



Acrow Formwork and
Constructions Services Limited
ABN 36 124 893 465

Registered office
Level 5, 126 Phillip Street,
SYDNEY, NSW, AUSTRALIA,
2000

p +61 2 8072 1400
f +61 2 8072 1440
e info@acrow.com.au
w www.acrow.com.au

APPENDIX 4E
PRELIMINARY FINAL REPORT
Under ASX Listing Rule 4.3A

Acrow Formwork and Construction Services Limited

ABN 36 124 893 465

Details of Reporting Period

Reporting Period 12 months ended 30 June 2023
Previous Reporting Period 12 months ended 30 June 2022

Results for announcement to the market

	2023	2022	% change
	dollars	dollars	
Revenue from ordinary activities ¹	168,494,966	148,345,521	Up 14%
Net profit after tax from ordinary activities attributable to members	23,457,040	15,694,168	Up 49%
Share based payments and significant costs	7,031,249	2,118,744	Up 232%
Net profit after tax from ordinary activities excluding significant costs	30,488,289	17,812,912	Up 71%
	Cents	Cents	
Basic earnings per share (cents)	8.96	6.32	Up 42%
Diluted earnings per share (cents)	8.69	6.06	Up 43%
Basic earnings per share (cents) excluding significant costs	11.64	7.17	Up 62%
Diluted earnings per share (cents) excluding significant costs	11.29	6.88	Up 64%
Net tangible asset per share (cents)	39.31	32.77	Up 20%

Amount per security (Cents)

Dividend distributions	
Interim dividend per share 85% franked (cents)	1.70
Final dividend per share 100% franked (cents)	2.70
Record date for determining entitlements to the dividend	Friday, 27 October, 2023
Dividend payment date	Thursday, 30 November, 2023
Dividend Reinvestment Plan ("DRP") is in place, last date for election to participate	Friday, 10 November 2023
The Company paid partly franked dividends for the year ended 30 June 2022	2.70

The above information is based on the Preliminary financial report which has been reviewed by Grant Thornton. Additional disclosure requirements to Appendix 4E can also be found in the report.

¹ Revenue from ordinary activities includes revenue from continuing operations of \$149.8m (2022: \$140.8m) and proceeds from the disposal of property, plant and equipment of \$18.7m (2022: \$7.5m). Sales of ex-hire equipment is an ordinary activity of the business.

Dividend

On the 14th August 2023 the Company has declared a 100% franked dividend of 2.70 cents per share for the period ending 30 June 2023. The Dividend will be paid on 30 November 2023 to holders on the Company's fully paid ordinary share register on 27 October 2023 (Record Date).

Dividend Reinvestment Plan

The Company has a Dividend Reinvestment Plan (DRP) that will be available to holders of fully paid ordinary shares (shares). The DRP allows shareholders to reinvest part or all of their dividends into new Acrow Formwork and Construction Services Limited shares. The issue price of the shares will be at a 2.5% discount to the Market Value which is calculated as the arithmetic average of the daily volume weighted average sale price for a Share (rounded to four decimal places) sold through a Normal Trade on ASX on the ten trading days commencing on the second trading day following the Record Date. The last date for receipt of an election notice for participation in the DRP is 10 November 2023.

Control gained over entities

Nil

Commentary

The Acrow group performance in the 12 months to 30 June 2023 increased in all metrics. The group continues to grow scale that previous strategic acquisitions and capital expenditure has allowed.

The business is continuing to grow in the value added, highly engineered civil formwork solutions including the expanded Jumpform business and Industrial Services markets.

On an underlying basis, the key highlights for the year included:

- Group revenue up 14% on PCP to \$168.5m, assisted by a strong trading performance in the formwork division, up 29% on PCP and commercial scaffold division, up 9%. Performance continues to be predominantly organically generated. Hire revenue increased \$17.5m or 31%, labour and cartage reduced by \$3.8m, sales of equipment increased by \$6.5m or 12.5%.
- Sales contribution of \$104.6m, up 29%, with 77% of uplift generated from stronger equipment hire across all divisions. Margin up 7.3ppts to 62.1%, benefitting from the mix change towards hire revenue as a proportion of total revenue.
- Underlying EBITDA of \$53.24m, up 47%, accelerating in 2H FY23 due to scale benefits. EBITDA margin of 31.6%, up 7.1ppts.
- Underlying NPAT of \$30.5m, up 71%.
- Underlying Earnings Per Share up 62% to 11.64 cents per share.
- Full year dividend per share up 63% to 4.40 cents per share.
- Net debt to EBITDA maintained flat at 1.0 times. Includes only 2 months of earnings contributions from asset acquisitions reported in May 2023 against directly associated borrowings of \$16m.
- Return on Equity at a record level of 32.7% up 9.7ppts.

Segmental Underlying EBITDA

Year end 30 June (\$000)	FY23	FY22	\$ Mvt	% chg PCP
Formwork	101,966	78,766	23,200	29%
Industrial Services	40,405	45,636	(5,231)	(11%)
Commercial Scaffold	26,124	23,944	2,180	9%
Total Revenue	168,495	148,346	20,149	14%
Formwork	71,331	55,914	15,418	28%
Industrial Services	15,248	15,515	(267)	(2%)
Commercial Scaffold	18,059	9,934	8,125	82%
Total Contribution	104,638	81,362	23,276	29%
<i>Contribution Margin*</i>	62.1%	54.8%		7%
Yard Related Expenses	15,499	14,390	1,109	8%
Labour	27,507	25,143	2,364	9%
Other	8,395	5,517	2,878	52%
Total Overheads	51,401	45,050	6,351	14%
Underlying EBITDA	53,237	36,312	16,925	47%
<i>EBITDA Margin*</i>	31.6%	24.5%		7%

Year end 30 June (\$000)	FY23	FY22	\$ Mvt	% chg PCP
Sales	168,495	148,346	20,149	14%
Total Contribution	104,638	81,362	23,276	29%
<i>Contribution Margin*</i>	62.1%	54.8%		7%
EBITDA	53,237	36,312	16,925	47%
<i>EBITDA Margin*</i>	31.6%	24.5%		7%
Depreciation	(15,223)	(13,070)	(2,153)	16%
EBIT	38,014	23,242	14,772	64%
Net Interest	(4,766)	(3,467)	(1,299)	37%
Pre-tax Profit	33,248	19,775	13,473	68%
Tax Expense	(2,760)	(1,962)	(798)	41%
NPAT (underlying)	30,488	17,813	12,675	71%
Significant items	(1,222)	(954)	(268)	28%
Significant items - tax	(2,592)	-		
Share-based payments	(3,217)	(1,165)	(2,052)	176%
NPAT (reported)	23,457	15,694	7,763	49%
EPS (underlying)(¢ps)	11.64	7.17	4.47	62%
DPS (¢ps)	4.40	2.70	1.70	63%

FY23 Reconciliation of Reported Net Profit after Tax to Underlying EBITDA

	Underlying	Significant items adj.	Reported
Underlying EBITDA	53,237	(1,222)	52,015
Depreciation	(15,223)	-	(15,223)
Net interest	(4,766)	-	(4,766)
Pre tax profit	33,248	(1,222)	32,026
Share based payments expense	-	(3,217)	(3,217)
Tax expense	(2,760)	(2,592)	(5,352)
Net profit after tax	30,488	(7,031)	23,457

Audit

This Appendix 4E and Preliminary Financial Report is based on financial statements which are in the process of being audited by Grant Thornton.

Acrow Formwork and Construction Services Limited
ACN 124 893 465

Preliminary Financial Report
30 June 2023

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2023

<i>In dollars</i>	Note	2023	2022
Continuing operations			
Revenue	3	149,814,345	140,826,918
Other income	4	12,024,427	4,955,787
Personnel expenses		(55,775,185)	(51,875,934)
Sub-contract labour costs		(15,469,758)	(18,039,520)
Inventory purchased, net of changes in finished goods		(28,012,325)	(31,642,371)
Depreciation		(15,222,955)	(13,070,352)
IT and telecommunication expenses		(1,858,760)	(1,641,245)
Freight costs		(1,914,389)	(1,975,256)
Insurance expenses		(1,216,688)	(1,090,449)
Expected credit loss provision and bad debt expense		(3,145,000)	(650,000)
Other expenses	5	(5,932,869)	(4,628,112)
Profit before net finance costs and income tax		33,290,843	21,169,466
Finance costs		(4,481,063)	(3,513,116)
Profit before income tax		28,809,780	17,656,350
Income tax expense	6	(5,352,740)	(1,962,182)
Profit from continuing operations		23,457,040	15,694,168
Other comprehensive income			
Items that may be reclassified to profit / (loss)			
Foreign operations - foreign currency translation differences		(1,939)	1,431
Total comprehensive income for the year		23,455,101	15,695,599
Earnings per share from continuing operations			
Basic EPS (cents per share)	21	8.96	6.32
Diluted EPS (cents per share)	21	8.69	6.06

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

Statement of Financial Position

As at 30 June 2023

<i>In dollars</i>	Note	2023	2022
Current assets			
Cash and cash equivalents		4,939,396	3,010,433
Trade and other receivables	7	39,178,433	34,362,867
Inventories	8	11,397,484	14,872,186
Contract assets	9	42,814	111,927
Prepayments and other assets	9	3,850,665	5,075,832
Assets held for sale	10	-	72,579
Total current assets		59,408,792	57,505,824
Non-current assets			
Property, plant and equipment	11	131,589,548	95,490,436
Right-of-use lease assets	12	20,088,885	24,478,720
Goodwill and intangible assets	13	7,428,704	7,428,704
Total non-current assets		159,107,137	127,397,860
Total assets		218,515,929	184,903,684
Current liabilities			
Bank overdraft		-	3,001,005
Trade payables and accrued expenses	14	14,890,123	21,484,027
Other payables	14	3,000,000	-
Employee benefits	15	6,186,367	6,159,454
Lease liabilities	12	6,375,328	4,964,215
Loans and borrowings	16	21,907,696	17,001,678
Current tax liabilities		1,348,072	1,869,031
Liabilities associated with assets held for sale	10	-	67,063
Total current liabilities		53,707,586	54,546,473
Non-current liabilities			
Other payables	14	4,000,000	-
Employee benefits	15	628,024	444,988
Lease liabilities	12	17,537,389	23,285,254
Loans and borrowings	16	29,382,836	15,848,299
Provisions	17	469,274	469,274
Deferred income tax liability	18	9,907,149	6,990,415
Total non-current liabilities		61,924,672	47,038,230
Total liabilities		115,632,258	101,584,703
Net assets		102,883,671	83,318,981
Equity			
Issued capital		61,809,122	58,310,046
Reserves		4,076,017	3,059,423
Retained earnings		36,998,532	21,949,512
Total equity		102,883,671	83,318,981

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

Statement of Changes in Equity

For the year ended 30 June 2023

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

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

Statement of Cash Flows
For the year ended 30 June 2023

<i>In dollars</i>	Note	2023	2022
Cash flows from operating activities			
Receipts from customers		70,425,037	88,716,570
Receipts on lease revenue		80,641,924	54,374,672
Payments to suppliers and employees		(118,240,226)	(131,718,641)
Cash generated from operations		32,826,735	11,372,601
Income tax paid		(2,956,964)	(9,790)
Net cash inflow from operating activities		29,869,771	11,362,811
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	4	18,680,621	7,518,603
Purchase of property, plant and equipment		(44,941,533)	(22,378,490)
Deferred payment on acquisitions	14	-	(3,582,656)
Net cash outflow from investing activities		(26,260,912)	(18,442,543)
Cash flows from finance activities			
Proceeds from issue of shares		-	10,500,000
Capital raising costs		-	(602,826)
Proceeds from exercise of options, net of costs		263,597	16,525
Proceeds from borrowings		49,451,920	28,528,971
Repayment of borrowings		(31,011,363)	(18,017,843)
Repayment of lease liabilities	12	(5,831,150)	(5,145,257)
Dividends paid net of DRP		(7,370,832)	(4,942,427)
Finance costs paid		(4,181,064)	(3,136,668)
Net cash inflow from financing activities		1,321,108	7,200,475
Net increase in cash and cash equivalents		4,929,967	120,743
Cash and cash equivalents as at 1 July		9,428	(111,316)
Effect of exchange rate fluctuations on cash held		1	1
Cash and cash equivalents at the end of the year		4,939,396	9,428

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

Notes to the Financial Statements

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

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

Acrow's Annual Reports for prior reporting periods are available upon request from the 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 preliminary consolidated financial statements have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The preliminary 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 15 August 2023.

(b) Basis of measurement

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

(d) Use of estimates and judgements

The preparation of preliminary 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.

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 preliminary consolidated financial statements include the following:

- (i) Valuation of goodwill, refer to note 13; and
- (ii) Determination of expected credit losses of receivables, see note 7; and
- (iii) Utilisation of tax losses, per note 18.

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

(e) 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

Acrow Formwork and Construction Services Limited | Preliminary Financial Report

accordance with that Legislative Instrument, amounts in these preliminary consolidated financial statements have been rounded off to the nearest dollar and are shown as such, unless stated otherwise.

(f) Basis of consolidation

The preliminary 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 preliminary consolidated financial statements.

3. Revenue

<i>In dollars</i>	2023	2022
<i>Revenue from contracts with customers</i>		
Provision of labour services	30,173,235	34,449,251
Provision of cartage services	6,424,309	5,936,777
Other sales of goods	39,905,960	44,597,902
	76,503,504	84,983,930
<i>Other revenue</i>		
Hire of equipment	73,310,841	55,842,988
	149,814,345	140,826,918

4. Other income

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

5. Other expenses

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

Acrow Formwork and Construction Services Limited | Preliminary Financial Report

6. Income tax expense

<i>In dollars</i>	2023	2022
Current income tax expense	(7,692,833)	(1,584,228)
Deferred income tax expense	(1,862,236)	(360,775)
Under provision for income tax in prior year	(96,140)	-
Initial recognition of previously unrecognised deferred income tax expense	4,298,469	(17,179)
Income tax expense attributable to profit*	(5,352,740)	(1,962,182)

* Total current year and prior year tax expense on previously unrecognised subsidiary Acrow Formwork & Scaffolding Pty Ltd is \$2,592,387

7. Trade and other receivables

<i>In dollars</i>	2023	2022
Trade receivables	41,668,122	35,821,806
Provision for doubtful debts	(2,489,689)	(1,458,939)
	39,178,433	34,362,867
Current	19,727,934	17,130,851
31 to 60	9,634,774	11,016,997
61 to 90	3,241,349	2,165,576
90+	9,064,065	5,508,382
Impaired	(2,489,689)	(1,458,939)
	39,178,433	34,362,867

8. Inventories

<i>In dollars</i>	2023	2022
Finished goods	11,607,559	15,146,338
Provision for slow moving stock	(210,075)	(274,152)
	11,397,484	14,872,186

9. Prepayments and other assets

<i>In dollars</i>	2023	2022
Current		
Contract assets	42,814	111,927
Other receivables	935,144	807,617
Prepayments	2,915,521	4,268,215
	3,893,479	5,187,759

Acrow Formwork and Construction Services Limited | Preliminary Financial Report

10. Assets and liabilities held for sale

<i>In dollars</i>	2023	2022
Assets classified as held for sale	-	72,579
Liabilities classified as held for sale	-	67,063

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

11. Property, plant and equipment

<i>In dollars</i>	Land and buildings	Plant and equipment	Hire equipment	Total
At 30 June 2022				
Cost	475,989	14,049,536	111,157,906	125,683,431
Accumulated depreciation	(391,231)	(11,435,297)	(18,366,467)	(30,192,995)
Net book value	84,758	2,614,239	92,791,439	95,490,436
At 30 June 2023				
Cost	521,014	14,475,101	154,183,704	169,179,819
Accumulated depreciation	(409,402)	(11,916,755)	(25,264,114)	(37,590,271)
Net book value	111,612	2,558,346	128,919,590	131,589,548

12. Leases

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

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

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

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

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

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

Acrow Formwork and Construction Services Limited | Preliminary Financial Report

Lease amounts recognised in the Consolidated Statement of Financial Position:

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

Lease amounts recognised in the Consolidated Statement of Comprehensive Income:

<i>In dollars</i>	2023	2022
Depreciation charge for right-of-use assets:		
Properties	4,920,155	4,765,763
Forklifts and office equipment	731,223	646,144
Motor vehicles	385,351	271,098
Total depreciation charge for right-of-use assets	6,036,729	5,683,005
Lease amounts included in the Statement of cashflows:		
Lease payments	5,831,150	5,145,257
Interest expense (included in finance costs)	1,327,157	1,509,802
Total amount paid	7,158,307	6,655,059
Expenses relating to short term and low value asset leases	135,688	138,788

13. Intangibles

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

Acrow Formwork and Construction Services Limited | Preliminary Financial Report

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

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

<i>In dollars</i>	2023	2022
Opening goodwill balance	7,428,704	7,428,704
Additions	-	-
Reductions	-	-
Closing balance	7,428,704	7,428,704

Allocation to CGU Groups

<i>In dollars</i>	2023	2022
Natform companies	7,301,902	7,301,902
Other	126,802	126,802
	7,428,704	7,428,704

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

Impairment testing on Natform companies

Goodwill of \$7,301,902 was recorded on 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 a one-year budget that has been approved by the board of directors and then a four-year forecast approved by the management, covering a total 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.

Acrow Formwork and Construction Services Limited | Preliminary Financial Report

14. Trade and other payables

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

15. Employee benefits

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

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

16. Loans and Borrowings

<i>In dollars</i>	2023	2022
Current	21,907,696	17,001,678
Non-current	29,382,836	15,848,299
	51,290,532	32,849,977

Borrowings are represented by the following finance facilities:

Secured amortising business loan of \$4,125,000 commenced in July 2022	2,860,000	-
Secured interest only business loan of \$16,000,000 commenced in March 2023	16,000,000	-
Secured amortising business loan of \$18,168,000	8,543,000	11,483,000
Equipment finance facility, revolving 3-year limit of \$22.0m (Jun 22: \$20.0m)	14,869,132	13,450,245
Headroom	7,130,868	6,549,755
Trade finance facility, revolving 180-day limit of \$9.02m (Jun 22: \$8.0m)	9,018,400	7,916,732
Headroom	-	83,268

Acrow Formwork and Construction Services Limited | Preliminary Financial Report

Working capital facility, \$11.0m (Jun 22: \$8.4m) including \$2.0m bank guarantee (Jun 22: \$1.4m), \$9.0m bank overdraft (Jun 22: \$6.6m) and \$0m Import Letters Credit Facility (Jun 22: \$0.4m)	1,976,583	4,336,853
Headroom	9,023,417	3,663,147
Borrowings utilised	53,267,115	37,186,830
Headroom	16,154,285	10,296,170
Total borrowings	69,421,400	47,483,000
Borrowings utilised and committed	53,267,115	37,186,830
Less: Bank overdraft utilised excluded from loans and borrowings disclosed separately on the Statement of Financial Position	-	(3,001,005)
Less: Bank guarantee utilised not drawn	(1,976,583)	(1,335,848)
Total Loans and Borrowings	51,290,532	32,849,977

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

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.

17. Provisions

In dollars

	2023	2022
Make good	469,274	469,274
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.

18. Deferred income tax and current income tax liabilities

In dollars

	2023	2022
Deferred income tax liability movement during the year:		
Opening balance at 1 July	6,990,415	6,596,723
Previously deferred income tax liability unrecognised (v)	(4,298,469)	-
Changes to estimates from prior years	374,674	32,919
Provisions	(394,104)	(250,978)
Accruals	(98,200)	74,124
Property, plant and equipment	2,354,539	537,627
Revenue tax loss	4,978,294	-
Closing balance at 30 June	9,907,149	6,990,415

Unrecognised deferred tax assets

Deferred tax assets not recognised for the following items:

Revenue tax losses	1,351,811	11,200,229
Capital losses	411,923	202,441
Temporary differences	181,384	(5,921,940)
	1,945,118	5,480,730

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

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

- (i) The subsidiaries continue to derive future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- (ii) The subsidiaries continue to comply with the conditions for deductibility imposed by the law;
- (iii) No changes in tax legislation adversely affect the subsidiaries in realising the asset and;
- (iv) The subsidiaries pass the continuity of ownership test, or the same business test as outlined by the Australian Taxation Office.
- (v) Net Deferred tax liabilities of Acrow Formwork & Scaffolding Pty Ltd were previously unrecognised due to uncertainty of realisation, however it has been able to derive assessable income and meet the above four conditions in recent years that enable the benefit from the tax loss to be realised. The net impact of current year and prior year recognition amount to \$2,592,387 in deferred tax liabilities.

19. Issued capital

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

- (i) 1,269,071 units of ordinary shares were issued at \$0.495 per share following the final dividend declaration on 30 November 2022 pursuant to the Dividend Reinvestment Plan (DRP); 574,947 units of ordinary shares were issued at \$0.7242 per share following the FY2023 interim dividend declaration on 31 May 2023 also pursuant to the DRP.
- (ii) 7,128,149 units of ordinary shares were issued during the year through conversion of performance rights granted under Long Term Variable Remuneration (LTVR) plan.
- (iii) 2,020,190 units of shares were issued during the year against 4,860,000 units of options exercised without cash, forfeiting 2,839,810 units of options at market price; and 200,000 units exercised with cash at \$0.20 per unit.
- (iv) 2,194,500 units of Loan Funded Shares were exercised at \$0.20 per share. After applying accumulated dividend since FY2019, balance on the proceed was \$260,049. This was immediately settled by cash, thus no loan has been drawn upon.

Acrow Formwork and Construction Services Limited | Preliminary Financial Report

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

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

Long term variable incentives	LTVR 1	LTVR 2	LTVR 3	LTVR 4
Measurement period	FY2022	FY2022	FY2021	FY2021
Hurdle	TSR	EPS	TSR	EPS
Vesting status on 30 June 2023	Vested	Vested	Lapsed	Vested
Outstanding as of 1 July	2,230,405	6,691,213	-	361,500
Grants / (cancellations) of issues	(43,000)	(129,000)	-	-
Unvested or forfeiture	-	(275,614)	-	-
Vested and exercised as ordinary shares	(1,828,405)	(5,010,244)	-	(289,500)
Balance outstanding 30 June 2023	359,000	1,276,355	-	72,000
Long term variable incentives	LTVR 5	LTVR 6	LTVR 7	LTVR 8
Measurement period	FY2023	FY2023	FY2024	FY2024
Hurdle	TSR	EPS	TSR	EPS
Vesting status at 30 June 2023	Unvested	Unvested	Unvested	Unvested
Outstanding as of 1 July	1,792,217	1,792,217	2,158,637	2,158,637
Grants / (cancellations) of issues	537,147	537,147	537,147	537,147
Unvested or forfeiture	-	-	-	-
Vested and exercised as ordinary shares	-	-	-	-
Balance outstanding 30 June 2023	2,329,364	2,329,364	2,695,784	2,695,784

- (i) 8,474,004 units of LTVR 1 & 2 vested (vesting outcome of 100% and 95.8% respectively) during the FY23, of which 6,838,649 had been exercised, along with LTVR 4 of which 289,500 units had been exercised, leaving balance of 1,707,355 units vested and exercisable at reporting date.
- (ii) 2,148,588 units of LTVR 5 to 8 were granted to the CEO pursuant to the Annual General Meeting held on the 15 November 2022, balance becomes 10,050,296 units unvested at reporting date.

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

Total number of outstanding performance rights on 30 June 2023 were 12,503,025 units (30 June 22: 17,184,826).

Loan Funded Shares

During the period, 2,194,500 units had been exercised at 20 cents per share reduced by \$178,851 accrued dividend, balance of \$260,049 out of total \$438,900 proceed was immediately settled in cash by the employee, no loan has been initiated.

Total number of outstanding loan funded shares at reporting date is nil (30 June 2022: 2,194,500).

Acrow Formwork and Construction Services Limited | Preliminary Financial Report

Options

During the period, 200,000 units had been exercised at 20 cents per share; 4,860,000 units had been exercised cashless by forfeiting a total of 2,839,810 units, resulting in 2,020,190 units of shares being issued.

1,500,000 units had been cancelled due to employment terminations.

Total number of outstanding options on 30 June were 300,000 units (30 June 2022: 6,860,000).

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:

<i>In dollars</i>	2023	2022
Dividends on ordinary shares declared and paid:		
Final dividend in respect of the previous reporting period:		
FY 22: 1.50 cents per share (FY21: 1.15 cents per share)		
- Paid in cash	3,270,403	2,239,483
- Paid via DRP	628,190	635,683
Interim dividend for the current reporting period:		
FY 23: 1.70 cents per share (FY22: 1.20 cents per share)		
- Paid in cash	4,100,428	2,702,944
- Paid via DRP	416,425	323,078
	8,415,446	5,901,188

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

An 85% franked interim dividend of \$4,516,853 for FY 2022 was paid on 31 May 2023 at 1.70 cents per share with 574,947 new shares issued as part of the DRP.

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

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

20. 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.

Acrow Formwork and Construction Services Limited | Preliminary Financial Report

21. Earnings per share

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

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

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

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

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

22. Group entities

The preliminary 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.

23. Operating segments

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

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

24. Subsequent Events

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

- Trade finance loans of \$893,334 were drawn in repayable in full within 180 days.
- An insurance premium finance loan of \$1,876,691 was drawn in July 2023 repayable in full by July 2024.

On 10 August 2023 Acrow announced on the ASX a contract of \$56.6m over 5 years to provide labour services to Future Generation on the Snowy 2.0 project. This contract commenced on 7th August 2023.

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

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