

FY22 Half Year Financial Results

Outperformance against previous corresponding period and IPO forecast

Silk Logistics Holdings Limited (ASX:SLH) is pleased to announce its half year results for the 26-week period ended 26 December 2021 (1HFY22).

1HFY22 Highlights (compared to previous corresponding period (pcp))

- **Revenue** of **\$182.5 million**, an **increase** of 18.5% or \$28.5 million
- **Underlying EBIT² (pre-AASB16)** of \$12.5 million, an **increase** of 44.5% or \$3.8 million
- **Underlying EBIT² (post-AASB16)** of \$14.6 million, an **increase** of 25.9% or \$3.0 million
- **Statutory NPAT** of \$3.5 million, a **decrease** of \$0.7 million
- **Underlying NPAT¹** \$7.4 million, an **increase** of 50.9% or \$2.5 million
- **Interim dividend 2.19 cps** – fully franked
- **Lost Time Injury Frequency Rate (LTIFR)** of **3.2** (rolling 12-month period), an **improvement** from 4.2 (at June 2021 adjusted)

1HFY22 Results

Silk reported revenue of \$182.4 million, representing growth of 18.5% on pcp, and Underlying NPAT (UNPAT) of \$7.4 million, an increase of 50.9% or \$2.5 million on pcp.

Underpinning this result was \$25.3 million of annualised new business revenue and increased share of existing customers wallet. Return on capital employed (ROCE³) of 59.0% (annualised) is up from 50.8%.

Silk's key operational metrics all reported strong growth in the period against the pcp, with billed containers of 151,200 up 10.5%, average leased warehouse storage occupancy levels at 81.6% up from 74.7%, and billed consignments of 38,400 up 52.4%.

Note: Underlying measures of performance are stated to exclude the impact of significant items⁴.

Silk Managing Director & CEO Brendan Boyd said "The Company commenced trading on the Australian Securities Exchange on 9 July 2021 following its strongly supported initial public offering to raise \$70.0 million which positioned the Company for continued growth.

Following the trading update provided at the November 2021 AGM, business momentum has continued with strong trading activity in November and December partly attributable to volume delayed by global supply chain challenges. This volume uplift is expected to continue in second half FY22.

Pleasingly, today we report our half year FY22 financial results with revenue and profit ahead of both the FY22 IPO prospectus forecast and the previous corresponding period. This could not have been achieved without the extraordinary effort delivered by our dedicated employees and subcontractors.

In an environment in which the industry has been challenged by supply chains and labour shortages in unprecedented ways, Silk continues to grow profit margins through new business providing strong operating leverage, implementing operating efficiencies, and investing in technologies. Our time-certain service delivery model has enabled us to respond decisively to ensure customers' needs were met, while protecting our employees and extended workforce.

During this reporting period, the Company announced the acquisition of an 11-hectare greenfield site in Kemps Creek, NSW, which will be the location of Silk purpose-built warehouses in 2024. The development is proposed to be undertaken by a selected third-party and we are in the final stages of negotiating the transfer of land and lease terms.

In February 2022, the Company completed its acquisition of 101Warehousing Pty Ltd, an established third-party logistics provider with a capability in the rapidly growing eCommerce sector. This acquisition fits well with Silk's existing business model and positions Silk to expand its service offering.

As we look forward to full year FY22 results, we have upgraded our earnings guidance to reflect our latest forecast volumes and the contribution from 101Warehousing."

Outlook for Full Year FY22

Upgraded full year 2022 Underlying EBIT (pre-AASB16) guidance to be in the range of \$25.0 - \$26.0 million (including contribution from the recently acquired 101Warehousing of \$0.8 million), compared to prospectus guidance of \$20.9 million.

¹ Underlying NPAT = Statutory net profit after tax before significant items[^]

² Underlying EBIT = earnings before interest and tax (pre and postAASB16 *Leases*) before significant items[^]

³ ROCE (return on capital employed) = Underlying EBIT (pre-AASB16 *Leases*) / (equity + net debt / (cash))

[^] Significant items are profit or loss items associated with mergers and acquisitions activity, capital restructures or certain one-off events included in reporting periods that are not reflective of underlying business activities. FY22 pre-tax significant items include – IPO-related costs \$3.1m (net of fair value gain on financial instrument), pre-IPO share-based payments - \$1.8m, business acquisition costs - \$0.3m. FY21 pre-tax significant items include - movement in deferred contingent consideration - \$0.7m. The IPO Prospectus had no significant items in FY22. Further, the IPO Prospectus treated all IPO-related costs as FY21 significant items.

Results webinar

Silk Managing Director & CEO Brendan Boyd, and CFO Brendon Pentland will host a webinar to discuss the 1HFY22 results at 9.30am (AEDT) today Thursday, 24 February. Please note that the webinar will be recorded, and a copy will be made available on Silk's website shortly after it is completed.

Webinar link: https://us02web.zoom.us/webinar/register/WN_Nt7o-eZOSXSdPADRDeIBoA

Investors can submit questions prior to the webinar to melanie@nwrcommunications.com.au or via the Q&A function on Zoom, during the webinar.

This announcement is authorised for release by the Board of Directors of Silk Logistics Holdings Limited.

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