ASX ANNOUNCEMENT

22 August 2023

Continued revenue and profit growth in FY23

Silk Logistics Holdings Limited (ASX: SLH) ('Silk' or the 'Company') is pleased to announce its full year results for the period ending 25 June 2023 ('FY23').

Full Year Highlights

- **Revenue of $488.6 million, an increase of 23.8% on the prior corresponding period ('pcp')**
- **Underlying EBIT[1] of $35.5 million, an increase of 14.5% on pcp**
- **Underlying NPAT of $15.9 million, an increase of 0.6% on pcp**
- **Final dividend of 3.10 cps – fully franked**
- **Annual dividend yield – 4.0%**
- **Strong cash generation, with 86% (pre capex) cash to underlying EBITDA[1] (after lease payments)**
- **Lost Time Injury Frequency Rate ('LTIFR') of 2.8, an improvement from 4.4 in FY22[2]**
- **Headroom for growth with $30.5 million cash and leverage of 0.6x[3]**

FY23 Results

Silk reported revenue of $488.6 million for FY23, representing a 23.8% increase on pcp. This was underpinned by $65.8 million in (annualised) new business wins. Underlying EBIT[1] increased 14.5% compared with FY22 to $35.5 million and underlying NPAT improved to $15.9 million. The Company achieved significant revenue growth and underlying EBIT in-line with earnings guidance. Silk was able to largely preserve underlying margins despite continued economic challenges through its agile business model.

The Company more than doubled its container hardstand area to 356,350 sqm and average leased warehouse occupancy increased to 89.0%, from 85.0% in FY22. Billed consignments increased by 12.4%.

Silk Managing Director & CEO Brendan Boyd said, "We continue to build on our strong foundations with further growth in revenue and profitability in FY23. Our ability to deliver on revenue and underlying EBIT earnings guidance highlights the strength of our business to perform throughout challenging economic conditions and is testament to our variable cost business model and strong customer service ethos. Over the year, we successfully integrated 101Warehousing and Fremantle Freight & Storage, both of which performed well to deliver approximately 45% revenue growth. FY24 commenced positively with the acquisition of Secon, which will deliver further capabilities for Silk in port logistics and bulk logistics. Our cash position remains strong, and we will continue to be disciplined as we seek to further execute on our growth strategy.

Industry and softened discretionary spend created substantial headwinds in the second half of the year, however, we were able to achieve a 10% year-on-year increase in trading customers and earnings growth across both Port and Contract Logistics."

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.

Silk remains committed to investing in the business to deliver on its ambition of achieving $1.0 billion of revenue by FY27.

Results webinar

Silk Managing Director & CEO, Brendan Boyd, CFO, Brendon Pentland, and COO, Dani Aquilina will host a webinar at **9:30am (AEST), today, Tuesday, 22 August**. Please note, the webinar will be recorded, and a copy will be made available on Silk's website shortly after it is completed.

Webinar link: https://us02web.zoom.us/webinar/register/WN_OoWH1d7bRq-AMmKYB2BvEw

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

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

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1. Underlying EBIT(DA) represents EBIT(DA) post-AASB16 Leases and before significant items.
2. LTIFR is reported as rolling 12-month average to the end of the reporting period.
3. Measured as net debt to EBITDA (pre-completion of the Secon acquisition).