Sustainable Growth Resilient Future

SILK
LOGISTICS
HOLDINGS

Annual Report 2023

Silk Logistics Holdings Limited ('Silk', the 'Group' or the 'Company') is pleased to provide you with its Annual Report for Financial Year 2023 ('FY23'). 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 (ABN 45 165 867 372), Silk Contract Logistics Pty Ltd (ABN 56 006 444 355), Rocke Brothers Pty Ltd (ABN 60 100 734 469), 101Warehousing Pty Ltd (ABN 20 154 887 715), Fremantle Freight & Storage Pty Ltd (ABN 92 079 923 327) and other controlled entities at the end of, or during, the 52-week period ('the period') ended 25 June 2023.

About Silk Logistics Holdings Limited

Silk is a leading Australian logistics provider. With a strong national footprint and an integrated port-to-door approach, Silk delivers exceptional solutions through its best-in-class operating segments.

Our focus at Silk is to operate a business that is agile, responsive to customers, capable of adapting to changing market dynamics, and scalable. Silk has delivered resilient growth over the prior corresponding period ('pcp'), and continues to invest in its people, processes, and systems to deliver its next phase of growth. Silk is listed on the Australian Securities Exchange ('ASX') under code SLH.

Non-IFRS financial information

The 2023 Annual Report contains certain non-IFRS financial measures of earnings before interest, tax, depreciation and amortisation ('EBITDA') and earnings before interest and tax ('EBIT'). 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.

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 financial position of the Group. Non-IFRS measures are not subject to audit or review.

Contents

FY23 Highlights

Sustainable growth, resilient future

Revenue growth achieved[1]
(YoY for Group)

↑$93.9m

Underlying EBITDA[2] growth
(YoY for Group)

↑21.1%

Silk is continuing to deliver sustainable shareholder value through investment in future growth, and expansion in operational capability for our growing, loyal customer base.

Annual dividend yield

4.0%

Low gearing[3]

(headroom for growth)

0.6 times

Continued focus on safety

(reduction in LTIFR YoY[4])

36.4%

1. Includes Fremantle Freight & Storage ('FFS') revenue for part of the period (post-acquisition).
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. Purchase card facility classified as borrowings in the statutory balance sheet has been excluded from net debt to EBITDA leverage ratio.
4. LTIFR = Lost Time Injury Frequency Rate. FY23 LTIFR = 2.8 and FY22 LTIFR = 4.4. LTIFR is reported as a rolling 12-month average to the end of the reporting period. LTIFR excludes FFS for the period as a set of full year historical data does not exist for FY23. Note: FY22 has been recalculated to reflect a new calculation method to include all staff hours and incidents inclusive of casual and sub-contractors not captured at the time of publishing FY22 results, as was disclosed at 1HFY23 reporting.

Chair's Letter

Dear Shareholders,

I am pleased to present our Annual Report for the 52-week period ended 25 June 2023 ('FY23'). Despite the challenging external economic backdrop, we have demonstrated resilience and delivered revenue and profit growth. Our operational and financial success is largely attributable to our strong customer relationships and our variable-cost (asset-right) business model. Silk has continued its track record (since its initial public offering in July 2021), of growing revenue and profit over previous corresponding periods, with FY23 highlights including:

- reported revenue of $488.6 million (23.8% increase on FY22);
- underlying earnings before interest and tax ('EBIT') of $35.5 million (14.5% increase); and
- dividends of 3.10 cents per share (DPS yield of 4.0%).

Silk has built a strong reputation for delivering reliable quality services to our customers. In FY23, Silk was successful in winning new clients ($65.8 million annualised in new business wins) across both our Port Logistics and Contract Logistics segments. This is in addition to our high number of repeat customers, which sits at 93%. Our commitment to customers has created a strong portfolio of loyal customers (with an average contracted relationship of 8.4 years).

Many sectors, including the logistics industry, witnessed challenging economic circumstances in FY23, including the shortage of qualified labour, heightened industry cost pressures and lower discretionary spend with escalating interest rates. In spite of these obstacles, Silk's agile business model enabled effective cost recovery and the maintenance of operating gross profit margins.

Throughout FY23, we continued executing our five-year strategy by investing in our physical capacity, people and technological capabilities. Consistent with our focus on acquisitions, in FY23 we acquired Perth-based port logistics specialist Fremantle Freight & Storage ('FFS'). The acquisition of FFS was consistent with our prospectus aspirations involving the acquisition of a high-quality port logistics capability in Perth. As part of our growth strategy, we will continue to target strategic and complementary acquisitions in Australia and New Zealand.

Silk has cash to underlying EBITDA conversion of 85.8% (pre-capex) and a cash balance of $30.5 million as at 25 June 2023. Following our acquisition of Secon Freight Logistics, announced on 4 August 2023, we will retain funding capacity through our club debt facility (undrawn capacity of $20.0 million) and expect to remain conservatively geared (0.6 times net debt-to-EBITDA).

I am also pleased to announce the appointment of Cheryl Hayman as Non-Executive Director. Cheryl brings a strategic focus to growth and a strong track record of successfully managing challenges in geographic and channel product expansion, and a wide range of both listed and unlisted board experience.

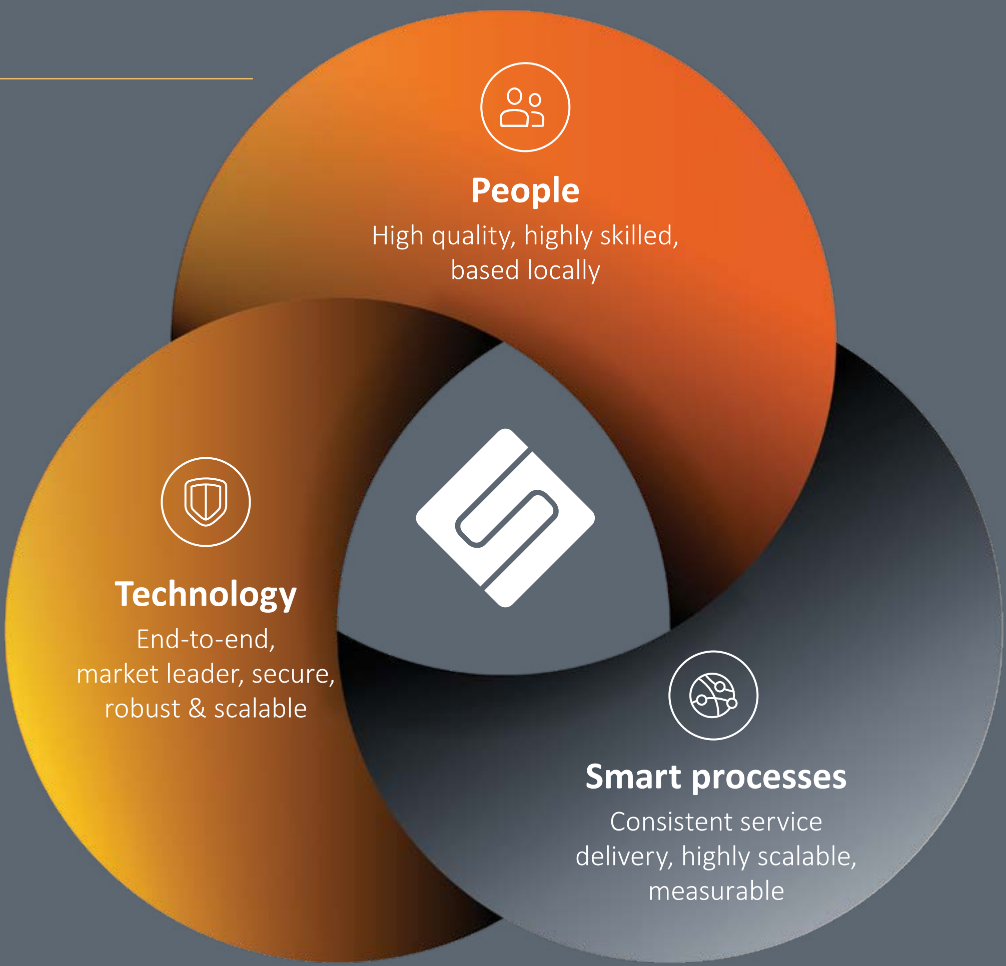
I would like to recognise and thank the broader Silk team and management who have worked consistently and efficiently throughout challenging conditions, delivering results to both customers and shareholders. I am very proud of the entire team for the outstanding job achieved this financial year.

On behalf of Silk, I thank you, our shareholders, for your continued support. As we move into FY24, we look forward to updating you on our progress in further building on our core foundations. We will continue to be focused on accelerating growth and delivering enduring shareholder value.

Terry Sinclair
Chair
Silk Logistics Holdings Limited

Silk's Vision

"The market leader of innovative supply chain solutions through our people and connected networks, making it easy for our customers to do business."



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 upheld from top to bottom and remain at the forefront of our service offering.

Managing Director and Chief Executive Officer's Report

FY23 continued our record of growing revenue and profit over previous corresponding periods since our initial public offering in July 2021.

Our resilient performance in FY23 is testament to Silk's asset-right and variable cost business model. Our revenue growth has been driven by the market segments of our customers, strong customer relationships, and continually building on our time-certain delivery service. FY23 started strongly, with easing of supply chain congestion, improvement in labour availability, enhanced equipment and pallet supply, and a renewed focus on growth by our customers. However, the second half was characterised by considerable economic challenges, including rising interest rates and inflation, slowing customer demand (from just-in-case to just-in-time) and a softening in discretionary spending.

Despite this, I am pleased to announce that Silk has delivered a result in line with our guidance announced in February 2023. Silk delivered a strong financial performance in FY23, highlighted by record revenue of $488.6 million (23.8% up on FY22), and underlying EBIT of $35.5 million (14.5% up). For FY23, we are pleased to deliver a dividend of 3.10 cents per share, representing a dividend yield of 4.0%.

We achieved earnings guidance and underlying EBIT despite sustained cost pressures. Our agile business model allowed us to flex our variable fleet and labour in response to economic conditions, and recover higher third-party costs from customers.

Our commitment to providing industry-leading customer service delivered growth in both our Port Logistics and Contract Logistics operating segments, with annualised new business wins in FY23 totalling $65.8 million. The Port Logistics segment experienced a 25% increase in revenue per billed container and Contract Logistics leased warehouse occupancy improved by 4pp to 89%, underpinned by new customer wins, operational efficiencies, and growth through scale. Growth also came from the successful integrations of our 101Warehousing and Fremantle Freight & Storage acquisitions.

We continue to prioritise safety in all we do. Over the past 12 months, our responsibility to safety has improved our lost time injury frequency rate ('LTIFR') to 2.8.

Our commitment to sustainability and broader ESG principles is integral to our business strategy, and we are proud to make strides towards a more sustainable future. We have now baselined our emissions. We are clear on our Scope 1, 2 and 3 greenhouse gas emissions and aspire to achieve net-zero emissions by 2050.

As at June 2023, we had $30.5 million in cash, supported by cash to underlying EBITDA to cash conversion of 85.8% (pre-capex). Our gearing is conservative, with $46.9 million of drawn debt (including bank guarantee facility and hire purchase liabilities), representing net debt to EBITDA of 0.6 times. For the purpose of acquisitions, we established a club debt facility ($50.0 million between NAB and Rabobank), with headroom for growth.

Wharf Cartage

Warehousing

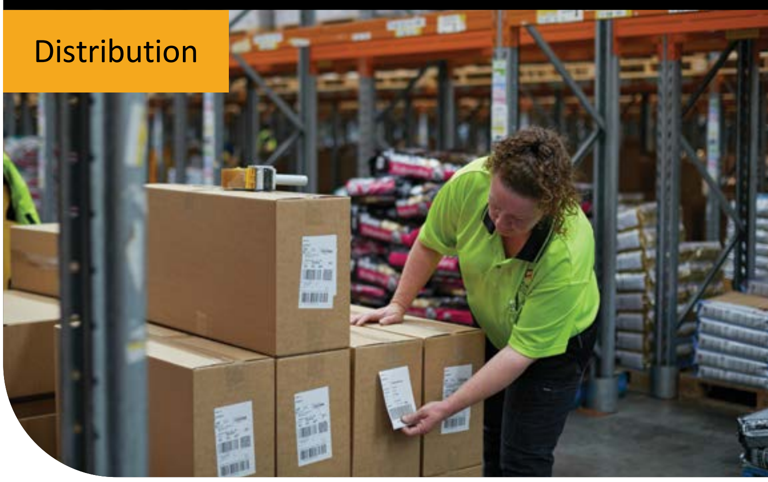
Growth in FY24 is expected to come through increased efficiencies, capturing greater share of wallet, organic growth (within existing sites and our new Kenwick facility) and through recent acquistions. We recently announced a binding agreement to acquire Victorian-based port logistics company Secon Freight Logistics. This acquisition will deliver increased scale in Victorian port logistics, a complementary bulk logistics platform and additional value-added services. It is also expected to be materially EPS accretive in the first year of ownership. We will also continue to pursue other acquisition opportunities in accordance with our Five-Year Strategic Plan – targeting $1 billion in revenue by FY27.

FY23 has been a year in which Silk has been challenged in many ways. We have remained economically and commercially resilient in the face of those challenges through our business model, people, technology and processes. I would like to thank all of Silk's employees and contractors for their commitment and hard work – our strong result is because of our team's dedication to The Silk Way.

Brendan Boyd
Managing Director & Chief Executive Officer
Silk Logistics Holdings Limited

93% of FY23 revenue was earned from existing Silk customers[1]

Distribution



1. Including customers obtained through FFS acquisition.

Silk 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.

Company Overview

Corporate Structure

Figure 1: Corporate Structure (as at 25 June 2023).

Silk is an Australian-founded, leading provider of integrated port-to-door landside logistics services in Australia. We proudly partner with some of the world's biggest brands, leveraging tier-one technology to empower our operations to deliver efficiency and customer satisfaction.

Silk's growth speaks to our commitment to provide service excellence to our customers, backed by a workforce that thrives on success, and a proven safety track record. At Silk, we don't just keep up with industry standards, we strive to set them.

Under its Silk Contract Logistics, Rocke Brothers, 101Warehousing and Fremantle Freight & Storage 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 and container value-added services, and our Contract Logistics business offers warehousing, e-commerce fulfilment and distribution services.

Silk listed on the ASX in July 2021.

Silk History

Silk's journey began over a century ago in Victoria, Australia, with the establishment of two influential businesses: Hoffman Transport and Kagan Logistics. In 2008, these entities merged to form Silk Logistics Group, followed by a Management Buyout ('MBO') in 2014 in which the management shareholders – Brendan Boyd (Co-Founder and Managing Director) and John Sood (Co-Founder and Chief Customer Officer) – along with private investment partners acquired the company.

Since the MBO, Silk's success can be attributed to an unwavering commitment to a three-phase strategic plan. This plan prioritised customer satisfaction, growth, and a robust M&A strategy to leverage the existing platform, while simultaneously expanding capabilities, scale and geographic presence.

Building upon this foundation, in FY22 Silk extended its B2B business model into the realm of e-commerce fulfilment through the acquisition of 101Warehousing. In early FY23, Silk reinforced its Port Logistics capability in Western Australia with the acquisition of Fremantle Freight & Storage. These strategic moves align with the current roadmap, which encompasses three growth horizons over five years, to FY27. As we move forward, Silk remains dedicated to exploring acquisition opportunities that will further enhance our logistics offering both domestically and internationally.

Silk was established over 100 years ago.

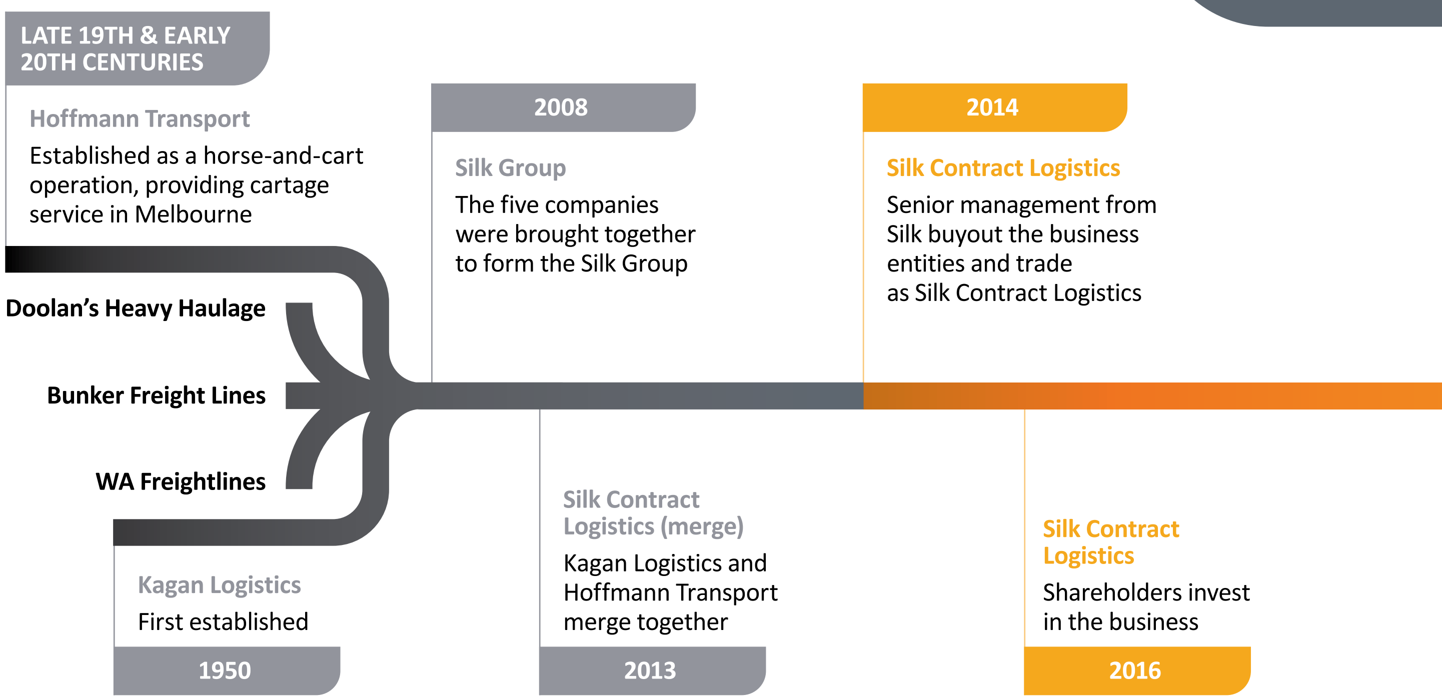


Figure 2: Historical timeline of Silk.

Key Locations

Well-positioned across all major Australian capital cities (refer to figure 3), Silk's facilities are strategically located with excellent access to the country's key container ports. This provides a marked competitive advantage through which we deliver efficient and cost-effective services to our vast national customer base.

Our extensive network of facilities and resources allows us to deliver high-quality services and solutions to customers across the country. Silk operates a total of 28 warehouse sites nationally, including 5 e-fulfilment warehouses (in Victoria only), 8 with the necessary licenses and notifications to compliantly store dangerous goods, and 11 food-grade sites.

Silk also has container yard facilities in Victoria, New South Wales, Queensland and Western Australia on, or adjacent to, those states' major container ports.

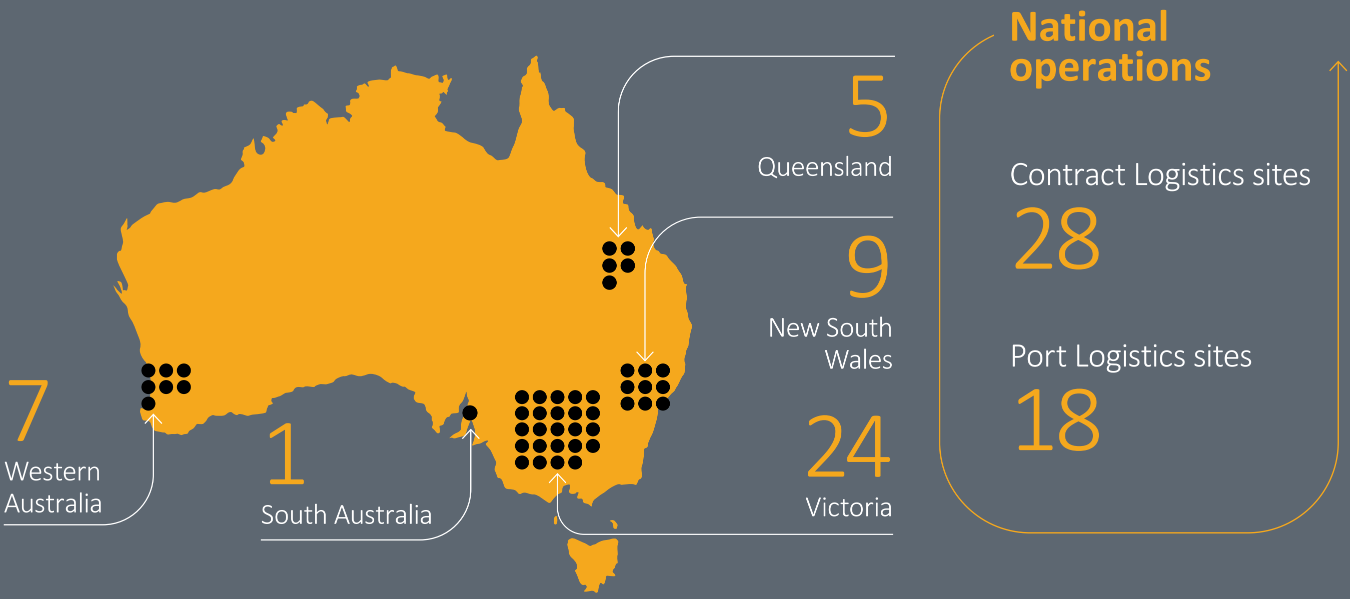


Figure 3: Strategically located operations across Australia.

JUNE 2018
Capital Raise

JULY 2018
CSS acquisition
Port Logistics business in QLD joins the Group

NOVEMBER 2018
CTC acquisition
Port Logistics business in NSW joins the Group

AUGUST 2019
Rocke Brothers acquisition
Port Logistics business in VIC joins the Group

JULY 2021
IPO
Silk Logistics Holdings (SLH) lists on the ASX

FEBRUARY 2022
101Warehousing acquisition
e-Commerce Contract Logistics business in VIC joins the Group

SEPTEMBER 2022
Fremantle Freight & Storage acquisition
WA-based Port Logistics provider joins the Group

Port-to-Door Service Offering

Silk's Port-to-Door logistics service provides a competitive advantage in the market, offering customers a time-certain delivery model.

Our customers benefit from a seamlessly integrated service encompassing transportation from the port to consumers' doorsteps, and all enabled by tier-one technology.

With our extensive industry expertise and a proven track record of excellence, we are committed to always delivering exceptional results.

PORT SERVICES

Fully integrated service offering

Port Logistics

Port Logistics remains Silk's largest service line. In FY23, Silk's Port Logistics segment extended its national capability with the acquisition of Fremantle Freight & Storage in Western Australia. Port Logistics now operates under three brands: Silk Contract Logistics, Rocke Brothers and Fremantle Freight & Storage.

The success of Port Logistics can be attributed to its team of dedicated professionals who work across a national network. In FY23, Silk's Port Logistics segment ensured the timely and secure transportation of 288,897 containers between major Australian ports and various facilities.

Revenue is earned from:

- Road transport of import and export containers;
- Fumigation and quarantine-accredited services;
- Pack and unpack of containers;
- Full Container Load ('FCL') and Less than Container Load ('LCL') delivery;
- Fitting of liners to containers; and
- Project services.

Port Logistics continues to perform well amidst challenging market conditions. In FY23, Silk's Port Logistics segment grew revenue 19.2% to $285.9 million in revenue[1] on 4.3% lower billed container volumes compared to FY22.

Contract Logistics

By employing tier-one technology, maintaining strong customer relationships, and focusing on efficient operations, Contract Logistics strives to provide exceptional service to its blue-chip customer base. Contract Logistics aims to optimise supply chain processes and ensure the seamless flow of goods throughout the warehouse and distribution network.

Contract Logistics operates under the brands of Silk Contract Logistics (B2B customers nationally) and 101Warehousing (automated e-commerce fulfilment in Victoria), and employs a transparent pricing model where customers are billed based on specified rates per activity in the warehouse. These rates cover services such as receiving, unpacking, palletising, storage, picking, packing, dispatch and additional value-add services.

To efficiently manage Silk's distribution network, Contract Logistics collaborates with multiple carrier partners while maintaining overall control and management of the network. Revenue is thus determined through rate cards that consider factors such as vehicle type, freight loads, and delivery locations.

Silk's Contract Logistics segment remains resilient through a diversified logistics service offer and robust business model, achieving FY23 revenue of $202.7 million – representing 41.5% of total revenue for the Group.

1. Includes revenue and container volumes from Fremantle Freight & Storage post-acquisition (from 1 September 2022).

Customers

Silk provides customers with a national, integrated port-to-door solution. In addition to premium service, our customers expect and value reliable, technology-driven and time-certain solutions.

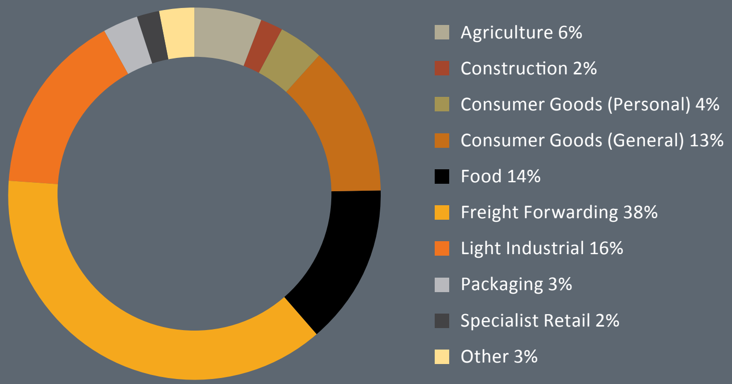
Our commitment to providing high-quality, reliable and integrated solutions in multi-user facilities ensures our customers receive industry-leading services that satisfy their mid-scale volumes and high compliance standards. In a marketplace crowded with small, inefficient operators and vast, decentralised multinationals, our customers look to us for agile, responsive services across the full spectrum of market conditions.

Our 569 customers operate across a diverse range of industries – this ensures Silk remains agile and not reliant on any one particular segment of the market.

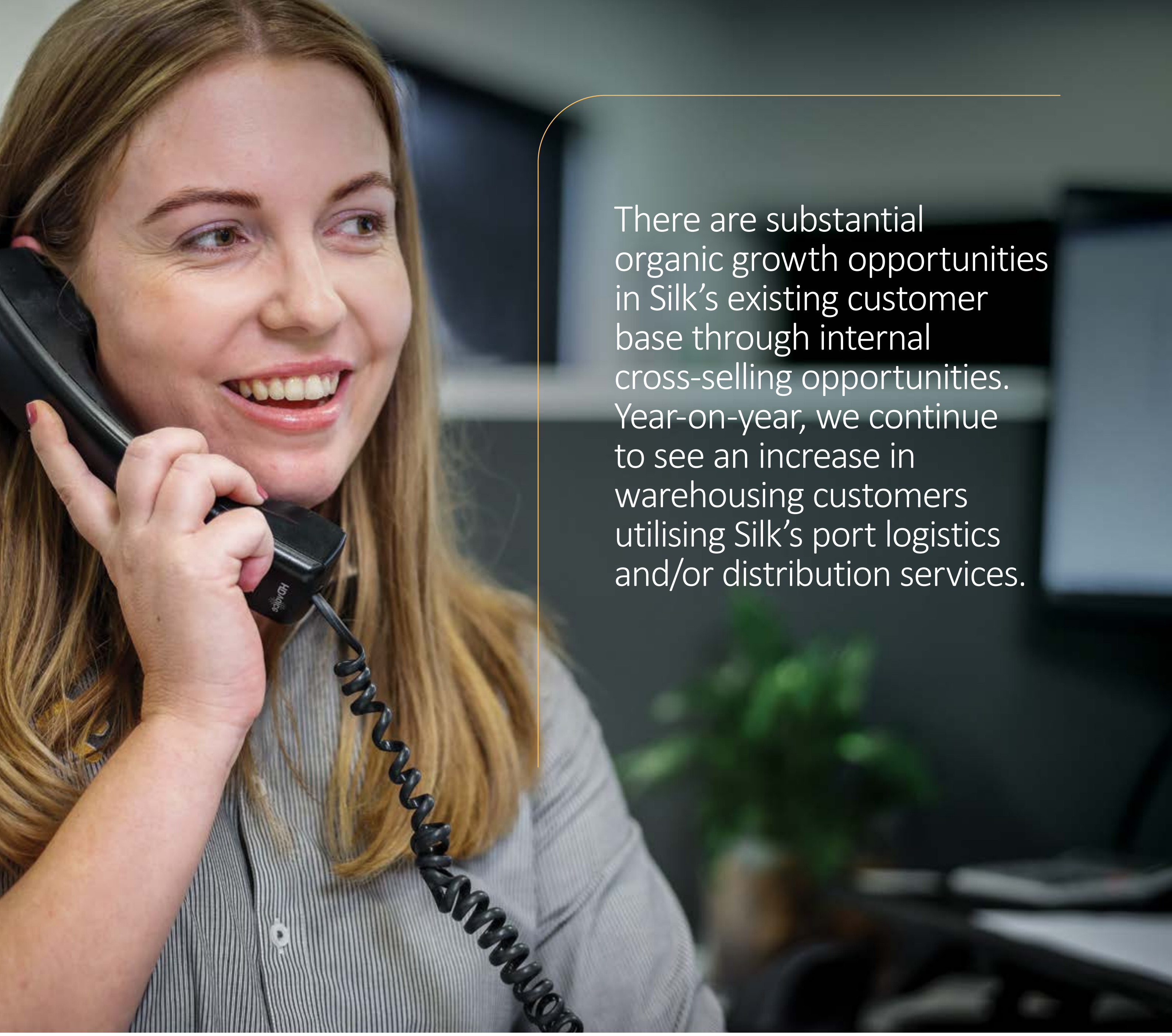
Silk's foundation has traditionally been built on FMCG, light industrial, specialist retail, food, and containerised agriculture industries. While continuing to target new customers across these consistent and resilient industries, Silk is committed to diversifying our portfolio of work through our ongoing campaign of pursuing other dynamic industries where our integrated value proposition aligns with customer needs (including e-commerce and bulk logistics).

Highlighting our focus on customer-centricity, our long-standing customer base has an average contracted tenure of 8.4 years. Representing 93% of FY23 Group revenue, our existing customers continue to demonstrate clear satisfaction with Silk's services. No single customer represents more than 4.7% of total revenue. Our strong track record of providing high-quality and time-certain logistics services reflects our enduring commitment to forming long-term relationships with customers and producing repeat revenue generation from existing customers.

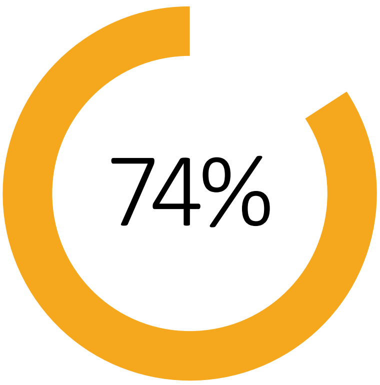
Silk revenue by market category



1. Contract customers only, as at 25 June 2023.
2. Revenue received from those who had been customers in FY22 and FY23.

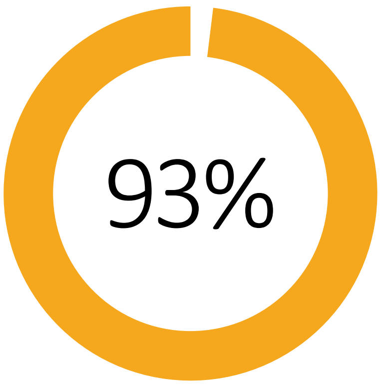


There are substantial organic growth opportunities in Silk's existing customer base through internal cross-selling opportunities. Year-on-year, we continue to see an increase in warehousing customers utilising Silk's port logistics and/or distribution services.



Contracted customers with a tenure of more than four years account for 74% of contracted revenue for FY23.

83% of warehousing customers are using other 'Port-to-Door' services offered by Silk.



93% of FY23 revenue was earned from existing Silk customers[2].

5-year Growth Strategy

Over the last 12 months we have made considerable progress against the initiatives set out in Horizon 1, creating a stable foundation for sustainable growth. We will continue to enhance and develop these initiatives ahead of Horizon 2 in FY25 and Horizon 3 in FY27.

We will continue to invest in the future growth of Silk, which is necessary to support our ambition to grow to $1 billion in revenue by FY27. We will deliver this by focusing on five strategic pillars designed to deliver value, growth and excellence:

- Provide market-leading customer experience;
- Leverage our integrated service offer;
- Grow value-add services and sectors;
- Expand site network capability and footprint; and
- Drive operational efficiency.

FY23

Horizon 1

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

Silk has a proven track record of setting and achieving ambitious goals.

Capability

- Acquired Port Logistics capability in WA with Fremantle Freight & Storage acquisition;
- Continued to strengthen and optimise distribution carrier network; and
- Leveraged 101Warehousing acquisition to drive growth in e-commerce in VIC.

Infrastructure

- Long-term site network strategy established for future growth;
- New site in Kenwick, WA, to open in FY24;
- Technology continued to be developed and deployed in customer service and operational areas; and
- Automation opportunities sought out for future developments and e-commerce growth.

Other

- Significant progress made against diversity targets;
- ESG roadmap developed, and baseline assessment completed for emission targets; and
- Employee share scheme ('ESS') successfully launched.

FY25

Horizon 2

Drive national business and accelerate growth with targeted acquisitions

FY27

Horizon 3

Extract value from acquisitions and organic growth efforts

ESG Summary

The Silk ESG (Environmental, Social, Governance) framework has been developed with guidance from Silk's Sustainability Committee. We remain committed to sustainability and responsible business practices, and we are pleased to share our FY23 progress and achievements in each ESG pillar.

Silk was committed to baselining our emissions and setting attainable targets in FY23 and we have achieved this goal. We are clear on our Scope 1, 2 and 3 greenhouse gas emissions and aspire to achieve net-zero emissions by 2050. Specific targets and future actions have been developed and will be presented in depth in Silk's inaugural ESG Report in FY24.

As a leading logistics provider across Australia with aspirations for international expansion, we recognise the steadfast role we play in being a responsible part of global supply chains. Silk's long-term success will be driven by our ability to adapt to an ever-evolving world while ensuring we deliver on our commitments to our customers, employees, community and shareholders. We commit to making positive contributions towards a more sustainable future.

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

The following highlights reflect Silk's ongoing commitment to ESG principles and our dedication to driving positive change.

We are dedicated to minimising our environmental footprint by implementing innovative practices and technologies that reduce energy consumption, waste generation, and carbon emissions. That is why Silk's new facilities are being designed to be minimum 5-star Green Star rated.

Broadening our capabilities and strengthening our operating model to be more dynamic and agile remains of key importance. We continue to drive this through further diversification of our employee base, particularly through increasing female representation amongst our staff.

Silk is committed to building on the tangible progress already made via our ESG roadmap over the next five years across assets, facilities, service offer, systems, and diversity. As the business grows, our deliverables and progress will remain aligned with the United Nations SDGs.

Our baseline emissions assessment highlights the work to be done and he goals we have already achieved. In FY23, Silk identified opportunities in the areas listed below, which will form the focus of our roadmap.

Transportation and Distribution

- Exploration of fuel alternatives through trials with industry and government.
- Engagement with subcontractors to transition to lower emission vehicles over time (minimum Euro 6 Emissions Standards).
- Route, load and fleet optimisation improvement to reduce carbon intensity in transporting of goods.

Energy

- All new builds to be minimum 5-star Green Star rated, as designed for new warehouses being developed in Kenwick and Kemps Creek.
- Continue to actively engage battery technology that supports emission reductions within our Materials Handling Equipment ('MHE') fleet.

Waste and Recycling

- Further grow newly implemented recycling and waste segregation program across all sites with training and resources for employee participation.

People, Processes and Technology

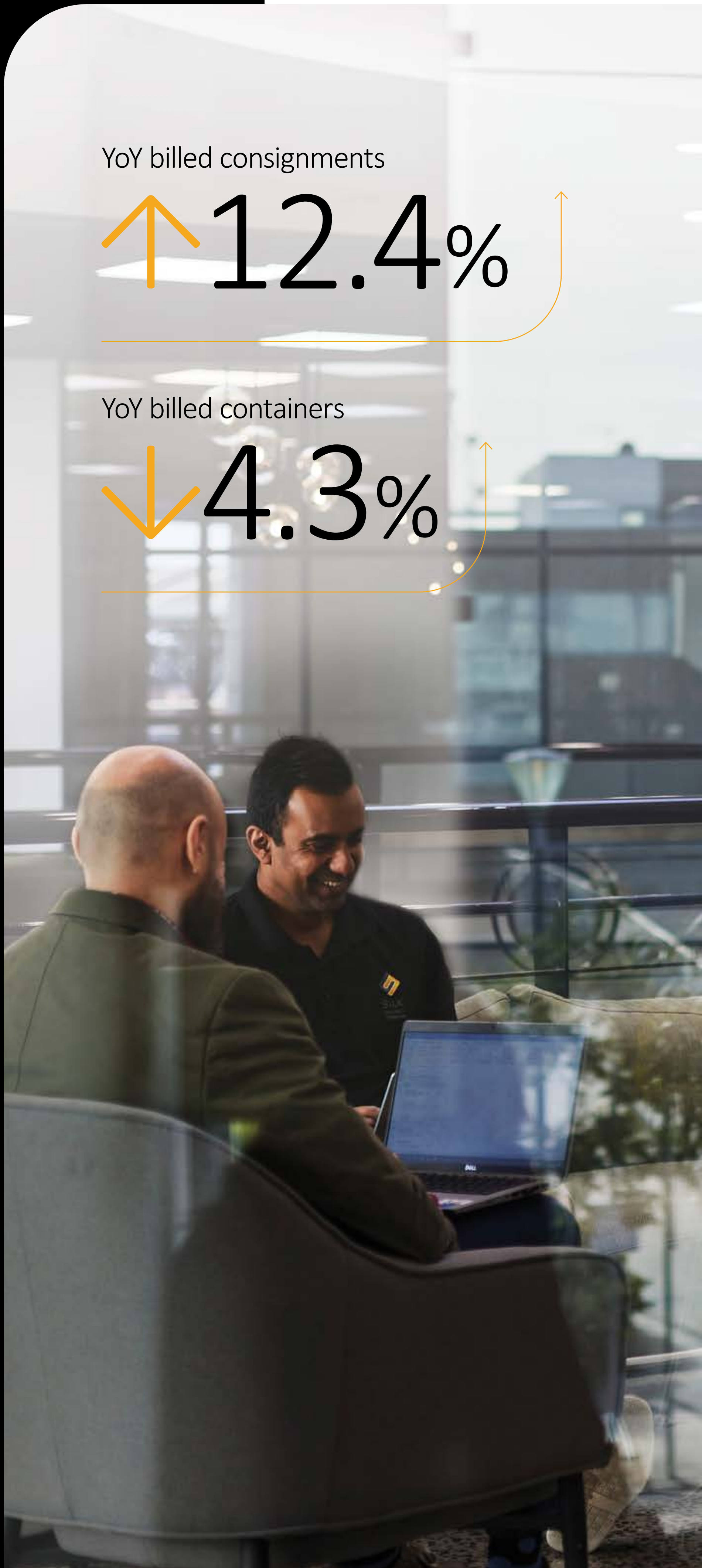
- Strengthen employee awareness, establish sustainable processes and leverage available green technologies to build on emissions reduction.
- Further build gender diversity in the business by achieving 40% females in executive leadership roles (defined as CEO-1) by 2027, 40% females in leadership roles (defined as CEO-2) by 2030.
- Upgrade our private cloud infrastructure to keep pace with growth, reduce our storage footprint, and lower energy consumption.

We aspire to achieve net-zero emissions by 2050.

FY23 Key Statistics

Silk's agile operating model continues to generate value in both operating segments (port logistics and contract logistics).

Resilient in challenging market conditions



YoY billed consignments

↑12.4%

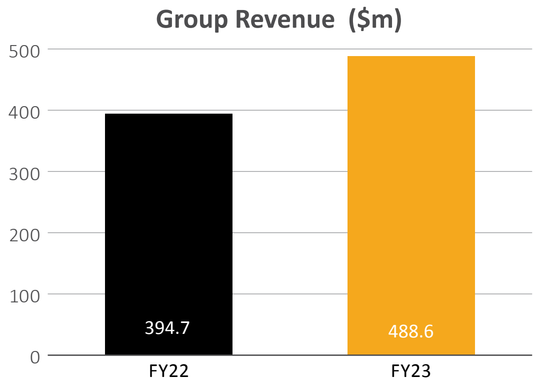
YoY billed containers

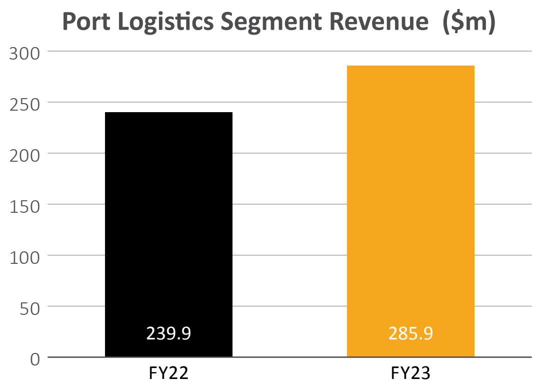
↓4.3%

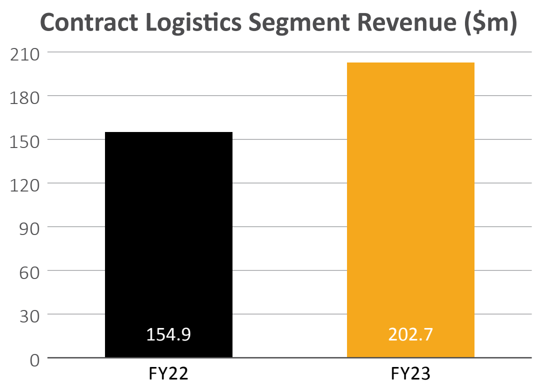
Average leased warehouse occupancy for FY23

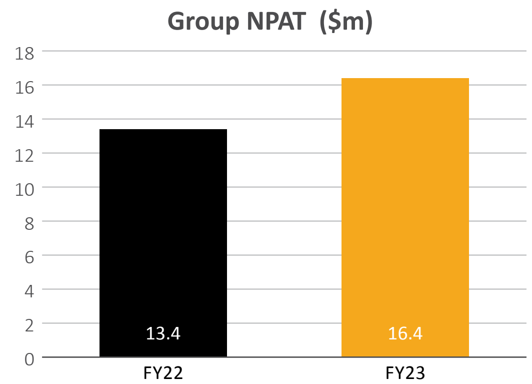
4pp

Avg. leased warehouse occupancy up from 85% in FY22 to 89% in FY23.









Corporate Directory

Directors

Mr Terry Sinclair
Mr Brendan Boyd
Mr John Sood
Mr Stephen Moulton
Ms Louise Thurgood
Ms Cheryl Hayman

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

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

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 25 June 2023 (with comparatives for the 52-week period ended 26 June 2022).

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
- Ms Cheryl Hayman (appointed as a Non-Executive Director, effective 1 May 2023)

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 25 June 2023 that have 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 Group has continued its track record of growing revenue and profit over previous corresponding periods since its initial public offering in July 2021.

Revenue growth in the current period has been underpinned by annualised sales wins of $65.8 million across the three service lines, and augmented by revenue generated by Fremantle Freight and Storage Pty Ltd (‘FFS’), which was acquired in September 2022.

The acquisition of FFS is an important advancement in the Group’s national integrated port-to-door service offer by providing a significant presence at the Port of Fremantle, and extending the Group’s service offering to the bulk logistics market.

While statutory and underlying profit grew in the period, FY23 was a tale of two halves. In 1HFY23 the Group reported strong revenue and profit growth over the prior corresponding period (‘pcp’); and whilst full year FY23 revenue and profit increased on pcp, growth was slower in 2HFY23. During the period, the Group continued to make investments in its capabilities including people and systems to support its Five-year Strategic Plan, which contributed to profit margin contraction in 2HFY23 and full year FY23 compared with pcp.

Persistent high inflation and the continuation of the rising interest rate cycle has impacted consumer spending and demand. While the Group’s business performance has remained robust, it has not been immune from the slowdown in import container volumes and some de-stocking of inventory. The Group’s billed export container volumes remained resilient in FY23.

These industry trends are consistent with the Group’s FY23 half-year outlook statement which pointed to subdued import volumes and an easing of warehouse occupancy level. These impacts have been mitigated by a continued focus on delivering new sales wins, the cross-selling of our integrated service lines, and driving operational efficiencies to reduce our cost to serve.

To protect profit margins, the Group continues to conduct a disciplined yield program to pass on cost increases to its customers in a timely manner, whilst also operating a continuous improvement program to drive operating efficiencies. Whilst the range of previous period supply chain disruptions somewhat dissipated in the current period, the operating environment remained challenging due to the lack of available skilled labour and material shortages.

Further, the Group's variable cost model has responded well to these challenges. Minimising the impact to operating gross profit margin by scaling back the use of subcontractors, agency labour and transport fleet equipment in line with volumes.

In the current period, the Group has focused heavily on its customer value proposition of responding to evolving business models and requirements, market driven demand and supply changes, and service delivery to make it easier for our customers to do business.

Port Logistics activities, measured by the volume of import and export shipping containers billed in the period, were resilient in 1HFY23, but slowed in 2HFY23 as industry volumes softened. Total billed containers in the period were 288,897 which represents a 4.3% decrease on pcp; whilst revenue per container was $990 compared to $795 pcp. Revenue per container reflected higher input costs such as fuel, port access and infrastructure fees, along with labour, which are recovered from our customers. The current reporting period includes the contribution from FFS.

Contract Logistics operations benefited from generally solid domestic demand though the financial period, particularly in household goods, food additive products, light industrials and pet foods. Silk leased warehouse occupancy levels averaged 89% in the period compared to 85.0% pcp and the total warehouse footprint decreased to 422,326 sqm, a decrease of 1.1% on pcp. The expanded footprint was delivered by new leases to accommodate contracted new customers and transitioning an existing customer into a new purpose built facility backed by a long term contract extension. The full year contribution from 101Warehousing (acquisition completed on 2 February 2022) is reflected in the current period.

The Distribution business was challenged in 1HFY23 by road and rail disruptions caused by floods and a shortage of available labour, which has seen persistent inflated cost inputs impacting this service line. These pressures began to ease towards the end of 1HFY23 and continued through 2HFY23. During the current period the Group made further investments in our people, infrastructure and technology to build a scalable Distribution service offer and grow our customer and revenue base. Billed consignments were 85,203 representing an increase of 12.4% on pcp.

Whilst the COVID-19 pandemic was ever present during the period, and unplanned absenteeism remained a contributing factor to a constrained labour force, the Group has adapted to ways of working which has seen it able to operate without the significant disruption caused in prior periods.

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. Increasing input costs, integration of acquired businesses, cyber security, dependency on international trade and supply chain channels, rising interest rates and weakening economic environment have been identified as the most significant risks being managed by the Group as such risks could inhibit the Group's ability to service its customer and adversely impact profit.

Accordingly, management strategies in place include:

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 systems and processes where benefits are identified and validated. 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.

Cyber security – a cyber security breach has the potential to disrupt the Group’s ability to provide efficient service delivery to its customers. The Group mitigates this risk by maintaining and regularly updating its suite of information technology security measures to restrict access to the Group operating systems, including multi-factor 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.

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 assets through a combination of owned assets (highly utilised and specialised equipment), subcontractor owned fleet and casual hire fleet arrangements. The mixture of permanent, agency and subcontractor labour force, allows the Group to access multiple sources of suitably skilled labour resources.

Interest rates – the Group actively monitors the interest rate environment to determine its position with respect to managing its cost of debt. Generally variable interest rates have prevailed given the relatively low level of debt in the business and sensitivity to interest rate increases has not been significant. As the Group pursues its growth strategy through acquisitions, interest rate sensitivity will become more prevalent. Fixed interest rates will be secured where our modelling indicates this to be a favourable position for the Group.

Weakening economic environment – the Group has identified a cohort of customer and industry segments that have proven to be resilient in softer economic conditions. The Group protects itself from economic downturns by maintaining an active and focused business development team, and operating an efficient business model which can compete strongly for new revenue streams. Core service delivery is also a major protection, and the Group’s average contracted customer tenure is 8.4 years, which reflects the business partnering services the Group provides.

Dividends

On 23 February 2023, the Board of Directors declared a fully franked FY23 interim dividend of 5.27 cents per ordinary share which was paid on 31 March 2023.

On 22 August 2023, the Board of Directors declared a fully franked FY23 final dividend of 3.10 cents per ordinary share with a record date 4 September 2023 to be paid on 2 October 2023.

Outlook

Silk expects to continue to grow revenue and earnings in FY24, subject to no further adverse changes in economic conditions and the assumptions underpinning its FY24 budget. Although conditions will remain challenging in FY24, Silk will focus on preserving profitability through increased operational efficiencies, driving organic growth and exploring targeted M&A consistent with its corporate strategy.

The Group developed its Five-year Strategic Plan (‘Strategic Plan’) in FY22. Silk has several key growth pillars, including an expansion of services, build-out of existing capability and geographic gaps, further investment in technology, and operational excellence initiatives aimed to grow revenue and profit. The Strategic Plan includes developing the roadmap for the Group’s environmental, social and governance (‘ESG’) framework and target setting. This work commenced in FY23, and the Group now has a series of initiatives and targets to drive continuing investment in solutions, procurement decisions and ways of working to reduce its carbon footprint.

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, including immigration, travel and trade restrictions since March 2020, caused wide-spread disruption to businesses and economic activity. Federal Government and State Governments' implemented policies and measures with the aim of containing the virus, with most jurisdictions requiring state-wide extended social and workplace restrictions.

Despite these measures, 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 did not have any material impact on the business.

The current reporting period has seen governments continue to relax COVID-19 isolation rules to enable the community to return to near pre-pandemic ways of living and working. The Group has maintained its high standards of hygiene and vigilance to preserve a safe workplace for its workforce. Whilst infection levels in the community have fallen, unplanned workplace absences have remained elevated above pre-pandemic levels and continue to have an impact on labour availability.

The Group's business operations remain resilient and continue to adapt to evolving social and workplace dynamics.

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial period

On 4 August 2023, the Company announced that it had entered into a binding agreement to acquire 100% of the issued capital of Secon Freight Logistics Pty Ltd, a Melbourne-based port and bulk logistics services provider. The acquisition is subject to condition precedent, customary for a transaction of this nature, and is expected to complete on 30 September 2023.

Apart from the acquisition above, no other matter or circumstance has arisen since 25 June 2023 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 years.

Likely developments and expected results of operations

At the date of this report, despite the resilience of the Australian economy to date, current economic data points to persistent high inflation, further Reserve Bank of Australia interest rate increases, and rising unemployment (albeit off record low levels) all contributing to softening consumer demand, lower GDP growth and a downturn in business confidence in the short-term.

The consolidated entity's strategic intent is to grow its market share, deliver a full suite of services to its customers, drive operational efficiencies across its property footprint, and leverage its agile, capital-light 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.

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:

Name:	**Mr Terry Sinclair**
Title:	*Chair, Non-Executive Director*
Experience and expertise:	Terry currently serves as Non-Executive Director of Indara Corporation Pty Ltd and Cleanaway Limited. Terry was formerly a Senior Advisor to Australian Super, Managing Director of Service Stream Limited, and Executive Chairman of AUX Investments (jointly owned by Qantas and Australia Post) and Chairman of Star Track Express, Non-Executive Director of Faethm.ai Pty Ltd, Ovato Limited (ASX:OVT) and Zoom2U Technologies (ASX:Z2U), Director of Sai Cheng Logistics (China), and Director of Asia Pacific Alliance (HK). Terry has significant operations and corporate development experience across the 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).
Other current directorships:	Non-Executive Director of Cleanaway Limited (ASX:CWY)
Former directorships (last 3 years):	None
Special Responsibilities:	Member of Sustainability Committee, Member of Audit and Risk Committee
Interests in shares:	90,000 fully paid ordinary shares
Interests in options:	419,193 unlisted options
Name:	**Mr Brendan Boyd**
Title:	*Managing Director, Chief Executive Officer*
Experience and expertise:	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 – Australia Post; General Manager, Toll Fast – Toll Group; Chief Executive Officer – AUSDOC/DX Express; and Chief Operating Officer – Mayne Nickless.
Other current directorships:	None
Former directorships (last 3 years):	None
Special Responsibilities:	Member of Investment Committee
Interests in shares:	10,751,794 fully paid ordinary shares
Interests in options:	776,268 unlisted options
Name:	**Mr John Sood**
Title:	*Director and Chief Customer Officer*
Experience and expertise:	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 – Linfox; and General Manager, Development – Westgate Logistics.
Other current directorships:	None
Former directorships (last 3 years):	None
Special Responsibilities:	None
Interests in shares:	10,801,794 fully paid ordinary shares
Interests in options:	405,767 unlisted options

Name:	**Mr Stephen Moulton**
Title:	*Non-Executive Director*
Experience and expertise:	Currently the Chairman and a Partner at 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, as well as Director of SugarbyHalf Ltd and Defeat Diabetes Pty Ltd. Prior to his present roles, he was a partner at corporate advisory/M&A firm Gadens, as well as 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).
Other current directorships:	None
Former directorships (last 3 years):	None
Special Responsibilities:	Chair of Sustainability Committee, Chair of Investment Committee and Member of Audit and Risk Committee
Interests in shares:	90,000 fully paid ordinary shares
Interests in options:	252,846 unlisted options
Name:	**Ms Louise Thurgood**
Title:	*Non-Executive Director*
Experience and expertise:	Louise is an accomplished executive and business leader, with 30 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, a Chair of the Risk Committee and a member of the Audit Committee of Sydney Metro, a Deputy Chair at Inland Rail, and founder and Director of Orion Mechanical Services along with being 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.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Audit and Risk Committee, Member of Sustainability Committee and Member of Investment Committee
Interests in shares:	90,000 fully paid ordinary shares
Interests in options:	194,553 unlisted options

Name:	**Ms Cheryl Hayman**
Title:	*Non-Executive Director (appointed effective 1 May 2023)*
Experience and expertise:	Cheryl is an accomplished executive and business leader with a comprehensive background in digital strategy and customer insights. Cheryl has over 20 years' experience as a senior marketing executive in large global product companies across the FMCG, food retail, distribution and manufacturing industries. Cheryl is currently a Non-Executive Director and Chair of the Remuneration and Nomination Committees of both Ai-Media Technologies Ltd (ASX:AIM) and Beston Global Foods (ASX:BFC). Previously, Cheryl was a member of the Department of Prime Minister and Cabinet's Digital Experts Advisory Committee, assisting the Federal Government on policy for the development of Australia's digital economy. Cheryl formerly held Non-Executive Director roles at Chartered Accountants Australia & New Zealand, Shriro Holdings Ltd (ASX:SHM) and Clover Corporation Ltd (ASX:CLV).
Other current directorships:	Ai-Media Technologies Ltd (ASX:AIM) Beston Global Foods Ltd (ASX:BFC)
Former directorships (last 3 years):	Shriro Holdings Ltd (ASX:SHM) (ceased on 23 March 2022) Clover Corporation Ltd (ASX:CLV) (ceased on 20 November 2020)
Special responsibilities:	Member of Audit and Risk Committee, Member of Sustainability Committee
Interests in shares:	None
Interests in options:	None
Name:	**Ms Dani Aquilina**
Title:	*Chief Operating Officer*
Experience and expertise:	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.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	9,925 fully paid ordinary shares
Interests in options:	238,764 unlisted options
Name:	**Mr Brendon Pentland**
Title:	*Chief Financial Officer*
Experience and expertise:	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. 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.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	125,000
Interests in options:	358,293

'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

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

Ms Leydin 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 25 June 2023, and the number of meetings attended by each director were:

	Full Board		Sustainability Committee		Audit & Risk Committee		Investment Committee	
	Attended	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**
Mr. Terry Sinclair	15	15	4	5	12	13	–	–
Mr. Brendan Boyd	15	15	–	–	–	–	3	3
Mr. John Sood	15	15	–	–	–	–	–	–
Mr. Stephen Moulton	14	15	5	5	13	13	3	3
Ms. Louise Thurgood	15	15	5	5	13	13	3	3
Ms. Cheryl Hayman*	2	15	1	5	1	13	–	–

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

* Ms Hayman was appointed to the Board of Directors on 1 May 2023.

Directors' Report – Remuneration Report (Audited)

Contents

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

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

KMP of the Group are those persons with 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 25 June 2023 ('FY23') and are covered by this report.

Table 1

Name	Position	Term as KMP
Non-Executive Directors		
Terry Sinclair	Chair, Non-Executive Director	Full Period
Stephen Moulton	Non-Executive Director	Full Period
Louise Thurgood	Non-Executive Director	Full Period
Cheryl Hayman	Non-Executive Director	From 1 May 2023
Executive Directors		
Brendan Boyd	Managing Director and Chief Executive Officer	Full Period
John Sood	Director and Chief Customer Officer	Full Period
Senior Executive Leaders		
Brendon Pentland	Chief Financial Officer	Full Period
Dani Aquilina	Chief Operating Officer	Full Period

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.

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 FY23 (inclusive of superannuation).

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.

In FY22, as recognition of their contribution to the IPO process, the Non-Executive Directors received equity in the form of non-performance-based options as recognition of work undertaken during the IPO process. In addition, the Chair received time vesting options as part of a long-term incentive.

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.

Executive Remuneration

Our goal has been to provide a remuneration framework that attracts, retains and motivates a high quality and 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.

Component	Description
Fixed Remuneration	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.
Short-Term Incentive	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. The Board sets the short-term incentive opportunity for Participants at the start of the performance period, with the determination of the amount of cash, and/or the offer of shares to Participants, to occur at the end of the relevant performance period based on targets set by the Board. For the FY23 Performance period the short-term incentive may be paid 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. The FY23 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.

Long-Term Incentive

Grant of options to Executives that encourages alignment with shareholder interests.

The number of options granted for the FY23 Long-Term Incentive Plan ('LTIP') 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:

Service Based

The Participant remains employed or engaged by a Group Company for 3 years from the date of grant.

Performance

The Participant receiving a rating of 3 or greater under the Company's Approved FY23 Performance Objectives and the Company achieving its overall safety target.

EPS

Earnings per Share ('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 from the period between 27 June 2022 to 29 June 2025.

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.

The starting EPS for the EPS CAGR calculation will be the EPS calculated in accordance with the above principles for the 52-weeks ended 26 June 2022, 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 FY25.

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:

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 0.6667and 1.00
Equal to or greater than 17·5%	Exceptional performance (150%)	1

Pre-IPO Bonus

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 Zero Priced Options under the Equity Incentive Plan ('EIP'). The options were vested upon granting and will expire on the date 6 years from the date of their grant.

The Executive Directors did not receive any Zero Price Options allocation under this component of the EIP.

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 Board Remuneration policy (including Non-Executive Director Fees and Board Committee Fees) and provide benchmarks for Non-Executive Directors.

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

The Sustainability Committee

The Committee develops and reviews policies and practices including remuneration and nomination. The Committee is also responsible for Health, Safety and Environment matters and Environmental, Social and Governance matters.

Executive Leadership

Our Executive Leadership Team (‘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 Short-Term Incentive 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, which will be obtained once every two years, 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 its 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.

4. Executive Remuneration – Performance, Outcomes & Disclosures

2023 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 25 June 2023 $ millions	52-weeks ended 26 June 2022 $ millions	52-weeks ended 27 June 2021 $ millions	52-weeks ended 27 June 2020 $ millions	53-weeks ended 30 June 2019 [2] $ millions
Revenue and other income	488.64	394.7	323.3	251.5	195.0
Statutory EBITDA [1]	86.5	68.7	57.7	43.1	5.9
Statutory NPAT	16.9	13.4	8.4	(4.3)	(0.8)
Share Price at Start of financial year (whole $)	2.00	N/A	N/A	N/A	N/A
Share Price at End of financial year (whole $)	2.08	2.00	N/A	N/A	N/A
EPS [3] (cents)	20.71	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 FY23 comprised total fixed annual remuneration, short term incentive of up to 50% of the fixed annual remuneration and long-term incentive remuneration component of up to 75% of fixed annual remuneration.

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 $261,466 gross for achievement of all components at 100%. Notwithstanding ESG and Corporate targets were achieved, the Financial and Safety measures are a gateway to be eligible for the STI remuneration. Accordingly, no STI remuneration was payable in respect of FY23.

Table 4

Component	Weighting (Target)	Description	Outcome	% Earned
Financial	50%	Metrics based on Revenue, EBIT and EPS targets	Below target	0%
Safety	15%	Improve Safety Metrics and undertaking of Safety iAudits	Below target	0%
ESG	15%	Completion of Year 1 initiatives and resourcing targets	On target	0%
Corporate	20%	Metrics based on accretive and transformational acquisitions, NPS results, EES participation improvement and Leadership development.	On target	0%

Details of Remuneration Expenses

Table 5

		Short-term benefits			Post employment benefits	Other Long-term benefits		Share-Based Payments		
Name	**Year**	**Cash salary and Fees $**	**STI $**	**Other $**	**Superannuation $**	**Annual leave $**	**Long service leave $**	**Pre-IPO Options $**	**LTIP^#* $**	**Total $**
Terry Sinclair	2023	129,700	–	–	–	–	–	–	53,015	182,715
	2022	129,600	–	–	–	–	–	343,836	51,267	524,703
Stephen Moulton	2023	107,500	–	–	–	–	–	–	–	107,500
	2022	100,000	–	–	–	–	–	387,078	–	487,078
Louise Thurgood [1]	2023	95,023	–	–	9,977	–	–	–	31,479	136,479
	2022	57,143	–	–	5,716	–	–	–	19,296	82,155
Brendan Boyd	2023	490,155	–	–	27,500	(31,013)	10,601	–	209,004	706,246
	2022	488,892	375,000	–	27,292	339	12,826	–	77,764	982,113
John Sood	2023	438,176	–	–	27,500	8,695	8,770	–	109,943	593,084
	2022	443,745	225,000	–	20,625	61,542	4,283	–	46,658	801,853
Cheryl Hayman [2]	2023	11,312	–	–	1,188	–	–	–	–	12,500
	2022	–	–	–	–	–	–	–	–	–
Brendon Pentland	2023	356,875	–	–	27,500	(19,363)	2,806	–	97,710	465,527
	2022	356,635	225,000	–	26,958	15,146	1,005	199,650	46,658	871,052
Dani Aquilina [3]	2023	397,500	–	–	27,500	17,419	393	–	61,525	504,337
	2022	72,560	51,090	–	5,020	6,545	12	–	–	135,227
Total	**2023**	**2,026,241**	**–**	**–**	**121,165**	**(24,263)**	**22,570**	**–**	**562,676**	**2,708,388**
Total	**2022**	**1,648,575**	**876,090**	**–**	**85,611**	**83,572**	**18,126**	**930,564**	**241,643**	**3,884,181**

^ Current period benefit in respect of Executive Directors and Senior Executive Leaders includes the 12-month value of the FY23 LTIP (3-year options granted 19 December 2022 for the FY23-25 period).

LTIP benefit is calculated in accordance with AASB2 *Share Based Payment*.

* Non-Executive Director options are granted with a finite life based on tenure and are not based on financial performance criteria.

1. Louise Thurgood was appointed as a Non-Executive Director on 15 November 2021.
2. Cheryl Hayman was appointed as a Non-Executive Director on 1 May 2023.
3. Dani Aquilina was appointed as the Chief Operating Officer on 26 April 2022.

Executive Remuneration Mix

Table 6

			Variable – at Risk	
Name	**Year**	**Fixed %**	**STI %**	**LTI %**
Brendan Boyd	2023	70	–	30
	2022	54	38	8
John Sood	2023	81	–	19
	2022	66	28	6
Brendon Pentland	2023	79	–	21
	2022	46	26	28
Dani Aquilina	2023	88	0	12
	2022	62	38	–

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 KMP as part of compensation during FY23.

Options and Rights

The Company granted 1,169,156 options over ordinary shares during the period ended 25 June 2023 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 25 June 2023 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
Non-Executive Directors					
Terry Sinclair [1]	90,000	–	–	–	90,000
Stephen Moulton	–	90,000	–	–	90,000
Louise Thurgood	37,500	–	52,500	–	90,000
Cheryl Hayman	–	–	–	–	–
Executives					
Brendan Boyd	10,751,794	–	–	–	10,751,794
John Sood	10,801,794	–	–	–	10,801,794
Brendon Pentland	125,000	–	–	–	125,000
Dani Aquilina	9,925	–	–	–	9,925

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

Rights and Option Holdings at Year end

The number of Options held by each director and KMP as at the year ended 25 June 2023 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
Non-Executive Directors							
Terry Sinclair	419,193	–	–	–	419,193	419,193	–
Stephen Moulton	342,846	–	90,000	–	252,846	252,846	–
Louise Thurgood	194,553	–	–	–	194,553	194,553	–
Cheryl Hayman	–	–	–	–	–	–	–
Executives							
Brendan Boyd	277,244	499,024	–	–	776,268	–	776,268
John Sood	166,346	239,421	–	–	405,767	–	405,767
Brendon Pentland	166,346	191,947	–	–	358,293	–	358,293
Dani Aquilina	–	238,764	–	–	238,764	–	238,764

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
Directors		
Terry Sinclair	90,000	419,193
Stephen Moulton	90,000	252,846
Louise Thurgood	90,000	194,553
Brendan Boyd	10,751,794	776,268
John Sood	10,801,794	405,767
Cheryl Hayman	–	–

THIS IS THE END OF THE REMUNERATION REPORT (AUDITED)

Shares under option

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

1. Total securities on issue

Grant Date	Expiry	Exercise Price	Number under option
9 July 2021	Various dates	$1.60	1,514,861
15 November 2021	15/11/2025	$2.12	194,553
19 December 2022	28/06/2027	$2.1028	1,874,075

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 25 June 2023 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	90,000

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.

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 Directors’ Report are rounded to the nearest thousand dollars, unless otherwise indicated.

Auditor

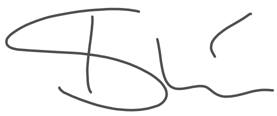
Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the *Corporations Act 2001*.

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
22 August 2023

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

477 Collins Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 (03) 9671 7000
Fax: +61 (03) 9671 7001
www.deloitte.com.au

22 August 2023

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 25 June 2023, 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

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period ended 25 June 2023

	Note	Consolidated 52-weeks ended 25 June 2023 $'000	 52-weeks ended 26 June 2022 $'000
Revenue	5	488,576	394,731
Other income	6	1,383	4,893
Expenses			
Other transport & warehousing expenses		(84,607)	(73,707)
Fleet and material handling equipment expenses		(34,686)	(26,398)
Employee benefits expense	7	(98,299)	(79,787)
Depreciation and amortisation expense	7	(50,485)	(40,065)
Finance costs	7	(12,377)	(8,238)
Subcontractors and labour agency expenses		(152,856)	(124,585)
Occupancy expense		(15,107)	(10,602)
Administration expense		(20,132)	(10,906)
Change in measurement of deferred consideration	32	2,220	–
Change in measurement of financial instrument	7	–	476
IPO related expenses	7	–	(5,421)
Profit before income tax expense		23,630	20,391
Income tax expense	8	(7,228)	(7,034)
Profit after income tax expense for the period attributable to the owners of Silk Logistics Holdings Limited		16,402	13,357
Other comprehensive income for the period, net of tax		–	–
Total comprehensive income for the period attributable to the owners of Silk Logistics Holdings Limited		16,402	13,357
		Cents	**Cents**
Basic earnings per share	36	20.79	17.42
Diluted earnings per share	36	20.71	17.29

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 25 June 2023

		Consolidated	
	Note	25 June 2023 $'000	26 June 2022 $'000
Assets			
Current assets			
Cash and cash equivalents	9	30,479	31,964
Trade and other receivables	10	63,058	63,179
Current tax assets	12	1,003	–
Other current assets	11	7,302	4,309
Total current assets		101,842	99,452
Non-current assets			
Property, plant and equipment	13	22,237	12,584
Right-of-use assets	14	163,036	148,892
Intangibles	15	62,140	41,090
Deferred tax	16	13,113	13,116
Total non-current assets		260,526	215,682
Total assets		362,368	315,134
Liabilities			
Current liabilities			
Trade and other payables	17	39,775	39,795
Borrowings	18	13,872	2,313
Lease liabilities	19	48,177	39,167
Current tax liabilities	12	–	5,173
Provisions	20	14,453	13,157
Other financial liabilities	21	5,580	4,200
Total current liabilities		121,857	103,805
Non-current liabilities			
Borrowings	18	17,094	9,594
Lease liabilities	19	142,345	130,552
Provisions	20	5,665	4,296
Total non-current liabilities		165,104	144,442
Total liabilities		286,961	248,247
Net assets		75,407	66,887
Equity			
Issued capital	22	74,370	73,762
Reserves		(22,948)	(23,577)
Retained profits		23,985	16,702
Total equity		75,407	66,887

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 25 June 2023

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
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	70,000	–	–	70,000
Share buy-back	(60,000)	–	–	(60,000)
Conversion of deferred contingent consideration to shares	6,000	–	–	6,000
Share issued as part of consideration for 101 Warehousing Pty Ltd acquisition	5,000	–	–	5,000
Exercise of options	1,253	(1,253)	–	–
Dividends paid	–	–	(11,722)	(11,722)
Share-based payments	–	2,129	–	2,129
Share issue cost, net of tax	(717)	–	–	(717)
Balance at 26 June 2022	73,762	(23,577)	16,702	66,887

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 27 June 2022	73,762	(23,577)	16,702	66,887
Profit after income tax expense for the period	–	–	16,402	16,402
Other comprehensive income for the period, net of tax	–	–	–	–
Total comprehensive income for the period	–	–	16,402	16,402
Transactions with owners in their capacity as owners:				
Issued capital (note 22)	428	–	–	428
Share-based payments (note 23)	–	809	–	809
Issue of shares as a result of exercise of options (note 22)	180	(180)	–	–
Dividends paid (note 24)	–	–	(9,119)	(9,119)
Balance at 25 June 2023	74,370	(22,948)	23,985	75,407

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 25 June 2023

	Note	Consolidated 52-weeks ended 25 June 2023 $'000	52-weeks ended 26 June 2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		542,550	419,795
Payments to suppliers and employees (inclusive of GST)		(456,243)	(355,073)
		86,307	64,722
Interest received		93	2
Interest and other finance costs paid		(12,377)	(8,170)
Income tax paid		(13,538)	(8,779)
Initial public offer costs		–	(4,690)
Net cash from operating activities	34	60,485	43,085
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	32	(17,300)	164
Payments for property, plant and equipment and intangibles		(8,847)	(2,325)
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		1,745	2,057
Net cash (used in)/from investing activities		(24,402)	3,324
Cash flows from financing activities			
Proceeds from issue of equity		–	70,000
Share issue transaction costs		–	(782)
Payments for share-buy back		–	(60,000)
Deferred contingent consideration paid	21	(4,200)	–
Dividends paid	24	(9,119)	(11,722)
Proceeds from borrowings	18	22,915	10,907
Repayment of borrowings	18	(3,856)	(15,000)
Repayment of lease liabilities		(43,308)	(33,112)
Net cash used in financing activities		(37,568)	(39,709)
Net (decrease)/increase in cash and cash equivalents		(1,485)	6,700
Cash and cash equivalents at the beginning of the financial period		31,964	25,264
Cash and cash equivalents at the end of the financial period	9	30,479	31,964

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

Notes to the Consolidated Financial Statements

25 June 2023

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 25 June 2023. The financial statements are presented in Australian dollars, which is Silk Logistics Holdings Limited's functional and presentation currency.

Silk Logistics Holdings Limited (the 'Company' or 'parent entity') is a listed public company limited by shares incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
Unit 3, 850 Lorimer Street, Port Melbourne VIC 3207	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 22 August 2023. 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 that are relevant to its operations and effective for the current reporting period. New and revised accounting standards and amendments thereof, and interpretations effective for the current year that are relevant to the consolidated entity include:

- AASB 3 *Business Combinations*
- AASB 16 *Leases*
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*

The application of amendments have not materially impacted the consolidated entity's accounting policies or financial statements.

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.

As at 25 June 2023, the Balance Sheet reflects a surplus of current liabilities over current assets of $20.0 million (2022: $4.4 million). The increase in the surplus as at 25 June 2023 principally arises due to:

- The increase in borrowings presented as current due to the contractual amortisation under existing debt facilities; and
- The increase in total liabilities related to right-of-use assets reflecting new leases entered into during the year. These liabilities do not reflect lease obligations that are not in accordance with the contractual lease terms.

The cashflows related to these lease liabilities have been included in the Board approved cashflow forecast for FY24.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company as at 25 June 2023 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.

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 CODM assesses the appropriateness of identified reportable operating segments each reporting period. Based on the nature of business operations, the management of performance and resource allocation, the impact of business combinations, and the identification of cash generating units, the CODM may reorganise the reportable operating segments where it is considered appropriate.

The Group's reportable segments in the current and prior reporting period under AASB 8 *Segment Reporting* are:

- Port Logistics – provision of wharf cartage services to customers; and
- 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 principle 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 of customer's goods stored), warehouse handling activities (recognised at a point in time when the services are performed) and transport or distribution services for the dispatch of customer's goods out of warehouses to destination (recognised at a point in time when the 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.

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 AASB 15 *Revenue from Contracts with Customers*, in general all financial assets are initially measured at fair value and adjusted for transaction costs. Financial assets classified as fair value through profit or loss ('FVTPL') are measured at fair value, and associated transaction 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.

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 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, the Company 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 the Company) 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, the Company 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 and measured at the best estimate of the amount expected to become payable or recoverable. The assessment is based on the judgement of tax professionals within the Group and in certain cases based on specialist independent tax advice.

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.

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 the tax effect is included in the accounting for business combinations.

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 classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include 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
Fixtures and fittings	3-5 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.

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.

Whenever the consolidated entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use 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, 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.

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 short-term incentive 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.

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 the Company, 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.

Foreign currency translation

The financial statements are presented in Australian dollars, which the Company 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.

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, it 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 values 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 the 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.

Allowance for expected credit loss

Management's judgement is applied in determining the allowance for expected credit loss 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.

Asset carrying values

In determining value in use, and assessing whether the carrying value of assets (including intangible 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.

Additionally, the identification of cash generating units ('CGUs') is undertaken each reporting period to determine the appropriate allocation of revenue and expenses, and assets and liabilities as key inputs to the assessment of value in use carrying values. Any changes to identified CGU may require a reallocation and remeasurement of profit or loss and balance sheet items which has the potential to impact the carrying value of assets.

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 the commencement date of each lease, 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 leases in 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 other 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 circumstances and business performance of the acquired entity, including current performance and expected performance, and satisfaction of other conditions, 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.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments: Port Logistics (transport and handling 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 Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM assesses the appropriateness of identified reportable operating segments each reporting period. Based on the nature of business operations, the management of performance and resource allocation, and the identification of CGUs, the CODM may reorganise the reportable operating segments where it is considered appropriate.

The CODM reviews reported and underlying EBITDA (earnings before interest, tax, depreciation and amortisation) and EBIT 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 is reported to the CODM is on a monthly basis.

Intersegment transactions

No intersegment transactions are included in the 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 10% or more to the consolidated entity's revenue.

Operating segment information

Consolidated – 52-weeks ended 25 June 2023	Port Logistics $'000	Contract Logistics $'000	Corporate $'000	Total $'000
Sales to external customers	285,892	202,684	–	488,576
Other income	1,005	285	–	1,290
Segment operating expenses	(246,991)	(156,874)	492	(403,373)
EBITDA	39,906	46,095	492	86,493
Depreciation & amortisation expense	(16,232)	(34,254)	–	(50,486)
EBIT	23,674	11,841	492	36,007
Net finance cost	(4,420)	(7,957)	–	(12,377)
Profit/(loss) before income tax benefit	19,254	3,884	492	23,630
Current assets	72,541	29,301	–	101,842
Non-current assets	121,171	139,122	233	260,526
	193,712	168,423	233	362,368
Current liabilities	58,274	63,394	189	121,857
Non-current liabilities	57,500	107,504	100	165,104
	115,774	170,898	289	286,961

Consolidated – 52-weeks ended 26 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)
EBITDA	29,733	41,286	(2,327)	68,692
Depreciation & amortisation expense	(12,596)	(27,469)	–	(40,065)
EBIT	17,137	13,817	(2,327)	28,627
Net finance cost	(1,743)	(6,493)	–	(8,236)
Profit/(loss) before income tax	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

Revenue reported above represent 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 changes in measurement of contingent consideration and 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 25 June 2023 $'000	**52-weeks ended 26 June 2022 $'000**
Port logistics	285,892	239,850
Distribution	42,072	32,406
Storage	64,063	49,113
Handling	96,549	73,362
Revenue	488,576	394,731

	Consolidated	
	52-weeks ended 25 June 2023 $'000	**52-weeks ended 26 June 2022 $'000**
Timing of revenue recognition		
Goods transferred at a point in time	138,621	105,768
Services transferred over time	349,955	288,963
	488,576	394,731

Note 6. Other income

	Consolidated	
	52-weeks ended 25 June 2023 $'000	**52-weeks ended 26 June 2022 $'000**
Interest income	93	2
Profit from sale of property, plant and equipment	898	1,068
Other income	392	3,823
Other income	1,383	4,893

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

Note 7. Expenses

	Consolidated	
	52-weeks ended 25 June 2023 $'000	**52-weeks ended 26 June 2022 $'000**
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation		
Plant and equipment and amortisation of intangibles	6,208	4,681
Right-of-use assets – land, buildings and plant and equipment	44,277	35,384
Total depreciation	50,485	40,065
Finance costs		
Bank fees	167	111
Interest expense – debt	2,551	1,001
Interest expense – leases	9,659	7,126
Finance costs expensed	12,377	8,238
IPO related expenses	–	5,421
Employee benefits expense		
Salaries, wages and fees	79,528	59,786
Superannuation	7,125	5,262
Employee entitlements	3,901	6,975
Share-based payments	809	2,129
Other employee benefits expense	6,936	5,635
Total employee benefits expense	98,299	79,787
Change in fair value measurement – financial instrument	–	(476)

IPO related expenses in the prior period consisted 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 prior period consisted of cash costs of $3.6 million and share based payments of $1.8 million.

In the prior period, an incentive payment related to the IPO which was payable on satisfaction of certain financial outcomes being achieved was fair valued giving rise to a fair value gain of $0.5 million.

Note 8. Income tax expense

	Consolidated	
	52-weeks ended 25 June 2023 $'000	52-weeks ended 26 June 2022 $'000
Income tax expense		
Current tax	7,157	8,533
Deferred tax – origination and reversal of temporary differences	59	(1,501)
Under statement of prior period income tax expense	12	2
Aggregate income tax expense	7,228	7,034
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	23,630	20,391
Tax at the statutory tax rate of 30%	7,089	6,117
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	283	672
Non-deductible acquisition-related costs	496	243
Non-taxable acquisition-related income	(652)	–
	7,216	7,032
Under statement of prior period income tax expense	12	2
Income tax expense	7,228	7,034

Note 9. Cash and cash equivalents

	Consolidated	
	25 June 2023 $'000	26 June 2022 $'000
Cash at bank and in hand	30,479	31,964

Note 10. Trade and other receivables

	Consolidated	
	25 June 2023 $'000	26 June 2022 $'000
Trade receivables	63,159	62,791
Less: Allowance for expected credit losses	(579)	(728)
	62,580	62,063
Other receivables	478	1,116
	63,058	63,179

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 2 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 change in allowance for expected credit losses includes a reduction in loss allowance arising from trade receivables written-off in the current period of $389,000 (26 June 2022: $nil), and an increase in loss allowance arising from new financial assets recognised in the period of $240,000 (26 June 2022: $128,000).

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	
Consolidated	**25 June 2023 %**	**26 June 2022 %**	**25 June 2023 $'000**	**26 June 2022 $'000**	**25 June 2023 $'000**	**26 June 2022 $'000**
Not overdue	0.1%	0.2%	59,377	56,505	(69)	(86)
0 to 3 months overdue	2.6%	1.7%	2,726	4,399	(72)	(75)
3 to 6 months overdue	36.2%	22.9%	429	1,012	(155)	(232)
Over 6 months overdue	44.8%	38.3%	627	875	(283)	(335)
			63,159	62,791	(579)	(728)

Note 11. Other current asset

	Consolidated	
	25 June 2023 $'000	**26 June 2022 $'000**
Prepayments	4,287	2,318
Accrued income	2,698	1,843
Inventory – consumables	317	148
	7,302	4,309

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 container. Further, accrued income includes unbilled warehousing storage costs at period end.

Note 12. Current tax

	Consolidated	
	25 June 2023 $'000	**26 June 2022 $'000**
Current year tax receivable/(liability)	1,003	(5,173)

Note 13. Property, plant and equipment

	Consolidated	
	25 June 2023 $'000	**26 June 2022 $'000**
Plant and equipment – at cost	43,467	28,491
Less: Accumulated depreciation	(21,230)	(15,907)
	22,237	12,584

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 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
Balance at 27 June 2022	27,268	1,223	28,491
Additions	8,023	85	8,108
Additions through acquisition of business	7,954	22	7,976
Disposals	(1,087)	(21)	(1,108)
Balance at 25 June 2023	42,158	1,309	43,467
Accumulated depreciation			
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)
Balance at 27 June 2022	(14,867)	(1,040)	(15,907)
Depreciation expenses during the period	(5,496)	(84)	(5,580)
Disposals	251	6	257
Balance at 25 June 2023	(20,112)	(1,118)	(21,230)
As at 26 June 2022	12,401	183	12,584
As at 25 June 2023	22,046	191	22,237

Note 14. Right-of-use assets

	Consolidated	
	25 June 2023 $'000	**26 June 2022 $'000**
Land and buildings – right-of-use	254,933	207,641
Less: Accumulated depreciation	(112,208)	(76,107)
	142,725	131,534
Plant and equipment – right-of-use	40,020	34,024
Less: Accumulated depreciation	(19,709)	(16,666)
	20,311	17,358
	163,036	148,892

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 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
Balance at 27 June 2022	207,641	34,024	241,665
Additions	44,118	11,047	55,165
Additions through acquisition of business	6,918	–	6,918
Terminations	(3,744)	(5,051)	(8,795)
Balance at 25 June 2023	254,933	40,020	294,953
Accumulated amortisation			
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)
Balance at 27 June 2022	(76,107)	(16,666)	(92,773)
Amortisation	(39,630)	(7,760)	(47,390)
Terminations	3,529	4,717	8,246
Balance at 25 June 2023	(112,208)	(19,709)	(131,917)
Carrying value			
As at 26 June 2022	131,534	17,358	148,892
As at 25 June 2023	142,725	20,311	163,036

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). As at 25 June 2023, the average remaining lease term is 5 years (2022: 6 years). The Group's obligations are secured by the lessors' title to the leased assets for such leases. Several short-term leases (12 to 18 month terms) have been entered into in the current period in addition to 7 new property leases ranging from 3 to 10 years, of which 4 relate to the acquisition of Fremantle Freight & Storage Pty Ltd.

Plant and equipment assets operate under master lease agreements and lease terms generally range from 5 to 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% (2022: 4.25% – 8.15%).

The maturity analysis of lease liabilities is presented in note 19.

	Consolidated	
	25 June 2023 $'000	**26 June 2022 $'000**
Amounts recognised as expense/(income) in profit and loss:		
Depreciation expense on right-of-use assets	44,277	35,384
Interest expense on lease liabilities	9,659	7,126
Expense relating to short-term leases	8,993	8,638
Expense relating to leases of low value assets	1,124	478
Income from sub-leasing right-of-use assets	–	(45)

Note 15. Intangibles

	Consolidated	
	25 June 2023 $'000	**26 June 2022 $'000**
Goodwill	61,203	40,264
Software – at cost	5,421	4,682
Less: Accumulated amortisation	(4,484)	(3,856)
	937	826
	62,140	41,090

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 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
Balance at 27 June 2022	40,264	4,682	44,946
Additions through acquisition of business	20,939	–	20,939
Additions	–	739	739
Balance at 25 June 2023	61,203	5,421	66,624
Accumulated amortisation			
Balance at 28 June 2021	–	(3,237)	(3,237)
Amortisation	–	(619)	(619)
Balance at 26 June 2022	–	(3,856)	(3,856)
Balance at 27 June 2022	–	(3,856)	(3,856)
Amortisation	–	(628)	(628)
Disposals	–	–	–
Balance at 25 June 2023	–	(4,484)	(4,484)
Carrying value			
As at 26 June 2022	40,264	826	41,090
As at 25 June 2023	61,203	937	62,140

Goodwill is attributable to business acquisitions and has been allocated to the reportable operating segment cash generating unit or CGU due to 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 CGU and its recoverable value is assessed annually on a value-in-use ('VIU') discounted cash flow basis. The key basis 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, cash commitments, and capital expenditure based on historical and expected future trends (referenced against industry projections). CGU growth rate over the future 5-year period is estimated to be 5.2% (2022: 8.8%) for the Port Logistics segment and 4.5% (2022: 4.9%) for the Contract Logistics segment. The discount rate applied against future cash flows is 11.6% (2022:11.6%). Terminal growth rate is 2.5% (2022: 2.5%).

Note 16. Deferred tax

	Consolidated	
	25 June 2023 $'000	26 June 2022 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Receivables and prepayments	(183)	47
Property, plant and equipment	(177)	(177)
Make good assets	(822)	(568)
Provision for lease make good	1,538	1,281
Provisions for employee entitlements	3,413	2,884
Accrued expenses and other payables	1,952	1,978
Deferred revenue	–	4
Lease liabilities	54,441	50,281
Right-of-use assets	(48,080)	(44,090)
Blackhole expenditure	1,031	1,476
Deferred tax asset	13,113	13,116
Movements:		
Opening balance	13,116	11,212
Credited to profit or loss	(69)	1,731
Recognised via acquisition	66	–
Charged to equity	–	173
Closing balance	13,113	13,116
Deferred tax asset	62,375	57,951
Deferred tax liability	(49,262)	(44,835)
	13,113	13,116

Note 17. Trade and other payables

	Consolidated	
	25 June 2023 $'000	26 June 2022 $'000
Trade payables	21,639	22,713
IPO related payables	–	213
Employee related payables	4,088	3,443
GST payable	1,582	1,967
Other payables and accrued expenses	12,466	11,459
	39,775	39,795

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 suppliers 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 their fair value.

Refer to note 25 for further information on financial instruments.

Note 18. Borrowings

	Consolidated	
	25 June 2023 $'000	**26 June 2022 $'000**
Secured		
External borrowings – current	6,750	106
External borrowings – non current	17,094	9,594
	23,844	9,700
Unsecured		
Purchasing card facility – current	7,122	2,207
	30,966	11,907

The Group entered into a bilateral financing facility agreement with National Australia Bank Limited ('NAB') and Cooperative Rabobank UA (Australia Branch) ('Rabo') in May 2023.

The bilateral finance agreements consist of a $30.0 million amortising cash advance facility and a $50.0 million revolving cash advance facility. The revolving facility is available to fund permitted acquisitions and was undrawn at 25 June 2023.

External borrowings outstanding at 25 June 2023 of $23.8 million (June 2022: $9.7 million) are drawn from the $30.0 million amortising facility. $18.0 million was drawn in the current period to finance the acquisition of Fremantle Freight & Storage Pty Ltd – refer to note 32. The remaining drawn amount of $5.8 million represents the unamortised balance of funds drawn to finance acquisitions in prior periods.

The facilities have a termination date of 12 May 2026.

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

At period end undrawn corporate debt facilities were $50.0 million (26 June 2022: $nil).

As at 25 June 2023, $6.75 million of the external borrowings have been classified as current due to the scheduled amortising repayments due in the next 12 months. The remaining borrowings of $17.1 million have been classified as non-current at reporting date.

Repayments made in the current financial period (in respect of the financing facilities in place at 26 June 2022 and drawn in the current period) were $3.9 million (FY22: $nil).

The cash advance facilities are subject to quarterly amortising repayments which vary from $1.5 million to $4.0 million dependent on the funds drawn against the combined facilities. Based on the amount drawn at 25 June 2023, quarterly amortising repayments due are $1.5 million per quarter.

The financial undertakings in respect of the Group's debt facilities remain unchanged in the current period.

Total secured liabilities

The total secured liabilities are as follows:

The cash advance facilities bear interest at variable market rates.

The facilities carry an annual line fee and interest rate (margin) between 3.25% and 3.30% above 90-day BBSY bid rate. The undrawn cash advance facility bears a commitment fee equivalent to 50% of the bank margin. The weighted average interest rate on cash advance facilities in the period was 5.87% (26 June 2022: 4.16%).

The NAB bilateral agreement also includes a bank guarantee facility of $20.0 million (26 June 2022: $14.5 million) which is used to provide security for certain leased premises and a revolving leasing facility.

As at 25 June 2023, $16.0 million of the bank guarantee facility has been utilised (26 June 2022: $13.6 million). The utilised portion of the facility attracts a bank guarantee margin at 2.30% per annum and an issuance fee of 1.15%.

The revolving lease facility limit is $4.0 million, of which $0.8 million was drawn at 25 June 2023 (26 June 2022: $0.7 million).

The Group's asset financing and bank guarantee facilities are subject to an annual review and have a termination date of 30 April 2024.

Total unsecured liabilities

Unsecured borrowings represent a purchasing card facility which attracts a service fee of 0.87% (2022: 0.87%) based on transaction value with repayment terms not exceeding 45 days.

Maturity analysis of borrowings as at the reporting date are as follows:

	Consolidated	
	25 June 2023 $'000	**26 June 2022 $'00**
1 year or less	13,872	2,313
Between 1 and 2 years	6,000	425
Between 2 and 5 years	11,094	9,169
	30,966	11,907

Note 19. Lease liabilities

	Consolidated	
	25 June 2023 $'000	**26 June 2022 $'000**
Lease liability – current	48,177	39,167
Lease liability – non current	142,345	130,552
	190,522	169,719

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	
	25 June 2023 $'000	**26 June 2022 $'000**
1 year or less	54,257	43,911
Between 1 and 2 years	43,616	41,031
Between 2 and 5 years	76,003	66,055
Over 5 years	34,734	37,492
	208,610	188,489

Refer to note 25 for further information on financial instruments.

Note 20. Provisions

	Consolidated	
	25 June 2023 $'000	26 June 2022 $'000
Current		
Employee benefits	10,026	11,262
Make good provisions	459	999
Other provisions	3,968	896
	14,453	13,157
Non-current		
Employee benefits	996	973
Make good provisions	4,669	3,323
	5,665	4,296
Total provisions	20,118	17,453

Make good provision represents the estimated cost the Company will incur on termination of property leases in accordance with lease terms.

Provisions	Employee Benefits $'000	Makegood Provisions $'000	Other Provisions $'000	Total Provisions $'000
Balance as at 28 June 2021	8,744	3,392	1,650	13,786
Additional provision during the period	7,517	103	–	7,620
On acquisition of a subsidiary	259	759	200	1,218
Utilisation of provision during the period	(4,285)	–	(954)	(5,239)
Unwinding of/adjustment to discount rate	–	68	–	68
Balance as at 26 June 2022	12,235	4,322	896	17,453
Balance as at 27 June 2022	12,235	4,322	896	17,453
Additional provision during the period	6,149	1,271	2,572	9,992
On acquisition of a subsidiary	745	–	500	1,245
Utilisation of provision during the period	(8,107)	(392)	–	(8,499)
Unwinding of/adjustment to discount rate	–	(73)	–	(73)
Balance as at 25 June 2023	11,022	5,128	3,968	20,118

Note 21. Other financial liabilities

	Consolidated	
	25 June 2023 $'000	26 June 2022 $'000
Deferred contingent consideration	5,580	4,200

Deferred contingent consideration at 25 June 2023 relates to the acquisition of Fremantle Freight & Storage Pty Ltd, which was completed on 1 September 2022. The terms of the share purchase deed include a deferred earn-out payment based on the achievement of certain post-completion milestones by 31 March 2024 (unless otherwise varied). Refer to note 32 for further information.

Deferred contingent consideration recognised in prior periods 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. A deferred earn-out payment of $4.2million was paid out in cash on 29 May 2023.

Note 22. Issued capital

	Consolidated			
	25 June 2023 Shares	26 June 2022 Shares	25 June 2023 $'000	26 June 2022 $'000
Ordinary shares – fully paid	79,000,557	78,720,510	74,370	73,762

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	27 June 2022	78,720,510		73,762
Options exercised*	11 July 2022	90,000	$2.00	180
Shares issued under employee share plan	13 December 2022	190,047	$2.25	428
Balance	25 June 2023	79,000,557		74,370

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

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

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

Treasury Shares

The Group maintains the Silk Logistics Holdings Limited Employee Share Trust ('EST') to facilitate the distribution of Silk Logistics Holdings Limited shares under the Group's LTIP and tax-exempt Employee Share Plan ('ESP'). The EST is controlled by Silk Logistics Holdings Limited and forms part of the Group.

During the period 190,047 shares were issued to employees under the ESP. The shares were issued from the Company's placement capacity. There were no Treasury shares held by the EST at period end.

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.

Note 23. Share-based payments

Long-Term Incentive Plan

FY23 LTIP

Under the FY23 LTIP the Board granted up to 1,874,075 Ordinary Options to select Senior Executives and key employees of the Group.

The Options were granted on 19 December 2022. The terms specific to Ordinary Options granted under the LTIP are set out below:

- Expiry date: 5pm (Melbourne time) on 28 June 2027.
- Equity settled: the Ordinary Options can only be equity settled.
- Exercise price: the 1,874,075 Ordinary Options granted are exercisable at $2.1028 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):
  - **Rating:** Satisfactory individual performance plan rating;
  - **Service:** The participant remains employed or engaged by a Group company for 3 years from the date of grant; and
  - **Performance:** Earnings per share ('EPS') growth (based on 3 years compounding annual growth rate ('CAGR') achieved between 27 June 2022 and 29 June 2025.
- **Exercise:** No exercise conditions. Unless cash settled, each Option is exercisable into one Share.
- **Disposal restrictions:** The Options are not transferrable without consent of the Board.

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

At 25 June 2023, 1,874,075 Ordinary Options are outstanding with a remaining average life of 4 years and average fair value per Ordinary Option is $0.7780.

Share-based payments expense recognised in the period in employee benefits expense was $482,000 (2022: n/a).

FY22 LTIP

Under the LTIP issued in prior period, 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.

At 25 June 2023, 842,822 (2022: 842,822) Ordinary Options are outstanding and exercisable with a remaining average life of 3 years (2022: 4 years).

Share-based payments expense recognised in the period in employee benefits expense was $243,000 (2022: $243,000).

Non-Executive Director Appointment Options

The Board granted 194,553 Ordinary Options to the newly appointed Non-executive Director, Louise Thurgood, effective 15 November 2021.

At 25 June 2023, 194,553 (2022: 194,553) Ordinary Options are outstanding and exercisable with a remaining average life of 3 years (2022: 4 years).

Share-based payments expense recognised in the period in employee benefits expense was $31,000 (2022: $19,000).

Pre-IPO options – Senior executive and other employees

Prior to the IPO the Company offered 547,500 Zero Exercise Price Options ('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.

During the prior period 547,500 ZEPOs were exercised (and therefore nil unexercised at reporting date).

There were no further grants, forfeitures or expired ZEPOs since 28 June 2021.

Share-based payments expense recognised in IPO-related expenses in the prior period was $1.1 million.

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.

There were no further grants, forfeitures or expired Options since 28 June 2021.

During the period 90,000 ZEPOs were exercised upon vesting conditions being satisfied.

At 25 June 2023, 672,039 (26 June 2022:672,039) Ordinary Options and nil (26 June 2022 : 90,000) ZEPOs are outstanding and exercisable with a remaining average life of 2 years.

Share-based payments expense recognised in the period in employee benefits expense was $53,000 (2022: $53,000).

Movements during the year

The following table illustrates the number and movement in share options during the period.

Options	FY23 LTIP Number	FY22 LTIP Number	Non-Exec Directors Number	Pre-IPO Options Senior-Exec /Others Number	Pre-IPO Options Non-Exec Directors Number	Pre-IPO Options Non-Exec Directors Number	Total Number
Outstanding at 28 June 2021	–	–	–	–	–	–	–
Granted during period	–	842,822	194,553	547,500	180,000	672,039	2,436,914
Exercised during period	–	–	–	(547,500)	(90,000)	–	(637,500)
Forfeited during period	–	–	–	–	–	–	–
Expired during period	–	–	–	–	–	–	–
Outstanding at 26 June 2022	–	842,822	194,553	–	90,000	672,039	1,799,414
Outstanding at 27 June 2022	–	842,822	194,553	–	90,000	672,039	1,799,414
Granted during period	1,874,075	–	–	–	–	–	1,874,075
Exercised during period	–	–	–	–	(90,000)	–	(90,000)
Forfeited during period	–	–	–	–	–	–	–
Expired during period	–	–	–	–	–	–	–
Outstanding at 25 June 2023	1,874,075	842,822	194,553	–	–	672,039	3,583,489

Note 24. Dividends

On 23 February 2023, the Board of Directors declared a fully franked FY23 interim dividend of 5.27 cents per ordinary share. The total dividend cash payment of $4.16 million was paid on 31 March 2023.

On 22 August 2023, the Board of Directors declared a fully franked final dividend for the 52-week period ended 25 June 2023 of 3.10 cents per ordinary share with a record date of 4 September 2023 to be paid on 2 October 2023.

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.

For the consolidated entity the bank loans outstanding, totalling $23.8 million (2022: $9.7 million), are principal and interest payment loans. Throughout the current financial period, cash outlays of approximately $0.34 million (2022: $0.25 million) per quarter were required to service the interest payments. An official increase/decrease in interest rates of 25 basis points would have an adverse/favourable effect on profit before tax of $59,600 (2022: $48,500) per annum based on the period end loan balance. The percentage change is based on the expected volatility of interest rates 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.

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.

The following table summarises the Group's financial assets and financial liabilities:

	Cash and deposits		Financial assets at amortised cost		Financial liabilities at amortised cost	
	25 June 2023 $'000	**26 June 2022 $'000**	**25 June 2023 $'000**	**26 June 2022 $'000**	**25 June 2023 $'000**	**26 June 2022 $'000**
Financial assets						
Cash and cash equivalents (Note 9)	30,479	31,964	–	–	–	–
Trade and other receivables (Note 10)	–	–	63,058	63,179	–	–
Total financial assets	30,479	31,964	63,058	63,179	–	–
Financial liabilities						
Trade and other payables (Note 17)	–	–	–	–	39,775	39,795
Borrowings (Note 18)	–	–	–	–	30,966	11,907
Lease liabilities (Note 19)	–	–	–	–	190,522	169,719
Other financial liabilities (Note 21)	–	–	–	–	5,580	4,200
Total financial liabilities	–	–	–	–	266,843	225,621

Note 26. Key management personnel disclosures

Directors

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

- Mr Terry Sinclair (Chairman, 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 (Non-Executive Director)
- Ms Cheryl Hayman (Non-Executive Director, effective 1 May 2023)

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 KMP of the Group is set out below:

	Consolidated	
	52-weeks ended 25 June 2023 $	**52-weeks ended 26 June 2022 $**
Short-term employee benefits	2,024,547	3,556,948
Post-employment benefits	121,165	85,611
Long-term employee benefits	562,676	241,632
	2,708,388	3,884,191

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 25 June 2023 $	**52-weeks ended 26 June 2022 $**
Audit services –		
Audit or review of the financial statements	356,025	316,450
Other services –		
Tax compliance services	102,500	94,250
Tax advisory services	5,130	57,875
	107,630	152,125
	463,655	468,575

Note 28. Contingent liabilities

As at the date of this report, the Group has provided security for bank guarantees to the value of $16.0 million which have been issued by its financier to landlords of properties that the Group leases for the purpose of conducting its business. Refer note 18.

Note 29. Related party transactions

Parent entity

Silk Logistics Holdings Limited is the parent entity.

Key management personnel

Disclosures relating to KMP 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 $441,843 (2022: $342,886). 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 $574,329 (2022: $407,148). Mr Terry Sinclair (Chair and Non-Executive Director) is a Non-Executive Director of Cleanaway Waste Management Limited.

During the period the group utilised the services of Socius Pty Ltd for accounts receivable services to the value of $54,592.
Mr John Sood (Director) is a Director of Socius Pty Ltd.

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 $nil (2022: $104,641) and Cleanaway Waste Management Limited of $3,692 (2022: $29,994), 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.

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 % 2023	Ownership % 2022
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	100
Brightflow Enterprises Pty Ltd	Australia	100	–
Fremantle Freight & Storage Pty Ltd	Australia	100	–
A.C.N 079 923 327 Pty Ltd	Australia	100	–
FMC Pty Ltd	Australia	100	–
FMC West 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 22 June 2015. All wholly owned subsidiaries have a financial period ended 25 June 2023 (prior period: 26 June 2022).

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 25 June 2023 $'000	**52-weeks ended 26 June 2022 $'000**
Profit/(loss) after income tax	23,077	(5,732)
Total comprehensive profit/(loss)	23,077	(5,732)

Statement of financial position

	Parent	
	25 June 2023 $'000	**26 June 2022 $'000**
Total current assets	3,656	360
Total assets	89,901	65,070
Total current liabilities	12,566	10,062
Total liabilities	29,851	20,217
Equity		
Issued capital	74,370	73,762
General reserve	(22,948)	(23,577)
Retained profits/(accumulated losses)	8,628	(5,332)
Total equity	60,050	44,853

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 25 June 2023 and (26 June 2022: nil).

Contingent liabilities

As at the date of the report, the parent entity has bank guarantee to the value of $16.0 million (June 2022: $13.6 million) in place which have been used by its financier to landlords of properties that the Group leases for the purposes of conducting its business. Refer to note 18.

Capital commitments – Property, plant and equipment

The parent entity has provided a guarantee to a subsidiary in relation to an equipment supply agreement. Refer to note 37.

The parent entity had no capital commitments for property, plant and equipment as at 25 June 2023 and (26 June 2022: nil).

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.

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

Summary of acquisition

On 1 September 2022 (the 'Acquisition Date'), the Group acquired Fremantle Freight & Storage Pty Ltd through the acquisition of 100% of the issued and outstanding equity interests of Brightflow Enterprises Pty Ltd (the 'Acquired Businesses'). Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

	Fair value $'000
Purchase consideration	
Cash consideration paid on completion	18,427
Completion adjustment ^	920
Contingent consideration payable #	7,800
Total fair value of consideration	**27,147**

^ Recognised as accrued liabilities at balance date.

Recognised as other financial liabilities at balance date. Contingent consideration was initially measured at acquisition date at $7.8 million, and subsequently revised downward to $5.6 million at period end in agreement with the vendor shareholders. The change in value of $2.2 million is reported in profit and loss in the current period. The revised deferred consideration amount is reflected in note 21.

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

	Fair value $'000
Cash	1,127
Accounts receivable	5,408
Prepayment and deposit	1,320
Other receivables	441
Inventory	171
Right-of-use assets	7,025
Fixed assets	7,878
Unsecured financial assets	20
Tax liabilities	(137)
Accounts payable	(3,104)
Employee entitlements	(745)
Secured financial liabilities	(5,671)
Lease liabilities	(7,025)
Provisions	(500)
Net assets acquired	6,208
Goodwill recognised	20,939
	27,147

(i) Acquired receivables

The fair value of acquired trade receivables is $5,408,242. The gross contractual amount for trade receivables due is $5,474,046, with a loss allowance of $65,804 recognised on acquisition.

(ii) Revenue and profit contribution

The Acquired Business contributed revenues of $28.4 million and a net profit of $1.8 million to the group for the period from 1 September 2022 to 25 June 2023.

If the acquisition had occurred on 27 June 2022, consolidated pro-forma revenue and profit for the period ended 25 June 2023 would have been $34.3 million and $2.1 million respectively. These amounts have been calculated using the Acquired Business' 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 27 June 2022, together with the consequential tax effects.

There was an accounting policy difference between the Group and the Acquired Business in relation to the accounting for the provision of long service leave. When the Group has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, these obligations are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Historically, the Acquired Business has not accounted for this provision. On acquisition of the Acquired Business, the Group estimated the provision for long service leave using the Group's accounting policy and this resulted in the recognition of employee benefits provision.

There was an accounting policy difference between the Group and the Acquired Business prior to the Acquisition Date in relation to the accounting for AASB 15 *Revenue from Contracts*, however, the impact has been estimated as immaterial.

There were no other differences in accounting policies between the Group and the Acquired Business prior to the Acquisition Date. Following the acquisition, the Group accounting policies have been applied consistently to the consolidated balances and results of the Acquired Business.

(iii) Goodwill reconciliation

	$'000
Opening goodwill balance 27 June 2022	40,264
Additional goodwill recognised during the period	20,939
Net book value of goodwill as at 25 June 2023	**61,203**

Purchase consideration – cash outflow

	$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration paid	(18,427)
Cash balances acquired	1,127
Net outflow of cash – investing activities	**(17,300)**

Acquisition related cost

Acquisition-related costs of $1,172,846 are included in administrative expenses in profit or loss and in operating cash flows in the statement of cash flows.

Note 33. Events after the reporting period

On 4 August 2023 the Company announced that it had entered into a binding agreement to acquire 100% of the issued capital of Secon Freight Logistics Pty Ltd, a Melbourne based port and bulk logistics services provider. The acquisition is subject to conditions precedent customary for a transaction of this nature and is expected to be completed on 30 September 2023.

No other matter or circumstance has arisen since 25 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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

	Consolidated	
	52-weeks ended 25 June 2023 $'000	**52-weeks ended 26 June 2022 $'000**
Profit after income tax expense for the period	16,402	13,357
Adjustments for:		
Gain on sale of property, plant and equipment	(898)	(1,068)
Non-cash net interest expense	–	68
Depreciation and amortisation	50,485	40,065
Gain on novation of land purchase contract	–	(3,428)
Fair value of options granted	1,237	2,129
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	5,970	(14,250)
(Increase)/decrease in other current assets	(1,502)	(710)
(Increase)/decrease deferred tax assets	3	(1,751)
Increase/(decrease) in trade and other payables	(2,635)	7,827
Increase/(decrease) in provision for income tax	(6,312)	7
Increase/(decrease) in provisions	(45)	839
Decrease in other financial liabilities	(2,220)	–
Net cash from operating activities	60,485	43,085

Note 35. Changes in liabilities arising from financing activities

Consolidated	**Borrowings $'000**	**Lease liabilities $'000**	**Total $'000**
Balance at 28 June 2021	16,000	178,824	194,824
Net cash used in financing activities	(4,093)	(33,112)	(37,205)
Non-cash changes:	–	–	–
Acquisition of leases	–	7,076	7,076
Change through acquisition of business	–	16,931	16,931
Balance at 26 June 2022	11,907	169,719	181,626
Net cash from/(used in) financing activities	19,059	(43,308)	(24,249)
Non-cash changes:	–	–	–
Acquisition of leases	–	57,086	57,086
Change through acquisition of business (note 33)	–	7,025	7,025
Balance at 25 June 2023	30,966	190,522	221,488

Note 36. Earnings per share

	Consolidated	
	52-weeks ended 25 June 2023 $'000	**52-weeks ended 26 June 2022 $'000**
Profit after income tax attributable to the owners of Silk Logistics Holdings Limited	16,402	13,357

	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	78,908,864	76,660,719
Adjustments for calculation of diluted earnings per share:		
Share options	281,873	578,107
Weighted average number of ordinary and preference shares used in calculating diluted earnings per share	79,190,737	77,238,826

	Cents	**Cents**
Basic earnings per share	20.79	17.42
Diluted earnings per share	20.71	17.29

Note 37. Capital Commitments

In the current period a subsidiary of the Company entered into an agreement with a third-party manufacturer for the supply of specialised warehouse handling equipment for the value of $10.7 million. The agreement sets out payment instalment dates over an approximate 18-month period which commenced from June 2023. The Company intends to fund the purchase of the equipment by entering into a purchase facility agreement with an equipment financier. On delivery of the equipment for use, it is intended that the purchase facility will convert to a lease facility.

Directors’ Declaration

25 June 2023

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 25 June 2023 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
22 August 2023

Independent Auditor’s Report

To the Members of Silk Logistics Holdings Limited

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

477 Collins Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 3 9671 7000
Fax: +61 3 9671 7001
www.deloitte.com.au

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 25 June 2023, 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 25 June 2023 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.

Deloitte.

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.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Assessment of Lease term and incremental borrowing rate under AASB 16 Leases As at 25 June 2023 the Group has reported right of use assets of $142.8 m ($131.5 m at 26 June 2022) relating to property related leases. The estimated lease term of these properties and the incremental 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. 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.	Our procedures included, but were not limited to: • For initial measurement: o Agreeing management's assessment to underlying lease agreements; o 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; o Evaluating the estimates and judgements applied by management in determining the probability of exercising options; and o Assessing the estimates and judgements applied by management in determining the incremental borrowing rate applied to new leases. • Where option periods have been reassessed: o Agreeing management's assessment to underlying lease agreements; and o On a sample basis, assessing the mathematical accuracy of management's calculation for reassessment by recalculating the lease liability and right of use asset. • Engaging our valuation specialist to assess the appropriateness of the incremental borrowing rate for initial measurements and any subsequent reassessments where appropriate. We have also assessed the adequacy of the disclosures in Note 14 to the financial statements.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Carrying Value of Goodwill As at 25 June 2023, the Group has reported goodwill of $61.2 m ($40.3 m at 26 June 2022) as disclosed in Note 15. The accounting policy and the significant estimates and judgements in relation to goodwill impairment testing are disclosed in Notes 2 and 3. The goodwill relates to two Cash Generating Units ("CGU's") being Port Logistics and Contract Logistics where goodwill is monitored by management. The Group is required to assess the recoverability of the carrying value of goodwill at least annually. The recoverable amount of CGUs has been determined based on a value-in-use model, which includes key assumptions and judgements in the calculation of the recoverable amounts, namely forecast future cash flows, the long-term growth rate, the level of maintenance capital expenditure, the discount rate as well as the allocation of assets and liabilities across the 2 CGUs.	Our procedures included, but were not limited to: • Evaluating the appropriateness of management's identification of the Group's CGU to which the goodwill is allocated as well as the allocation of assets and liabilities to each CGU. • Assessing the reasonableness of cash flow projections and assessing growth rates. • Engaging our valuation specialists to assess the key assumptions and methodology used by management in the impairment model, in particular the discount rate and the terminal value growth rate. • Evaluating the Group's assets carrying amount against its market capitalisation. • Testing the mathematical accuracy of the value-in-use model and performing sensitivity analysis. We have also assessed the appropriateness of the disclosures in Note 15 to the financial statements.

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 25 June 2023, 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.

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.

Deloitte.

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.

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.

Deloitte.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 31 to 37 of the Directors' Report for the year ended 25 June 2023.

In our opinion, the Remuneration Report of Silk Logistics Holdings Limited, for the year ended 25 June 2023, 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, 22 August 2023

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

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 8, 210 George Street,
Sydney NSW 2000
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').

Company Secretary

Ms Melanie Leydin.

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 15 November 2023. 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, 26 September 2023. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on Wednesday, 26 September 2023, 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 2023 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.

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.

Shareholder Information continued

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)

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 31 July 2023.

1. Total securities on issue

ASX code	Class	Expiry	Listed	Unlisted
SLH	Fully paid ordinary shares		79,000,557	–
SLHAA	Share options	Various dates	–	1,514,861
SLHAB	Share options	15/11/2025	–	194,553
SLHAC	Share options	28/06/2027		1,874,075
Totals			**79,000,557**	**3,583,489**

2. Distribution of equity securities

	Ordinary Shares			Unlisted Options		
Holdings Ranges	**Holders**	**Total Units**	**%**	**Holders**	**Total Units**	**%**
1-1,000	402	210,543	0.270	0	0	0.000
1,001-5,000	571	1,793,498	2.270	0	0	0.000
5,001-10,000	286	2,372,260	3.000	0	0	0.000
10,001-100,000	370	9,800,526	12.410	1	66,539	1.860
100,001-999,999,999	27	64,823,730	82.050	13	3,516,950	98.140
Totals	**1,656**	**79,000,557**	**100.000**	**14**	**3,583,489**	**100.000**
Unmarketable Parcels	104	14,502	0.0184			

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 the last substantial holder notices given to the Company under the Corporations Act.

	Name		%	Date of Last Notice
1	TOR ASIA CREDIT MASTER FUND LP, TOR ASIA CREDIT FUND GP LTD., TOR INVESTMENT MANAGEMENT, L.P. and TOR INVESTMENT MANAGEMENT (HONG KONG) LIMITED	15,255,430	19.38	20 May 2022
2	BBJJ INVESTMENTS PTY LTD <THE BOYD FAMILY A/C>	10,751,794	14.19	9 July 2021
3	KARMA BEVERAGES PTY LTD <JOHN SOOD FAMILY A/C>	10,751,794	14.19	9 July 2021
4	COPIA INVESTMENT PARTNERS LTD	4,050,000	5.13	12 May 2023

5 Share buy-back

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

6. Statement in accordance with ASX Listing Rule 4.10.19

The Company confirms that is has used the cash and assets in a form readily convertible to cash for the reporting period ended 25 June 2023 in a way consistent with its business objectives.

7. Twenty largest shareholders – ordinary shares

	Name	Balance as at 17 July 2023	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	15,255,430	19.311%
2	BBJJ INVESTMENTS PTY LTD <THE BOYD FAMILY A/C>	10,751,794	13.610%
3	KARMA BEVERAGES PTY LTD <JOHN SOOD FAMILY A/C>	10,751,794	13.610%
4	CITICORP NOMINEES PTY LIMITED	6,209,389	7.860%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,067,425	7.680%
6	NATIONAL NOMINEES LIMITED	5,195,507	6.577%
7	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,399,853	3.038%
8	UBS NOMINEES PTY LTD	1,327,868	1.681%
9	SUNFLOWER4 PTY LTD <BLTIJRK FAMILY A/C>	1,160,524	1.469%
10	ICEVALLEY PROPRIETARY LIMITED <ADRIAN & JODIE KAGAN A/C>	1,160,524	1.469%
11	BNP PARIBAS NOMS (NZ) LTD <DRP>	835,000	1.057%
12	MR JOHN RICHARD WILLIAM EVANS	651,787	0.825%
13	DANNWILL PTY LTD <THE EVANS FAMILY A/C>	401,157	0.508%
14	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	353,198	0.447%
15	SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	325,000	0.411%
16	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	324,159	0.410%
17	ADAPTALIFT INVESTMENTS PTY LTD	250,000	0.316%
18	WALLBAY PTY LTD <ABELL UNIT ACCOUNT>	196,420	0.249%
19	PACIFIC CUSTODIANS PTY LIMITED <SLH EMPLOYEE SHARE PLAN A/C>	174,985	0.221%
20	GEAT INCORPORATED <GEAT-PRESERVATION FUND A/C>	166,200	0.210%
	Total Securities of Top 20 Holdings	63,958,014	80.959%
	Total Securities of remaining shareholders	15,042,543	19.041%
	Total of Securities	**79,000,557**	**100.000%**

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 2 February 2024	2,321,048

This page has been left blank intentionally.

SILK
LOGISTICS
HOLDINGS

silklogisticsholdings.com.au