

CPT Global Limited ABN 16 083 090 895 and Controlled Entities
Appendix 4E - Preliminary Final Report for the Year Ended 30 June 2023

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information

				2023	2022
				A \$000's	A \$000's
Revenues from ordinary activities	down	-6.0%	to	28,131	29,941
Net Profit (Loss) before tax attributable to members	down	-172.8%	to	(1,494)	2,053
Net Profit (Loss) after tax attributable to members	down	-240.0%	to	(2,060)	1,472

DIVIDENDS PAID AND PROPOSED

	Amount per Security	Franked Amount per Security at 25% of Tax
Ordinary Shares:		
2023 final	0.0 cents	0.0 cents
2023 interim	0.6 cents	0.6 cents
2022 final	1.0 cents	1.0 cents

DIVIDEND DETAILS

	2023	2022
	A \$000's	A \$000's
Ordinary Share Capital:		
Final dividend paid	\$416	\$1,209
Interim dividend paid	\$251	\$621
Final dividend declared	\$0	\$416

DIVIDEND REINVESTMENT PLAN

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

EARNINGS PER SHARE (EPS)

	2023	2022
Basic EPS	(4.92) cents	3.54 cents
Diluted EPS	(4.92) cents	3.49 cents

NTA BACKING

Net tangible asset backing per ordinary security	\$0.07	\$0.13
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COMMENTARY ON THE RESULTS FOR THE PERIOD

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

STATUS OF AUDIT

The accounts are currently in the process of being audited.

ANNUAL GENERAL MEETING

CPT Global Ltd advises that its Annual General Meeting will be held on or about 14 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 ASX immediately after despatch.

In accordance with the ASX Listing Rules, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5:00pm (AEDT) 26 September 2023 (35 business days before date of AGM).

CPT Global Limited

ABN 16 083 090 895

Preliminary Final Report
For the year ended 30 June 2023

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FY2023 Managing Director's Review

Dear Shareholders,

As we conclude the fiscal year ending on 30 June 2023 and begin our 30th year in business, I am pleased to share the Managing Director's Review for CPT Global Limited and its subsidiaries (CPT Global).

After my first full year serving as CEO, the company has continued its strategic progress as we set the stage for future opportunities. While the downturned economy has presented numerous challenges for our business and clients, the team has stayed aligned to our vision: to be a premier partner and consultancy that helps companies tackle their toughest IT challenges and meet their business objectives.

As we look back at FY2023, it's important to note several important milestones:

- We successfully launched several complex projects for clients, which includes deploying a new service offering with our largest client.
- Strategic partnerships were forged and strengthened with leading vendors to support the deployment of an even deeper suite of services and solutions for CPT Global.
- Led by our founder and former CEO, the proprietary software initiative we announced last year is advancing, and we expect testing to be completed by early next year.
- New hires have advanced our team's capabilities across sales, marketing, product and practice management and technical leadership, enhancing our ability to meet market and client demand.

Despite the challenging economic climate and some delayed projects, our customers continue to require our services. The following review takes a deeper look at last year's accomplishments and our future plans.

Operating & Financial Review

The revenue for the year ended 30 June 2023 was \$28.1m, a 6% decrease on previous year's revenue of \$29.9m. The net loss before tax & impairment was \$1.5m (\$0.4m loss before impairment), with a net loss after tax & impairment of \$2.1m (\$1.0m loss before impairment). FY2023 second half was a loss predominantly from market conditions impacting project extensions and approval of new business.

The table below shows the performance over the last 3 reporting periods:

	FY2023 \$M	HY2023 \$M	FY2022 \$M
Revenue	28.1	16.2	29.9
(Loss) / profit before tax	(1.5)	0.8	2.1
Tax expense	(0.6)	(0.3)	(0.6)
(Loss) / profit after tax	(2.1)	0.5	1.5
Impairment of financial assets*	1.0	-	-
(Loss) / profit after tax & before impairment	(1.0)	0.5	1.5

*Impairment relates to the CAD non-cash write down net of tax

Notable points for FY2023:

- Australia revenue of \$15.4m up on FY2022 (\$14.9m) with a lower margin from business mix and unusually high leave post Covid.
- Northern Hemisphere revenue of \$12.7m down on FY2022 (\$15m) with improved margin.
- Operating costs increased as we invested in talent and capabilities as well as from several non-recurring business expenses, including Canadian tax review, investment in back-office systems, and implementation of strategic initiatives. Also, insurance and occupancy costs increased.
- Short-term incentives lower on the back of business performance.
- Financing costs declined as we actively managed our cash balances across jurisdictions.
- Following a comprehensive review, an impairment of CAD\$1.018m (AUD\$1.141m) related to Canadian tax was required. The closing balance held as a non-current receivable is CAD\$0.581m (AUD\$0.660m), which is the probability weighted amount currently being pursued for recovery from the CRA and associated individuals these relate to.

Basic loss per share amounted to 4.92 cents per share (diluted loss 4.92 cents per share).

Compared to FY2022 basic profit amounted to 3.54 cents per share (diluted profit 3.49 cents per share).

Financial Position

CPT Global's performance has resulted in a decrease of net assets of \$2.4m compared to \$5.3m in 2022.

Movements in the balance sheet:

- Trade and other receivables decreased \$3.5m, due to impairment of Canadian tax receivable and lower client receivables.
- Trade and other payables decreased by \$3.9m, predominately from settling outstanding payable balances and offsetting Canadian tax related balances.

Cash Flow

CPT Global had \$1.2m in cash as of 30 June 2023 and \$4m on 30 June 2022. Settlement of outstanding payables, lower revenues with associated margins, and increase in operating costs contributed to the reduced cash reserves. We continue to actively manage our cash balances, utilise our funding facility, and monitor aged receivables to effectively manage our cash flow.

Capital Management

No final dividend has been declared for 30 June 2023. However, it is our intention to return to our traditional dividend payout ratio in future.

A fully franked interim dividend of 0.60 cents per share was paid on 14 April 2023.

On 30 June 2023, funds drawn down against debtor funding was \$0.8m, leaving a balance of \$0.3m available to draw down.

Achieving Success with Clients

In FY2023, our team achieved numerous successes by continuing to focus on the client experience and delivering results.

These major projects included:

- Completing a successful multi-year database modernisation program at a Fortune 500 US financial services company.
- Continuing our work with long-term clients as we deepen these trusted relationships by expanding our portfolio of services.
- Delivering several large mainframe Risk Reward engagements across the banking, healthcare, and insurance industries.
- Successfully completing several Delivery Governance and Test Assurance engagements across state government, education and online employment industries.

Our team was also proactive in strengthening client relationships by expanding our team's capabilities and incorporating client and market feedback into our operations.

Overcoming Project Challenges

Despite a great first half of 2023, where CPT Global saw considerable success across the business, there were some challenges in the second half.

Most of the challenges we faced in FY2023 were connected to the economic uncertainty that persists within the industry. While CPT Global is not immune to it, we are still set up well for success, and playing to our core strengths and offerings as a more competitive business takes shape.

Rather than drastically shifting our focus to new or untested services, we are laser focused on what we do best – delivering proven offerings that have made CPT Global successful. Our strength has always been CPT Global's team of experts, and leveraging this talent to drive growth and innovation is key, as it will help us stay competitive and empower us to continue delivering on client expectations.

Solidifying Partnerships

In the past year, CPT Global also forged a strategic partnership with Amazon Web Services (AWS) to expand our business pipeline. This collaboration joins other notable partnerships with Accenture, Deloitte, and Google.

The AWS partnership opens new opportunities for our team to get in front of more clients at a faster pace, and better positions us to support large-scale projects for enterprise-level customers. It also unlocks a wide range of additional services for CPT Global.

In FY2023, we saw a major surge in partnerships driven by market needs. Our established partnerships have always been an integral part of our success, and our new AWS relationship should drive even more opportunities for us moving forward.

Launching Proprietary Software

Last year we announced the development of proprietary testing software led by our founder and former CEO and current Executive Director, Gerry Tuddenham. We are pleased to share an update on how this project is progressing.

CPT Global's new capability is currently being discussed with clients, and we expect testing to be completed by early next year. This innovative solution is designed to:

- Enhance the efficiency of our clients' mainframe environments.
- Improve their team's testing capabilities across the full development lifecycle.
- Mitigate risks while accelerating time to market for internal IT projects.

In addition to bringing great value to our clients, this software will be an invaluable addition to our portfolio of solutions and services in the coming years.

Strengthening Our Team + Culture

In the past year, we've added strategic talent to marketing and sales, strengthening CPT Global's capacity to engage in new markets, secure additional accounts, and better serve our existing clients.

This year, we welcomed our first in-house marketing expert to help transform our outreach approach. We expect this team addition will enhance our visibility, strengthen our reputation, and ultimately help drive our growth strategy.

Also contributing to our success is CPT Global's mainframe mentoring program. This program pairs new hires with seasoned employees, fostering a culture of learning and professional growth, which has always been part of our DNA and why we've been successful. As this young

talent taps into our team's experience and knowledge, it helps protect the business against retiring senior talent. Being proactive with professional development has proven to be invaluable in ensuring our new hires are integrated seamlessly and ready to make a positive impact.

In FY2023, we invested in our sales team. While increasing our sales staff will prove to be meaningful in the long term, it takes time for them to be fully integrated into our process, and we expect to see results from this investment over the next 12 months.

In our journey towards excellence, we have also made significant strides in strengthening our Board. Steve Targett (January 23) and Deborah Hadwen (July 23) have joined the Board, bringing their unique perspectives, extensive experience, and commitment to our company's mission. Their contributions to our strategic direction have been valuable, and we are confident that our strengthened Board will play a pivotal role in guiding us toward our short and long-term goals.

Looking Toward the Future

As we begin FY2024, our vision is clear: to continue delivering exceptional service and innovative solutions to clients leveraging our experience from the past 30 years. Our team has proven that despite an unpredictable economic climate and shifting client needs, CPT Global is adaptable, resilient, and ready for the future.

Material business risks that could harm our operations and performance have been identified. A primary risk being the loss of key strategic accounts. In order to minimise this risk, we are proactively fostering relationships, exceeding delivery expectations, and exploring more diverse channels such as strategic partnerships, proprietary software, and marketing campaigns to enhance our reach and pipeline growth. Additionally, given the increasing cyber threat landscape and client expectations, we have prioritised cyber and data security through a dedicated working group, and enhancing our system security and monitoring.

Between our strategic alliances, proprietary software, and talented workforce, the company is building a strategic edge that helps us continue to meet and exceed client expectations. With the support of the Board and the entire leadership team, we will stay focused on our core principles and values to be well-positioned for growth ahead.

Once again, I want to express my sincere gratitude to our dedicated team, as well as to our loyal clients for their unwavering support and trust in CPT Global. We are excited about the future and look forward to another year of successes, partnerships, and growth. Thank you for being part of our journey.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2023

	30 Jun 23	30 Jun 22
	\$'000	\$'000
Revenue	28,131	29,941
Other income	10	16
Salaries and employee benefits	(4,462)	(2,768)
Consultants benefits	(20,598)	(21,741)
Depreciation and amortisation	(15)	(16)
Insurance	(475)	(355)
Finance costs	(67)	(92)
Occupancy costs	(322)	(266)
Professional Services	(858)	(427)
Other expenses	(1,698)	(2,262)
Impairment of financial assets	(1,141)	-
Foreign currency gains	1	23
(LOSS) / PROFIT BEFORE INCOME TAX	(1,494)	2,053
INCOME TAX EXPENSE	(566)	(581)
(LOSS) / PROFIT AFTER INCOME TAX	(2,060)	1,472
Other Comprehensive Income:		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translating foreign operations	19	(463)
Total Other Comprehensive Income for the year, net of tax	19	(463)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(2,041)	1,009
(LOSS) / PROFIT ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED	(2,060)	1,472
TOTAL COMPREHENSIVE (LOSS) / INCOME ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED	(2,041)	1,009
Basic (loss) / earnings per share (cents per share)	3 (4.92)	3.54
Diluted (loss) / earnings per share (cents per share)	3 (4.92)	3.49

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

Consolidated Statement of Financial Position

AT 30 JUNE 2023

	30 Jun 23 \$'000	30 Jun 22 \$'000
CURRENT ASSETS		
Cash and cash equivalents	1,245	4,087
Trade and other receivables	3,193	5,119
Contract assets	1,095	1,318
Other current assets	658	639
Current tax assets	450	-
TOTAL CURRENT ASSETS	6,641	11,163
NON-CURRENT ASSETS		
Trade and other receivables	662	2,262
Deferred tax assets	834	1,200
Property, plant and equipment	34	14
TOTAL NON-CURRENT ASSETS	1,530	3,476
TOTAL ASSETS	8,171	14,639
CURRENT LIABILITIES		
Trade and other payables	4,406	8,355
Current tax liabilities	-	52
Provisions	707	760
TOTAL CURRENT LIABILITIES	5,113	9,167
NON-CURRENT LIABILITIES		
Deferred tax liabilities	-	121
Provisions	139	32
TOTAL NON-CURRENT LIABILITIES	139	153
TOTAL LIABILITIES	5,252	9,320
NET ASSETS	2,919	5,319
EQUITY		
Issued capital	13,919	13,818
Reserves	935	709
Accumulated losses	(11,935)	(9,208)
TOTAL EQUITY	2,919	5,319

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2023

	\$'000	\$'000	\$'000	\$'000	\$'000
	Issued Capital	Accumulated	Employee Compensation	Foreign Currency Translation	Total
	Ordinary	Losses	Reserve	Reserve	Total
Balance at 1 July 2021	13,033	(8,849)	1,706	(657)	5,232
Comprehensive Income					
Profit for the year	-	1,472	-	-	1,472
Other comprehensive loss	-	-	-	(463)	(463)
Total comprehensive income for the year	-	1,472	-	(463)	1,009
Transactions with owners, in their capacity as owners					
Dividends paid or provided for	-	(1,831)	-	-	(1,831)
Issue of shares	785	-	(7)	-	778
Share-based payments	-	-	130	-	
Total transactions with owners, in their capacity as owners	785	(1,831)	123	-	(923)
Balance at 30 June 2022	13,818	(9,208)	1,829	(1,120)	5,319
Balance at 1 July 2022	13,818	(9,208)	1,829	(1,120)	5,319
Comprehensive Income					
Profit for the year	-	(2,060)	-	-	(2,060)
Other comprehensive loss	-	-	-	19	19
Total comprehensive income for the year	-	(2,060)	-	19	(2,041)
Transactions with owners, in their capacity as owners					
Dividends paid or provided for	-	(667)	-	-	(667)
Issue of shares	101	-	-	-	101
Share-based payments	-	-	207	-	207
Total transactions with owners, in their capacity as owners	101	(667)	207	-	(359)
Balance at 30 June 2023	13,919	(11,935)	2,036	(1,101)	2,919

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2023

	30 Jun 23	30 Jun 22
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	30,018	29,020
Payments to suppliers and employees	(31,414)	(27,193)
Interest received	5	5
Finance costs	(48)	(22)
Income tax (paid) / refunded	(822)	794
NET CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES	(2,261)	1,016
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, software	(35)	(12)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(35)	(12)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividends on ordinary shares	(566)	(1,178)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(566)	(1,178)
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD	(2,862)	(175)
Opening cash and cash equivalents	4,087	4,264
Effects of exchange rate changes on cash and cash equivalents	20	(2)
CLOSING CASH AND CASH EQUIVALENTS	1,245	4,087

Notes to the Preliminary Final Report

YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

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

CPT Global Limited has a formally constituted audit committee.

(b) Significant accounting policies

This report, and the accounts on which it is based, use the same accounting policies which have been consistently applied by the entities in the group and are the same as those applied in the 30 June 2022 annual financial report.

2. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

	2023	2022
	\$'000	\$'000
(a) Dividends paid during the half year		
<i>Prior year final</i>		
Franked dividends (1.00c per share) (2022: 3.00c per share)	416	1,209
<i>Current year interim</i>		
Franked dividends (0.60c per share) (2022: 1.50c per share)	251	621
	667	1,831
(b) Aggregate dividends declared post period end		
Fully franked Final dividend of 0.0 cents per share (2022: 1.00c per share)	-	416
	-	416

Franking credit balance as at 30 June 2023 is \$2.4M.

3. EARNINGS PER SHARE

	2023	2022
	\$'000	\$'000
(a) The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net earnings used in calculating basic and diluted earnings per share	(2,060)	1,472

	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	41,897,365	41,607,143
Weighted average number of options outstanding	1,000,000	594,521
Effect of antidilution	(1,000,000)	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	41,897,365	42,201,664

4. OPERATING SEGMENTS

Segment Performance	Australia		Northern Hemisphere		Consolidated	
	Jun-23 \$'000	Jun-22 \$'000	Jun-23 \$'000	Jun-22 \$'000	Jun-23 \$'000	Jun-22 \$'000
Revenue	15,394	14,937	12,737	15,004	28,131	29,941
Cost of Sales	12,116	11,266	5,921	7,416	18,036	18,682
Segment Gross Profit Before Tax	3,279	3,671	6,816	7,588	10,095	11,259
<i>Reconciliation of segment result to group profit before tax</i>						
OpEx	1,846	981	3,806	2,450	5,652	3,431
Profit before tax before unallocated items	1,432	2,690	3,010	5,138	4,442	7,828
Corporate costs					4,795	5,775
Impairment of financial assets					1,141	-
(loss) / profit before tax					(1,494)	2,053

4. OPERATING SEGMENTS (CONTINUED)

Segment Assets	Australia		Northern Hemisphere		Consolidated	
	Jun-23 \$'000	Jun-22 \$'000	Jun-23 \$'000	Jun-22 \$'000	Jun-23 \$'000	Jun-22 \$'000
Segment Assets	2,273	2,674	4,378	5,878	6,651	8,552
<i>Reconciliation of segment assets to group assets</i>						
Unallocated Assets						
- Capital Expenditure	-	-	-	-	19	14
- Depreciation	-	-	-	-	15	16
- Other Assets	-	-	-	-	1,486	5,999
Total Group Assets					8,171	14,581
Segment Liabilities	Australia		Northern Hemisphere		Consolidated	
	Jun-23 \$'000	Jun-22 \$'000	Jun-23 \$'000	Jun-22 \$'000	Jun-23 \$'000	Jun-22 \$'000
Segment Liabilities	1,506	5,250	2,005	3,100	3,512	8,350
<i>Reconciliation of segment liabilities to group liabilities</i>						
Unallocated Liabilities						
- Provisions	846	826	-	87	846	913
- Other Liabilities					895	
Total Group Liabilities					5,252	9,263