developed by our engineering team has potential for rollout on similar projects nationally.

The car park structure underutilised a prime centre position on the Chinatown mall, and the redevelopment will enable a new public arcade and retail spaces, significantly enhancing the area.

Acrow's engineering solution featured our newly developed Powershore 150 heavy-duty prop system which is capable of supporting 150 tonnes, as part of a full suite of back propping systems used on the project. The Powershore 150 system's high capacity to weight ratio and load carrying capability at large heights sets it apart, as its propping capability could, in some instances, replace our nearest competitor's four props with a single system.

Photos: *Powershore 150 deployment at 31 Duncan Street, Fortitude Valley, Queensland*

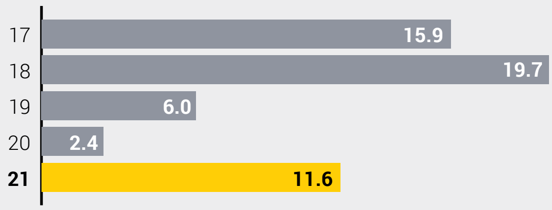
> Our ability to meet all our customer's numerous various requirements under one umbrella, including RPEQ design certification and Installation, has allowed a seamless experience.

SAFETY

The health and safety of our people, customers and subcontractors is paramount. With the ongoing challenge of the pandemic, we focused on ensuring that we operated in a COVID-19 safe way.

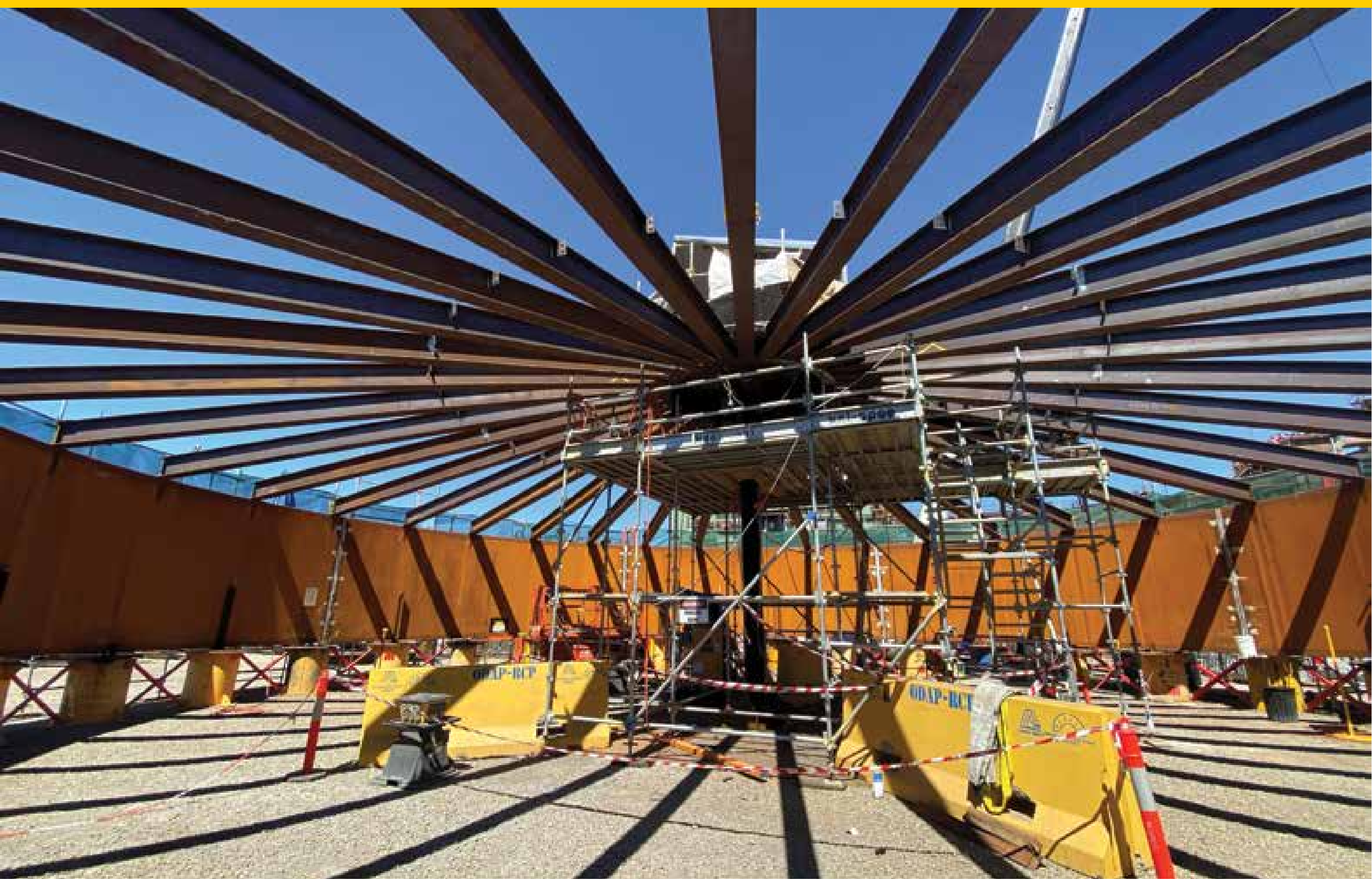
Acrow's safety culture is based on collaboration and a shared sense of responsibility. We have a multi-tiered process that ensures our employees and subcontractors are trained and follow industry-leading safe work practices. While our lost time injury frequency rate was higher, other safety key performance indicators remained in line with the previous year. This coincided with an additional 122,000 hours worked compared to FY20.

LOST TIME INJURY FREQUENCY RATE



Below: *Quickstage modular scaffold access at Olympic Dam, South Australia*

> We reviewed and updated safety policies, uniting policies across businesses. Other initiatives included new education programs, focusing management on safety and improving safety plans at sites and branches.



BOARD OF DIRECTORS

MR PETER LANCKEN AM | NON-EXECUTIVE CHAIRMAN

Peter has a career spanning over 25 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 $450 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 a Non-Executive Chairman of both Crimestoppers NSW and Propertylink Group (ASX:PLG).

Peter holds a Bachelor of Engineering (Civil) 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

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 MARGARET PROKOP | EXECUTIVE DIRECTOR

Margaret joins the Board of Directors following the successful acquisition of the Natform business by Acrow on the 28th August 2018.

Margaret is a qualified engineer who has successfully led the Natform business for many years and brings significant civil engineering, entrepreneurial and infrastructure expertise to our board.

MR GREGG TAYLOR | NON-EXECUTIVE DIRECTOR (Chair of Audit & Risk Committee)

Gregg has 25 years of international business experience in financial markets, technology, sports administration, media and retail. Gregg is an Non Executive Chairman of Bike Exchange Limited (ASX – BEX) and Non Executive Director of Marketplacer Limited. Gregg has founded and managed multiple global operating businesses in sports, retail and media sectors.

Gregg has a Bachelor of Commerce Degree from University of Wollongong and was a CFA Charter holder.

MR DAVID MOFFAT | NON-EXECUTIVE DIRECTOR (Chair of Remuneration & Nomination Committee)

David has a career spanning over 37 years in the construction industry, 29 years of which was with Lipman, where he served 13 years as Construction Director, before taking on the role of Managing Director for 5 years.

In 2019 David founded Cornerstone (NSW) Pty Ltd, whereas Managing Director, he provides tender bid leadership and support, 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").

MRS MELANIE ALLIBON | NON-EXECUTIVE DIRECTOR

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 8 years and is a member of Chief Executive Women, International Women's Forum and AICD.

EXECUTIVE TEAM

STEVEN BOLAND

Chief Executive Officer

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.

ANDREW CROWTHER

Chief Financial Officer

Andrew joined Acrow in 2019 as Chief Financial Officer. Andrew previously held senior finance positions predominantly in financial service companies including; Colonial First State, BT Financial Group, SFG Limited and most recently Thorn Group.

Andrew holds a Bachelor of Economics from Macquarie University and is a Chartered Accountant.

ROBERT CAPORELLA

General Manager NSW

Robert has been working with Acrow since 1994 and has played an integral role in the growth of the business. Robert is currently the General Manager of the NSW branch, having recently relocated from his role as General Manager VIC.

COLIN FISHER

General Manager TAS

Colin is the General Manager of our Tasmanian branches, having 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 and is currently the General Manager of Acrow South Australia, having recently been on assignment as General Manager in NSW. Bill has worked in management roles within the Formwork and Scaffolding industry over the last 12 years, successfully completing projects in SA, NT, WA and NSW.

CONAN GODRICH

General Manager WA

Conan brings a decade of experience with Acrow and is currently the General Manager for WA operations. His prior roles include Account Manager (Gnangara Operations) at Rinker Australia, and Sales and Customer Service at OneSteel Reinforcing.

Mr Godrich holds a Bachelor of Commerce from Murdoch University and a Degree in Project Management from Curtin University of Technology.

JAN PIENAAR

General Manager QLD

Jan joined Acrow in December 2018 as General Manager in our Queensland branch. His previous roles include National Sales Manager at Doka Formwork Australia as well as General Manager – Formwork at Waco Kwikform.

Jan holds a Bachelor of Commerce degree from the University of Stellenbosch, South Africa and has over 10 years of management experience.

BRAD CRAVEN

General Manager VIC

Brad joined Acrow at the beginning of 2021 as General Manager Victoria, taking over from Bob Caporella. Brad previously held a position as General Manager Operations predominantly in the Major Construction, Civil and Infrastructure markets. Brad comes to Acrow with over 13 years' experience in the hire industry.

JEFFREY STEWART

National Sales & Marketing Manager

Jeffrey joined Acrow in 2011 and is currently the National Sales and Marketing Manager. 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.

JOE CERRITELLI

General Manager, Human Resources & Safety

Joe joined Acrow in 2014 and is currently the General Manager for Health and Safety. His prior roles include National Safety and Compliance Manager at G4S Australia, and Team Leader in Industrial Relations and Safety at Catholic Education Commission of Victoria.

MATTHEW CAPORELLA

National Manager – Engineering Operations

Matthew joined Acrow in 2012 and is currently the National Manager -Engineering Operations.

Mr Caporella holds a Bachelor of Engineering (Civil) and Bachelor of Business (Management) from the Queensland University of Technology. He is a Chartered Professional Engineer with the Institute of Engineers Australia and a Registered Professional Engineer Queensland.

CARL ROETGER

National Procurement Manager

Carl joined Acrow in October 2019 as the National Procurement Manager.

He was previously Co-founder and Director of Uni-span Australia since 2001. Prior to this Carl was the Co-founder and Joint MD of Nuform Formwork and Scaffolding in South Africa. Carl holds a Bachelor of Commerce from the University of Pretoria, South Africa.

EDDIE MCINULTY

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 and Infrastructure industry.

Previous roles include Managing Director of GHI Formwork Australia, National Sales Manager for Uni-span and prior Sales Management roles with Peri Australia and Peri UK Ltd. Eddie holds a Bachelor of Town and Country Planning Degree from The University of the West of England, Bristol.

JURIE ROETGER

National Industrial Manager

Jurie joined the Acrow Group as part of the Uni-span acquisition in October 2019.

He has more than 17-years industry experience and 17-years of service with the Uni-span Group of companies. Jurie is National Industrial Manager. His previous roles with the Uni-span Group includes Scaffold Designer, Project Manager, North Queensland Manager. Jurie holds a Diploma in Business Management and Diploma in Commercial Construction.

JASON MERJANE

General Manager – Natform

Jason joined Natform in 2015 and is currently the General Manager of the Natform division, based in the NSW branch.

Mr Merjane holds a Bachelor of Engineering (Civil) from Western Sydney University and is a member of The Institution of Engineers Australia.

FINANCIAL REPORT

Below: *Single sided formwork at Arden Station, Metro Tunnel, Melbourne, Victoria*

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 2021, 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)
Gregg Taylor
Margaret Prokop
David Moffat
Melanie Allibon (appointed 1 September 2021)
Joshua May (resigned 7 October 2020)

Information on the current directors and shareholdings are presented in the Annual Report on pages 12 to 13 and pages 38 to 41 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 2021 are:

	Board of Directors		Remuneration and Nomination Committee		Audit and Risk Committee	
	No. held	No. attended	No. held	No. attended	No. held	No. attended
Peter Lancken (Chairman)	13	13	2	2	4	4
Steven Boland (Chief Executive Officer)	13	13	–	–	–	–
Gregg Taylor	13	13	2	2	4	4
Margaret Prokop	13	13	–	–	–	–
David Moffat	13	13	2	2	4	4
Melanie Allibon	n/a	n/a	–	–	–	–
Joshua May	4	4	–	–	2	2

Mr Joshua May was the Chair of the Audit and Risk Committee up to his date of resignation on 7 October 2020 and replaced on that day by Mr Gregg Taylor.

Mr David Moffat is the Chairman of the Remuneration and Nomination Committee.

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 a number of 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.

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

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

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

OPERATING AND FINANCIAL REVIEW

The Acrow business continued to perform strongly for the 12 months to 30 June 2021.

The business continued to 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.

FINANCIAL PERFORMANCE:

The company achieved a net profit after tax of $3.96m up from 2020 profit of $3.01m.

On an underlying basis (refer to table below), the net profit after tax increased 10% from $7.90m to $8.71m. The key highlights for the year included:

- Group sales revenue up 22% on the prior comparable period "pcp" to $105.7m, attributable to a very strong trading performance from the Industrial Services business, a significant uplift from the Formwork division across the east coast markets, the strategic focus on expanding product sales, and an additional 4 months contribution from the Uni-span acquisition (which was acquired 31 October 2019).
- Sales contribution of $61.4m, was up 18% on pcp.
- Underlying EBITDA of $24.3m, up 25% on pcp, and EBITDA margin of 23.0%, up 60bps
- Underlying Net Profit After Tax up 10% to $8.7m, impacted by a higher effective tax rate as profits from Natform and ex-Unispan increase.
- Significant items of $2.5m relating to final Uni-span integration costs, redundancies, and a one-off pre-acquisition related tax expense.
- Basic statutory earnings per share was up 18% to 1.82cps (2020: 1.55). Basic underlying earnings per share was 4.00 cents down slightly from 4.06 cents per share in 2020.

FINANCIAL PERFORMANCE TABLE

	2021 $'000	2020 $'000
Statutory net profit after tax	**3,963**	**3,013**
Add back share-based payments	2,246	1,345
Add back acquisition and integration costs	1,150	3,276
Add back pre acquisition tax expense	670	–
Add back pre acquisition accelerated depreciation	384	267
Add back non-operating net interest	300	–
Underlying net profit after tax	**8,713**	**7,901**
Add back depreciation	11,179	9,373
Add back interest	2,948	2,507
Add back tax (benefit)/expense	1,509	(321)
EBITDA	**24,349**	**19,461**

Financial position:

Net debt increased from $14.6m in 2020 to $22.5m, being cash $1.8m (2020: $7.2m) less debt of $24.2m (2020: $21.8m). This was predominantly due to significant capital expenditure during the year and payment of deferred considerations for Natform ($2.25m) and Uni-span ($1.5m).

Net gearing (net debt /(net debt + equity)) increased from 20.0% to 26.7%.

Property plant and equipment increased from $76.0m to $83.0m due to large capital expenditure ($16.2m) offset by depreciation.

Total trade receivables increased from $17.0m to $24.6m through both increased trading and a number of large sales with negotiated extended payment terms. Debtor's days increased from 58 to 65 during the year however if the impact of negotiated extended sales are taken out, debtors days are 56.

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.

IMPACT OF COVID-19

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these consolidated financial statements. The estimation uncertainty is associated with:

- The extent and duration of the disruption to businesses arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- The extent and duration of the expected economic downturn. This includes the disruption to capital markets, deteriorating availability of credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and
- The effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Group has developed estimates in these consolidated financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2021 about future events that the Directors believe are reasonable in the circumstances.

There is a considerable degree of judgement involved in preparing forecasts.

The underlying assumptions are subject to uncertainties which are often outside the control of the Group.

Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

DIVIDENDS

The Company paid a 1.05 cent franked dividend per share being a total of $2.27m for the financial year ending 30 June 2020 on 13 November 2020. Shares totalling 1,159,290 were issued under the Dividend Reinvestment Plan at $0.3444 cents per share including a 2.5% discount.

The Company paid an interim 0.75 cent franked dividend per share being a total of $1.64m for the financial year ending 30 June 2021 on 14 May 2021. Shares totalling 1,023,731 were issued under the Dividend Reinvestment Plan at $0.3591 cents per share including a 2.5% discount.

Subsequent to year end, Directors declared a final franked dividend of 1.15cps on 25 August 2021. This dividend has not been provided for in this financial report.

ENVIRONMENTAL REGULATIONS

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

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

NO OFFICERS ARE FORMER AUDITORS

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

NON-AUDIT SERVICES

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

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

REMUNERATION REPORT

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

During the year, 3,304,000 performance rights were issued to KMP's under the Company's Rights Plan including 2,204,000 to the CEO (approved at the Annual General Meeting in November 2020).

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

SHARE RIGHTS

At the date of this report, Acrow had 6,910,000 share options outstanding relating to grants of deferred equity to Directors and employees under the previous Long-Term Incentive Plan. These have a range of vesting dates through to July 2024. During the year 1,663,000 share options were exercised.

15,946,950 Performance Rights were issued during the year with vesting periods at the end of the financials years 2021 and 2022. 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 31 July 2035. The Performance Rights were issued to employees of the Company under the Company's Rights Plan and form part of the new Long Term Variable Remuneration (LTVR) of the employees.

Balance of outstanding rights and options as at year end:

	Quantity outstanding	Weighted average exercise price	Expiry date
Performance rights	15,946,950	Nil	31 July 2035
Options	6,910,000	$0.47	23 November 2021 to 16 July 2024
Loan funded options	2,475,000	$0.20	26 March 2023

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

INDEMNIFICATION OF DIRECTORS AND OFFICERS

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

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

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

INSURANCE PREMIUMS

During the financial year, the Company paid a premium of $214,494 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

As detailed above, the COVID-19 pandemic did not have any significant impact on the Group's operations during the year. Subsequent to the end of the financial year, the pandemic and its impact has continued to evolve. It is therefore not practical to estimate the potential impact, positive or negative, after reporting date.

The Group raised $10,500,000 on 27th July 2021 at 38 cents per share via an institutional placement resulting in the issue of 27,631,579 new ordinary shares. The capital was raised primarily for the immediate future to fund the capital investment requirements of the fast-growing Industrial Services division and to capitalise on the numerous civil infrastructure opportunities on the horizon. The balance of the funds will add strength to the Company's balance sheet and provide flexibility to act quickly as compelling further growth opportunities present themselves. The new shares issued under the Placement rank equally with Acrow's existing fully paid ordinary shares.

Further, 280,500 units of Loan Funded shares were exercised and converted in full as ordinary shares on the 13 July 2021, bringing total number of ordinary shares to 247,289,287 units.

Equipment finance loans of $2,714,776 were drawn subsequent to 30 June 2021 repayable in full by July 2024 and Trade finance loans of $1,480,563 were drawn in July repayable in full between September 2021 to January 2022.

An insurance premium finance loan of $968,755 was drawn on the 27 August 2021 repayable in full by 27 June 2022.

On 25 August 2021 the Directors declared a franked dividend of 1.15 cents per share to be paid on Thursday 25 November 2021. 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 2021.

Two new non-executive directors have been appointed, Melanie Allibon (joined effective 1 September 2021) and Laurie Lefcourt (who will join effective 1 October 2021 will also Chair the Audit & Risk Committee).

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

ROUNDING OF AMOUNTS

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

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration made under section 307C of the Corporations Act 2001 is set out on page 23 of the Annual Report and forms part of the Directors' Report for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the Directors:

Peter Lancken
Chairman

Sydney, 28 September 2021

Steven Boland
Director, Chief Executive Officer

Sydney, 28 September 2021

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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 2021, 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, 28 September 2021

REMUNERATION REPORT – AUDITED
for the year ending 30 June 2021

1. LETTER FROM THE CHAIR OF THE REMUNERATION COMMITTEE

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

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

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

The Remuneration Committee will continue to review and seek feedback on remuneration practices from a range of sources including independent advisors, shareholders and other stakeholders. We invite our shareholders to write to the Remuneration Committee to provide feedback in this regard.

During the FY2021 reporting period, the Remuneration Committee has focussed on the performance of executives in delivering expected outcomes. We have also engaged external advisors to support the committee to identify those areas of remuneration policies, procedures and practices that will require ongoing change and improvement.

David Moffat
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. 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 Gregg Taylor, independent non-executive director since 11 August 2017, Chair of Remuneration Committee from 19 September 2019 to 6th October 2020 and chair of the Audit & Risk Committee since 6th October 2020.
- Mr David Moffat, independent non-executive director since 19 September 2019, Chair of Remuneration Committee from 6th October 2020;
- Ms Melanie Allibon, joined as an independent non-executive Director on 1 September 2021.
- Mr Joshua May, independent non-executive director since 27 March 2018, Chair of the Audit & Risk Committee, resigned 6th October 2020.

SENIOR EXECUTIVES CLASSIFIED AS KMP DURING THE REPORTING PERIOD,

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

3 CONTEXT OF KMP REMUNERATION FOR FY2021 AND INTO FY2022 – UNAUDITED

3.1 CONTEXT FOR REMUNERATION GOVERNANCE DURING FY2021

The KMP remuneration structures that appear in this report are largely those that prevailed over FY2021, as is required by regulation, but also address expectations for FY2022, 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 matured. The following outlines important context for the decisions that were made in relation to remuneration for/during FY2021, the outcomes of which are presented in this report.

- A total of 15,946,950 performance rights (net of cancelled rights) were issued to executives and senior manager since July 2020 for the 2021 and 2022 years. The 2021 issue has a two year measurement period and 2022 issue has a three years measurement period.
- The Company is focussed on delivering value for shareholders by executing on strategy including:
  - Becoming the leading engineered formwork sales and hire equipment solutions provider in Australia
  - Become the leading engineered scaffold solutions provider to the Australian Industrial Services market
  - 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 so as to allow for the recognition of individual differences such as the calibre of the incumbent and the competency with which they fulfil a role (a range of +/- 20% is specified in line with common market practices), and
- Termination benefits will generally be limited to the default amount allowed for under the Corporations Act (without shareholder approval).

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

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

4.4 NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

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

- Remuneration may be composed of:
  - Board fees,
  - Committee fees,
  - Superannuation,
  - Other benefits, and
  - Equity (if appropriate at the time)
- Remuneration will be managed within the aggregate fee limit (AFL) or fee pool approved by shareholders of the Company, noting that equity does not count towards the AFL unless cash remuneration is sacrificed for a grant of equity, refer section 9,
- The 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,
- 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.
- 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 operates Options and Loan funded shares for the purposes of the LTVR.
Form of Equity	The current plan in operation at balance date includes the ability to grant the following Rights to Eligible Employees which includes Directors and employees as nominated by the Board: ▪ Share Awards, ▪ Performance Rights, which are subject to performance related vesting conditions, and which may be settled upon exercise by new issues or on market purchase of ordinary fully paid Shares, ▪ Options, which are subject to an exercise price, and which typically have no intrinsic value when granted (exercise price is around the Share price), creating an incentive to increase Share price and grow shareholder value. The Options may be settled as "Cashless Exercise" in which case on exercise of the Options the Company will only allot and issue or transfer that number of Plan Shares to the Participant that are equal in value to the difference between the Exercise Price otherwise payable in relation to the Options and the then market value of the Plan Shares as at the time of the exercise. Options may also be subject to performance related vesting conditions, and ▪ Loan funded shares and share purchase Loans, whereby the Company provides a non-recourse, interest free loan to executives to acquire fully paid ordinary shares, with an associated obligation to repay the lesser of the loan amount and the value of the Shares at the end of the term of the loan. This functions effectively the same as an Option, with no intrinsic value at the time the arrangement is made, however participants hold Shares at an earlier stage. The proceeds of the loan must be used to buy shares. As the only recourse on the loans is the shares and there are vesting conditions, the arrangement has been accounted for as share options, as required under accounting standards. No dividends accrue to unvested Rights or Options, and no voting rights are attached, however dividends do accrue to vested Loan Funded Shares (along with voting entitlements) which must be put towards repayment of the Loan if any amount is outstanding.

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan Rules, Offers and Comments
Plan Limit	Unless prior Shareholder Approval is obtained, the number of Awards which may be granted under this Plan (assuming all Options and Performance Rights were exercised) must not at any time exceed in aggregate 10% of the total Issued Capital of the Company at the date of any proposed new Awards.
LTI Value	The Board retains discretion to determine the LTVR to be offered each year, subject to shareholder approval in relation to Directors, when the Rights are to be settled in the form of a new issue of Company shares. The Board may also seek shareholder approval for grants to Directors in other circumstances, at its discretion. **FY2021 Invitations** Eligible employees were granted 15,946,950 performance rights over four tranches with a total fair value of $2,823,154. No other form of LTI have been granted during the year.
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. **FY2021 Invitations** Except as indicated below, a participant must remain employed by the Company during the Measurement Period and the performance conditions must be satisfied for LTVR to vest.
Retesting	Retesting is not contemplated under the Plan Rules.
Amount Payable for Grants	The target value of LTVR is included in assessments of remuneration benchmarking and policy positioning. No amount is payable by participants for grants of Performance Rights. An Acquisition Price will apply in respect of grants of Loan Funded Shares (with an accompanying loan) and may also apply to grants of Share Awards, which may or may not have Vesting Conditions. Any loan must be repaid prior to the end of the Loan Term, up to the Market Value of the Loan Funded Shares (non-recourse). For the FY2018 grant, Loan Funded Shares were offered at a price of 20c each, being the share price at the time of the grant calculation, and a loan for this amount was provided to the Participant for this amount in respect of each Loan Funded Shares acquired. These shares have vested in March 2020 but remain unexercised at 30 June 2021. No new Loan Funded Shares have been granted since FY2019.

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan Rules, Offers and Comments
Exercise of Grants	Participants will be required to submit an Exercise Notice in respect of Options, in order to convert them to Shares, as well as the payment of the Exercise Price in respect of each Option exercised. For the FY2020 grants, the exercise price is 40c. Performance Rights will be automatically exercised on the date the Vesting Notification which will be issued if the performance conditions and hurdles are met. No amount is payable by KMP on the exercise of Performance Rights.
Disposal Restrictions etc.	Options and/or Performance Rights granted under this Plan may not be assigned, transferred, encumbered with a Security Interest in or over them, or otherwise disposed of by a Participant, unless the consent of the Board is obtained, or due to the force of law in the case of the death of a Participant. The Board has discretion to determine the disposal restrictions attaching to Share Awards, Loan Funded Shares or Plan Shares (resulting from vesting and exercise of grants) as part of the Invitation terms.
Cessation of Employment	In the event of cessation of employment in the circumstances of a "Bad Leaver" (resignation or termination for cause), all unvested entitlements will be forfeited. In other circumstances, the treatment of unvested awards will be dealt with as determined by the Board. In the case of outstanding loans related to Loan Funded Shares, a Bad Leaver must repay the loan by the date of the cessation of employment. In other cases of termination, the Participant will have six months from the date of the termination, to repay the loan. If these requirements are not satisfied the Loan Shares are surrendered.
Change of Control of the Company (CoC)	If in the opinion of the Board a change of control event has occurred, or is likely to occur; a) Performance Rights granted will vest to the extent that the performance period has elapsed, and to the extent performance conditions have been met (may involve a pro-rata calculation), with the remainder lapsing, b) Options may be subject to accelerated vesting in the sole discretion of the Board, and c) Share Awards or Loan Funded Shares which do not vest will automatically be surrendered by the Participant, and any that do not lapse, and which are subject to an outstanding loan will be subject to the requirement of the loan being repaid by the date of the CoC.
Fraudulent or Dishonest Actions	If the Board takes the view that a Participant has acted fraudulently, dishonestly, or wilfully breaches their duties to the group, the Board has discretion to determine that unvested or unexercised awards are forfeited.

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

4.7 SECURITIES TRADING POLICY

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

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

4.8 EXECUTIVE REMUNERATION ENGAGEMENT POLICY AND PROCEDURE

The Company has adopted an executive remuneration engagement policy and procedure to manage the interactions between the Company and ERCs, to ensure their independence and that the Remuneration Committee will have clarity regarding the extent of any interactions between management and the ERC. 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 ERCs 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 ERC 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 2021, the measurement period was from 1 July 2020 to 30 June 2021.
Award Opportunities	The CEO was offered an opportunity of up to 50% of Fixed Package which is based on achieving a range of measurable KPI's which are predominately based on achieving EBITDA targets and strategic goals, shareholder return and net debt reduction, working capital improvement 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.

Short Term Incentive Plan (STIP)

Aspect	Plan, Offers and Comments
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 of the Company (CoC)	In the event of a Change of Control including a takeover, the Board has discretion regarding the treatment of short-term incentive bonus opportunities.
Fraudulent or Dishonest Actions	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 2021 and 2022 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 under this plan rely on ASIC Class Order 14/1000. This class order sets a maximum 5% limit over a rolling 3 year period. This limits the number of performance rights the company can issue to what the company reasonably expects to vest into shares in reliance upon the class order.

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan, Offers and Comments
LTVR Value	The Board retains discretion to determine the LTVR to be offered each year. **2021 plan Invitations** A total of 8,746,950 performance rights have been granted in the 2021 plan and subsequently 910,000 rights were cancelled due to employment termination. The net performance rights on issue for the 2021 grant is 7,836,950. KMP Steven Boland has been issued 1,102,000 performance rights in this plan with a total fair value of $245,057. KMP Andrew Crowther has been issued 550,000 performance rights in this plan with a total fair value of $92,785. **2022 plan Invitations** A total of 9,293,000 performance rights have been granted in the 2022 plan and subsequently 910,000 rights were cancelled due to employment termination. The net performance rights on issue for the 2022 grant is 8,110,000. KMP Steven Boland has been issued 1,102,000 performance rights in this plan with a total fair value of $247,922. KMP Andrew Crowther has been issued 550,000 performance rights in this plan with a total fair value of $93,706.
Dividends	No dividends are paid or accrued on unvested awards
Tranches	**2021 Plan:** ▪ 75% issue measured on Earnings per share (EPS) criteria specifically "Underlying EBITDA / Average number of shares on issue" ▪ 25% issue measured on Total Shareholder return (TSR) criteria. This compares the share price and dividends through the measurement period to a custom index of similar companies. **2022 Plan:** ▪ 75% issue measured on Earnings per share (EPS) criteria specifically "Underlying EBITDA / Average number of shares on issue" ▪ 25% issue measured on Total Shareholder return (TSR) criteria. This compares the share price and dividends through the measurement period to a custom index of similar companies.

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 Annualised TSR Compared to the Annualised TSR of the customised index	% of Tranche Vesting
Stretch and above	Index TSR + 200% TSR CAGR	100%
Between target and stretch	> 120% Index TSR < 200% TSR CAGR	Pro-rata
Target	120% Index TSR	50%
Between threshold and target	> Index TSR, < 120% 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 Custom Index.

The vesting of the Tranche 2 Underlying EPS Performance Rights will be determined by reference to the following scale, in relation to the Measurement Period:

Performance Level	Underlying Earnings per share (UEPS) CAGR	% of Tranche Vesting
Stretch and above	20%	100%
Between target and stretch	> 8%, < 20%	Pro-rata
Target	8%	50%
Between threshold and target	> 5%, < 8%	Pro-rata
Threshold	5%	0%
Below threshold	< 5%	0%

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

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan, Offers and Comments
Performance hurdles (continued)	Underlying EBITDA (UEBITDA) ÷ Time Weighted Average Issued Shares - Underlying EBITDA 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 underlying EBITDA. - Any capex acquired above budget will require the target underlying EBITDA adjusted for the relevant measurement years at a required return of 40% weighted for the time available (i.e. above budget capex 40% return time available during year). - If any M&A activity occurs, the underlying EBITDA will be adjusted in consultation with the Board. - The Board has discretion regarding whether or not to approve adjustments relating to Underlying EBITDA at each measurement period. **Options and Loan funded shares granted before FY2021** Conditions of issues have been included in previous Remuneration reports. For KMP's the vesting conditions include minimum service period of one year to four years and various share price targets with exercise price of 20 cents to 50 cents. In FY2021, Steven Boland had 340,000 units of options (with exercise price of 20 cents per unit) vested in FY2020 as a result of meeting two years of continuous service period and share price reached 20 D-VWAP of 40 cents. He opted for cashless exercise which resulted in 185,674 units of forfeiture and 154,326 units of ordinary shares. For Andrew Crowther, 300,000 out of 1,200,000 units of options (all with exercise price of 40 cents per unit) vested but remain unexercised after one year of service period before reporting date. The remaining 900,000 units consist of three further equal tranches vesting over two, three and four years of service periods.
Gateway	TSR Performance Rights are not subject to a gate. EPS Performance Rights are not subject to a Gate however, vesting above Target in any years plan will be attained upon reaching TSR Targets subject to the Boards discretionary approval.
Measurement Period and vesting dates	**2021 plan:** 1 July 2019 to 30 June 2021 (2 years) **2022 plan:** 1 July 20219 to 30 June 2022 (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.

Long Term Variable Remuneration Plan (LTVR)

Aspect	Plan, Offers and Comments
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 FY2021 (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 FY2021. The values presented reflect the remuneration for a full year i.e. ignoring any part-year reporting impact.

Position	Incumbent	Fixed Package including Super[1]	Temporary relocation[2]	Target STI[3]	LTVR Opportunity	Total Value of Package
Executive Director and Chief Executive Officer	Steven Boland	$550,000	$225,482	$275,000	$492,980	$1,543,462
Director	Margaret Prokop	$224,942	–	–	–	$224,942
Chief Financial Officer	Andrew Crowther	$321,003	–	$90,000	$186,491	$597,494

1 Package includes car allowance and superannuation.

2 Includes the cost of rent and related Fringe Benefits tax.

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

6 VESTED/AWARDED INCENTIVES AND REMUNERATION OUTCOMES IN RESPECT OF THE COMPLETED FY2021 PERIOD (NON-STATUTORY DISCLOSURE) – UNAUDITED

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

STI and LTI Outcomes

Position	Incumbent	Fixed Package including Super[1]	Temporary relocation[2]	Actual STI[3]	STI vested %	STI forfeited %	LTVR Value[4]	Total Value of Package
Executive Director and Chief Executive Officer	Steven Boland	$551,645	$243,247	$275,822	100%	0%	$27,370	$1,098,084
Director	Margaret Prokop	$232,691	–	–	–	–	Nil	$232,691
Chief Financial Officer	Andrew Crowther	$322,550	–	$53,350	59%	41%	$10,843	$386,743

1 Package paid includes car allowance and superannuation.
2 Includes the cost of rent, other benefits and related Fringe Benefit tax.
3 This is the value of the total STI award calculated and payable following the end of the FY 2021.
4 Only options that vested and exercised in FY2021 have been disclosed in the above. For Steven Boland 340,000 units of options vested in FY2020 as a result of meeting two years of continuous service periods and share price has reached 20 D-VWAP of 40 cents. For Andrew Crowther 300,000 units of options vested after one year of service before the reporting date.

Details regarding the assessments of performance that gave rise to the short-term incentive bonus outcomes for FY2021 are given below.

7 PERFORMANCE OUTCOMES FOR FY2021

7.1 COMPANY PERFORMANCE

The following outlines the performance of the Company over the FY16 and FY2021 period in accordance with the requirements of the Corporations Act:

Corporate Performance Measures

FY End Date	Revenue	Profit/(loss) after Tax	Share Price	Change in Share Price	Total Dividend per Share[3]	ST change in Shareholder Value over 1-year value (SP increase + Dividends) Amount	%
30 June 2021	$94,608,887	$3,962,998	$0.375	$0.060	$0.026	$0.086	27%
30 June 2020	$81,681,600	$3,013,023	$0.315	$0.015	$0.010	$0.025	8%
30 June 2019	$68,858,910	$4,948,715	$0.300	$0.010	$0.015	$0.025	9%
30 June 2018[1]	$15,478,995	$10,510,658	$0.290	$0.170	Nil	$0.170	142%
30 June 2017	$0	$(613,395)	$0.120	$(0.06)	Nil	$(0.06)	(33%)
30 June 2016[2]	$0	$8,468,607	$0.180	n/a	Nil	n/a	n/a

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

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

3 Dividends used 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 FY2021, 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. This method of performance assessment was chosen because under the circumstances of capital raising and with the Company's business plans needing to be responsive to unexpected circumstances.

During the reporting period, grants of equity were made in relation to the LTVR scheme as part of remuneration for FY2020 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,
- 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 follow.

Executives:

		Number held at 1 July 2020	Granted FY21		Forfeited	Vested and Exercised	Vested and Remaining Unexer-cised	Purchase/ (Disposal)	Others	Number held at 30 June 2021
Name	Instrument	Number	Date Granted	Number	Number	Number	Number	Number	Number	Number
Steven Boland	Escrowed Shares	333,333		–	–	–	–	–	(333,333)	–
	Loan Shares	510,000		–	–	–	510,000	–	–	510,000
	Options	340,000		–	(185,674)	(154,326)	–	–	–	–
	Performance Rights	–	30-Nov-20	2,204,000	–	–	–	–	–	2,204,000
	Unrestricted Shares	3,518,667		–	–	154,326	–	(455,000)	333,333	3,551,326

Name	Instrument	Number held at 1 July 2020	Granted FY21		Forfeited	Vested and Exercised	Vested and Remaining Unexer-cised	Purchase/ (Disposal)	Others	Number held at 30 June 2021
		Number	Date Granted	Number	Number	Number	Number	Number	Number	Number
Margaret Prokop	Escrowed Shares	–		–	–	–	–	–	–	–
	Loan Shares	–		–	–	–	–	–	–	–
	Options	–		–	–	–	–	–	–	–
	Performance Rights	–		–	–	–	–	–	–	–
	Unrestricted Shares	10,723,554		–	–	–	–	–	557,733	11,281,287
Andrew Crowther	Escrowed Shares	–		–	–	–	–	–	–	–
	Loan Shares	–		–	–	–	–	–	–	–
	Options	1,200,000		–	–	300,000	–	–	–	1,200,000
	Performance Rights	–	31-Jul-20	1,100,000	–	–	–	–	–	1,100,000
	Unrestricted Shares	–		–	–	–	–	–	–	–
Totals		**16,625,554**		**3,304,000**	**(185,674)**	**–**	**810,000**	**(455,000)**	**557,733**	**19,846,613**

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

NED's:

No NED have been granted options in FY2021.

		Number held at 1 July 2020	Granted FY21		Forfeited	Vested and Exercised	Vested and Remaining Unexer-cised	Purchase/ (Disposal)	Others	Number held at 30 June 2021
Name	Instrument	Number	Date Granted	Number	Number	Number	Number	Number	Number	Number
Peter Lancken	Escrowed Shares	1,666,666	–	–	–	–	–	–	(1,666,666)	–
	Loan Shares	525,000	–	–	–	–	525,000	–	–	525,000
	Options	350,000	–	–	–	(350,000)	–	–	–	–
	Performance Rights	–	–	–	–	–	–	–	–	–
	Unrestricted Shares	8,760,699	–	–	–	350,000	–	–	2,001,794	11,112,493
Gregg Taylor	Escrowed Shares	83,332	–	–	–	–	–	–	(83,332)	–
	Loan Shares	90,000	–	–	–	–	–	–	–	90,000
	Options	400,000	–	–	(32,786)	(167,214)	–	–	–	200,000
	Options	60,000	–	–	–	(60,000)	–	–	–	–
	Performance Rights	–	–	–	–	–	–	–	–	–
	Unrestricted Shares	642,918	–	–	–	227,214	–	(200,000)	83,332	753,464
Joshua May (resigned 6 October 2020)	Escrowed Shares	250,000	–	–	–	–	–	–	(250,000)	–
	Loan Shares	450,000	–	–	–	–	–	–	–	450,000
	Options	300,000	–	–	(161,421)	(138,579)	–	–	–	–
	Performance Rights	–	–	–	–	–	–	–	–	–
	Unrestricted Shares	2,250,000	–	–	–	138,579	–	(2,388,579)	250,000	250,000

Name	Instrument	Number held at 1 July 2020	Granted FY21		Forfeited	Vested and Exercised	Vested and Remaining Unexer-cised	Purchase/ (Disposal)	Others	Number held at 30 June 2021
		Number	Date Granted	Number	Number	Number	Number	Number	Number	Number
David Moffat	Escrowed Shares	–	–	–	–	–	–	–	–	–
	Loan Shares	–	–	–	–	–	–	–	–	–
	Options	–	–	–	–	–	–	–	–	–
	Performance Rights	–	–	–	–	–	–	–	–	–
	Unrestricted Shares	416,208	–	–	–	–	–	–	–	416,208
Totals		**16,244,823**	**–**	**–**	**(194,207)**	**–**	**525,000**	**(2,588,579)**	**335,128**	**13,797,165**

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.

2021 Equity Grants

Name	Role	Type	Grant Date	Expiry Date	Fair Value per Unit	Number of Units	Total Value at Grant	Value Expensed in Previous Years	Value Expensed in FY21	Max Value to be Expensed in Future Years	Min Value to be Expensed in Future Years
Steven Boland	Executive Director and Chief Executive Officer	Loan Shares	27-Mar-18	27-Mar-23	0.1071	510,000	$54,621	$54,621	–	–	–
		Performance Rights	30-Nov-20	31-Jul-35	0.2321	275,500	$63,944	–	$30,554	$33,390	$33,390
			30-Nov-20	31-Jul-35	0.2226	826,500	$183,979	–	$87,910	$96,069	–
			30-Nov-20	31-Jul-35	0.2352	275,500	$64,798	–	$64,798	–	–
			30-Nov-20	31-Jul-35	0.2181	826,500	$180,260	–	$180,260	–	–

2021 Equity Grants

Name	Role	Type	Grant Date	Expiry Date	Fair Value per Unit	Number of Units	Total Value at Grant	Value Expensed in Previous Years	Value Expensed in FY21	Max Value to be Expensed in Future Years	Min Value to be Expensed in Future Years
Andrew Crowther	Chief Financial Officer	Options	16-Jul-19	16-Jul-24	0.0361	300,000	$10,843	$10,369	$474	–	–
			16-Jul-19	16-Jul-24	0.0561	300,000	$16,816	$8,051	$8,396	$369	$369
			16-Jul-19	16-Jul-24	0.0710	300,000	$21,301	$6,802	$7,094	$7,405	$7,405
			16-Jul-19	16-Jul-24	0.0826	300,000	$24,782	$5,937	$6,191	$12,654	$12,654
		Performance Rights	31-Jul-20	31-Jul-35	0.1727	137,500	$23,746	–	$11,347	$12,399	$12,399
			31-Jul-20	31-Jul-35	0.1696	412,500	$69,960	–	$33,429	$33,531	–
			31-Jul-20	31-Jul-35	0.1744	137,500	$23,980	–	$23,890	–	–
			31-Jul-20	31-Jul-35	0.1688	412,500	$68,805	–	$68,805	–	–
Totals						**5,014,000**	**$807,835**	**$85,780**	**$523,238**	**$198,817**	**$66,217**

2020 Equity Grants

For FY2020, only selected employee have been granted options under the Employee Share Option Plan during the year and only Andrew Crowther has been granted options during the year, being 1,200,000 units at one to four years of service anniversary, valued at costs shown in the below table.

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 FY20	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	$34,419	$20,202	–	–
		Options	27-Mar-18	27-Mar-21	0.0805	340,000	$27,370	$17,247	$10,123	–	–
		Performance Rights	27-Mar-18	27-Mar-21	0.2000	2,550,000	$510,000	$321,370	$188,630	–	–
Margaret Prokop	Executive Director	Loan Shares	–	–	–	–	–	–	–	–	–
		Options	–	–	–	–	–	–	–	–	–
		Performance Rights	–	–	–	–	–	–	–	–	–

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 FY20	Max Value to be Expensed in Future Years	Min Value to be Expensed in Future Years
Andrew Crowther	Chief Financial Officer (commenced 8 July 2019)	Options	16-Jul-19	16-Jul-24	0.0361	300,000	$10,843	$0	$10,369	$474	$474
		Options	16-Jul-19	16-Jul-24	0.0561	300,000	$16,816	$0	$8,051	$8,764	$8,764
		Options	16-Jul-19	16-Jul-24	0.0710	300,000	$21,301	$0	$6,802	$14,499	$14,499
		Options	16-Jul-19	16-Jul-24	0.0826	300,000	$24,782	$0	$5,937	$18,845	$18,845
Totals						**1,200,000**	**$665,733**	**$373,036**	**$250,114**	**$42,583**	**$42,583**

NED's

No NED have been granted options in FY2021.

2021 Equity Grants

Name	Role	Type	Grant Date	Expiry Date	Fair Value per Unit	Number of Units	Total Value at Grant	Value Expensed in Previous Years	Value Expensed in FY21	Max Value to be Expensed in Future Years	Min Value to be Expensed in Future Years
Peter Lancken	Independent Non-executive Director	Loan Shares	27-Mar-18	27-Mar-23	0.1071	525,000	$56,228	$35,431	–	–	–
		Options	27-Mar-18	27-Mar-21	0.0805	350,000	$28,175	$17,754	–	–	–
		Performance Rights	27-Mar-18	27-Mar-21	0.2000	2,625,000	$525,000	$330,822	–	–	–
Gregg Taylor	Independent Non-executive Director	Loan Shares	27-Mar-18	27-Mar-23	0.1071	90,000	$9,639	$6,074	–	–	–
		Options	13-Dec-17	13-Dec-20	0.0708	200,000	$14,169	$14,169	–	–	–
		Options	13-Dec-17	13-Dec-22	0.0874	200,000	$17,485	$17,485	–	–	–
		Options	27-Mar-18	27-Mar-21	0.0805	59,997	$4,830	$3,044	–	–	–
		Performance Rights	27-Mar-18	27-Mar-21	0.2000	450,000	$90,000	$56,712	–	–	–

REMUNERATION REPORT – AUDITED

for the year ending 30 June 2021

2021 Equity Grants

Name	Role	Type	Grant Date	Expiry Date	Fair Value per Unit	Number of Units	Total Value at Grant	Value Expensed in Previous Years	Value Expensed in FY21	Max Value to be Expensed in Future Years	Min Value to be Expensed in Future Years
Joshua May (resigned 6 October 2020)	Independent Non-executive Director	Loan Shares	27-Mar-18	27-Mar-23	0.1071	450,000	$48,195	$30,369	–	–	–
		Options	27-Mar-18	27-Mar-21	0.0805	300,000	$24,150	$15,128	–	–	–
		Performance Rights	27-Mar-18	27-Mar-21	0.2000	2,250,000	$450,000	$283,562	–	–	–
David Moffat	Independent Non-executive Director	Loan Shares	–	–	–	–	–	–	–	–	–
		Options	–	–	–	–	–	–	–	–	–
		Performance Rights	–	–	–	–	–	–	–	–	–
Totals						**7,499,997**	**$1,267,871**	**$810,640**	**–**	**–**	**–**

No NED have been granted options in FY2020.

2020 Equity Grants

Name	Role	Type	Grant Date	Expiry Date	Fair Value per Unit	Total Value at Grant	Value Expensed in Previous Years	Value Expensed in FY20	Max Value to be Expensed in Future Years	Min Value to be Expensed in Future Years
Peter Lancken	Independent Non-executive Director	Loan Shares	27-Mar-18	27-Mar-23	0.1071	$56,228	$35,431	$20,797	–	–
		Options	27-Mar-18	27-Mar-21	0.0805	$28,175	$17,754	$10,421	–	–
		Performance Rights	27-Mar-18	27-Mar-21	0.2000	$525,000	$330,822	$194,178	–	–
Michael Hill	Independent Non-executive Director	Loan Shares	27-Mar-18	27-Mar-23	0.1071	$9,639	$6,074	$3,565	–	–
		Options	12-Apr-16	12-Apr-21	0.0309	$5,929	$5,929	–	–	–
		Options	27-Mar-18	27-Mar-21	0.0805	$4,830	$3,044	$1,786	–	–
		Performance Rights	27-Mar-18	27-Mar-21	0.2000	$90,000	$56,712	$33,288	–	–

2020 Equity Grants

Name	Role	Type	Grant Date	Expiry Date	Fair Value per Unit	Total Value at Grant	Value Expensed in Previous Years	Value Expensed in FY20	Max Value to be Expensed in Future Years	Min Value to be Expensed in Future Years
Gregg Taylor	Independent Non-executive Director	Loan Shares	27-Mar-18	27-Mar-23	0.1071	$9,639	$6,074	$3,565	–	–
		Options	13-Dec-17	13-Dec-20	0.0708	$14,169	$14,169	$0	–	–
		Options	13-Dec-17	13-Dec-22	0.0874	$17,485	$17,485	$0	–	o
		Options	27-Mar-18	27-Mar-21	0.0805	$4,830	$3,044	$1,786	–	–
		Performance Rights	27-Mar-18	27-Mar-21	0.2000	$90,000	$56,712	$33,288	–	–
Joshua May	Independent Non-executive Director	Loan Shares	27-Mar-18	27-Mar-23	0.1071	$48,195	$30,369	$17,826	–	–
		Options	27-Mar-18	27-Mar-21	0.0805	$24,150	$15,218	$8,932	–	–
		Performance Rights	27-Mar-18	27-Mar-21	0.2000	$450,000	$283,562	$166,438	–	–
Totals						**$1,378,269**	**$882,399**	**$495,870**	**–**	**–**

9 NED FEE POLICY RATES FOR FY2021 AND FY2022, AND FEE LIMIT

No adjustments to Non-executive Directors fees have been made since the group was listed in April 2018. The Remuneration and Nominations Committee took advice from an external remuneration consultant that was not the auditor, and these adjustments have been recommended to ensure we continue to attract the highest talent in the Director pool.

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

The following table outlines the NED fee policy rates that were applicable as at the end of FY2021 unchanged since FY2018:

Director	Directors Fees/Executive Remuneratioin
Chairperson	$110,000
Other	$70,000 (full-time); $20,000 (part-time)

The following are the revised rates for FY2022 :

Director	Directors Fees/Executive Remuneratioin
Chairperson	$136,000
Other	$80,000
Chair of Audit & Risk Committee	Additional $10,000
Chair of remuneration committee	Additional $5,000

10 REMUNERATION RECORDS FOR FY2021 – 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:

FY2021

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

STI of $318,350 was for FY2021, payable in FY2022.

FY2020

Name	Role	Short Term Salary	STI	Non-cash	Sub-total	Post employ-ment	Other long term	Share based payments Rights	Options	Total	% perf-ormance related
Steven Boland	Executive Director and Chief Executive Officer	$504,951	$50,000	$85,904	$640,855	$21,003	$26,239	$188,630	$30,325	$907,052	30%
Margaret Prokop	Executive Director	$204,755	–	$910	$205,655	$19,452	$31,532	–	–	$256,649	0%
Andrew Crowther	Chief Financial Officer (commenced 8 July 2019)	$294,565	$20,000	–	$314,565	$20,622	$4,160	–	$31,360	$370,507	14%
Total KMP		**$1,004,271**	**$70,000**	**$86,814**	**$1,161,085**	**$61,077**	**$61,931**	**$188,630**	**$61,485**	**$1,534,208**	

STI of $70,000 was for FY2020, payable in FY2021.

10.2 NED REMUNERATION

Remuneration received by non-executive directors in FY2021 and FY2020 are disclosed below:

FY2021

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

FY2020

		Short Term	Share based payments			
Name	**Role**	**Board Fees**	**Rights**	**Options**	**Total**	**% performance related**
Peter Lancken	Chairman	$109,996	$194,178	$31,217	$335,391	–
Michael Hill (resigned 19 September 2019)	Independent NED	$32,500	$33,288	$5,352	$71,140	–
Gregg Taylor	Independent NED	$70,000	$33,288	$5,352	$108,640	–
Joshua May (resigned 6 Oct 2020)	Independent NED	$70,000	$166,438	$26,758	$263,196	–
David Moffat	Independent NED	$54,722	–	–	$54,722	–
Total NED		**$337,218**	**$427,192**	**$68,679**	**$833,089**	

11 EMPLOYMENT TERMS FOR KEY MANAGEMENT PERSONNEL

11.1 SERVICE AGREEMENTS

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

				Period of Notice		
Name	**Position held at Close of FY20**	**Employing Company**	**Duration of Contract**	**From Company**	**From KMP**	**Termination Payments**
Steven Boland	Executive Director and Chief Executive Officer	Acrow Formwork and Construction Services Limited	Open-ended	6 months	6 months	Up to 6 months' Total Remuneration
Margaret Prokop	Executive Director	Acrow Formwork and Construction Services Limited	Open-ended	6 months	6 months	Up to 6 months' Total Remuneration
Andrew Crowther	Chief Financial Officer (commenced 8 July 2019)	Acrow Formwork and Construction Services Limited	Open-ended	6 months	6 months	Up to 6 months' Total Remuneration

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

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

12 OTHER REMUNERATION RELATED MATTERS

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

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

As with the previous year, the Company leases a number of industrial and commercial properties from Margaret Prokop's personal companies (MRP Property, MRP Property QLD & MRP Superannuation) through the Natform subsidiaries. Rental and related out-going payments to these companies amounted to $852,581 (2020: $740,158).

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 ERC directly and independent of executive management and are satisfied the recommendations were made free of undue influence of the relevant KMP's.

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

End of audited Remunerations Report.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 30 June 2021

In dollars	Note	2021	2020 (Restated)
Continuing operations			
Revenue	4	94,608,887	81,681,600
Other income	5	6,552,430	2,096,471
Personnel expenses		(36,585,402)	(26,534,361)
Sub-contract labour costs		(16,646,962)	(18,529,985)
Inventory purchased, net of changes in finished goods		(18,276,344)	(13,407,935)
Depreciation		(11,563,598)	(9,639,607)
IT and telecommunication expenses		(1,542,961)	(1,267,705)
Freight costs		(1,664,296)	(1,339,966)
Insurance expenses		(813,199)	(829,981)
Gain on fair value of derivatives		350,000	100,000
Contingent consideration related to Uni-span acquisition		(148,264)	–
Other expenses	6	(4,822,433)	(7,267,175)
Profit before net finance costs and income tax		**9,447,858**	**5,061,356**
Finance income		–	37,211
Finance costs	7	(3,305,705)	(2,405,937)
Net finance costs		**(3,305,705)**	**(2,368,726)**
Profit before income tax		**6,142,153**	**2,692,630**
Income tax benefit/(expense)	8	(2,179,155)	320,705
Profit from continuing operations		**3,962,998**	**3,013,335**
Other comprehensive income			
Items that may be reclassified to profit / (loss)			
Foreign operations – foreign currency translation differences		(1,407)	(312)
Total comprehensive income for the year		**3,961,591**	**3,013,023**
Earnings per share from continuing operations			
Basic EPS (cents per share)	24	1.82	1.55
Diluted EPS (cents per share)	24	1.77	1.54

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

In dollars	Note	2021	2020 (Restated)
Current assets			
Cash and cash equivalents	9	1,754,622	7,238,511
Trade and other receivables	10	24,611,736	17,014,660
Inventories	11	8,958,554	5,577,745
Contract assets	12	775,168	239,747
Prepayments and other assets	12	3,618,377	2,115,493
Assets held for sale	13	66,507	72,854
Total current assets		**39,784,964**	**32,259,010**
Non-current assets			
Property, plant and equipment	14	83,008,854	76,038,493
Right-of-use lease assets	15	28,808,936	32,393,595
Goodwill and intangible assets	16	7,428,704	7,428,704
Other assets	12	–	99,411
Total non-current assets		**119,246,494**	**115,960,203**
Total assets		**159,031,458**	**148,219,213**
Current liabilities			
Bank overdraft	9	1,865,938	–
Trade payables	17	25,122,155	16,234,858
Other payables	17	3,486,289	3,492,952
Financial liability	30	–	350,000
Employee benefits	18	4,639,524	4,129,727
Lease liabilities	15	4,645,552	3,420,761
Loans and borrowings	19	7,898,384	5,981,098
Current tax liabilities	21	310,331	556,301
Liabilities associated with assets held for sale	13	61,453	67,317
Total current liabilities		**48,029,626**	**34,233,014**
Non-current liabilities			
Other payables	17	–	3,331,309
Employee benefits	18	611,541	595,571
Lease liabilities	15	27,396,387	30,729,513
Loans and borrowings	19	14,440,464	15,837,398
Provisions	20	469,274	469,274
Deferred income tax liability	21	6,596,723	4,727,900
Total non-current liabilities		**49,514,389**	**55,690,965**
Total liabilities		**97,544,015**	**89,923,979**
Net assets		**61,487,443**	**58,295,234**
Equity			
Issued capital	22	46,703,384	45,674,176
Reserves		3,026,437	914,264
Retained earnings		11,757,622	11,706,794
Total equity		**61,487,443**	**58,295,234**

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

In dollars	Share capital	Share based option payments reserve	Foreign currency translation reserve	Retained earnings	Total equity
Balance at 30 June 2019	**34,814,339**	**2,006,033**	**56,030**	**10,443,796**	**47,320,198**
Total comprehensive income for the period					
Profit for the period	–	–	–	3,013,335	3,013,335
Other comprehensive income	–	–	(312)	–	(312)
Total comprehensive income	**–**	**–**	**(312)**	**3,013,335**	**3,013,023**
Transactions with owners of the Company					
Shares issued under at capital raising net of costs	4,949,090	–	–	–	4,949,090
Shares issued under acquisition agreements	3,050,000	–	–	–	3,050,000
Performance rights converted to shares, net of costs	2,454,140	(2,475,000)	–	–	(20,860)
Dividends paid to shareholders	–	–	–	(1,750,337)	(1,750,337)
Shares issued under dividend reinvestment plan (DRP)	341,661	–	–	–	341,661
Equity settled share based payments	–	1,345,059	–	–	1,345,059
Options exercised	64,946	(17,546)	–	–	47,400
Total transactions with owners of the company	**10,859,837**	**(1,147,487)**	**–**	**(1,750,337)**	**7,962,013**
Balance at 30 June 2020	**45,674,176**	**858,546**	**55,718**	**11,706,794**	**58,295,234**
Total comprehensive income for the year					
Profit for the year	–	–	–	3,962,998	3,962,998
Other comprehensive income	–	–	(1,407)	–	(1,407)
Total comprehensive income	**–**	**–**	**(1,407)**	**3,962,998**	**3,961,591**
Transactions with owners of the company					
Dividends paid to shareholders	–	–	–	(3,912,170)	(3,912,170)
Shares issued under dividend reinvestment plan (DRP)	766,913	–	–	–	766,913
Equity settled share based payments	–	2,245,520	–	–	2,245,520
Options exercised	262,295	(131,940)	–	–	130,355
Total transactions with owners of the company	**1,029,208**	**2,113,580**	**–**	**(3,912,170)**	**(769,382)**
Balance at 30 June 2021	**46,703,384**	**2,972,126**	**54,311**	**11,757,622**	**61,487,443**

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2021

In dollars	Note	2021	2020 (Restated)
Cash flows from operating activities			
Receipts from customers		46,116,027	46,787,554
Receipts on lease revenue		46,429,610	40,919,467
Payments to suppliers and employees		(79,665,777)	(74,417,946)
Finance income		–	37,211
Income tax paid		(556,302)	–
Net cash inflow from operating activities		**12,323,558**	**13,326,285**
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		11,134,735	5,302,646
Purchase of property, plant and equipment	14	(17,409,883)	(13,101,140)
Consideration paid for controlled entities, net of cash acquired		–	(12,182,477)
Deferred payment on acquisitions	17	(3,567,944)	(2,250,000)
Net cash outflow from investing activities		**(9,843,092)**	**(22,230,971)**
Cash flows from finance activities			
Proceeds from issue of shares		–	5,200,000
Capital raising costs		–	(271,771)
Proceeds from exercise of options, net of costs		130,355	47,400
Proceeds from borrowings		6,793,284	19,915,010
Repayment of borrowings		(6,272,932)	(5,035,606)
Repayment of lease liabilities	15	(4,198,952)	(3,299,167)
Dividends paid net of DRP	22	(3,145,257)	(1,408,676)
Finance costs paid		(3,136,790)	(2,293,610)
Net cash (outflow)/inflow from financing activities		**(9,830,292)**	**12,853,580**
Net (decrease)/increase in cash and cash equivalents		**(7,349,826)**	**3,948,894**
Cash and cash equivalents as at 1 July 2020		7,238,511	3,289,617
Effect of exchange rate fluctuations on cash held		(1)	–
Cash and cash equivalents at the end of the year		**(111,316)**	**7,238,511**

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

CONTENTS

1. REPORTING ENTITY

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

The consolidated financial statements of Acrow for the year ended 30 June 2021 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 Group'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 28 September 2021.

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 estimate and judgements	**Note**
Revenue	4
Income tax (benefit)/expense	8
Trade and other receivables	10
Inventories	11
Property, plant and equipment	14
Leases	15
Goodwill and intangible assets	16
Employee benefits	18
Provisions	20
Deferred income tax liability	21
Share based payments	29

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

(E) COMPARATIVE INFORMATION

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

In the Statement of Profit or Loss and Other Comprehensive Income, the revenue for the year ended 30 June 2020 has not changed, but the expenses have been restated by nature to be in line with FY 2021's. Impact to the net profit is nil.

The Statement of Financial Position has also been reclassified to show Contract assets separately which was disclosed under Prepayment and other assets in prior years, no change to the net asset position.

The related disclosure notes have been restated to reflect the corresponding changes.

The effect of the above changes was not considered to be material with respect to AASB108: Accounting Policies, Changes in Accounting Estimates and Errors.

With Earning per shares, FY 2020's Profit excluding significant items has been restated to include the net impact of AASB 16 Leases adoption so that it is comparable to FY2021's, see details in note 6.

(F) WORKING CAPITAL DEFICIENCY

The Statement of Comprehensive Income shows a profit for the period of $3,962,998 (2020: $3,013,335).

The Statement of Financial Position shows that as at 30 June 2021, current liabilities exceeded current assets by $8,244,662 (June 2020: net current liability position of $1,974,004) for the Group.

The increase in deficit arises due predominantly to the following:

(i) The current loans and borrowings increased from $5,981,098 at 30 June 2020 to $7,898,384 as at June 2021 being an increase of $1,917,286. In addition, current lease liabilities increased from $3,420,761 at 30 June 2020 to $4,645,552 being an increase of $1,224,791.

(ii) Purchases of plant and equipment of $17,409,884 during the period ($13,101,140 in the prior comparable period) was financed through the use of cash and an increase in trade creditors. Trade creditors have increased from $16,234,858 at 30 June 2020 to $25,122,155 as at 30 June 2021, partially offset by the increase in prepayment from $2,355,240 to $4,393,545 for the same comparable period.

The group refinanced in May 2021 which increased its headroom at year end to $12,523,224 and total facility from $23,878,521 at 30 June 2020 to $36,168,000 same date this year (see note 19) and raised capital of $10.5m in July 2021.

In addition, the directors are confident the company has a number of alternative funding options available if required to cover the deficit including operating cash flows that will be received off the capital expenditure undertaken during the period. Total operating cash flows for the year was $12,352,676. The group has also the ability if required to divest existing idle property plant and equipment and significantly reduce its capital expenditure. Total written down value of property plant and equipment at 30 June 2021 was $83,008,854 and total net assets as at 30 June 2021 was $61,487,443.

2. BASIS OF PREPARATION (CONTINUED)

As a result, the directors have concluded as to the appropriateness of preparing the financial statements on a going concern basis.

(G) 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.

(H) COVID-19 IMPACT

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these consolidated financial statements. The estimation uncertainty is associated with:

(i) The extent and duration of the disruption to businesses arising from the actions by governments, businesses and consumers to contain the spread of the virus;

(ii) The extent and duration of the expected economic downturn. This includes the disruption to capital markets, deteriorating availability of credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and

(iii) The effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Group has developed estimates in these consolidated financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2021 about future events that the Directors believe are reasonable in the circumstances.

There is a considerable degree of judgement involved in preparing forecasts.

The underlying assumptions are subject to uncertainties which are often outside the control of the Group.

Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF CONSOLIDATION

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

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

(i) Business combinations

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

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

(ii) Subsidiaries

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

(B) FOREIGN CURRENCY

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

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

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

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

(C) FINANCIAL INSTRUMENTS

(i) Non-derivative financial assets

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

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

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

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

Receivables

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

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

Cash and cash equivalents

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

(ii) Non-derivative financial liabilities

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

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

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

Subsequent to initial recognition, financial liabilities are measured at 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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 13 – 33 years
- Leasehold improvements over the lease term
- Plant and equipment 3 – 20 years

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

(iv) Hire equipment loss provision

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

(E) INTANGIBLE ASSETS

(i) Goodwill

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

(F) INVENTORIES

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

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

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

(G) IMPAIRMENT

(i) Non-derivative financial assets

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

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

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

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

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

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

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

Receivables

For trade receivables, the Group has elected to apply a simplified lifetime expected credit loss approach, which includes consideration of customer specific factors and actual credit loss experience.

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

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

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

(ii) Non-financial assets

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

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(iii) Consumable sales and other services

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

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

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

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.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net (loss) position.

(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) EXPLORATION AND EVALUATION ASSETS

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

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

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

(N) GOODS AND SERVICES TAX

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

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

(O) LEASE ACCOUNTING

The Group as a lessee

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

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

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

Measurement and recognition of leases as a lessee

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

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

Adoption in accounting policy

The Group currently does not have any software development costs relating to software the group does not control recorded in Intangible assets. Some applications that the business use are covered by Software-as-a-Service (SaaS) arrangements that have incurred minimal customization and configuration costs, all these have been expensed as incurred.

Following the IFRS Interpretations Committee agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement in March 2021. The Group has reaffirmed its accounting treatment set out in the IFRS IC agenda decision, which is to recognise those costs as intangible assets only if the implementation activities create an intangible asset that the Group controls and the intangible asset meets the recognition criteria, should these arise in the future. Configuration, customisation and implementation costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangement to significantly customise the cloud-based software for the Group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.

(P) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Australian Accounting Standards and Australian Accounting Standards Board (AASB) interpretations not yet adopted by the Group are not expected to have a material impact to the Group.

4. REVENUE

In dollars	2021	2020
Revenue from contracts with customers		
Labour services transferred over time	21,881,696	16,637,186
Cartage services transferred over time	5,084,962	5,629,679
Consumable sales and other services transferred at a point in time	25,433,493	22,215,220
	52,400,151	**44,482,085**
Revenue from operating leases		
Hire of equipment	42,208,736	37,199,515
	94,608,887	**81,681,600**

5. OTHER INCOME

In dollars	2021	2020
Disposal of property, plant and equipment		
Proceeds	11,134,736	5,302,646
Written down value	(4,582,306)	(3,206,175)
Net gain on disposal of property, plant and equipment	**6,552,430**	**2,096,471**

6. OTHER EXPENSES

In dollars	2021	2020 (Restated)
Acquisition and integration related expenses	(950,314)	(2,999,612)
Audit, tax and legal expenses	(730,548)	(380,323)
Doubtful debt (expense)/recovery	(150,466)	322,690
Due diligence	–	(306,687)
Motor vehicle expenses	(390,391)	(605,960)
Plant & equipment operating expenses	(340,170)	(332,387)
Repair & maintenance	(283,715)	(263,987)
Travelling expenses	(267,598)	(498,779)
Utilities	(651,873)	(419,145)
Property costs	(155,347)	(885,883)
Others	(902,011)	(897,102)
	(4,822,433)	**(7,267,175)**

7. FINANCE INCOME AND FINANCE COSTS

In dollars	2021	2020
Finance income		
Interest income	–	37,211
	–	**37,211**
Finance costs		
Unwinding interest on deferred consideration	(168,915)	(251,291)
Interest expense on financial liabilities	(1,255,498)	(777,877)
Interest expense on leases	(1,675,195)	(1,144,161)
Borrowing costs	(206,097)	(232,608)
	(3,305,705)	**(2,405,937)**
Net finance costs from continuing operations	**(3,305,705)**	**(2,368,726)**

8. INCOME TAX BENEFIT/(EXPENSE)

In dollars	2021	2020
Current income tax expense	625,040	1,318,500
Deferred income tax expense	(2,793,780)	(1,024,619)
Over/under provision for income tax in prior year	(10,415)	26,824
Income tax (expense)/benefit attributable to profit	**(2,179,155)**	**320,705**

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

In dollars	2021	2020
Profit before income tax	**6,142,153**	**2,692,630**
Income tax (expense) using the Group's domestic tax rate (30%)	(1,842,647)	(807,789)
Income tax effects of amounts which are not deductible / (taxable) in calculating taxable income:		
Non-deductible losses on overseas entities	274	130
Non-deductible share-based payment expense	(673,656)	(403,518)
Non-deductible acquisition expense	46,729	(174,305)
Non-deductible impairment expense	(15,656)	(21,165)
Other non-deductible expenses	(60,311)	(3,318)
Over/under provision for income tax in prior year	(10,415)	26,824
Tax losses not brought to account	–	(57,409)
Utilization of prior year tax losses not previously recognised	376,527	1,761,255
Income tax benefit/(expense) attributable to profit	**(2,179,155)**	**320,705**

9. CASH AND CASH EQUIVALENTS

In dollars	2021	2020
Cash at bank	1,754,622	7,238,511
Bank overdraft	(1,865,938)	–
	(111,316)	**7,238,511**

10. TRADE AND OTHER RECEIVABLES

In dollars	2021	2020
Trade receivables	25,789,926	18,211,600
Expected credit loss provision	(1,178,190)	(1,196,940)
	24,611,736	**17,014,660**

Movement in the expected credit loss provision:

In dollars	2021	2020
At 1 July		
Opening balance	(1,196,940)	(1,029,408)
Addition through business combination	–	(1,100,000)
Expected credit loss recognised during the year	150,000	322,690
Receivables written off/(back) during the year	(131,250)	609,778
Balance at 30 June	**(1,178,190)**	**(1,196,940)**

Due to the short-term nature of current receivables, their carrying amount approximates their fair value. The ageing of trade receivables is outlined below:

In dollars	2021	2020
Current	12,485,903	8,084,287
31 to 60	6,058,921	6,401,245
61 to 90	1,887,063	1,446,874
90+	5,358,039	2,279,194
Expected credit loss	(1,178,190)	(1,196,940)
	24,611,736	**17,014,660**

11. INVENTORIES

In dollars	2021	2020
Finished goods	9,025,959	5,881,998
Provision for slow moving stock	(67,405)	(304,253)
	8,958,554	**5,577,745**

12. CONTRACT ASSETS, PREPAYMENTS AND OTHER ASSETS

In dollars	2021	2020
Current		
Contract assets	775,168	239,747
Other receivables	608,339	933,026
Prepayments	3,010,038	1,182,467
	4,393,545	**2,355,240**
Non-current		
Other assets	–	99,411

13. ASSETS AND LIABILITIES HELD FOR SALE

In dollars	2021	2020
Assets classified as held for sale	66,507	72,854
Liabilities associated with assets held for sale	61,453	67,317

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

14. PROPERTY, PLANT AND EQUIPMENT

In dollars	Land and buildings	Plant and equipment	Hire equipment	Total
Cost				
Balance at 1 July 2019	388,645	11,051,856	49,732,154	61,172,655
Acquisitions through a business combination	28,580	343,535	24,119,241	24,491,356
Additions	58,764	212,976	12,829,400	13,101,140
Disposals	–	(80,053)	(3,915,090)	(3,995,143)
Balance at 30 June 2020	**475,989**	**11,528,314**	**82,765,705**	**94,770,008**
Cost				
Balance at 1 July 2020	475,989	11,528,314	82,765,705	94,770,008
Additions	–	1,595,706	15,814,177	17,409,883
Disposals	–	(52,460)	(5,829,158)	(5,881,618)
Balance at 30 June 2021	**475,989**	**13,071,560**	**92,750,724**	**106,298,273**
Depreciation and impairment losses				
Balance at 1 July 2019	335,940	10,541,142	3,302,949	14,180,031
Acquisitions through a business combination	–	(89,398)	–	(89,398)
Depreciation for the year	18,618	320,385	4,921,121	5,260,124
Disposals	–	(78,328)	(711,182)	(789,510)
Hire equipment loss adjustment	–	–	170,268	170,268
Balance at 30 June 2020	**354,558**	**10,693,801**	**7,683,156**	**18,731,515**
Balance at 1 July 2020	354,558	10,693,801	7,683,156	18,731,515
Depreciation for the year	19,206	316,956	5,552,159	5,888,321
Disposals	–	(34,752)	(1,264,561)	(1,299,313)
Hire equipment loss adjustment	–	–	(31,104)	(31,104)
Balance at 30 June 2021	**373,764**	**10,976,005**	**11,939,650**	**23,289,419**

In dollars	Land and buildings	Plant and equipment	Hire equipment	Total
Carrying amounts				
At 1 July 2019	52,705	510,714	46,429,205	46,992,624
At 30 June 2020	**121,431**	**834,513**	**75,082,549**	**76,038,493**
At 1 July 2020	121,431	834,513	75,082,549	76,038,493
At 30 June 2021	**102,225**	**2,095,555**	**80,811,074**	**83,008,854**

Property, plant and equipment are at times sold prior to the end of its useful life however this is irregular and only under specific conditions. On acquisition of property plant and equipment there is no intention to dispose through sale. In the case property, plant and equipment is sold, it is not transferred to inventory rather it is sold directly out of property, plant and equipment.

15. LEASES

The Group leases property, 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 to 3 years, whilst all printers are for a 5-year lease term. The printers form one master lease agreement while all other leases are negotiated on an individual basis and contain a broad range of terms and conditions.

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

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

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

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

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

15. LEASES (CONTINUED)

Lease amounts recognised in the Statement of Financial Position:

In dollars	2021	2020
Right-of-use assets		
Properties	26,165,469	29,896,913
Forklifts and office equipment	2,145,017	2,130,164
Motor vehicles	498,450	366,518
Total right-of-use assets	**28,808,936**	**32,393,595**
Lease liabilities		
Current	4,645,552	3,420,761
Non-current	27,396,387	30,729,513
Total lease liabilities	**32,041,939**	**34,150,274**

Additions to the right-of-use assets during the FY 2021 $1,671,900 (FY 2020: $19,003,632).

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

In dollars	2021	2020
Depreciation charge for right-of-use assets:		
Properties	4,843,914	3,686,922
Forklifts and office equipment	555,296	402,223
Motor vehicles	276,066	290,336
Total depreciation charge for right-of-use assets	**5,675,276**	**4,379,481**

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	2021	2020
Lease amounts included in the Statement of cashflows		
Lease payments	4,198,952	3,299,167
Interest expense (included in finance costs)	1,675,195	1,144,161
Total amount paid	**5,874,147**	**4,443,328**
Expenses relating to low value asset leases	**125,249**	**272,842**

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	2021	2020
Less than one year	129,920	114,526
Between one and five years	162,824	65,216
More than five years	–	–
	292,744	**179,742**

16. GOODWILL AND INTANGIBLE ASSETS

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.

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. This calculation uses discounted cash flow projections based upon management's projected EBITDA and financial budgets approved by the board of directors covering a five-year period*. 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.

In dollars	2021	2020
Average growth rate 1 – 5 years	5%	11.8%
Terminal growth rate	1%	1.5%
Post-tax discount rate	10.7%	10.7%

In dollars	2021	2020
Opening goodwill balance	7,428,704	7,301,902
Additions	–	126,802
Reductions	–	–
Closing balance	**7,428,704**	**7,428,704**

16. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

Allocation to CGU Groups

In dollars	2021	2020
Natform companies	7,301,902	7,301,902
Other	126,802	126,802
	7,428,704	**7,428,704**

* Increase in EBIT from 2021 to 2022 is 14.8% and between 0.4% and 6.3% for the following 4 years. The large increase in the 2022 year is predicated as Natform momentum in the last quarter of 2021 continuing into 2022.

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	2021	2020
Current Trade payables		
Trade payables	19,562,215	10,353,721
Accrued expenses	5,559,940	5,881,137
	25,122,155	**16,234,858**
Other payables		
Natform deferred consideration	–	2,230,661
Uni-span deferred consideration	3,338,025	1,262,291
Uni-span contingent consideration	148,264	–
	3,486,289	**3,492,952**
Non-current		
Other payables		
Natform deferred consideration	–	–
Uni-span deferred consideration	–	3,331,309
	–	**3,331,309**

Other payables represent the net of present values of deferred considerations relating to the acquisitions of the Uni-span group of companies, completion adjustments and contingent considerations.

A second and final payment of $2,250,000 relating to Natform was paid on 13 September 2020 to Margaret Prokop.

A deferred payment of $1,500,000, reduced by $182,056 adjustments relating to Uni-span acquisition was paid on 1 October 2020. A further deferred payment of $3,500,000 is payable in September 2021 along with further adjustments which is currently valued at $3,338,025.

All Uni-span deferred considerations are recognised at the present value of future expected cash outflows, based on Acrow's incremental borrowing rate.

A contingent consideration of $148,264 has been provided for and payable in September 2021 as the combined EBITDA, $18,124,591 of the Group (being the Group's EBITDA $18,474,591 less $350,000 gain on fair value derivatives on shares issued to the vendors) exceeds the Benchmark EBITDA $18,000,000 set at acquisition. This is a subsequent adjustment to acquisition and therefore does not impact the goodwill calculated at acquisition date.

18. EMPLOYEE BENEFITS

In dollars	2021	2020
Current		
Annual leave	1,891,263	1,690,499
Long service leave	1,639,784	1,357,493
Other employee benefits	1,108,477	1,081,735
	4,639,524	**4,129,727**
Non-current		
Long service leave	611,541	595,571

All employees have defined contribution plans for superannuation and the expense recognised during the year was $2,476,487 (2020: $1,935,108).

19. LOANS AND BORROWINGS

In dollars	2021	2020
Current	7,898,384	5,981,098
Non-current	14,440,464	15,837,398
	22,338,848	**21,818,496**
Borrowings are represented by the following finance facilities:		
Secured amortising business loan of $13,750,000, commenced in October 2019, refinanced in May 2021 (Uni-span acquisition)	–	12,602,000
Secured amortising business loan of $5,394,000, commenced in October 2018, restructured in May 2021 (Natform acquisition)	–	4,664,000
Secured amortising business loan of $18,168,000	14,423,000	–
Headroom (including an additional $3.5m on the repayment of Unispan deferred acquisition available from October 2021)	3,745,000	–
Equipment finance facility, revolving 3-year limit of $10m FY2021; $5m FY2020	6,381,357	4,539,975
Headroom	3,618,643	460,025

19. LOANS AND BORROWINGS (CONTINUED)

In dollars	2021	2020
Trade finance facility, revolving 180-day limit of $3m	1,534,491	–
Headroom	1,465,509	–
Working capital facility, $5m including $1.4m bank guarantee (2020: $1.4m) and $3.6m bank overdraft (2020: $1.6m):	1,305,928	–
Headroom	3,694,072	1,600,000
Insurance premium funding	–	12,521
Borrowings utilised	**23,644,776**	**21,818,496**
Headroom	12,523,224	2,060,025
Total borrowings	**36,168,000**	**23,878,521**

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 2021. The covenant measures include Debt Service Cover ratio, Equity ratio and Total Debt to EBITDA ratio.

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

All borrowing costs incurred in the year have been expensed.

20. PROVISIONS

In dollars	2021	2020
Make good	469,274	469,274
Movements during the year were as follows:		
Balance at 1 July	469,274	452,474
Addition through a business combination	–	769,587
Amounts used during the year	–	(752,787)
Balance at 30 June	**469,274**	**469,274**

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

21. DEFERRED INCOME TAX LIABILITY AND TAX LIABILITY

In dollars	2021	2020
Deferred income tax liability movement during the year:		
Opening balance at 1 July	4,727,900	1,683,999
Recognised in business combination	–	3,385,694
Provisions	(5,613,213)	(850,759)
Accruals	(139,788)	(204,448)
Property, plant and equipment	7,333,145	2,053,004
Revenue tax loss	288,679	(1,318,500)
Recognised in equity	–	(21,090)
Closing balance at 30 June	**6,596,723**	**4,727,900**
Income tax liabilities		
Current tax liabilities	310,332	–
Carried forward unpaid tax liabilities	–	556,301
Unrecognised deferred tax assets		
Deferred tax assets not recognised for the following items:		
Revenue tax losses	15,475,859	12,877,219
Capital losses	202,441	674,802
Temporary differences	(6,061,604)	(4,592,901)
	9,616,696	**8,959,120**

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.

22. ISSUED CAPITAL

In dollars	2021	2020
Number of shares		
On issue of 1 July	216,039,534	175,006,455
Issue of shares (i)	2,183,021	1,087,746
	218,222,555	176,094,201
Shares issued at Uni–span acquisition	–	10,000,000
	218,222,555	186,094,201
Issue of shares for cash	–	17,333,333
	218,222,555	203,427,534
Shares issued through conversion of performance rights	–	12,375,000
	218,222,555	215,802,534
Exercise of share options (ii)	1,154,653	237,000
	219,377,208	**216,039,534**

(i) 1,159,290 shares were issued at $0.3444 per share following the final dividend declaration on 13 November 2020 pursuant to the Dividend Reinvestment Plan (DRP); 1,023,731 shares were issued at $0.3591 per share following the FY2021 interim dividend declaration on 14 May 2021 also pursuant to the DRP.

(ii) 1,463,000 units of ACFOP8 options were exercised and converted to 525,000 ordinary shares at $0.20 per unit, 938,000 units were converted to 429,653 ordinary shares via cashless arrangement, thus forfeiting 508,347 units; 200,000 units of ACFOP06 were exercised and converted to 200,000 ordinary shares at $0.20 per unit.

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.

Performance Rights

On 31 July 2020 15,108,000 Performance Rights were issued in four tranches, each with Earnings Per Share or Total Shareholder Return performance vesting conditions. Two tranches vest each at the end of the financials years 2021 and 2022. 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 31 July 2035. The Performance Rights were issued to employees of the Company under the Company's Rights Plan and form part of the Long-Term Variable Remuneration of the employees. A further issue of 2,204,000 options under the same scheme, to Steven Boland (CEO) were given approval at the Annual General Meeting on 24 November 2020.

With employees who cannot complete the required service period and therefore meeting the eligibility criteria, 1,820,000 units of these rights have been forfeited.

A further 454,950 units have since been issued to new employees. Current balance at end of June 2021 was 15,946,950 units.

Options

In April 2021, 750,000 units of options expired as the vesting conditions of 20 day-VWAP of $0.60 has not been achieved since issuance in April 2016.

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	2021	2020
Dividends on ordinary shares declared and paid:		
Final dividend in respect of the previous reporting period:		
FY 20: 1.05 cent per share (FY19: 1.0 cent per share)		
– Paid in cash	1,875,228	1,408,676
– Paid via DRP	399,287	341,661
Interim dividend for the current reporting period:		
FY 21: 0.75 cent per share (FY20: Nil)		
– Paid in cash	1,270,029	–
– Paid via DRP	367,626	–
	3,912,170	**1,750,337**

A franked dividend of $2,274,515 for the year ended 30 June 2020 was paid on 13 November 2020 at 1.05 cents per share with 1,159,290 new shares issued as part of the DRP.

A franked interim dividend of $1,637,655 for FY 2021 was paid on 14 May 2021 at 0.75 cent per share with 1,023,731 new shares issued as part of the DRP.

Subsequent to balance date, the Directors declared a dividend of 1.15 cents per share fully franked on 25 August 2021.

Franking credit balance at 30 June 2021 was $1,954,882 (2020: $3,016,901).

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.

The Board is targeting a dividend payout ratio of between 30% and 50% of its operating cash profit which it defines as EBITDA less maintenance capital expenditure and less tax paid.

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.

24. EARNINGS PER SHARE (CONTINUED)

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

In dollars	2021	2020 (Restated)
Earnings reconciliation		
Profit excluding significant items	8,712,829	7,901,186
Net share-based payments and significant items*	(4,749,831)	(4,887,851)
Net profit after tax	**3,962,998**	**3,013,335**

* Jun-20 includes the net impact of AASB 16 Leases adoption so that profit excluding significant items are comparable, per note 6.

In dollars	2021	2020
Number of ordinary shares:		
Weighted average number of ordinary shares used in the calculation of basic EPS	217,558,863	194,591,893
Weighted average number of ordinary shares used in the calculation of diluted EPS	224,511,742	195,904,881
Basic EPS excluding significant items (cents per share)	4.00	4.06
Diluted EPS excluding significant items (cents per share)	3.88	4.03
Basic EPS (cents per share)	1.82	1.55
Diluted EPS (cents per share)	1.77	1.54

25. CAPITAL COMMITMENTS

In dollars	2021	2020
Capital commitments		
Capital expenditure contracted for at the reporting date but not recognised as liabilities as follows:		
Plant and equipment	1,885,383	2,940,237

26. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

In dollars	2021	2020
Cash flows from operating activities		
Profit	**3,962,998**	**3,013,335**
Adjustments for:		
– Depreciation and impairment	5,888,321	5,260,125
– Depreciation on right-of-use assets	5,675,276	4,379,481
– Hire equipment loss provision	(31,104)	170,268
– (Gain)/loss on disposal of assets	(6,552,430)	(2,096,471)
– Share based payment	2,245,520	1,345,059
– Remeasurement of shares issued on Uni-span acquisitions	(350,000)	(100,000)
–Contingent consideration related to Uni-span acquisition	148,264	–
Net changes in working capital:		
– Deferred tax	2,179,155	(320,705)
– Other financial assets	99,411	–
– Trade and other receivables	(7,597,076)	853,787
– Inventories	(3,380,809)	(610,383)
– Contract assets	(655,701)	–
– Prepayments and other assets	(1,382,604)	(1,190,656)
– Assets held for sale	6,347	(1,558)
– Trade and other payables	8,800,091	(729,314)
– Provisions and employee benefits	525,767	465,888
– Net liabilities associated with assets held for sale	(7,271)	1,439
– Lease incentive write-off	–	341,203
– Income tax paid	(556,302)	–
Cash generated from operating activities	**9,017,853**	**10,781,498**
Finance costs	3,305,705	2,544,787
Net cash from operating activities	**12,323,558**	**13,326,285**

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, by GT's related network firms and by non-related audit firms:

In dollars	2021	2020
(a) Auditors of the Group – GT and related network firms		
Audit and review of financial reports		
Group and controlled entities	318,535	129,143
Total audit and review of financial reports	**318,535**	**129,143**
Other statutory assurance services	–	–
Other assurance services	31,815	17,004
Other services		
Tax advisory services	23,650	10,869
Tax compliance services	41,850	–
Consulting services (provided before appointment as auditors)	–	305,996
Total other non-audit services	**65,500**	**316,865**
Total services provided by GT	**415,850**	**463,012**
(b) Other auditors (KPMG) and their related network firms		
Audit and review of financial reports		
Group and controlled entities	–	207,242
Other statutory assurance services	–	–
Other assurance services	–	–
Other non-audit services		
Tax advisory services	–	–
Tax compliance services	–	20,700
Consulting services	–	65,000
Total services provided by other auditors (excluding GT)	**–**	**292,942**

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.

	2021	2020
Key management personnel compensation for the period:		
Short term employment benefits	1,884,959	1,498,304
Long term employment benefits	183,764	61,931
Post-employment benefits	62,903	61,077
Share based payments	523,237	745,985
Total compensation paid to key management personnel	**2,654,863**	**2,367,297**

Other related party transactions

Acrow also leases a number of industrial and commercial properties from Margaret Prokop's personal companies (MRP Property Pty Ltd & MRP Superannuation Pty Ltd) through the Natform subsidiaries.

Margaret Prokop was previously a director of Natform companies and upon the sale of Natform to Acrow, Margaret was appointed as a director of the Group. Rental and related property payments to her companies amounted to $852,581 (2020: $740,158). Lease terms are up to 8 years. Balance outstanding at 30 June 2021 was $6,635 (2020: nil).

The first $2,250,000 deferred consideration was paid to Margaret Prokop for the acquisition of Natform companies in September 2019 and a further $2,250,000 was paid in September 2020.

Natform engages Margaret Prokop's brother, the proprietor of Nat Pty Ltd to manufacture and assemble screens for Natform, the amount incurred was $1,235,128 in 2021 (2020: $917,660); balance outstanding at 30 June 2021 was $132,394 (2020: nil).

During the year there were no transactions between the parent entity and the subsidiaries within the Group.

29. SHARE BASED PAYMENTS

At 30 June 2021 the Group had the following share based payment arrangements.

Loan Funded Shares

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

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

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

The Loan Funded Shares have the following terms:

(i) Date of issue: 27 March 2018

(ii) Loan term: 5 years;

(iii) Interest: No interest is payable; and

(iv) Vesting hurdles: subject to being a continuous employee or director of the Group for 2 years from the date of issue, and the 20-day (at any point over the vesting period) volume weighted average share price ("VWAP") of the Group's share price exceeding 40 cents per share (post the share consolidation). The fair value at grant date was determined using

29. SHARE BASED PAYMENTS (CONTINUED)

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

All vesting hurdles have been met at 27 March 2020, none of these have been exercised at reporting date and thus no corresponding loan have been affected.

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

a) Exercise price $0.20

b) Share price at grant date $0.20

c) Expected price volatility 75%- based on comparable companies

d) Expected dividend yield 0%

e) Risk-free interest rate 2.41%

f) Expected life 3 years

Reconciliation of outstanding loan funded share options:

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

	2021		2020	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 July	2,475,000	$0.20	2,475,000	$0.20
Granted during the year	–	–	–	–
Exercised during the year	–	–	–	–
Outstanding at 30 June	**2,475,000**	**$0.20**	**2,475,000**	**$0.20**

Options

No options have been granted during the year.

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

		2021		2020	
Grant date	Expiry date	Exercise price	Number of options	Exercise price	Number of options
12 April 2016	12 April 2021	$0.20	–	$0.20	750,000
23 November 2016	23 November 2021	$0.20	50,000	$0.20	50,000
13 December 2017	13 December 2020 & 2022	$0.20	200,000	$0.20	400,000
27 March 2018	27 March 2021	$0.20	–	$0.20	1,463,000
14 January 2019	14 January 2024	$0.50	5,100,000	$0.50	5,100,000
4 March 2019	4 March 2024	$0.50	360,000	$0.50	360,000
16 July 2019	16 July 2024	$0.40	1,200,000	$0.40	1,200,000
Balance at 30 June			**6,910,000**		**9,323,000**

Reconciliation of outstanding share options:

	2021		2020	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 July	9,323,000	$0.40	8,360,000	$0.40
Granted during the year	–	–	1,200,000	$0.40
Exercised during the year	(1,663,000)	$0.20	(237,000)	$0.20
Forfeited during the year	(750,000)	–	–	–
Outstanding at 30 June	**6,910,000**	**$0.47**	**9,323,000**	**$0.40**

Performance Rights

Since July 2020 the Group has granted 15,946,950 performance rights to selected employees over two plans being 7,836,950 for FY 2021 and 8,110,000 for FY 2022, including issues to the CEO Steven Boland who received 1,102,000 units for each plan, hence 2,204,000 units in total over the two years.

The performance rights have the following terms:

(i) Exercise price: nil;

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

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

(iv) Vesting hurdles:

a. 75% of each issue measured on Earnings per share (EPS) criteria specifically "Underlying EBITDA / Average number of shares on issue.

   i. A threshold cumulative return of 5% is required below which no vesting will occur.

   ii. A target return of 8% will vest 50% of performance rights and pro rata between 5% and 8%

   iii. Above 8% return up to a maximum of 20% return the balance of the performance rights will vest on a pro rata basis.

b. 25% of each issue measured on Total Shareholder return (TSR) criteria. This compares the share price and dividends through the measurement period to a custom index of similar companies.

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

   ii. A target return of 120% of the index TSR will vest 50% of performance rights and pro rata between 100% of index return and 120% of index return.

   iii. Above 120% of index return up to a maximum of 200% 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 2019 and 30 June 2021 for the 2021 issue and 1 July 2019 and 30 June 2022 for the 2022 issue.

The model inputs for the performance rights granted included:

a) Exercise price: nil

b) Share price at grant date of 31 July 2020 was $0.305 and $0.365 for the subsequent issue to CEO Steven Boland 26 November 2020.

c) Expected price volatility between 57% and 59% – based on comparable companies

d) Expected dividend yield between 5.45% and 5.88%

e) Risk-free interest rate between 0.08% and 0.09%

f) Expected return on equity 12.5%

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 purposes and not as trading or speculative 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 2021.

Fair value hierarchy

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

Fair value inputs are summarised as follows:

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

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

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

Fair value inputs are summarised as follows:

	Fair Value Hierarchy	Valuation Technique
Derivatives – forward exchange contracts	Level 2	The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on a yield curve sourced from available market data quoted for the respective currencies.
Derivatives – financial liability with equity instrument on Uni-span acquisition	Level 2	The fair value of shares issued to the sellers of Uni-span is determined using quoted share price on the date of acquisition. Any subsequent movement of the share price is remeasured at the reporting date until the end of the escrow period and any further liability is settled either by way of cash or additional issue of shares.

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 2021 the Group held the below AUD equivalent of foreign currency risks in USD and EUR:

	30 June 2021		30 June 2020	
	USD	EUR	USD	EUR
Trade payables	1,059,549	780,755	747,227	200,617
Purchase orders at 30 June	1,885,383	–	2,194,066	15,684
Forward exchange contracts	–	–	(300,000)	–
Net exposure	**2,944,932**	**780,755**	**2,641,293**	**216,301**

Foreign currency sensitivity

A reasonable possible strengthening/(weakening) of the USD or the EUR 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	
	Strengthening	Weakening
USD (10% movement)	267,721	(294,493)
EUR (10% movement)	70,978	(78,076)

Interest rate risk

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing.

At 30 June 2021 the Group has the following exposure to interest rates on borrowings:

	2021	2020
Fixed rate instruments		
Loans and borrowings	4,515,419	4,552,496
Variable rate instruments		
Loans and borrowings	17,823,429	17,266,000

Interest Rate Sensitivity

At 30 June 2021, the Group held interest bearing loans of $22,338,848 (2020: $21,818,496) and held net overdraft of $111,316 (2020: $7,238,511).

A reasonable increase of 100 basis points in interest rates on variable instruments at the reporting date would have $167,644 (2020: $130,860) negative impact on the net profit, whereas a decrease of 100 basis points would have $155,373 (2020: $147,260) positive impact on the net profit.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 gear 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 maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2021	2020
Classes of financial assets		
Cash and cash equivalents	1,754,622	7,238,511
Bank overdraft	(1,865,938)	–
Trade and other receivables	24,611,736	17,014,660
	24,500,420	**24,253,171**

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. 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 Group maintains a provision for receivable losses equivalent to the lifetime expected credit losses from initial recognition of those receivables.

The process for establishing the provision for losses is critical to the Group's results of operations and financial condition. Credit risk grew in-line with the growth of the loan and lease receivables. The Group uses a simplified lifetime expected credit loss approach, which includes consideration of customer specific factors, current conditions, future expected economic conditions, and actual credit loss experience.

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 as explained below.

Management overlay

An economic risk reserve through management overlay was established in the prior year and increased on the acquisition of Uni-span to incorporate unexpected economic shocks. This overlay is therefore in addition to the standard modelled provision under AASB 9 Financial Instruments.

As the full impacts of the COVID-19 pandemic were yet to be felt at balance date, the Group has yet to see the anticipated increase in delinquencies which would flow through to the modelled expected loss provision. In fact, at year end, debtor days had improved by 7 days from the previous year end. As these likely future delinquencies are not currently captured in the modelled outcome, the Group has specifically considered the likely industry specific impacts and customer impacts.

The modelled performance of these receivables will evolve as the situation unfolds and more data is available to model or understand the credit risk and loss implications from the COVID-19 pandemic and the mitigating impact of government stimulus. Over time as the impacts work their way into the reported variables the overlay can be expected to reduce as the impact becomes reflected in the routine modelled outcome.

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 2021. 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**
2021					
Non-derivative financial liabilities					
Deferred consideration	3,486,289	(3,520,248)	(3,520,248)	–	–
Trade payables and accrued expenses	25,122,155	(25,122,155)	(20,694,234)	(4,427,921)	–
Loans and borrowings	22,338,848	(24,289,195)	(8,626,267)	(15,662,928)	–
Lease liabilities	32,041,939	(38,014,096)	(6,125,388)	(20,899,218)	(10,989,489)
	82,989,231	**(90,945,694)**	**(38,966,137)**	**(40,990,067)**	**(10,989,489)**
Derivative financial liabilities					
Forward exchange contracts	–	–	–	–	–
Financial liability on Uni-span purchase	–	–	–	–	–
2020					
Non-derivative financial liabilities					
Deferred consideration	7,174,261	(7,250,000)	(3,750,000)	(3,500,000)	–
Trade payables and accrued expenses	16,234,858	(16,234,858)	(16,234,858)	–	–
Loans and borrowings	21,818,496	(24,057,877)	(6,918,396)	(17,139,481)	–
Lease liabilities	34,150,274	(41,667,283)	(5,036,502)	(21,808,904)	(14,821,877)
	79,377,889	**(89,210,018)**	**(31,939,756)**	**(42,448,385)**	**(14,821,877)**
Derivative financial liabilities					
Forward exchange contracts	18,653	(18,653)	(18,653)	–	–
Financial liability on Uni-span purchase	350,000	(350,000)	(350,000)	–	–

31. GROUP ENTITIES

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

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

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

(b) These subsidiaries, along with Acrow Formwork and Construction Services Limited (the parent entity of the Group), form the Deed of Cross Guarantee Group described further from note 35.

32. OPERATING SEGMENTS

The Group manages all its construction-related operations, being all the Australian based formwork and scaffolding subsidiaries as one segment and the mining operation in Ghana as a separate segment. The executive management team (the chief operating decision makers) assesses the financial performance of the construction-related operations on an integrated basis only and accordingly.

All revenue is generated by external customers in Australia on formwork and construction-related services.

The mineral exploration assets and liabilities are held for sale per note 13.

The Group has the following segments:

- *Formwork and construction services:* the provision of falsework, formwork, scaffolding, screens and related materials for hire and sales; and
- *Mineral exploration activities*

Segment Information as at 30 June 2021

	Formwork and construction services	Mineral exploration	Total
Lease revenue on hire of equipment	42,208,735	–	42,208,735
Labour services transferred over time	21,881,696	–	21,881,696
Cartage services transferred over time	5,084,962	–	5,084,962
Consumable sales and other services transferred at a point in time	25,433,493	–	25,433,493
Other income	6,552,430	–	6,552,430
Segment revenue	**101,161,317**	**–**	**101,161,317**
Segment operating profit	11,434,755	(51,273)	11,383,482
Unallocated corporate overhead costs	(1,935,624)	–	(1,935,624)
Finance costs	(3,305,705)	–	(3,305,705)
Profit before income tax	**6,193,426**	**(51,273)**	**6,142,153**
Income tax benefit	(2,179,155)	–	(2,179,155)
Profit after income tax	**4,014,271**	**(51,273)**	**3,962,998**
Other material items:			
Goodwill on acquisition	7,428,704	–	7,428,704
Capital expenditure	17,409,883	–	17,409,883
Depreciation and amortisation	11,563,598	–	11,563,598
Segment assets	**158,964,836**	**66,622**	**159,031,458**
Segment liabilities	**97,129,828**	**414,187**	**97,544,015**

32. OPERATING SEGMENTS (CONTINUED)

Segment Information as at 30 June 2020

	Formwork and construction services	Mineral exploration	Total
Lease revenue on hire of equipment	37,199,515	–	37,199,515
Labour services transferred over time	16,637,186	–	16,637,186
Cartage services transferred over time	5,629,679	–	5,629,679
Consumable sales and other services transferred at a point in time	22,215,220	–	22,215,220
Other income	2,096,471	–	2,096,471
Segment revenue	**83,778,071**	**–**	**83,778,071**
Segment operating profit	7,048,045	(70,117)	6,977,928
Unallocated corporate overhead costs	(1,916,572)	–	(1,916,572)
Finance costs	(2,368,726)	–	(2,368,726)
Profit before income tax	**2,762,748**	**(70,117)**	**2,692,630**
Income tax benefit	320,705	–	320,705
Profit after income tax	**3,083,453**	**(70,117)**	**3,013,335**
Other material items:			
Goodwill on acquisition	7,428,704	–	7,428,704
Capital expenditure	13,101,140	–	13,101,140
Depreciation and amortisation	5,260,125	–	5,260,125
Segment assets	**148,146,232**	**72,981**	**148,219,213**
Segment liabilities	**89,526,237**	**397,742**	**89,923,979**

Geographical information

The Group's formwork and construction-related services segment operates in Australia and the mineral exploration segment operates in Ghana.

33. PARENT ENTITY DISCLOSURES

	2021	2020
Results of the parent entity		
Profit/(loss) for the period	3,063,463	(2,405,628)
Total comprehensive income/(expense) for the period	**3,063,463**	**(2,405,628)**
Financial position of the parent entity at year end		
Current assets	5,405	66,346
Non-current assets	50,707,007	52,020,439
Total assets	**50,712,412**	**52,086,785**
Current liabilities	3,615,726	7,284,181
Total liabilities	**3,615,726**	**7,284,181**
Net assets	**47,096,686**	**44,802,604**
Total equity of parent entity comprising:		
Issued capital	46,703,384	45,674,176
Share based payments reserve	2,972,126	858,545
Accumulated losses	(2,578,824)	(1,730,117)
Total equity	**47,096,686**	**44,802,604**
Movement to accumulated profits/(losses):		
Opening balance at 1 July	**(1,730,117)**	**2,425,848**
Dividend paid and reinvested through DRP	(3,912,170)	(1,750,337)
Profit/(loss) for the period	3,063,463	(2,405,628)
Closing balance at 30 June	**(2,578,824)**	**(1,730,117)**

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 2021

	2021	2020
Continuing operations		
Revenue	94,608,887	81,681,600
Other income	6,552,430	2,096,471
Personnel expenses	(36,534,129)	(26,464,244)
Sub-contract labour costs	(16,646,962)	(18,529,985)
Inventory purchased, net of changes in finished goods	(18,276,344)	(13,407,935)
Depreciation	(11,563,598)	(9,639,607)
IT and telecommunication expenses	(1,542,961)	(1,267,705)
Freight costs	(1,664,296)	(1,339,966)
Insurance expenses	(813,198)	(829,981)
Gain on fair value of derivatives	350,000	100,000
Contingent consideration related to Uni-span acquisition	(148,264)	–
Other expenses	(4,874,621)	(7,338,118)
Profit before net finance costs and income tax	**9,446,944**	**5,060,530**
Finance income	–	37,211
Finance costs	(3,305,705)	(2,405,544)
Net finance costs	**(3,305,705)**	**(2,368,333)**
Profit before income tax	**6,141,240**	**2,692,197**
Income tax benefit/(expense)	(2,179,155)	320,705
Profit from continuing operations	**3,962,085**	**3,012,902**

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	2021	2020
Current assets		
Cash and cash equivalents	1,754,516	7,238,395
Trade and other receivables	24,611,736	17,014,660
Inventories	8,958,554	5,577,745
Contract assets	775,168	239,747
Prepayments and other assets	3,618,377	2,115,493
Total current assets	**39,718,351**	**32,186,040**
Non-current assets		
Property, plant and equipment	83,008,854	76,038,493
Right-of-use lease assets	28,808,936	32,393,595
Goodwill and intangible assets	7,428,694	7,428,694
Other assets	–	99,411
Total non-current assets	**119,246,484**	**115,960,193**
Total assets	**158,964,835**	**148,146,233**
Current liabilities		
Bank overdraft	1,865,938	–
Trade payables	25,122,155	16,234,859
Other payables	3,486,289	3,492,952
Financial liability	–	350,000
Employee benefits	4,639,524	4,129,727
Lease liabilities	4,645,552	3,420,761
Borrowings	7,898,384	5,981,098
Current tax liabilities	310,331	556,301
Total current liabilities	**47,968,173**	**34,165,698**
Non-current liabilities		
Other payables	–	3,331,309
Employee benefits	611,541	595,571
Lease liabilities	27,396,387	30,729,513
Loans and borrowings	14,440,464	15,837,398
Provisions	469,274	469,274
Deferred income tax liability	6,596,723	4,727,900
Total non-current liabilities	**49,514,389**	**55,690,965**
Total liabilities	**97,482,562**	**89,856,663**
Net assets	**61,482,273**	**58,289,570**

34. DEED OF CROSS GUARANTEE (CONTINUED)

	2021	2020
Equity		
Issued capital	46,703,384	45,674,176
Share based payments reserve	2,972,126	858,546
Retained earnings	11,806,763	11,756,848
Total equity	**61,482,273**	**58,289,570**

35 SUBSEQUENT EVENTS

The Group raised $10,500,000 on 27th July 2021 at 38 cents per share via an institutional placement resulting in the issue of 27,631,579 new ordinary shares. The capital was raised primarily for the immediate future to fund the capital investment requirements of the fast-growing Industrial Services division and to capitalise on the numerous civil infrastructure opportunities on the horizon. The balance of the funds will add strength to the Company's balance sheet and provide flexibility to act quickly as compelling further growth opportunities present themselves. The new shares issued under the Placement rank equally with Acrow's existing fully paid ordinary shares.

Further, 280,500 units of Loan Funded shares were exercised and converted in full as ordinary shares on the 13 July 2021, bringing total number of ordinary shares to 247,289,287 units.

Equipment finance loans of $2,714,776 were drawn subsequent to 30 June 2021 repayable in full by July 2024 and Trade finance loans of $1,480,563 were drawn in July repayable in full between September 2021 to January 2022.

An insurance premium finance loan of $968,752 was drawn on the 27 August 2021 repayable in full by 27 June 2022.

On 25 August 2021 the Directors declared a franked dividend of 1.15 cents per share to be paid on Thursday 25 November 2021. 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 2021.

Impact of COVID-19

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these consolidated financial statements. The estimation uncertainty is associated with:

- The extent and duration of the disruption to businesses arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- The extent and duration of the expected economic downturn. This includes the disruption to capital markets, deteriorating availability of credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and
- The effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Group has developed estimates in these consolidated financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2021 about future events that the Directors believe are reasonable in the circumstances.

There is a considerable degree of judgement involved in preparing forecasts.

The underlying assumptions are subject to uncertainties which are often outside the control of the Group.

Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

Two new non-executive directors have been appointed, Melanie Allibon (joined effective 1 September 2021) and Laurie Lefcourt (who will join effective 1 October 2021 will also Chair the Audit & Risk Committee).

Other than the above matter there has not otherwise arisen between the end of the year end period 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 ending 30 June 2021

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 50 to 94 and the Remuneration Report in the Directors' Report, set out on pages 24 to 49 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 2021 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 2021.

Signed in accordance with a resolution of the Directors:

Peter Lancken
Chairman

Sydney, 28 September 2021

Steven Boland
Director, Chief Executive Officer

Sydney, 28 September 2021

Grant Thornton

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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 2021, 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 2021 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.

Grant Thornton

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, intangibles comprise goodwill relating to the acquisition of Natform Pty Ltd and Natform (QLD) Pty Ltd which amounts to $7.3 million.
 	
In accordance with AASB 136 *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 valuations experts;
	• Performing sensitivity analysis on the significant inputs and assumptions made by management in preparing the calculation; and
	• Assessing the adequacy of financial report and accounting policy disclosures.

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 2021, 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.

GrantThornton

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: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 24 to 49 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Acrow Formwork and Construction Services Limited, for the year ended 30 June 2021 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, 28 September 2021

ADDITIONAL INFORMATION FOR LISTED ENTITIES (SHAREHOLDER INFORMATION)

The shareholder information set out below was applicable as at 14 September 2021 (Reporting Date).

SUBSTANTIAL HOLDERS

Top Holders	Securities	%
PERENNIAL VALUE MANAGEMENT LIMITED	24,821,643	9.95%
KENECO PROPERTY PTY LTD <FAMIGLIA A LTD PARTNER A/C>	13,086,667	5.29%

HOLDING DISTRIBUTION

Analysis of numbers of equity holders by size of holding:

Ordinary Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	1,513	92,987	0.04%
above 1,000 up to and including 5,000	473	1,289,711	0.52%
above 5,000 up to and including 10,000	274	2,273,341	0.91%
above 10,000 up to and including 100,000	1,116	42,238,065	16.93%
above 100,000	297	203,589,683	81.60%
Totals	**3,673**	**249,483,787**	**100.00%**

Unlisted Options

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	–	–	–
above 1,000 up to and including 5,000	–	–	–
above 5,000 up to and including 10,000	–	–	–
above 10,000 up to and including 100,000	1	50,000	0.72%
above 100,000	9	6,860,000	99.28%
Totals	**10**	**6,910,000**	**100.00%**

Performance Rights

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	–	–	–
above 1,000 up to and including 5,000	–	–	–
above 5,000 up to and including 10,000	–	–	–
above 10,000 up to and including 100,000	–	–	–
above 100,000	36	16,219,950	100.00%
Totals	**36**	**16,219,950**	**100.00%**

Based on the price per security, number of holders with an unmarketable holding: 1,542, with a total 126,422, amounting to 0.05% of Issued Capital.

Voting Rights

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

Options and Performance Rights – do not have voting rights.

Shares Subject to Voluntary Escrow

There are no shares voluntarily escrowed.

Unlisted Securities

Unlisted Securities include: 6,910,000 unlisted options and 16,219,950 performance rights.

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

On-Market Buy-Back

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

Top Holders

TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

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

Position		Securities	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	22,728,333	9.11%
2	NATIONAL NOMINEES LIMITED	15,542,206	6.23%
3	KENECO PROPERTY PTY LTD <FAMIGLIA A LTD PARTNER A/C>	13,086,667	5.25%
4	EVERGREEN PARTNERS NO 4 LP	12,351,252	4.95%
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	11,269,384	4.52%
6	MARGARET ANNA PROKOP	6,768,637	2.71%
7	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	6,149,247	2.46%
8	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	6,123,905	2.45%
9	MRP PROPERTY PTY LTD <MRP GROUP FAMILY A/C>	4,512,650	1.81%
10	BNP PARIBAS NOMS PTY LTD <DRP>	3,973,025	1.59%
11	BOND STREET CUSTODIANS LIMITED <SA1 – D74506 A/C>	3,063,293	1.23%
12	CITICORP NOMINEES PTY LIMITED	2,770,015	1.11%
13	MARYVILLE PTY LTD <BOLAND FAMILY A/C>	2,714,326	1.09%
14	JOSAMBA PTY LTD <WR&P GIBSON SUPER FUND A/C>	2,500,000	1.00%
15	MR ROBERT CAPORELLA	2,472,027	0.99%
16	WHOOSHKA NOMINEES PTY LTD <WALLY WHOOSHKA A/C>	2,184,976	0.88%
17	DRACKA PTY LTD <THE DRACKA A/C>	2,040,746	0.82%
18	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	1,937,192	0.78%
19	MR ANDREW HAROLD KENNARD & MRS PRUDENCE ALICE KENNARD <KENNARD FAMILY S/F A/C>	1,789,474	0.72%
20	MALCOLM & JUNE ROSS INVESTMENTS PTY LTD	1,754,252	0.70%
	Total	**125,731,607**	**50.40%**
	Total Issued Capital	**249,483,787**	**100.00%**

OTHER INFORMATION:

4.10.3 Corporate Governance Statement

Acrow's Corporate Governance Statement is available on its website at:
https://www.acrow.com.au/corporate-governance-policies/

4.10.10 Name of the Secretary

Mr Lee Tamplin

4.10.11 Address and Telephone Number of the Registered Office and of the Principal Place of Business

Automic Group, Level 3, 126 Phillip Street, Sydney, NSW, 2000
02 8072 1400

4.10.12 Address and Telephone Number of the Office at which the Register of Securities is

Automic Group, Level 3, 126 Phillip Street, Sydney, NSW, 2000
02 8072 1400

4.10.13 List of Stock Exchanges on which any of the entities are recorded

N/A

CORPORATE DIRECTORY
for the year ending 30 June 2021

COMPANY
Acrow Formwork and Construction Services Limited

BOARD OF DIRECTORS
Mr Peter Lancken AM | Non-Executive Chairman

Mr Steven Boland | Executive Director

Mrs Margaret Prokop | Executive Director

Mr Gregg Taylor | Non-Executive Director (Chair of Audit & Risk Committee)

Mr David Moffat | Non-Executive Director (Chair of Remuneration & Nomination Committee)

Mrs Melanie Allibon | 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
Level 5, 126 Phillip Street
Sydney NSW 2000

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

ASX CODE
ACF

ACN
124 893 465

ANNUAL GENERAL MEETING
The Company will hold its 2021 Annual General Meeting ("AGM") as a virtual meeting at 11:00am on Monday, 22 November 2021.

Pursuant to ASX Listing Rule 3.13.1 and Clause 13.3 of the Company's Constitution, nominations for election of directors at the AGM must be received not less than 30 Business Days before the date of the AGM, being no later than 11 October 2021

Back cover: *Trial of MK System pre-assembly at Acrow's Revesby warehouse, NSW*

ACROW SINCE 1936

www.acrow.com.au

Sydney | Brisbane | Gold Coast | Adelaide | Hobart | Launceston | Melbourne | Perth