

APPENDIX 4D

Half Yearly Report
Under ASX Listing Rule 4.2A.3.

Acrow Limited

ABN 36 124 893 465

Details of Reporting Period

Reporting Period 6 months ended 31 December 2023
Previous Reporting Period 6 months ended 31 December 2022

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Results for announcement to the market

| | 2023 | 2022 | % change |
|---|----------------|----------------|----------|
| | <i>dollars</i> | <i>dollars</i> | |
| Revenue from ordinary activities ¹ | 101,041,125 | 79,154,863 | Up 28% |
| Net profit after tax from ordinary activities attributable to members | 12,263,858 | 10,489,920 | Up 17% |
| Share based payments and significant costs | 3,952,892 | 1,699,892 | Up 133% |
| Net profit after tax from ordinary activities excluding significant costs | 16,216,750 | 12,189,812 | Up 33% |
| | <i>Cents</i> | <i>Cents</i> | |
| Basic earnings per share (cents) | 4.44 | 4.06 | Up 9% |
| Diluted earnings per share (cents) | 4.34 | 3.91 | Up 12% |
| Basic earnings per share (cents) excluding significant costs | 5.87 | 4.72 | Up 24% |
| Diluted earnings per share (cents) excluding significant costs | 5.74 | 4.55 | Up 28% |
| Net tangible asset per share (cents) | 39.69 | 34.95 | Up 14% |

| Dividend distributions | Amount per security (Cents) |
|--|--|
| Interim dividend per share (cents) – 100% franked | 2.85 |
| Record date for determining entitlements to the dividend | Tuesday, 30 April 2024 |
| Dividend payment date | Friday, 31 May 2024 |
| Dividend Reinvestment Plan (“DRP”) is in place, last date for election to participate | Wednesday, 8 May 2024 |
| The Company paid a final dividend for the year ended 30 June 2023 – 100% franked on the 30 November 2023 | 2.70 |

The above information is based on the interim financial report which has been reviewed by Grant Thornton with the Independent auditor’s review report included. Additional disclosure requirements to Appendix 4D can also be found in the interim financial report.

¹ Revenue from ordinary activities includes revenue from continuing operations of \$93.3m and proceeds from the disposal of property, plant and equipment of \$7.7m.

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Acrow Limited
ACN 124 893 465

Interim Financial Report
31 December 2023



DIRECTORS' REPORT

The Directors of Acrow Limited and its controlled entities (Acrow) present their report together with the consolidated interim financial report for the half year ended 31 December 2023 and the auditor's review report thereon.

DIRECTORS

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

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

PRINCIPAL ACTIVITIES

Acrow operates in the Australian construction services industry, hiring formwork including screen systems, falsework, jump forms and scaffolding equipment, and is undertaking sales of formwork and scaffolding related consumables. Acrow also operates an industrial services business.

The Formwork operation involves the supply of the temporary mould that supports concrete structures in their construction.

The Industrial Scaffolding operations supplies an industrial labour service to complement its scaffold hire to the energy, mining and industrial sectors.

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

CONTROL GAINED OVER ENTITIES

Acrow acquired MI Scaffold Pty Ltd (ACN 158 507 21) on the 10 November 2023, for purpose of accounting both the Sellers and the Company agree the effective acquisition date to be 31 October 2023.

OPERATING AND FINANCIAL REVIEW

The Acrow group performed strongly for the 6 months to 31 December 2023. The business has continued its long-term strategy of moving greater operational share towards the value added, highly engineered civil and commercial formwork solutions market as well as continued focus on equipment sales. The group is also placing additional emphasis on expanding its Industrial Services division.

Financial performance:

The company achieved a net profit after tax of \$12.3m for the six months up from \$10.5m in the previous corresponding period (pcp), an increase of \$1.8m or 17%. This increase included the impact of the group now being fully taxable from an accounting perspective compared to the pcp effective tax rate of circa 9%.



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

- Group revenue of \$101.0m up 28% on pcp, assisted by a strong, primarily organically generated trading performance across the Formwork and Industrial Services divisions, up 30% and 45%, respectively. The newly acquired MI Scaffold Pty Ltd provided a 2-month revenue and profit contribution.
- Sales contribution of \$64.1m, up 33%, with 76% of uplift generated from increased equipment hire across all divisions. Gross margin increased 2.3 percentage points “ppts” to 63.5%, benefitting from a larger contribution of hire revenue as a share of total revenue.
- Underlying earnings before interest, depreciation and amortisation “EBITDA” increased 53% to \$35.2m. EBITDA margin increased by 5.7 ppts to 34.8%, benefitting from scale and the larger contribution of hire revenue to total revenue.
- Depreciation increased from \$7.4m to \$9.5m or 29% in line with the capital expenditure in the second half of 2023, including premium screens and panel acquisitions, and the front-end nature of the capital expenditure profile in 2024.
- Interest expense increased from \$2.0m to \$3.0m. This was from both increase in average gross debt and the increase in weighted average interest rates. Average monthly debt increased to \$52.8m from \$36.9m pcp or 43%. Weighted average interest rate increased by 1.6% from pcp.
- The company recognised off balance sheet tax losses and deferred tax balances as at 30 June 2023. As such from an accounting perspective the company recognises full tax compared to the pcp effective tax rate of 9%. Tax expense increased from \$1.2m pcp to \$6.3m.
- Underlying Net profit after tax “NPAT” increased 33% to \$16.2m.
- Underlying Earnings Per Share “EPS” increased 24% to 5.9 cents per share
- Net debt to EBITDA increased slightly to 1.15 from 1.12. This included the additional debt of \$15m to acquired MI Scaffold Pty Ltd with only 2 months of revenue contribution.
- Underlying Return on Equity 32.0% down slightly from 32.7% at June 2023.

Segment Underlying EBITDA

| Half year ended 31 December 2023 (\$'000's) | 1H24 | 1H23 | \$ Mvt | % chg PCP |
|---|----------------|---------------|---------------|--------------|
| Formwork | 61,278 | 47,130 | 14,148 | 30% |
| Industrial Services | 28,856 | 19,885 | 8,971 | 45% |
| Commercial Scaffold | 10,893 | 12,140 | -1,247 | -10% |
| Total Revenue | 101,027 | 79,155 | 21,871 | 28% |
| Formwork | 44,549 | 32,086 | 12,464 | 39% |
| Industrial Services | 10,837 | 8,128 | 2,709 | 33% |
| Commercial Scaffold | 8,724 | 8,157 | 567 | 7% |
| Total Contribution | 64,110 | 48,371 | 15,738 | 33% |
| <i>Contribution Margin*</i> | <i>63.5%</i> | <i>61.1%</i> | | <i>2.4%</i> |
| Yard Related Expenses | 9,170 | 7,956 | 1,214 | 15% |
| Labour | 15,446 | 13,669 | 1,777 | 13% |
| Other | 4,295 | 3,727 | 568 | 15% |
| Total Overheads | 28,911 | 25,352 | 3,559 | 14% |
| Underlying EBITDA | 35,198 | 23,019 | 12,179 | 53% |
| <i>EBITDA Margin*</i> | <i>34.8%</i> | <i>29.1%</i> | | <i>6%</i> |



Dec-23 Reconciliation of Reported Net Profit after Tax to Underlying EBITDA

| | 1H2024 | 1H2023 |
|---|---------------|---------------|
| Statutory net profit after tax | 12,264 | 10,490 |
| Add back share-based payments | 1,384 | 1,419 |
| Add back acquisition and integration costs | 2,569 | 281 |
| Underlying net profit after tax | 16,217 | 12,190 |
| Add back reported depreciation | 9,544 | 7,403 |
| Add back short term lease depreciation | 331 | - |
| Add back interest | 3,000 | 1,957 |
| Less foreign exchange gain not included in underlying | (225) | 286 |
| Add back tax expense | 6,331 | 1,183 |
| Underlying EBITDA | 35,198 | 23,019 |

Balance sheet and cash flow

Net current assets remained relatively stable increasing from \$5.7m at 30 June 2023 to \$6.0m at half year end.

Net debt increased from \$46.4m in 2023 to \$63.4m, being net cash \$1.4m (2023: \$4.9m) less debt of \$64.8m (2023: \$51.3m). This was predominantly due to:

- the acquisition of MI Scaffold Pty Ltd which was partially funded by a \$15m bank loan on 10 November 2023.
- Significant front ended capital expenditure during the 6 months of \$17.3m. In addition to the capital expenditure was \$5.3m of ex-hire replacement expenditure a significant portion of which related to sales in the previous year.

During the period we restructured our finance facilities as follows:

- our trade finance facility was reduced from \$9m to \$3.5m due to supply chains returning to normal and the ability to obtain improved terms of trade with suppliers.
- Our bank overdraft facility was increased from \$9.0m to \$14.5m to cater for the increasing industrial sales labour business and intra month cash flow timing.
- The loan facilities including the new MI Scaffold Pty Ltd loan were combined into one amortising rotating facility.

Net gearing (net debt / (net debt + equity)) increased from 31.1% to 33.8%.

Property plant and equipment increased from \$131.6m to \$157.0m. This was due to:

- capital expenditure of \$17.3m, ex-hire replacement expenditure of \$5.3m offset by ex-hire sales and depreciation.
- the acquisition of MI which included assets independently valued at \$12m.

The acquisition of MI Scaffold Pty Ltd included an interim purchase price allocation that will be finalised as at 30 June 2024. The interim valuation included a goodwill component of \$18.2m.

Working capital remained relatively flat at \$40.9m from \$39.5m at June 2023.

Trade receivables increased from \$39.2m at June 2023 to \$42.4m. Debtors days excluding the impact of negotiated sales increased slightly to 58 days from 57 days at June 2023. Total bad debts expense during the 6 months was \$1.0m compared to \$1.2m pcp. Total provision credit loss provision was \$2.3m compared to 30 June 2023 of \$2.5m.



DIVIDENDS

The company paid a 2.70 cents per share dividend, fully franked on 30 November 2023 being a total of \$7.4m. Shares totalling 837,432 were issued under the Dividend Reinvestment Plan at 84.06 cents per share including a 2.5% discount.

Subsequent to balance date, the Directors declared an interim dividend of 2.85 cents per share fully franked to be paid on 31 May 2024. The Dividend has not been provided for in this financial report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 10 November 2023, Acrow acquired 100% of the issued shares of MI Scaffold Pty Ltd (ACN 158 507 021). For purpose of accounting and as agreed between the sellers and Acrow, the effective acquisition date is 31 October 2023.

The contribution of MI Scaffold Pty Ltd to Acrow's net profit after tax from ordinary activities during the reporting period is \$888,333.

EVENTS SUBSEQUENT TO THE REPORTING DATE

On 20 February 2024, the Directors declared a fully franked interim dividend of 2.85 cents per share to be paid on Friday 31 May 2024. Dividend Reinvestment Plan is available for election. The dividend has not been provided for in this financial report as it was not declared until after 31 December 2023.

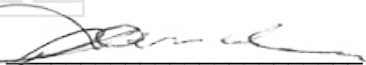
Other than the matter noted above, there has not arisen in the interval between the end of the financial period and the date of this Directors' report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations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

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' report for the period ended 31 December 2023.

Dated at Sydney this 20 February 2024

Signed in accordance with a resolution of the directors:



Peter Lancken
Chairman



Steven Boland
Chief Executive Officer



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Auditor's Independence Declaration

To the Directors of Acrow Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Acrow Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



N P Smietana
Partner – Audit & Assurance
Sydney, 20 February 2024

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Acrow Limited | Interim Financial Report

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2023

| <i>In dollars</i> | Note | 31 Dec 2023 | 31 Dec 2022 |
|---|-------------|--------------------|--------------------|
| Continuing operations | | | |
| Revenue | 3 | 93,373,022 | 74,479,476 |
| Other income | 4 | 4,686,347 | 2,924,613 |
| Personnel expenses | | (35,497,902) | (27,347,852) |
| Sub-contract labour costs | | (6,012,377) | (8,648,209) |
| Inventory purchased, net of changes in finished goods | | (15,523,557) | (13,830,275) |
| Depreciation | | (9,543,519) | (7,403,048) |
| IT and telecommunication expenses | | (1,107,356) | (900,326) |
| Freight costs | | (1,389,240) | (1,080,557) |
| Insurance expenses | | (946,120) | (569,950) |
| Expected credit loss provision | | (1,000,000) | (1,185,000) |
| Other expenses | 5 | (5,443,716) | (2,808,698) |
| Profit before net finance costs and income tax | | 21,595,582 | 13,630,174 |
| Finance costs | | (3,000,333) | (1,957,260) |
| Net finance costs | | (3,000,333) | (1,957,260) |
| Profit before income tax | | 18,595,249 | 11,672,914 |
| Income tax expense | 6 | (6,331,391) | (1,182,994) |
| Profit from continuing operations | | 12,263,858 | 10,489,920 |
| Other comprehensive income | | | |
| Items that may be reclassified to profit / (loss) | | | |
| Foreign operations - foreign currency translation differences | | 9,741 | 95 |
| Total comprehensive income for the period | | 12,273,599 | 10,490,015 |
| Earnings per share from continuing operations | | | |
| Basic EPS (cents per share) | 12 | 4.44 | 4.06 |
| Diluted EPS (cents per share) | 12 | 4.34 | 3.91 |

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

Consolidated Statement of Financial Position
As at 31 December 2023

| <i>In dollars</i> | Note | 31 Dec 2023 | 30 June 2023 |
|--------------------------------------|-------------|--------------------|---------------------|
| Current assets | | | |
| Cash and cash equivalents | | 6,699,024 | 4,939,396 |
| Other financial assets | | 95,480 | - |
| Trade and other receivables | | 42,413,424 | 39,178,433 |
| Inventories | | 13,188,043 | 11,397,484 |
| Contract assets | | 36,980 | 42,814 |
| Prepayments and other assets | | 5,422,666 | 3,850,665 |
| Total current assets | | 67,855,617 | 59,408,792 |
| Non-current assets | | | |
| Property, plant and equipment | | 157,022,291 | 131,589,548 |
| Right-of-use lease assets | | 28,168,317 | 20,088,885 |
| Intangible assets | 7 | 25,639,168 | 7,428,704 |
| Total non-current assets | | 210,829,776 | 159,107,137 |
| Total assets | | 278,685,393 | 218,515,929 |
| Current liabilities | | | |
| Bank overdraft | | 5,326,769 | - |
| Trade payables | | 20,187,910 | 14,890,123 |
| Other payables | 8 | 2,614,183 | 3,000,000 |
| Employee benefits | | 6,391,183 | 6,186,367 |
| Lease liabilities | | 5,955,032 | 6,375,328 |
| Loans and borrowings | 9 | 19,546,661 | 21,907,696 |
| Current tax liabilities | 10 | 1,873,966 | 1,348,072 |
| Total current liabilities | | 61,895,704 | 53,707,586 |
| Non-current liabilities | | | |
| Other payables | 8 | 2,430,531 | 4,000,000 |
| Employee benefits | | 628,023 | 628,024 |
| Lease liabilities | | 26,520,489 | 17,537,389 |
| Loans and borrowings | 9 | 45,198,352 | 29,382,836 |
| Provisions | | 469,274 | 469,274 |
| Deferred income tax liability | 10 | 17,380,757 | 9,907,149 |
| Total non-current liabilities | | 92,627,426 | 61,924,672 |
| Total liabilities | | 154,523,130 | 115,632,258 |
| Net assets | | 124,162,263 | 102,883,671 |
| Equity | | | |
| Issued capital | | 79,320,446 | 61,809,122 |
| Reserves | | 2,930,744 | 4,076,017 |
| Retained earnings | | 41,911,073 | 36,998,532 |
| Total equity | | 124,162,263 | 102,883,671 |

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

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2023

| | Share capital | Share-based payments reserve | Foreign currency translation reserve | Retained Earnings | Total equity |
|--|-------------------|------------------------------|--------------------------------------|--------------------|--------------------|
| <i>In dollars</i> | | | | | |
| Balance at 30 June 2022 | | | | | |
| Total comprehensive income for the period | 58,310,046 | 3,003,681 | 55,742 | 21,949,512 | 83,318,981 |
| Profit for the period | - | - | - | 10,489,920 | 10,489,920 |
| Other comprehensive income | - | - | 95 | - | 95 |
| Total comprehensive income | - | - | 95 | 10,489,920 | 10,490,015 |
| Transactions with owners of the Group | | | | | |
| Options & Performance Rights forfeited, written back to P&L | - | (77,993) | - | - | (77,993) |
| Options & Performance Rights failed to meet market condition | - | (7,426) | - | 7,426 | - |
| Dividends paid to shareholders | - | - | - | (3,898,594) | (3,898,594) |
| Shares issued under dividend reinvestment plan ("DRP"), net of costs | 628,190 | - | - | - | 628,190 |
| Equity settled share-based payments | - | 1,496,763 | - | - | 1,496,763 |
| Transfer of option reserves to share capital | 1,452,716 | (1,452,716) | - | - | - |
| Proceed from exercise of options | 56,546 | - | - | - | 56,546 |
| Total transactions with Owners of the Company | 2,137,452 | (41,372) | - | (3,891,168) | (1,795,088) |
| Balance at 31 December 2022 | 60,447,498 | 2,962,309 | 55,837 | 28,548,264 | 92,013,908 |
| Balance at 30 June 2023 as previously reported | 61,809,122 | 4,022,214 | 53,803 | 36,998,532 | 102,883,671 |
| Total comprehensive income for the period | | | | | |
| Profit for the period | - | - | - | 12,263,858 | 12,263,858 |
| Other comprehensive income | - | - | 9,741 | - | 9,741 |
| Total comprehensive income | - | - | 9,741 | 12,263,858 | 12,273,599 |
| Transactions with owners of the Group | | | | | |
| Shares issued net of transaction costs | 14,340,000 | - | - | - | 14,340,000 |
| Dividends paid to shareholders | - | - | - | (7,351,317) | (7,351,317) |
| Shares issued under dividend reinvestment plan ("DRP") | 703,945 | - | - | - | 703,945 |
| Listing costs | (71,889) | - | - | - | (71,889) |
| Equity settled share-based payments | - | 1,384,254 | - | - | 1,384,254 |
| Transfer of option reserves to share capital | 2,539,268 | (2,539,268) | - | - | - |
| Total transactions with Owners of the Company | 17,511,324 | (1,155,014) | - | (7,351,317) | 9,004,993 |
| Balance at 31 December 2023 | 79,320,446 | 2,867,200 | 63,544 | 41,911,073 | 124,162,263 |

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

Consolidated Statement of Cash Flows
For the period ended 31 December 2023

In dollars

| | Note | 31 Dec 2023 | 31 Dec 2022 |
|--|------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 48,293,989 | 44,208,755 |
| Receipts from lease revenue | | 53,758,461 | 38,931,169 |
| Payments to suppliers and employees | | (78,711,636) | (68,233,237) |
| Cash generated from operations | | 23,340,814 | 14,906,687 |
| Income tax paid | | (2,350,000) | (340,293) |
| Net cash inflow from operating activities | | 20,990,814 | 14,566,394 |
| Cash flows from investing activities | | | |
| Proceeds from disposal of property, plant and equipment | | 7,668,103 | 4,675,387 |
| Purchase of property, plant and equipment | | (22,634,369) | (15,911,359) |
| Consideration paid for controlled entities; net of cash acquired | 13 | (24,984,704) | - |
| Net cash outflow from investing activities | | (39,950,970) | (11,235,972) |
| Cash flows from finance activities | | | |
| Proceeds from issue of shares | | 15,000,000 | - |
| Capital raising costs | | (660,000) | - |
| Proceeds from exercise of options, net of costs | | - | 41,437 |
| Proceeds from borrowings | | 29,918,183 | 21,182,301 |
| Repayment of borrowings | | (16,463,703) | (14,871,547) |
| Repayment of lease liabilities | | (3,653,510) | (2,730,813) |
| Dividends paid, net of DRP | 11 | (6,647,372) | (3,270,404) |
| Finance costs paid | | (2,100,585) | (1,957,260) |
| Net cash flow from financing activities | | 15,393,013 | (1,606,286) |
| Net (decrease)/increase in cash and cash equivalents | | (3,567,143) | 1,724,136 |
| Cash and cash equivalents at 1 July | | 4,939,396 | 9,428 |
| Effect of exchange rate fluctuations on cash held | | 2 | - |
| Cash and cash equivalents at end of reporting period | | 1,372,255 | 1,733,564 |

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

Notes to the Financial Statements

1. Reporting entity

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

The interim financial statements of Acrow for the half-year ended 31 December 2023 comprise of the Company and its controlled entities (the Group).

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

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

2. Basis of preparation

(a) Basis of accounting

The interim financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 Interim Financial Reporting and Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

This report does not include all the information required for a full annual financial report and should be read in conjunction with Acrow's Annual Financial Report for the year ended 30 June 2023. This report should also be read in conjunction with any public announcement made by Acrow during the half-year ended 31 December 2023 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

The interim financial report was authorised for issue by the Board of Directors on 20 February 2024.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- (i) Valuation of goodwill;
- (ii) Determination of expected credit losses of receivables; and
- (iii) Utilisation of tax losses, per note 10.

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

Acrow Limited | Interim Financial Report

(e) Comparative information

Where applicable, comparative information is reclassified to comply with disclosure requirements and improve comparability. The impact of which is not material to the financial report.

(f) Rounding

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

(g) Basis of consolidation

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

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

3. Revenue

In dollars

| | 31 Dec 2023 | 31 Dec 2022 |
|--|-------------------|-------------------|
| Revenue from contracts with customers | | |
| Labour services transferred over time | 19,015,557 | 15,758,709 |
| Cartage services transferred over time | 3,827,136 | 3,468,576 |
| Consumable sales and other services transferred at a point in time | 21,659,001 | 19,860,219 |
| | 44,501,694 | 39,087,504 |
| Revenue from operating leases | | |
| Hire of equipment | 48,871,328 | 35,391,972 |
| | 93,373,022 | 74,479,476 |

4. Other income

In dollars

| | 31 Dec 2023 | 31 Dec 2022 |
|--|------------------|------------------|
| Disposal of property, plant and equipment | | |
| Proceeds | 7,668,103 | 4,675,387 |
| Written down value | (2,981,756) | (1,750,774) |
| Net gain on disposal of property, plant and equipment | 4,686,347 | 2,924,613 |

5. Other expenses

In dollars

| | 31 Dec 2023 | 31 Dec 2022 |
|---|--------------------|--------------------|
| Acquisition, rebranding and other significant costs | (2,416,581) | - |
| Audit, tax & legal expenses | (593,082) | (444,541) |
| Utilities | (457,602) | (488,038) |
| Motor vehicle expenses | (169,314) | (148,724) |
| P&E operation expenses | (237,420) | (243,693) |
| Travelling | (496,608) | (444,535) |
| Repair & maintenance | (304,546) | (229,889) |
| Property costs | (556,406) | (193,564) |
| Other expenses | (212,157) | (615,714) |
| | (5,443,716) | (2,808,698) |

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| 6. Income tax (expense) | 31 Dec 2023 | 31 Dec 2022 |
|--|--------------------|--------------------|
| <i>In dollars</i> | | |
| Current income tax (expense) | (4,338,183) | (653,729) |
| Deferred income tax (expense) | (1,991,887) | (529,265) |
| Changes to estimate from prior years | (1,321) | - |
| Income tax (expense) attributable to profit | (6,331,391) | (1,182,994) |

| 7. Intangible assets | 31 Dec 2023 | 30 June 2023 |
|---|--------------------|---------------------|
| <i>In dollars</i> | | |
| Opening goodwill balance | 7,428,704 | 7,428,704 |
| Additions on MI Scaffold Pty Ltd acquisition (also see note 13) | 18,210,464 | - |
| Closing balance | 25,639,168 | 7,428,704 |

| 8. Other payables | 31 Dec 2023 | 30 June 2023 |
|---|--------------------|---------------------|
| <i>In dollars</i> | | |
| Current other payables | | |
| Deferred consideration on asset acquisitions | 1,000,000 | 3,000,000 |
| Contingent consideration on business acquisitions | 1,614,183 | - |
| | 2,614,183 | 3,000,000 |
| Non-current other payables | | |
| Deferred consideration on asset acquisitions | 1,000,000 | 4,000,000 |
| Contingent consideration on business acquisitions | 1,430,531 | - |
| | 2,430,531 | 4,000,000 |

Amounts of \$5.0m in deferred consideration on asset acquisitions from June 2023 have been settled per agreements, via a combination of cash \$1.0m and offsets on accounts receivables \$4.0m.

Contingent considerations relate to MI Scaffold acquisition, see note 13 for details.

| 9. Loans and borrowings | 31 Dec 2023 | 30 June 2023 |
|--------------------------------|--------------------|---------------------|
| <i>In dollars</i> | | |
| Current | 19,546,661 | 21,907,696 |
| Non-current | 45,198,352 | 29,382,836 |
| | 64,745,013 | 51,290,532 |

Borrowings are represented by the following finance facilities:

| | | |
|--|---|------------|
| Secured amortising business loan of \$4,125,000 commenced in July 2022, refinanced into consolidated loan in November 2023. | - | 2,860,000 |
| Secured interest only business loan of \$16,000,000 commenced in March 2023, refinanced into consolidated loan in November 2023. | - | 16,000,000 |

Acrow Limited | Interim Financial Report

| | | |
|--|-------------------|-------------------|
| Secured amortising business loan of \$18,168,000 commenced in May 2021 as part of loan restructuring, refinanced into consolidated loan in November 2023. | - | 8,543,000 |
| Secured amortising and revolving business loan of \$40,963,000 commenced in November 2023 as part of debt consolidation and MI Scaffold Pty Ltd acquisition financing. | 40,475,000 | - |
| Equipment finance facility, revolving 3-year limit of \$22.0m (June 2023: \$22.0m). | 21,512,941 | 14,869,132 |
| Headroom | 487,059 | 7,130,868 |
| Trade finance facility \$3.5m limit (Jun 2023: \$9.0m limit). | 2,757,072 | 9,018,400 |
| Headroom | 742,928 | - |
| Working capital facility, \$16.5m limit (June 2023: \$11.0m) including \$2.0m bank guarantee (June 2023: \$2.0m), \$14.5m bank overdraft (June 2023: \$9.0m). | 1,976,583 | 1,976,583 |
| Headroom | 14,523,417 | 9,023,417 |
| Borrowings utilised | 66,721,596 | 53,267,115 |
| <i>Headroom</i> | 15,753,404 | 16,154,285 |
| Total accessible borrowing amount | 82,475,000 | 69,421,400 |
| Borrowings utilised and committed | 66,721,596 | 53,267,115 |
| <i>Less guarantee not drawn</i> | (1,976,583) | (1,976,583) |
| Total Borrowings | 64,745,013 | 51,290,532 |

All borrowings are secured by interlocking guarantees across all Group companies.

Interest rates on secured amortised business loans are variable and dependent on prevailing market rates and bank margins. All borrowing costs incurred during the period have been expensed.

10. Deferred income tax

In dollars

| | 31 Dec 2023 | 30 June 2023 |
|--|-------------------|------------------|
| Deferred income tax liability movement during the period: | | |
| Opening balance at 1 July | 9,907,149 | 6,990,415 |
| Recognition of previously unrecognised deferred tax not brought to account | - | (4,298,469) |
| Recognised through business combination | 3,227,799 | - |
| Changes to estimates from prior years | - | 374,674 |
| Provisions | 554,675 | (394,104) |
| Payables | 372,312 | - |
| Accruals | - | (98,200) |
| Property, plant and equipment | 1,064,900 | 2,354,539 |
| Revenue tax loss | 2,253,922 | 4,978,294 |
| Closing balance | 17,380,757 | 9,907,149 |

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Income tax liabilities

| | | |
|---|------------------|------------------|
| Opening balance at 1 July | 1,348,072 | 1,869,031 |
| Recognised in business combination | 790,313 | - |
| Changes to estimates from prior years | 1,321 | (278,534) |
| Tax paid | (2,350,000) | (2,956,964) |
| Current tax liabilities | 2,084,260 | 2,714,539 |
| Carried forward unpaid tax liabilities | 1,873,966 | 1,348,072 |

Unrecognised deferred tax assets

Deferred tax assets not recognised for the following items:

| | | |
|-----------------------|------------------|------------------|
| Revenue tax losses | 1,316,416 | 1,351,811 |
| Capital losses | 411,923 | 411,923 |
| Temporary differences | 380,271 | 181,384 |
| | 2,108,610 | 1,945,118 |

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

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

- (i) The subsidiaries continue to derive future assessable income of a nature and an amount sufficient to enable the benefit to be realised.
- (ii) The subsidiaries continue to comply with the conditions for deductibility imposed by the law.
- (iii) No changes in tax legislation adversely affect the subsidiaries in realising the asset; and
- (iv) The subsidiaries pass the continuity of ownership test, or the same business test as outlined by the Australian Taxation Office.

11. Issued capital

| | 31 Dec 2023 | 30 June 2023 |
|--|--------------------|--------------------|
| Number of shares | | |
| On issue of 1 July | 266,339,056 | 252,952,199 |
| Issue of DRP shares (i) | 837,432 | 1,844,018 |
| Issue of shares for cash (ii) | 18,750,000 | - |
| Shares issued through conversion of performance rights (iii) | 5,917,025 | 7,128,149 |
| Exercise of share options (iv) | 166,071 | 2,220,190 |
| Issue of loan funded shares | - | 2,194,500 |
| | 292,009,584 | 266,339,056 |

- (i) 837,432 units of ordinary shares were issued at 84.06 cents per share following the final dividend declaration on 14 August 2023 pursuant to the Dividend Reinvestment Plan (DRP).
- (ii) 18,750,000 units of ordinary shares were issued at 80.0 cents per share.
- (iii) 5,917,025 units of ordinary shares were issued through conversion of performance rights granted under Long Term Variable Remuneration (LTVR) plan.
- (iv) 166,071 units of ordinary shares were issued on 300,000 units of options exercised without cash by forfeiting 133,929 units at market price.

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

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Performance Rights

Carried forward from FY2023, there were a total of 12,503,025 units of Performance Rights outstanding which were granted based on Earnings Per Share (EPS) and Total Shareholder Return (TSR) performance hurdles over FY2021 to FY2023 periods.

Current half-year movements are summarised as follow:

Long term variable incentives

| Measurement period | FY21 - 23 | FY2024 | FY2025 | FY2026 |
|--|------------------|------------------|------------------|------------------|
| Vesting status on 31 December 2023 | Vested | Unvested | Unvested | Unvested |
| Outstanding as of 1 July | 7,111,457 | 5,391,568 | - | - |
| Grants / (cancellations) of issues (i) | - | 647,427 | 4,159,690 | 3,870,764 |
| Unvested or forfeiture | - | - | - | - |
| Vested and exercised as ordinary shares (ii) | (5,917,025) | - | - | - |
| Balance outstanding at 31 December 2023 | 1,194,432 | 6,038,995 | 4,159,690 | 3,870,764 |

(i) 647,427 units of LTVRs on FY2024 measurement period were granted to senior managers and 4,159,690 units on FY2025 were granted to executives and senior managers and 3,870,764 units on FY2026 were granted to executives and senior managers during the half year reporting period. These were granted based on Earnings Per Share (EPS) and Total Shareholder Return (TSR) performance hurdles over each measurement period.

(ii) 5,917,025 units were exercised, these include some of the 5,404,102 units on FY2023 LTVRs that became vested and exercisable (vesting outcome were 100% on both TSR and EPS issues). Balance on all vested and exercisable LTVRs remaining were 1,194,432 units.

Total number of outstanding performance rights on 31 December 2023 were 15,263,881 units (30 June 23: 12,503,025 units).

Options

During the period, 300,000 units had been exercised at 40 cents per share cashless by forfeiting 133,929 units for 166,071 ordinary shares. No new options have been granted.

Total number of outstanding options on 31 December 2023 were nil (30 June 2023: 300,000)

Dividends

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

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

| <i>In dollars</i> | 31 Dec 2023 | 31 Dec 2022 |
|--|------------------|------------------|
| Dividends on ordinary shares declared and paid: | | |
| FY23: 2.7 cents per share (FY22: 1.5 cents per share) | | |
| - Paid in cash | 6,647,372 | 3,270,404 |
| - Paid via DRP | 703,945 | 628,190 |
| | 7,351,317 | 3,898,594 |

A 60% franked dividend of \$3,898,594 for the year ended 30 June 2022 was paid on 30 November 2022 at 1.5 cents per share with 1,269,071 new shares issued as part of the DRP.

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A 100% franked dividend of \$7,351,317 for the year ended 30 June 2023 was paid on 30 November 2023 at 2.7 cents per share with 837,432 new shares issued at 84.06 cents each as part of the DRP.

Subsequent to balance date, the Directors declared an interim dividend of 2.85 cents per share 100% franked on 20 February 2024.

12. Earnings per share

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

Diluted EPS is calculated by dividing the net profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the potential ordinary shares arising from options and employee share schemes operated by the Group.

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

| <i>In dollars</i> | 31 Dec 2023 | 31 Dec 2022 |
|---|-------------------|-------------------|
| Earnings reconciliation | | |
| Profit excluding significant items | 16,216,750 | 12,189,812 |
| Net share-based payments and significant items | (3,952,892) | (1,699,892) |
| Net profit after tax | 12,263,858 | 10,489,920 |
| Number of ordinary shares: | | |
| Weighted average number of ordinary shares used in the calculation of basic EPS | 276,401,167 | 258,202,222 |
| Weighted average number of ordinary shares used in the calculation of diluted EPS | 282,468,213 | 267,963,147 |
| Basic EPS excluding significant items (cents per share) | 5.87 | 4.72 |
| Diluted EPS excluding significant items (cents per share) | 5.74 | 4.55 |
| Basic EPS (cents per share) | 4.44 | 4.06 |
| Diluted EPS (cents per share) | 4.34 | 3.91 |

13. Acquisition of MI Scaffold Pty Ltd

On 10 November 2023, Acrow acquired 100% of the issued shares of MI Scaffold Pty Ltd ACN 158 507 021. For purpose of accounting and as agreed between the sellers and Acrow, the effective acquisition date is deemed to be 31 October 2023.

MI Scaffold Pty Ltd is a leading provider of scaffolding, rigging and access solutions throughout the North and Central Queensland market and is highly complementary to Acrow's existing portfolio of specialised industrial services and engineering solutions across Australia. MI Scaffold Pty Ltd has a highly recurring, long-standing, blue-chip client base, predictable revenues and has a strong focus on the energy, mining and industrial sectors.

Provisional details of consideration and the fair value of identified assets acquired, liabilities assumed, and goodwill determined are set out in the following tables. These values are provisional as the group is still pending information used to determine performance-based milestones that form part of the consideration, and the fair value of assets acquired on acquisition. Amendments may be made to these values up to 12 months following the date of acquisition if new information is obtained about facts and circumstances that existed at acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

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The consideration is comprised of a \$15,000,000 Completion Payment on the 10 November 2023, followed by a Deferred Payment of \$11,500,000 on the 30 November 2023 and two tranches of Contingent Considerations of up to \$4,950,000 each provided MI Scaffold Pty Ltd's EBITDA exceeds \$6,600,000 for each of the Earn Out Period. The First Earn Out Period is the 12 months commencing on the first day immediately following the Acquisition date, and the Second Earn Out Period is the 12 months commencing on the first day immediately following the First Earn Out Period. At reporting date total Contingent Considerations are estimated to be \$3,570,330, \$2,976,977 when discounted to present value, based on Acrow's incremental borrowing rate.

The fair value of trade and other receivables is \$6,190,238, it includes trade receivables with a carried value of \$6,390,238.

Acquisition and related costs are accounted for in the Consolidated Statement of Comprehensive Income, under Other Expenses, refer to Note 5 Other Expenses.

MI Scaffold Pty Ltd

| <i>In dollars</i> | \$ |
|--|--------------------------|
| Completion Payment | 15,000,000 |
| Deferred payment | 11,500,000 |
| First Contingent Payment | 1,579,312 |
| Second Contingent Payment | 1,397,665 |
| Total consideration | <u>29,476,977</u> |
| Assets | |
| Cash and cash equivalents | 1,915,335 |
| Trade and other receivables | 6,190,238 |
| Prepayments and other assets | 767,811 |
| Property, plant and equipment | 12,018,779 |
| Total assets | <u>20,892,163</u> |
| Liabilities | |
| Trade payables | 4,416,047 |
| Employee benefits | 791,452 |
| Loans and borrowings | 400,039 |
| Current tax liabilities | 790,313 |
| Deferred income tax liabilities | 3,227,799 |
| Total liabilities | <u>9,625,650</u> |
| Fair value of net assets acquired | <u>11,266,513</u> |
| Purchase consideration transferred | 29,476,977 |
| Less: Fair value of net identifiable assets acquired | (11,266,513) |
| Preliminary goodwill on acquisition | <u>18,210,464</u> |
| Consideration transferred in cash | 26,500,000 |
| Cash acquired net of loan | (1,515,296) |
| Net cash outflow on acquisition | <u>24,984,704</u> |

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

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Asset Acquired

Hire equipment

Valuation Technique

An independent valuer has been engaged to determine depreciated replacement cost of the assets. The depreciated replacement costs reflect adjustments for physical deterioration as well as functional and economic obsolescence.

The consolidated statement of profit and loss and comprehensive income includes the following revenue and net profit resulting from the acquisition made since 31 October 2023:

| | |
|----------------------|-----------|
| Revenue | 5,566,097 |
| Net profit after tax | 888,333 |

If the acquisition had taken place at the beginning of the financial year (1 July 2023), the following revenue and net profit after tax would have been included:

| | |
|----------------------|------------|
| Revenue | 20,078,777 |
| Net profit after tax | 2,719,506 |

MI Scaffold Pty Ltd typically experience higher demand during September to October when many customers have scheduled outages for maintenance work, whereas between November to February demands soften due to storms in summer seasons. The above figures are not seasonally adjusted.

14. Group entities

The interim financial statements include the financial statements of the following wholly owned subsidiaries:

| | Place of incorporation | % Equity interest |
|---|------------------------|-------------------|
| Acrow Holdings Pty Limited (a), (b) | NSW | 100% |
| Acrow Formwork and Scaffolding Pty Ltd (a), (b) | NSW | 100% |
| Acrow Screens Pty Ltd (a), (b), (c) | NSW | 100% |
| Acrow Screens (Qld) Pty Ltd (a), (b), (c) | QLD | 100% |
| Acrow Industrial Services Group Pty Ltd (a), (b), (c) | QLD | 100% |
| Uni-span Height Safety Pty Ltd (a), (b) | QLD | 100% |
| Unispan Australia Pty Ltd (a), (b) | QLD | 100% |
| Uni-span Formwork Solutions Pty Ltd (a), (b) | QLD | 100% |
| MI Scaffold Pty Ltd (a), (b) | QLD | 100% |
| Acrow Group Investments Pty Ltd (a), (b) | NSW | 100% |
| Noble Mineral Resources Ghana Limited (d) | Ghana | 100% |

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

(b) These subsidiaries, along with Acrow Limited (the parent entity of the Group), form the Deed of Cross Guarantee Group.

(c) Names of these subsidiaries had been changed in FY2024 as part of corporate rebranding, no change to Australian Business Numbers:

- Acrow Screens Pty Ltd, formerly known as Natform Pty Ltd
- Acrow Screens (Qld) Pty Ltd, formerly known as Natform (QLD) Pty Ltd
- Acrow Industrial Services Group Pty Ltd, formerly known as Uni-span Group Pty Ltd

(d) Group disposed of this foreign based subsidiary post balance date on 29 January 2024.

15. Operating segments

The Group's operating segment is based on the internal reports that are reviewed and used by the Board of Directors and the executive management team (being the Chief Operating Decision Makers ("CODM")) in assessing the financial performance and in determining the allocation of resources. The Group operates in the

Acrow Limited | Interim Financial Report

building construction market, providing falsework, formwork, scaffolding, screens and related material for hire and sales. There are no operating segments for which discrete financial information exists.

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

16. Subsequent Events

On 20 February 2024, the Directors declared a 100% franked dividend of 2.85 cents per share to be paid on 31 May 2024. Dividend Reinvestment Plan (DRP) is available for election. The dividend has not been provided for elsewhere in this report as the declaration was made after 31 December 2023.

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

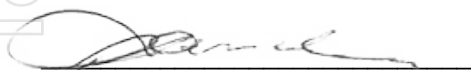
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Directors' Declaration

In the opinion of the directors of Acrow Ltd (the Group):

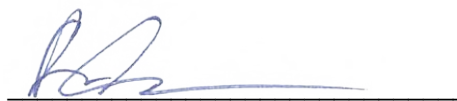
- (a) the consolidated interim financial statements and notes are in accordance with the Corporations Act 2001, including:
- i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance, for the financial year ended on that date; and
 - ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Peter Lancken
Chairman

Sydney
20 February 2024



Steven Boland
Director, Chief Executive Officer

Independent Auditor's Review Report

To the Members of Acrow Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Acrow Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Acrow Limited does not comply with the *Corporations Act 2001* including:

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

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants



N P Smietana
Partner – Audit & Assurance
Sydney, 20 February 2024