



**SILK**  
LOGISTICS  
HOLDINGS

# Strong Performance, Sustainable Growth

Annual Report 2022



Silk Logistics Holdings Limited ('Silk', the 'Group' or the 'Company') is pleased to provide you with our Annual Report, for Financial Year 2022 ('FY22') (the 52-week period ended 26 June 2022). Silk's Annual Report covers Silk Contract Logistics Pty Ltd ('Silk Contract Logistics') (ABN 56 006 444 355), Rocke Brothers Pty Ltd ('Rocke Brothers') (ABN 60 100 734 469), 101Warehousing Pty Ltd ('101Warehousing') (ABN 20 154 887 715) and other controlled entities.

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## About Silk Logistics Holdings Limited

Silk is a leading Australian logistics provider, with a national, integrated port-to-door service, delivered through best-in-class operating segments, enabled by The Silk Way and tier-one technology. Since the management buyout ('MBO') in 2014, our focus at Silk has been to create a business that is agile, responsive to customers, capable of adapting to changing market dynamics, and scalable. Silk has delivered strong growth, exceeding forecasts for FY22, and continues to mature and strengthen in preparation for the next phase of growth. Silk listed on the Australian Securities Exchange ('ASX') in July 2021 under code SLH.

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## Non-IFRS financial information

The 2022 Annual Report contains certain non-IFRS financial measures of earnings before interest, tax, depreciation and amortisation ('EBITDA') and earnings before interest and tax ('EBIT') and before significant items. Significant items are costs associated with mergers and acquisitions activity, capital restructures or certain one-off costs incurred in reporting periods that are not reflective of underlying business activities. Non-IFRS financial measures are financial measures other than those defined or specified under all relevant accounting standards and may not be directly comparable with other companies' measures but are common practice in the industry in which the Group operates. Non-IFRS financial information should be considered in addition to, and is not intended to be a substitute for, or more important than, IFRS measures. The presentation of non-IFRS measures is in line with Regulatory Guide 230 issued by the Australian Security and Investments Commission to promote full and clear disclosure for investors and other users of financial information and minimise the possibility of being misled by such information.

These measures are used by management and the directors as the primary measures of assessing the financial performance of the Group. The directors also believe that these non-IFRS measures assist in providing additional meaningful information on the underlying drivers of the business, performance and trends, as well as the position of the Group. Non-IFRS measures are not subject to audit or review.







# Contents

FY22 Performance Highlights	02	Consolidated Statement of Profit or Loss and Other Comprehensive Income	42
Chair's Letter	04	Consolidated Statement of Financial Position	43
Managing Director and Chief Executive Officer's Report	06	Consolidated Statement of Changes in Equity	44
Company Overview	09	Consolidated Statement of Cash Flows	45
5-year Growth Strategy	16	Notes to the Consolidated Financial Statements	46
ESG Summary	18	Directors' Declaration	83
FY22 Key Statistics	20	Independent Auditor's Report	84
Directors' Report	23	Shareholder Information	88
Auditor's Independence Declaration	41	Corporate Directory	91

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# FY22 Performance Highlights

Record results driving future growth

## Share Price Outperformance<sup>1</sup>

(vs. ASX Small Industrials Index)

23.9  
percentage points



## Substantial EBITDA<sup>2</sup> Growth

(YoY for Group)

↑16.2%



## Revenue Outperformance

(YoY for Group)

↑22.1%



## High Cash Generation<sup>3</sup>

(Cash to EBITDA<sup>2</sup>)

97.5%



## Improvement in TRIFR<sup>4</sup>

(Reduction in TRIFR<sup>4</sup> YoY)

↓30.5%



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1. Based on price performance 9 July 2021 to 24 June 2022.

2. Underlying EBITDA is post-AASB16 and before significant items. Underlying performance measures exclude the impact of significant items, which 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.

3. Cash Generation % is measured as underlying cash flows from operations after net capex divided by underlying EBITDA (post-AASB16).

4. Total recordable injury frequency rate. FY22 TRIFR of 7.26 versus 10.45 in FY21 (adjusted post FY21 results to include backdated claim).





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Silk's growth strategy, risk and governance framework, and strong customer relationships have driven a record result for shareholders in FY22.

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# Chair's Letter



Dear Shareholders,

**I am pleased to present the Annual Report for the 52-week period ended 26 June 2022 (FY22). FY22 represents Silk's first full financial year as an ASX-listed entity, following our IPO in July 2021.**

We have been able to outperform Prospectus forecasts despite ongoing challenges with supply chains, labour shortages and COVID-19. The Silk share price also outperformed the broader market, exceeding the ASX Small Industrials index by 23.9 percentage points during FY22.

Silk reported:

- Revenue of \$394.7 million, a 22.1% increase on FY21 and 16.3% ahead of Prospectus forecast;
- Earnings before interest and tax (EBIT<sup>1</sup>) of \$31.0 million, a 27.6% increase on FY21 and 19.7% ahead of Prospectus forecast; and
- Underlying net profit after tax (UNPAT) of \$15.8 million, a 45.0% increase on FY21 and 18.8% ahead of Prospectus forecast.

Silk has emerged from challenging market and industry conditions in strong financial health with high profit to cash conversion, low gearing and a healthy bank balance of \$32.0 million. This enabled Silk to commence dividends to shareholders, culminating in a full year dividend of 8.49 cents per share (equating to a dividend yield of 4.2%<sup>2</sup> p.a.).

In FY22, we invested in our people and technology to ensure our integrated port-to-door offer continues to provide a compelling service to our customers. As Silk grows, we remain focused on developing the right team to support the business and build a sustainable platform for future growth. We are pleased to have recently appointed Dani Aquilina to the newly

**\$394.7m**      **\$31.0m**

FY22 Revenue

FY22 EBIT<sup>1</sup>

Strong performance delivering a platform for future growth

created role of Chief Operating Officer and Paul Spottiswood to the newly created role of Chief Corporate Development Officer.

The high levels of growth achieved over FY22 would not have been possible without the dedication of Silk management, employees, and contractors. I would like to express my gratitude, and pride, in the broader Silk team for their efforts, and contribution to our outstanding results.

We completed two significant transactions in FY22; firstly, entering into an agreement for the lease of Silk purpose-built warehouses on land at Kemps Creek, NSW, which will add to our network capacity from FY25. Secondly, the acquisition of 101Warehousing representing an attractive entry point for Silk into the fast-growing e-commerce fulfilment segment.

As we look to the future, FY23 has started strongly with the recent announcement of a binding agreement (subject to customary conditions) to acquire Perth-based Port Logistics specialist, Fremantle Freight & Storage Pty Ltd. This acquisition will enhance our footprint and capability in Western Australia and provide significant cross-sell opportunities for our eastern seaboard customers. As part of our growth strategy, we will continue to target synergistic acquisitions that expand our service and geographical footprint and capabilities, and further increase our market share. We will also continue to drive organic growth through new customer relationships, cross-selling opportunities with existing customers, and operational and technological initiatives.

Silk is well-positioned to deliver sustainable performance for our shareholders over the long-term. We have appreciated your continued support of Silk and we look forward to delivering more positive results throughout FY23.

**Terry Sinclair**

Chair

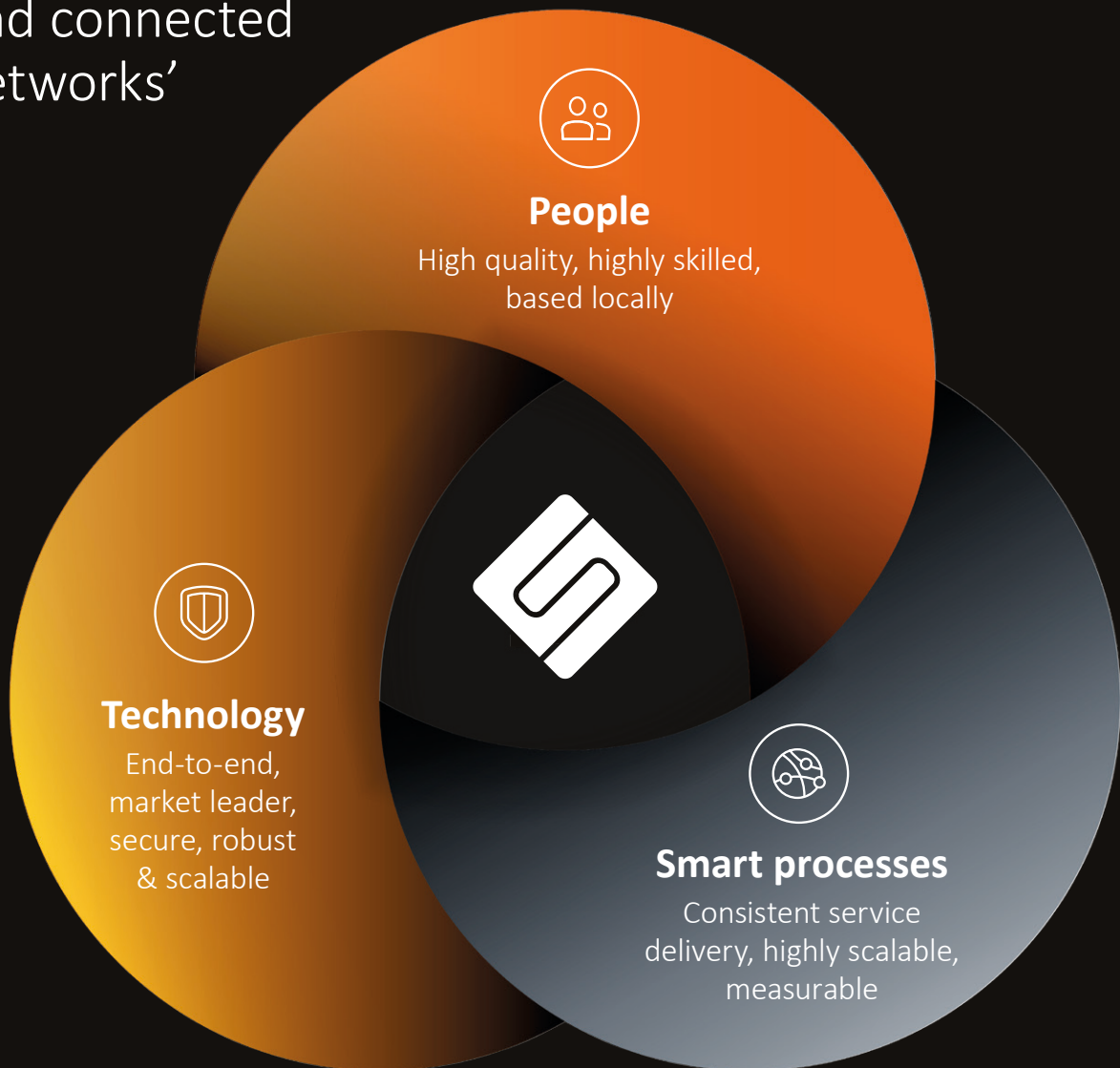
Silk Logistics Holdings Limited

1. EBIT and EBITDA are post-AASB16 and before significant items.  
2. Based on IPO (9 July 2021) offer price of \$2.00 per share.



## Silk's Vision

'The market leader  
of innovative supply  
chain solutions  
through our people  
and connected  
networks'



## The Silk Way

To achieve our vision, we have developed The Silk Way, a set of guiding principles centred around our people, processes and technology. The Silk Way and Silk's values ensure that standards are maintained from top to bottom and remain at the forefront of our service offering.

# Managing Director and Chief Executive Officer's Report



**This financial year has been one of outperformance – financially, in substantially exceeding Prospectus forecasts, and operationally, in delivering industry-leading outcomes to our national customer base. Silk continues to be a market leader of innovative port-to-door supply chain solutions and is well positioned to capitalise on opportunities to extend our service capability and geographic reach.**

Silk's FY22 outperformance, in the context of COVID-19, global supply chain issues, and labour shortages, is attributable to our asset-right strategy, our people, and our risk and governance framework. Our time-certain service resonated strongly with our customer base, underpinning full year revenue result of \$394.7 million, an increase of \$71.4 million on the prior corresponding period (pcp), and outperforming Prospectus forecast by \$55.3 million.

During a period of significant rising costs and uncertainty, we maintained our margins through diligent cost recovery mechanisms and robust customer relationships. Our collaborative approach with customers has been

rewarded with strong customer retention, reflected in a 21-point improvement in our customer NPS (net promoter score) in FY22.

Silk's strong performance in FY22 is attributable to the dedication of the entire Silk team and their commitment to uphold The Silk Way and our values. Indeed, the most critical of our values is Safety, and over FY22 our total recordable injury frequency rate ('TRIFR') reduced from 10.45 to 7.26. While this compares favourably to peers, we are targeting further reductions in FY23 and beyond.

Our national capabilities and leading port-to-door service offering has been rewarded with strong growth in both operating segments with annualised new business wins in FY22 totalling \$46.6 million. In Port Logistics, billed containers increased by 6.5%, supported by both new and existing customer growth, and Contract Logistics leased warehouse occupancy improved by 7.1% to 85.0%, underpinned by new customer wins and further organic growth through scale and operational efficiencies.

We committed to delivering shareholder value when we listed in July 2021. Our balance sheet strength has enabled us to pay a full year dividend of 8.49 cents per share representing a Statutory NPAT pay-out ratio of 50%. The most recent Silk (ASX:SLH) share price was \$2.20 (24 August 2022), an increase of 10% since listing on 9 July 2021, and during FY22, the Silk share price outperformed the broader market, exceeding the ASX Small Industrials by 23.9 percentage points and ASX Small Ordinaries by 19.9 percentage points.

We remain focused on accelerating growth in FY23 and beyond – through operational initiatives that improve margins and increase cross-selling opportunities, and the pursuit of complementary acquisition opportunities. This financial year we acquired Victorian-based e-commerce contract logistics business, 101Warehousing. This represents our first beachhead into e-commerce, addressing the rapidly developing customer requirement for B2C capabilities.

Additionally, the Kemps Creek site, on which Silk purpose-built warehouses will come online from FY25, will enable the establishment of a new Silk logistics hub in New South Wales, and create increased warehouse capacity at reduced operating costs.

## \$46.6m

New business wins in FY22<sup>1</sup>

1. Estimated annualised new revenue from new and existing customers.



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# 43

Sites nationally<sup>2</sup>

As we move into FY23, we recently entered into a binding agreement (subject to customary conditions) to acquire Fremantle Freight & Storage Group, a leading Western Australian Port Logistics provider. This acquisition will fulfil one of the primary growth targets flagged in our Prospectus and enables us to better service our blue-chip customer base on a national level.

Over the financial period we have efficiently utilised our assets to drive strong performance. Silk's shift to an asset-right strategy is fundamental to our growth aspirations and will enable the business to increase operational capacity and further strengthen our capabilities. We have fully utilised our existing assets, infrastructure, and resources, which has produced a strong result in FY22. Under our asset-right strategy, we will continue to invest in specialised equipment that has high utilisation within our operations, the right infrastructure to enable growth, and appropriate resources within the business to support Silk's five-year growth strategy (refer to pages 16 and 17). In FY23, the business is focused on further investment to create a sustainable platform for future growth. We will continue to be disciplined with our investment and acquisition strategy reviewing opportunities on a case-by-case basis with a focus on increasing operating and geographic scale.

We continue to invest in our team, our people and our culture. Our people remain our most important asset and recognising their efforts and commitment to Silk has always been a central part of our employee value proposition. Accordingly, our strong results in FY22 have facilitated the establishment of the Silk Employee Share Scheme from FY23. Silk also respects the significance of our Environmental Social and Governance ('ESG') responsibilities and is committed to making tangible progress against our ESG roadmap in FY23. Pleasingly, in FY22, we achieved key milestones in respect of cultural and gender diversity in senior management and across our workforce.

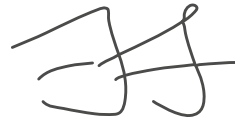
# 8.6 YEARS

Average customer relationship<sup>3</sup>

In FY22, we also strengthened our Executive Leadership Team with the addition of Dani Aquilina in the newly created role of Chief Operating Officer, responsible for overseeing and managing our growing operational footprint. Dani has a strong background in delivering operational efficiencies, with proven results in supply chain and distribution roles, and is a strong fit with our agile culture.

To assist in facilitating our growth, we have also appointed Paul Spottiswood as Chief Corporate Development Officer. Paul will lead the newly created Corporate Development team and is responsible for acquisitions, integrations and equity capital markets.

Enhancing shareholder value is a key objective for board and management. FY22 proved that we are steadfast in delivering on our promise and I look forward to updating you on the progress we make over the next 12 months.



**Brendan Boyd**

Managing Director & Chief Executive Officer  
Silk Logistics Holdings Limited

# 79%

Warehousing customers using  
two or more of the three  
port-to-door services

- 
- 
2. Includes leased and managed Contract Logistics and Port Logistics sites, with 6 sites being hybrid Contract Logistics and Port Logistics operation at the same location.
  3. Contracted customers only as at 26 June 2022.

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## Silk's Values



### Safety

We will demonstrate an uncompromising commitment to safety, promoting safe practices and behaviours, by taking responsibility and always being accountable for our actions.



### Respect

We respect and recognise team members and their role in the business. We will treat one another with dignity and understanding.



### Customer-Centric

We will seek to anticipate, understand and exceed customer needs through the provision of innovative and customised solutions.



### Innovation

We will continuously find improvements by challenging the status quo and striving for excellence.



### Integrity

We will always do the right thing regardless of the outcome. We will be courageous and accountable for our decisions and actions.



### Passion

We are proud to be part of a team that is passionate about making a positive contribution each day to achieve our vision.



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# Company Overview

## Port Logistics & Contract Logistics

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Silk is a leading integrated port-to-door logistics partner for some of the world's best-known brands.

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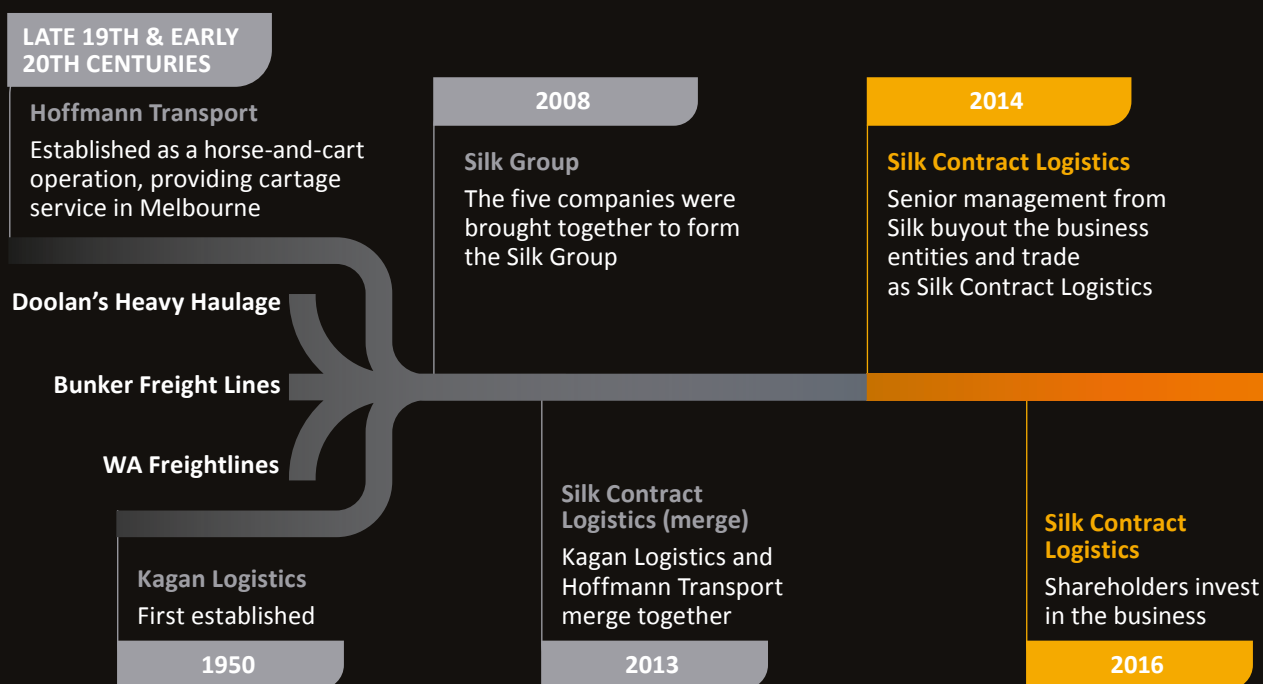
Under its Silk Contract Logistics, Rocke Brothers and 101Warehousing brands (refer to figure 1), Silk provides a comprehensive suite of business-to-business ('B2B'), business-to-consumer ('B2C'), and e-commerce fulfilment supply chain solutions. Silk has two primary operating segments: our Port Logistics business provides wharf cartage services, and our Contract Logistics business offers warehousing, e-commerce fulfilment and distribution services.

Silk listed on the ASX in July 2021.



Figure 1: Corporate Structure (as at 26 June 2022).

## HISTORICAL TIMELINE OF SILK



## Silk's History

Silk was established over 100 years ago, from humble beginnings, as two formative businesses in Victoria – Hoffman Transport and Kagan Logistics. The businesses were consolidated into Silk Logistics Group in 2008, before being acquired in 2014 by the existing executive Shareholders, Brendan Boyd (Co-Founder and Managing Director) and John Sood (Co-Founder and Chief Customer Officer), and private investment partners in the MBO (refer to figure 2).

Since 2014, Silk's success can be attributed to steadfast adherence to the three-phase strategic plan that was initiated as part of the MBO. The strategic plan involved a focus on customer

satisfaction and growth, an aggressive M&A strategy to build on the existing platform and add capabilities, scale and geographic footprint, and pursuing growth via industry consolidation.

Since IPO, we have evolved our strategic roadmap, comprising three horizons of growth over the next five years (refer to pages 16 and 17). Pursuant to our current roadmap, we recently extended our B2B business model into e-commerce fulfilment with the acquisition of 101Warehousing. We will continue to look at acquisition opportunities that will further enhance our logistics offer (domestically and internationally).

Silk was established over 100 years ago.





Figure 2: Historical timeline of Silk.

## Key Locations

Silk's facilities are strategically located in all major Australian capital cities, typically with good access to container ports (refer to figure 3). This provides a distinct competitive advantage and ensures the efficient and cost-effective servicing of our customer base on a national scale.

### NATIONAL

Warehouse sites

31

Port Logistics sites

12

Silk operates a total of 31 warehouse sites, including 9 with the necessary licenses and notifications to compliantly store light industrial goods, 10 food grade sites, and now 5 e-commerce sites in Victoria with significant automation opportunity.

Silk also has container yard facilities in Victoria, New South Wales, Queensland and Western Australia on, or adjacent to, the major container ports in those states. Of Silk's 12 Port Logistics sites, 6 are adjacent to Warehouse sites at the same location, providing operational efficiency for integrated services across both operating segments.

### STRATEGICALLY LOCATED OPERATIONS

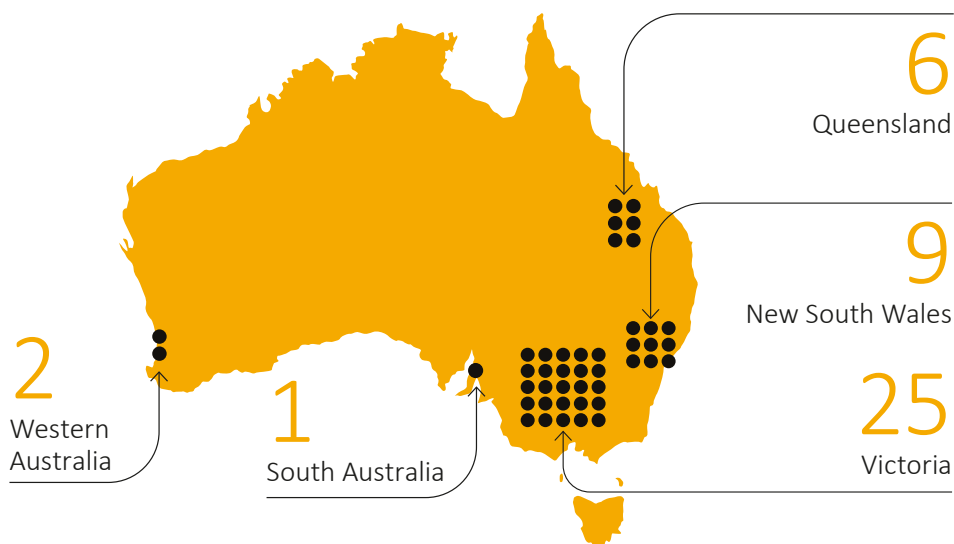


Figure 3: Strategically located assets.

# Port-to-Door Service Offering

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Silk's earnings are generated through our market-leading operations both 'left and right' of the warehouse. Customers have access to a fully integrated port-to-door service offering enabled by tier-one technology.

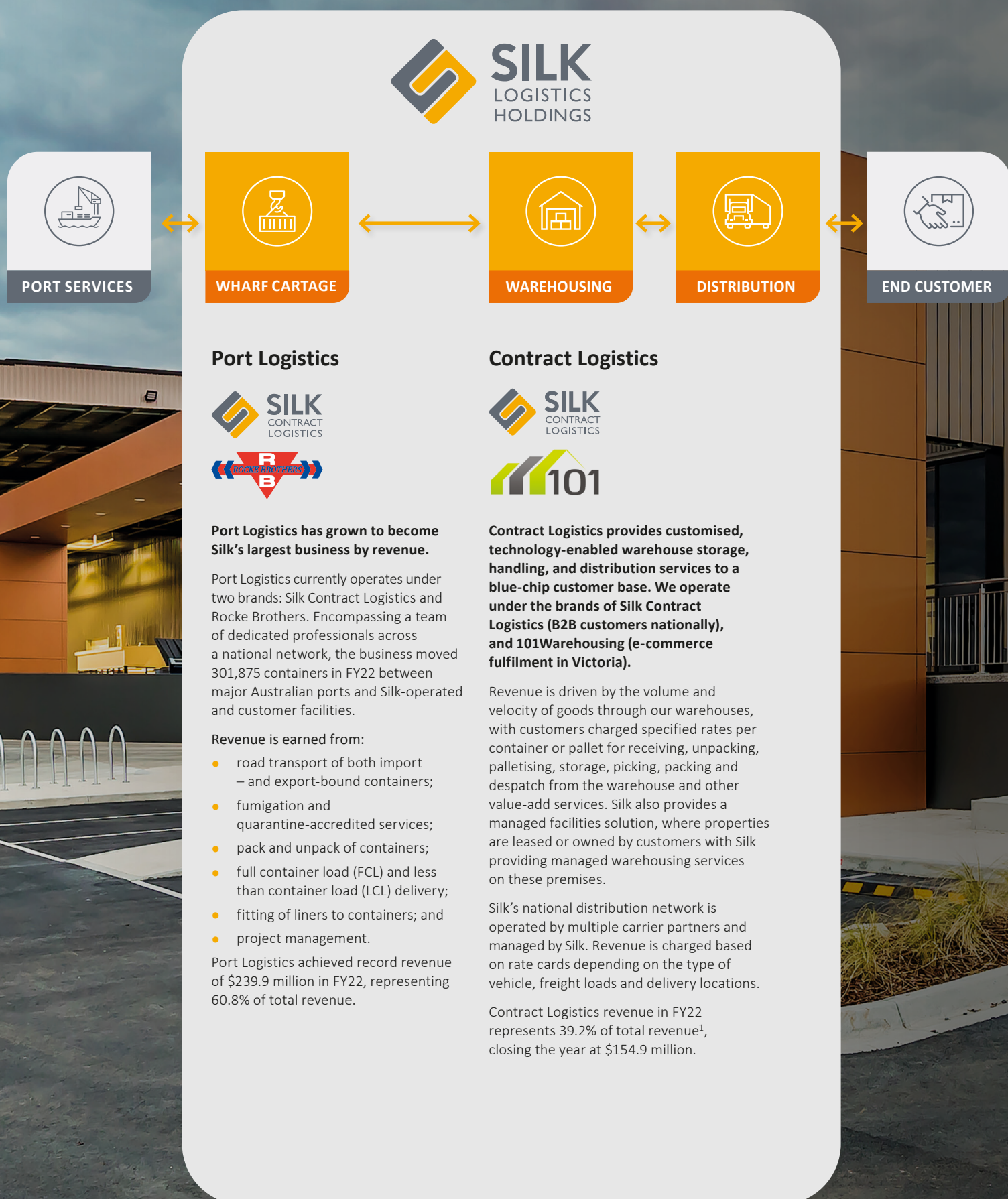
We believe our success is based on the success of our customers, our employees and our partners. We take great pride in our ability to understand our customers requirements and collaboratively build a solution that best meets their supply chain needs.

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## SILK FULLY INTEGRATED SERVICE OFFERING



1. Includes revenue from 101Warehousing from 2 February – 26 June 2022



# Customers

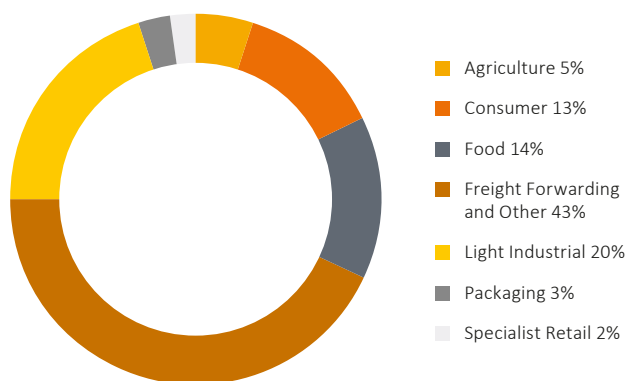
**Silk provides customers with a national, integrated port-to-door solution. Our customers expect a premium service, and value technology-driven, time certain and reliable service levels.**

Many of our customers require high quality, high reliability, integrated solutions in multi-user facilities due to their high compliance standards and mid-scale volumes. Our customers' needs are centred around the nature and quality of services, rather than industry sector dynamics.

Our 518 customers operate in a range of industries ensuring that Silk is not reliant on any particular market segment. Historically, we have focused on customers in FMCG (fast-moving consumer goods), light industrial, food, specialist retail and containerised agriculture industries. Silk will continue to target new customers in these 'resilient' industries but will also pursue other industries where customer needs fit Silk's integrated value proposition (including e-commerce market segments).

Our long-standing customer base has an average contracted tenure of 8.6 years<sup>1</sup>. Our contracted customers represent 54% of FY22 Group revenue, with no single customer representing more than 5.1% of total revenue. Our customers value a high-quality and time-certain logistics service, which is reflected in Silk's strong track record of forming long-term relationships with customers and repeat revenue generation from existing customers.

## Silk revenue by market category



1. Contracted customers only, as at 26 June 2021.
2. Revenue received from those customers who had been customers in FY21.



Contracted customers with a tenure of more than four years account for 84% of contracted revenue for FY22



79% of warehousing customers are using other port-to-door services offered by Silk



98% of FY22 revenue was earned from existing Silk customers<sup>2</sup>



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There are substantial organic growth opportunities in Silk's existing customer base through internal cross-selling opportunities. Year on year, we have seen a 17% increase in warehousing customers utilising Silk's port logistics and/or distribution services.

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# 5-year Growth Strategy

Silk has a proven track record of setting and achieving ambitious goals. The time is right to pursue the next phase of growth.

We have defined our five-year roadmap in three growth horizons:

## FY23

### Horizon 1

#### Strengthen the core, drive organic growth and bolt-on acquisitions



##### Capability

- Acquire Port Logistics capability in Western Australia and South Australia
- Strengthen distribution carrier network
- Leverage 101Warehousing acquisition to drive growth in e-commerce in Victoria



##### Infrastructure

- Establish long-term site network strategy
- Establish new site in Kenwick, Western Australia
- Assess appropriate technology & automation opportunities



##### Other

- Achieve diversity targets
- Institute ESG roadmap
- Launch Employee Share Scheme (ESS)



# FY25

Horizon 2

## Drive national business and accelerate growth with targeted acquisitions



### Capability

- Develop 'marketplace' for distribution services
- International expansion (acquisition or JV)
- Extend e-commerce capability to New South Wales and Queensland
- Launch SPL service offer



### Infrastructure

- Establish new multi-user sites in Victoria, New South Wales and Queensland
- Site consolidation
- Scale automation capability



### Other

- Electrification of MHE fleet
- Assess solar opportunities

# FY27

Horizon 3

## Extract value from acquisitions and organic growth initiatives



### Capability

- Continue to expand into new territories
- Embed and capture synergies from acquisitions
- National e-commerce capability
- Expand proven SPL offering



### Infrastructure

- Grow and optimise the site network
- Digitalisation and optimisation of the operations of all sites



### Other

- Electrification of heavy vehicles
- Track carbon emissions





# ESG Summary

The Silk ESG (Environmental, Social, Governance) framework has been developed with guidance from Silk's Sustainability Committee. Specific targets and future actions are currently being finalised and will be presented in Silk's inaugural ESG Report in 2023.

Our customers, employees, and communities expect us to make a positive contribution towards a more sustainable future. As a leading logistics company across Australia, and aspirations for international expansion, we recognise the role we play in being a responsible part of global supply chains.

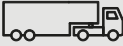








Our ESG focus has the greatest impact on the following United Nations Sustainability Development Goals ('SDGs'):







Silk is committed to making tangible progress against our environmental sustainability roadmap over the next five years across assets, facilities, offering and systems. As the business grows, our deliverables and progress will be aligned with the aforementioned United Nations SDGs. In FY22, Silk achieved the following:

	Area	Progress
Assets	<b>Heavy Vehicles</b> 	<ul style="list-style-type: none"> <li>Procured latest Euro standard models of fleet</li> <li>Developed a strategy for fleet transition of sub-contractor vehicles</li> </ul>
	<b>Lifting Equipment</b> 	<ul style="list-style-type: none"> <li>Majority of MHE fleet is electrified</li> <li>Committed to electrifying reach stackers</li> </ul>
	<b>Medium/Light Vehicles</b> 	<ul style="list-style-type: none"> <li>Committed to reducing carbon emissions of carrier network through organisation of LTL</li> </ul>
Facilities	<b>Energy</b> 	<ul style="list-style-type: none"> <li>Ensured new sites have greater energy efficiency ratings</li> <li>Upgraded lighting to LED</li> <li>Explored solar options on new sites</li> </ul>
	<b>Water</b> 	<ul style="list-style-type: none"> <li>Committed to reducing water usage</li> </ul>
	<b>Waste and Recycling</b> 	<ul style="list-style-type: none"> <li>Committed to introducing a recycling program and measuring total versus recycled waste</li> <li>Circular/hiring model used for pallets</li> </ul>
Other	<b>Offering</b> 	<ul style="list-style-type: none"> <li>Committed to including and improving green credentials in Silk brand positioning and offering</li> </ul>
	<b>People, Processes &amp; Technology</b> 	<ul style="list-style-type: none"> <li>Communication of sustainability and waste initiatives to employees</li> <li>Committed to developing an environmental system and aligning to ISO 14001 standards</li> </ul>
	<b>Diversity, Equity &amp; Inclusion.</b> 	<ul style="list-style-type: none"> <li>Increase in female appointments to management and key roles</li> <li>Increase in cultural and social diversity</li> </ul>

# FY22 Key Statistics

Silk's asset-right strategy has led to strong growth in both operating businesses.

Outperformed Prospectus forecast.  
Driving future growth.

# 85.0%

Average leased warehouse occupancy for FY22<sup>1</sup>



1. Excluding 101Warehousing

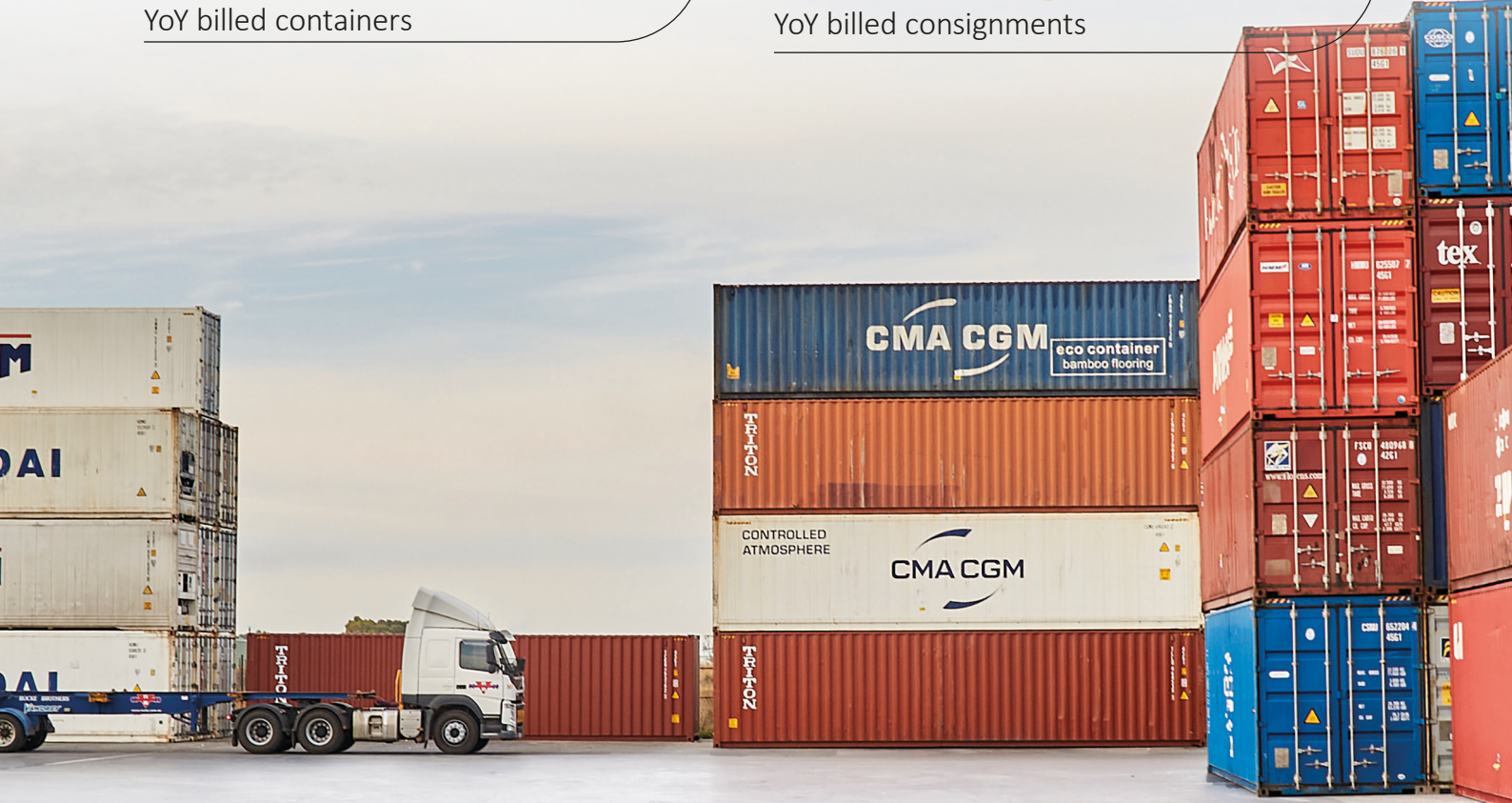


↑6.5%

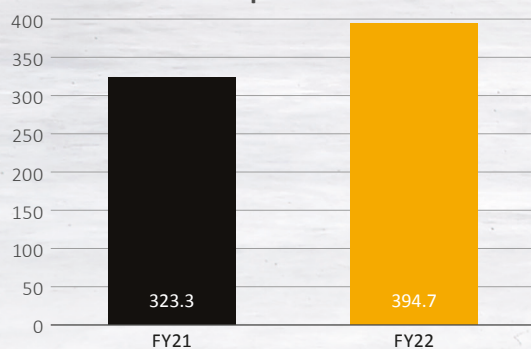
YoY billed containers

↑46.1%

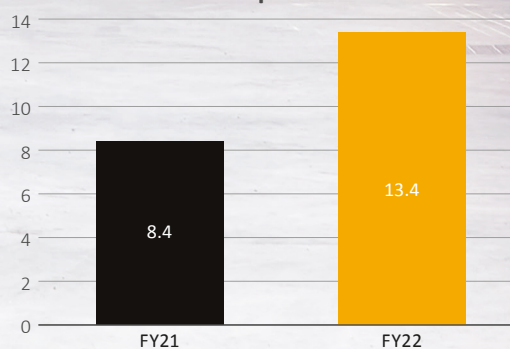
YoY billed consignments



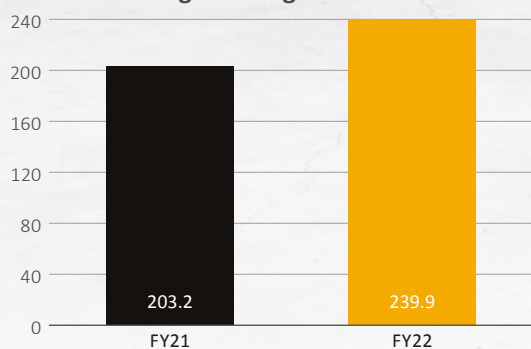
Group Revenue



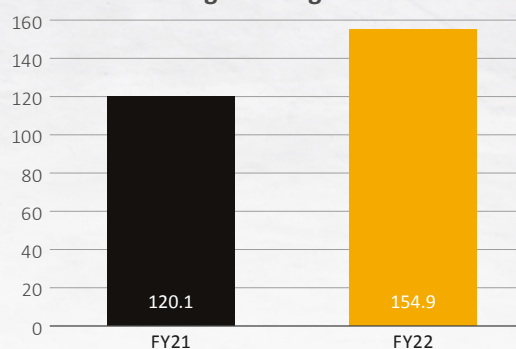
Group NPAT



Port Logistics Segment Revenue



Contract Logistics Segment Revenue





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# Corporate Directory

## Directors

Mr Terry Sinclair

Mr Brendan Boyd

Mr John Sood

Mr Stephen Moulton

Ms Louise Thurgood

## Company secretary

Ms Melanie Leydin

## Registered office

Unit 3, 850 Lorimer Street, Port Melbourne VIC 3207

## Principal place of business

Unit 3, 850 Lorimer Street, Port Melbourne VIC 3207

## Share register

### Boardroom Pty limited

Level 7, 411 Collins Street, Melbourne VIC 3000

<https://boardroomlimited.com.au/>

## Auditor

### Deloitte Touche Tohmatsu

477 Collins Street, Melbourne VIC 3000

## Stock exchange listing

Silk Logistics Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: SLH)

## Website

[silklogisticsholdings.com.au](http://silklogisticsholdings.com.au)

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# Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the Group') consisting of Silk Logistics Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the 52-week period (the 'period') ended 26 June 2022 (with comparatives for the 52-week period ended 27 June 2021).

## Directors

The following persons were directors of Silk Logistics Holdings Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

- Mr Terry Sinclair
- Mr Brendan Boyd
- Mr John Sood
- Mr Stephen Moulton
- Ms Louise Thurgood (appointed as a Non-Executive Director, effective 15 November 2021)

## Principal activities

The consolidated entity's principal activities during the period consisted of the provision of port logistics and contract logistics services. Port logistics operations consist of wharf cartage services; whilst contract logistics consists of warehousing and distribution services.

The consolidated entity has operations in Victoria, New South Wales, Queensland, Western Australia and South Australia and offered these principal activities across each region.

There have been no changes to the principal activities in the current period.

Other matters or circumstances arising since 26 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial periods are set out within this directors' report in the matters subsequent to the end of the financial period section.

## Review of operations

The profit for the consolidated entity after income tax (net profit after tax or NPAT) amounted to \$13.4 million (27 June 2021: \$8.4 million). In the current period NPAT included expenses associated with the Company's initial public offering ('IPO') (commenced trading on the Australian Securities Exchange ('ASX') on 9 July 2021) of \$5.4 million (pre-tax), fair value gain on IPO-related financial instrument (contingent incentive) of \$0.5 million (pre-tax), and costs associated with business acquisitions of \$0.8 million (pre-tax) and (pre-tax) net income of \$3.4 million from NSW land purchase novation. The after tax total of IPO and acquisition related expenses in the period was \$4.8 million, and after-tax net income from NSW land purchase novation was \$2.4 million.

The Group has grown revenue and profits (before significant items) in an environment of disrupted global supply chains in the 52-week period ended 26 June 2022. This current reporting period has seen the confluence of industrial action impacting stevedores' operations, constrained global shipping capacity, shipping container dislocation, vessel bunching and port bypassing, over-capacity empty container yards, significantly increased freight costs, and scarcity of available labour and resources such as wooden pallets and diesel fuel additives.

The Group's agile business model was able to respond to these industry-wide issues and customer requirements to maintain critical service delivery requirements. The Port Logistics segment performed strongly with volumes (billed containers increased 6.5% on pcp) continuing to benefit from its time certain service delivery, along with the Group's ability to win new business, and retain and grow existing business. The integration and consolidation of the businesses acquired since financial year 2019 has delivered scale in the Port Logistics operations which has driven profit margin expansion.

In our Contract Logistics segment, our average annual warehousing storage capacity was increased by 7,275 pallet spaces (or 3.1%) over FY21 levels through the addition of a new warehouse in NSW (3,500 pallet spaces), and reconfiguration of existing sites. Warehouse storage utilisation during the period was 85.0% (increasing from 77.9% pcp on lower capacity) having benefited from new business, continuing strong consumer demand for our customer's products, and the shift to customers holding more stock to protect against supply chain disruptions. Our integrated port-to-door logistics service offer continues to deliver customer revenue growth in the Distribution business as we expand our 4PL service offer through new business, and expanded services and routes through an extension of our contractor carrier network.

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## Directors' Report continued

On 4 November 2021, the Group entered into a land purchase contract to acquire an 11-hectare greenfield site at Kemps Creek, NSW, for cash consideration of \$58.0 million and identified a counter party to transfer the land purchase contract and development responsibilities prior to settlement. The novation of the land purchase contract was completed in April 2022 and the Group received a cash amount of \$13.6 million in connection with the novation (which included a reimbursement of the \$5.8 million deposit, stamp duty of \$3.2 million and other costs incurred by Silk). The Group recorded income before tax on the land purchase agreement and novation agreement of \$3.4 million in the period.

At the date of entering the novation of the land purchase contract, Silk entered into an agreement for lease ('AFL') under which it holds the right to enter into a 10-year lease for purpose-built warehouses on the Kemps Creek site commencing in second half calendar year 2024. Subject to certain conditions, the Group will be entitled to receive incentives of up to \$28.9 million in connection to the AFL.

On 2 February 2022, the Group completed its acquisition of 101Warehousing Pty Ltd, a Victorian-based e-commerce contract logistics service provider.

Whilst the COVID-19 pandemic has presented challenges in the financial period, the Group's agile business model, resilient customer segments, and the benefits of scale delivered through both organic growth and acquisitions in recent periods has protected the business from any significant negative impacts.

Availability of labour, dependency on international trade and supply chain channels, cyber security, rising input costs and the integration of acquired businesses have been identified as the most significant risks being managed by the Group. Whilst these risks were present through either the whole or part of FY22, they are also expected to persist through FY23. The Group reviews risks on a periodic basis and continues to develop its risk framework and processes to proactively identify, measure, monitor and mitigate risks to an acceptable level. These risks have been identified as significant as they could inhibit the Group's ability to service its customer and adversely impact profit. Accordingly, management strategies in place include:

- International trade and supply chain channels – variability in import and export containerised freight volumes caused by global shipping disruption and dislocation has the potential to impact the Group's revenue and profit margins. The Group manages this risk by operating an asset-right variable cost model in respect of its workforce (permanent employees and contracted workforce through utilising labour agency and subcontractor fleet operators) and transport fleet through a combination of owned assets (highly utilised and specialised equipment), subcontractor owned fleet and casual hire fleet arrangements. By maintaining a mixture of permanent, agency and subcontractor labour force allows the Group to access multiple sources of suitably skilled labour resources.
- Cyber security – a cyber security breach has the potential to disrupt the Group's information technology platform which is integral to the efficient operation of its business. The Group mitigates this risk by maintain and regularly updating its suite of information technology security measures to restrict access to the Group's operating systems including multifactor authentication, firewalls, phishing identification software, offsite and cloud hosted solutions. The Group conducts regular penetration testing and training to educate its workforce and ensure its security measures remain at the forefront of available market solutions.
- Recovery of rising input costs – rising input costs have the potential to reduce profit margins where those costs cannot be recovered from customers. Significant input costs are property leases, labour, fleet and material handling equipment ('MHE'), stevedore charges and transport costs. Property lease agreements include annual defined cost adjustments, whilst fleet and MHE leases are fixed for the term of each lease (generally 3 -7 years). Labour costs are largely subject to minimum award rates, enterprise agreements and, in respect of unregulated labour, market forces. The Group's customer contracts and agreements provide a mechanism for the Group to recover cost increases or pass on decreases, including an overhead component. Cost input reviews are conducted at least annually in multi-year agreements and more regularly if required. The Group's general terms and conditions permit the pass through of input costs (such as stevedore charges and transport costs) in the port logistics and distribution service lines.
- Integration of acquired businesses – acquired businesses are integrated to align with Group policies and procedures, and consolidate systems and processes where such changes provide synergies, enhance the internal control environment or improve business efficiencies. Integrations are planned and executed under a managed program of work to ensure minimal disruption to business operations and deliver sustainable benefits. An assessment of integration risks and opportunities is developed through a robust due diligence process and planning prior to the completion. Critical items are included in sale and purchase agreements as conditions precedent to ensure risks are mitigated to an acceptable level prior to ownership.



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## Directors' Report continued

### Dividends

A pre-IPO fully franked dividend of \$10.0 million was recommended during the prior financial period. The recommended dividend was contingent on the IPO completing (which was achieved on 9 July 2021), and accordingly, the recommended dividend became payable (based on shareholdings prior to the offer share allocation) on that date. The dividend was partially paid on 7 July 2021 and the balance paid on 12 July 2021.

On 24 February 2022, the Board of Directors declared a fully franked interim dividend of 2.19 cents per ordinary share which was paid on 1 April 2022.

On 25 August 2022 the directors declared a fully franked final dividend for the 52-week period ended 26 June 2022 of 6.30 cents per ordinary share with a record date of 2 September 2022 to be paid on 30 September 2022.

### Outlook

Whilst the industry-wide issues that have persisted throughout FY22 will continue to present challenges into FY23, the Group's agile business model and its customer industry verticals are expected to remain resilient.

It is the Company's strategic intent to undertake further acquisitions in coming periods. Acquisitions will be assessed on a case-by-case basis, with a view to broadening the Group's operating scale, capabilities and geographic reach. The Group also expects to drive further margin growth through operational initiatives to reduce costs and cross-selling a broader suite of services across its customer base.

The Group's focus to expand profit margins include initiatives for leased property consolidation, enhanced automation and utilising a modern, efficient, low-emission fleet of prime movers and other material handling equipment.

The Company will assess future dividends to be paid based on its determination of the best use of capital in light of prevailing conditions at such times.

### Corporate activities during the period

There were no changes in the consolidated entity's corporate activities in the financial period.

### Impact of COVID-19 pandemic on operations

The COVID-19 pandemic and quarantine measures imposed by the Australian and international governments, as well as the travel and trade restrictions imposed by Australia and other countries through financial periods since March 2020, have caused disruption to businesses and economic activity. Both the Federal and State Governments' implemented policies and measures through calendar years 2020 and 2021 with the aim of containing the virus, with most jurisdictions requiring state-wide extended social and workplace restrictions. Given the national footprint of the consolidated entity's operations, and the essential services requirement for domestic and global supply chains to remain open, these measures had a negligible impact on the continuity of the Group's operations. The Group has worked closely with its employees, customers and suppliers to provide a safe workplace and minimise impacts and disruptions.

The Delta-variant outbreak experienced in this reporting period resulted in increased employee and extended workforce absenteeism, which was further elevated with the more infectious Omicron-variant arriving in late CY2021 and into CY2022.

As a result of constrained workforce availability, and global supply chain issues, both Port Logistics and Contract Logistics operations were impacted by import volume delays, a condensed peak period and lack of labour availability during the reporting period. Additional costs of approximately \$2.2 million were incurred in the reporting period as a result of implementing COVID-19 safe workplace practices, high absenteeism, and higher labour costs associated with shift allowances, overtime and training to provide a safe workplace and meet customer demand.

The Group's business operations currently remain resilient in the face of the challenges presented by the COVID-19 pandemic.

The consolidated entity did not receive any financial assistance from the Federal or State Governments during the current or previous financial period.

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## Directors' Report continued

### Significant changes in the state of affairs

On 9 July 2021 the Company commenced trading on the ASX after completing its IPO. The IPO capital raise of \$70.0 million comprised of a primary raise of \$10.0 million and secondary raise of \$60.0 million. Costs associated with the IPO have been recognised in both the current and previous reporting periods.

On 24 January 2022, the Company announced to the ASX that it had entered into a binding agreement to acquire the shares of 101Warehousing, a Victorian-based e-commerce contract logistics service provider with a strong presence in the fashion, homewares and toys sectors. On 2 February 2022, the Company announced to the ASX that it had completed the acquisition of 101Warehousing. Refer note 32 to the financial statements for further information.

There were no other significant changes in the state of affairs of the Group during the financial period.

### Matters subsequent to the end of the financial period

Subsequent to the end of the financial period, the events and matters set out below are relevant to the consolidated entity's future financial periods.

On 22 July 2022, the Company announced to the ASX that it had entered into a binding agreement to acquire the Fremantle Freight & Storage Group through the acquisition of head company Brightflow Enterprises Pty Ltd (together, 'FFS'). The acquisition is expected to complete before 1 September 2022. The acquisition price consists of \$23.6 million payable upfront (subject to customary adjustments) with deferred consideration payable contingent on achieving agreed financial milestones for the period ending 31 July 2023. Costs associated with the acquisition of \$0.3 million were incurred in the current reporting period and have been recognised in the statement of profit or loss.

The Company is in the process of determining the fair value of acquired assets, liabilities and deferred contingent consideration, and expects to complete this exercise during FY23.

On 23 August 2022, the Group extended its debt facilities by adding a \$22.0 million corporate loan, which is subject to quarterly amortising repayments. All corporate loan facility termination dates were extended to 30 September 2025. The financial undertakings in respect of the Group's debt facilities remain unchanged.

Apart from the above matters, no other matter or circumstance has arisen since 26 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial periods.

### Likely developments and expected results of operations

At the date of this report, uncertainty remains with the impact on the economy of the current COVID-19 Omicron-variant, and any future variants of COVID-19. Despite the resilience of the Australian economy, high inflation, Reserve Bank of Australia interest rate increases, and falling house prices may dampen consumer demand and business confidence in the short to medium term.

Nonetheless, the consolidated entity's strategic intent remains on growing its market share, delivering a full suite of services to its customers, driving operational efficiencies across its property footprint, and leveraging from its agile business model. The consolidated entity's focus on superior customer service delivery is built around strong relationships and supported by technology-enabled solutions. Along with strategic business acquisitions, these remain key areas in future periods to drive growth and deliver enhanced shareholder value.

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## Directors' Report continued

### Information on directors and key management personnel

The following persons were directors or key management personnel ('KMP') of Silk Logistics Holdings Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

<b>Name:</b>	<b>Mr Terry Sinclair</b>
<b>Title:</b>	<i>Chair, Non-Executive Director</i>
<b>Experience and expertise:</b>	Terry has significant operational and corporate development experience across Industrial, Resources and Consumer Services sectors including 20 years in senior management roles in BHP (Minerals, Steel and Transport/Logistics) and Australia Post (Head of Logistics and Corporate Development). Terry also provides Mergers and Acquisitions advisory services to private equity and government clients. Terry currently serves as Non-Executive Director (and Interim Chair) of Australian Tower Networks Pty Ltd, Senior Advisor to Australian Super, and as Non-Executive Director of Cleanaway Limited (ASX:CWY). Formerly, Terry was a Non-Executive Director of Faethm.ai Pty Ltd, Ovato Limited (ASX:OVT) and Zoom2U Technologies (ASX:Z2U), as well as Managing Director of Service Stream Limited (ASX:SSM), Chair of AUX Investments (jointly owned by Qantas and Australia Post), Chair of Star Track Express, Director of Sai Cheng Logistics (China), and Director of Asia Pacific Alliance (HK).
<b>Other current directorships:</b>	Non-Executive Director of Cleanaway Limited (ASX:CWY)
<b>Former directorships (last 3 years):</b>	Non-Executive Director of Ovato Limited (ASX:OVT)
<b>Special Responsibilities:</b>	Member of Sustainability Committee, Member of Audit and Risk Committee
<b>Interests in shares:</b>	90,000 fully paid ordinary shares
<b>Interests in options:</b>	419,193 unlisted options
<b>Name:</b>	<b>Mr Brendan Boyd</b>
<b>Title:</b>	<i>Managing Director, Chief Executive Officer</i>
<b>Experience and expertise:</b>	Prior to his present role, Brendan was General Manager Warehousing with Silk Logistics Group. He also worked in the past as General Manager Distribution Courier and Logistics Services at Australia Post, General Manager Toll Fast at Toll Group; Chief Executive Officer DX Express at AUSDOC and Chief Operating Officer of Mayne Nickless.
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	None
<b>Special Responsibilities:</b>	None
<b>Interests in shares:</b>	10,751,794 fully paid ordinary shares
<b>Interests in options:</b>	277,244 unlisted options
<b>Name:</b>	<b>Mr John Sood</b>
<b>Title:</b>	<i>Director and Chief Customer Officer</i>
<b>Experience and expertise:</b>	Prior to his present role, John was General Manager Business Development with Silk Logistics Group. He also worked in the past as General Manager Portside United and General Manager Marketing and Business Development with Linfox and General Manager Development with Westgate Logistics.
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	None
<b>Special Responsibilities:</b>	None
<b>Interests in shares:</b>	10,801,794 fully paid ordinary shares
<b>Interests in options:</b>	166,346 unlisted options

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## Directors' Report continued

<b>Name:</b>	<b>Mr Stephen Moulton</b>
<b>Title:</b>	<i>Non-Executive Director</i>
<b>Experience and expertise:</b>	Currently the Chairman and Director of Danaher Moulton, Stephen is a Corporate Advisory and Mergers & Acquisitions law partner with over 30 years' experience. Stephen has previously served as a Director on ASX listed companies and has commercial experience in Logistics, Transport and Financial Services. Stephen also currently serves as a Chairman and Director of the O'Brien Foundation, Director of SugarbyHalf Ltd and Defeat Diabetes Pty Ltd. Prior to his present roles he was a partner at a corporate advisory/M&A firm, Gadens, a partner at Clayton Utz, and PwC (Head of Legal in Victoria), and Chairman of Partners and Managing Partner of Mills Oakley. Stephen also served as Director of the O'Brien Institute, buyMyplace.com.au Ltd (ASX:BMP), GMDX Holdings Ltd and the Carlton Football Club for 6 years until 2012.
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	Non-Executive Director of Buymyplace.com.au Limited (ASX:ESL)
<b>Special Responsibilities:</b>	Chair of Sustainability Committee, Member of Audit and Risk Committee
<b>Interests in shares:</b>	90,000 fully paid ordinary shares
<b>Interests in options:</b>	252,846 unlisted options
<b>Name:</b>	<b>Ms Louise Thurgood</b>
<b>Title:</b>	<i>Non-Executive Director (appointed effective 15 November 2021)</i>
<b>Experience and expertise:</b>	Louise is an accomplished executive and business leader, with 25 years' experience in complex, fast-growing global companies in the banking, finance, and infrastructure sectors; as well as extensive experience in risk management. Louise is currently a Non-Executive Director and member of the Risk and Audit Committee of Sydney Metro; a Non-Executive Director of Advance.org; founder and Director of Orion Mechanical Services; and a member of the National Standing Committee on Energy and the Environment for Global Access Partners (NSCEE). Previously, Louise was a member of the Heritage Council of New South Wales. Past Non-Executive Director roles have included Moorebank Intermodal Company and Clearview Life Nominees.
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	None
<b>Special responsibilities:</b>	Chair of Audit and Risk Committee, Member of Sustainability Committee
<b>Interests in shares:</b>	37,500 fully paid ordinary shares
<b>Interests in options:</b>	194,553 unlisted options
<b>Name:</b>	<b>Ms Dani Aquilina</b>
<b>Title:</b>	<i>Chief Operating Officer (appointed effective 26 April 2022)</i>
<b>Experience and expertise:</b>	Dani has over 10 years' of relevant senior executive experience, most recently serving as Chief Operating Officer ('COO') at The Reject Shop (ASX:TRS).  Dani was appointed to the role of COO of Silk in April 2022. Dani holds a Master of Business (Logistics Management) from RMIT University and has a strong background in relevant strategy, supply chain and distribution leadership roles.
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	None
<b>Interests in shares:</b>	9,925
<b>Interests in options:</b>	None



## Directors' Report continued

<b>Name:</b>	<b>Mr Brendon Pentland</b>
<b>Title:</b>	<i>Chief Financial Officer</i>
<b>Experience and expertise:</b>	<p>Brendon has over 25 years' experience in finance, within domestic and international companies across a wide range of industry segments. Brendon has been responsible for business acquisitions and integration, strategic investments, commercial analysis, due diligence and managed debt and equity restructuring.</p> <p>Brendon joined the Group in March 2020 and was appointed to the role of Chief Financial Officer (CFO) in July 2020. He leads the Group's finance function and has responsibility for finance, commercial, corporate planning, business analysis, taxation, reporting, corporate services and legal administration.</p>
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	None
<b>Interests in shares:</b>	125,000 fully paid ordinary shares
<b>Interests in options:</b>	166,346 unlisted options

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

### Company secretary

#### Melanie Leydin, CA FGIA

Melanie holds a Bachelor of Business majoring in Accounting and Corporate Law, is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. Melanie is Managing Director of Vistra Australia, which is a prominent provider of specialised consulting and administrative services to clients in the Corporate, Capital Markets, and Private Wealth sectors.

Melanie has over 25 years' experience in the accounting profession and has extensive experience holding Board positions including Company Secretary of ASX listed entities. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of companies, initial public offerings, secondary raisings and shareholder relations.

## Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the period ended 26 June 2022, and the number of meetings attended by each director were:

	Full Board		Sustainability Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Mr. Terry Sinclair	16	16	9	9	5	5
Mr. Brendan Boyd	16	16	—	—	—	—
Mr. John Sood	16	16	—	—	—	—
Mr. Stephen Moulton	16	16	9	9	5	5
Ms. Louise Thurgood	8	8	7	7	3	3

Held: represents the number of meetings held during the time the director held office.

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# Directors' Report – Remuneration Report (audited)

## Contents

1. Executives & Non-Executive Directors Covered by this Report
2. Our Rewards Framework & Philosophy
3. Governance
4. Executive Remuneration – Performance, Outcomes & Disclosures
5. Other Disclosures & Shareholdings

## 1. Executives & Non-Executive Directors Covered by this Report

The remuneration of KMP for the Group is disclosed in this Report.

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the Group's major activities, whether directly or indirectly. The Board has determined that the KMP of the Group are the individuals whose details are set out below for the 52 weeks ended 26 June 2022 ('FY22') and are covered by this report.

**Table 1**

Name	Position	Term as KMP
<b>Non-Executive Directors</b>		
Terry Sinclair	Chair, Non-Executive Director	Full Period
Stephen Moulton	Non-Executive Director	Full period
Louise Thurgood	Non-Executive Director From	From 15 November 2021
<b>Executive Directors</b>		
Brendan Boyd	Managing Director and Chief Executive Officer	Full Period
John Sood	Director and Chief Customer Officer	Full Period
<b>Senior Executive Leaders</b>		
Brendon Pentland	Chief Financial Officer	Full Period
Dani Aquilina	Chief Operating Officer	From 26 April 2022

## 2. Our Rewards Framework & Philosophy

The key objective of the Company's remuneration policies and practices is to attract, retain, motivate and reward talent. To achieve this, the Company offers compensation and benefits that embody the following:

- competitive within the industry;
- motivate management to pursue business objectives and pursue growth and success;
- encourage a high level of performance; and
- align the interests of management with the interests of shareholders.

## Directors' Report – Remuneration Report (audited) continued

### Non-Executive Director Remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Sustainability Committee. The Sustainability Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of his own remuneration.

Under the ASX Listing Rules, the total amount or value of remuneration paid to Non-Executive Directors in any period may not exceed the amount approved by Shareholders at a general meeting. This amount is currently fixed at \$600,000 per annum.

The following table describes the adopted framework for Non-Executive Director Remuneration for FY22.

**Table 2**

**Fee Type**

Chair of Board	\$110,000
Non-Executive Director	\$75,000
Committee Chair	\$15,000
Committee Member	\$10,000

The remuneration of Non-Executive Directors does not, and must not include a commission, or a percentage of, profits or operating revenue.

As recognition of their contribution to the IPO, the Non-Executive Directors in office at that time received equity in the form of non-performance-based options as recognition of work undertaken during the process. In addition, the Chair received time vesting options as part of a Long-Term Incentive ('LTI').

Non-Executive Directors may be reimbursed for travel and other expenses incurred in attending to the Company's affairs. They also may be paid additional remuneration as the Directors decide is appropriate where a Director performs extra services.

There are no retirement schemes for Non-Executive Directors, other than statutory superannuation contributions, where applicable.

### Executive Remuneration

Our goal has been to provide a remuneration framework that attracts, retains and motivates a high quality executive team with the necessary capabilities and attributes to lead our people in achieving our long and short-term objectives and create value for our shareholders. We are continually assessing, reviewing and improving our programs to enhance engagement and performance, and whilst we will always look for new and emerging talent to engage, our talent baseline has grown significantly, and we are now in a transition phase shifting to building and retaining talent, rather than employing.

Our rewards program aims to encourage a collaborative approach in the pursuit of our outperformance goals by rewarding the achievement of both overall group and individual targets. The targets we have set are a mixture of financial and non-financial, they are challenging, clear and within the control of individuals to achieve either directly through their own actions or through the actions of the people they lead. Pay in the variable context is directly linked to performance.

The objective of our remuneration program is to ensure that it is competitive and appropriate against the outcomes and results achieved. Our aim is to reward our executive team in line with market practice, taking into account their position, responsibilities and performance within the Group and benchmarked against commensurate organisations. Our key components provide a mix of fixed and variable (at risk) pay and short and long-term incentives.

## Directors' Report – Remuneration Report (audited) continued

Component	Description
<b>Fixed Remuneration</b>	Annual remuneration paid regularly in the form of base pay (cash), superannuation, and where relevant other applicable allowances. This component is not at risk and is independently benchmarked against comparable roles. Typically, median pay is our target.
<b>Short-Term Incentive</b>	<p>Annual, variable, at risk opportunity, linked to the achievement of specific objectives in a given performance period. It is designed to encourage achievement and outperformance against annual targets that contribute to enterprise value.</p> <p>The Board sets the Short-Term Incentive ('STI') opportunity for Participants at the start of the performance period, with the determination of the amount of cash, and the offer and grant of Zero Priced Options ('ZEPOs') to Participants, to occur at the end of the relevant performance period based on targets set by the Board.</p> <p>Where Executive Directors are invited to participate, the Company's ability to grant ZEPOs under the STI Offer will be subject to any Shareholder approval requirements under the ASX Listing Rules.</p> <p>For the FY22 Performance period the STI may be paid 50% in cash and 50% by way of granting ZEPOs at the election of the participant (excluding Executive Directors who are settled in 100% cash). Targets are communicated at the start of the performance period as part of a balanced scorecard encompassing both financial and non-financial components. Each component is assessed individually to determine the incentive amount payable, provided particular financial and non-financial hurdles are achieved.</p> <p>The Options will vest upon the release of the Company's full year audited results to the ASX for the relevant financial period performance, and subject to the Board determining that the Company's forecast for that financial period (after taking into account the impact of the short-term incentives and the long-term incentives on the profit and loss of the Company) has been met.</p> <p>The FY22 Short-Term Incentive Plan ('STIP') for the CEO has four components of assessment including Safety, ESG, Financial and Individual. The bonus is calculated on a percentage of fixed remuneration.</p>
<b>Long-Term Incentive</b>	<p>Grant of options to Executives that encourages alignment with shareholder interests.</p> <p>The number of options granted for the FY22 LTI Program represents 150% of the Participants entitlement with actual number of options vesting dependent upon the satisfaction of Vesting Conditions. The vesting conditions are based on targets associated as follows:</p> <p><b>Service Based</b></p> <p>The Participant remains employed or engaged by a Group Company for 3 years from the date of grant.</p> <p><b>Safety and EBIT</b></p> <p>The Participant receiving a rating of 3 or greater under the Company's Approved FY22 Performance Objectives; and</p> <p>The Board determining that the Company's FY22 pre-AASB16 EBIT forecast of \$20.9m (after taking into account the impact of the short-term incentives and the long-term incentives on the profit and loss of the Company) has been met.</p>



## Directors' Report – Remuneration Report (audited) continued

Component	Description																		
Long-Term Incentive continued	<p><b>Earnings per share ('EPS')</b></p> <p>EPS growth (based on 3 years compounding annual growth rate ('CAGR') achieved at the end of Year 3 (refer to table below). The period over which the Company's EPS CAGR will be tested will be for the period between 28 June 2021 and 30 June 2024.</p> <p>The EPS CAGR will be determined by the Board and will be the annualised CAGR of the Company's EPS (expressed as a percentage), which is measured by reference to the Group's underlying net profit for the EPS Performance Period (statutory net profit adjusted for the after-tax effect of any significant items and unusual one-off costs, benefits or adjustments), divided by the weighted average number of Shares on issue across the relevant EPS Performance Period. The Board may (in its discretion) from time to time adjust the EPS CAGR to exclude the effects of extraordinary events, material business acquisitions or divestments and for certain one-off costs.</p> <p>The starting EPS for the EPS CAGR calculation will be the EPS calculated in accordance with the above principles for the 52 weeks ended 27 June 2021, having regard to the audited consolidated accounts for that financial period. The ending EPS for the EPS CAGR calculation will be the EPS calculated in accordance with the above principles having regard to the audited annual consolidated accounts for FY24.</p> <p>If each of the Vesting Conditions are met, the number of Ordinary Options to vest will be determined by multiplying the total number of Ordinary Options by the 'vesting multiplier' set out in the following vesting schedule:</p> <table><tr><th>EPS CAGR for the relevant performance period</th><th>Performance against 'target'</th><th>Vesting multiplier</th></tr><tr><td>Less than 10%</td><td>Under performance (0%)</td><td>0</td></tr><tr><td>Equal to 10%</td><td>Minimum performance (0%)</td><td>0.3333</td></tr><tr><td>Greater than 10% and less than 15%</td><td></td><td>Pro rata vesting multiplier on a straight line basis between 0.3333 and 0.6667</td></tr><tr><td>Equal to or greater than 15% and less than 17.5%</td><td>Target performance (100%)</td><td>Pro rata vesting multiplier on a straight-line basis between 0.6667 and 1.00</td></tr><tr><td>Equal to or greater than 17.5%</td><td>Exceptional performance (150%)</td><td>1</td></tr></table>	EPS CAGR for the relevant performance period	Performance against 'target'	Vesting multiplier	Less than 10%	Under performance (0%)	0	Equal to 10%	Minimum performance (0%)	0.3333	Greater than 10% and less than 15%		Pro rata vesting multiplier on a straight line basis between 0.3333 and 0.6667	Equal to or greater than 15% and less than 17.5%	Target performance (100%)	Pro rata vesting multiplier on a straight-line basis between 0.6667 and 1.00	Equal to or greater than 17.5%	Exceptional performance (150%)	1
EPS CAGR for the relevant performance period	Performance against 'target'	Vesting multiplier																	
Less than 10%	Under performance (0%)	0																	
Equal to 10%	Minimum performance (0%)	0.3333																	
Greater than 10% and less than 15%		Pro rata vesting multiplier on a straight line basis between 0.3333 and 0.6667																	
Equal to or greater than 15% and less than 17.5%	Target performance (100%)	Pro rata vesting multiplier on a straight-line basis between 0.6667 and 1.00																	
Equal to or greater than 17.5%	Exceptional performance (150%)	1																	
Pre-IPO Bonus	<p>A Pre-IPO Bonus was awarded during FY22 following the completion of the Company's IPO. 100% of the bonus was paid in the form of ZEPOs under the Equity Incentive Plan ('EIP'). The options will vest upon granting and will expire on the date 6 years from the date of their grant. The resultant shares will be subject to a disposal restriction until 24 hours after the Company's announcement of the full year audited results for FY22 on the ASX.</p> <p>The Executive Directors did not receive any ZEPOs allocation under this component of the EIP.</p>																		

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## Directors' Report – Remuneration Report (audited) continued

### 3. Governance

Our Board takes a proactive approach to decision making in the evaluation of Executive Remuneration outcomes. Our remuneration and governance frameworks enable our Board to assess the achievement of strategic objectives and balance the interests of the business, employees and shareholders.

#### Board

Our Board has overall responsibility for Executive Remuneration, including the assessment of performance and remuneration for the CEO. Ensuring there is a transparent connection between pay and performance is the key objective of the Board in rewarding outcomes for our leaders.

During the period the Board engaged an independent consultant, to review Executive Remuneration and provide benchmarks for senior executive positions.

The Board is committed to providing competitive rewards that attract and retain talent and compensate Executive commensurate with the progress and growth of the Company.

#### The Sustainability Committee

Our Sustainability Committee works with the Executive Leadership Team ('ELT') to present information and make recommendations to the Board. The Committee assists the business and the Board by developing and reviewing organisation policies and practices including remuneration as well as challenging leaders to continually review and revise remuneration targets and approaches to ensure they are contemporary and market leading. The Sustainability Committee is also responsible for Nomination matters, Health, Safety and Environment matters and, Environmental, Social and Governance matters.

#### Executive Leadership

Our ELT is responsible for leading the implementation of initiatives designed to inspire people to be their best. The ELT provides feedback on organisational practices and uses data and qualitative assessments to provide insight into culture and organisational performance – including the effectiveness of the rewards program. The ELT has input into and makes recommendations to the Sustainability Committee in relation to Executive Remuneration and has done this with the advice and support of subject matter experts to continuously improve our program.

The CEO is responsible for providing recommendations on fixed pay and STI outcomes for direct reports and puts the recommendations to the Sustainability Committee for review and discussion prior to recommendations going to our Board for its decision.

#### Determining Executive Rewards Plans

We continue to use independent data and advice in the annual evaluation of our Executives remuneration and benefits. It is important to ensure they are fairly compensated for their contribution and responsibilities as the Company grows. Any changes recommended will be discussed at our Sustainability Committee and recommendations for our CEO and direct reports, role changes or new appointments will be made to the Board for their decision making. We are continuing to refine our approach to shift our incentive plans to recognise and reward for more contemporary strategic inputs that result in out-performance outcomes for the Company, adding to shareholder value. Our plan is that the remuneration review will extend to all our employee categories.

## Directors' Report – Remuneration Report (audited) continued

### 4. Executive Remuneration – Performance, Outcomes & Disclosures

#### 2022 Group Performance Highlights

The earnings of the consolidated entity for the last five full financial periods are summarised below:

**Table 3**

Group	52 weeks ended 26 June 2022 \$ millions	52 weeks ended 27 June 2021 \$ millions	52 weeks ended 28 June 2020 \$ millions	53 weeks ended 30 June 2019 <sup>2</sup> \$ millions	52 weeks ended 24 June 2018 <sup>2</sup> \$ millions
Revenue	394.7	323.3	251.5	195.0	144.1
Statutory EBITDA <sup>1</sup>	68.7	57.7	43.1	5.9	8.4
Statutory NPAT	13.4	8.4	(4.3)	(0.8)	1.7
Share Price at Start of financial year	N/A	N/A	N/A	N/A	N/A
Share Price at End of financial year (whole \$)	2.00	N/A	N/A	N/A	N/A
EPS <sup>3</sup> (cents)	17.29	12.38	(19.51)	–	–

1. EBITDA as calculated in Note 4 of the financial report.

2. The Group adopted AASB16: *Leases* from 1 July 2019. Reporting periods prior to adoption have not been restated to reflect the impact of AASB16: *Leases* in each period.

3. EPS is diluted earnings per share. Periods ended 30 June 2019 and prior are not stated as this measure was not reported and was not relevant when the Company was a private company.

N/A – The Company commenced trading on the ASX on 9 July 2021.

#### CEO Scorecard and Performance

Mr Boyd's remuneration for FY22 was structured as 54% fixed and 46% at risk. The at-risk component for this period was 38% allocated to the STIP and 8% allocated to the LTIP. During the year strong financial and non-financial performance was maintained and operational thresholds were met.

Mr Boyd's scorecard outcomes are outlined in Table 4 below. The awards are to be settled in cash. The STI reward base was set at \$250,000 for achievement of all components at 100%, with an additional amount payable up to 50% based on outperformance.

**Table 4**

Component	Weighting	Description	Outcome	% Earned
Financial	50%	Metrics based on Revenue, EBITDA and EPS targets	Achieved	100%
Safety	15%	Improve Safety Metrics	Achieved	100%
ESG	15%	Establishment of ESG Goals and plan	Achieved	100%
Corporate	20%	Metrics based on earning accretive acquisition, NPS improvement, EVP development and Cultural improvement	Achieved	100%

## Directors' Report – Remuneration Report (audited) continued

### Details of Remuneration Expenses

Table 5

Name	Year	Short-term benefits			Post employment benefits	Other Long-term benefits		Share Based Payments		Total \$
		Cash salary and Fees \$	STI \$	Other \$	Superannuation \$	Annual leave \$	Long service leave \$	Pre IPO Options	LTIP	
Terry Sinclair	2022	129,600	–	–	–	–	–	343,836	51,267	524,703
	2021	75,000	–	–	–	–	–	–	–	75,000
Stephen Moulton	2022	100,000	–	–	–	–	–	387,078	–	487,078
	2021	50,000	–	–	–	–	–	–	–	50,000
Louise Thurgood	2022	57,143	–	–	5,716	–	–	–	19,296	82,155
	2021	–	–	–	–	–	–	–	–	–
Brendan Boyd	2022	488,892	375,000	–	27,292	339	12,826	–	77,764	982,113
	2021	475,000	300,000	6,972	25,000	22,828	17,299	–	–	847,099
John Sood	2022	443,745	225,000	–	20,625	61,542	4,283	–	46,658	801,853
	2021	450,000	150,000	6,941	–	–	–	–	–	606,941
Brendon Pentland	2022	356,635	225,000	–	26,958	15,146	1,005	199,650	46,658	871,052
	2021	353,997	150,000	14,059	21,003	11,771	440	–	–	551,270
Dani Aquilina	2022	72,560	51,090	–	5,020	6,545	12	–	–	135,227
	2021	–	–	–	–	–	–	–	–	–
<b>Total</b>	<b>2022</b>	<b>1,648,575</b>	<b>876,090</b>	<b>–</b>	<b>85,611</b>	<b>83,572</b>	<b>18,126</b>	<b>930,564</b>	<b>241,643</b>	<b>3,884,361</b>
<b>Total</b>	<b>2021</b>	<b>1,403,997</b>	<b>600,000</b>	<b>27,972</b>	<b>46,003</b>	<b>34,599</b>	<b>17,739</b>	<b>–</b>	<b>–</b>	<b>2,130,310</b>

### Executive Remuneration Mix

Table 6

		Fixed	Variable – at Risk	
		%	STI %	LTI %
Brendan Boyd	2022	54	38	8
	2021	64	36	–
John Sood	2022	66	28	6
	2021	75	25	–
Brendon Pentland	2022	46	49 <sup>1</sup>	5
	2021	72	28	–
Dani Aquilina	2022	62	38	–
	2021	–	–	–

1. Includes pre-IPO options.



## Directors' Report – Remuneration Report (audited) continued

### Service Agreements

Table 7

Service Agreements	Position	Contract Duration	Employer Notice Period	Employee Notice Period
Brendan Boyd	Managing Director and Chief Executive Officer	Ongoing	6 months	6 months
John Sood	Chief Customer Officer	Ongoing	6 months	6 months
Brendon Pentland	Chief Financial Officer	Ongoing	3 months	3 months
Dani Aquilina	Chief Operating Officer	Ongoing	6 months	6 months

## 5. Other Disclosures & Shareholdings

### Share-based compensation

#### Issue of Shares

There were no shares issued to directors and other key management personnel as part of compensation during FY22.

#### Options and Rights

The Company granted 862,039 options over ordinary shares during the period ended 26 June 2022 to directors and other KMP as part of a Pre-IPO Bonus.

The Company granted 894,490 options over ordinary shares during the period ended 26 June 2022 to directors and other KMP as part of annual compensation under the LTI reward scheme.

### KMP Shareholdings

#### Shareholdings at Year End

The number of ordinary shares in the Company held during the financial period ended 26 June 2022 by each KMP are set out below:

Table 8

Name	Balance at the start of the period	Received during the period on exercise of options	Purchases or other additions	Other	Balance at the end of the period
<b>Non-Executive Directors</b>					
Terry Sinclair <sup>1</sup>	–	90,000	–	–	90,000
Stephen Moulton	–	–	–	–	–
Louise Thurgood	–	–	37,500	–	37,500
<b>Executives</b>					
Brendan Boyd	10,751,794	–	–	–	10,751,794
John Sood	10,751,794	–	50,000	–	10,801,794
Brendon Pentland	–	100,000	25,000	–	125,000
Dani Aquilina	–	–	9,925	–	9,925

1. Shares were issued upon the exercise of options and are subject to holding locks and dividend waivers until 9 July 2024.

## Directors' Report – Remuneration Report (audited) continued

### Rights and Option Holdings at Year end

There number of Options held by Directors and Key Management personnel held by each Director and key management personnel as at the year ended 26 June 2022 is as follows.

**Table 9**

Name	Balance at the start of the period	Granted during the period	Exercise of Options	Net Change Other	Balance at the end of the period	Vested	Unvested
<b>Non-Executive Directors</b>							
Terry Sinclair	–	509,193	90,000 <sup>1</sup>	–	419,193	419,193	–
Stephen Moulton	–	342,846	–	–	342,846	342,846	–
Louise Thurgood	–	194,553	–	–	194,553	–	194,553
<b>Executives</b>							
Brendan Boyd	–	277,244	–	–	277,244	–	277,244
John Sood	–	166,346	–	–	166,346	–	166,346
Brendon Pentland	–	266,346	100,000	–	166,346	–	166,346
Dani Aquilina	–	–	–	–	–	–	–

1. Shares were issued upon exercise of Options and are subject to holding locks and dividend waivers until 9 July 2024.

### Equity Holdings as at the date of this report

The relevant interest of each Director in the shares and performance rights of the Company, as notified by the Directors to the Australian Securities Exchange in accordance with section 205G(1) of the *Corporations Act 2001*, as at the date of this report is as follows:

**Table 10**

Name	Ordinary shares	Options over Ordinary Shares
<b>Directors</b>		
Terry Sinclair	90,000	419,193
Stephen Moulton	90,000	252,846
Louise Thurgood	37,500	194,553
Brendan Boyd	10,751,794	277,244
John Sood	10,801,794	166,346

**THIS IS THE END OF THE REMUNERATION REPORT (AUDITED)**

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## Directors' Report continued

### Shares under option

Unissued ordinary shares of Silk Logistics Holdings Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
9 July 2021	9 July 2025	\$1.60	672,039
9 July 2021	9 July 2026	\$1.60	842,822
15 November 2021	15 November 2025	\$2.12	194,553
			1,709,414

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

### Shares issued on the exercise of options

The following ordinary shares of Silk Logistics Holdings Limited were issued during the period ended 26 June 2022 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
9 July 2021	\$0.00	727,500

### Environmental regulations

The consolidated entity's operations are regulated by environmental regulations under laws of the Commonwealth or of a State or Territory.

### 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 period, 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*. 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 period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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## Directors' Report continued

### Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* 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

Non-audit services provided during the financial period by the auditor consisted of tax compliance and advisory services.

### Officers of the Company who are former partners of Deloitte Touche Tohmatsu

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

### Rounding of amounts

The Company is a company of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016 and in accordance with that Corporations Instrument amounts in this director's report are rounded to the nearest thousand dollars, unless otherwise indicated.

### Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the *Corporations Act 2001*.

### 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) of the *Corporations Act 2001*.

On behalf of the directors



**Terry Sinclair**  
25 August 2022



# Auditor's Independence Declaration



Deloitte Touche Tohmatsu  
ABN 74 490 121 060

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Melbourne VIC 3000  
GPO Box 78  
Melbourne VIC 3001 Australia

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25 August 2022

The Board of Directors  
Silk Logistics Holdings Limited  
850 Lorimer Street  
PORT MELBOURNE VIC 3207

Dear Directors

## **Silk Logistics Holdings Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Silk Logistics Holdings Limited.

As lead audit partner for the audit of the financial statements of Silk Logistics Holdings Limited for the financial year ended 26 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Craig Bryan  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period ended 26 June 2022

	Note	Consolidated	
		52 weeks ended 26 June 2022 \$'000	52 weeks ended 27 June 2021 \$'000
<b>Revenue</b>	5	394,731	323,312
Other income	6	4,893	597
<b>Expenses</b>			
Employee benefits expense	7	(79,787)	(69,701)
Subcontractors and labour agency expenses		(124,585)	(96,370)
Fleet and material handling equipment expenses		(26,398)	(20,360)
Occupancy expense		(10,602)	(8,799)
Other transport and warehousing expenses		(73,707)	(59,199)
Administration expense		(10,906)	(8,272)
Finance costs	7	(8,238)	(8,812)
Depreciation and amortisation expense	7	(40,065)	(36,763)
Change in fair value measurement of financial instrument	7	476	(667)
IPO related expenses	7	(5,421)	(2,687)
<b>Profit before income tax expense</b>		20,391	12,279
Income tax expense	8	(7,034)	(3,890)
<b>Profit after income tax expense for the period attributable to the owners of Silk Logistics Holdings Limited</b>		13,357	8,389
Other comprehensive income for the period, net of tax		—	—
<b>Total comprehensive income for the period attributable to the owners of Silk Logistics Holdings Limited</b>		13,357	8,389
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	36	17.42	37.28
Diluted earnings per share	36	17.29	12.38

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

# Consolidated Statement of Financial Position

As at 26 June 2022

	Note	Consolidated	
		26 June 2022 \$'000	27 June 2021 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	31,964	25,264
Trade and other receivables	10	63,179	47,705
Other current assets	11	4,309	3,703
Total current assets		99,452	76,672
<b>Non-current assets</b>			
Property, plant and equipment	12	12,584	13,281
Right-of-use assets	13	148,892	156,729
Intangibles	14	41,090	34,272
Deferred tax	15	13,116	11,212
Other non-current assets		–	136
Total non-current assets		215,682	215,630
<b>Total assets</b>		315,134	292,302
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	42,002	29,820
Borrowings	17	106	8,000
Lease liabilities	18	39,167	34,820
Current tax liabilities	19	5,173	5,032
Provisions	20	13,157	10,500
Other financial liabilities	21	4,200	6,000
Total current liabilities		103,805	94,172
<b>Non-current liabilities</b>			
Borrowings	17	9,594	8,000
Lease liabilities	18	130,552	144,004
Provisions	20	4,296	3,286
Total non-current liabilities		144,442	155,290
<b>Total liabilities</b>		248,247	249,462
<b>Net assets</b>		66,887	42,840
<b>Equity</b>			
Issued capital	22	73,762	52,226
Reserves		(23,577)	(24,453)
Retained profits		16,702	15,067
<b>Total equity</b>		66,887	42,840

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

# Consolidated Statement of Changes in Equity

For the period ended 26 June 2022

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 29 June 2020	52,186	(24,453)	6,678	34,411
Profit after income tax expense for the period	–	–	8,389	8,389
Other comprehensive income for the period, net of tax	–	–	–	–
Total comprehensive income for the period	–	–	8,389	8,389
Issued capital	40	–	–	40
Balance at 27 June 2021	52,226	(24,453)	15,067	42,840

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 28 June 2021	52,226	(24,453)	15,067	42,840
Profit after income tax expense for the period	–	–	13,357	13,357
Other comprehensive income for the period, net of tax	–	–	–	–
Total comprehensive income for the period	–	–	13,357	13,357
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued as part of initial public offering (note 22)	70,000	–	–	70,000
Share buy-back (note 22)	(60,000)	–	–	(60,000)
Conversion of deferred contingent consideration to shares (note 22)	6,000	–	–	6,000
Shares issued as part consideration for 101Warehousing Pty Ltd (note 22)	5,000	–	–	5,000
Exercise of options (note 22)	1,253	(1,253)	–	–
Dividends paid (note 24)	–	–	(11,722)	(11,722)
Share-based payments (note 23)	–	2,129	–	2,129
Share issue cost, net of tax (note 22)	(717)	–	–	(717)
Balance at 26 June 2022	73,762	(23,577)	16,702	66,887

The reserves balance relates to a share buy-back undertaken in the financial period ended June 2017.



# Consolidated Statement of Cash Flows

For the period ended 26 June 2022

	Note	Consolidated	
		52 weeks ended 26 June 2022 \$'000	52 weeks ended 27 June 2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		419,795	346,485
Payments to suppliers and employees (inclusive of GST)		(352,866)	(288,859)
		66,929	57,626
Interest received		2	121
Interest and other finance costs paid		(8,170)	(8,774)
Income tax paid		(8,779)	(945)
Initial public offer costs		(4,690)	–
Net cash from operating activities	34	45,292	48,028
<b>Cash flows from investing activities</b>			
Payment for business acquisitions, net of cash acquired	32	164	–
Payments for property, plant and equipment, and intangibles		(2,325)	(2,953)
Deposit paid to acquire land and associated development related costs		(10,122)	–
Proceeds from novation of contract to acquire land		13,550	–
Proceeds from disposal of property, plant and equipment		2,057	696
Net cash from/(used in) investing activities		3,324	(2,257)
<b>Cash flows from financing activities</b>			
Proceeds from issue of equity	22	70,000	40
Initial public offer costs		(782)	(920)
Payments for share-buy back	22	(60,000)	–
Dividends paid	24	(11,722)	–
Proceeds from borrowings	17	8,700	–
Repayment of borrowings	17	(15,000)	(10,000)
Repayment of lease liabilities		(33,112)	(29,447)
Net cash used in financing activities		(41,916)	(40,327)
Net increase in cash and cash equivalents		6,700	5,444
Cash and cash equivalents at the beginning of the financial period		25,264	19,820
Cash and cash equivalents at the end of the financial period	9	31,964	25,264

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

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# Notes to the Consolidated Financial Statements

26 June 2022

## Note 1. General information

The financial statements cover Silk Logistics Holdings Limited as a consolidated entity consisting of Silk Logistics Holdings Limited and the entities it controlled at the end of, or during, the 52 weeks ended 26 June 2022. The financial statements are presented in Australian dollars, which is Silk Logistics Holdings Limited's functional and presentation currency.

Silk Logistics Holdings Limited is a listed public company limited by shares incorporated and domiciled in Australia. Its registered office and principal place of business are:

### Registered office

Unit 3, 850 Lorimer Street, Port Melbourne VIC 3207

### Principal place of business

Unit 3, 850 Lorimer Street, Port Melbourne VIC 3207

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2022. The directors have the power to amend and reissue the financial statements.

## Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### Basis of preparation

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### Going concern

The financial report has been prepared on a going concern basis, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business and the FY23 Board approved cashflow forecast.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Silk Logistics Holdings Limited as at 26 June 2022 and the results of all subsidiaries for the period then ended. Silk Logistics Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

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## Notes to the Consolidated Financial Statements continued

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity 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 consolidated entity.

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 consolidated entity 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 consolidated entity 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.

### Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The Group's reportable segments under AASB 8: *Segment Reporting* are:

- Port Logistics – provision of wharf cartage services to customers
- Contract Logistics – provision of warehousing and related transport services to customers

Information regarding these segments is set out in note 4.

### Revenue recognition

The consolidated entity recognises revenue as follows:

#### Revenue from contracts with customers

The Group derives its revenue from the provision of four principal service lines to commercial customers on normal credit terms over time and at a point in time in each segment (set out previously) in accordance with agreed contractual terms in the period in which the service is provided. The service lines are wharf cartage services (in the Port Logistics segment); and warehouse storage, warehouse handling and transport (or distribution) services in the Contract Logistics segment.

Port Logistics wharf cartage revenues are recognised over time based on the transport legs of shipping containers from ports to destination(s) before de-hire at empty container yards (imported containerised freight) or collection of shipping containers from customers for delivery to the wharf (export containerised freight). Contract Logistics revenues are earned from the storage of customer goods (recognised over time based on volume and length of time customer's goods are stored), warehouse handling activities (recognised at a point in time when the services are performed) and transport or distribution services for the despatch of customer's goods out of warehouses to destination (recognised at a point in time when goods are delivered).

Service contracts do not generally contain provisions for rebates or discounts or any ongoing service and the total transaction price does not contain any variable consideration in relation to such items.

### Other income

#### Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### Other Revenue

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

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## Notes to the Consolidated Financial Statements continued

### Financial Instruments

#### Recognition and Derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### Classification of Financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB15, in general financial assets are initially measured at fair value and adjusted for transaction costs. Financial assets classified at fair value through profit or loss ('FVTPL') are measured at fair value, and associated transactions costs recognised through profit and loss.

#### Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified as financial assets at amortised cost.

#### Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

#### Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income ('FVTOCI'). The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

#### Trade receivables

The Company makes use of a simplified approach in accounting for trade receivables and records the expected credit loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

#### Financial liabilities and equity

##### Classification as debt or equity:

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Financial liabilities

##### Financial liabilities at FVTPL:

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

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## Notes to the Consolidated Financial Statements continued

### Financial liabilities measured subsequently at amortised cost:

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

### Income tax

The Company is part of a tax-consolidated group under Australian taxation law, of which Silk Logistics Holdings Limited is the head entity. The Silk Logistics Holdings Limited tax consolidated group was formed on 1 July 2016. As a result, Silk Logistics Holdings Limited is subject to income tax through its membership of the tax-consolidated group. The consolidated current and deferred tax amounts for the tax-consolidated group are allocated to the members of the tax-consolidated group (including Silk Logistics Holdings Limited) using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

Entities within the tax-consolidated group have entered into a tax-sharing agreement with the head entity. Under the terms of this agreement, Silk Logistics Holdings Limited and each of the entities in the tax-consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the net taxable profit or loss of the entity and the current tax rate. Amounts owing from or to the head entity in accordance with the tax sharing agreement are recognised as an income tax or revenue and inter-company receivables or payables. Accordingly, the amount arising under the tax funding arrangement for each period is equal to the tax liability or asset assumed by the head entity for that period and no contribution from (or distribution to) equity participants arises in relation to income taxes.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that the Company's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date.

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.



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## Notes to the Consolidated Financial Statements continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

### 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 consolidated entity'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 consolidated entity'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.

### 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.

### 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 end of month.

The consolidated entity 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.

### 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 (excluding land) over their expected useful lives as follows:

- Plant and equipment 3-15 years

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

Leasehold improvements 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 consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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## Notes to the Consolidated Financial Statements continued

### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). The right-of-use asset is measured at cost, which comprises the initial present value of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

### 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 consolidated entity'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, the lease term, and 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.

### Impairment of non-financial assets

Non-financial assets, excluding goodwill, 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 pre-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.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. Initial measurement is at fair value, however due to their short-term nature this is equal to transaction price. The amounts are unsecured and are usually paid within 21 days of recognition.

### 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### Finance costs

Finance costs are expensed in the period in which they are incurred.

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## Notes to the Consolidated Financial Statements continued

### 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.

The consolidated entity recognises a liability when a bonus is payable in accordance with the employee's contract of employment or approved by the Board as part of a STI arrangement in the period of service and the amount can be reliably measured.

#### 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 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.

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

Where the business combination is achieved in stages, the consolidated entity 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.

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## Notes to the Consolidated Financial Statements continued

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.

### Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### Earnings per share

#### Basic earnings per share

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

#### 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.

### 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.

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## Notes to the Consolidated Financial Statements continued

### Foreign currency translation

The financial statements are presented in Australian dollars, which is Silk Logistics Holdings Limited's functional and presentation currency.

### Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### Foreign operations

The Group did not have any foreign operations in the current or prior financial periods.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### Dividends

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

## Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial period are discussed below.

### Property, plant and equipment

Useful lives and residual value of property, plant and equipment are reviewed annually. Judgement is applied in determining the useful lives of property, plant and equipment. Any reassessment of useful lives and residual value in a particular period will affect depreciation and amortisation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future periods.

### Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of employee entitlements at reporting date:

- future increases in salaries and wages;
- future on cost rates; and
- experience of employee departures and period of service.



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## Notes to the Consolidated Financial Statements continued

### Provision for doubtful debts

Management's judgement is applied in determining the provision for expected credit losses in accordance with note 2.

### Lease term and incremental borrowing rate

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements, and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

In addition, at the commencement of a lease the incremental borrowing rate is utilised in order to measure the present value of the lease payments to be made. The incremental borrowing rate is a function of both the aforementioned lease term and the credit risk of the Company. Judgement is required in determining such rates.

### Intangible asset carrying values

In determining value in use, and assessing whether the carrying value of intangibles assets is impaired, judgement is required to establish a range of factors including financial performance over the forthcoming five-year period, expected future growth rates (revenue and cost base), discount rate and terminal values. The factors selected for input into the calculation model are based on market knowledge, economic outlook, long-term bond yields, and certain industry and company specific risk ratings using external agency consensus benchmarks.

### Valuation of make good assets and liabilities

Make good liabilities represents the estimated cost the Company will incur on termination of property leases in accordance with lease terms and are determined on lease commencement based on a range of factors including age of the facility, pre-commencement condition reports, racking removal obligations, and estimated commercial rates to perform required activities.

Make good liabilities are remeasured each reporting period and will reflect the cost of embedded interest cost, maintenance undertaken during the term, known rectification conditions and changes in estimated commercial costs (typically assessed on a per square metre basis).

At leases commencement, other than those acquired through business combinations, a make good asset equal in value to the corresponding liability is recognised and amortised on a straight-line basis over the life of the lease.

Make good obligations relating to lease gained through business combinations are recognised as a liability at acquisition date based on the same factors set out above. The make good asset recognised at acquisition date is based on the post-acquisition lease period only which is amortised over the remaining lease term.

### Valuation of deferred contingent consideration

Deferred contingent consideration is recognised on application of business combination accounting in relation to purchase consideration payable which is subject to satisfaction of certain performance criteria in the post-acquisition (earn-out) period. The criteria for eligibility for payment of an earn-out period consideration is typically set out in the sale and purchase agreement. Management assesses the likelihood of the acquired entity achieving the required criteria based on business performance and conditions at the time of acquisition and determines the value of any consideration that may become payable. The value of the deferred contingent consideration is remeasured each reporting period based on prevailing conditions and business performance of the acquired entity, including current performance and expected performance over the remaining earnout period. Any remeasurement of deferred consideration subsequent to initial measurement is reflected in profit and loss in the period the remeasurement occurs.

## Notes to the Consolidated Financial Statements continued

### Note 4. Operating segments

#### Identification of reportable operating segments

The consolidated entity is organised into two operating segments: Port Logistics (being the transport of shipping containers) and Contract Logistics (warehousing operations and distribution services). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the CODM) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews reported and underlying EBITDA (earnings before interest, tax, depreciation and amortisation) and EBIT (earnings before interest and tax) to assess financial performance. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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

#### Intersegment transactions

No intersegment transactions are included in segment results presented below.

#### Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

#### Major customers

The consolidated entity does not have a major customer that contributes more than 10% or more to the consolidated entity's revenue.

#### Operating segment information

Consolidated – June 2022	Port Logistics \$'000	Contract Logistics \$'000	Corporate \$'000	Total \$'000
Sales to external customers	239,850	154,881	–	394,731
Other income	1,014	449	3,428	4,891
Segment operating expenses	(211,131)	(114,044)	(5,755)	(330,930)
<b>EBITDA</b>	29,733	41,286	(2,327)	68,692
Depreciation & amortisation expense	(12,596)	(27,469)	–	(40,065)
<b>EBIT</b>	17,137	13,817	(2,327)	28,627
Net finance cost	(1,743)	(6,493)	–	(8,236)
<b>Profit/(loss) before income tax benefit</b>	15,394	7,324	(2,327)	20,391
Current assets	61,284	38,168	–	99,452
Non-current assets	75,834	139,848	–	215,682
	137,118	178,016	–	315,134
Current liabilities	40,365	63,212	228	103,805
Non-current liabilities	26,641	117,750	51	144,442
	67,006	180,962	279	248,247

## Notes to the Consolidated Financial Statements continued

Consolidated – June 2021	Port Logistics \$'000	Contract Logistics \$'000	Corporate \$'000	Total \$'000
Sales to external customers	203,183	120,129	–	323,312
Other income	466	10	–	476
Segment operating expenses	(180,164)	(83,202)	(2,687)	(266,053)
<b>EBITDA</b>	23,485	36,937	(2,687)	57,735
Depreciation & amortisation expense	(12,050)	(24,713)	–	(36,763)
<b>EBIT</b>	11,435	12,224	(2,687)	20,972
Net finance cost	(2,204)	(6,489)	–	(8,693)
<b>Profit/(loss) before income tax benefit</b>	9,231	5,735	(2,687)	12,279
Current assets	51,367	24,806	499	76,672
Non-current assets	74,246	141,249	135	215,630
	125,613	166,055	634	292,302
Current liabilities	47,080	45,619	1,473	94,172
Non-current liabilities	30,381	124,909	–	155,290
	77,461	170,528	1,473	249,462

Operating segment comparative figures have been adjusted to conform to changes in presentation in the current period.

Revenue reported above represents revenue generated from external customers. There were no intersegment sales during the period. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment EBITDA and EBIT represents the profit/(loss) earned by each segment including the allocation of the share of corporate overhead costs including directors' salaries, non-operating gains and losses in respect of financial instruments and finance costs. This is the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance.

### Note 5. Revenue

Revenue from contracts with customers is categorised into the reportable segments disclosed below. Revenue is recognised when the performance obligations are delivered at a point in time except for port logistics (wharf cartage) and storage services which are recognised over time. Once a contract has been entered into, the Group has an enforceable right to payment for work completed to date. Revenue for services that are provided over time (port logistics and storage services) and have not been invoiced to the customer at the end of each reporting period can be reliably measured and accrued as revenue in the period the services are provided.

#### Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	52 weeks ended 26 June 2022 \$'000	52 weeks ended 27 June 2021 \$'000
Port logistics	239,850	203,183
Distribution	32,406	18,058
Storage	49,113	40,435
Handling	73,362	61,636
Revenue	394,731	323,312

## Notes to the Consolidated Financial Statements continued

	Consolidated	
	52 weeks ended 26 June 2022 \$'000	52 weeks ended 27 June 2021 \$'000
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	105,768	79,694
Services transferred over time	288,963	243,618
	394,731	323,312

### Note 6. Other income

	Consolidated	
	52 weeks ended 26 June 2022 \$'000	52 weeks ended 27 June 2021 \$'000
Interest income	2	121
Profit from sale of property, plant and equipment	1,068	472
Other income	3,823	4
Other income	4,893	597

Included in other income in the current period is net proceeds of \$3.4 million from the novation of the Kemps Creek, NSW land purchase contract.

## Notes to the Consolidated Financial Statements continued

### Note 7. Expenses

	Consolidated	
	52 weeks ended 26 June 2022 \$'000	52 weeks ended 27 June 2021 \$'000
Profit before income tax includes the following specific expenses:		
<b>Depreciation and amortisation</b>		
Plant and equipment and amortisation of intangible assets	4,681	4,818
Right of use assets – land, buildings and plant and equipment	35,384	31,945
Total depreciation	40,065	36,763
<b>Finance costs</b>		
Bank fees	111	23
Interest expense-debt	1,001	1,188
Interest expense-leases	7,126	7,601
Finance costs expensed	8,238	8,812
IPO related expenses	5,421	2,687
<b>Employee benefits expense</b>		
Salaries, wages and fees	61,915	55,400
Superannuation	5,262	4,533
Employee entitlements	6,975	5,500
Other employee benefits expense	5,635	4,268
Total employee benefits expense	79,787	69,701
Change in fair value measurement – financial instrument	(476)	667

IPO related expenses consists of the costs incurred in relation to the IPO proportionally allocated to either profit and loss or equity based on the quantum of the secondary raise (\$60.0 million) or primary raise (\$10.0 million) respectively. The ASX listing date occurred on 9 July 2021.

IPO costs (pre-tax) recognised in profit and loss in the current period consisted of cash costs of \$3.6 million (2021: \$2.7 million) and share based payments of \$1.8 million (2021: \$nil).

Certain costs associated with the listing which were incurred in the prior financial period were either expensed through profit and loss in that period or, in respect of costs proportionally allocated to the primary raise, were held on balance sheet and transferred to equity in the current period.

An incentive payment related to the IPO which is payable on satisfaction of certain financial outcomes being achieved was fair valued in the period giving rise to a fair value gain of \$0.5 million. In the prior period, the deferred contingent consideration in relation to the acquisition of Rocke Brothers Pty Ltd (acquired in August 2019) was revalued which gave rise to a fair value loss of \$0.7 million.



## Notes to the Consolidated Financial Statements continued

### Note 8. Income tax expense

	Consolidated	
	52 weeks ended 26 June 2022 \$'000	52 weeks ended 27 June 2021 \$'000
<b>Income tax expense</b>		
Current tax	8,533	6,317
Deferred tax – origination and reversal of temporary differences	(1,501)	(2,395)
Under statement of prior period income tax expense	2	(32)
Aggregate income tax expense	7,034	3,890
<b>Numerical reconciliation of income tax expense and tax at the statutory rate</b>		
Profit before income tax expense	20,391	12,279
Tax at the statutory tax rate of 30%	6,117	3,683
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	672	39
Non-deductible acquisition-related costs	243	200
	7,032	3,922
Under statement of prior period income tax expense	2	(32)
Income tax expense	7,034	3,890
	Consolidated	
	26 June 2022 \$'000	27 June 2021 \$'000
<b>Amounts charged directly to equity</b>		
Deferred tax assets (note 15)	—	—

### Note 9. Cash and cash equivalents

	Consolidated	
	26 June 2022 \$'000	27 June 2021 \$'000
Cash at bank and in hand	31,964	25,264

## Notes to the Consolidated Financial Statements continued

### Note 10. Trade and other receivables

	Consolidated	
	26 June 2022 \$'000	27 June 2021 \$'000
Trade receivables	62,791	46,183
Less: Allowance for expected credit losses	(728)	(600)
	62,063	45,583
Other receivables	1,116	2,122
	63,179	47,705

The average credit period on sales of services is 30 days end of month. Generally, no interest is charged on outstanding trade receivables.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities. The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments.

#### Allowance for expected credit losses

The consolidated entity has recognised an expense of \$128,000 (June 2021: \$172,000) in profit or loss in respect of the expected credit losses for the period ended 26 June 2022.

The ageing of the trade receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	26 June 2022 %	27 June 2021 %	26 June 2022 \$'000	27 June 2021 \$'000	26 June 2022 \$'000	27 June 2021 \$'000
<b>Consolidated</b>						
Not overdue	0.2%	0.2%	56,505	43,466	(86)	(93)
0 to 3 months overdue	1.7%	3.0%	4,399	2,089	(75)	(62)
3 to 6 months overdue	22.9%	27.9%	1,012	111	(232)	(31)
Over 6 months overdue	38.3%	80.1%	875	517	(335)	(414)
			62,791	46,183	(728)	(600)

## Notes to the Consolidated Financial Statements continued

### Note 11. Other current asset

	Consolidated	
	26 June 2022 \$'000	27 June 2021 \$'000
Prepayments	2,318	2,064
Accrued income	1,843	1,172
Inventory	148	145
Other assets	—	322
	4,309	3,703

Accrued income is recognised in the Port Logistics segment to account for revenue earned from the movement of shipping containers which remain unbilled to customers at period end. The services provided for the collection and movement of containers attract costs which are recognised in the period they are incurred. Revenue attributable to the services provided can be reliably measured based on agreed rates per containers. Further, accrued income includes unbilled warehousing storage costs at period end.

### Note 12. Property, plant and equipment

	Consolidated	
	26 June 2022 \$'000	27 June 2021 \$'000
Plant and equipment – at cost	28,491	25,682
Less: Accumulated depreciation	(15,907)	(12,401)
	12,584	13,281

## Notes to the Consolidated Financial Statements continued

### Reconciliations

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

	Plant & Equipment \$'000	Fixtures & Fittings \$'000	Total \$'000
Cost			
Balance at 29 June 2020	25,452	1,076	26,528
Additions	1,989	4	1,993
Disposals	(2,839)	–	(2,839)
Balance at 27 June 2021	24,602	1,080	25,682
Balance at 28 June 2021	24,602	1,080	25,682
Additions	3,435	143	3,578
Additions through acquisition of business	976	–	976
Disposals	(1,745)	–	(1,745)
Balance at 26 June 2022	27,268	1,223	28,491
Accumulated depreciation			
Balance at 29 June 2020	(9,707)	(957)	(10,664)
Depreciation expenses during the period	(4,313)	(40)	(4,353)
Disposals	2,616	–	2,616
Balance at 27 June 2021	(11,404)	(997)	(12,401)
Balance at 28 June 2021	(11,404)	(997)	(12,401)
Depreciation expenses during the period	(4,019)	(43)	(4,062)
Disposals	556	–	556
Balance at 26 June 2022	(14,867)	(1,040)	(15,907)
As at 28 June 2021	13,198	83	13,281
As at 26 June 2022	12,401	183	12,584

### Note 13. Right-of-use assets

	Consolidated	
	26 June 2022 \$'000	27 June 2021 \$'000
Land and buildings – right-of-use	207,641	188,180
Less: Accumulated depreciation	(76,107)	(50,385)
	131,534	137,795
Plant and equipment – right-of-use	34,024	30,948
Less: Accumulated depreciation	(16,666)	(12,014)
	17,358	18,934
	148,892	156,729

## Notes to the Consolidated Financial Statements continued

### Reconciliations

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

	Land and buildings – right-of-use \$'000	Plant and equipment – right-of-use \$'000	Total \$'000
Cost			
Balance at 29 June 2020	176,326	29,943	206,269
Additions	13,824	2,545	16,369
Terminations	(1,970)	(1,540)	(3,510)
Balance at 27 June 2021	188,180	30,948	219,128
Balance at 28 June 2021	188,180	30,948	219,128
Additions	4,718	5,993	10,711
Additions through acquisition of business	17,427	–	17,427
Terminations	(2,684)	(2,917)	(5,601)
Balance at 26 June 2022	207,641	34,024	241,665
Accumulated amortisation			
Balance at 29 June 2020	(26,993)	(5,825)	(32,818)
Amortisation	(25,364)	(6,869)	(32,233)
Terminations	1,972	680	2,652
Balance at 27 June 2021	(50,385)	(12,014)	(62,399)
Balance at 28 June 2021	(50,385)	(12,014)	(62,399)
Amortisation	(28,405)	(6,979)	(35,384)
Terminations	2,683	2,327	5,010
Balance at 26 June 2022	(76,107)	(16,666)	(92,773)
As at 27 June 2021	137,795	18,934	156,729
As at 26 June 2022	131,534	17,358	148,892

The Group enters into leases of property (predominantly warehouses and shipping container hardstands), fleet assets (prime movers and trailers) and material handling equipment (mainly reachstackers and forklifts). At 26 June 2022 the average remaining lease term is 6 years (2021: 6 years). The Group's obligations are secured by the lessors' title to the leased assets for such leases. Several short-term leases (12-18 month terms) have been entered into in the current period in addition to 3 new medium-term leases up to 3 years in order to accommodate customer demand and provide operating flexibility. Several leases were extended or are expected to be extended in accordance with lease option periods.

Plant and equipment assets operate under master lease agreements and lease terms generally range from 5 – 7 years, with cyclical lease periods planned to ensure the Group operates an optimal mix of modern and efficient fleet of assets.

The incremental borrowing rates applicable to the leases are in the range of 4.25% – 8.15% (2021: 4.25% – 5.0%).

The maturity analysis of lease liabilities is presented in note 18.

	Consolidated	
	26 June 2022 \$'000	27 June 2021 \$'000
Depreciation expense on right-of-use assets	35,384	31,945
Interest expense on lease liabilities	7,126	7,601
Expense relating to short-term leases	8,638	5,268
Expense relating to leases of low value assets	478	191
Income from sub-leasing right-of-use assets	(45)	(118)

## Notes to the Consolidated Financial Statements continued

### Note 14. Intangibles

	Consolidated	
	26 June 2022 \$'000	27 June 2021 \$'000
Goodwill	40,264	33,063
Software – at cost	4,682	4,446
Less: Accumulated amortisation	(3,856)	(3,237)
	826	1,209
	41,090	34,272

### Reconciliations

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

	Goodwill \$'000	Software \$'000	Total \$'000
Cost			
Balance at 29 June 2020	33,063	3,486	36,549
Additions	–	960	960
Balance at 27 June 2021	33,063	4,446	37,509
Balance at 28 June 2021	33,063	4,446	37,509
Additions through acquisition of business	7,201	84	7,285
Additions	–	152	152
Balance at 26 June 2022	40,264	4,682	44,946
Accumulated depreciation			
Balance at 29 June 2020	–	(2,708)	(2,708)
Depreciation	–	(529)	(529)
Balance at 27 June 2021	–	(3,237)	(3,237)
Balance at 28 June 2021	–	(3,237)	(3,237)
Depreciation	–	(619)	(619)
Balance at 26 June 2022	–	(3,856)	(3,856)
Carrying value			
As at 27 June 2021	33,063	1,209	34,272
As at 26 June 2022	40,264	826	41,090

Goodwill is attributable to business acquisitions and has been allocated to either the Port Logistics segment or contract logistics segment (cash generating unit or CGU) based on the nature of the businesses acquired. Goodwill is considered to have an indefinite useful life due to the on-going cash generation attributable to the respective CGU and its recoverable value is assessed annually on a value-in-use (VIU) discounted cash flows basis. The key bases and assumptions on which VIU is determined includes most recent budget or forecast for the CGU, projections of financial performance over the future 5-year period which include revenue growth rates, profit margin, changes in working capital and capital expenditure based on historical and expected future trends (referenced against industry projections). CGU growth rate is estimated to be 5.0% (2021: 5.0%) and the discount rate applied against future cash flows is 11.6% (2021: 12.2%). Terminal growth rate is 2.5% (2021: 2.5%).



## Notes to the Consolidated Financial Statements continued

### Note 15. Deferred tax

	Consolidated	
	26 June 2022 \$'000	27 June 2021 \$'000
<b>Deferred tax asset comprises temporary differences attributable to:</b>		
Amounts recognised in profit or loss:		
Receivables and prepayments	47	(233)
Property, plant and equipment	(177)	–
Make good assets	(568)	(551)
Provision for lease make good	1,281	1,017
Provisions	2,884	2,591
Accrued expenses and other payables	1,978	1,545
Deferred revenue	4	89
Lease liabilities	50,281	52,133
Right of use assets	(44,090)	(46,388)
Blackhole expenditure	1,476	1,009
Deferred tax asset	57,951	58,385
Deferred tax liability	(44,835)	(47,174)
	13,116	11,212
<b>Movements:</b>		
Opening balance	11,212	8,746
Credited to profit or loss	1,731	2,331
Credit charged to deferred costs (balance sheet)	–	135
Charged to equity	173	–
Closing balance	13,116	11,212

### Note 16. Trade and other payables

	Consolidated	
	26 June 2022 \$'000	27 June 2021 \$'000
Trade payables	24,920	16,061
Employee related payables	3,443	4,207
GST payable	1,967	766
Other payables and accrued expenses	11,459	6,387
IPO related payables	213	2,399
	42,002	29,820

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 21 days. No interest is charged by supplier on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value.

Refer to note 25 for further information on financial instruments.

## Notes to the Consolidated Financial Statements continued

### Note 17. Borrowings

	Consolidated	
	26 June 2022 \$'000	27 June 2021 \$'000
External borrowings – current	106	8,000
External borrowings – non current	9,594	8,000
	9,700	16,000

The corporate loan outstanding at 26 June 2022 of \$9.7 million consists of two facilities of \$8.0 million and \$1.7 million.

The \$8.0 million facility reflects funds drawn to acquire businesses in prior periods (fully drawn amount of \$26.0 million). Under the finance facility agreement amortising repayments are not due in relation to this facility unless certain financial undertakings are not met for a defined period of time. There were no periods of non-compliance with the financial undertakings in the facility agreement in the current period.

The \$1.7 million facility was drawn to fund the up-front cash consideration to acquire 101Warehousing Pty Ltd during the current period. Quarterly amortising repayment of \$106,250 are due under this facility commencing March 2023.

There were no undrawn corporate debt facilities at period end (2021: \$nil).

Fixed and floating charges are provided by the Group in respect to the financing facility.

The termination date of the financing facilities is 30 September 2023.

As at 26 June 2022, \$0.1 million of the external borrowings were classified as current due to the scheduled repayments due in the next 12 months. The remaining borrowings of \$9.6 million were classified as non-current at reporting date.

Repayments made in the current financial period (in respect of the financing facilities in place at 27 June 2021) were \$8.0 million (2021: \$7.0 million). During the current period \$7.0 million was drawn against a working capital facility that was available to finance the deposit on entering the Kemps Creek, NSW land purchase agreement. The working capital facility was repaid during the current period and the facility was cancelled.

### Total secured liabilities

The total secured liabilities are as follows:

The loans bear interest at variable market rates.

The loans carry an annual line fee and interest rate between 1.45% and 1.65% above 90-day BBSY bid rate. The weighted average interest rate in the period was 4.16% (2021: 3.07%).

The bank facility includes a bank guarantee facility of \$14.5 million (2021: \$13.0 million) which is used to provide security for certain leased premises. At 26 June 2022, \$13.6 million of the facility has been utilised (June 2021: \$11.8 million). The utilised portion of the facility attracts a bank guarantee margin at 1.64% per annum, whilst the unutilised amount is charged at 50% of the bank guarantee margin.

Subsequent to period end the finance facilities that existed as at period end have been replaced by new facilities. Refer to note 33.

## Notes to the Consolidated Financial Statements continued

### Note 18. Lease liabilities

	Consolidated	
	26 June 2022 \$'000	27 June 2021 \$'000
Lease liability – current	39,167	34,820
Lease liability – non current	130,552	144,004
	169,719	178,824

The carrying value of lease liabilities is determined based on cash cost and term of leases, with future lease payments discounted to present value using the Group's assessed incremental borrowing rate.

Maturity analysis of total undiscounted lease liabilities as at the reporting date are as follows:

	Consolidated	
	26 June 2022 \$'000	27 June 2021 \$'000
1 year or less	43,911	42,044
Between 1 and 2 years	41,031	36,146
Between 2 and 5 years	66,055	72,105
Over 5 years	37,492	9,790
	188,489	200,085

Refer to note 25 for further information on financial instruments.

### Note 19. Current tax liabilities

	Consolidated	
	26 June 2022 \$'000	27 June 2021 \$'000
Provision for income tax	5,173	5,032

## Notes to the Consolidated Financial Statements continued

### Note 20. Provisions

	Consolidated	
	26 June 2022 \$'000	27 June 2021 \$'000
Current		
Employee benefits	11,262	8,040
Make good provisions	999	810
Other provisions	896	1,650
	13,157	10,500
Non-current		
Employee benefits	973	704
Make good provisions	3,323	2,582
	4,296	3,286
Total provisions	17,453	13,786

Make good provision represents the estimated cost the Company will incur on termination of property leases in accordance with lease terms. The provision movement in the period of \$930,000 (2021: \$745,000) resulted from acquired business \$759,000 (2021: \$nil), additional make good costs recognised of \$103,000 (2021: \$916,000) and finance charges of \$68,000 (2021: \$39,000). Make good costs paid in the period were \$nil (2021: \$210,000).

Other provisions charge in the period was \$nil (2021: \$1,425,000). Provisions recognised on business acquisition was \$200,000 (2021: \$nil), payments made (inclusive of costs) was \$240,000 (2021: \$nil). Prior period provisions released in the current period was \$714,000 (2021: \$nil).

### Note 21. Other financial liabilities

	Consolidated	
	26 June 2022 \$'000	27 June 2021 \$'000
Deferred contingent consideration	4,200	6,000

Deferred contingent consideration at 26 June 2022 relates to the acquisition of 101Warehousing Pty Ltd, which was completed on 2 February 2022. The terms of the share purchase deed include a potential deferred earn-out payment based on the satisfactory earnings achievement of the entity for the 12-month period post-completion. Management has estimated the earn-out period consideration that may be payable based on the expected earnings in the relevant period. The deferred earnout consideration includes a minimum equity component of \$2.9 million, with any additional consideration payable in either equity or cash or a combination thereof). Refer to note 32 for further information.

Deferred contingent consideration recognised in prior periods relates to the acquisition of Rocke Brothers Pty Ltd on 5 August 2019.

The transaction included deferred contingent consideration of up to \$6.0 million depending on the value realised by the principal shareholders of the Group in the event that the directors enter into a contractually binding liquidity event (exit) prior to 30 June 2022 and complete the exit prior to 31 December 2022. The liquidity event occurred on the Company's initial public offering listing on the Australian Securities Exchange on 9 July 2021 at which time the holders elected to convert the deferred consideration into equity.

## Notes to the Consolidated Financial Statements continued

### Note 22. Issued capital

	Consolidated			
	26 June 2022 Shares	27 June 2021 Shares	26 June 2022 \$'000	27 June 2021 \$'000
Ordinary shares – fully paid	78,720,510	22,506,532	73,762	5,000
Preference shares – fully paid	–	45,255,430	–	47,226
	78,720,510	67,761,962	73,762	52,226

#### Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	28 June 2021	22,506,532	–	5,000
Conversion of preference shares		45,255,430	–	47,226
Share buy-back	6 July 2021	(30,000,000)	\$2.00	(60,000)
Shares issued as part of initial public offering	6 July 2021	35,000,000	\$2.00	70,000
Conversion of deferred contingent consideration to shares	6 July 2021	3,000,000	\$2.00	6,000
Share issued as consideration for 101Warehousing Pty Ltd acquisition	2 February 2022	2,321,048	\$2.154	5,000
Options exercised during the period*		637,500	\$1.97	1,253
Share issue costs, net of tax		–	–	(717)
Balance	26 June 2022	78,720,510	–	73,762

\* Issue price of options exercised in the period is calculated as the weighted average fair value of each class of option.

#### Movements in Preference share capital

Details	Date	Shares	Issue price	\$'000
Balance	28 June 2021	45,255,430	–	47,226
Conversion of preference shares	6 July 2021	(45,255,430)	–	(47,226)
Balance	26 June 2022	–	–	–

#### 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.

#### Share buy-back

A share buy-back was undertaken in the current period to facilitate the offer of shares through the Company's IPO. There is no current on-market share buy-back program in place.

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## Notes to the Consolidated Financial Statements continued

### Convertible preference shares ('CPS')

CPS were originally issued at \$46.81 per share (437,937 shares). The CPS are classified as equity on the basis that they cannot be redeemed by the Holder and there are no mandatory repayment obligation features (principal or interest). To the extent CPS are entitled to dividends they will only be declared and paid with Board of Director discretion.

### Convertible redeemable preference shares ('CRPS')

CRPS were originally issued at \$51.3772 per share (962,487 shares). The rights, privileges and conditions attached to the CRPS are the same as CPS other than redemption rights.

Both CPS and CRPS were converted to ordinary shares at the IPO during the period.

### 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 net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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 will continue to assess investments which create shareholder value.

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 period.



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## Notes to the Consolidated Financial Statements continued

### Note 23. Share-based payments

#### Pre-IPO options – Senior executive and other employees

Prior to the IPO the Company offered 547,500 ZEPOs to Senior Executives and other key employees of the Group under the Pre-IPO Bonus Offer, with the grant occurring immediately upon ASX listing. The terms specific to these ZEPOs are set out below and constitute a once-off offer to reward certain employees and Senior Executives for their contribution to the Company, and the performance achieved under their stewardship, prior to completion of the IPO.

- Expiry – the ZEPOs expire on the date that is 6 years from the date of their grant.
- Equity settled – the ZEPOs can only be equity settled.
- Exercise price – nil.
- Vesting – upon granting.
- Exercise – no exercise conditions. Each ZEPO is exercisable into one Share.
- Disposal restrictions – The ZEPOs are not generally transferable without consent of the Board. The resulting shares are subject to a disposal restriction until 24 hours after the Company's announcement of the full year audited results for FY22 on the ASX.

During the period 547,500 ZEPOs were exercised (and therefore nil unexercised at reporting date). There were no further grants, forfeitures or expired ZEPOs in the period.

Share-based payments expense recognised in IPO-related expenses in the period was \$1.1 million (December 2020: \$nil). There was no share-based payment plan in place in the previous corresponding period.

#### Pre-IPO options – Non-executive Directors

Prior to the IPO the Company offered certain Options to the Non-Executive Directors under the Pre-IPO Bonus Offer, with those Options to be granted immediately upon ASX listing. These Options were:

- 672,039 Ordinary Options; and
- 180,000 ZEPOs.

The Company attributed a total value of \$0.9 million to these Options based on the Black-Scholes valuations. The key terms specific to the Ordinary Options and ZEPOs granted under the Pre-IPO Bonus Offer are set out below. These Options constitute a once-off offer to reward the Non-Executive Directors for their contribution to the Company, and the performance achieved under their stewardship, prior to completion of the IPO.

- Expiry – The Ordinary Options and ZEPOs expire on the date that is 4 years and 6 years respectively from the date of their grant.
- Equity settled – The Options can only be equity settled.
- Exercise price – The ZEPOs have a nil exercise price. The Ordinary Options are exercisable at a 20% discount to the IPO Offer Price, being \$1.60 per Option.
- Vesting – In relation to 90,000 ZEPOs, these Options will vest upon the date that is 3 years from the grant date and on the recipient remaining continuously engaged by the Group at all times during this period. The remaining Options vested immediately upon granting.
- Exercise – no exercise conditions. Each Option is exercisable into one Share.
- Disposal restrictions – The Options are not generally transferable without consent of the Board. Other than the resulting Shares arising from the exercise of 90,000 ZEPOs, the resulting Shares will be subject to a disposal restriction until 24 hours after the Company's announcement of the full year audited results for FY22 on the ASX.

During the period 90,000 ZEPOs were inadvertently exercised. As the vesting conditions had not been satisfied at the time of exercise the shares are held in escrow until the conditions are met. Dividends applicable to the shares have been waived until the shares are released from escrow. There were no further grants, forfeitures or expired Options in the period.

At reporting date, 672,039 Ordinary Options and 90,000 ZEPOs are outstanding and exercisable with a remaining average life of 3 years and 5 years respectively. The fair values per Ordinary Option are \$0.82 and ZEPOs are \$1.996.

Share-based payments expense recognised in the period in IPO related expenses was \$0.7 million (June 2021: \$nil). There was no share-based payment plan in place in the previous corresponding period.

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## Notes to the Consolidated Financial Statements continued

### Long-Term Incentive Plan

Under the LTIP, the Board granted up to 842,822 Ordinary Options to select Senior Executives and key employees of the Group. The Options were granted immediately upon ASX listing. The terms specific to Ordinary Options granted under the LTIP are set out below.

- Expiry – on the date that is 5 years from the date of grant.
- Equity settled – Other than the Ordinary Options granted to Executive Directors (which can be either cash or equity settled), the Ordinary Options can only be equity settled.
- Exercise price – The 842,822 Ordinary Options granted upon ASX listing are exercisable at a 20% discount to the IPO Offer Price, being \$1.60 per Option.
- Vesting – The number of Ordinary Options granted represents 150% of the Participant's entitlement. The actual number of Ordinary Options that will vest will depend on satisfaction of the Vesting Conditions (summarised below):
  - Safety and Pre-AASB16 *Leases* earnings before interest and tax targets.
  - Service – the participant remains employed or engaged by a Group company for 3 years from the date of grant.
  - Performance – EPS growth (based on 3 year CAGR) achieved between 28 June 2021 and 30 June 2024.
- Exercise – no exercise conditions. Unless cash settled (applicable to Executive Director options only) each Option is exercisable into one Share.
- Disposal restrictions – The Options are not generally transferable without consent of the Board.

During the period no Options vested, and there were no further grants, forfeitures or expired Options in the period.

At reporting date 842,822 Ordinary Options are outstanding and exercisable with a remaining average life of 4 years and fair value per Ordinary Option is \$0.8662.

Share-based payments expense recognised in the period in employee benefits expense was \$236,000 (June 2021: \$nil). There was no share-based payment plan in place in the previous corresponding period.

### Non-Executive Director Appointment Options

During the period, the Board granted 194,553 Ordinary Options to the newly appointed Non-executive Director effective 15 November 2021. The terms specific to Ordinary Options granted are set out below:

- Expiry – 4 years from the date of their grant.
- Equity settled – the Options can only be equity settled.
- Exercise price – the Ordinary Options are exercisable at \$2.12 per Option (based on the 5-day volume weight average price prior to grant date).
- Vesting – will only vest upon the date that is 4 years from the grant date and on the recipient remaining continuously engaged by the Group at all times during this period.
- Exercise – no exercise conditions. Each Option is exercisable into one Share.
- Disposal restrictions – the Options are not generally transferable without consent of the Board.

During the period no Options vested, and there were no further grants, forfeitures or expired Options in the period.

At reporting date, 194,553 Ordinary Options are outstanding and exercisable with a remaining average life of 4 years and fair value per Ordinary Option is \$0.649.

Share-based payments expense recognised in the period in employee benefits expense was \$19,000 (June 2021: \$nil).

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## Notes to the Consolidated Financial Statements continued

### Note 24. Dividends

On 24 February 2022, the Board of Directors declared a fully franked interim dividend of 2.19 cents per ordinary share. The total dividend of \$1,722,008 was paid on 1 April 2022.

On 25 August 2022 the directors declared a fully franked final dividend for the 52-week period ended 26 June 2022 of 6.30 cents per ordinary share with a record date of 2 September 2022 to be paid on 30 September 2022.

A pre-IPO fully franked dividend of \$10.0 million was recommended during the prior financial period. The recommended dividend was contingent on the IPO completing (which was achieved on 9 July 2021), and accordingly, the recommended dividend became payable (based on shareholdings prior to the offer share allocation) on that date. The dividend was partially paid on 7 July 2021 and the balance paid on 12 July 2021.

### Note 25. Financial instruments

#### Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks, ageing analysis for credit risk.

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 consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates manages financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

#### Market risk

##### Foreign currency risk

The consolidated entity is not exposed to foreign currency risk through foreign exchange rate fluctuations.

##### Price risk

The Group is not exposed to any significant price risk.

##### Interest rate risk

The consolidated entity's main interest rate risk arises from short-term and long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk. Due to the moderate interest margin outlook in the next 2 years, the Company considers interest rate risk to be within tolerance and maintains borrowings on variable interest basis.

For the consolidated entity the bank loans outstanding, totalling \$9.7 million (2021: \$16.0 million), are principal and interest payment loans. Throughout the current financial period, cash outlays of approximately \$0.25 million (2021: \$0.2 million) per quarter are required to service the interest payments. An official increase/decrease in interest rates of 50 basis points would have an adverse/favourable effect on profit before tax of \$48,500 (2021: \$105,000) per annum. The percentage change is based on the expected incremental Reserve Bank of Australia cash interest rate movements forecast over the forthcoming 2 year period using market data and analysts forecasts.

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits where considered applicable. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral, however under its terms of business, retains the right to exercise a lien over its customers products where certain conditions apply.

## Notes to the Consolidated Financial Statements continued

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

The consolidated entity does not have a significant credit risk exposure with any identified customers as at reporting date. Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

### 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.

### Fair value of financial instruments

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

## Note 26. Key management personnel disclosures

### Directors

The following persons were directors of Silk Logistics Holdings Limited during the financial period:

- Mr Terry Sinclair (Chair, Non-Executive Director)
- Mr Brendan Boyd (Managing Director, Chief Executive Officer)
- Mr John Sood (Director and Chief Customer Officer)
- Mr Stephen Moulton (Non-Executive Director)
- Ms Louise Thurgood (appointed as a Non-Executive Director, effective 15 November 2021)

### Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial period:

- Mr Brendon Pentland (Chief Financial Officer)
- Ms Dani Aquilina (Chief Operating Officer)

### Compensation

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

	Consolidated	
	52 weeks ended 26 June 2022 \$	52 weeks ended 27 June 2021 \$
Short-term employee benefits	3,556,948	2,066,569
Post-employment benefits	85,611	46,003
Long-term employee benefits	241,632	17,739
	3,884,191	2,130,311

## Notes to the Consolidated Financial Statements continued

### Note 27. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by, the auditor of the Company:

	Consolidated	
	52 weeks ended 26 June 2022 \$	52 weeks ended 27 June 2021 \$
<b>Audit services –</b>		
Audit or review of the financial statements	316,450	359,750
<b>Other services –</b>		
Tax compliance services	94,250	62,500
Tax advisory services	57,875	81,598
	152,125	144,098
	468,575	503,848

### Note 28. Contingent liabilities

As at the date of this report, the Group has bank guarantees to the value of \$13.6 million in place which have been issued by its financier to landlords of properties that the Group leases for the purpose of conducting its business. Refer note 17.

### Note 29. Related party transactions

#### Parent entity

Silk Logistics Holdings Limited is the parent entity.

#### Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

#### Transactions with related parties

During the period, the Group utilised the services of Danaher Moulton for legal advice to the value of \$342,886 (2021: \$130,681). Mr Stephen Moulton (Non-Executive Director) is a partner of Danaher Moulton and is the principal contact for the Group.

During the period, the Group utilised the services of Cleanaway Waste Management Limited for waste management services to the value of \$407,148 (2021: \$252,915). Mr Terry Sinclair (Chair and Non-Executive Director) is a Non-Executive Director of Cleanaway Waste Management Limited.

Purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

#### Receivable from and payable to related parties

There were no trade receivables from related parties at the current and previous reporting date.

Other than amounts owed to Danaher Moulton of \$104,641 (June 2021: \$10,000) and Cleanaway Waste Management Limited of \$29,994 (June 2021: \$38,323) there were no trade payables to related parties at the current and previous reporting date.

Outstanding balances at the reporting date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided for any related party payables.

#### Loans to/from related parties

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

## Notes to the Consolidated Financial Statements continued

### Note 30. Controlled entities

Details of controlled entities at the end of the reporting period are as follows:

Name of the controlled entity	Country of incorporation	Ownership % 2022	Ownership % 2021
<b>Controlled entities</b>			
Hoffman SPV Pty Ltd	Australia	100	100
R Hoffman & Co Pty Ltd	Australia	100	100
Kagan SPV Pty Ltd	Australia	100	100
Kagan Bros. Storage Pty Ltd	Australia	100	100
Kagan Bros. (VIC) Pty Ltd	Australia	100	100
Silk Contract Logistics Pty Ltd	Australia	100	100
Marrakech Lane Pty Ltd	Australia	100	100
Container Swinglift Services Pty Ltd	Australia	100	100
Flincept Pty Ltd	Australia	100	100
L&M Scott Haulage Pty Ltd	Australia	100	100
Rocke Brothers Pty Ltd	Australia	100	100
101Warehousing Pty Ltd	Australia	100	—

The Company and all of its wholly owned subsidiaries have entered into a deed of cross guarantee with Silk Logistics Holdings Limited pursuant to *ASIC Corporations (wholly-owned Companies) Instrument 2016/785* and are relieved from the requirement to individually prepare and lodge audited financial statements. This deed of cross guarantee was entered into on 23 June 2022. All wholly owned subsidiaries have a financial period ended 26 June 2022 (prior period: 27 June 2021).



## Notes to the Consolidated Financial Statements continued

### Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

#### Statement of profit or loss and other comprehensive income

	Parent	
	52 weeks ended 26 June 2022 \$'000	52 weeks ended 27 June 2021 \$'000
Profit/(loss) after income tax	(5,732)	(3,124)
Total comprehensive income	(5,732)	(3,124)

#### Statement of financial position

	Parent	
	26 June 2022 \$'000	27 June 2021 \$'000
Total current assets	360	1,456
Total assets	65,070	103,673
Total current liabilities	10,062	21,322
Total liabilities	20,217	63,778
Equity		
Issued capital	73,762	52,226
General reserve	(23,577)	(24,453)
Retained profits	(5,332)	12,122
Total equity	44,853	39,895

#### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 26 June 2022 and 27 June 2021.

#### Contingent liabilities

As at the date of this report, the parent entity has bank guarantees to the value of \$13.6 million (June 2021: \$11.8 million) in place which have been issued by its financier to landlords of properties that the Group leases for the purpose of conducting its business. Refer note 17.

#### Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 26 June 2022 and 27 June 2021.

#### Significant accounting policies

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as set out below. See note 2 for a summary of the significant accounting policies relating to the Group.

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## Notes to the Consolidated Financial Statements continued

### Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are accounted for at cost. Dividends received from subsidiaries, associates and joint ventures are recognised in profit or loss when a right to receive the dividend is established (provided that it is probable that the economic benefits will flow to the Parent and the amount of income can be measured reliably).

### Tax consolidation

The Company and its wholly-owned Australian resident entities are members of a tax-consolidated group under Australian tax law. The Company is the head entity within the tax-consolidated group. In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group.

Amounts payable or receivable under the tax-funding arrangement between the Company and the entities in the tax consolidated group are determined using a 'separate taxpayer within group' approach to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated group. This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred, and does not tax effect transactions that have no tax consequences to the group. The same basis is used for tax allocation within the tax-consolidated group.

## Note 32. Business combinations

On 24 January 2022, the Company announced to the ASX that it had entered into a binding agreement to acquire the shares of 101Warehousing Pty Ltd (101Warehousing), a Victorian-based contract logistics service provider with a strong presence in the fashion, homewares and toys sectors. On 2 February 2022, the Company completed the acquisition of 101Warehousing. The acquisition consideration consists of an up-front cash payment of \$2.36 million cash (comprising an initial payment of \$1.3 million and \$1.06 million completion payment) and issuance of the Company shares to the value of \$5.0 million. An earn-out consideration is payable based on the satisfactory earnings achievement of the entity for the 12-month period post-completion. The deferred contingent consideration (dependent on actual earnings) includes a minimum component of shares in the Company to be issued.

Costs associated with the acquisition of \$0.5 million were incurred in the current reporting period and have been recognised in the statement of profit or loss.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Fair value \$'000
Purchase consideration	
Cash	2,360
Shares	5,000
Earn out	4,200
Total fair value of consideration	11,560

## Notes to the Consolidated Financial Statements continued

The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$'000
Cash	2,524
Accounts receivable	2,811
Prepayments and deposits	261
Right of use assets	16,931
Make good asset	496
Property, plant and equipment and software intangibles	1,060
Deferred tax assets	152
Accounts payable	(879)
Accrued expenses	(666)
Tax payable	(601)
Lease liabilities	(16,931)
Make-good liability	(759)
Loans	(40)
Net identifiable assets and liabilities	4,359
Goodwill recognised	7,201
	11,560

### (i) Acquired receivables

The fair value of acquired trade receivables is \$2,810,645. The gross contractual amount for trade receivables due is \$3,199,713, with a loss allowance of \$389,068 recognised on acquisition.

### (ii) Revenue and profit contribution

The acquired business contributed revenues of \$10,196,058 and a net loss of \$230,499 to the group for the period from 2 February 2022 to 26 June 2022.

If the acquisition had occurred at the commencement of the financial period, consolidated pro-forma revenue and profit for the year ended 26 June 2022 would have been \$24,779,034 and \$311,350 respectively. These amounts have been calculated using 101Warehousing's results and adjusting them for the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from commencement of the financial period, together with the consequential tax effects. There are no differences in the accounting policies between the Group and the acquired business.

### (iii) Purchase consideration – cash outflow

	\$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration paid	(2,360)
Cash balances acquired	2,524
Net inflow of cash – investing activities	164

### (iv) Acquisition related cost

Acquisition-related costs of \$502,000 are included in administrative expenses in profit or loss and in operating cash flows in the statement of cash flows.

## Notes to the Consolidated Financial Statements continued

### Note 33. Events after the reporting period

Subsequent to the end of the financial period, the events and matters set out below are relevant to the consolidated entity's future financial periods.

On 22 July 2022, the Company announced to the ASX that it had entered into a binding agreement to acquire the Fremantle Freight & Storage Group through the acquisition of head company Brightflow Enterprises Pty Ltd (together, 'FFS'). The acquisition is expected to complete before 1 September 2022. The acquisition price consists of \$23.6 million payable upfront (subject to customary adjustments) with deferred consideration payable contingent on achieving agreed financial milestones for the period ending 31 July 2023. Costs associated with the acquisition of \$0.3 million were incurred in the current reporting period and have been recognised in the statement of profit or loss. The Company is in the process of determining the fair value of acquired assets, liabilities and deferred contingent consideration, and expects to complete this exercise during FY23.

On 23 August 2022, the Group extended its debt facilities by adding a \$22.0 million corporate loan, which is subject to quarterly amortising repayments. All corporate loan facility termination dates were extended to 30 September 2025. The financial undertakings in respect of the Group's debt facilities remain unchanged.

Apart from the above matters, no other matter or circumstance has arisen since 26 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial periods.

### Note 34. Reconciliation of profit after income tax to net cash from operating activities

	52 weeks ended 26 June 2022 \$'000	52 weeks ended 27 June 2021 \$'000
Profit after income tax expense for the period	13,357	8,389
Adjustments for:		
(Gain)/loss on sale of property, plant and equipment	(1,068)	(472)
Non-cash net interest expense	68	37
Remeasurement of deferred contingent consideration liability	–	667
Depreciation and amortisation	40,065	36,763
Gain on novation of land purchase contract	(3,428)	–
Fair value of options granted	2,129	–
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(14,250)	(9,166)
(Increase)/decrease in other current assets	(710)	(1,189)
(Increase)/decrease deferred tax assets	(1,751)	(2,467)
Increase/(decrease) in trade and other payables	10,034	7,457
Increase/(decrease) in provision for income tax	7	5,413
Increase/(decrease) in deferred revenue	–	(297)
Increase/(decrease) in provisions	839	2,893
Net cash from operating activities	45,292	48,028

## Notes to the Consolidated Financial Statements continued

### Note 35. Changes in liabilities arising from financing activities

Consolidated	Borrowings \$'000	Lease liabilities \$'000	Total \$'000
Balance at 29 June 2020	26,000	191,687	217,687
Net cash used in financing activities	(10,000)	(29,447)	(39,447)
<i>Non-cash changes:</i>			
Acquisition of leases	–	16,584	16,584
Balance at 27 June 2021	16,000	178,824	194,824
Net cash used in financing activities	(6,300)	(33,112)	(39,412)
<i>Non-cash changes:</i>			
Acquisition of leases	–	7,076	7,076
Change through acquisition of business	–	16,931	16,931
Balance at 26 June 2022	9,700	169,719	179,419

### Note 36. Earnings per share

	Consolidated	
	52 weeks ended 26 June 2022 \$'000	52 weeks ended 27 June 2021 \$'000
Profit after income tax attributable to the owners of Silk Logistics Holdings Limited	13,357	8,389
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	76,660,719	22,503,731
Adjustments for calculation of diluted earnings per share:		
Share options	578,107	–
Preference shares	–	45,255,430
Weighted average number of ordinary and preference shares used in calculating diluted earnings per share	77,238,826	67,759,161
	Cents	Cents
Basic earnings per share	17.42	37.28
Diluted earnings per share	17.29	12.38

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# Directors' Declaration

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 as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 26 June 2022 and of its performance for the financial period 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



**Terry Sinclair**  
25 August 2022



# Independent Auditor's Report



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## Independent Auditor's Report to the Members of Silk Logistics Holdings Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Silk Logistics Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 26 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 other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 26 June 2022 and of its financial performance for the year then ended; and
- 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 for 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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## Independent Auditor's Report continued



Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><i>Assessment of Lease term and incremental borrowing rate under AASB 16 Leases</i></p> <p>At 26 June 2022 the Group has reported a right of use asset of \$131,533,998 relating to leased land and buildings. The estimated lease term and borrowing rate forms part of the assessment for determining the right of use asset and associated lease liability. The accounting policy and the significant estimates and judgements in relation to determining the lease term are disclosed in Notes 2 and 3.</p> <p>In reassessing the lease term the Group is required to determine whether there are significant events under their control which result in renewal options being required to be incorporated into the assessment. Where lease terms have been reassessed the Group is required to determine an appropriate incremental borrowing rate to be applied in the calculation of right of use assets and lease liabilities.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• For initial measurement: <ul style="list-style-type: none"> <li>○ Agreeing management's assessment to underlying lease agreements;</li> <li>○ On a sample basis, assessing the mathematical accuracy of management's calculation for the initial measurement of the lease liability and right of use asset;</li> <li>○ Evaluating the estimates and judgements applied by management in determining the probability of exercising options; and</li> <li>○ Assessing the estimates and judgements applied by management in determining the incremental borrowing rate applied to new leases.</li> </ul> </li> <li>• Where option periods have been reassessed: <ul style="list-style-type: none"> <li>○ Agreeing management's assessment to underlying lease agreements; and</li> <li>○ On a sample basis, assessing the mathematical accuracy of management's calculation for reassessment by recalculating the lease liability and right of use asset.</li> </ul> </li> <li>• Engaging our valuation specialist to assess the appropriateness of the incremental borrowing rate for initial measurements and any subsequent reassessments where appropriate.</li> </ul> <p>We have also assessed the adequacy of the disclosures in Note 13 to the financial statements.</p>

### Other Information

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 26 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 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.

## Independent Auditor's Report continued



### *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 the 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's audit. We remain solely responsible for our audit opinion.

## Independent Auditor's Report continued

### Deloitte

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 28 to 36 of the Directors' Report for the year ended 26 June 2022.

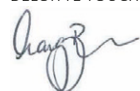
In our opinion, the Remuneration Report of Silk Logistics Holdings Limited, for the year ended 26 June 2022, complies with section 300A of the *Corporations Act 2001*.

##### *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.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Craig Bryan  
Partner  
Chartered Accountants  
Melbourne, 25 August 2022

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# Shareholder Information

**Silk Logistics Holdings Limited** ACN 165 867 372

## Registered Office

Unit 3, 850 Lorimer Street  
Port Melbourne VIC 3207  
+61 (3) 9281 6900  
[www.silklogisticsholdings.com.au](http://www.silklogisticsholdings.com.au)

## Share Registry

Shareholder information in relation to shareholding or share transfer can be obtained by contacting the Company's share registry:

Boardroom Pty Ltd  
Level 12, 225 George Street, Sydney NSW 2000  
Tel: 1300 737 760  
<https://boardroomlimited.com.au>

For all correspondence to the share registry, please provide your Security-holder Reference Number ('SRN') or Holder Identification Number ('HIN').

## Change of address

Changes to your address can be updated online at <https://boardroomlimited.com.au> or by obtaining a Change of Address Form from the Company's share registry. CHESS sponsored investors must change their address details via their broker.

## Annual General Meeting

The Annual General Meeting will be held in Melbourne on or about 23 November 2022. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX immediately upon dispatch.

The Closing date for receipt of nomination for the position of Director is Wednesday, 12 October 2022. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on Wednesday, 12 October 2022, at the Company's Registered Office.

The Company notes that the deadline for the nominations for the position of Director is separate to voting on Director elections. Details of the Director's to be elected will be provided in the Company's Notice of Annual General Meeting in due course.

## Corporate Governance Statement

The Company's 2022 Corporate Governance Statement has been released to the ASX on this day and is available on the Company's website at [www.silklogisticsholdings.com.au](http://www.silklogisticsholdings.com.au).

## Annual report mailing list

All shareholders are entitled to receive the Annual Report. In addition, shareholders may nominate not to receive an annual report by advising the share registry in writing, by fax, or by email, quoting their SRN/HIN.

## Securities exchange listing

Silk Logistics Holdings Limited's shares are listed on the Australian Securities Exchange and trade under the ASX code SLH. The securities of the Company are traded on the ASX under CHESS (Clearing House Electronic Sub-register System)

## Shareholder Information continued

### ASX Shareholder Disclosures

The following additional information is required by the Australian Securities Exchange in respect of listed public companies. The information is current as at 8 August 2022.

#### 1. Total securities on issue

ASX code	Description	Expiry	Listed	Unlisted
SLH	Fully paid ordinary shares		78,810,510	–
SLHAA	Share options	Various dates	–	1,514,861
SLHAB	Share options	15/11/2025	–	194,553
			<b>78,810,510</b>	<b>1,709,414</b>

#### 2. Distribution of equity securities – ordinary shares

Range	Securities	%	No of holders	%
100,001 and over	65,743,507	83.42	27	1.89
10,001 to 100,000	9,080,307	11.52	356	24.90
5,001 to 10,000	2,218,830	2.82	268	18.74
1,001 to 5,000	1,622,638	2.06	505	35.31
1 to 1,000	145,228	0.18	274	19.16
<b>Total</b>	<b>78,810,510</b>	<b>100</b>	<b>1,430</b>	<b>100</b>
Unmarketable Parcels	41,366	0.05	151	10.56

#### 3. Voting Rights

Shareholders in Silk Logistics Holdings Limited have a right to attend and vote at general meetings. At a general meeting, individual shareholder may vote in person or by proxy. All quoted and unquoted share options, and convertible notes, have no voting rights.

#### 4. Substantial shareholders

Substantial shareholders as disclosed in substantial holder notices given to the Company under the Corporations Act.

	Name	%
1	ASIA CREDIT MASTER FUND LP, TOR ASIS CREDIT FUND GP LTD AND TOR INVESTMENT MANAGEMENT LP	20,169,563 25.60
2	BBJJ INVESTMENTS PTY LTD <THE BOYD FAMILY A/C>	10,751,794 13.64
3	KARMA BEVERAGES PTY LTD <JOHN SOOD FAMILY A/C>	10,751,794 13.64
4	NATIONAL NOMINEES LIMITED	7,573,480 9.61
5	CITICORP NOMINEES PTY LIMITED	7,298,245 9.26

#### 5. Share buy-back

There is no current or planned buy-back of the Company's shares.



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## Shareholder Information continued

### 6. Statement in accordance with ASX Listing Rule 4.10.19

The Company confirms that it has used the cash and assets in a form readily convertible to cash for the period 26 June 2022 in a way consistent with its business objectives.

### 7. Twenty largest shareholders – ordinary shares

Rank	Name	Shares	%
1	ASIA CREDIT MASTER FUND LP, TOR ASIS CREDIT FUND GP LTD AND TOR INVESTMENT MANAGEMENT LP	20,169,563	25.60
2	BBJJ INVESTMENTS PTY LTD <THE BOYD FAMILY A/C>	10,751,794	13.64
3	KARMA BEVERAGES PTY LTD <JOHN SOOD FAMILY A/C>	10,751,794	13.64
4	NATIONAL NOMINEES LIMITED	7,573,480	9.52
5	CITICORP NOMINEES PTY LIMITED	7,298,245	9.38
6	PGA SERVICES PTY LTD	1,500,000	1.90
7	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,428,771	1.81
8	SUNFLOWER4 PTY LTD <BLTIJK FAMILY A/C>	1,160,524	1.47
9	ICEVALLEY PROPRIETARY LIMITED <ADRIAN & JODIE KAGAN A/C>	1,160,524	1.47
10	MR JOHN RICHARD WILLIAM EVANS	651,787	0.83
11	BNP PARIBAS NOMS (NZ) LTD <DRP>	600,000	0.76
12	BNP PARIBAS NOMS PTY LTD <DRP>	428,376	0.54
13	DANNWILL PTY LTD <THE EVANS FAMILY A/C>	401,157	0.51
14	SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	325,000	0.41
15	ADAPTALIFT INVESTMENTS PTY LTD	250,000	0.32
16	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	177,808	0.23
17	GEAT INCORPORATED <GEAT-PRESERVATION FUND A/C>	166,200	0.21
18	MR JOSHUA RODNEY BOYD	150,000	0.19
19	JOHN LAMBLE SUPERANNUATION PTY LTD <JOHN LAMBLE SUPER FUND A/C>	133,000	0.17
20	UURO PTY LTD	125,000	0.16
		<b>65,203,023</b>	<b>82.73</b>

### 8. Twenty largest shareholders – quoted share options

No options are quoted.

### 9. Restricted or escrow securities

Description	Number
Fully paid ordinary shares voluntary escrowed until 26 August 2022	30,631,303
Fully paid ordinary shares voluntary escrowed until 2 February 2024	2,321,048

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# Corporate Directory

## Directors

Mr Terry Sinclair

Mr Brendan Boyd

Mr John Sood

Mr Stephen Moulton

Ms Louise Thurgood

## Company secretary

Ms Melanie Leydin

## Registered office

Unit 3, 850 Lorimer Street, Port Melbourne VIC 3207

## Principal place of business

Unit 3, 850 Lorimer Street, Port Melbourne VIC 3207

## Share register

### Boardroom Pty limited

Level 7, 411 Collins Street, Melbourne VIC 3000

<https://boardroomlimited.com.au/>

## Auditor

### Deloitte Touche Tohmatsu

477 Collins Street, Melbourne VIC 3000

## Stock exchange listing

Silk Logistics Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: SLH)

## Website

[silklogisticsholdings.com.au](http://silklogisticsholdings.com.au)



**SILK**  
LOGISTICS  
HOLDINGS

[silklogisticsholdings.com.au](http://silklogisticsholdings.com.au)