APPENDIX 4E

Name of entity: SHAPE Australia Corporation Limited
ABN: 14 654 729 352
Reporting Period: For the year ended 30 June 2022
Previous Period: For the year ended 30 June 2021*

RESULTS FOR ANNOUNCEMENT TO THE MARKET	UP/DOWN	MOVEMENT (%)	$'000
Revenues from ordinary activities	up	15.1	658,324
Profit from ordinary activities after tax attributable to the owners of SHAPE Australia Corporation Limited	down	41.8	7,203
Profit after tax for the year attributable to the owners of SHAPE Australia Corporation Limited	down	41.8	7,203
EBITDA	down	28.7	15,261
Underlying EBITDA	up	25.1	9,534

EARNINGS PER SHARE	30 JUNE 2022 (CENTS)	30 JUNE 2021 (CENTS)
Basic earnings per share	8.73	15.13
Diluted earnings per share	8.39	14.62

NET TANGIBLE ASSETS	30 JUNE 2022 (CENTS)	30 JUNE 2021 (CENTS)
Net tangible assets per ordinary security	11.65	24.26

DIVIDENDS	AMOUNT PER SHARE (CENTS)	FRANKED AMOUNT PER SHARE (CENTS)
Interim 2021 dividends (3 Quarter's)	10.25	10.25
Final 2021 dividend (1 Quarter)	4.00	4.00
Interim 2022 dividend (1 Quarter)	2.00	2.00

The above dividends were declared and paid by SHAPE Australia Holdings Pty Limited prior to 14 December 2021.

After 14 December 2021 the following dividends have been declared by the directors.

	AMOUNT PER SHARE (CENTS)	FRANKED AMOUNT PER SHARE (CENTS)	RECORD DATE	PAYMENT DATE
2022 Interim dividend	4.00	4.00	04/03/2022	18/03/2022
2022 Final dividend	2.00	2.00	01/09/2022	14/09/2022

CONTROL GAINED OVER SUBSIDIARIES

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

On 31 March 2022, control was gained over K. L. Modular Systems (Aust) Pty Ltd.

NAME OF ASSOCIATE	REPORTING PERIOD HOLDING %	PREVIOUS PERIOD HOLDING %
DLG SHAPE Pty Limited	49	49

The remainder of the information requiring disclosure to comply with listing rule 4.3A is contained in the June 2022 Directors' Report and the Financial Report for the year ended 30 June 2022.

* 30 June 2021 references relate to SHAPE Australia Holdings Pty Limited following a restructure on 14 December 2021, the parent entity became SHAPE Australia Corporation Limited. Details of the restructure are found in the Directors' Report.

Annual Report

FY22

SHAPE Australia Corporation Limited
ABN: 14 654 729 352

Level 11, 155 Clarence Street,
Sydney NSW 2000

IMPORTANT NOTICE AND DISCLAIMER

Information, including forecast financial information, in this report should not be considered as a recommendation in relation to holding, purchasing or selling shares, securities or other instruments in SHAPE Australia Corporation Limited or any other company. Due care and attention have been used in the preparation of forecast information, however, actual results may vary from forecast and any variation may be materially positive or negative.

Forecasts, by their very nature, are subject to uncertainty and contingencies may occur which are outside the control of SHAPE Australia Corporation Limited.

Before making or varying any decision in relation to holding, purchasing or selling shares, securities or other instruments in SHAPE Australia Corporation Limited, investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice.

We’re for shaping spaces and building lasting relationships. We bring together the best people to deliver quality fitout and construction services Australia-wide.

CONTENTS

CORPORATE DIRECTORY

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Level 11, 155 Clarence Street
Sydney NSW 2000
(02) 9906 6977

AUDITOR

SW Audit (formerly ShineWing Australia)
Level 7, Aurora Place
88 Phillip Street,
Sydney NSW 2000

BANKER

National Australia Bank

COMPANY SECRETARY

Rebecca Weir

SOLICITORS

Turtons Lawyers
Level 18, 56 Pitt Street
Sydney NSW 2000

SHARE REGISTRY

Boardroom Pty Ltd
Level 12, 225 George Street
Sydney NSW 2000
(02) 9290 9600

STOCK EXCHANGE LISTING

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

WEBSITE

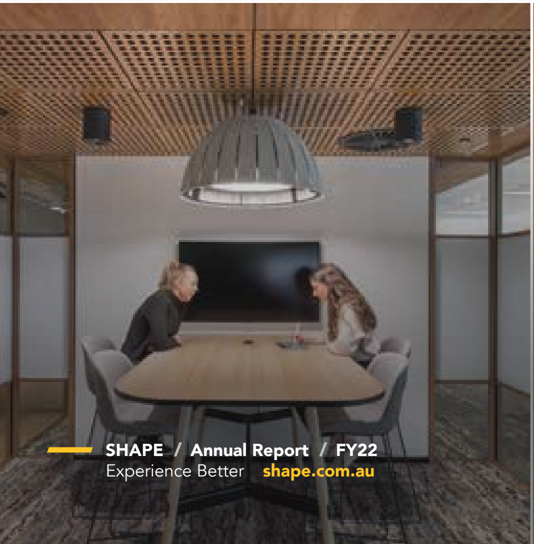
shape.com.au

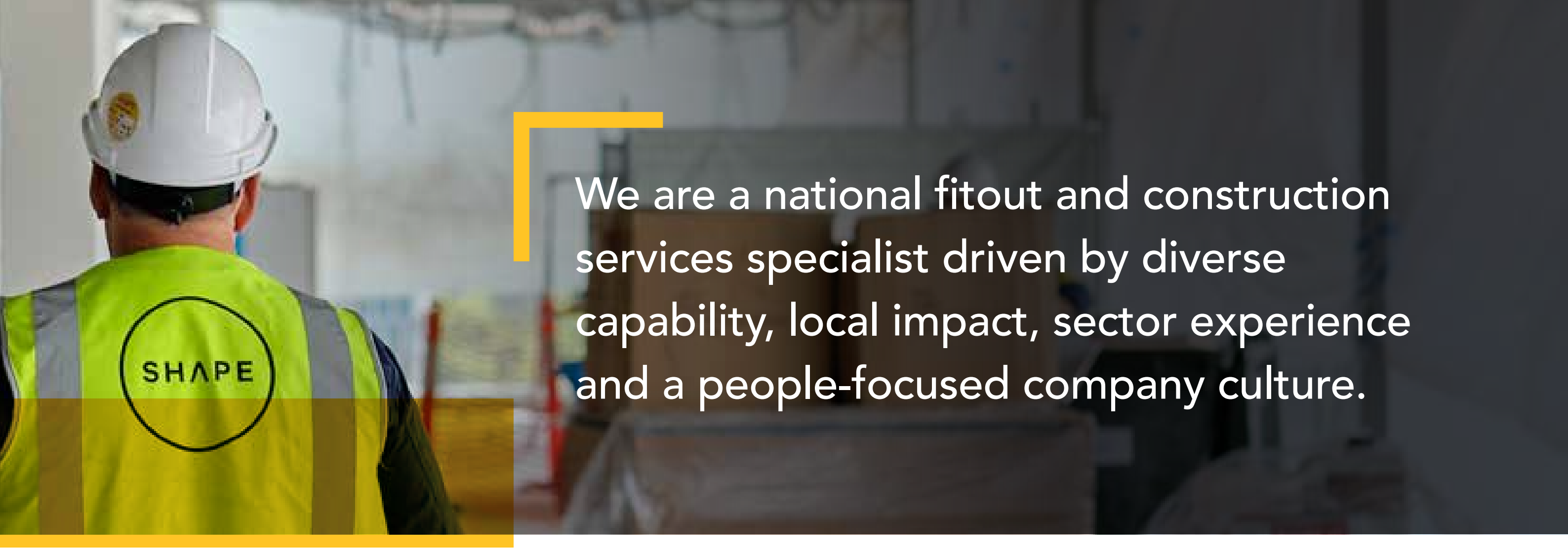
CORPORATE GOVERNANCE STATEMENT

investor.shape.com.au/corporate-governance


SHAPE AND
VISITOR PPE


SHAPE





We are a national fitout and construction services specialist driven by diverse capability, local impact, sector experience and a people-focused company culture.

ABOUT SHAPE

Leading Australia-wide fitout and construction services specialist

OUR VISION IS TO BE THE PARTNER OF CHOICE AND THE PLACE WHERE EVERYONE WANTS TO WORK.

MARKETS AND INDUSTRIES SERVICED

Operating with a truly national footprint across our network of branches, we build the best teams for every project. Our people bring specialist experience, a commitment to quality and industry leading safety practices to deliver on quality, timeliness and with exceptional customer service across every major market and sector.

Fitout and Refurbishments

We bring diverse capabilities, transparency, and a partnership approach to deliver inspiring spaces.

Façades

From aesthetic upgrades to compliance-driven cladding replacement requirements, our team are specialists in working in live environments.

Modular

We provide bespoke and innovative modular solutions for the education, healthcare, government and commercial sectors.

SHAPE+

Is a division of SHAPE Australia that offers a streamlined, one-stop shop service to help clients with any building requirements, large or small. From concept to handover and beyond, we will work with you to understand your needs and challenges and then deliver a fast-track bespoke solution.

Defence

We understand the security requirements and specific needs and protocols of government. Our experience includes the successful delivery of office fitouts, base building upgrades, building services installation, commissioning, and more.

New build

With considerable experience in all facets of new build projects, we understand implicitly how all the critical elements of these environments work together.

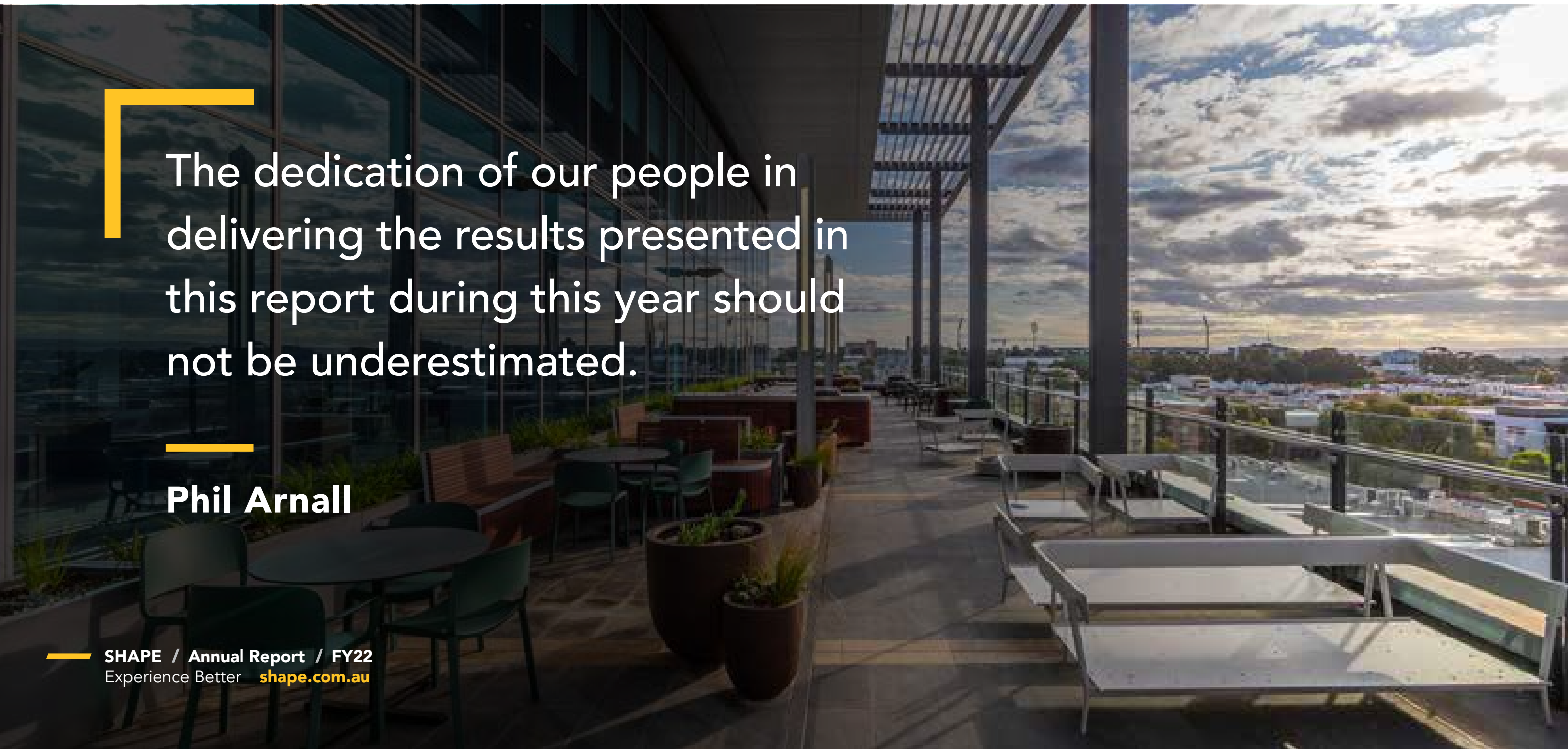
CHAIRMAN'S REPORT

I am pleased to be part of our first Annual Report as a company listed on the ASX. It has been a challenging and somewhat turbulent year for SHAPE as it continued to battle the impact of the COVID-19 pandemic (the pandemic) that has characterised our and, indeed, many sectors of industry for the past years. Despite these challenges and disruptions, SHAPE celebrated the successful listing on the ASX in December 2021 and has enjoyed a relatively smooth transition to meet the reporting, compliance and governance obligations of a listed company. This was due in no small measure to the systems and disciplines that SHAPE had in place as a private company and, of course, the ability and experience of its key management. They addressed the task whilst continuing to manage the business and produce a commendable result for the year constrained by global issues and the pandemic disruption.

The dedication of our people in delivering the results presented in this report should not be underestimated. The personal and business impact of the pandemic has been far reaching and, with a national footprint, SHAPE has been required to navigate through the requirements of the various State and Federal regulators to ensure compliance in how it operated. Overlaying this was the disruption in material supply due to the continuing global issues and the ongoing uncertainty in labour supply due to the pandemic. Despite these headwinds, our team was able to deliver a revenue result of $658.3 million, up 15 per cent on the previous year, and a carry forward order book of record proportions into the coming financial year.

Unfortunately, margins and earnings per share were adversely affected by the operating conditions outlined above. However, SHAPE's after-tax profit for the year of $7.2 million was considered an adequate result when these extraneous issues are considered.

On a positive note, the experience gained in managing these unprecedented times and the strong carry forward order book going into the coming year give the Board confidence that our core business is poised to contribute well in the year ahead. There is of course no guarantee that the challenges are fully behind us, although, the business will benefit from the lessons of the past two or three years.



> The dedication of our people in delivering the results presented in this report during this year should not be underestimated.
>
> **Phil Arnall**

Historically, and as a private company, SHAPE has presented investors with a strong dividend distribution of period profits. Having regard to the Dividend policy outlined in our Prospectus and the results for the year in review, we are pleased to confirm a final dividend of 2 cents per share, which brings the full year total to 8 cents per share. This is supported by the improvement in underlying EBITDA of $9.5 million, up 25 per cent from the previous period of $7.6 million. Net profit was affected by a number of individual items, including the expensing of the bulk of the cost of the listing being $2.8 million, and was therefore down 42 per cent to $7.2 million.

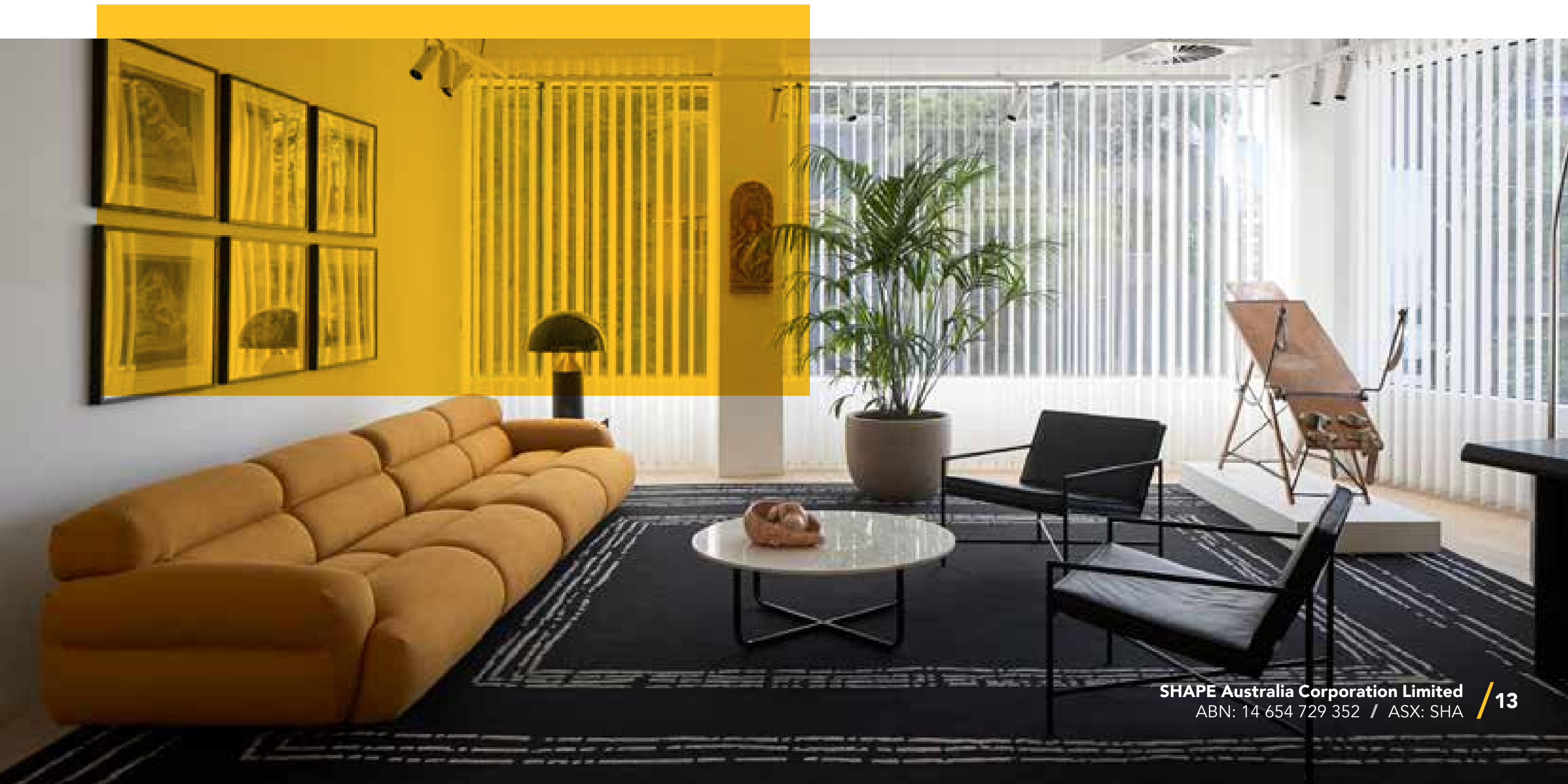
After 10 years as Chairman of SHAPE, my retirement provides an opportunity for a refresh of the Board. This first commenced when we invited Kathy Parsons and Jane Lloyd to join the Board immediately prior to our listing. As announced in a release to the market on 8 August 2022, Greg Miles has agreed to join the Board as Chairman on my retirement, and during the coming year, further retirements will bring the Board to a size more in keeping with the size of SHAPE. I am happy with the steps being taken to make the Board more effective, and I offer my congratulations and good wishes to Greg in his role.

Finally, one of the by-products of listing has been to shine a light on and give some urgency to growth initiatives. Our CEO, Peter Marix-Evans, has taken on this task. More will be outlined in his report, including our modest step into modular construction with an acquisition of a relatively small business that provides the opportunity for expansion. This and other growth options will be examined in the coming year.

I would like to congratulate and thank the entire SHAPE team for their unrelenting efforts in navigating us through the challenges of the past few years. They have ensured that SHAPE is well set up for future success with the balance sheet and experience to grow our core business.

In closing, I would like to thank my fellow Directors for their wisdom, energy and support.

Phil Arnall
Chairman



FY22
FINANCIAL SUMMARY

REVENUE

$658.3M

▲ 15.1%

EBITDA

$15.3M

▼ 28.8%

EBITDA (UNDERLYING)

$9.5M

▲ 25.1%

NPAT

$7.2M

▼ 41.8%

GROSS MARGIN

8.0%

▼ FROM 9.5%

EARNINGS PER SHARE

8.73 CENTS

▼ 42%

CASH*

$82.0M

▼ 28.8%
FROM $115.1M

BACKLOG ORDERS*

$395.2M

▲ 50.5%
FROM $262M

PROJECT WINS

$787.3M

▲ 21%
FROM $647M

*As at 30 June 2022


loading dock

FY22 OPERATIONAL SUMMARY

SAFETY

Our safety commitment and culture is spearheaded by our "Path to Perfect Safety" programme:

- LTIFR improved by 40%. Down to 2.0 from 2.8
- 4 out of 7 states achieved zero lost time injuries during the 12-month period
- 49,959 proactive safety, quality and environmental observations recorded – 19% increase

PEOPLE & CULTURE

We aim to recruit, train and retain the best people in the industry:

- Strong company culture maintained (as measured by Human Synergistics Organisational Culture Inventory (OCI) tool). SHAPE ranks in the top 15% of their global company database
- 84% employee engagement score (as measured through Culture Amp)
- 22% increase in our total workforce (526 total employees)
- 21% employees promoted during the reporting period
- 5,750 number of training hours

PARTNERSHIPS

- 21.7% increase in secured orders (totalling $787.3m)
- 80% of projects secured from repeat clients
- Net Promoter Score of +77
- 76% of projects delivered achieved Perfect Delivery™ (Zero Defects, On-time, O&M Manuals within a week of handover)

GROWTH & DIVERSIFICATION

- Acquisition of 100% of modular construction business, K. L. Modular Systems (Aust) Pty Limited (KLMSA)
- SHAPE+ National Group Manager, Troy Willoughby, hired
- SHAPE Defence National Group Manager, Mitch Flynn appointed to Senior Leadership Team
- 68% increase in revenue in Façade remediation works
- 33% increase in revenue in Defence sector works
- Achieved Defence Industry Security Program (DISP) certification

ENVIRONMENTAL & SOCIAL MPACT

- FY22 Diversity and Inclusion Action Plan delivered
- WGEA compliant and female participation increased to 30%
- Achieved all objectives defined in our Reconciliation Action Plan (Innovate)
- More than $934,000 in value of goods, services and donations to support charities as part of our positive commitment to social impact through our Community+ programme
- A 770-tonne reduction in organisational carbon emissions was achieved against a target of 400 tonnes

CHIEF EXECUTIVE OFFICER'S REPORT

Peter Marix-Evans
CEO and Managing Director

Gratitude and pride are the first things that come to mind in describing the last 12 months. Gratitude to our people for rising to the constantly evolving challenges of the recent markets, and pride in what we have achieved and how we have weathered the storm together.

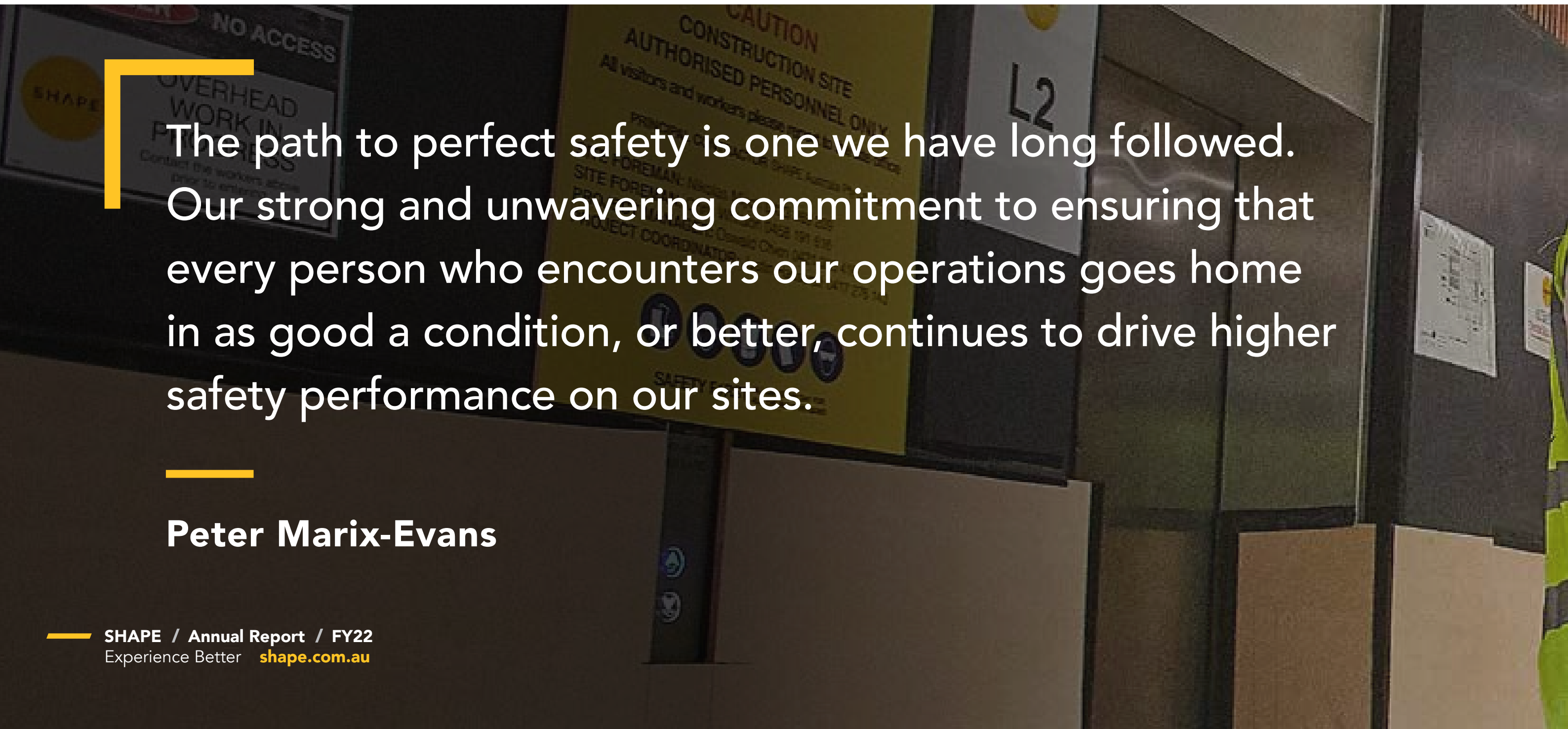
Against a backdrop of possibly the most tumultuous and unprecedented trading conditions in our 30-plus year history, it is fair to say that a V-shaped recovery did not eventuate. To survive and thrive, successful companies must continue to remain agile and adapt to ongoing changes.

Despite these uncertain times, we finished the year with a record Financial Year-end backlog order book of circa $395 million. I believe this success is testament to our strong client relationships and track record of certainty in delivery. Our approach to delivering exceptional customer experience is also evidenced by our Net Promoter Score (NPS) of +77. It is an approach we continue to drive across our eight state operations.

I am pleased to report that SHAPE has grown its workforce to approximately 500 dedicated specialists who delivered an annual turnover of $658.1 million. Our ability to attract and retain the best talent in the industry is underpinned by our determination to create and maintain a positive and constructive culture. When your most important asset is your people, it makes perfect sense to focus on creating a great place to work and an ethos of growth and development for our teams. We are proud to have achieved a Sustainability Award from Human Synergistics for the sixth consecutive year for maintaining our organisational culture.

Our acquisition of KLMSA, our modular arm, was completed efficiently and was well received. The modular business secured approximately $15 million in sales in July 2022. The acquisition further supports SHAPE in delivering on the needs of our clients and is in line with our growth strategy. We look forward to the sensible expansion of this operation.

The path to perfect safety is one we have long followed. Our strong and unwavering commitment to ensuring that every person who encounters our operations goes home in as good a condition, or better, continues to drive higher safety performance on our sites. Our Lost Time Injury Frequency Rate (LTIFR) reduced to 2.0 from 2.8 on prior year. We had a total of eight lost time injuries in FY22 compared to 10 in FY21 and pleasingly we had four out of our seven state operations complete the full 12 months with zero lost time



> The path to perfect safety is one we have long followed. Our strong and unwavering commitment to ensuring that every person who encounters our operations goes home in as good a condition, or better, continues to drive higher safety performance on our sites.
>
> **Peter Marix-Evans**

injuries. We are determined to continue to improve on these results even further as we focus not only on safety but the well-being of our workforce.

From a Corporate Social Responsibility (CSR) point of view, I am proud of our people and what we have achieved in contributing more than $934,000 to socially sustainable initiatives as well as supporting our partners and charities across the country. Another rewarding aspect of SHAPE's commitment to giving back is the ability for all our people to get involved during our Give Back Week in May.

In addition to CSR targets, stakeholders and investors the world over are now demanding that companies and their boards take Environmental, Social and Governance (ESG) very seriously. What our ESG targets are, how we meet them and, just as critically, how we measure them are part of nearly every client conversation and request for price's (RFP's) evaluation criteria. In line with this demand, this year we put in place measures to accurately identify our carbon footprint. In the coming months, our leadership team and people will be working extremely hard to identify even more ways to meet our ESG responsibilities including, but certainly not limited to, the increased use of sustainable products and processes, reusing and recycling, reducing our impact on landfill, the donation of unused materials to people and organisations in need, and the ways in which we contribute to the world around us. This is an exceptional and very real opportunity for SHAPE to continue to drive environmental, social and governance outcomes.

SHAPE has delivered an improvement in operating performance reflected in the underlying EBITDA of $9.5 million (representing a 25 per cent improvement on the prior period). That has been achieved against a backdrop of lockdowns, supply chain issues and severely impacted trading conditions.

Whilst the complexity of the current geopolitical environment cannot be overstated, and the degree to which Australia's reliance on immigration and temporary workers to shore up our economy remains to be seen, the Australian economy appears resilient. GDP growth held up during the first quarter of FY22, despite twin assaults from the Omicron variant and severe flooding in New South Wales and Queensland. Whilst challenges remain with household debt at $187 for every $100 of after-tax income, which is impacting consumer sentiment, we are buoyant about our ability to perform even better as and when improved trading conditions are presented.

I am cautiously optimistic about the coming year as we look forward to the easing of pandemic conditions and await signs of economic stability. With our loyal and capable workforce, strong approach to risk management and unwavering commitment to delivering exceptional customer experience, it is a market in which SHAPE is well positioned to capitalise.

Thank you to all our people, clients, subcontractors, suppliers, stakeholders, consultants and shareholders for your ongoing support and loyalty. I am excited to work closely with all of you over the next period.

Peter Marix-Evans
CHIEF EXECUTIVE OFFICER

DIRECTORS' REPORT

The directors of SHAPE Australia Corporation Limited ('the Company') present their report, together with the financial statements, on the consolidated entity ('SHAPE' or 'Group') consisting of the Company and the entities it controlled at the end of, or during, the year ended 30 June 2022.

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

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

DIRECTORS

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

		APPOINTMENT DATE SHAPE Australia Holdings Pty Limited	**APPOINTMENT DATE** SHAPE Australia Corporation Limited
P. Arnall	Chairman and Non-Executive Director	8 August 2012	22 October 2021
P. Marix-Evans	Chief Executive Officer and Managing Director	5 December 2017	22 October 2021
M. Barnes	Non-Executive Director	21 May 2003	5 November 2021
J. Lloyd	Non-Executive Director	1 October 2021	5 November 2021
G. McMahon	Non-Executive Director	2 February 2006	22 October 2021
K. Parsons	Non-Executive Director	1 October 2021	5 November 2021
J. Sloman OAM	Non-Executive Director	1 July 2005	5 November 2021
C. van der Laan	Non-Executive Director	23 February 2016	5 November 2021

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The experience and responsibilities of the directors in office at the date of this report are as follows:

Phil Arnall

Chairman and Non-Executive Director

Phil joined the SHAPE board as Chairman in August 2012. He brings considerable experience in board operations and business management, having served as Chairman of five ASX listed companies and several private companies over the past fifteen years.

In his corporate career, Phil held several senior management positions in Australian mining and manufacturing businesses and was responsible for the expansion of several businesses into overseas markets in this role.

He was initially a product of the Australian Steel industry cadet scheme and, as such, graduated in Commerce from the University of Newcastle, where he undertook postgraduate studies in Marketing and Industrial Law.

Other Listed Company Directorships in last 3 years

- None

Special Responsibilities

- Chair of Board

Interests in Shares of SHAPE

- 1,391,039

Peter Marix-Evans

Chief Executive Officer and Managing Director

Peter was appointed as Chief Executive Officer in December 2017. After joining SHAPE in 2011 as the Group Executive and General Manager of NSW, he became Chief Operating Officer in August 2016.

Peter brings over 30 years of wide-ranging construction and industry experience, including senior roles in both commercial and public sectors, including risk and commercial management, customer experience and environmental health and safety (EHS).

Before joining SHAPE, Peter held several operational and strategic management positions at Lendlease, including General Manager for NSW, Operations Manager for ACT, National Operations Manager and Head of EHS for the Asia Pacific. He has particular passions for customer experience, as well as developing and leading high-performance teams.

Other Listed Company Directorships in last 3 years

- None

Special Responsibilities

- Chief Executive Officer

Interests in Shares of SHAPE

- 1,329,556

Craig van der Laan

Non-Executive Director

Craig has had an extensive international career with a range of large public companies in operational, functional, project leadership and unique advisory roles. He has held several positions over many years with the Brambles Group, operating in more than 45 countries, including as President of Brambles' CHEP logistics/network business across the Asia Pacific region, Global Head of Mergers and Acquisitions, Group General Counsel and Group Company Secretary.

Craig has also held senior executive and advisory roles with the Westfield Group, Leighton Holdings Group and Lendlease Corporation and the Barangaroo Delivery Authority. Craig holds a Bachelor of Arts and a Bachelor of Laws from the University of Sydney.

Other Listed Company Directorships in last 3 years

- None

Special Responsibilities

- Chair of the Remuneration Committee
- Member of the Nomination Committee

Interests in Shares of SHAPE

- Nil

Gerard McMahon

Non-Executive Director

Gerard is one of SHAPE's founders and was initially responsible for the company's shared services functions, including Finance, People & Culture, Customer Experience and Business Technology.

He has extensive experience in measuring and improving Leadership and Organisational Culture at SHAPE and with other organisations in Australia, Europe and North America. This work has led to demonstrable improvements in business performance.

Gerard's qualifications include a Master of Leadership (Deakin University) and an Advanced Diploma of Accounting.

Other Listed Company Directorships in last 3 years

- None

Special Responsibilities

- Member of the Audit and Risk Committee

Interests in Shares of SHAPE

- 9,737,920

Jane Lloyd

Non-Executive Director

Jane joined the SHAPE board in September 2021. She has more than 29 years' experience in the Australian and international property markets across the commercial, retail, industrial and residential sectors. Jane is a Non-Executive Director of ISPT, is a member of the Australian Prime Property Fund (APPF) Retail Investment Review Committee, a Global Trustee of the Urban Land Institute and a board member of Habilis Housing Limited.

Her executive career included two years as Stockland's General Manager of Development and Design, Commercial Property and eleven years at Dexus culminating in her role as Managing Director of US Investments. Jane started her career in the development business of Lendlease.

Jane has a Bachelor of Town Planning (Hons) and a Masters of Business Administration from AGSM/UNSW and a Masters of Public Administration from the Harvard Kennedy School.

Other Listed Company Directorships in last 3 years

- None

Special Responsibilities

- Member of the Remuneration Committee
- Member of the Nomination Committee

Interests in Shares of SHAPE

- 8,000

Jim Sloman OAM

Non-Executive Director

Jim is a Civil Engineer with more than 23 years of experience in project and business management with Lendlease and was the Chief Operating Officer for the Sydney 2000 Olympic and Paralympic Games.

He has been a Non-Executive Director of several ASX listed companies, the most recent was the Goodman Group (2006 – 2018).

Jim was also the Executive Chairman of Laing O'Rourke Australia from 2010 until 2021, where he was responsible for strategy and corporate direction and leading construction and investment strategy implementation across the Australian hub. Jim remains an Advisor to the Chairman and Managing Director of Laing O'Rourke.

Other Listed Company Directorships in last 3 years

- None

Special Responsibilities

- Chair of the Nomination Committee
- Member of the Remuneration Committee

Interests in Shares of SHAPE

- 209,119

Kathy Parsons

Non-Executive Director

Kathy was an audit partner with Ernst and Young until 2020 where she spent time in the firm's US, UK and Australian practices. Her clients operated over a wide range of industries including real estate and construction. She was part of the firm's Oceania Assurance Leadership team with responsibility for quality assurance and risk management.

She is currently an Independent Non-Executive Director and chair of the Audit, Risk and Compliance committee at McMillan Shakespeare Limited.

Kathy qualified with a B. Comm from UNSW prior to completing her chartered accounting qualifications.

Other Listed Company Directorships in last 3 years

- NED McMillan Shakespeare Limited
- NED Tassal Group Limited

Special Responsibilities

- Chair of the Audit and Risk Committee

Interests in Shares of SHAPE

- None

Michael Barnes

Non-Executive Director

Michael joined SHAPE in 1990, rising steadily from Project Manager to ACT Manager and Chief Executive Officer in 1997. After twenty years, he retired as CEO in 2017 and now remains on the board as a Non-Executive Director.

Michael holds a degree in Civil Engineering and has more than 30 years of experience in the construction industry. Michael was a Director of the Green Building Council of Australia and a Founding Director of the majority Indigenous-owned construction fitout and refurbishment business, DLG SHAPE.

Other Listed Company Directorships in last 3 years

- None

Special Responsibilities

- Member of the Audit and Risk Committee

Interests in Shares of SHAPE

- 2,800,000

Scott Jamieson

Chief Financial Officer and Company Secretary

After working as an External Auditor of SHAPE for 7 years, Scott joined SHAPE in 2008 as Financial Controller. He has been an integral member of the SHAPE team for over 10 years and is now Chief Financial Officer with a strategic and operational focus. He also has responsibility for the company's Business Technology and Risk Management areas.

Scott has a Bachelor of Business majoring in Accounting and Finance from the University of Technology Sydney, and is a Chartered Accountant and Chartered Tax Advisor.

Other Listed Company Directorships in last 3 years

- None

Special Responsibilities

- None

Interests in Shares of SHAPE

- 1,633,092

Rebecca Weir

Company Secretary

Rebecca is the appointed Company Secretary for a number of Companies, including ASX listed, public unlisted and smaller private start-up companies.

Rebecca has a Bachelor of Law from Keele University (UK) and a detailed knowledge of regulatory requirements, including ASIC and the ASX, as well as best practices in Corporate Governance. Rebecca has a Graduate Diploma in Applied Corporate Governance and Risk Management from Governance Institute of Australia and was awarded the Victoria Dux award (best in class) in Corporate Governance. Rebecca is an Associate Member of the Governance Institute of Australia and an Affiliated Member of the Chartered Governance Institute.

Other Listed Company Directorships in last 3 years

- None

Special Responsibilities

- None

Interests in Shares of SHAPE

- 0

DIRECTORS’ MEETINGS

The number of Directors’ meetings and the number of meetings attended by each Director of the Group during FY22 were:

	BOARD MEETINGS		REMUNERATION AND HUMAN RESOURCE COMMITTEE		AUDIT & RISK COMMITTEE		NOMINATION COMMITTEE	
	ATTENDED	ELIGIBLE	ATTENDED	ELIGIBLE	ATTENDED	ELIGIBLE	ATTENDED	ELIGIBLE
P. Arnall*	10	10	3	4	5	5	3	4
P. Marix-Evans	10	10	X	X	X	X	X	X
M. Barnes	10	10	X	X	5	5	X	X
J. Lloyd	10	10	4	4	X	X	4	4
G. McMahon	10	10	X	X	5	5	X	X
K. Parsons	9	10	X	X	5	5	X	X
J. Sloman OAM	10	10	4	4	X	X	4	4
C. van der Laan	9	10	4	4	X	X	3	4

*Phil Arnall as the Chair of the Board has a standing invite to all committee meetings.

Note: The meetings listed above relate to those held since the inception of SHAPE Australia Corporation Limited.

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS AND FINANCIAL POSITION

SHAPE’s profit after providing for income tax amounted to $7.2m down 41.8% from FY21 and net profit before tax was $10.4m, representing a decrease of 42% compared to the prior corresponding period.

Core operating metrics include EBITDA and Underlying EBITDA.

EBITDA for the FY22 year amounted to $15.3m, which was down 28.8% on FY21. Underlying EBITDA excludes the effects of significant items of income and expenditure to reflect the ongoing business activities of the group. Underlying EBIDTA for the FY22 year amounted to $9.5m, which was a 25% improvement on FY21 underlying EBIDTA of $7.6m. Underlying EBIDTA was arrived at as follows:

RECONCILIATION OF PROFIT BEFORE INCOME TAX TO EBITDA AND UNDERLYING EBITDA (UNAUDITED)	30 JUN 2022 $'000	30 JUN 2021 $'000
Profit before income tax	10,377	17,914
Depreciation and amortisation	4,528	3,630
Interest revenue	(207)	(466)
Finance costs	563	340
EBITDA	**15,261**	**21,418**
Initial Public Offering costs	2,794	-
Customer legal dispute	(3,400)	-
Revised revenue recognition accounting estimate[1]	(6,335)	(14,363)
Shares granted to employees in conjunction with IPO	924	-
Transaction costs related to previous liquidity events	-	930
Transaction costs related to KLMSA acquisition	292	-
Pandemic related redundancies	-	166
Workers' compensation provision[2]	-	(530)
Underlying EBITDA	**9,536**	**7,621**

1. The accounting estimate in relation to revenue recognition has changed during the period ended 30 June 2022 based on new information identified and analysed. The impact of this for the period ended 30 June 2022 was an increase in profit of $6.335m and $14.363m for the prior period.

2. Workers' compensation provision adjustment arose to reverse the impact of the initial recognition (in FY20) of a provision raised in connection with possible changes to worker classification under the workers compensation scheme which was not required.

Note: EBITDA and Underlying EBITDA are non-IFRS earnings measures which do not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies.

SHAPE continued to maintain a strong net cash position of $82.0m as at 30 June 2022 (30 June 2021: $115.1m) despite the continuing challenges of the pandemic.

During the reporting period, SHAPE Australia Corporation Limited successfully listed on the ASX with a minor capital raising of $2m. This initiative provided a future liquidity opportunity for existing shareholders subject to agreed escrow constraints. It also provided SHAPE with access to future growth funds when required.

In line with our growth strategy as outlined in the Prospectus, on 31 March 2022 SHAPE completed the acquisition of 100% of K. L. Modular Systems (Aust) Pty Ltd (KLMSA), a modular construction business based in Kinglake West, Victoria. Contribution from the Group has been insignificant in FY22.

SHAPE delivered strong revenue growth of $658.3m, up 15.1% on prior year. However, gross margins fell 9.5% to 8.0% reflecting the impact of the pandemic on the operating conditions. Restrictive operating conditions remained in place for most of FY22 as we continued to see prolonged site shutdowns, enduring impact of the pandemic isolation requirements on construction teams as well as supply chain shortages and delays continuing. Operating efficiency and margins have been impacted with the Group generally not able to recover costs associated with delays caused by site shutdowns. An issue that the entire industry has had to deal with. Along with this, unemployment rates dropping below 3.5% for the first time in 40 years, has further exacerbated the shortage of skilled labour, and we continue to see the competition for talent apply increasing pressure to wages and higher unplanned churn. Despite this, SHAPE has been able to continue business under restrictive practices and has had no material contract termination or performance claims.

Overheads increased to $44m from $38.3m, up 15.8% predominantly in line with increase in revenue, and overhead as a percentage of revenue remained stable at 6.7% despite continued investment in specific resources to support the Group's growth initiatives.

DETAILS OF ASSOCIATES

The Group has a 49% holding in DLG SHAPE Pty Limited, a majority Indigenous owned business with David Liddiard Group Pty Ltd. The Group generated management fees of $1.895m for the twelve-month period, compared to $1.235m for the prior corresponding period, up 53.4%.

DLG SHAPE provides commercial fitout and construction services while committing to help close the gap in Indigenous disadvantage by increasing opportunities for Indigenous Australians and procuring products and services from Indigenous businesses.

OUTLOOK

The Board did not provide forward looking forecasts in the Group's December 2021 Prospectus given the continued uncertainties around the market. As SHAPE enters the third year in the shadow of the pandemic, we are cautiously optimistic that the worst of the restrictive work practices and the impact of the pandemic is behind us and that progressively over the next 6 to 12 months we will see conditions returning to those more consistent with pre-pandemic markets.

SHAPE operates in every mainland State and Territory in Australia and, as pandemic related practices become less onerous, and borders are once more relaxed, there is an expectation that business will return to much closer conditions to normality. The timing of this is uncertain, however, total labour hours on site recently increased, providing greater confidence that a recovery in SHAPE's market is underway. On the basis of a record order backlog this presents a good sign for SHAPE over the next 6 to 12 months.

Whilst SHAPE has adapted to new ways of working in the pandemic, there is a need to witness signs of pre-pandemic normalised conditions to be confident of a return to acceptable operating efficiencies and margins. This will require consumer confidence to lift and CBDs to continue to re-fill as employees return to the office in a more fulsome way.

All this uncertainty and disruption to global economic markets has influenced clients in a "flight to quality" and we have seen an increase in project wins up 20.5% on prior year to $780.6m which is a record high and also further shores up our growth as we enter FY23 with a backlog of secured projects of $395.2m, up 45.8% when compared to $262.7m for prior year. This is a positive sign for the resilience of our market and positions SHAPE well for the next period providing trading conditions continue to improve.

GROWTH AND STRATEGY

As reported in our Prospectus along with growth from recovery in SHAPE's core markets, the Group's growth strategy focuses on three pillars:

1. EXPANSION IN TARGET GROWTH SECTORS

- Defence and associated Defence industry projects;
- Replacement of combustible cladding facades on commercial buildings; and
- SHAPE+ (minor works, aftercare, D&C).

Our expansion into Defence continues to proceed well with revenue increasing by 33% compared with the prior corresponding period. The Group has appointed a dedicated Defence sector lead in FY22 to identify and secure quality opportunities in this sector. The Defence sector continues to be supported by Federal Government spending.

Revenue through Façade Replacement has also increased 68% during FY22 and we continue to apply our project and risk management skills to this sector.

2. GEOGRAPHIC EXPANSION

The Group intends on continuing to increase market penetration in mainland capital cities where it already has an established presence, while also looking to establish dedicated regional offices in identified growth hubs.

In FY22 we have appointed a Regional Manager for the Gold Coast as we focus on continued organic expansion of our BAU markets.

3. SERVICE OFFERING EXPANSION

The Group intends to expand its service offering for existing and new clients through the acquisition of complementary bolt-on businesses. In our half year report, we noted that the Group was considering acquisitions that would facilitate both vertical and horizontal integration, creating potential cross-sell opportunities and realisation of cost savings. Pleasingly, as noted above, we completed the acquisition of KLMSA, a modular construction business operating in Kinglake West, Victoria.

The Group continue to review and assess opportunities for continued expansion of the Group into synergistic markets.

RISK MANAGEMENT

The business, assets and operations of the Group are subject to certain risk factors that have the potential to influence future operating and financial performance. These risks may have an impact on the value of an investment in Shares. The Board aims to manage these risks by carefully planning its activities and implementing mitigating risk control measures. Some risks are unforeseeable and so the extent to which these risks can be effectively managed is somewhat limited. Set out below are specific key risks to which the Group is exposed.

COVID-19 PANDEMIC

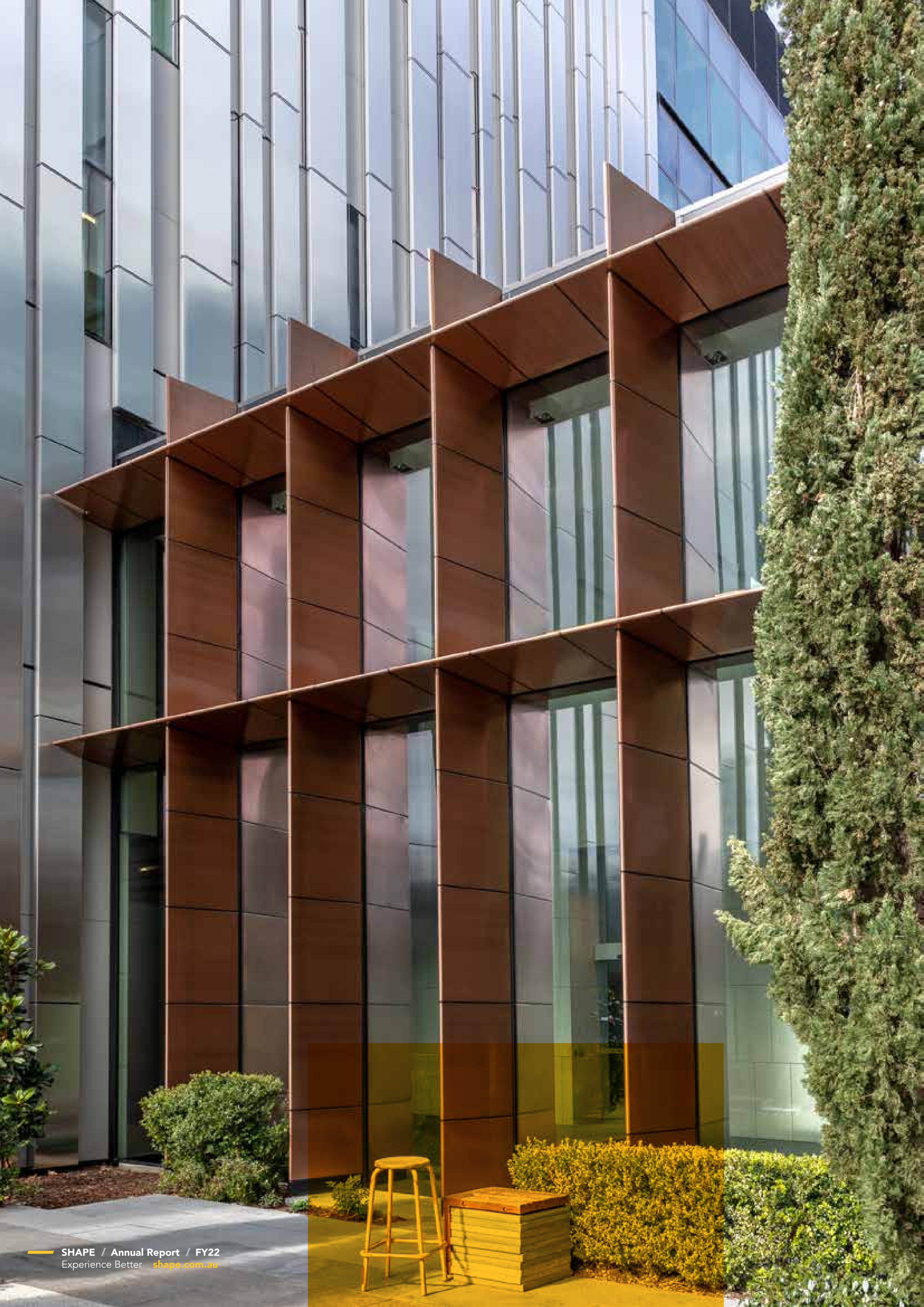
The coronavirus pandemic is continuing to impact global economic markets. The ongoing impact of the pandemic on the performance of the Group remains uncertain.

SAFETY

Employee and subcontractor workplace incidents that could lead to serious injury or death could materially impact the operations and financial results of the Group.

BRAND AND REPUTATION

The Group's ability to maintain its reputation is critical to the ongoing financial performance. The Group's reputation could be jeopardised if, by way of examples, it fails to maintain high standards for service and project quality, if it does not comply with regulations or accepted practices, experiences a major site accident or incident or commits negligence in providing contracting services. Any



consequential negative publicity may reduce demand for the Group's services. Failure to comply with laws and regulations, to maintain an effective system of internal controls, could also damage the Group's reputation.

COMPETITION FROM COMPETITORS AND NEW MARKET ENTRANTS

The Group operates in a very active and competitive industry. Competition in the markets the Company operates in, could result in reduced margins, lost market share and lower growth. The Group faces competition from existing competitors and could face competition from new participants who could aggressively attempt to grow their market share through activities including significant price reductions.

TENDER PROCESS AND PRICING

The Group usually enters into contracts for construction projects following a competitive tender process. A material reduction in the number of tender contracts awarded to the Group is likely to adversely impact the Group's financial performance. Further, where existing or new projects are delayed and/or postponed indefinitely, the recognition of revenue for those contracts may be deferred to later financial periods. Failure by the Group to properly assess and manage project risks may result in cost overruns which cause a project to be less profitable than expected or loss making. If this occurs, it may have an adverse impact on the Group's future financial performance and position.

The level of profit margins from operations is dependent on a number of factors, including factors outside the Group's control. Factors that may have an adverse impact on the financial performance of the Group include continuing low margin projects (including in the Company's current order book).

CYCLICAL NATURE OF THE BUSINESS

Clients of the Group are involved in industries that can be cyclical in the volume of construction work which the Group undertakes. Although the Group has a diverse client base, the cycles in these clients' businesses may adversely impact on the Group's financial performance. The loss of major clients through industry cycles or for any other reason could also impact earnings of the Group.

HUMAN RESOURCES

Inability to retain and attract key personnel whose technical expertise is important in securing projects and effectively delivering against contracted project commitments.

INFORMATION TECHNOLOGY AND CYBER RISK

Continuity of business systems and risk of financial loss resulting from cyber penetration.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 14 December 2021, the Company issued 82,220,676 ordinary shares at a deemed issue price of $1.96 per share in consideration for the transfer of 82,220,676 fully paid ordinary shares in SHAPE Australia Holdings Pty Limited to the Company (refer to note 16). Additionally, the Company granted 3,286,949 performance rights in exchange for the 3,286,949 performance rights in SHAPE Australia Holdings Pty Limited (refer to note 28).

During the reporting period and prior to the IPO, a total of 471,500 shares were gifted to employees. This was accounted for as an expense totalling $924,000.

On 16 December 2021, the Company was admitted to the Official List of ASX Limited, and the official quotation of the Company's ordinary fully paid shares commenced on 17 December 2021. The Company raised $2,000,000 pursuant to the offer under the Prospectus dated 10 November 2021, by the issue and transfer of 1,020,408 shares at an offer price of $1.96 per share. The total cash costs associated with the IPO totalled $2,899,000 (excluding GST), with those costs directly attributable to the issue of new shares in relation to the IPO being $105,000. These costs are offset against contributed equity. The remaining costs of the IPO of $2,794,000, which are not directly attributable to the issue of new shares, are expensed.

There were no other significant changes in the state of affairs of SHAPE during the reporting period.

SUBSEQUENT EVENTS

The Directors declared a fully franked final dividend of 2 cents per share on 25 August 2022, a record date of 1 September 2022 and a payment date set for 14 September 2022.

At the date of this report, there are ongoing restrictions, challenges and efficiency constraints arising from the pandemic which continue to impact operating performance. Further uncertainty exists around continued rising interest rates and inflationary impacts on the economy. It is not practicable to estimate the potential impacts of these elements after the reporting date and into the next financial year.

Apart from the matters described above, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect SHAPE's operations, the results of those operations, or SHAPE's state of affairs in future financial years.

DIVIDENDS

Dividends paid during the financial year were:

	AMOUNT PER SHARE (CENTS)	FRANKED AMOUNT PER SHARE (CENTS)
Interim 2021 dividends (3 Quarter's)	10.25	10.25
Final 2021 dividend (1 Quarter)	4.00	4.00
Interim 2022 dividend (1 Quarter)	2.00	2.00

The above dividends were declared and paid by SHAPE Australia Holdings Pty Limited prior to 14 December 2021.

After 14 December 2021 the following dividends have been declared by the Directors:

	2022 INTERIM DIVIDEND	2022 FINAL DIVIDEND
Amount per share (cents)	4.00	2.00
Franked amount per share (cents)	4.00	2.00
Record Date	04/03/2022	01/09/2022
Payment Date	18/03/2022	14/09/2022

Since the end of the financial year the Directors have declared the payment of a fully franked final dividend of 2 cents per share to be paid on 14 September 2022.

This dividend was declared having regard to our Dividend Policy of 70% to 90% of NPAT and allows for a return to shareholders whilst allowing for continued investment in our growth strategies.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian Commonwealth or state law.

OPTIONS

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 (Cth) for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor of the Company, SW Audit (formerly ShineWing Australia) and its related practices, for non-audit services provided, during FY22, are disclosed in note 29 to the Financial Statements.

The Audit and Risk Committee has reviewed the services other than the statutory audit provided by SW Audit (formerly ShineWing Australia) during the financial year ended 30 June 2022. The services related to other services which are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth). This has been formally advised to the Board. Consequently, the Directors are satisfied that the provision of non-audit services during the year by the auditor and its related practices did not compromise the auditor independence requirements of the Corporations Act 2001 (Cth).

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

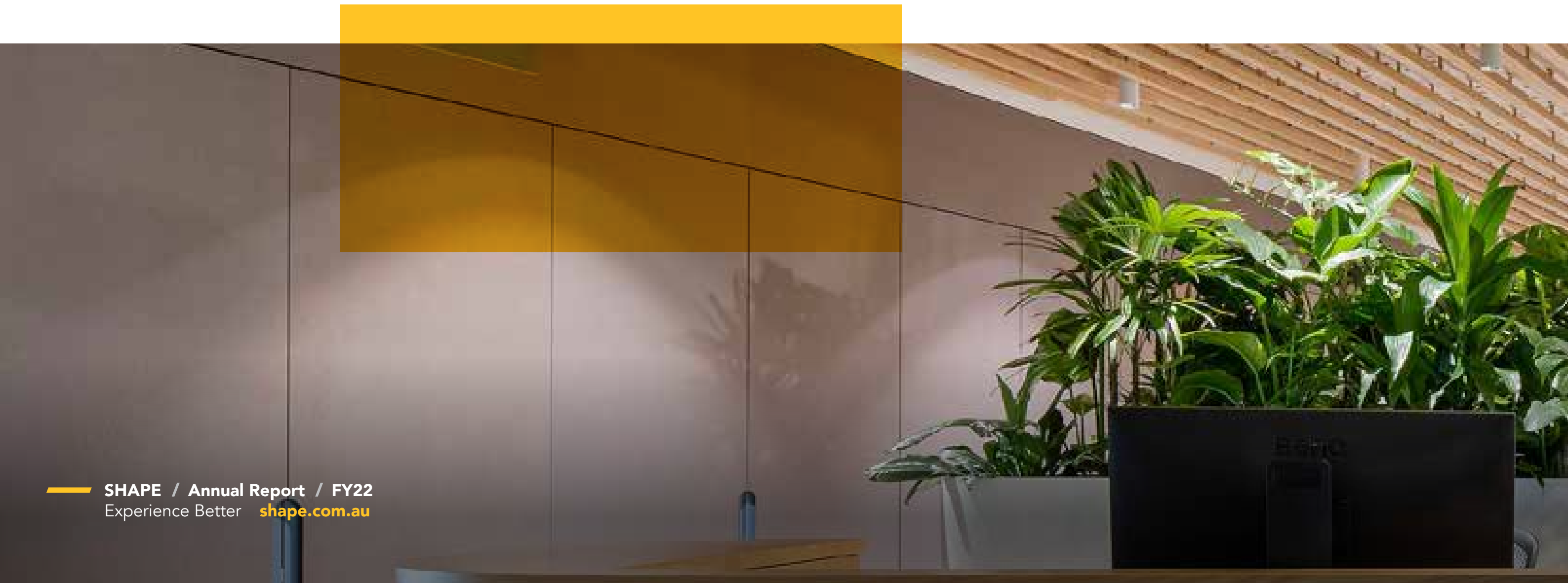
During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001 (Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

REMUNERATION REPORT (AUDITED)

The Remuneration Report for the year ended 30 June 2022 forms part of the Directors' Report. It has been prepared in accordance with the Corporations Act 2001 (Cth) (the Act), Corporations Regulation 2M.3.03, in compliance with AASB124 Related Party Disclosures, and audited as required by section 308(3C) of the Act. It also includes additional information and disclosures that are intended to support a deeper understanding of remuneration governance and practices, for shareholders, where statutory requirements are not sufficient.



LETTER FROM THE CHAIR OF THE REMUNERATION AND HUMAN RESOURCES COMMITTEE

Dear shareholders,

On behalf of the Board, I am pleased to present SHAPE's inaugural Remuneration Report for the year ended 30 June 2022.

SHAPE's objectives in setting remuneration are to attract, retain and motivate our executives to encourage enhanced performance, align with strategic objectives, fairly and responsibly reward management having regard to long-term growth and meet our statutory requirements. Following SHAPE's successful listing on the ASX on 17 December 2021, the Board has continued to monitor the remuneration settings to ensure they meet these objectives and respond to changing market conditions.

The remuneration framework for the Key Management Personnel (KMP) is directly linked to profit generation, with annual bonuses being subject to a net profit-based gatekeeper and the ability to increase bonus potential only by delivering increased shareholder outcomes. It is, however, essential that management and the Board have a strong commitment to, and focus on, long term sustainable value generation. SHAPE's achievements during the year on new growth strategies were therefore particularly pleasing, with important developments in Defence, facade remediation and modular construction.

The Board is satisfied that the remuneration outcomes for FY22 are appropriate given the context and outcomes for the year. As part of an ongoing focus on achieving its remuneration objectives, SHAPE has engaged independent remuneration consultants to review the Company's short term and long-term plans to ensure they are market competitive, linked to performance and aligned with the market practices of ASX listed companies. Any changes to these plans would be implemented in FY24, following shareholder consultation and approval as appropriate.

We ask that shareholders come on the journey with us, by providing support for the Remuneration Report.

Craig van der Laan

CHAIR, REMUNERATION AND HUMAN RESOURCES COMMITTEE

1. PEOPLE COVERED IN THIS REPORT:

This report covers Key Management Personnel (KMP), being those who have the authority and responsibility for planning, directing and controlling the activities of SHAPE. They are the Non-Executive Directors, the Chief Executive Officer and the Chief Financial Officer.

2. REMUNERATION OVERVIEW

2.1 EXECUTIVE REMUNERATION STRUCTURE AT A GLANCE

Executive Remuneration Framework

<table>
<tr><th colspan="4">SHAPE REMUNERATION FRAMEWORK OVERVIEW</th></tr>
<tr><th>ELEMENT</th><th>FIXED PAY</th><th colspan="2">VARIABLE REMUNERATION</th></tr>
<tr><th></th><th></th><th>SHORT TERM INCENTIVE PLAN (STI)</th><th>SENIOR EXECUTIVE LONG TERM INCENTIVE PLAN (LTI)</th></tr>
<tr><td>Purpose</td><td>To pay executives competitively and fairly, relative to the market and to recognise individual experience, calibre and performance levels that role benchmarking cannot factor in.</td><td>To reward participants for performance against annual objectives that focus on the delivery of business plans and contribute to SHAPE’s long term strategy.</td><td>To align the interests of participants and shareholders and to reward participants for delivering on SHAPE’s long term strategy and long term value creation for shareholders.</td></tr>
<tr><td>Delivery</td><td>Base Salary, Superannuation and other benefits where applicable.</td><td>100% delivered in cash after the auditing of financial statements.</td><td>Performance Rights to receive SHAPE shares subject to performance and service conditions over a 3-year measurement period.</td></tr>
<tr><td rowspan="2">SHAPE Approach for FY22</td><td rowspan="2">SHAPE policy is to set Fixed Pay around P50 of market benchmarks to ensure Fixed Pay practices are appropriate to the scale of the Company, whilst offering a competitive pay policy to ensure talent is retained and attracted.</td><td colspan="2">Total Remuneration Packages (TRP) are positioned with reference between P50 and P75 of market benchmarks which the Board views as a better representation of the true P50 TRP positioning primarily due to AASB2 accounting treatments in statutory disclosures (discounting of market-based vesting condition and wind-backs of non-market vesting conditions). The gap between the P75 TRP policy and P50 Fixed Pay policy is composed of variable remuneration split into STI and LTI.</td></tr>
<tr><td>
<table>
<tr><th colspan="3">% OF FIXED PAY</th></tr>
<tr><th></th><th>Target</th><th>Stretch</th></tr>
<tr><td>CEO</td><td>50%</td><td>75%</td></tr>
<tr><td>CFO</td><td>40%</td><td>60%</td></tr>
</table>
Details of the performance conditions for the FY22 STI plan are set out in section 3.2 below.
</td><td>
<table>
<tr><th colspan="3">% OF FIXED PAY</th></tr>
<tr><th></th><th>Target</th><th>Stretch</th></tr>
<tr><td>CEO</td><td>20%</td><td>40%</td></tr>
<tr><td>CFO</td><td>15%</td><td>30%</td></tr>
</table>
Vesting is subject to Net Profit Growth hurdle over a 3-year Measurement Period:
<table>
<tr><th>NET PROFIT GROWTH (NPG)</th><th>% VESTING</th></tr>
<tr><td>≥ 12% p.a.</td><td>100%</td></tr>
<tr><td>> 8% p.a. & < 12% p.a.</td><td>Pro-rata</td></tr>
<tr><td>8% p.a.</td><td>50%</td></tr>
<tr><td>> 5% p.a. & < 8% p.a.</td><td>Pro-rata</td></tr>
<tr><td>5% p.a.</td><td>25%</td></tr>
<tr><td>< 5% p.a.</td><td>0%</td></tr>
</table>
</td></tr>
<tr><td>SHAPE Approach for FY23</td><td>SHAPE undertakes regular Fixed Pay reviews to ensure current practices are aligned with the market. As a result, a review will be undertaken during FY23.</td><td colspan="2">SHAPE has engaged independent remuneration consultants Godfrey Remuneration Group Pty Ltd (GRG) to review the Company’s short term and long term plans to ensure they are market competitive, linked to performance and are aligned with the market practices of ASX listed companies. Any changes to these plans would be implemented in FY24, following shareholder consultation and approval as appropriate.</td></tr>
</table>

Executive Remuneration Cycle

ELEMENT	FY22	FY23	FY24	FY25
Fixed Pay	Fixed Pay			
Short Term Incentive (STI)	STI Measurement Period	Audit & STI Assesment 100% Cash Award		
Long Term Incentive (LTI)	100% LTI Net Profit Growth (CAGR) Measuement Period (3 Years)			Audit Results, Vesting Determination & Vesting

Note: STI cash awards are generally awarded after approval by the Board of the final financial results being released to the Auditors

2.2 FY22 COMPANY PERFORMANCE AT A GLANCE

The following outlines the Company's performance in FY22, which is intended to assist in demonstrating the link between performance, value creation for shareholders, and executive reward:

Table 1 – Statutory Performance Disclosure

FY END DATE	30/06/2022
NPAT	$7,203,000
Share Price(beginning)	$1.96
Share Price (end)	$1.89
Change in Share Price	$(0.07)
Dividends (paid since IPO)*	$0.04
Change in Shareholder Wealth (per share) Total Value	$(0.03)

*Dividends paid during the full year were $0.10.

Note: Share Price (beginning) taken from the offer price outlined in the Prospectus.

In addition to these indicators of company performance and value creation, the following were notable performance achievements for the year:

- Successful listing on the ASX
- Secured record project wins with marquee projects
- Record Backlog order book for the FY close
- First acquisition for the company with K. L. Modular Systems (Aust) Pty Ltd
- Increase in Defence revenue by 33%
- Increase in Facades revenue by 68%
- Secured Human Synergistics Sustainability Award for maintaining a constructive organisational culture placing in the top 15% of companies for culture

3. THE SHAPE REMUNERATION POLICY AND FRAMEWORK

3.1 EXECUTIVE REMUNERATION - FIXED PAY, TOTAL REMUNERATION PACKAGE (TRP) AND THE VARIABLE REMUNERATION FRAMEWORK

FIXED PAY

Executive KMP remuneration is reviewed regularly against independently sourced comparable benchmark data, and specific advice as may be appropriate from time to time. Benchmark groups include 20 companies from the same market sector, within a range of 50% to 200% of the market value of the Company at the time.

Fixed Pay comprises base salary plus any other fixed elements such as superannuation, salary sacrifice amounts, allowances, benefits and fringe benefits tax, for example. Fixed Pay is intended to be calculated by reference to the median (i.e. P50) of market benchmarks for comparable roles. Actual Fixed Pay is intended to be positioned within +/- 20% of that midpoint, to reflect individual/incumbent factors such as experience, qualifications and performance.

The Board intends to review Fixed Pay annually which may have flow-on implications for variable remuneration which is expressed as a percentage of Fixed Pay.

VARIABLE REMUNERATION & TOTAL REMUNERATION PACKAGE

Total Remuneration Package (TRP) is intended to be composed of an appropriate mix of remuneration elements including Fixed Pay, short term incentives (STI) and long-term incentives (LTI). The Target TRP (TTRP, being the TRP value at Target/Expected performance) is generally intended to fall around between P50 and P75 of market benchmarks, subject to smoothing for volatility across role samples at the same level.

The gap between P50 Fixed Pay and P50 to P75 Target TRP is composed of variable remuneration in the form of short and long term incentives designed to drive performance and value creation for shareholders.

During FY22, the Company undertook benchmarking to ensure current remuneration practices were appropriately aligned with the market. The benchmarking was conducted by independent executive remuneration consultant, Godfrey Remuneration Group Pty Ltd.

3.2 FY22 SHORT TERM INCENTIVE (STI) PLAN

PURPOSE

To provide at-risk remuneration and incentives that rewards executives for performance against annual objectives set by the Board at the beginning of the financial year. Objectives selected are designed to support long term value creation for shareholders, and link to the long term strategy on an annual basis.

MEASUREMENT PERIOD

The Financial Year of the Company (1 July 2021 – 30 June 2022)

OPPORTUNITY

OPPORTUNITY AS % OF FIXED PAY		
	TARGET (%)	STRETCH (%)
Chief Executive Officer	50	75
Chief Financial Officer	40	60

METRICS, GATE & MODIFIERS

A gate was originally applied to the STI Plan for FY22, such that Group Net Profit of 70% of the budget set in June 2021 was required to be achieved in order for any award to become payable.

Each STI award was to be calculated in the first instance based on Group Net Profit actually achieved, scaled between 70% and 150% of the Target award. For FY22, the following scale applied:

PERFORMANCE LEVEL	NET PROFIT GROWTH (NPG)	% VESTING
Stretch	125%	150%
Between Target & Stretch	Pro-rata	Pro-rata
Target	**100%**	**100%**
Between Threshold & Target	Pro-rata	Pro-rata
Threshold	70%	70%
Below Threshold	< 70%	0%

The outcome from this calculation was then subject to modification (and only ever reduction) by reference to the outcome from the Executive's Balanced Scorecard, expressed as a percentage (see section 4.1 below).

The Board monitored the remuneration settings during the year to ensure they continued to meet SHAPE's remuneration objectives and respond to changing market conditions. Given emerging circumstances, the Board reduced the Target level of performance in March 2022 to ensure the scheme operated as intended. The Board also subsequently removed the gate for all participants, although this had no impact on the FY22 STI outcome for KMP.

STI OUTCOME FORMULA

The following formula is used to determine the STI outcomes for FY22:

STI OUTCOME = STI TARGET $ × NPR MODIFIER × BALANCED SCORECARD RESULT

AWARD SETTLEMENT

Awards will be calculated following the auditing of accounts and will be settled in the form of cash

BOARD DISCRETION

The Board has discretion to vary awards upwards or downwards, including to nil, in the circumstance that the award would otherwise be likely to be viewed as inappropriate given the circumstances that prevailed over the Measurement Period (such as in the case of harm to the Company's stakeholders for which Participants are accountable).

3.3 FY22 LONG TERM INCENTIVE (LTI) PLAN

A description of the LTI plan, which is operated under the SHAPE Senior Executive Long Term Incentive (LTI) Plan, Rights under which were granted during FY22, is set out below:

PURPOSE

The purpose of LTI Plan is to create a strong link between performance and reward for senior executives over the long term and to align the interests of Participants with those of stakeholders through share ownership and performance testing.

MEASUREMENT PERIOD

1 July 2021 to 30 June 2024 (3 years).

GRANT CALCULATION

The number of Rights in a Tranche of LTI to be granted are calculated via the application of the following formula:

GRANT CALCULATION = TARGET LTI $ X TRANCHE WEIGHTING AT TARGET ÷ RIGHT VALUE ÷ % VESTING AT TARGET

Where Right Value was the value of a Right (ignoring vesting conditions and not discounted) based on the IPO Offer Price of $1.96. The Right Value was determined to be $1.43 under a modified Black-Scholes model.

OPPORTUNITY & GRANT VALUE

	OPPORTUNITY AS % OF FIXED PAY	
	TARGET (%)	**STRETCH (%)**
Chief Executive Officer	20	40
Chief Financial Officer	15	30

Based on the Right Value of $1.43 the maximum/stretch level of grants made to KMP disclosed in this report respect of FY22 LTI were as follows:

- For the CEO, Peter Marix-Evans: 219,413
- For the CFO, Scott Jamieson: 99,650

INSTRUMENT

The LTI is in the form of Performance Rights with a nil Exercise Price, which are subject to performance and service vesting conditions.

PERFORMANCE METRIC, WEIGHTINGS & VESTING SCALE

The Board has discretion to set vesting conditions for each Tranche of each invitation.

The vesting of Performance Rights awarded in FY22 will be subject to a Compound Annual Net Profit Growth vesting condition over a 3-year Measurement Period from FY21 to FY24, according to the following vesting scale:

PERFORMANCE LEVEL	COMPOUND ANNUAL NET PROFIT GROWTH	% VESTING
Stretch	≥ 12% p.a.	100%
Between Target & Stretch	> 8% p.a. & < 12% p.a.	Pro-rata
Target	**8% p.a.**	**50%**
Between Threshold & Target	> 5% p.a. & < 8% p.a.	Pro-rata
Threshold	5% p.a.	25%
Below Threshold	< 5% p.a.	0%

Where:

NET PROFIT = PROFIT BEFORE INCOME TAX AND EMPLOYEE PROFIT SHARE

This metric was selected because it has strong links to long term sustainable financial health and performance, and to long term sustainable growth.

SERVICE CONDITION

Continued service during the whole Measurement Period is a requirement for all Rights to become eligible to vest.

SETTLEMENT

The Share Rights are settled in the form of Company Shares, upon valid exercise.

TERM AND LAPSE

Rights that vest are automatically exercised into shares at the end of the 3-year Measurement Period. Rights that do not vest automatically lapse.

TERMINATION OF EMPLOYMENT

If cessation of employment or engagement of Participant occurs, the Board will determine whether the participant is to be treated as a Good Leaver or a Bad Leaver.

Circumstances where the Participant will be classified as a Good Leaver include death, total and permanent disablement, retirement and other circumstances determined by the Board from time to time. Where a Participant is classified as a Good Leaver the Board has the discretion to determine the extent, if any, to which unvested Rights shall vest and any remaining unvested Rights shall be forfeited.

For participants classified as a Bad Leaver (i.e. resignation and termination for serious misconduct) all unvested Rights will be forfeited, unless otherwise determined by the Board.

RETESTING

No retesting facility is available under the Rights Plan Rules.

CORPORATE ACTIONS

In the event of a Change of Control, unvested rights that have not expired at the time of the announcement to the ASX of the Change of Control, will vest based on the amount that would have been received had the target level of performance be achieved.

BOARD DISCRETION

The Board has discretion to vary vesting upwards or downwards, including to nil, in the circumstance that the outcome would otherwise be likely to be viewed as inappropriate given the circumstances that prevailed over the Measurement Period (such as in the case of harm to SHAPE's stakeholders for which Participants are accountable).

DISPOSAL RESTRICTIONS

There are no disposal or sale restrictions on Shares received by a participant when Rights vest, other than to comply with SHAPE's Securities Trading Policy.

MALUS

SHAPE's Malus Policy applies to unpaid variable remuneration opportunities. In the event that the Board forms the opinion that a Participant has committed an act of fraud, defalcation or gross misconduct in relation to the Company, the Participant will forfeit all unvested Rights.

3.4 FY22 NON-EXECUTIVE DIRECTOR (NED) FEE POLICY

The following outlines the principles that SHAPE applies to governing NED remuneration:

POLICY

Fees for Non-Executive Directors (other than the Chair) are determined by the Chair and the Executive Director(s). Fees for the Chair are determined by the Remuneration and Human Resources Committee. External advice may be sought by any of the Chair, the Executive Director(s) and the Remuneration and Human Resources Committee to assist in making informative decisions and to ensure such decisions are supported by independent market data.

SHAPE's current Fee Policy is to remunerate Non-Executive Directors by reference to a range of market benchmarks which take into account the nature of SHAPE's business, the demands of the role (including recognition of the additional demands for Committee Chairs) and specialist expertise.

Non-Executive Directors are not currently entitled to receive equity as part of their Board Fees.

The following outlines the Board Fees that were applicable in FY22 and which apply as at the commencement of FY23:

	MAIN BOARD ($)	AUDIT & RISK ($)	REMUNERATION & HUMAN RESOURCES ($)	NOMINATION ($)
Chair	170,000	20,000	20,000	20,000
NED	110,000	n/a	n/a	n/a

Note: The Board Chair does not receive committee fees. Non-Executive Directors are also reimbursed for out-of-pocket expenses that are directly related to SHAPE's business.

AGGREGATE BOARD FEES

The total amount of fees paid to Non-Executive Directors in the year ended 30 June 2022 is within the aggregate amount set as part of the Prospectus of $1,000,000 per year. Grants of equity (if any) approved by shareholders are excluded from counting towards the aggregate fee limit, in accordance with the ASX Listing Rules.

4. THE LINK BETWEEN PERFORMANCE AND REWARD IN FY22

The Board views the outcomes of remuneration for FY22 performance as appropriately aligned with stakeholder interests generally, given the strong group and individual performance against annual objectives and progress towards strategic objectives made by the executive team, in addition to the successful completion of a challenging IPO and listing process.

4.1 FY22 STI OUTCOMES

The STI plan is designed to reward executives for the achievement against net profit targets as well as annual performance objectives set by the Board at the beginning of the performance period.

STI performance objectives over and above net profit targets are set out in a balanced scorecard which is focused on areas strongly aligned to shareholder interests including safety, customer net promoter scores, quality, people and culture, growth and diversification, environmental sustainability and social impact.

The outcome from the operation of the Balance Scorecard modifies (and, being expressed as a percentage, can only act to reduce) an executive's net profit based STI outcome.

Table 3: STI Outcomes for FY22

NAME		**Peter Marix-Evans**	**Scott Jamieson**
OPPORTUNITY (AS % OF FP)	**TARGET STI**	50	40
	STRETCH STI	75	60
NPR RATIO MODIFIER		110	110
BALANCED SCORECARD RESULT		90	90
STI OUTCOME AS (% OF TARGET)		99	99
TOTAL STVR AWARDED ($)		389,015	188,457
% MAXIMUM STVR	**AWARDED**	66	66
	FORFEITED	34	34

Note: As outlined in the Prospectus, an additional $75,000 was paid in December 2021 to both Peter Marix-Evans and Scott Jamieson in consideration for their services in relation to the listing.

BOARD DISCRETION

At the time of determining outcomes under the STI plan for FY22, the Board did not exercise any discretion to increase awards for the executive KMP.

The Board monitored the remuneration settings during the year to ensure they continued to meet SHAPE's remuneration objectives and respond to changing market conditions. Given emerging circumstances, the Board reduced the Target level of performance in March 2022 to ensure the scheme operated as intended. The Board also subsequently removed the STI gate for all participants for FY22, although this had no impact on the FY22 STI outcomes for KMP.

When assessing the use of discretion at the end of the year, the Board took the view that these recalibrations had been appropriate, and gave rise to appropriate rewards given the circumstances, such that no further discretion needed to be applied to either increase or reduce short term variable remuneration awards to ensure good alignment.

4.2 FY22 LTI OUTCOMES

The LTI awards that were eligible to vest in relation to the completion of FY22 (being the LTI grant awarded in FY20) (the FY20 LTI award) are described below:

<table>
<tr><td>INSTRUMENT</td><td>Performance Rights with a nil Exercise Price, which are subject to performance and service vesting conditions.</td></tr>
<tr><td>MEASUREMENT PERIOD</td><td>1 July 2019 to 30 June 2022.</td></tr>
<tr><td>PERFORMANCE METRICS AND WEIGHTINGS</td><td>For the FY20 LTI award, the vesting of Performance Rights was subject to a Compound Annual Net Profit Growth vesting condition over the 3-year measurement period above, according to the following vesting scale:
<table>
<tr><th>PERFORMANCE LEVEL</th><th>COMPOUND ANNUAL NET PROFIT GROWTH</th><th>% VESTING</th></tr>
<tr><td>Stretch</td><td>≥ 12% p.a.</td><td>100%</td></tr>
<tr><td>Between Target & Stretch</td><td>> 8% p.a. &
< 12% p.a.</td><td>Pro-rata</td></tr>
<tr><td>Target</td><td>8% p.a.</td><td>50%</td></tr>
<tr><td>Between Threshold & Target</td><td>> 5% p.a. &
< 8% p.a.</td><td>Pro-rata</td></tr>
<tr><td>Threshold</td><td>5% p.a.</td><td>25%</td></tr>
<tr><td>Below Threshold</td><td>< 5% p.a.</td><td>0%</td></tr>
</table>
Where Net Profit = Profit before Income Tax and Employee Profit Share.
This metric was selected because it has strong links to long term sustainable financial health and performance, and to long term sustainable growth.</td></tr>
<tr><td>PERFORMANCE OUTCOME AND VESTING DETERMINATION</td><td>The Board has assessed that the performance vesting conditions have not been met, and as a result, 0% vesting applies in respect of the completed FY22 reporting period for Participants that held unvested FY20 Performance Rights at the Vesting Date.</td></tr>
<tr><td>BOARD DISCRETIONS APPLIED</td><td>The Board did not apply any discretionary adjustments to the performance assessment or vesting.</td></tr>
<tr><td>SETTLEMENT</td><td>Rights are exercised automatically upon vesting. The Rights are settled in the form of a Company Share, upon valid exercise.</td></tr>
</table>

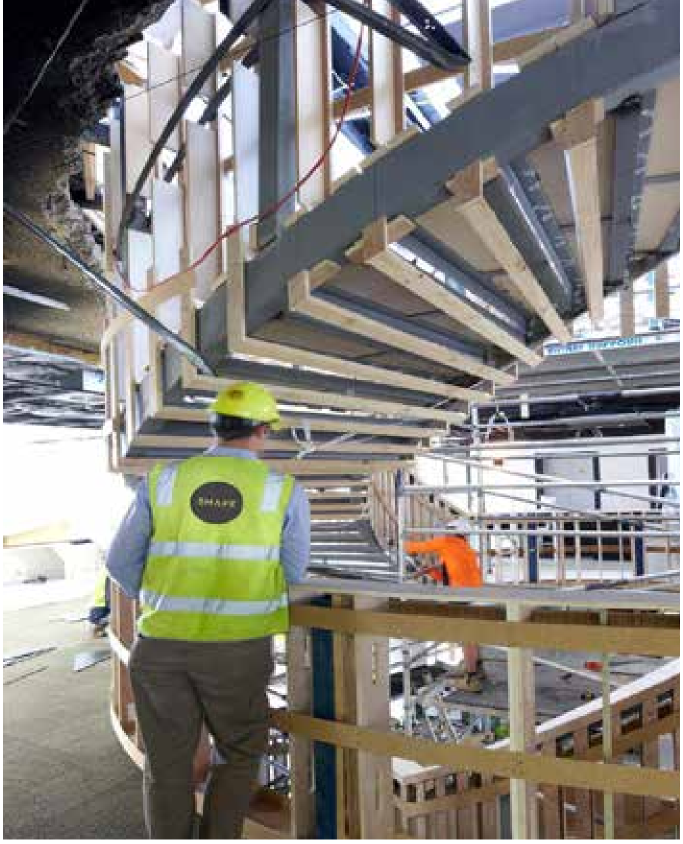


Table 4: Vested for Reporting Year

The following table sets out details of the FY20 LTI awards which had been issued to the Executive KMP, all of which lapsed during the year:

INCUMBENT	**Peter Marix-Evans**	**Scott Jamieson**
ROLE	CEO	CFO
WEIGHTING (%)	100	100
NUMBER ELIGIBLE TO VEST FOLLOWING FY22 COMPLETION	261,947	119,469
TARGET PERFORMANCE (%)	8 p.a. Net Profit Growth	8 p.a. Net Profit Growth
ACTUAL OUTCOME	Nil	Nil
% OF TRANCHE VESTED (%)	-	-
NUMBER VESTED	-	-
GRANT DATE VALUATION ($)	296,000	135,000
$ VALUE OF LTVR THAT VESTED (as per Grant Date Valuation) ($)	-	-
REALISABLE VALUE (NUMBER X VESTING DATE SP NET OF EXERCISE PRICE) ($)	-	-

4.3 ACHIEVED TOTAL REMUNERATION PACKAGE FOR FY22

The following outlines "Achieved" (what became payable, awarded or vested in respect of FY22 performance completed) total remuneration, including the portions of maximum variable remuneration that were awarded or vested, and portions that were forfeited or lapsed as the result of performance assessments that were completed as at the completion of FY22:

Table 5: Actual Executive Remuneration

NAME	ROLE	FIXED PACKAGE (INCL SUPER)		TOTAL STI AWARDED FOLLOWING COMPLETION OF THE FINANCIAL YEAR		VALUE OF LTI (SELTI) THAT VESTED FOLLOWING COMPLETION OF THE MEASUREMENT PERIOD/ FY**		TOTAL REMUNERATION PACKAGE (TRP) ($)
		AMOUNT ($)	% OF TRP (%)	AMOUNT* ($)	% OF TRP (%)	AMOUNT ($)	% OF TRP (%)	
Peter Marix-Evans	CEO	784,400	67	389,015	33	0	0	1,173,415
Scott Jamieson	CFO	475,000	72	188,457	28	0	0	663,457

* This is the value of the total STVR award calculated following the end of the Financial Year.

** This is the grant value of the LTVR that vested in the reporting period i.e. number that vested multiplied by the Black-Scholes value at grant. This value is using the 30 June 2022 measurement period end.

5 STATUTORY TABLES AND SUPPORTING DISCLOSURES

5.1 EXECUTIVE KMP STATUTORY REMUNERATION FOR FY22

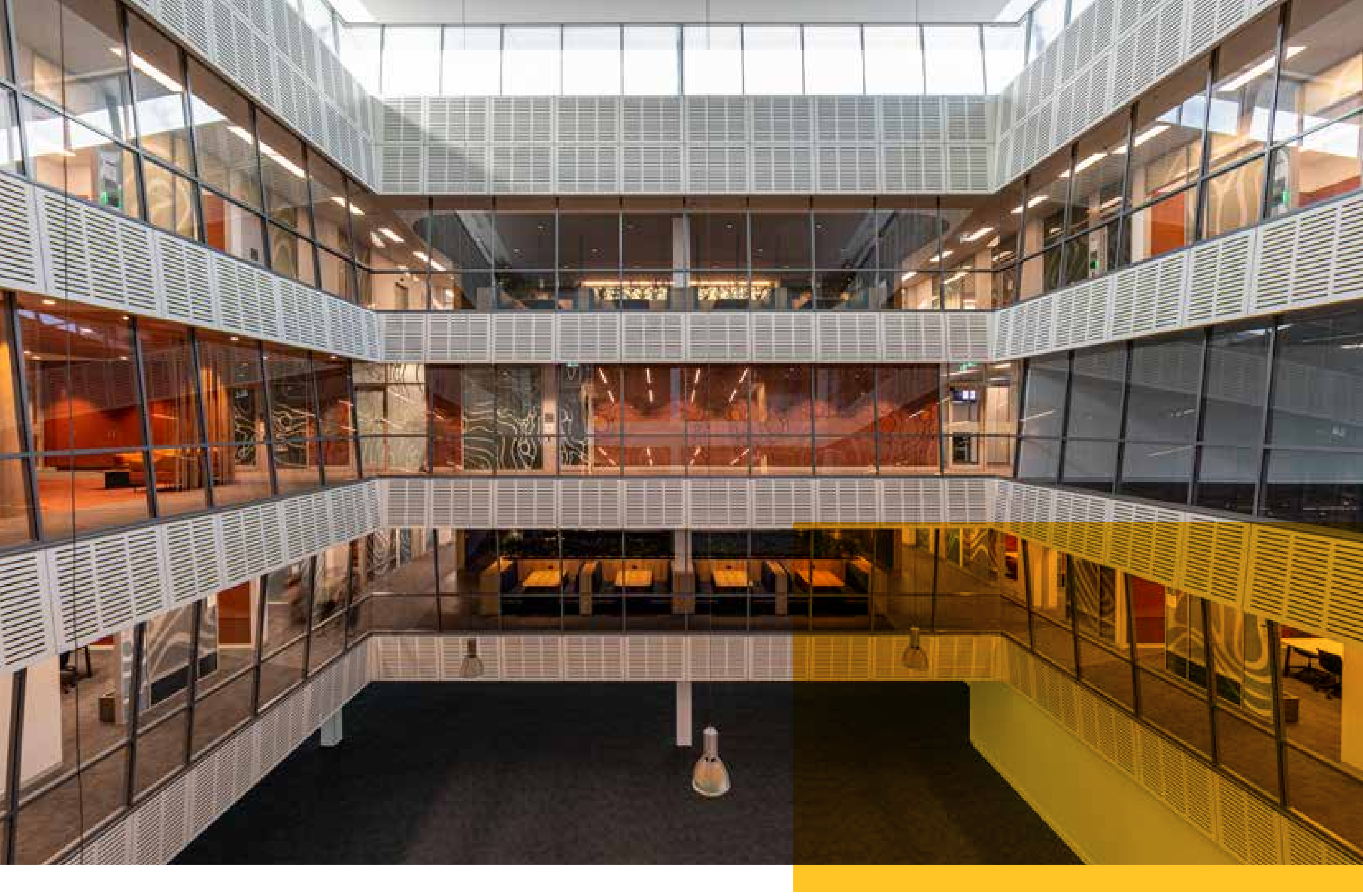
The following table outlines the statutory remuneration of Executive KMP:

Table 6: Statutory Executive Remuneration

Note that the STVR value reported in this table is the STVR that was paid during the reporting period, being the award earned during the previous period. Incentive outcomes for the reporting and previous period are outlined elsewhere in this report.

	NAME	Peter Marix-Evans	Scott Jamieson
	ROLE	Managing Director & CEO	Chief Financial Officer & Joint Company Secretary
FIXED PAY	SALARY ($)	759,089	444,145
	SUPER ($)	27,500	27,500
	OTHER BENEFITS* ($)	5,031	5,031
	TOTAL FIXED PAY ($)	791,620	476,676
VARIABLE REMUNERATION	CASH STVR ($)	500,000	250,000
	LTI	(169,707)	(77,500)
	TOTAL REMUNERATION PACKAGE (TRP) ($)	1,121,913	649,176
	VARIABLE REMUNERATION AS A % OF TRP (%)	29	27
	CHANGE IN ACCRUED LEAVE ($)	28,916	38,064

* Carparking, Employee Share Acquisition Plan (ESAP)



5.2 NON-EXECUTIVE DIRECTOR (NED) KMP STATUTORY REMUNERATION FOR FY22

The following table outlines the statutory and audited remuneration of NEDs:

Table 7: Statutory Non-Executive Director Remuneration for FY22

NAME	ROLE	BOARD AND COMMITTEE FEES ($)	SUPERANNUATION ($)	OTHER BENEFITS ($)	TOTAL ($)
P. Arnall	Chairman, Non Exec. Director	170,000	-	-	170,000
M. Barnes	Non-Executive Director	100,000	10,000	-	110,000
J. Lloyd**	Non-Executive Director	91,667	-	-	91,667
G. McMahon*	Non-Executive Director	100,000	25,416	225,112	350,528
K. Parsons**	Non-Executive Director	95,179	9,518	-	104,697
J.Sloman OAM	Non-Executive Director	129,455	545	-	130,000
C. van der Laan	Non-Executive Director	121,136	8,864	-	130,000

* Other Benefits of $225,112 for Mr Gerard McMahon relate to remuneration received as an Executive Director. His responsibilities included organisational and leadership development, as well as working on the ASX listing prior to his appointment as a Non-executive Director on 5 November 2021.

** For Jane Lloyd and Kathy Parsons, who were first appointed as Directors during the year, remuneration includes one month as observers of the board prior to formal appointment. For all other Directors, remuneration relates to the full year.

5.3 KMP EQUITY INTERESTS AND CHANGES DURING FY22

Movements in equity interests held by executive KMP during the reporting period, including their related parties, are set out below:

Table 8: Executive KMPs

NAME		Peter Marix-Evans			Scott Jamieson			TOTALS
INSTRUMENT		Shares	Unvested Rights	Vested Rights	Shares	Unvested Rights	Vested Rights	
NUMBER HELD AT OPEN FY22	**Number**	1,288,479	694,894	-	1,613,523	316,928	-	**3,913,824**
GRANTED FY22	**Date Granted**	4/11/2021	27/09/2021	-	4/11/2021	27/09/2021	-	**N/A**
	Number	1,535	219,413	-	1,535	99,650	-	**322,133**
FORFEITED DURING FY22	**Number**	-	448,359	-	-	204,488	-	**652,847**
VESTED AND EXERCISABLE DURING FY22	**Number**	-	39,542	39,542	-	18,034	18,034	**115,152**
VESTED AND UNEXERCISABLE DURING FY22	**Number**	-	-	-	-	-	-	**-**
FY22 EXERCISED (OR SHARES RECEIVED FROM EXERCISING)	**Number**	39,542	-	39,542	18,034	-	18,034	**115,152**
FY22 PURCHASED/ OTHER	**Number**	-	-	-	-	-	-	**-**
FY22 SOLD	**Number**	-	-	-	-	-	-	**-**
NUMBER HELD AT CLOSE FY22	**Number**	1,329,556	426,406	-	1,633,092	194,056	-	**3,583,110**

Movements in equity interests held by non-executive KMP during the reporting period, including their related parties, are set out below:

Table 9: Non-Executive Directors

NAME	INSTRUMENT	NUMBER HELD AT OPEN FY22	FY22 PURCHASED/ OTHER	FY22 SOLD	NUMBER HELD AT CLOSE FY22
		NUMBER	NUMBER	NUMBER	NUMBER
P. Arnall	Shares	1,391,039	-	-	1,391,039
M. Barnes	Shares	2,800,000	-	-	2,800,000
J. Lloyd	Shares	-	8,000	-	8,000
G. McMahon	Shares	9,737,920	-	-	9,737,920
K. Parsons	Shares	-	-	-	-
J. Sloman OAM	Shares	209,119	-	-	209,119
C. van der Laan	Shares	-	-	-	-
TOTALS		**14,138,078**	**8,000**	**-**	**14,146,078**

The following outlines the accounting values and potential future costs of equity remuneration granted during FY22 for executive KMP:

Table 10: Executive KMP: 2022 Equity Grants

NAME	TRANCHE	GRANT TYPE	VESTING CONDITIONS	GRANT DATE	GRANT NUMBER	TOTAL VALUE AT GRANT ($)	VALUE EXPENSED IN FY22 ($)	MAX VALUE TO BE EXPENSED IN FUTURE YEARS ($)
Peter Marix-Evans	FY22 LTI Performance Rights	LTI	Net Profit Growth	27/09/2021	219,413	313,760	52,293	261,467
Scott Jamieson	FY22 LTI Performance Rights	LTI	Net Profit Growth	27/09/2021	99,650	142,500	23,750	118,750
TOTALS					**319,063**	**456,260**	**76,043**	**380,217**

Note: the minimum value to be expensed in future years for each of the above grant made in FY22 is nil. A reversal of previous expense resulting in a negative expense in the future may occur in the event of an executive KMP departure or failure to meet non market-based conditions including failure for Gate to open.

The following outlines the accounting values and potential future costs of equity remuneration granted during FY22 for Non-Executive KMP:

No equity was granted during FY22 for Non-Executive Directors.

5.4 KMP SERVICE AGREEMENTS

5.4.1 EXECUTIVE KMP SERVICE AGREEMENTS

The following outlines current executive KMP service agreements:

Table 11: Contract terms for executives

NAME	POSITION HELD AT CLOSE OF FY22	EMPLOYING COMPANY	DURATION OF CONTRACT	PERIOD OF NOTICE		TERMINATION PAYMENTS*
				FROM COMPANY	FROM KMP	
Peter Marix-Evans	CEO	Shape Australia Corporation Limited	Ongoing	12 months	12 months	-
Scott Jamieson	CFO	Shape Australia Corporation Limited	Ongoing	3 months	3 months	-

*Under the Corporations Act the Termination Benefit Limit is 12 months average Salary (over prior 3 years) unless shareholder approval is obtained.

5.4.2 NON-EXECUTIVE DIRECTORS (NEDS) SERVICE AGREEMENTS

The appointment of Non-Executive Directors is subject to a letter of engagement. Under this approach NEDs are not eligible for any termination benefits following termination of their office, nor any payments other than those required under law such as in respect of superannuation. There are no notice periods applicable to either party under this approach.

5.5 OTHER STATUTORY DISCLOSURES

5.5.1 LOANS TO KMP AND THEIR RELATED PARTIES

During the financial year and to the date of this report, the Company made no loans to directors and other KMP and none were outstanding as at 30 June 2022.

5.5.2 OTHER TRANSACTIONS WITH KMP

There were no other disclosable transactions with KMP during FY22.

5.5.3 EXTERNAL REMUNERATION CONSULTANTS

During FY22 the Board engaged approved External Remuneration Consultants Godfrey Remuneration Group Pty Ltd (GRG) to provide KMP remuneration advice (including remuneration recommendations) and other services as outlined below:

- Non-Executive Director Remuneration Benchmarking: $14,000 + GST
- Executive Remuneration Benchmarking: $14,000 + GST
- Review of LTI plan design: $6,000 + GST
- Review of contracts and retention arrangements: $11,000 + GST

The Remuneration and Human Resources Committee has procedures in place to ensure that all engagements with independent external remuneration consultants, and recommendations (if any) are free from undue influence. At times, remuneration consultants may be required to interact with management to obtain the relevant information needed to form any remuneration recommendations. In these instances, a Non-Executive Director will always have oversight of interactions between independent consultants and management.

The Board confirms that remuneration recommendations made during FY22 were made free from undue influence as these procedures were adhered to.

This concludes the Remuneration Report, which has been audited.

ROUNDING OF AMOUNTS

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

AUDITOR'S INDEPENDENCE DECLARATION

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

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

Signed On behalf of the directors

Phil Arnall

Chairman

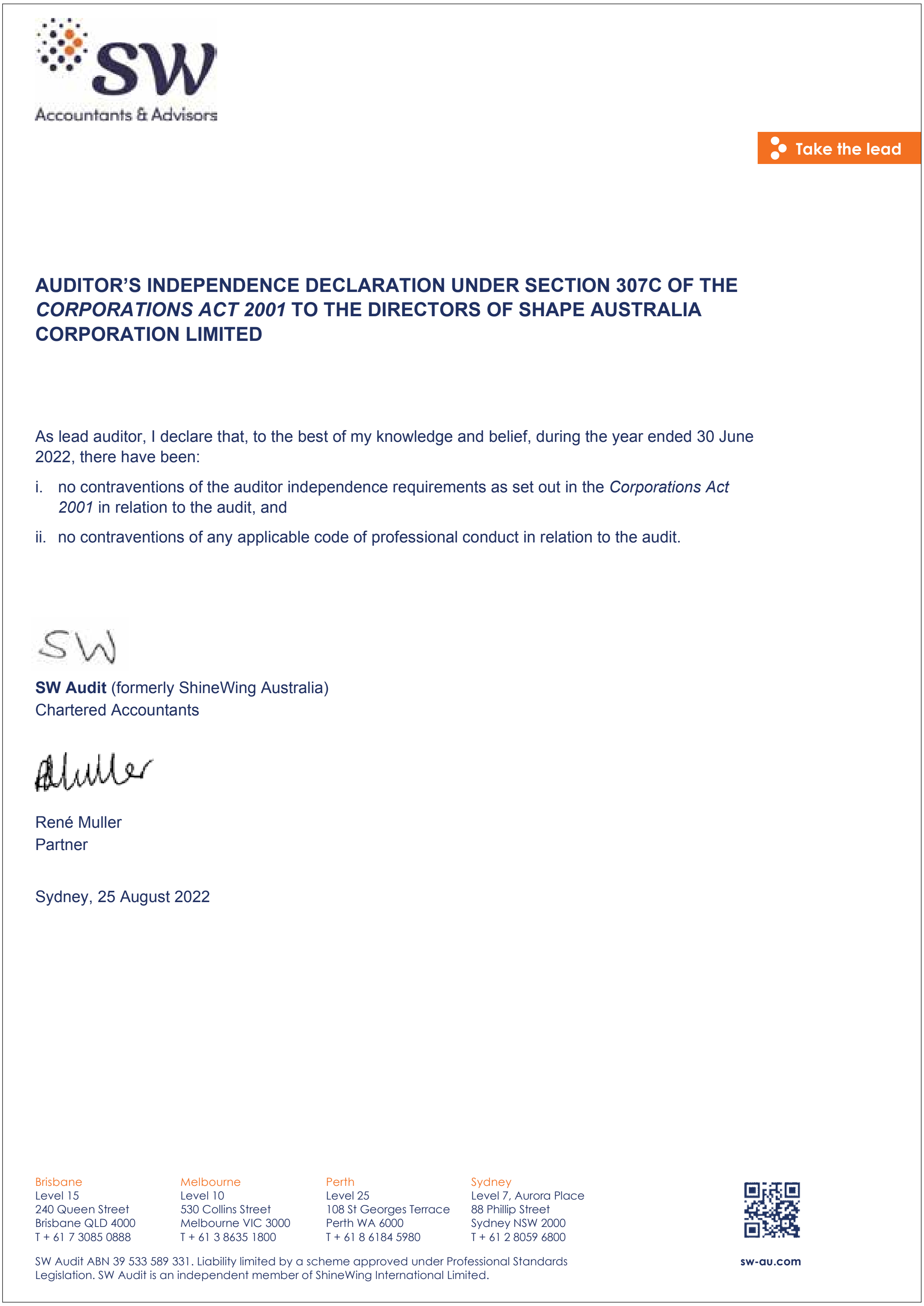
25 August 2022

Peter Marix-Evans

CEO

25 August 2022

AUDITOR'S INDEPENDENCE DECLARATION



SW
Accountants & Advisors

Take the lead

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

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

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

SW

SW Audit (formerly ShineWing Australia)
Chartered Accountants

Muller

René Muller
Partner

Sydney, 25 August 2022

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SHAPE AUSTRALIA CORPORATION LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FULL YEAR ENDED 30 JUNE 2022

	NOTE	30 JUN 2022 $'000	30 JUN 2021 $'000
Revenue	2	658,324	571,972
Expenses			
Construction costs		(603,623)	(515,789)
Employee benefits expense - administration and marketing	3	(27,987)	(24,078)
Depreciation and amortisation expense	3	(4,528)	(3,630)
Transaction costs in connection with the IPO and preparation towards the IPO		(2,794)	-
Other expenses	3	(8,452)	(10,221)
Finance costs	3	(563)	(340)
Total expenses		**(647,947)**	**(554,058)**
Profit before income tax expense		10,377	17,914
Income tax expense	4	(3.174)	(5.548)
Profit after income tax expense for the half-year attributable to the owners of SHAPE Australia Corporation Limited		**7,203**	**12,366**
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of SHAPE Australia Corporation Limited		**7,203**	**12,366**
		Cents	**Cents**
Basic earnings per share	**1**	**8.73**	**15.13**
Diluted earnings per share	**1**	**8.39**	**14.62**

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

SHAPE AUSTRALIA CORPORATION LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	30 JUN 2022 $'000	30 JUN 2021 $'000
Assets			
Current assets			
Cash and cash equivalents	5	82,031	115,147
Trade and other receivables	7	87,497	53,968
Income tax refund due	4	245	-
Finance lease receivables	8	242	497
Prepayments		4,491	3,253
Total current assets		**174,506**	**172,865**
Non-current assets			
Investments accounted for using the equity method	20	98	98
Property, plant and equipment	9	25,354	6,237
Intangibles	10	11,670	130
Deferred tax	4	5,105	4,897
Finance lease receivables	8	405	647
Total non-current assets		**42,632**	**12,009**
Total assets		**217,138**	**184,874**
Liabilities			
Current liabilities			
Trade and other payables	11	139,245	131,290
Borrowings	15	2,675	-
Lease liabilities	12	1,945	2,255
Income tax	4	-	541
Employee benefits	13	10,679	9,670
Provisions	14	4,696	9,842
Total current liabilities		**159,240**	**153,598**
Non-current liabilities			
Trade and other payables	11	7,609	7,417
Borrowings	15	8,025	-
Lease liabilities	12	18,754	3,177
Deferred tax	4	1,181	-
Employee benefits	13	1,779	1,679
Provisions	14	265	558
Total non-current liabilities		**37,613**	**12,831**
Total liabilities		**196,853**	**166,429**
Net assets		**20,285**	**18,445**
Equity			
Issued capital	16	12,872	9,477
Reserves	17	(2,948)	(2,409)
Retained profits		10,361	11,377
Total equity		**20,285**	**18,445**

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

SHAPE AUSTRALIA CORPORATION LIMITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FULL YEAR ENDED 30 JUNE 2022

	ISSUED CAPITAL $'000	RESERVES $'000	RETAINED PROFITS $'000	TOTAL EQUITY $'000
Balance at 1 July 2020	**10,141**	**(912)**	**11,581**	**20,810**
Profit after income tax expense for the half-year	-	-	12,366	12,366
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	**-**	**-**	**12,366**	**12,366**
Transactions with owners in their capacity as owners:				
Share-based payments (note 28)	-	(313)	-	(313)
Exercise of performance rights	1,296	(1,184)	(112)	-
Share buy-back	(1,960)	-	-	(1,960)
Dividends paid (note 18)	-	-	(12,458)	(12,458)
Balance at 30 June 2021	**9,477**	**(2,409)**	**11,377**	**18,445**

	ISSUED CAPITAL $'000	RESERVES $'000	RETAINED PROFITS $'000	TOTAL EQUITY $'000
Balance at 1 July 2021	**9,477**	**(2,409)**	**11,377**	**18,445**
Profit after income tax expense for the half-year	-	-	7,203	7,203
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	**-**	**-**	**7,203**	**7,203**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 16)	3,107	-	-	3,107
Share-based payments (note 28)	-	(251)	-	(251)
Performance rights exercised in legal acquiree and settled in previously held treasury shares	288	(288)	-	-
Dividends paid (note 18)	-	-	(8,219)	(8,219)
Balance at 30 June 2022	**12,872**	**(2,948)**	**10,361**	**20,285**

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

SHAPE AUSTRALIA CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FULL YEAR ENDED 30 JUNE 2022

	NOTE	30 JUN 2022 $'000	30 JUN 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		692,207	657,251
Payments to suppliers and employees (inclusive of GST)		(708,372)	(649,161)
Interest received		207	466
Interest and other finance costs paid		(563)	(622)
Income taxes paid		(4,073)	(7,488)
Net cash used in operating activities	**6**	**(20,594)**	**446**
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	23	(8,869)	-
Payment to acquire shares in associate		-	(49)
Payments for property, plant and equipment	9	(4,329)	(1,209)
Payments for intangibles	10	(384)	(22)
Net cash used in investing activities		**(13,582)**	**(1,280)**
Cash flows from financing activities			
Proceeds from issue of shares	16	2,000	-
Proceeds from borrowings	6	10,700	-
Payments for share buy-backs		-	(1,960)
Share issue transaction costs	16	(105)	-
Dividends paid	18	(8,219)	(12,459)
Repayment of lease liabilities	6	(3,316)	(2,752)
Net cash from/(used in) financing activities		**1,060**	**(17,171)**
Net decrease in cash and cash equivalents		(33,116)	(18,005)
Cash and cash equivalents at the beginning of the financial half-year		115,147	133,152
Cash and cash equivalents at the end of the financial half-year	**5**	**82,031**	**115,147**

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

NOTES TO THE CONSILIDATED FINANCIAL STATEMENTS
30 JUNE 2022

The Financial Report of SHAPE Australia Corporation Limited and the entities it controlled at the end of or during the year. (The Group) was authorised for issue in accordance with a resolution of Directors on 25 August 2022.

Basis of preparation

The Financial Report is a general purpose Financial Report, which has been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 (Cth). The Financial Report also complies with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Financial Report is presented in Australian dollars, which is the Group's functional and presentation currency.

The principal accounting policies adopted in the preparation of the Financial Report are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Corporate restructure

SHAPE Australia Corporation Limited was incorporated on 22 October 2021. On 14 December 2021, the Group undertook an internal corporate restructure whereby the shareholders in SHAPE Australia Holdings Pty Limited exchanged their shares in that company for shares in SHAPE Australia Corporation Limited in a "top hat restructure". Each shareholder's proportionate interest in SHAPE Australia Holdings Pty Limited was not altered as a result of the restructure. Prior to the restructure, SHAPE Australia Holdings Pty Limited was the parent company of the Group, however, the effect of the restructure was to interpose SHAPE Australia Corporation Limited as the new legal parent of the Group. While SHAPE Australia Corporation Limited became the legal parent of the Group, this did not result in a business combination for accounting purposes with the restructure accounted for as a capital reorganisation by SHAPE Australia Corporation Limited.

The financial statements of SHAPE Australia Corporation Limited present a continuation of the existing SHAPE Australia Holdings Pty Limited. Assets and liabilities are recorded at their existing values in the statement of financial position of SHAPE Australia Corporation Limited. The statement of financial performance is a continuation of the existing statement of financial performance for SHAPE Australia Holdings Pty Limited. As SHAPE Australia Corporation Limited was only incorporated in October 2021, there is no historical financial information for SHAPE Australia Corporation Limited. As such, the historical comparative financial information is the consolidated financial information of SHAPE Australia Holdings Pty Limited.

Key judgements, estimates and assumptions

The preparation of the financial statements requires the use of judgements, estimates and assumptions, in applying the Group's accounting policies, that affect the reported amounts in the financial statements. Judgements, estimates and assumptions are based on historical experience, current conditions and on reasonable expectations of future events. The resulting accounting judgements and estimates will seldom equal the related actual results. The key areas within the financial statements involving judgements or significant estimates and assumptions are set out below. Detailed information about each of these judgements, estimates and assumptions are included in the notes.

JUDGEMENTS		
Leases	Determining the lease term	Note 12

ESTIMATES AND ASSUMPTIONS		
Revenue recognition	Recognition of construction revenue	Note 2
Impairment of Intangible Assets	Assessment of recoverable amount	Note 10
Leases	Incremental borrowing rate	Note 12
Provisions	Maintenance and warranty	Note 14
Business combinations	Fair value of business combinations accounted for on a provisional basis	Note 23
Share-based payment transactions	Valuation of share-based payments	Note 28

Financial statement notes

The notes to the consolidated financial statements include information which is required to understand the consolidated financial statements and is material and relevant to the operations, financial performance and position of the Group.

Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature
- it is important for understanding the results of the Group
- it helps to explain the impact of significant changes in the Group's business
- it relates to an aspect of the Group's operations that is important to its future performance

The notes are organised into the following sections:

OPERATING PERFORMANCE

This section provides information on the performance of the Group, including segment results, earnings per share and income tax. (Notes 1 to 4)

Assets and liabilities: this section details the assets used in the group's operations and the liabilities incurred as a result. (Notes 5 to 15)

CAPITAL

This section provides information relating to the group's capital structure and financing. (Notes 16 to 18)

FINANCIAL RISK

This section details the Group's exposure to various financial risks, explains how these risks may impact the Group's financial performance or position, and details the Group's approach to managing these risks. (Note 19)

GROUP STRUCTURE

This section provides information relating to subsidiaries and other material investments of the Group. (Notes 20 to 23)

OTHER

This section provides other disclosures required by Australian Accounting Standards that are considered relevant to understanding the Group's financial performance or position. (Notes 24 to 31)

OPERATING PERFORMANCE

1. EARNINGS PER SHARE

	CONSOLIDATED	
	2022 $'000	2021 $'000
Profit after income tax attributable to the owners of SHAPE Australia Corporation Limited	7,203	12,366
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	82,520,366	81,729,114
Adjustments for calculation of diluted earnings per share:		
Performance rights	3,369,162	2,878,192
Weighted average number of ordinary shares used in calculating diluted earnings per share	85,889,528	84,607,306
	Cents	Cents
Basic earnings per share	8.73	15.13
Diluted earnings per share	8.39	14.62

The weighted average number of shares used in the calculation of basic and diluted earnings per share for the comparative period is the number of shares issued by the legal parent to acquire the results of the legal subsidiary for that period, even though the issue of the shares did not occur until the time of the "top hat restructure" in the current period.

ACCOUNTING POLICY FOR EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of SHAPE Australia Corporation Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2. REVENUE

	CONSOLIDATED	
	2022 $'000	2021 $'000
Revenue from customers for construction services	655,949	569,971
Other revenue		
Management fees	1,896	1,235
Rent	272	300
Interest Income	207	466
	2,375	**2,001**
Revenue	**658,324**	**571,972**

ACCOUNTING POLICY FOR REVENUE RECOGNITION

(a) Construction services

Revenue is derived from providing construction services for customers, predominantly as head contractor for commercial fit out and refurbishments in Australia. The contract works performed on each individual project is generally taken on as one performance obligation. These projects typically take between three and twelve months to complete. The transaction price includes the initial amount agreed in the contract, plus any variations for contract work and claims to the extent that it is probable that they will result in revenue and can be measured reliably.

The performance obligation is fulfilled over time and as such revenue is recognised over time. As work is performed on the project, the underlying asset is controlled by the customer and has no alternative use to the Group, with the Group having the right to payment for performance to date. Generally, contracts identify various inter-linked activities required in the construction process.

Revenue recognition over time is based on an input method using a project's costs incurred to date as a percentage of total estimated costs. An expected margin based on the stage of completion is then applied. Customers are typically billed monthly or, in some cases, on achievement of milestones. Billings are made under normal commercial payment terms. The difference between revenue recognised and customer billings are recognised as either a contract asset or contract liability in the Statement of Financial Position.

VARIABLE CONSIDERATION

It is common for contracts to have variations to them throughout the project period without giving rise to a separate performance modification. These variations result in variable consideration for the Group. Where consideration in respect of a contract is variable, the change in transaction price is only recognised when the material uncertainty associated with the variable consideration is resolved. The Group will assess this on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise whilst also considering the uncertainty of the consideration.

CONTRACT ASSET AND CONTRACT LIABILITY

'Contract asset' and 'contract liability' are used to describe what is commonly known as 'accrued revenue' and 'deferred income'. Contract receivables represent receivables in respect of which the Group's right to consideration is unconditional subject only to the passage of time. Contract assets represent the Group's right to consideration for services provided to customers for which the Group's right remains conditional on something other than the passage of time. Contract liabilities arise where payment is received prior to work being performed.

CONTRACT FULFILMENT COSTS

Costs incurred prior to the commencement of a contract may arise due to mobilisation, site setup costs, and preliminary design activities as these are costs incurred to fulfil a contract. Where these costs are expected to be recovered and the recognition period of the contracts is greater than 12 months, they are capitalised and amortised over the course of the contract, consistent with the transfer of service to the customer. Where the costs, or a portion of these costs, are reimbursed by the customer, the amount received is recognised within contract liabilities and allocated to the performance obligations within the contract and recognised as revenue over the course of the contract.

LOSS MAKING CONTRACTS

Loss making contracts are accounted for in accordance with the accounting policy for provisions. Refer to note 14.

(b) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(c) Interest

Interest revenue is recognised using the effective interest rate method.

CHANGE IN ACCOUNTING ESTIMATE

The accounting estimate in relation to revenue recognition was changed on 1 July 2021, based on new information identified and analysed. The impact of this for the year ended 30 June 2022 is an increase in revenue of $6.335 million and a decrease in the contract liability of $6.335 million. The impact on future periods is impracticable to estimate due to it being dependent upon the contracts and progress at that point in time.

CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

Recognition of construction revenue

There is significant judgement in the recognition of revenue including estimating the progress in satisfying the performance obligations within the contract, estimating contract costs expected to be incurred to satisfy remaining performance obligations and the probability that the amount to be recognised as variable consideration for approved variations and claims where the final price has not been agreed with the customer.

3. EXPENSES

	CONSOLIDATED	
	2022 $'000	**2021 $'000**
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	355	256
Plant and equipment	1,046	854
Buildings right-of-use assets	2,958	2,415
Total depreciation	**4,359**	**3,525**
Amortisation		
Customer relationships	69	-
Software	70	72
Licenses	30	33
Total amortisation	**169**	**105**
Total depreciation and amortisation	**4,528**	**3,630**
Finance costs		
Interest and finance charges paid/payable on borrowings	11	-
Interest and finance charges paid/payable on lease liabilities	552	340
Finance costs expensed	**563**	**340**
Leases		
Low-value assets lease payments	52	61
Share-based payments expense		
Share-based payments expense/(reversal)	961	(313)
Aggregate employee benefits expense		
Superannuation	6,880	5,747
Other employee benefits expenses	67,449	62,187
Total employee benefits expenses	**74,329**	**67,934**
Classified as follows:		
Construction costs	46,342	43,856
Administration and marketing	27,987	24,078
Total	**74,329**	**67,934**
Other Expenses:		
Tenancy outgoings	1,469	2,006
Software licences and maintenance	2,111	1,453
Others	4,872	6,762
Total other expenses	**8,452**	**10,221**

4. INCOME TAX

	CONSOLIDATED	
	2022 $'000	**2021 $'000**
Income tax expense		
Current tax	3,590	5,739
Deferred tax - origination and reversal of temporary differences	(229)	(191)
Adjustment recognised for prior periods	(187)	-
Aggregate income tax expense	**3,174**	**5,548**
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(208)	(191)
Decrease in deferred tax liabilities	(21)	-
Deferred tax - origination and reversal of temporary differences	**(229)**	**(191)**
Reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	10,377	17,914
Tax at the statutory tax rate of 30%	3,113	5,374
Tax effect amounts which are not deductible/ (taxable) in calculating taxable income:		
Non-deductible items	248	174
	3,361	**5,548**
Adjustment recognised for prior periods	(187)	-
Income tax expense	**3,174**	**5,548**

	CONSOLIDATED	
	2022 $'000	**2021 $'000**
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Provisions	3,937	4,380
Other	1,168	517
Deferred tax asset	**5,105**	**4,897**
Movements:		
Opening balance	4,897	4,706
Credited to profit or loss	208	191
Closing balance	**5,105**	**4,897**

	CONSOLIDATED	
	2022 $'000	**2021 $'000**
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Trade names	205	-
Customer relationships	976	-
Deferred tax liability	**1,181**	**-**
Movements:		
Opening balance	-	-
Credited to profit or loss	(21)	-
Additions through business combinations (note 23)	1,202	-
Closing balance	**1,181**	**-**

	CONSOLIDATED	
	2022 $'000	2021 $'000
Income tax		
Income tax refund/(payable)	245	(541)

ACCOUNTING POLICY FOR INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

SHAPE Australia Corporation Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'stand-alone taxpayer' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

ASSETS AND LIABILITIES

5. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2022 $'000	2021 $'000
Current assets		
Cash at bank	62,808	67,420
Cash on deposit (i)	15,199	45,500
Restricted cash (ii), (iii)	4,024	2,227
	82,031	**115,147**

(i) The short-term bank deposits are partly held in order to comply with financial covenants associated with bank guarantees (refer to note 24). The total security required by these bank guarantees was $2,188,000 (30 June 2021: $164,000).

(ii) As required by relevant state based legislation surrounding Project Bank Accounts, Project Trust Accounts and Retention Trust Accounts. For the year ended 30 June 2022, the total balance of these accounts was $3,761,000 (30 June 2021: $2,115,000)

(iii) Restricted cash includes $263,000 (2021: $112,000) relating to charitable donations yet to be distributed. A corresponding payable has been recognised for the same amount.

ACCOUNTING POLICY FOR CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6. CASH FLOW INFORMATION

Reconciliation of profit after income tax to net cash from/(used in) operating activities

	CONSOLIDATED	
	2022 $'000	2021 $'000
Profit after income tax expense for the year	7,203	12,366
Adjustments for:		
Depreciation and amortisation	4,528	3,630
Share-based payments	(251)	(313)
Other expenses - non-cash	1,212	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(30,368)	9,412
Increase in income tax refund due	(129)	-
Increase in deferred tax assets	(208)	(191)
Increase in prepayments	(1,063)	-
Decrease in other operating assets	497	469
Increase/(decrease) in trade and other payables	5,054	(25,087)
Decrease in contract liabilities	(1,637)	-
Decrease in provision for income tax	(541)	(1,749)
Decrease in deferred tax liabilities	(21)	-
Increase in employee benefits	862	-
Increase/(decrease) in other provisions	(5,439)	1,909
Decrease in other operating liabilities	(293)	-
Net cash from/(used in) operating activities	**(20,594)**	**446**

Non-cash investing and financing activities

	CONSOLIDATED	
	2022 $'000	2021 $'000
Performance rights exercised in legal acquiree and settled in previously held treasury shares	288	-
Shares issued to employees for no consideration - settled previously held treasury shares	924	-
Shares issued in settlement of employee profit share - settled in previously held treasury shares	288	-

Changes in liabilities arising from financing activities

	CONSOLIDATED		
	BANK LOANS $'000	LEASES $'000	TOTAL $'000
Balance at 1 July 2020	-	8,184	8,184
Net cash used in financing activities		(2,752)	(2,752)
Balance at 30 June 2021	-	5,432	5,432
Net cash from/(used in) financing activities	10,700	(3,316)	7,384
Acquisition of leases	-	18,583	18,583
Balance at 30 June 2022	**10,700**	**20,699**	**31,399**

7. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2022 $'000	2021 $'000
Current assets		
Trade receivables (a)	78,935	47,371
Contract assets (b)	8,141	6,058
Other receivables	213	386
Receivable from associate	208	153
	87,497	**53,968**

(a) Allowance for expected credit losses

All trade receivables are within the initial trade terms and have been assessed as being of high credit quality. Therefore, no lifetime expected credit loss provision has been recognised. No collateral is held over trade and other receivables.

CREDIT RISK

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the Group is the class of assets described as 'trade and other receivables'.

The following table details the Group's trade and other receivables exposed to credit with ageing analysis. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

	CONSOLIDATED	
	2022 $'000	2021 $'000
Within initial trade terms	77,762	46,817
Up to 90 days (past due but not considered impaired)	757	486
90+ days (past due but not considered impaired)	416	68
	78,935	**47,371**

(b) Contract assets

	CONSOLIDATED	
	2022 $'000	2021 $'000
Contract assets comprise:		
Net construction work in progress at the reporting date:		
Contract costs incurred	621,415	515,789
Recognised profits	52,081	54,182
	673,496	**569,971**
Less: progress billings received and receivable	(706,358)	(597,043)
Net contract liabilities	(32,862)	(27,072)
Representing:		
Cost in excess of billings - contract assets	8,141	6,058
Billings in excess of costs - contract liabilities (note 11)	(41,003)	(33,130)
	(32,862)	**(27,072)**

Contract assets have increased as the Group has provided more services ahead of the agreed payment schedules for fixed-price contracts.

(c) Financial assets classified as loans and receivables

	CONSOLIDATED	
	2022 $'000	2021 $'000
Trade and other receivables	87,497	53,968
Less: contract assets	(8,141)	(6,058)
Financial assets (note 19)	**79,356**	**47,910**

ACCOUNTING POLICY FOR TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

8. FINANCE LEASE RECEIVABLES

	CONSOLIDATED	
	2022 $'000	2021 $'000
Current assets		
Finance lease receivables	242	497
Non-current assets		
Finance lease receivables	405	647
	647	**1,144**

The Group recognised $41,000 (30 June 2021: $69,000) as finance income from lease contracts in which the Group acts as a lessor.

ALLOWANCE FOR EXPECTED CREDIT LOSSES

All finance lease receivables are within the initial trade terms and have been assessed as being of high credit quality. Therefore, no lifetime expected credit loss provision has been recognised. No collateral is held over finance lease receivables.

CREDIT RISK

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	CONSOLIDATED	
	2022 $'000	2021 $'000
1 year or less	264	539
Between 1 and 2 years	116	264
Between 2 and 3 years	120	116
Between 3 and 4 years	125	120
Between 4 and 5 years	74	125
Over 5 years	-	74
Total undiscounted lease payments receivable	**699**	**1,238**
Less: future finance charges	**(52)**	**(94)**
Net investment in finance leases	**647**	**1,144**

ACCOUNTING POLICY

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

9. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2022 $'000	2021 $'000
Non-current assets		
Leasehold improvements - at cost	9,333	8,288
Less: accumulated depreciation	(5,773)	(7,305)
	3,560	**983**
Plant and equipment - at cost	4,388	3,335
Less: accumulated depreciation	(2,209)	(2,071)
	2,179	**1,264**
Right-of-use assets - at cost	24,070	8,278
Less: accumulated depreciation	(4,455)	(4,288)
	19,615	**3,990**
	25,354	**6,237**

RECONCILIATIONS

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

	CONSOLIDATED			
	LEASEHOLD IMPROVEMENTS $'000	PLANT AND EQUIPMENT $'000	RIGHT-OF-USE ASSETS $'000	TOTAL $'000
Opening net book amount at 1 July 2020	983	1,171	6,396	**8,550**
Additions	256	953	196	**1,405**
Disposals	-	(6)	(187)	**(193)**
Depreciation expense	(256)	(854)	(2,415)	**(3,525)**
Closing net book amount at 30 June 2021	983	1,264	3,990	**6,237**
Additions	3,185	1,144	18,583	**22,912**
Additions through business combinations (note 23)	-	564	-	**564**
Transfers in/(out)	(253)	253	-	**-**
Depreciation expense	(355)	(1,046)	(2,958)	**(4,359)**
Closing net book amount at 30 June 2022	**3,560**	**2,179**	**19,615**	**25,354**

ACCOUNTING POLICY FOR PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

LEASEHOLD IMPROVEMENTS	10-19%
PLANT AND EQUIPMENT	20-33%
RIGHT-OF-USE ASSETS	17-46%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and right-of-use assets are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

10. INTANGIBLES

	CONSOLIDATED	
	2022 $'000	2021 $'000
Non-current assets		
Goodwill - at cost	7,318	-
Trade names - at cost	682	-
Customer relationships - at cost	3,325	-
Less: accumulated amortisation	(69)	-
	3,256	**-**
Software - at cost	866	504
Less: accumulated amortisation	(512)	(442)
	354	**62**
Licenses - at cost	175	153
Less: accumulated amortisation	(115)	(85)
	60	**68**
	11,670	**130**

RECONCILIATIONS

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

	CONSOLIDATED					
	GOODWILL $'000	TRADE NAMES $'000	CUSTOMER RELATIONSHIPS $'000	SOFTWARE $'000	LICENSES $'000	TOTAL $'000
Opening net book amount at 1 July 2020	-	-	-	117	101	**218**
Additions	-	-	-	17	-	**17**
Amortisation expense	-	-	-	(72)	(33)	**(105)**
Closing net book amount at 30 June 2021	-	-	-	62	68	**130**
Additions	-	-	-	362	22	**384**
Additions through business combinations (note 23)	7,318	682	3,325	-	-	**11,325**
Amortisation expense	-	-	(69)	(70)	(30)	**(169)**
Closing net book amount at 30 June 2022	**7,318**	**682**	**3,256**	**354**	**60**	**11,670**

ACCOUNTING POLICY FOR INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Trade names

Trade names are not amortised. Instead trade names are tested annually for impairment, or more frequently if events or changes in circumstances indicate that the trade names might be impaired, and are carried at cost less accumulated impairment losses.

Customer relationships

Customer relationships acquired in a business combination are amortised on a straight line basis over the period of their expected benefit, being their finite life of 12 years.

Software

Significant costs associated with software are deferred and amortised on a straight line basis over the period of their expected benefit, at a rate of 20% to 30% per annum.

Licenses

License costs are deferred and amortised on a straight line basis over the period of their expected benefit at a rate of 20% per annum.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal, and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a post-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

CRITICAL ACCOUNTING ESTIMATES

The Group tests intangible assets at least annually for impairment to ensure they are not carried above their recoverable amounts.

This test is performed by assessing the recoverable amount of each individual asset. The recoverable amount is its value in use which is determined by utilising a discounted cash flow model. Value in use is determined by discounting the future cash flows expected to be generated from the continuing use of an asset. The value in use calculation represents management's best estimate of the economic conditions that will exist over the remaining useful life of the asset in its current condition. No reasonably possible change in a key assumption used in the determination of the recoverable value is expected to result in a material impairment.

Forecast future cash flows

Forecast future cash flows are based on the Group's five-year forecasts with a terminal value and reflect management's best estimate of income, expenses, capital expenditure and cash flows for each asset. Changes in selling prices and direct costs are based on past experience and management's expectation of future changes in the market in which the Group operates.

Discount rate

Estimated future cash flows are discounted to their present value using discount rates that reflect the Group's weighted average cost of capital, adjusted for risks specific to the asset. A post-tax discount rate of 16% has been used and reflects the risk estimates for the Group as a whole.

Expected long-term growth rates

Growth rates are based on historical performance as well as expected long-term market operating conditions specific to the asset and with reference to long-term average industry growth rates. The terminal growth rate used is 2.8%. The judgements and estimates used in assessing impairment are best estimates based on current and forecast market conditions and are subject to change in the event of shifting economic and operational conditions.

11. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2022 $'000	**2021 $'000**
Current liabilities		
Trade payables	70,270	64,830
Accrued expenses and other payables	11,888	19,103
Contract liabilities (note 7b)	41,003	33,130
Retentions	14,788	12,411
GST payable	1,296	1,816
	139,245	**131,290**
Non-current liabilities		
Retentions	7,609	7,417
	146,854	**138,707**

Financial liabilities classified as trade and other payables

	CONSOLIDATED	
	2022 $'000	2021 $'000
Trade and other payables	146,854	138,707
Accrued expenses	(11,888)	(19,103)
Contract liabilities	(41,003)	(33,130)
GST payable	(1,296)	(1,816)
Financial liabilities classified as trade and other payables (note 19)	**92,667**	**84,658**

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

12. LEASE LIABILITIES

	CONSOLIDATED	
	2022 $'000	2021 $'000
Current liabilities		
Lease liability	1,945	2,255
Non-current liabilities		
Lease liability	18,754	3,177
	20,699	**5,432**

Refer to note 19 for further information on financial instruments.

During the year the Group entered into several new lease agreements for office premises. Most of these leases have 5-year extension options which the Group expects to exercise on the expiry of the lease term.

ACCOUNTING POLICY FOR LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

KEY JUDGEMENTS

Determining the lease term

Extension options are included in the majority of property leases across the Group. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option are considered. Extension options are only included in the lease term if the lease is reasonably certain to be exercised. The assessment is reviewed if a significant event or change in circumstance occurs which affects this assessment and is within the control of the Group.

Changes in the assessment of the lease term are accounted for as a reassessment of the lease liability at the date of the change.

CRITICAL ACCOUNTING ESTIMATES

Incremental borrowing rate

If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR requires estimation when no observable rates are available or when adjustments need to be made to reflect the terms and conditions of the lease. The Group estimates the IBR using observable market inputs when available and is required to make certain estimates specific to the Group (such as credit risk).

13. EMPLOYEE BENEFITS

	CONSOLIDATED	
	2022 $'000	2021 $'000
Current liabilities		
Annual leave and long service leave entitlements	10,679	9,670
Non-current liabilities		
Long service leave entitlements	1,779	1,679
	12,458	**11,349**

ACCOUNTING POLICY FOR EMPLOYEE BENEFITS

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

14. PROVISIONS

	CONSOLIDATED	
	2022 $'000	2021 $'000
Current liabilities		
Deferred consideration	293	-
Lease make good	500	344
Maintenance and warranty	3,563	9,132
Onerous contracts	340	366
	4,696	**9,842**
Non-current liabilities		
Lease make good	265	558
	4,961	**10,400**

DEFERRED CONSIDERATION

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability.

LEASE MAKE GOOD

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

MAINTENANCE AND WARRANTY

A provision has been recognised for maintenance and warranty to cover specific or estimated claims that may arise due to defects or legal disputes in relation to projects.

ONEROUS CONTRACTS

The provision for onerous contracts relates to the difference between the unavoidable costs and contract value for loss-making projects.

MOVEMENTS IN PROVISIONS

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	CONSOLIDATED				
	LEASE MAKE GOOD $'000	MAINTENANCE AND WARRANTY $'000	ONEROUS CONTRACTS $'000	DEFERRED CONSIDERATION $'000	TOTAL $'000
Carrying amount at the start of the year	902	9,132	366	-	**10,400**
Additional provisions recognised	15	286	324	-	**625**
Additions through business combinations (note 23)	-	-	-	293	**293**
Amounts used	(152)	(943)	(350)	-	**(1,445)**
Unused amounts reversed	-	(4,912)	-	-	**(4,912)**
Carrying amount at the end of the year	**765**	**3,563**	**340**	**293**	**4,961**

ACCOUNTING POLICY FOR PROVISIONS

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

CHANGE IN ACCOUNTING ESTIMATE

The accounting estimate in relation to the defect liability period provision has changed during the year ended 30 June 2022. The percentage of revenue estimated to cover potential defect liability costs is based on historic trends and has been reduced based on new information identified and analysed during the year.

CRITICAL ACCOUNTING ESTIMATES

Warranty

A provision is recognised for any future rectification work to be performed on projects. There is significant judgement in estimating the expected costs of rectifying any identified or unidentified defects on projects. A provision has been recognised to cover estimated claims that may arise due to defects and legal disputes in relation to projects.

15. BORROWINGS

	CONSOLIDATED	
	2022 $’000	2021 $’000
Current liabilities		
Bank loan	2,675	-
Non-current liabilities		
Bank loan	8,025	-
	10,700	**-**

Refer to note 19 for further information on financial instruments.

The bank loan has a 3-year term and is repayable in 12 equal quarterly instalments of $668,750 each, and a final instalment of $2,675,000 payable at the end of the loan term. Interest on the bank loan is calculated using the Bank Bill Swap (BBSY) Bid rate plus a relevant margin. The bank loan is secured by a fixed and floating charge over all present and future property of the Company.

FINANCING ARRANGEMENTS

Unrestricted access was available at the reporting date to the following lines of credit:

	CONSOLIDATED	
	2022 $’000	2021 $’000
Total facilities		
Bank loan	10,700	-
Used at the reporting date		
Bank loan	10,700	-

ACCOUNTING POLICY FOR BORROWINGS

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

CAPITAL

16. ISSUED CAPITAL

	CONSOLIDATED			
	2022 SHARES	2021 SHARES	2022 $'000	2021 $'000
Ordinary shares - fully paid	83,241,085	81,423,203	12,872	9,477

MOVEMENTS IN ORDINARY SHARE CAPITAL

DETAILS	DATE	SHARES	ISSUE PRICE	$'000
Balance	01/07/2020	81,644,344		10,141
Treasury shares purchased during the year		(1,026,178)	$1.91	(1,960)
Performance rights exercised and settled in previously held treasury shares during the year		805,037	$1.61	1,296
Balance	**30/06/2021**	**81,423,203**		**9,477**
Performance rights exercised in legal acquiree and settled in previously held treasury shares	27/09/2021	179,128	$1.61	288
Share issued on incorporation of SHAPE Australia Corporation Limited	22/10/2021	1	$1.00	-
Shares issued to employees for no consideration - settled previously held treasury shares	04/11/2021	471,500	$1.96	924
Shares issued in settlement of employee profit share - settled in previously held treasury shares	04/11/2021	146,845	$1.96	288
Elimination of existing legal acquiree shares (refer note 1)	14/12/2021	(82,220,676)		-
Shares issued to acquire SHAPE Australia Holdings Pty Limited (refer note 1)	14/12/2021	82,220,676		-
Initial Public Offering	16/12/2021	1,020,408	$1.96	2,000
Transaction costs arising on share issues, net of tax		-		(105)
Balance	**30/06/2022**	**83,241,085**		**12,872**

ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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 shall have one vote.

INITIAL PUBLIC OFFERING (IPO)

On 16 December 2021, the Company was admitted to the Official List of ASX Limited and the official quotation of the Company's ordinary fully paid shares commenced on 17 December 2021. The Company raised $2,000,000 pursuant to the offer under the prospectus dated 10 November 2021, by the issue and transfer of 1,020,408 shares at an offer price of $1.96 per share. The total cash costs associated with the IPO totalled $2,899,000 (excluding GST), with those costs directly attributable to the issue of new shares in relation to the IPO being $105,000. These costs are offset against contributed equity. The remaining costs of the IPO of $2,794,000, which are not directly attributable to the issue of new shares are expensed.

SHARE BUY-BACK

There is no current on-market share buy-back.

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus debt.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The Group monitors capital on the basis of the gearing, debt service coverage and borrowing base ratios.

ACCOUNTING POLICY FOR ISSUED CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

17. RESERVES

	CONSOLIDATED	
	2022 $'000	2021 $'000
Unrealised capital profits reserve	(3,153)	(3,153)
Share-based payments reserve	205	744
	(2,948)	**(2,409)**

UNREALISED CAPITAL PROFITS RESERVE

During the 2016 financial year a share buyback took place involving a return of capital of $1,454,000 and the payment of an associated dividend of $8,543,047. The associated dividend was paid out of retained earnings ($5,390,384) and an unrealised capital profits reserve ($3,152,663).

SHARE-BASED PAYMENTS RESERVE

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

MOVEMENTS IN RESERVES

Movements in each class of reserve during the current and previous financial year are set out below:

	CONSOLIDATED		
	UNREALISED CAPITAL PROFITS RESERVE $'000	SHARE OPTION RESERVE $'000	TOTAL $'000
Balance at 1 July 2020	(3,153)	2,241	(912)
Share based payments	-	(313)	(313)
Exercise of performance rights	-	(1,184)	(1,184)
Balance at 30 June 2021	(3,153)	744	(2,409)
Share based payments	-	(251)	(251)
Performance rights exercised in legal acquiree and settled in previously held treasury shares	-	(288)	(288)
Balance at 30 June 2022	**(3,153)**	**205**	**(2,948)**

18. DIVIDENDS

Dividends paid during the financial year were:

	AMOUNT PER SHARE (CENTS)	FRANKED AMOUNT PER SHARE (CENTS)
Interim 2021 dividends (3 Quarter's)	10.25	10.25
Final 2021 dividend (1 Quarter)	4.00	4.00
Interim 2022 dividend (1 Quarter)	2.00	2.00

The above dividends were declared and paid by SHAPE Australia Holdings Pty Limited prior to 14 December 2021.

After 14 December 2021 the following dividends have been declared by the Directors.

	AMOUNT PER SHARE (CENTS)	FRANKED AMOUNT PER SHARE (CENTS)	RECORD DATE	PAYMENT DATE
2022 Interim dividend	4.00	4.00	04/03/2022	18/03/2022
2022 Final dividend	2.00	2.00	01/09/2022	14/09/2022

Since the end of the financial year the Directors have declared the payment of a fully franked final dividend of 2 cents per share to be paid on 14 September 2022.

This dividend allows for a return to shareholders whilst allowing for continued investment in our growth strategies.

FRANKING CREDITS

	CONSOLIDATED	
	2022 $'000	2021 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	11,980	12,718

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

ACCOUNTING POLICY FOR DIVIDENDS

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

FINANCIAL RISK

19. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's risk management strategy is to meet its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Directors on a regular basis. These include the credit risk policies and future cash flow requirements. (Refer to note 7 for details on impairment of receivables.) Analysis of financial risk exposure in the context of the most recent economic conditions and forecasts is performed regularly.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

The Group's financial instruments consist of deposits with banks, accounts receivable and payable, and borrowings.

The totals for each category of financial instruments, measured in accordance with accounting standards as detailed in the accounting policies to these financial statements, are as follows:

	CONSOLIDATED	
	2022 $'000	2021 $'000
Financial assets at amortised cost		
Cash and cash equivalents (note 5)	82,031	115,147
Trade and other receivables (note 7)	79,356	47,910
	161,387	**163,057**
Financial liabilities at amortised cost		
Trade and other payables (note 11)	92,667	84,658
Bank loans (note 15)	10,700	-
Deferred consideration (note 14)	293	-
	103,660	**84,658**

MARKET RISK

Foreign currency risk

The Group does not have any significant exposure to foreign currency risk through foreign exchange rate fluctuations.

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities at reporting date whereby a future change in interest rates will affect future cash flows.

	CONSOLIDATED - 2022					
	BASIS POINTS INCREASE			BASIS POINTS DECREASE		
	BASIS POINTS CHANGE	EFFECT ON PROFIT BEFORE TAX $'000	EFFECT ON EQUITY $'000	BASIS POINTS CHANGE	EFFECT ON PROFIT BEFORE TAX $'000	EFFECT ON EQUITY $'000
Cash and cash equivalents	100	820	820	(50)	(410)	(410)
Bank loan	100	(107)	(107)	(50)	54	54
		713	**713**		**(356)**	**(356)**

	CONSOLIDATED - 2021					
	BASIS POINTS INCREASE			BASIS POINTS DECREASE		
	BASIS POINTS CHANGE	EFFECT ON PROFIT BEFORE TAX $'000	EFFECT ON EQUITY $'000	BASIS POINTS CHANGE	EFFECT ON PROFIT BEFORE TAX $'000	EFFECT ON EQUITY $'000
Cash and cash equivalents	100	1,152	1,152	(50)	(576)	(576)

CREDIT RISK

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed on a Group basis and reviewed regularly by the finance department by maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound creditworthiness. Significant customers and counterparties are regularly monitored for financial stability. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from the date of invoice. Customers that do not meet the Group's credit policies may only transact with appropriate levels of security in place by way of prepayments or bank guarantees.

Risk is minimised through investing surplus funds in financial institutions that maintain a high credit rating.

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties.

Trade and other receivables that are neither past due or impaired and are considered to be of high credit quality. Aggregates of such amounts are detailed in note 7.

Credit risk related to balances with banks and other financial institutions is managed by the finance department in accordance with approved Board policy. This policy requires that surplus funds are only invested with counterparties with a Standard and Poor's (S&P's) rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on S&P counterparty credit ratings.

	CONSOLIDATED	
	2022 $'000	2021 $'000
Cash and cash equivalents		
AA- Rated (2021: AA- Rated) (note 5)	82,031	115,147

LIQUIDITY RISK

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

REMAINING CONTRACTUAL MATURITIES

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	CONSOLIDATED - 2022			
	1 YEAR OR LESS $'000	BETWEEN 1 AND 5 YEARS $'000	MORE THAN 5 YEARS $'000	REMAINING CONTRACTUAL MATURITIES $'000
Non-derivatives				
Non-interest bearing				
Trade and other payables	85,058	7,609	-	92,667
Deferred consideration	307	-	-	307
Interest-bearing				
Bank loan	3,140	8,624	-	11,764
Total non-derivatives	88,505	16,233	-	104,738

	CONSOLIDATED - 2022			
	1 YEAR OR LESS $'000	BETWEEN 1 AND 5 YEARS $'000	MORE THAN 5 YEARS $'000	REMAINING CONTRACTUAL MATURITIES $'000
Non-derivatives				
Non-interest bearing				
Trade and other payables	77,241	7,417	-	84,658
Total non-derivatives	77,241	7,417	-	84,658

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value

GROUP STRUCTURE

20. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	CONSOLIDATED	
	2022 $'000	2021 $'000
Non-current assets		
Investment in DLG SHAPE Pty Limited	98	98
Reconciliation		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:		
Opening carrying amount	98	49
Additions	-	49
Closing carrying amount	**98**	**98**

INTERESTS IN ASSOCIATES

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

		OWNERSHIP INTEREST	
NAME	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	2022 %	2021 %
DLG SHAPE Pty Limited	Australia	49	49

SUMMARISED FINANCIAL INFORMATION

	CONSOLIDATED	
	2022 $'000	2021 $'000
Summarised statement of financial position		
Current assets	8,750	8,066
Total assets	**8,750**	**8,066**
Current liabilities	8,351	7,613
Non-current liabilities	199	253
Total liabilities	**8,550**	**7,866**
Net assets	200	200
Summarised statement of profit or loss and other comprehensive income		
Revenue	27,229	26,506
Expenses	(27,229)	(26,506)
Profit before income tax	-	-
Other comprehensive income	-	-
Total comprehensive income	**-**	**-**
Closing value of interests in associates	**98**	**98**

ACCOUNTING POLICY FOR ASSOCIATES

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

21. INTERESTS IN SUBSIDIARIES

The Group's subsidiaries as at 30 June 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equates to the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

		OWNERSHIP INTEREST	
NAME	PRINCIPAL PLACE OF BUSINESS/COUNTRY OF INCORPORATION	2022 %	2021 %
SHAPE Australia Holdings Pty Limited	Australia	100	100
SHAPE Australia Pty Limited	Australia	100	100
SHAPE Australia (Qld) Pty Limited	Australia	100	100
Experience Better Pty Limited	Australia	100	100
Senior Executive Long Term Incentive Trust	Australia	100	100
K. L. Modular Systems (Aust) Pty Limited*	Australia	100	-

* K. L. Modular Systems (Aust) Pty Limited was acquired on 31 March 2022 (refer note 23).

22. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the legal parent entity (SHAPE Australia Corporation Limited).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	PARENT 2022 $'000
Profit after income tax	3,333
Total comprehensive income	**3,333**

STATEMENT OF FINANCIAL POSITION

	PARENT 2022 $'000
Total current assets	2,661
Total assets	175,246
Total current liabilities	2,968
Total liabilities	12,195
Net assets	163,051
Equity	
Issued capital	1,895
Financial assets at fair value through other comprehensive income reserve	161,153
Retained profits	3
Total equity	**163,051**

CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 31, with the addition of the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

23. BUSINESS COMBINATIONS

On 31 March 2022, the Group acquired 100% of the ordinary shares of K. L. Modular Systems (Aust) Pty Limited (KLMSA) for the total consideration transferred of $10,230,000. KLMSA is a modular construction business based in Kinglake West, Victoria. With over 30 years' experience in providing modern, bespoke modular building solutions, KLMSA has a particular focus on the education and community infrastructure sectors.

The excess of the purchase consideration over the fair value of the net assets acquired has been classified as goodwill and represents the value of expected synergies, growth arising from the acquisition and the workforce of the acquired business. In accordance with accounting standards, the acquisition accounting has been completed on a provisional basis and finalisation of the assessment of fair values of the identifiable assets and liabilities acquired may result in adjustments to the amounts disclosed in the table below.

The provisional fair value of the acquired receivables is equal to the gross contractual amount due.

Details of the acquisition are as follows:

	FAIR VALUE $'000
Cash and cash equivalents	1,068
Trade receivables	1,892
Income tax refund due	116
Other receivables	1,269
Prepayments	175
Plant and equipment	564
Trade names	682
Customer relationships	3,325
Trade payables	(2,251)
Other payables	(842)
Contract liabilities	(1,637)
Deferred tax liability	(1,202)
Employee benefits	(247)
Net assets acquired	**2,912**
Goodwill	**7,318**
Acquisition-date fair value of the total consideration transferred	**10,230**
Representing:	
Cash paid or payable to vendor	9,937
Deferred consideration	293
	10,230
Acquisition costs expensed to profit or loss	**292**
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	10,230
Less: cash and cash equivalents	(1,068)
Less: deferred consideration	(293)
Net cash used	**8,869**

ACCOUNTING POLICY FOR BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

CRITICAL ACCOUNTING ESTIMATES

Fair value of net assets acquired

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

OTHER

24. CONTINGENT LIABILITIES

	CONSOLIDATED	
	2022 $'000	2021 $'000
Guarantees provided by the Group as part of the group bank guarantee and surety bond facilities	45,315	42,012

The Group has obligations under the group bank guarantee facility and surety bond facilities with its financiers. The overall limit across the Group is $86,966,980 (30 June 2021: $86,000,000).

25. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

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

The Chief Executive Officer is the Chief Operating Decision Maker (CODM).

The information reported to the CODM is on a monthly basis.

MAJOR CUSTOMERS

During the year ended 30 June 2022 approximately 12% of the Group's external revenue was derived from sales to one customer. For the year ended 30 June 2021 there was no customer who contributed more than 10% of the Group's revenue.

26. RELATED PARTY TRANSACTIONS

PARENT ENTITY

SHAPE Australia Corporation Limited is the parent entity.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 27 and the Remuneration Report included in the Directors' Report.

TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	CONSOLIDATED	
	2022 $	2021 $
Other income:		
Management fees received from associate	1,895,709	1,235,426

RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	CONSOLIDATED	
	2022 $	2021 $
Current receivables:		
Other receivables from associate	208,225	152,469

LOANS TO/FROM RELATED PARTIES

There were no loans to or from related parties at the current and previous reporting date.

TERMS AND CONDITIONS

All transactions were made on normal commercial terms and conditions and at market rates.

27. KEY MANAGEMENT PERSONNEL DISCLOSURES

COMPENSATION

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	CONSOLIDATED	
	2022 $	2021 $
Short-term employee benefits	1,985,601	2,701,487
Post-employment benefits	55,000	89,055
Long-term benefits	22,147	32,636
Share-based payments	(247,207)	(184,408)
	1,815,541	**2,638,770**

28. SHARE-BASED PAYMENTS

EMPLOYEE INCENTIVE PLANS

The Company has established:

(i) an employee incentive plan to assist in the attraction, motivation, retention and reward of senior management and other eligible employees (SELTI); and

(ii) an employee incentive plan to assist in the attraction, motivation, retention and reward of all of the Group's employees (ESAP).

The Company and SHAPE Australia Holdings Pty Limited undertook a restructure, whereby the Company was interposed as the new holding company of SHAPE Australia Holdings Pty Limited (by way of a share for share exchange with the shareholders of SHAPE Australia Holdings Pty Limited). The interposition of the Company was undertaken as a preparatory step to, and in order to facilitate, the Company's listing on the ASX.

As a part of the restructure, the holders of performance rights granted by SHAPE Australia Holdings Pty Limited agreed to the replacement of those rights in consideration for the grant by the Company of the equivalent number of performance rights on substantially similar terms. The replacement performance rights were granted under SELTI. The Company granted 3,286,949 performance rights in exchange for the performance rights in SHAPE Australia Holdings Pty Limited.

(i) SELTI

Under the rules of the SELTI, the Board has a discretion to grant a share right (Right) which entitles the eligible persons who have been granted Rights, if the relevant performance or vesting conditions are satisfied, to receive a fully paid ordinary share in the Company. All Rights that do not satisfy the relevant performance condition at the time for vesting, lapse and have no further effect.

The performance milestones for the performance rights will be determined by reference to compound annual net profit growth (Profit before Income Tax and Employee Profit Share as shown in the Group's accounts) between the base year (year prior to commencement of the measurement period) and the final year of the measurement period and applying the following scale:

PERFORMANCE LEVEL	STANDARD OF PERFORMANCE: COMPOUND ANNUAL GROWTH RATE FOR NET PROFIT GROWTH OVER MEASUREMENT PERIOD	VESTING % OF TRANCHE
Stretch	>= 12.00%	100%
Between Target and Stretch	> 8.00% & < 12.00%	Pro-rata
Target	**8.00%**	**50%**
Between Threshold and Target	> 5.00% & < 8.00%	Pro-rata
Threshold	5.00%	25%
Below Threshold	< 5.00%	0%

Set out below are summaries of performance rights granted under the SELTI:

2022

GRANT DATE	EXPIRY DATE	EXERCISE PRICE ($)	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED / FORFEITED / OTHER	BALANCE AT THE END OF THE YEAR
02/06/2020	01/07/2021	0.00	903,358	-	(158,088)	(745,270)	**-**
02/06/2020	01/07/2022	0.00	1,235,664	-	-	(1,235,664)	**-**
01/12/2020	01/07/2023	0.00	976,435	-	-	(82,167)	**894,268**
01/07/2021	01/07/2021	0.00	-	120,229	(21,040)	(99,189)	**-**
01/07/2021	01/07/2022	0.00	-	116,814	-	(116,814)	**-**
01/07/2021	01/07/2023	0.00	-	92,308	-	-	**92,308**
27/09/2021	01/07/2024	0.00	-	1,083,841	-	(62,937)	**1,020,904**
24/02/2022	01/07/2024	0.00	-	65,035	-	-	**65,035**
			3,115,457	**1,478,227**	**(179,128)**	**(2,342,041)**	**2,072,515**

In the above table, the balance at the start of the year and the movements during the year represent the performance rights granted by SHAPE Australia Holdings Pty Limited which were subsequently cancelled and replaced with performance rights in SHAPE Australia Corporation Limited on substantially similar terms. The balance at the end of the year represents the performance rights in SHAPE Australia Corporation Limited which were a continuation of the rights granted by SHAPE Australia Holdings Pty Limited.

The performance rights with an expiry date of 1 July 2022 use 2022 as the final year of the measurement period. The performance level relating to these performance rights was below threshold and therefore have become forfeited at 30 June 2022

2021

GRANT DATE	EXPIRY DATE	EXERCISE PRICE ($)	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR
02/06/2020	01/07/2021	0.00	805,037	-	(805,037)	-	**-**
02/06/2020	01/07/2021	0.00	903,358	-	-		**903,358**
02/06/2020	01/07/2022	0.00	1,235,664	-	-		**1,235,664**
01/12/2020	01/07/2023	0.00	-	976,435	-		**976,435**
			2,944,059	**976,435**	**(805,037)**		**3,115,457**

The weighted average remaining contractual life of rights outstanding at the end of the financial year was 1.53 years (2021: 1.03 years).

(ii) ESAP

Under the rules of the ESAP, the Company's Board of Directors may in its absolute discretion from time to time invite eligible employees of the Company to participate in the ESAP by providing it with an invitation, which entitles the employee to acquire shares in the Company. There were no shares granted to employees under the ESAP during the current reporting period.

On 4 November 2021, the Company granted 618,345 shares to employees that vested immediately on grant date and have no exercise price. Therefore, the fair value at grant date is the same as the share price at grant date being $1.96.

(iii) Share-based payments expense

	CONSOLIDATED	
	2022 $'000	2021 $'000
SELTI*	(251)	(313)
ESAP	1,212	-
Total expense/(reversal)	**961**	**(313)**

* Expenses are reversed where performance rights are forfeited following failure to satisfy the service or non-market performance conditions.

ACCOUNTING POLICY FOR SHARE-BASED PAYMENTS

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

CRITICAL ACCOUNTING ESTIMATES

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

29. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by SW Audit, the auditor of the Company, and its network firms:

	CONSOLIDATED	
	2022 $	**2021 $**
Audit services - SW Audit		
Audit or review of the financial statements	230,320	140,000
Other services - network firms		
Tax services - compliance and advisory	286,647	23,000
Other services	70,618	18,000
	357,265	**41,000**

30. EVENTS AFTER THE REPORTING PERIOD

The directors declared a fully franked final dividend of 2 cents per share on 25 August 2022, a record date of 1 September 2022 and a payment date set for 14 September 2022.

At the date of this report, there are ongoing restrictions, challenges and efficiency constraints arising from the pandemic which continue to impact operating performance. Further uncertainty exists around continued rising interest rates and inflationary impacts on the economy. It is not practicable to estimate the potential impacts of these elements after the reporting date and into the next financial year.

Apart from the matters described above, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect SHAPE's operations, the results of those operations, or SHAPE's state of affairs in future financial years.

31. OTHER ACCOUNTING POLICES

PRINCIPLES OF CONSOLIDATION

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are all those entities over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

INVESTMENTS AND OTHER FINANCIAL ASSETS

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

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

FINANCIAL ASSETS AT AMORTISED COST

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

FINANCE COSTS

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

GOODS AND SERVICES TAX (GST) AND OTHER SIMILAR TAXES

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

ROUNDING OF AMOUNTS

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

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of the new and amended standards and interpretations did not have a material impact on the financial position and performance of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

DIRECTORS' DECLARATION FOR THE FULL YEAR ENDED 30 JUNE 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)

(a) of the Corporations Act 2001.

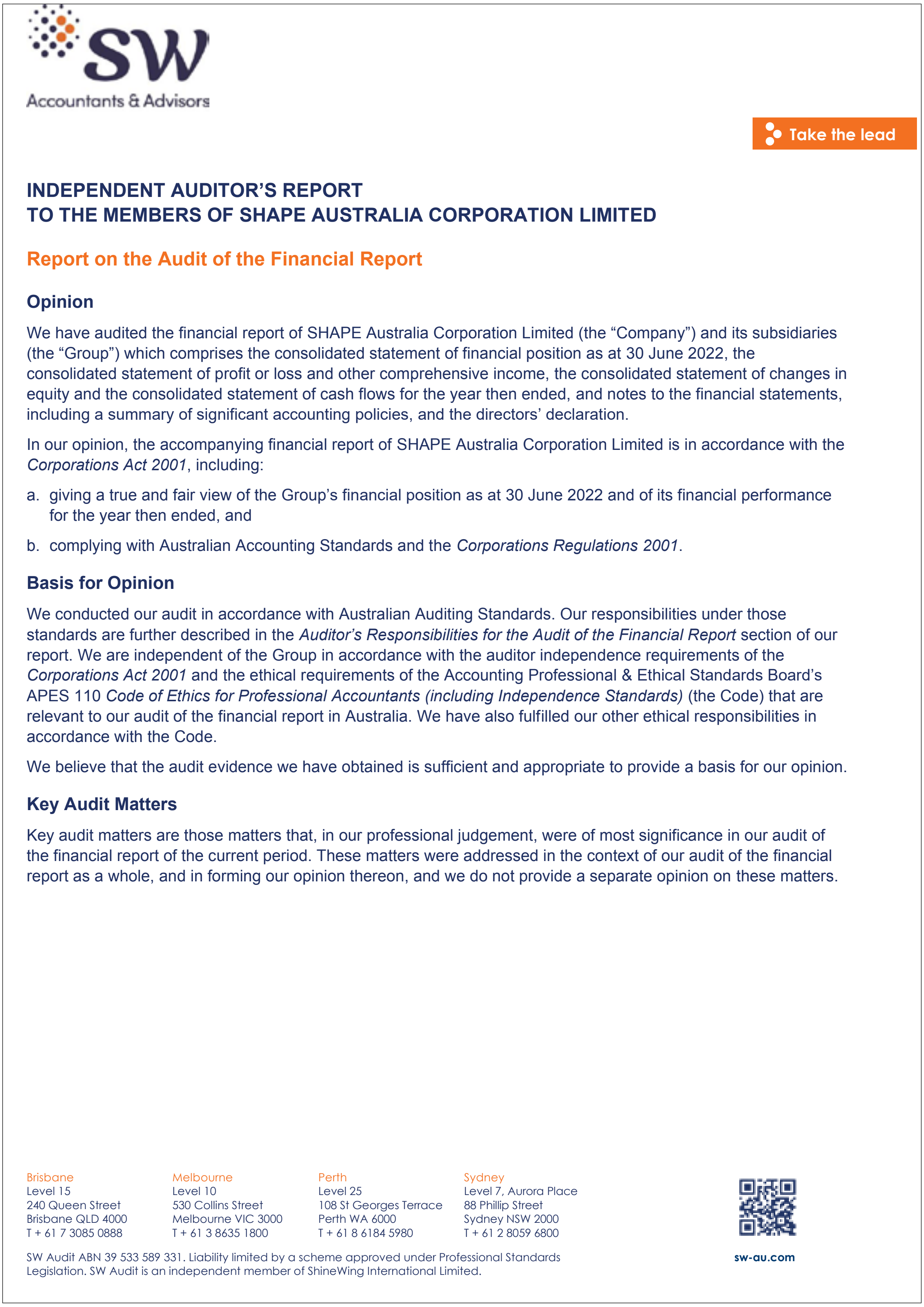
ON BEHALF OF THE DIRECTORS

Phil Arnall

Chairman

25 August 2022

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SHAPE AUSTRALIA CORPORATION LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of SHAPE Australia Corporation Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of SHAPE Australia Corporation Limited 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 2022 and of its financial performance for the year then ended, 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

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

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1. Revenue recognition from construction services

Key Audit Matter	How our audit addressed the area of focus
Refer also to Note 2 Revenue The group services construction contract works (projects) for a wide range of customers. The group contracts in a variety of ways. Each project has a different risk profile based on its individual contractual and delivery characteristics. Revenue on construction contracts is earned over time typically using costs incurred as a proportion of total forecast costs as the measure of progress. On this basis construction revenue has a high degree of judgment required to assess the range of factors that impact the group's estimate of costs and revenue, and the potential impact on profit. Estimating total forecast costs to complete during project life is complex and requires judgment. Typical cost estimates include labour, subcontractors, equipment, materials, and project overheads. Changes to these cost estimates could give rise to variances in the amount of revenue recognised. The revenue on construction contracts may include variations and claims, which fall under either the variable consideration or contract modification requirements of AASB 15. These are recognised on a contract-by-contract basis when evidence supports that it is highly probable that a significant reversal in the amount of revenue recognised will not occur. Given the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgement area that our audit has focussed upon.	Our procedures included, amongst others: - reviewed the Group's accounting policies for compliance with the relevant accounting standards; - evaluated and tested the Group's processes and controls over contract revenue recognition and budget estimation; - tested the calculation of revenue and profit recognised from construction services; - performed analytical procedures to identify unusual movements or trends that could indicate misstatement; - evaluated and tested management's review and approval of revenue and cost forecasting; - tested on a sample basis the actual costs incurred on construction works during the reporting period; - tested the supporting documents of the forecasted costs on a sample basis, which include sub-contracting contracts and material purchase contracts and invoices; - compared last year's forecasted costs against the current year's actual costs incurred for construction services on a sample basis; and - evaluated the appropriateness of the provision for defect liabilities by reference to management's assessment of historic trends and the Group's accounting policy. We assessed the adequacy and appropriateness of the disclosures in the financial statements.

2. Accounting for Business Combinations

Key Audit Matter	How our audit addressed the area of focus
Refer also to Note 23 Business Combinations During the year, the Group acquired K. L. Modular Systems (Aust) Pty Ltd ("KLMSA") for $10.2m which was considered a significant purchase for the Group and resulted in identifiable intangible assets of $11.2m including brand assets amounting to $3.3m, customer relationships amounting to $0.6m and goodwill amounting to $7.3m. This was a key audit matter as accounting for this transaction is complex and required significant judgements and estimates by management: - to determine the date of acquisition; - to determine the fair value of assets and liabilities acquired; - to determine the tax bases for deferred tax assets and liabilities; - to determine the fair value of deferred consideration; and - to allocate the purchase consideration to goodwill and separately identifiable intangible assets.	Our procedures included, amongst others: - reviewed the sale and purchase agreement to understand the key terms and conditions of the acquisition; - assessed the intangible assets identified by management for their separability/contractual basis to allow recognition; - assessed whether the measurement basis and assumptions underlying the estimate of fair values were appropriate; - tested the group's determination of fair values with reference to the purchase price allocation prepared by management's expert valuer and tested by our Corporate Finance division; and - tested the appropriateness of the deferred consideration. We assessed the adequacy of the group's disclosures in respect of the acquisition.

3. Carrying Value of Identifiable Intangible Assets	
Key Audit Matter	**How our audit addressed the area of focus**
Refer also to Note 10 Intangibles The Group acquired K. L. Modular Systems (Aust) Pty Ltd (the "KLMSA") during the financial year resulting in identifiable intangible assets of $11.2m including brand assets amounting to $3.3m, customer relationships amounting to $0.6m and goodwill amounting to $7.3m. The carrying values of the identifiable intangible assets are contingent on future cash flows and there is a risk that, if these cash flows do not meet the group expectations, the assets might be impaired. The directors have determined that there is one cash generating unit ("CGU"). The recoverable amount of the CGU has been calculated based on value-in-use. These recoverable amounts use discounted cash flow forecasts in which the Directors make judgements over certain key inputs, for example but not limited to revenue growth, discount rates applied, long term growth rates and inflation rates. Overall due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on.	Our procedures included, amongst others: - obtained an understanding and assessed key controls over the preparation of the value-in-use model; - obtained an understanding of the methods, assumptions and data used by management in the value-in-use model; - tested the accuracy of the value-in-use model; - assessed whether the methods, assumptions and data used by management were appropriate; and - obtained assistance from our own valuation specialists to assess whether the key assumptions, methods and data were appropriate. We also considered the adequacy of the group's disclosures in relation to the basis of valuation and any resulting impairment.

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 2022, 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 accordingly 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 ability of the Group 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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 32 to 48 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of SHAPE Australia Corporation Limited for the year ended 30 June 2022 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.

SW

SW Audit (formerly ShineWing Australia)
Chartered Accountants

Muller

René Muller
Partner

Sydney, 25 August 2022

SHAREHOLDING DETAILS

ADDITIONAL SECURITIES EXCHANGE INFORMATION

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information is current as at 25 August 2022 (**Reporting Date**).

NUMBER OF HOLDINGS OF EQUITY SECURITIES

As at the Reporting Date, the number of holders in each class of equity securities on issue in SHAPE is as follows:

SECURITY TYPE	NO OF SECURITIES	NO OF SHAREHOLDERS
Fully Paid Ordinary Shares*	83,241,085	788
Performance Rights	3,351,984	16

VOTING RIGHTS OF EQUITY SECURITIES

The only class of equity securities on issue in the Company which carry voting rights is ordinary shares.

At a general meeting of the Company, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each ordinary share held. On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held and in respect of each partly paid share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up on that partly paid share bears to the total amounts paid. Amounts paid in advance of a call or credited on a partly paid share without payment in money or money's worth being made to the Company are ignored when calculating the proportion.

UNMARKETABLE PARCELS

The number of holders of less than a marketable parcel of ordinary shares as at the Reporting Date is as follows

DISTRIBUTION OF HOLDERS OF ORDINARY SHARES

CLASS OF EQUITY SECURITY			
	TOTAL HOLDERS	UNITS	% UNITS
1 - 1,000	57	23,294	0.030
1,001 - 5,000	455	866,557	1.040
5,001 - 10,000	46	330,364	0.400
10,001 - 100,000	172	4,460,870	5.360
100,001 and over	58	77,560,000	93.180
Totals	**788**	**83,241,085**	**100.00**

DISTRIBUTION OF HOLDERS OF PERFORMANCE RIGHTS

CLASS OF PERFORMANCE RIGHTS			
	TOTAL HOLDERS	UNITS	% UNITS
1 - 1,000	0	0	0
1,001 - 5,000	0	0	0
5,001 - 10,000	0	0	0
10,001 - 100,000	4	341,827	10.198
100,001 and over	12	3,010,157	91.580
Totals	**16**	**3,351,984**	**100.00**

SUBSTANTIAL HOLDERS

As at the Reporting Date, the names of the substantial holders of SHAPE and the number of equity securities in which those substantial holders and their associates have a relevant interest, as disclosed in substantial holding notices given to SHAPE, are as follows:

SHAREHOLDER	NO. OF SHARES HELD	% OF ISSUED CAPITAL
Michael van Leeuwen	14,782,938	17.76%
John Darryl Drayton	11,313,938	13.59%
Gerard McMahon	9,737,920	11.70%
Stephen McDonald	5,818,297	6.99%
Tim Campbell	4,875,825	5.86%
Josephine Hynes	4,585,623	5.51%

ESCROW

CLASS OF RESTRICTED SECURITIES	TYPE OF RESTRICTION	NUMBER OF SECURITIES	END DATE OF ESCROW PERIOD
Ordinary shares	Voluntary escrow	7,426,450	Release of 30 June 2022 Financial Results
Ordinary shares	Voluntary escrow	7,426,450	Release of 31 December 2022 Financial Results
Ordinary shares	Voluntary escrow	18,566,150	Release of 30 June 2023 Financial Results
Ordinary shares	Voluntary escrow	18,563,600	Release of 31 December 2022 Financial Results
	Total:	**51,982,650**	

TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

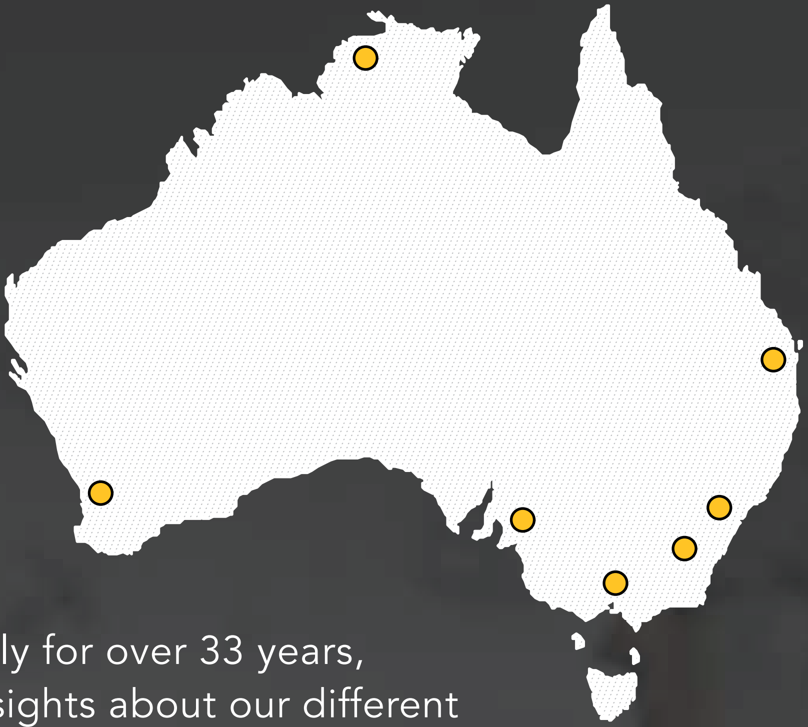
The Company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, the number of ordinary shares and the percentage of capital held by each holder is as follows:

SHAREHOLDER NAME	SHARES HELD	% HELD
BIRAMONT PTY LTD (THE PACIFIC SUPER FUND A/C)	9,883,208	11.873%
DRAYTON HOLDING COMPANY PTY LTD (DRAYTON RETIREMENT FUND A/C)	6,282,563	7.547%
SUPERCOMP NO 25 PTY LTD (MCMAHON FAMILY A/C)	4,629,580	5.562%
BIRAMONT PTY LTD (PACIFIC S/F A/C)	4,281,666	5.144%
SET AUSTRALIA PTY LIMITED	4,145,700	4.980%
SUPERCOMP NO 25 PTY LTD (MCMAHON SUPER BENEFITS FD AC)	3,299,122	3.963%
VEROXO PTY LIMITED (S R MCDONALD S/F A/C)	3,056,286	3.672%
DAKOV PTY LTD (TIM CAMPBELL SUPER FUND A/C)	2,739,122	3.291%
HYNES SUPER PTY LTD (JOSIE HYNES RETIREMENT FD AC)	2,622,829	3.151%
BUCKMAN NOMINEES PTY LTD (BUCKMAN FENWICK FAMILY A/C)	2,400,850	2.884%
DRAYTON NO 2 PTY LTD (J D DRAYTON FAMILY A/C NO 2)	2,207,898	2.652%
JOSEPHINE THERESA MARY HYNES (JOSEPHINE T M HYNES A/C)	1,962,794	2.358%
BEN CREEK PTY LIMITED (PATTERSON FAMILY TRUST)	1,791,759	2.152%
PAUL JAMES LAPPIN AND SIOBHAN CATHERINE LYONS (LAPPIN SUPERANNUATION FUND)	1,582,244	1.901%
KAREN JAMIESON	1,516,288	1.822%
CITICORP NOMINEES PTY LIMITED	1,504,915	1.808%
HUNONE PTY LTD (BARNES FAMILY SUPER FUND A/C)	1,500,000	1.802%
VEROXO PTY LIMITED (MCDONALD FAMILY A/C)	1,447,163	1.739%
SUPERCOMP NO 25 PTY LTD (MCMAHON SUPER BEN FUND A/C)	1,413,912	1.699%
DRAYTON NO 1 PTY LTD (DRAYTON RETIREMENT FUND A/C)	1,314,062	1.579%
Total Number of Shares of Top 20 Holders	**59,581,961**	**71.578%**
Total Remaining Holders Balance	**83,241,085**	

UNQUOTED EQUITY SECURITIES

CLASS OF UNQUOTED SECURITIES	NUMBER OF UNQUOTED SECURITIES
Performance Rights	3,351,984

SHAPE can truly offer a national service.



By delivering projects nationally for over 33 years, SHAPE has gained genuine insights about our different regions and communities, helping to plan projects that are appropriate to their environment and ultimately deliver for our clients.

ACT

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Brisbane QLD 4000

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SA

31 Waymouth Street
Adelaide SA 5000

P 08 8410 7770

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WA

Level 6
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Perth WA 6000

P 08 9226 1433

SHAPE

EXPERIENCE BETTER

SHAPE