

CPT Global Limited ABN 16 083 090 895 and Controlled Entities
Appendix 4E - Preliminary Final Report for the Year Ended 30 June 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information

| | | | | 2021 | 2020 |
|---|----|---------|----|------------------|------------------|
| | | | | A \$000's | A \$000's |
| Revenues from ordinary activities | up | 33.5% | to | \$33,256 | \$24,919 |
| Net Profit (Loss) before tax attributable to members | up | 234.4% | to | \$4,478 | (\$3,331) |
| Net Profit (Loss) after tax attributable to members | up | 201.8% | to | \$3,405 | (\$3,345) |
| Net Profit before tax but after impairment charges | up | 278.33% | to | \$3,405 | \$900 |

DIVIDENDS PAID AND PROPOSED

| | Amount per | Franked Amount per |
|-------------------------|-------------------|---------------------------|
| | Security | Security at 30% of |
| | | Tax |
| Ordinary Shares: | | |
| 2021 interim and final | 5.0 cents | 5.0 cents |
| 2020 final | 0.5 cents | 0.5 cents |

DIVIDEND DETAILS

| | 2021 | 2020 |
|--------------------------------|------------------|------------------|
| | A \$000's | A \$000's |
| Ordinary Share Capital: | | |
| Final dividend paid | \$478 | \$189 |
| Interim dividend paid | \$786 | - |
| Final dividend declared | \$1,209 | \$478 |

DIVIDEND REINVESTMENT PLAN

A dividend reinvestment plan is in operation and will apply to the dividend.

EARNINGS PER SHARE (EPS)

| | 2021 | 2020 |
|-------------------------------------|-------------|--------------|
| EPS after tax but before impairment | 8.77 cents | 2.30 cents |
| Basic EPS | 8.77 cents | (8.73) cents |
| Diluted EPS | 8.76 cents | (8.73) cents |

NTA BACKING

| | | |
|--|--------|--------|
| Net tangible asset backing per ordinary security | \$0.13 | \$0.06 |
|--|--------|--------|

COMMENTARY ON THE RESULTS FOR THE PERIOD

Refer to the Managing Director's Review in the Preliminary Final Report

STATUS OF AUDIT

The accounts are currently in the process of being audited.



CPT Global Limited

ABN 16 083 090 895

Preliminary Final Report For the year ended 30 June 2021



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A year of record profits

Dear fellow Shareholders,

The last 12 months has seen CPT at its best and most innovative. Our people didn't just adapt to the challenges Covid-19 forced upon us, they excelled. Revenue growth of 33%, a record net profit of \$3.4m and a record net profit margin of 10.2% are testament to that.

Lockdowns and travel restrictions were a double-edged sword for the business. Our sales teams' ability to grow revenue without face-to-face meetings made an impact, particularly in the second half. However, our globally mobile workforce saved CPT \$1m in travel related costs over the previous year.

Our challenge as countries open borders and businesses start returning to the office is to capitalise on the new ways of working and innovations of the last 18 months. In FY2021 we invested in a digital marketing capability to build our brand and open doors. This will continue to complement and enhance our business development activities in the coming years. Additionally, we have demonstrated to clients our remote delivery capability and the ability to service clients from multiple regions simultaneously. We expect a new equilibrium between onsite and remote delivery to emerge in the coming months, and CPT is well positioned to meet our clients', staff and business needs.

FY2021 is also a year in which we began a process of renewal and transformative change. As we announced in April, I will be stepping down from the Managing Director role on 1 November 2021 and Luke Tuddenham will take over as CEO.

I am pleased that I can hand the reins to Luke with the business on a solid foundation for growth and in a good financial position. Luke will bring energy, drive, ambition and new ideas to the role. I will continue to mentor Luke and provide my full support.

The strategic pivot to software and tool development is something I am passionate about. Creating innovative, trusted and disruptive tools for the mainframe, midrange and other platforms is part of our DNA. The early seeds of CPT can be found in automation tools for the mainframe such as Expetune. I developed Expetune and other tools with consultants who went on to become founding employees of CPT. Unlocking the value of CPT's highly qualified talent will complement and enhance our consulting services and aligns with our core purpose: helping clients solve complex and technical challenges as they transform their IT environments.

This strategic initiative will be rolled out over the next 5 years with the goal of developing a suite of tools and software for corporate and government clients. I envision 3 fundamental stages for rolling out the strategy:

1. utilise the existing skills and talents at CPT to build tools that automate and enhance our consulting services and allow us to scale the consulting business;
2. licence our tools to our clients to facilitate ongoing consulting services and for their own use; and
3. sell our software to third parties under an SAAS model.

We are only 4 months into a 5-year plan but the positive reception from our staff and the shared enthusiasm this initiative has created within CPT are exciting and invigorating.

I am looking forward to leading this transformative initiative and working with Luke and the Board on building and delivering a successful software strategy.

CPT's people are what made our success possible in FY2021. We are a diverse group with one unifying purpose: we love solving complex problems. Over the last 18 months of disruptions and lockdowns the team has rallied around that purpose, showing how these challenges were simply new problems to solve - and were, in fact, opportunities for the organisation to grow. On behalf of the board, thank you for all the work you have put in. The results are a true testament to the quality of CPT's staff.



OPERATING AND FINANCIAL REVIEW

The financial and operating results we achieved in FY2021 were built on the long-established foundations of a global Tier 1 client base, technical expertise in our core services and our highly skilled, dedicated and passionate staff.

These foundations were strengthened in FY2019 when we made a subtle shift in our focus to our core business and strengths: helping clients solve their complex and technical challenges as they transform their IT environments. This proved critical over the last 18 months as it has been our core business and industries that propelled the revenue growth to 33% in FY2021.

The strong growth in revenue was primarily driven by the Australian segment with a 51% increase on the previous year, and the USA, with a 35% increase on the previous year. Financial Services and Insurance were strong growth sectors in Australia and the USA with most of the growth coming from existing clients. Australia also saw growth in the Government sector within existing clients and new clients.

The North American segment was hampered by conditions in Canada, which brought the segment revenue down to an increase of 11% on the previous year. Extended lockdowns, border closures and client cost-cutting in Canada made business conditions difficult. Our North American team focussed our Canadian sales and delivery resources on the USA markets which helped drive revenue growth and kept our Canadian staff engaged on profitable projects.

Whilst the growth in revenue was outstanding, the profitability was extraordinary. The net profit after tax of \$3.4m is the best result CPT has ever produced and was delivered during a pandemic, without any government support from JobSeeker (Australia) and the Paycheck Protection Program (USA) and with our global workforce working from home.

The percentage margins we made on consolidated revenue were consistent with the previous year, although the segment margins showed some variability. Margins in North America were stronger in FY2021 as risk/reward projects delivered significantly above the segment run rate and consultant travel costs were 87% lower than the previous year. This offset lower margins at existing clients where rate discounts on renewals of up to 5% were provided. Margins in Australia were lower than the previous year as clients sought temporary rate cuts during Covid-19 and fees came under pressure on renewals and in tenders. All temporary rate cuts ceased by 30 June 2021 but pressures on fees continue and the talent market is very competitive. Consultant travel costs in Australia were 55% lower than the previous year, which offset some of the fee discounting.

The non-employee and consultant costs of operating the business in FY2021 were \$1.4m below the previous year. The largest contributions to this were travel costs, which were down \$1.0m; professional services fees which were down \$0.15m; and software licence fees, which were down \$0.2m.

Our consultants and sales teams will begin travelling again as Covid-19 restrictions ease, borders reopen, vaccination levels increase and clients return to the office. We do not expect travel costs to return to pre-pandemic levels due to the success of our remote services model and our expectation that clients will move to hybrid and fully remote models in the short to medium term. However, the timing and extent of this transition is very uncertain. Our USA sales team have resumed limited travel, however all consultants currently remain offsite and we do not expect to see a demand from clients for on-site consultants until the second half of FY2022. Travel within Australia, when not restricted by lockdowns, will be limited to essential travel until the national vaccination rate reaches at least 70%.

We managed our European, Canadian and Asian regions opportunistically in FY2021 as we focussed our resources on the growth opportunities in Australia and the USA. Our consultants and sales teams in Europe and Canada continue to support the USA.

Financial Performance

CPT's financial performance for the year ended 30 June 2021:

1. revenue was \$33.3m, a 33% increase on the comparative period revenue of \$24.9m; and
2. net profit after tax was \$3.4m compared to the \$3.3m loss in the comparative period.

The table below shows business performance over the last 3 reporting periods reconciled to net profit after tax.

| | FY2021 | HY2020 | FY2020 |
|---|--------|--------|--------|
| | m's | m's | m's |
| Revenue | 33.3 | 18.1 | 24.9 |
| <i>Profit before tax & impairment</i> | 4.2 | 3.0 | 0.9 |
| Goodwill impairment | - | - | (4.2) |
| <i>Profit before tax</i> | 4.2 | 3.0 | (3.3) |
| Tax expense | 1.1 | 0.7 | (0) |
| <i>Profit after tax but before impairment</i> | 3.4 | 2.3 | 0.9 |
| <i>Net profit</i> | 3.4 | 2.3 | (3.3) |

The results were due to the factors discussed above. Other movements in the Statement of Profit or Loss were:

- foreign currency losses arose on the strengthening Australian dollar, particularly against the US dollar.
- tax expense of \$1.1m was incurred. This is an effective tax rate of 24% and is a result of: (a) the profitability of the Australian and USA businesses; (b) the income tax rate in Australia of 26% in FY2021 compared to 27.5% in FY2020; and (c) deferred tax revenue of \$0.3m booked on unrealised FX losses in the USA as the Australian dollar strengthened against the US dollar in the first half.

Basic earnings per share amounted to 8.77 cents per share.

The FY2020 comparative result of a loss after tax of \$3.3m includes an impairment charge against goodwill allocated to the Australian CGU of \$4.2m. Goodwill was impaired as the revenue and operating profit of the Australian CGU in the first half of the financial year were below budget and were seen as unlikely to meet budget for the full financial year.

Financial Position

The strong performance has seen a strengthening of the balance sheet with net tangible assets of \$5.2m as at 30 June 2021 compared to \$2.7m at 30 June 2020.

Movements in the balance sheet:

- Contract asset (WIP) increased by \$0.2m which is a function of the growth in revenue on 2 clients of approximately \$0.3m and the reduction in risk/reward WIP of \$0.1m.
- Trade and other receivables decreased \$0.3m. Revenue in the month of June 2021 was not materially different to June 2020. The lower receivables is explained by the increase in WIP. Furthermore, conversion of debtors to cash continues to be a strength of the business. At 30 June 2021, 65% of debtors are under 30 days and only 0.3% are over 60 days.
- The current tax asset in FY2020 has been converted to cash and a current tax liability recognised for the current period as income tax is payable in Australia.
- Other assets have increased by \$0.5m. There has been an increase in prepayments across our businesses as insurance costs increased and we paid annual subscription fees in advance for SAAS tools.
- Property, plant and equipment has decreased by \$0.7m. We did not exercise our 3-year option on our head office in Melbourne therefore the lease asset has been revalued to nil.
- Trade and other payables decreased by \$1.3m. At the start of the pandemic, we negotiated payment plans on certain liabilities to the ATO to protect the business against any potential drop in cash flow. In total, \$1.8m was owed at 30 June 2020 and was paid in full in FY2021.
- We had no borrowings at year end as no funds had been drawn against the debtor funding facility provided by Scottish Pacific and the lease liability on our head office was revalued to nil when we did not exercise the 3-year option in the lease.

Cash Flow

CPT had \$4.3m in cash at 30 June 2021 (\$3.1 million 30 June 2020) and a net cash inflow of \$1.2 million for the year.

The increase in cash is less than the profit for the year due to the reduction in creditors noted above, the payment of \$0.8m in dividends during the year, a tax refund due in the USA due to instalments exceeding the final liability by \$0.4m and a net repayment of borrowings of \$0.7m.

Dividends & Capital Management

A final fully franked dividend of 3.0 cents per share has been declared for the year to 30 June 2021. This brings the total dividend for FY2021 to 5.0 cents per share, the largest annual dividend CPT has paid since FY2008. The dividend yield is 6.2% (10.4% including franking credits) on a share price of \$0.65.

The total value of the final dividend is \$1,209,197 and will be paid on 30 September 2021.

With the ongoing uncertainty in our markets and the strategic opportunities that are available to us, we have set the total dividend payout ratio at 59%.

The dividend reinvestment plan will apply to the dividend. The DRP discount will be 2.5%.

No funds were drawn against our debtor funding at 30 June 2021 and a further \$0.9m was available to draw on.

THE OUTLOOK

The pivot to developing a suite of tools and software could be a genuine game changer over the next 5 years. While we have started the early stages of research and development, we do not expect to generate material revenue during FY2022. Investment at this early stage will be funded from free cash flow and utilise existing CPT resources.

The foundations of the consulting business are solid on the back of FY2021 and primed for further growth. Some caution is warranted though. The Delta variant is causing concern in Australia and the

USA. Our major markets in Australia are under lockdown and there is no clear path to reopening. While the USA is open for business, pessimism is surfacing as businesses show concern about a potential resurgence in Covid-19 cases this fall and a return to mandated restrictions. Anecdotally, USA companies have begun delaying the reopening of their offices until the new year. CPT is well-positioned to respond to these changing conditions knowing the risk and uncertainty over the next 6 months.

In the current environment, revenue and profit growth in the business will not continue at the rate it has since March 2020. We expect revenue growth to be flat over FY2022 as fees pressure and talent competition suppress margins.

As lockdowns in Australia are lifted and international borders opened, travel costs will start to increase. If the USA can prevent a fall surge in Covid-19, we expect travel to and within the USA to grow rapidly.

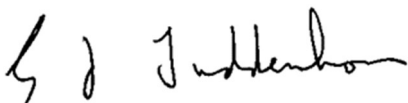
As we continue to address the challenges of Covid-19, build on the momentum we have generated and grow the business, our strategy in FY2022 is to:

- start laying the foundations for a software development business based on our existing intellectual property and expertise by building tools that complement and enhance our consulting services;
- concentrate our resources in the Australian and USA markets, where we saw the most growth in 2021 and where we see the best growth opportunities;
- continue to leverage our experience and expertise to deliver high quality, remote services to clients across all our service lines;
- expand our use of digital marketing and sales to generate new business and start new conversations with our clients;
- start to refocus sales efforts and resources on new accounts and sell to former clients, contacts and sponsors;
- continue to grow with existing clients by expanding into new projects and additional services;
- preserve margins by maintaining control of delivery costs;
- be laser focused on controlling discretionary costs; and
- provide our employees the services and support they need to work remotely and maintain a healthy work and personal life.

We do not expect to see a material change in our Canadian, European or Asian regions in the first half of the financial year and they will be managed opportunistically. Our consultants and sales team in Canada and Europe will continue to support the USA.

While our intention is to grow dividends and increase the payout ratio over time, this needs to be balanced with investing in the software strategy and maintaining a strong balance sheet to give us flexibility to manage the operating and business risks in Australia and the USA.

Our focus in the short term will be on maintaining a strong balance sheet and we will use profits to fund the investment in software in FY2022.

A handwritten signature in black ink, appearing to read 'Gerry Tuddenham'.

Gerry Tuddenham
Managing Director
August 24, 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2021

| | Notes | 2021 \$'000 | 2020 \$'000 |
|--|-------|----------------|----------------|
| Revenue | | 33,256 | 24,919 |
| Other income | | 153 | 115 |
| Salaries and employee benefits expense | | (2,328) | (2,126) |
| Consultants benefits expense | | (24,011) | (17,907) |
| Depreciation and amortisation expenses | | (130) | (220) |
| Insurance expense | | (310) | (298) |
| Finance costs | | (191) | (184) |
| Occupancy Costs | | (193) | (376) |
| Other expenses | | (1,720) | (2,995) |
| Foreign currency (Losses) Gains | | (50) | (28) |
| PROFIT / (LOSS) BEFORE INCOME TAX AND IMPAIRMENT | | 4,478 | 900 |
| Goodwill Impairment | | - | (4,231) |
| PROFIT / (LOSS) BEFORE INCOME TAX | | 4,478 | (3,331) |
| INCOME TAX EXPENSE | | (1,073) | (14) |
| PROFIT / (LOSS) AFTER INCOME TAX | | 3,405 | (3,345) |
| Other Comprehensive Loss: | | | |
| Items that may be subsequently reclassified to comprehensive income | | | |
| Exchange differences on translating foreign controlled entities | | (289) | (179) |
| Total Other Comprehensive Income for the year, net of tax | | (289) | (179) |
| TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR | | 3,116 | (3,524) |
| PROFIT / (LOSS) ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED | | 3,405 | (3,345) |
| TOTAL COMPREHENSIVE PROFIT / (LOSS) ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED | | 3,116 | (3,524) |
| Earnings per share after tax but before impairment | 4 | 8.77 | 2.30 |
| Basic earnings per share (cents per share) | 4 | 8.77 | (8.74) |
| Diluted earnings per share (cents per share) | 4 | 8.76 | (8.74) |

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Preliminary Final Report.

Consolidated Statement of Financial Position

AT 30 JUNE 2021

| | 2021 | 2020 |
|--------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 4,264 | 3,133 |
| Trade and other receivables | 2,954 | 3,251 |
| Unbilled revenue | 1,321 | 1,115 |
| Current tax asset | - | 645 |
| Other current assets | 634 | 139 |
| TOTAL CURRENT ASSETS | 9,173 | 8,283 |
| NON-CURRENT ASSETS | | |
| Deferred tax assets | 1,018 | 1,092 |
| Property, plant and equipment | 17 | 702 |
| Intangible assets | - | - |
| TOTAL NON-CURRENT ASSETS | 1,035 | 1,794 |
| TOTAL ASSETS | 10,208 | 10,077 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 3,950 | 5,164 |
| Borrowings | - | 818 |
| Current tax liabilities | 46 | - |
| Provisions | 760 | 775 |
| TOTAL CURRENT LIABILITIES | 4,756 | 6,757 |
| NON-CURRENT LIABILITIES | | |
| Deferred tax liability | 158 | 86 |
| Borrowings | - | 491 |
| Other long-term provisions | 62 | - |
| TOTAL NON-CURRENT LIABILITIES | 220 | 577 |
| TOTAL LIABILITIES | 4,976 | 7,334 |
| NET ASSETS | 5,232 | 2,743 |
| EQUITY | | |
| Issued capital | 13,033 | 12,396 |
| Reserves | 1,049 | 1,337 |
| Retained earnings | (8,850) | (10,990) |
| TOTAL EQUITY | 5,232 | 2,743 |

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2021

| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
|--|-------------------------------|----------------------|-------------------|---|----------------|
| | Issued capital Ordinary | Retained Earnings | Equity Reserve | Foreign Currency Translation Reserve | Total |
| Balance at 1 July 2019 | 12,308 | (7,456) | 1,706 | (190) | 6,368 |
| Comprehensive Income | | | | | |
| Profit for the year | | (3,345) | | | (3,345) |
| Other comprehensive profit | | | | (179) | (179) |
| Total comprehensive income for the year | | (3,345) | | (179) | (3,524) |
| Transactions with owners, in their capacity as owners | | | | | |
| Dividends paid or provided for | | (189) | | | (189) |
| Issue of shares | 91 | | | | 91 |
| Shares cancelled | (3) | | | | (3) |
| Total transactions with owners, in their capacity as owners | 88 | (189) | | | (101) |
| Balance at 30 June 2020 | 12,396 | (10,990) | 1,706 | (369) | 2,743 |
| Balance at 1 July 2020 | 12,396 | (10,990) | 1,706 | (369) | 2,743 |
| Comprehensive Income | | | | | |
| Profit for the year | | 3,405 | | | 3,405 |
| Other comprehensive profit | | | | (289) | (289) |
| Total comprehensive income for the year | | 3,405 | | (289) | 3,116 |
| Transactions with owners, in their capacity as owners | | | | | |
| Dividends paid or provided for | | (1,264) | | | (1,264) |
| Issue of shares | 637 | | | | 637 |
| Total transactions with owners, in their capacity as owners | 637 | (1,264) | | | (627) |
| Balance at 30 June 2021 | 13,033 | (8,849) | 1,706 | (658) | 5,232 |

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2021

| | 2021 | 2020 |
|---|---------------------|---------------------|
| | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 36,452 | 27,670 |
| Payments to suppliers and employees | (33,573) | (24,919) |
| Interest received | 13 | 3 |
| Finance costs | (59) | (110) |
| Income tax paid | (175) | (1,095) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>2,659</u> | <u>1,549</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment, software | (10) | (19) |
| NET CASH FLOWS (USED IN) INVESTING ACTIVITIES | <u>(10)</u> | <u>(19)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Shares bought back | - | (3) |
| Repayments of borrowings | (666) | (130) |
| Proceeds from borrowings | - | 177 |
| Payment of dividends on ordinary shares | (790) | (99) |
| NET CASH FLOWS USED IN FINANCING ACTIVITIES | <u>(1,456)</u> | <u>(55)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS HELD | 1,192 | 1,474 |
| Add opening cash & cash equivalents brought forward | 3,133 | 1,653 |
| Effects of exchange rate changes on cash and cash equivalents | (62) | 6 |
| CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD | <u><u>4,264</u></u> | <u><u>3,133</u></u> |

Notes to the Preliminary Final Report

YEAR ENDED 30 JUNE 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

This preliminary final report has been prepared in accordance with Listing Rule 4.3A and is based on accounts which are in the process of being audited.

This preliminary final report has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board as appropriate for profit-oriented entities. The preliminary financial report does not include all the notes of the type normally included in an annual financial report.

The preliminary final report covers the economic entity of CPT Global Limited and Controlled Entities. CPT Global Limited is a listed public company, incorporated and domiciled in Australia.

CPT Global Limited has a formally constituted audit committee.

(b) Significant accounting policies

Except for the impact of new accounting standards adopted this year as described below, this report, and the accounts on which it is based, use the same accounting policies which have been consistently applied by the entities in the group and are the same as those applied in the 30 June 2020 annual financial report.

2. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

| | 2021 \$'000 | 2020 \$'000 |
|---|----------------|----------------|
| (a) Dividends paid during the year | | |
| <i>Current year interim</i> | | |
| Franked dividends (2.00c per share) (2020: 0.0c per share) | 786 | - |
| <i>Previous year final</i> | | |
| Franked dividends (0.50c per share) (2020: 0.50c per share) | 478 | 189 |
| | 1,264 | 189 |
| (b) Dividends proposed and not recognised as a liability | | |
| Franked dividends (3.00c per share) (2020:1.25c per share) | 1,209 | 478 |

3. EVENTS AFTER THE BALANCE SHEET DATE

On 24th August 2021 CPT Global Limited announced its intention to extend the on-market share buy back for a further twelve months until 24th August 2022. A maximum of 3,000,000 shares may be bought back during the buy back period, which will run from 24th August 2021 until 24th August 2022.

4. EARNINGS PER SHARE

(a) The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

| | 2021 \$'000 | 2020 \$'000 |
|--|-------------------------|-------------------------|
| Net (loss)/profit & earnings used in calculating basic and diluted earnings per share | 3,405 | (3,345) |
| Impairment expense | - | 4,232 |
| Earnings used in calculating earnings per share after tax but before impairment | 3,405 | 887 |
| | Number of shares | Number of shares |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 38,825,355 | 38,260,251 |
| Weighted average number of options outstanding | 50,000 | - |
| Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share | 38,875,355 | 38,260,251 |

5. INTANGIBLE ASSETS

| | 2021 | 2020 |
|---|---------|---------|
| | \$'000 | \$'000 |
| Goodwill at cost | 9,659 | 9,659 |
| Accumulated impairment losses | (9,659) | (9,659) |
| Total goodwill | - | - |
| Intellectual Property at cost | 75 | 75 |
| Accumulated impairment losses | (75) | (75) |
| Total intellectual property | - | - |
| Software at cost | 750 | 750 |
| Disposals | - | - |
| Write back of accumulated amortisation on disposals | - | - |
| Accumulated amortisation | (750) | (750) |
| Total software | - | - |
| Total intangible assets | - | - |

| | Goodwill | Intellectual Property | Software |
|--------------------------------------|----------|-----------------------|----------|
| | \$'000 | \$'000 | \$'000 |
| Year ended 30 June 2020 | | | |
| Balance at the beginning of the year | 4,157 | 75 | 24 |
| Additions | - | - | - |
| Amortisation charge | - | - | (23) |
| Impairment charge | (4,157) | (75) | - |
| | - | - | 1 |
| Year ended 30 June 2021 | | | |
| Balance at the beginning of the year | - | - | 1 |
| Impairment charge | - | - | - |
| Amortisation charge | - | - | (1) |
| | - | - | - |

Intangible assets other than goodwill and intellectual property have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income. Goodwill and intellectual property have indefinite useful lives because these intangible assets arose on the acquisition of businesses purchased as going concerns. These businesses continue to be operated within the CPT Global Group and there are no plans to cease any part of these operations.

The following information relates to the comparative period and explains the impairment of goodwill as at 30 June 2020.

At 31 December 2019 there was an impairment indicator asset assessment undertaken of the intangible assets allocated to the Australian CGU. As the Australian CGU had not achieved its revenue budget for the 6-month period to 31 December 2019, an indicator of impairment existed and a valuation of intangible assets was performed to determine the recoverable amount.

The valuation confirmed that the balance of goodwill and intellectual property were impaired and an impairment loss of \$4.2 million recognised in the Statement of Profit and Loss. The impairment loss results in goodwill and intellectual property being impaired to zero in the Statement of Financial Position.