# CPT Global Limited Annual Report

www.cptglobal.com

FY2023

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# Chairman's Review

Dear Fellow CPT Global Shareholder,

Despite a profitable first half, CPT's business had a disappointing final six months and recorded an overall loss for the 2023 financial year. The Australian business was adversely impacted by the completion of some large projects, while uncertain economic conditions in the US delayed the commencement and signing of contracts. However, under the active leadership of our CEO Luke Tuddenham, much positive work has been progressed with the development of a new business plan, strengthening of CPT's management team, establishment of some major new partnerships, and the updating of our systems and procedures.

CPT has a loyal team of specialist technical consultants and is well positioned to continue to assist some of the world's largest companies solve their complex IT problems. The foundations for a strong and prosperous future are being put in place and our focus is to ensure that we actively sell our services to clients worldwide in an ever more complex and dynamic environment.

CPT's Australian business increased sales slightly in 2023 but margins were lower due to the sales mix. Since Covid restrictions were relaxed, it has taken our sales force time to rebuild the new business pipeline, and active efforts are underway to bolster our sales team and improve its performance. Once again in 2023, five of our ten largest clients were based in Australia.

After the strong growth in recent years, revenue from CPT's international business slipped in FY 2023 particularly in the second half as clients delayed committing to new contracts and extensions due to the uncertain economic environment. However, margins improved and momentum in revenue lifted towards the end of the FY. Our efforts to bolster the international sales team continue and our sales pipeline is building. For the fifth year in a row, CPT's largest client was in the USA and five of our top ten clients in 2023 were based in North America.

In 2023 our revenue fell by 6% to $28.1m with a modest increase from the Australian operations more than offset by a reduction in revenue in the Northern Hemisphere. CPT recorded a net loss before tax of $1.5m as against profit before tax of $2.1m in the prior year. Our 2023 performance was impacted by the fall in revenue, particularly in the US which has higher margins, and additional costs relating to enhancing our talent and capabilities and some non-recurring business expenses. In addition, we impaired CAD$1.0m (AUD$1.1m) related to Canadian tax.

CPT paid a fully franked interim dividend of 0.6 cents per share in April 2023 but will not pay a final dividend this year. However, CPT intends to return to our traditional dividend payout ratio as soon as circumstances permit. At financial year end, we had a cash position of $1.2m as against $4m in the prior year.

While the FY23 financial results were disappointing, CPT retains a strong focus on delivering solutions for our client's complex IT problems across the world. Our immediate focus is to enhance the performance of our sales teams to expand the scale of our existing relationships and to add new clients. During the year, we have strengthened and established new strategic partnerships to further expand our sales pipeline and drive revenue growth. Furthermore, our strategic initiative in software has progressed to the testing phase at some of CPT's established customers and offers potential to grow the scope and scale of our global business.

Under the active leadership of our CEO Luke Tuddenham, CPT's team has been strengthened and initiatives introduced to further enhance our culture, to mentor our younger talent, and to drive the success of our team. During the year, we were pleased to appoint Steve Targett and Deborah Hadwen as directors of CPT, and both are already making a significant contribution to the Board. Steve brings many years of international management experience in the banking industry while Deborah has successfully led and grown major IT service providers in the Australian and international markets.

In conclusion I would like to thank all CPT's staff together with my fellow directors for their continuing dedication and commitment to serving our clients and positioning CPT for an exciting and prosperous future.

## Fred Grimwade

## Chairman

# 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 and Managing Director, the company has continued its strategic progress as we set the stage for future opportunities. After a strong start to the year, the downturned economy presented numerous challenges for our business and clients in Q3. However, the team has stayed aligned to our vision of being a premier partner and consultancy that helps companies tackle their toughest IT challenges.

As we look back at FY2023, it is 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 and partners continue to require our services. Cost is also a focus, as we continue to evolve our model and adapt to market and business conditions. The following review takes a deeper look at last year's accomplishments and our future plans.

## 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 profitable first half of 2023, where CPT Global saw considerable success across the business, there were some challenges in the third quarter that impacted our 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 and Culture

In the past year, we have 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 have 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.

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.

Luke Tuddenham

**Luke Tuddenham**

**Managing Director, CEO**

Aspen, Colorado
28 September 2023

# Director’s Report

The directors submit the financial report of CPT Global (the Company) and its controlled entities (the Group) for the full year ended 30 June 2023.

## Directors

The directors of CPT Global for the year ending 30 June 2023 and up until the date of this report are:

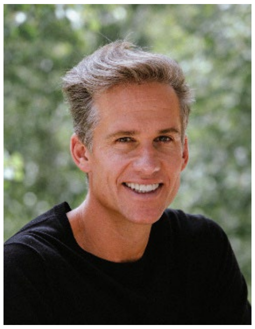
### Fred Grimwade

#### Chairman

Fred chairs CPT’s Finance and Audit Committee and is a member of the Remuneration Committee. He is a director of specialist corporate advisory and investment firm Fawkner Capital and and is also a non-executive director of ASX-listed companies Australian United Investment Company Limited and XRF Scientific Ltd where he is Chairman. Fred was a director of Select Harvests Limited until he retired on 27 February 2023

Fred was a commercial lawyer and later worked with Goldman, Sachs & Co. in New York, and Sydney. He also served as Company Secretary and General Manager of Shareholder Relations at Western Mining Corporation. In 1996, he joined Colonial Mutual as Group Company Secretary and General Manager for Legal Affairs and subsequently became Head of Private Capital for Colonial First State Investments.

Fred was Managing Director of the Colonial Agricultural Company from 1998 to 2006 and a non-executive director of AWB Limited from 2008 to 2010. Fred is a senior fellow and life member of the Financial Services Institute of Australasia (Finsia), and a Fellow of the Australian Institute of Company Directors and Chartered Secretaries Australia.



## Luke Tuddenham

### CEO

Luke Tuddenham is a technology leader with over 18 years of experience in driving growth and success for Fortune 500 clients. As CEO of CPT Global, he has played an instrumental role in the company's evolution, expanding its service offerings and delivery across the globe to meet the changing needs of industry-leading clients.

Luke started his career in Melbourne with Andersen in 2000 and joined CPT Global in 2005 from PricewaterhouseCoopers. Luke joined CPT overseeing the company's Australian and US markets, before becoming Vice President in 2011. In 2016, Luke was named President of the Americas and Europe, where he played a critical role in helping the company generate record-breaking revenue and profit margins in FY2021.

A highly accomplished and respected leader, Luke is known for his strategic thinking, operational excellence, and commitment to customer success. Under Luke's leadership, CPT Global has achieved record-breaking revenue and profit margins. He is also a passionate advocate for a collaborative and inclusive work culture.

As a former athlete, Luke is competitive both on and off the field, and is a strong advocate for teamwork and collaboration. One of Luke's trademarks is his dedication to surrounding himself with like-minded positive and motivated individuals.

Luke holds a Bachelor of Business Information Systems and earned his Certificate in Business Excellence at Columbia University's Business School. He is also a member of the Australian Computer Society and the Australian Institute of Company Directors

## Gerry Tuddenham

### Executive Director

Gerry is the founder of and a major shareholder in CPT. He has more than 40 years of experience in IT consulting and is a hands-on technologist with a reputation for delivering practical solutions.

Gerry is widely known as a technical specialist in performance tuning, capacity planning, and testing in IBM mainframes, with additional expertise in expert systems, transaction processors, middleware, and database management systems.

Gerry was the lead developer of Expetune and Expetest utilities, which automate a number of intricate tuning and testing activities. He has worked internationally in a broad range of industries, with a focus on financial services and telecommunications. Gerry is a member of the Australian Institute of Company Directors and the Finance and Audit Committee.

## Steve Targett

### Non-Executive Director

As a Non-Executive Director, Steve chairs CPT's Remuneration Committee. He also holds several other positions, including Chair of Member Owned Banking Group Police and Nurses Limited, and Chair of ASX listed Pioneer Credit Limited.

In his executive career, Steve ran large global Divisions of ANZ Bank and NAB in Australia, and Lloyds Bank in London. Throughout his professional career, he has lived and worked in Australia, United Kingdom, and Japan.

Steve is a member of the Australian Institute of Company Directors. Previously, he held roles as Chair of Australian Financial Markets Association, and was the only Australian elected to the Board of New York based International Swaps and Derivatives Association.

## Deborah Hadwen

### Non-Executive Director

Ms. Hadwen is an experienced Non-Executive Director, Managing Director, and CEO with over 30 years of experience in the technology sector.

Deborah currently serves as Non-Executive Director of Ambition Group Limited, sits on the Advisory Board for Watermark Search International, and is a member of the Governing Council of Macquarie University, where she is also a member of its Audit and Risk Committee and its Information Management & Technology Special Purpose Committee.

Previously, Deborah was Chief Executive Officer, Australia & New Zealand for Tata Consultancy Services Limited (TCS), a global leader in IT services, digital and business solutions. Before TCS, she held several commercial roles at Compuware Asia Pacific Pty Ltd in Australia and Asia. Deborah is Managing Director of Apoidea Group Pty Ltd, an advisory firm.

## Mark Licciardo

### Company Secretary

Appointed on 22 June 2022, Mark Licciardo is the founder of Mertons Corporate Services, now part of Acclime Australia and is responsible for Acclime Australia’s Listed Services Division.

Mark is also an ASX-experienced director and chair of public and private companies, with expertise in the listed investment, infrastructure, biotechnology, and digital sectors. He currently serves as a director on a number of Australian company boards as well as foreign controlled entities and private companies.

*Nigel Sandiford, Non-Executive Director resigned 1 August 2022

**Steve Targett, Non-Executive Director was appointed 24 January 2023

***Deborah Hadwen, Non-Executive Director appointed 1 July 2023

## 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 & including 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 driven by Q3, resulting from market conditions impacting project extensions and approval of new business

The table below shows the performance over the last three 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.

## Interests in the Shares and Options of the Company and Related Bodies Corporate

As at the date of this report, the interests of the directors in the shares and performance rights of the Company were:

| | Ordinary Shares | Performance Rights | Shares Under Option | Shares Issued on Exercise of Option |
|---|---|---|---|---|
| Nigel Sandiford (resigned 1 August 2022) | 309,058 | - | - | - |
| Fred S Grimwade | 718,200 | - | - | - |
| Luke Tuddenham | 1,269,619 | 1,000,000 | - | - |
| Gerry Tuddenham | 13,568,127 | - | - | - |
| Steve Targett | 38,000 | | | |
| Deborah Hadwen | 112,001 | | | |

## Earnings Per Share

| Earnings Per Share | Cents |
|---|---:|
| Basic earnings per share | (4.92) |
| Diluted earnings per share | (4.92) |

## Dividends

A fully franked interim dividend of 0.60 cents per share was paid on 14 April 2023. The total value of the interim dividend was $250,675. 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.

## Corporate Information

### Nature of Operation and Principal Activities

The principal activities of the Group during the financial year were the provision of specialist IT consultancy services.

There have been no significant changes in those activities during the year.

### Disclosure of Material Business Risk

| Risk | Description | Mitigation |
|---|---|---|
| Strategic Accounts | Loss of key strategic accounts. | 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. |
| Cyber Security | Unauthorised access to systems or data, and associated system degradation, reputational, legal, personnel, and financial consequences. | Cyber and data security has been prioritised internally. There is a dedicated working group established and enhanced system security, training and monitoring being rolled out. |
| Delivery Quality Assurance | Not delivering to an acceptable standard nor expected outcome of clients, as the size and complexity of programs increases. | Formalised governance exists for large programs covering all phases of the project lifecycle. |
| Liquidity Management | Less cash due to unexpected / one off costs, slow down of business and delays in payment by major accounts. | Regular monitoring, forecasting and reporting of cash and aged receivables, and access to debtor's financing facility as required. |
| Succession Planning | Inability to adequately cover and replace Executive Team & Key Management Personnel | Succession plans and coverage models under development to address short- and long-term risk. |

### Employees

The Group employed 132 employees and contractors as at 30 June 2023 (2022: 138 employees and contractors).

## Significant Changes in the State of Affairs

No significant changes in the state of affairs of the Company occurred during the financial year.

## Significant Events After the Balance Date

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Likely Developments and Expected Results

Likely developments, future prospects and business strategies of the operations of the Group are detailed in the Chairman's Statement and Managing Director's Review on pages 3 and 5, respectively.

## Environmental Regulation and Performance

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

## Indemnification and Insurance of Directors and Officers

The Company has paid premiums to insure the current directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director and officer of the Company, other than conduct involving a willful breach of duty in relation to the Company. The total premium paid was $96,332.04.

## Director's Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

| | Directors' Meetings | | Finance & Audit Committee Meetings | | Remuneration & Nomination Committee Meetings | |
|---|---|---|---|---|---|---|
| Fred S Grimwade | 11 | 11 | 2 | 2 | 1 | 1 |
| Nigel Sandiford* | 1 | 1 | - | - | - | - |
| Luke Tuddenham | 11 | 11 | 2 | 2 | 1 | 1 |
| Gerry Tuddenham | 11 | 11 | 2 | 2 | 1 | 1 |
| Steve Targett | 5 | 5 | 1 | 1 | 1 | 1 |

* Nigel Sandiford resigned on 1 August 2022

** Due to the composition of the Board, the remuneration and nomination functions were dealt with by the Board for the reporting period

## Committee Membership

As at the date of this report, the Company had a Finance and Audit Committee and a Remuneration and Nomination Committee of the Board of Directors.

Members acting on the committees of the Board during the year were:

### Audit

Fred Grimwade (Chair)
Gerry Tuddenham

Nigel Sandiford (resigned 1 August 2022)

### Remuneration and Nomination

Steve Targett (Chair, appointed 24 January 2023)
Fred Grimwade
Gerry Tuddenham
Nigel Sandiford (resigned 1 August 2022)

## Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

## Non-Audit Services

The Board of Directors, in accordance with advice from the Finance and Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Finance and Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110 Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional & Ethical Standards Board.
- The following fees for non-audit services were paid/payable to SW Accountants & Advisors Pty Ltd (an affiliated entity of SW Audit) during the year ended 30 June 2023:
    - Taxation compliance services: $74,181
    - Other services $3,500

# Remuneration Report (Audited)

The Remuneration Report for the year ended 30 June 2023 outlines the Director and executive remuneration arrangements of CPT Global in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of this Report, key management personnel (KMP) of CPT Global are defined as those persons having authority and responsibility for planning, directing, and controlling the major activities of CPT Global, directly, or indirectly, including any Director of the parent Company.

### Person to who the report applies

The remuneration disclosures in this Report cover the following persons:

| | |
|---|---|
| **Fred Grimwade** | Non-Executive Chairman |
| **Nigel Sandiford** | Non-Executive Director (resigned 1 August 2022) |
| **Steve Targett** | Non-Executive Director (appointed 24 January 2023) |
| **Luke Tuddenham** | CEO |
| **Gerry Tuddenham** | Executive Director |
| **Nathan Marburg** | Chief Financial Officer (appointed 26 April 2023) |
| **Yasas Jayasuriya** | Chief Financial Officer (resigned 19 May 2023) |

## Remuneration Policy

The Remuneration and Nomination Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the managing director, and the executive team. The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. The outcomes of the remuneration structure are expected to comply with Executive Share and Option Scheme Guidelines. The payment of bonuses, performance rights and other incentive payments are reviewed by the Remuneration and Nomination Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, performance rights and incentives must be linked to pre-determined performance criteria. The Board can exercise its discretion in relation to approving the incentives, bonuses and performance rights and can recommend changes to the Committee's recommendations.

Any changes must be justified by reference to measurable performance criteria. Details of such incentives awarded during the year are detailed below.

To assist in achieving these objectives, the Remuneration and Nomination Committee links the nature and amount of executive directors' and officers' remuneration to the Company's financial and operational performance and shareholders' value.

## Performance-Based Remuneration

Executives have short-term 'at risk' cash bonuses, the payment of which depends on the executive meeting their KPIs. Additional bonuses for exceptional performance in relation to the pre-agreed KPIs may be paid up to a maximum of three times the target bonus. The KPIs are set annually after consultation with the directors and executives. The measures are specifically tailored to the areas where each executive has a level of control. The KPIs target areas the Board believes hold the greatest potential for expansion and profit, covering financial and non-financial goals, for both the short and long-term. They can include financial, people, client, strategy, and risk measures.

Executive directors can receive performance rights with vesting conditions tied to the cumulative profit before tax and total shareholder return.

The performance-based remuneration does not include any clawback provisions.

## Company Performance, Shareholder Wealth and Director and Executive Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors, and executives. There have been two methods applied in achieving this aim, the first being annual salary reviews based on key performance indicators, and the second being the issue of shares and options to selected directors and executives to encourage the alignment of personal and shareholder interests.

During FY2023 executive bonuses moved in line with the performance of the business as net profit was below target.

The following table shows the net profit and dividends for the last five years for the listed Company, as well as the share price at the end of the respective financial years.

There has been a profit in three of the last 5 years with one-time events impacting years 2020 (goodwill impairment) and 2023 (Canadian tax impairment). The board believes the remuneration policy is effective and can be linked to current year's results.

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Net profit/(loss) | $1.0m | ($3.3m) | $3.4m | $1.5m | ($2.0m) |
| Share price at year end | $0.20 | $0.115 | $0.50 | $0.37 | $0.24 |
| Dividends paid and declared | 0.75c | 1.25c | 5.0c | 2.5c | 0.60c |
| Basic and diluted earnings per share | 2.62<br>2.60 | (8.73)<br>(8.73) | 8.77<br>8.76 | 3.54<br>3.49 | (4.92)<br>(4.92) |
| Franking percentage | 25% | 25% | 25% | 25% | 25% |

During the year, no shares were purchased as part of the share buyback. The share price during the year ranged from a low of $0.22 to a high of $0.385.

## Remuneration of Non-executive Directors

Non-executive Directors are entitled to a fixed fee per annum for acting as a Director of CPT Global. No additional fees are paid for membership of an active committee.

Under CPT Global's Constitution, Non-Executive Director's fees cannot exceed the aggregate cap approved by shareholders by an ordinary resolution. The current cap is $300,000 and was adopted at the 2018 AGM. The aggregate fees paid to non-Executive directors in the 2023 financial year do not exceed the cap.

There has been no change to the fees paid to individual Non-executive Directors during or after the year end.

## Renumeration of Senior Executives

The executive directors and the executives specified in this remuneration report have their employment conditions formalised in contracts of employment and are permanent employees of CPT Global. The employment contracts are for a fixed term of one year and contain the following common features:

- an annual review of the Base Salary which is dependent upon CPT Global's performance, the individual's performance, and market changes. Any increase has to be approved by the Managing Director and the Remuneration and Nomination Committee;
- short term performance incentive payments are paid, dependent upon CPT Global achieving its objectives and the individual achieving their KPIs;
- at CPT Global's discretion, allowances and adjustments to Base Salary may be paid when an Executive is required to travel on CPT Global business. Any adjustments must be agreed in advance, documented in writing, and signed by the Executive and the Company;
- post-employment restraints covering non-solicitation of employees, contractors, and clients and non-competition;
- CPT Global may at its discretion elect to make payment in lieu of notice when the contract is terminated by the employee or the Company;

- a contract can be terminated immediately without notice by CPT Global for serious misconduct; and
- any options not vested as at the date of termination will lapse.

Specific details of each Senior Executive's contract of employment which applied at the end of the financial year ending 30 June 2023 are summarised in the tables on the following pages.

Details of the nature and amount of each element of the remuneration of each director of the Company and executive officers of the company and the Group receiving the highest remuneration for the financial year and its comparative year are as follows:

## Summary of Contracts of Employment Applicable at 30 June 2023

| | **Luke Tuddenham** |
|---|---|
| **Position** | CEO and Managing Director |
| **Fixed Remuneration** | |
| Base Salary excl statutory on-costs | US$350,000 |
| 401K (incl. matching) | US$42,000 |
| Medical Insurance | US$33,612 |
| **Non-monetary benefits** | Mobile telephone, car parking, motor vehicle lease, education expenses (until 22 Sep), executive health check, flights for family (chairman preapproval required) and other miscellaneous expenses |
| **Performance Based Remuneration** | |
| Annual target bonus | US$250,000 |
| **Other benefits** | Nil |
| **Post-employment benefits** | Nil |
| **Post-employment restraint** | 12 months |
| **Termination** | 3 months |
| **Termination benefits** | US$125,000 |

| | Gerry Tuddenham |
|---|---|
| **Position** | Executive Director |
| **Fixed Remuneration** | |
| Base Salary excl statutory on-costs | $340,466 |
| Superannuation | $27,500 |
| **Non-monetary benefits** | Mobile telephone, car park, road tolls |
| **Performance Based Remuneration** | |
| Annual target bonus | N/a |
| **Other benefits** | Nil |
| **Post-employment benefits** | Nil |
| **Post-employment restraint** | 6 months |
| **Termination** | 4 weeks' notice |
| **Termination benefits** | Nil |

| | Nathan Marburg |
|---|---|
| **Position** | Chief Financial Officer |
| **Fixed Remuneration** | |
| Base Salary | $304,000 |
| Superannuation | $27,500 |
| **Non-monetary benefits** | Mobile telephone, professional subscription |
| **Performance Based Remuneration** | |
| Annual target bonus | $40,000 |
| **Other benefits** | Nil |
| **Post-employment benefits** | Nil |
| **Post-employment restraint** | 6 months |
| **Termination** | 2 months' notice |
| **Termination benefits** | Nil |

| | Fred Grimwade |
|---|---|
| **Position** | Non-Executive Director |
| **Fixed Remuneration** | |
| Base Salary | $77,629 |
| Superannuation | $8,151 |
| **Non-monetary benefits** | Professional subscription |

| | Steve Targett |
|---|---|
| **Position** | Non-Executive Director |
| **Fixed Remuneration** | |
| Base Salary | $67,873 |
| Superannuation | $7,127 |
| **Non-monetary benefits** | Professional subscription |

| | Deborah Hadwen |
|---|---|
| **Position** | Non-Executive Director |
| **Fixed Remuneration** | |
| Base Salary | $67,873 |
| Superannuation | $7,127 |
| **Non-monetary benefits** | Professional subscription |

| | Short-Term Benefits | | | | Post Emp't Benefits | | | | Total | Performance related |
|---|---|---|---|---|---|---|---|---|---|---|
| | Salary | Annual & Long Service Leave | Short-term Bonus | Other Benefits | Super | Other | Long-term Bonus | Share Based Payments | | |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Directors** | | | | | | | | | | |
| **Fred Grimwade** | | | | | | | | | | |
| **2023** | **77,629** | **-** | **-** | **-** | **8,151** | **-** | **-** | **-** | **85,780** | **0.0%** |
| 2022 | 78,647 | - | - | - | 7,798 | - | - | - | 86,445 | 0.0% |
| **Nigel Sandiford** | | | | | | | | | | |
| **2023** | **12,500** | **-** | **-** | **-** | **1,313** | **-** | **-** | **-** | **13,813** | **0.0%** |
| 2022 | 50,228 | - | - | - | 5,023 | - | - | - | 55,251 | 0.0% |
| **Steve Targett** | | | | | | | | | | |
| **2023** | **28,221** | **-** | **-** | **-** | **2,916** | **-** | **-** | **-** | **31,138** | **0.0%** |
| **Luke Tuddenham** | | | | | | | | | | |
| **2023** | **601,405** | **49,132** | **206,453** | **152,218** | **-** | **-** | **112,000** | **207,148** | **1,328,356** | **39.6%** |
| 2022 | 524,796 | 41,492 | 205,510 | 149,038 | - | - | - | 130,092 | 1,050,929 | 31.9% |
| **Gerry Tuddenham** | | | | | | | | | | |
| **2023** | **340,466** | **56,320** | **-** | **4,304** | **27,500** | **-** | **-** | **-** | **428,590** | **0.0%** |
| 2022 | 265,991 | (29,766) | - | 6,443 | 27,500 | - | - | - | 270,168 | 0.0% |
| **Total Directors Remuneration** | | | | | | | | | | |
| **2023** | **1,060,222** | **105,452** | **206,453** | **156,522** | **39,880** | **-** | **112,000** | **207,148** | **1,887,677** | **27.8%** |
| 2022 | 919,662 | 11,726 | 205,510 | 155,481 | 40,321 | - | - | 130,092 | 1,462,792 | 22.9% |
| **Executive Officers** | | | | | | | | | | |
| **Nathan Marburg** | | | | | | | | | | |
| **2023** | **23,462** | **6,972** | **-** | **100** | **7,988** | **-** | **-** | **-** | **38,522** | **0.0%** |
| **Yasas Jayasuriya** | | | | | | | | | | |
| **2023** | **137,202** | **-** | **3,017** | **456** | **14,597** | **3,304** | **-** | **-** | **158,577** | **1.9%** |
| **Grant Sincock** | | | | | | | | | | |
| 2022 | 302,089 | 8,370 | 44,000 | 688 | 28,349 | 14,508 | - | - | **398,004** | **11.1%** |
| **Total Executive Officers Remuneration** | | | | | | | | | | |
| **2023** | **160,664** | **6,972** | **3,017** | **556** | **22,585** | **3,304** | **-** | **-** | **197,098** | **1.5%** |
| 2022 | 302,089 | 8,370 | 44,000 | 688 | 28,349 | 14,508 | - | - | 398,004 | 0.0% |
| **Total Remuneration** | | | | | | | | | | |
| **2023** | **1,220,886** | **112,424** | **209,470** | **157,078** | **62,465** | **3,304** | **112,000** | **207,148** | **2,084,775** | **25.4%** |
| 2022 | 1,221,751 | 20,096 | 249,510 | 156,170 | 68,670 | 14,508 | 0 | 130,092 | 1,860,796 | 20.4% |

Notes

1. The elements of remuneration have been determined based on the cost to the Group.
2. Luke Tuddenham's remuneration is primarily in US dollars, the amounts above have been translated into Australian dollars at a yearly average rate.
3. Other long-term bonus for Luke Tuddenham includes a provision of $112k related to full year 2023, expected to be granted at November 2023 AGM. These payments will only be made if the relevant performance criteria are achieved
4. Nigel Sandiford resigned on 1 August 2022
5. Yasas resigned as CFO on 19 May 2023 and was replaced by Nathan Marburg (appointed 26 April 2023)
6. Steve Targett was appointed as Non-Executed Director on 24 January 2023

# Performance Income as a Proportion of Total Remuneration

Executive directors and executives are paid performance-related bonuses based on set monetary figures, rather than proportions of salary since these payments are discretionary. This has led to the proportions of remuneration related to performance varying between individuals.

# Performance Rights Granted as Remuneration

| | Granted No. | Grant Date | Vested No. | Value per Share at Grant Date $ | Exercise Price $ | Last Exercise Date |
|---|---|---|---|---|---|---|
| Luke Tuddenham | 1,000,000 | 29/11/21 | - | $0.66 | $0.00 | 29/11/24 |
| **Total** | **1,000,000** | | - | - | - | |

Further details on the service and performance criteria attached to these rights can be found in Note 16.

| | Balance at beginning of Period | Granted as Remu-neration | Rights Exercised | Rights Lapsed /Cancelled | Balance at End of Period | Exercisable at End of Period | Vested and Unexercised at End of Period |
|---|---|---|---|---|---|---|---|
| Luke Tuddenham | 1,000,000 | - | - | - | 1,000,000 | - | - |
| | | | | | | | |
| Total | 1,000,000 | - | - | - | 1,000,000 | - | - |

# Shareholdings of Key Management Personnel

Shares held by key management personnel directly, indirectly, or beneficially including their related parties:

| Shares held in CPT Global Limited | Balance 1 July 2021 | Granted as Remuneration | On Exercise of Options | Net Change Other | Balance 30 June 2022 |
|---|---|---|---|---|---|
| | Ord | Ord | Ord | Ord | Ord |
| Fred S Grimwade | 718,200 | - | - | - | 718,200 |
| Nigel Sandiford | 240,817 | - | - | 68,241 | 309,058 |
| Gerry Tuddenham | 12,902,618 | - | 50,000 | 609,190 | 13,561,808 |
| Luke Tuddenham | 991,335 | - | - | 75,513 | 1,066,848 |
| **Specified Executives** | | | | | |
| Grant Sincock (resigned 13 May 2022) | 254,282 | - | - | - | 254,282 |
| **Total** | 15,107,252 | - | 50,000 | 752,944 | 15,910,196 |

| Shares held in CPT Global Limited | Balance 30 June 2022 | Granted as Remuneration | On Exercise of Options | Net Change Other | Balance 30 June 2023 |
|---|---|---|---|---|---|
| | Ord | Ord | Ord | Ord | Ord |
| Fred S Grimwade | 718,200 | - | - | - | 718,200 |
| Nigel Sandiford (resigned 1 August 2022) | 309,058 | - | - | - | 309,058 |
| Gerry Tuddenham | 13,561,808 | - | | 6,319 | 13,568,127 |
| Luke Tuddenham | 1,066,848 | - | - | 202,771 | 1,269,619 |
| Steve Targett | - | - | - | - | - |
| **Total** | 15,964,972 | - | - | 209,090 | 16,174,062 |

## Auditor’s Independence Declaration

The lead auditor’s independence declaration for the year ended 30 June 2023 has been received and can be found on page 28 of the directors’ report.

## Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

Luke Tuddenham

## Luke Tuddenham
## Managing Director, CEO

Aspen, Colorado
28 September 2023

Take the lead

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF CPT GLOBAL LIMITED

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

SW

**SW Audit**
Chartered Accountants

R Blayney Morgan

R Blayney Morgan
Partner

Melbourne, 28 September 2023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# Consolidated Financial Statements

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

**YEAR ENDED 30 JUNE 2023**

| | Notes | 30 Jun 23 $'000 | 30 Jun 22 $'000 |
|---|---|---|---|
| Revenue | 3 | **28,131** | 29,941 |
| Other income | 3 | **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** | 5 | **(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/(loss) 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) | 17 | **(4.92)** | 3.54 |
| Diluted (loss) / earnings per share (cents per share) | 17 | **(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 Financial Statements.

# Consolidated Statement of Financial Position

## AT JUNE 30 2023

| | Notes | 30 Jun 23<br>$'000 | 30 Jun 22<br>$'000 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 6 | **1,245** | 4,087 |
| Trade and other receivables | 7 | **3,193** | 5,119 |
| Contract assets | 8 | **1,095** | 1,318 |
| Other current assets | 9 | **658** | 639 |
| Current tax assets | 5 | **450** | - |
| **TOTAL CURRENT ASSETS** | | **6,641** | 11,163 |
| | | | |
| **NON-CURRENT ASSETS** | | | |
| Trade and other receivables | 7 | **662** | 2,262 |
| Deferred tax assets | 5 | **834** | 1,200 |
| Property, plant, and equipment | 10 | **34** | 14 |
| **TOTAL NON-CURRENT ASSETS** | | **1,530** | 3,476 |
| **TOTAL ASSETS** | | **8,171** | 14,639 |
| | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 11 | **3,800** | 8,355 |
| Current tax liabilities | 5 | **-** | 52 |
| Provisions | 13 | **1,313** | 760 |
| **TOTAL CURRENT LIABILITIES** | | **5,113** | 9,167 |
| | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred tax liabilities | 5 | **-** | 121 |
| Provisions | 13 | **139** | 32 |
| **TOTAL NON-CURRENT LIABILITIES** | | **139** | 153 |
| **TOTAL LIABILITIES** | | **5,252** | 9,320 |
| | | | |
| **NET ASSETS** | | **2,919** | 5,319 |
| | | | |
| **EQUITY** | | | |
| Issued capital | 14 | **13,919** | 13,818 |
| Reserves | 15 | **935** | 709 |
| Accumulated losses | | **(11,935)** | (9,208) |
| **TOTAL EQUITY** | | **2,919** | 5,319 |

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

# Consolidated Statement of Changes in Equity

## YEAR ENDED 30 JUNE 2023

| | $'000 Issued Capital Ordinary | $'000 Accumulated Losses | $'000 Employee Compensation Reserve | $'000 Foreign Currency Translation Reserve | $'000 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 | - | 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 income | - | - | - | 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** |

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

# Consolidated Statement of Cash Flows

## YEAR ENDED 30 June 2023

| | Notes | 30 Jun 23 $'000 | 30 Jun 22 $'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 | 19 | **(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** | 6 | **1,245** | 4,087 |

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

# Notes to the Financial Statements

Year Ended 30 June 2023

## 1. Summary of Significant Accounting Policies

The consolidated financial statements comprise the financial statements of CPT Global Limited (the Company) and its subsidiaries (the Group). The separate financial statements of the Parent Entity, CPT Global Limited, have not been presented within this financial statement as permitted by the *Corporations Act 2001*.

The principal activities of the Group during the financial year were the provision of specialist IT consultancy services. The registered address and principal place of business is level 3, 818 Bourke Street, Docklands, Victoria.

The financial statements were authorised for issue on [28 September 2023] by the Board of Directors.

### Basis of Preparation

These general-purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities. All amounts are in Australian dollars unless otherwise stated.

### Current year loss

For the year ending 30 June 2023, the Group has a net loss after tax of $2,041,000 (2022: net profit after tax of $1,009,000) and net cash flows used in operating activities of $2,261,000 (2022:

net cash provided by operating activities $1,016,000). The directors have considered the cash flow forecast for the next 12 months and believe it is reasonable for the financial statements to be prepared on a going concern basis.

### (a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities, and results of the parent (CPT Global Limited) and all the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 21.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. The accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

The financial statements of the subsidiaries used in the preparation of these consolidated financial statements have been prepared as of the same reporting date as the parent.

### (b) Income Tax

The income tax expense for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense/(benefit) charged to the profit or loss is the tax payable/(receivable) on taxable income/(loss) for the current period. Current tax liabilities/ (assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or subsequently enacted by the end of the reporting period.

Deferred income tax expense/(benefit) reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profits will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences, and it is probable that the differences will not reverse in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### (c) Contract Assets

Contract assets are revenue that has not been invoiced at period end and is measured and recognised in accordance with the policies set out in Note 8.

### (d) Property, Plant, & Equipment

Each class of property, plant, and equipment is carried at cost less accumulated depreciation and where applicable, impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

***Depreciation***

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| ***Class of Fixed Asset*** | ***Depreciation Rate*** |
|---|---|
| Leasehold Improvements | 20% to 50% |
| Fixtures Fittings and Equipment | 33% to 50% |
| Motor Vehicles | 12% to 20% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These gains and losses are recognised in profit and loss.

### (e) Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. A right-of-use asset and a corresponding lease liability is recognised on the balance sheet for all lease arrangements in which the Group is the lessee, except for leases with a term of 12 months or less and leases of low value assets. The lease payments for these leases are recognised as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the:

- fixed lease payments less any lease incentives receivable;
- variable lease payments that depend on an index or rate which are initially measured using the index or rate at the commencement date;
- the amount expected to be paid under residual guarantees;
- the exercise price of purchase options if it is reasonably certain that the option will be exercised; and
- payments of penalties for terminating a lease if the lease term reflects the exercise of an option to terminate a lease.

Lease liabilities are presented in the borrowings line item in the consolidated statement of financial position.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount for lease payments made.

The lease liability is remeasured whenever:

- the lease term has changed or there has been a change in the assessment of the exercise of a purchase option as a result of a significant event or change in circumstances;
- the lease payments change due to a change in an index or a change in expected payment under a guaranteed residual value;
- a lease contract is modified, and the modification is not accounted for as a separate lease.

Corresponding adjustments to the right-of-use asset are made whenever the lease liability is remeasured. No adjustments to the lease liability were required during this financial period.

Right-of-use assets comprise the initial measurement of the lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs.

Subsequent measurement is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or the useful life of the underlying asset, whichever is shorter. Depreciation starts from the commencement date of the lease.

Right-of-use assets are presented as a separate line in the consolidated statement of financial position.

### (f) Financial Instruments

***Recognition and Measurement***

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (e.g., trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss,' in which case transaction costs are expensed to profit or loss immediately.

***Classification of Financial Assets***

Financial assets recognised by the Group are subsequently measured at either amortised cost or fair value subject to their classification. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

(i) measured at amortised cost;
(ii) fair value through profit or loss; and

(iii) fair value through other comprehensive income.

The classification of financial assets is based on both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The Group does not have any financial assets categorised as fair value through other comprehensive income.

***Classification of Financial Liabilities***

Financial liabilities classified as held-for-trading, contingent consideration payable by the Group for the acquisition of a business and financial liabilities designated at fair value through profit or loss are subsequently measured at fair value.

All other financial liabilities recognised by the Group are subsequently measured at amortised cost.

***Impairment of Financial Assets***

At the end of each reporting period, the Group tests financial assets for impairment by applying the expected credit loss impairment model.

The Group has adopted the simplified approach under AASB 9 Financial Instruments to measure the allowance for credit losses for receivables from contracts with customers and contract assets. The allowance for credit losses is determined based on the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the credit losses that are expected to result from default events over the life of the financial asset. The Group has no other financial assets subject to impairment testing under AASB 9.

In applying the simplified approach under AASB 9, the Group uses a provision matrix based on historical experience at the client and segment level, adjusted for factors that are specific to the financial asset, as well as current and future expected economic conditions relevant to the financial asset. The time value of money is incorporated into the measurement of expected credit losses if it is material. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

Contractual payments more than 180 days past due are considered default events for the purpose of measuring expected credit losses based on the historical experience of the Group.

The measurement of expected credit losses reflects the Group's expected rate of loss and is measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the Group's exposure at default, discounted at the financial asset's effective interest rate, where appropriate.

Financial assets are considered credit impaired when one or more events have occurred that provide objective evidence that there has been a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is credit impaired include observable data that: the debtor has significant financial difficulties; the debtor is likely to enter bankruptcy or financial reorganisation; breaches of contract have occurred; and the debtor has defaulted or there is delinquency in payments. Financial assets which are not collectible are written off by reducing the carrying amount directly when the Group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the Group. Any financial assets that have been written off but subsequently recovered in whole or in part are recognised in profit or loss.

***Financial Guarantees***

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 15: Revenue from Contracts with Customers. Where the Group gives guarantees in exchange for a fee, revenue is recognised under AASB 15.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled, or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### (g) Receivables

Trade receivables are a part of financial instruments (loans and receivables) and are initially recognised at transaction price and are subsequently measured at amortised cost less any impairment allowance. Trade receivables are generally due for settlement within 30 days.

### (h) Impairment of Non-financial Assets

At the end of each reporting period, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised as an expense in the profit and loss.

Impairment testing is performed annually for goodwill and other intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Non-financial assets, other than goodwill that suffered impairment, are reviewed for possible reversals of the impairment at the end of each reporting period.

## (i) Intangibles

***Goodwill***
Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities, and contingent liabilities at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

***Intellectual property***
Intellectual property is recognised at the cost of acquisition and has an indefinite useful life. Intellectual property is tested annually for impairment and carried at cost less accumulated impairment losses.

***Computer Software***
Computer software is recognised at the cost of acquisition. Computer software costs have a finite useful life and are carried at cost less accumulated amortisation and any impairment losses. Computer software costs are amortised on a straight-line basis over their useful life. The amortisation rate used for software costs varies from 14% to 50%.

## (j) Foreign Currency Transactions and Balances

***Functional and Presentation Currency***
The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

***Transaction and Balances***
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are re-translated at

the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedges. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the underlying gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the profit or loss.

***Group Companies***

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period;
- and retained earnings are translated at the exchange rates prevailing at the date of the transaction.

On consolidation, exchange differences arising from translation of transactions considered to be net investment in foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

### (k) Trade and Other Payables

Trade and other payables are a part of financial instruments (non-derivative financial liabilities). These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

### (l) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cashflows.

(i) **Wages and salaries, annual leave, and sick leave**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services up to the end of the reporting period and are measured at the undiscounted amounts expected to be paid when the liabilities are settled. When measuring sick leave entitlement, only the unutilised entitlement that is likely to be utilised over and above the leave entitlement that continues to accrue in the future periods is taken into account.

(ii) **Long service leave**

The liability for long service leave is recognised in the provision for employee benefits and 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. 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 end of the reporting period on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) **Retirement benefit obligations**

Contributions to defined contributions superannuation funds are recognised as an expense as they become payable.

(iv) **Share-based payments**

Share-based compensation benefits are provided to certain directors and employees via the Group Employee Equity Plan. Information relating to this scheme is set out in Note 16.

The fair value of performance rights granted under the CPT Employee Equity Plan is recognised as an employee benefit expense with a corresponding increase in equity in the period the rights vest. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the rights.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the right.

The fair value of the rights granted is adjusted to reflect market vesting conditions but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of rights that are expected to become exercisable. At the end of each reporting period, the Group revises its estimate of the number of rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates, if any, is recognised in the profit and loss with a corresponding adjustment to equity.

## (m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. A provision for dividends is not recognised as a liability unless the dividends are declared, determined, or publicly recommended on or before the end of the reporting period.

## (n) Issued Capital

Issued and paid-up capital is recognised at the fair value of the consideration received by the Group.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

## (o) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

## (p) Revenue and Other Income

The Group recognises revenue to represent the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services.

The Group enters contracts with clients to provide IT consulting services on a time and materials, fixed price, milestone based and risk/reward basis, or variations thereof. The performance obligations in each contract are identified and the total transaction price for each contract is allocated against the various performance obligations based on their stand-alone selling prices. The transaction price excludes any amounts collected on behalf of third parties.

The Group determines the stand-alone selling price by direct reference to contracts and pricing schedules for the services being delivered.

Revenue is recognised either at a point in time or over time as performance obligations are satisfied by transferring the goods or services to the client. Revenue is recognised over time if:

- the client simultaneously receives and consumes the benefits as the Group performs;
- the client controls the asset as the Group creates or enhances it; or
- the Group’s performance does not create an asset for which the client has an alternative use and there is a right to payment for performance to date.

If the criteria above are not met, revenue is recognised at a point in time.

When revenue is recognised over time the progress towards complete satisfaction of the performance obligations as the services are delivered is measured using the stage of completion method, except for risk/reward contracts as discussed below. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated hours for each performance obligation. Clients are invoiced monthly in arrears unless the contract specifies otherwise. Payment terms are generally 30 days. Any amounts that remain unbilled at the end of a reporting period are presented in the statement of financial position as contract assets. Only the passage of time is required before these amounts are invoiced and collected.

Risk/reward revenue is recognised by measuring the progress towards complete satisfaction of the performance obligations. The method of measuring progress is determined using an output method as the Group has determined that an output method best reflects the pattern of transfer of value to the customer. The output is measured in either MIPS or MSUs saved for the customer and the progress is measured by reference to the MIPS or MSUs saved to date as a percentage of total estimated MIPS or MSUs for each performance obligation. The MIPS or MSUs saved to date is determined by identifying all opportunities identified at a point in time and weighting the likelihood of the client realising the savings based on fixed and measurable stages in a risk/reward project. The weighting at each stage is based on the Group's experience completing risk/reward projects. Clients are invoiced in accordance with the contract terms which generally stipulate that invoices can be submitted when the savings have been measured and confirmed by the client and the Group. Payment terms are generally 30 days. Any amounts that remain unbilled at the end of a reporting period are presented in the statement of financial position as a contract asset.

Clients may be invoiced in advance for the provision of services, and this is recognised as a liability until the Group provides, and the client consumes, the benefits of the service.

Interest revenue is recognised on a proportional basis considering the effective interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

### (q) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use of those assets, until such time as the assets are substantially ready for their intended use or sale.

### (r) Earnings per Share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element; and
- the effect of antidilution, if there is a loss it is deemed that dilutive shares will be excluded.

### (s) Consumption Taxes (GST, VAT and HST)

Revenues, expenses, and assets are recognised net of the amount of GST, VAT and HST, except where the amount of GST, VAT and HST incurred is not recoverable from the taxation authority. In these circumstances, the GST, VAT and HST are recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST, VAT and HSTGST and VAT.

Cash flows are presented in the statement of cash flows inclusive of GST, VAT and HST. The GST and VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

### (t) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received, and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

### (u) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest $1,000, or in certain cases the nearest dollar.

### (v) Critical Accounting Estimates & Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

***Key Estimates and Judgements***

(i) **Impairment losses on trade and other receivables, and contract assets**
An impairment loss is recognised based on an expected credit loss model. The Group assesses the expected credit loss of trade receivables and contract assets based on individual debtor level expectations relative to credit terms. The Group assesses the expected credit loss on receivables due from tax authorities based on the expected recovery. There is a high degree of judgement in estimating whether these receivables require a provision for estimated credit losses and what level of provision is needed.

(ii) **Contract assets**
The Group measures contract assets based on information available at the time of recognition. This information includes historical trends, data analysis, significant judgments from key management personnel as to the reasonable expectations of future events and completion of projects in progress. See Note 8 for further details.

(iii) **Deferred taxes**
In assessing whether future taxable amounts will be available to utilise temporary differences and losses, management review the past performance of the relevant company, the budgets for the forthcoming financial year, forecasts, and sales pipelines.

### (w) Accounting Standards Issued but Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact in the current or future reporting periods.

# 2. Operating Segments

## Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers, CODM) in assessing the performance and determining the allocation of resources. The reportable segments disclosed have been adjusted to aggregate Europe and North America as the Northern Hemisphere.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- services provided by the segment;
- the type of customer for the services provided; and
- external regulatory requirements

## Types of Services by Segment

Below outlines the major lines of services provided to customers for each reportable segment:

### Australia

- Transformation and Modernisation services
- Program Governance and Assurance Services
- Quality Assurance Services
- Mainframe and Midrange Optimisation and Cost Reduction Services
- Capacity Management Services

### Northern Hemisphere

- Mainframe & Midrange performance
- Technical Support services
- Mainframe & Midrange performance
- Management, Functional & Automation Testing
- Technical Support services
- Cost Reduction
- Capacity Planning

## Basis of accounting for purposes of reporting by reportable segments

### Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Company.

### Inter-segment transactions

Segment revenues, expenses and results exclude transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar services to parties outside of the Group on an arm's length basis. These transfers are eliminated on consolidation.

### Segment Assets and Liabilities

Segment assets and liabilities reported are based on the internal reports reviewed by the Board of Directors. Assets include trade debtors and contract asset balances. Liabilities include trade creditors and accruals.

## Unallocated Items

The Board of Directors review segment performance to the gross profit level. Items, other than operating expenses that can be allocated to a segment, are not allocated to operating segments as they are not considered part of the core operations of any segment.

| 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 |
| *Reconciliation of segment result to group profit before tax* | | | | | | |
| Operating Expenses | 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 |
| **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 |
| *Reconciliation of segment assets to group assets* | | | | | | |
| Unallocated Assets | | | | | | |
| - Capital Expenditure | - | - | - | - | 19 | 14 |
| - Depreciation | - | - | - | - | 15 | 16 |
| - Other Assets | - | - | - | - | 1,486 | 6,057 |
| **Total Group Assets** | | | | | **8,171** | 14,639 |
| | | | | | | |
| **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 |
| *Reconciliation of segment liabilities to group liabilities* | | | | | | |
| Unallocated Liabilities | | | | | | |
| - Provisions | 846 | 826 | - | 87 | 846 | 970 |
| - Other Liabilities | - | - | - | - | 895 | - |
| **Total Group Liabilities** | | | | | **5,252** | 9,320 |

### Major Customers

The Group provides services to a range of clients in the financial services, superannuation, healthcare, and government industries. The Group's top 10 clients account for 82% of the Group's global revenue (2022: 89%), totaling $23.1m (2021: $26.9m). Three of the Group's clients contributed more than 10% of the annual revenue (23% - a major American bank, 15% - an Australian Recruitment company, 13% - a major Australian Bank).

## 3. Revenue

| | | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| **REVENUE** | | | |
| Services Revenue – recognised over time | | **28,131** | 29,941 |
| **Total Revenue** | | **28,131** | 29,941 |
| | | | |
| **OTHER INCOME** | | | |
| Interest Income | | **5** | 5 |
| Government grants received | | **-** | 11 |
| Sundry income | | **5** | - |
| **Total Other Income** | | **10** | 16 |

# 4. Profit or Loss for the Year

| | | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| Profit or loss for the year also includes the following specific expense items: | | | |
| | | | |
| Finance costs: | | | |
| Interest expense on borrowings | | **67** | 92 |
| Total finance costs | | **67** | 92 |
| | | | |
| Occupancy expenses | | **322** | 301 |
| Depreciation of property plant and equipment | | **15** | 16 |
| Defined benefit superannuation expense – Others | | **1,364** | 958 |
| Defined benefit superannuation expense – KMP | | **62** | 129 |

# 5. Income Tax Expense

## (a) Income Tax Expense

| **Tax (benefit)/expense comprises:** | | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| Current tax (benefit)/expense | | **370** | 763 |
| Deferred tax | | **(244)** | (182) |
| Under/(over) provision of previous year | | **440** | - |
| | | **566** | 581 |
| | | | |
| The prima facie tax on profit before income tax is reconciled to the income tax as follows: | | | |
| (Loss)/profit before tax | | **(1,494)** | 2,053 |
| Prima facie tax (benefit)/expense on profit before income tax at 25% (2021: 26%) | | **(374)** | 513 |

| | | | |
|---|---|---|---|
| Tax Effect of | | | |
| ▪Change in tax rate | | 18 | 24 |
| ▪Tax on overseas income at a different rate | | - | 73 |
| ▪Other non-allowable items | | 131 | 105 |
| ▪Current year tax losses not brought to account | | 140 | 65 |
| ▪Tax losses utilised that were not previously recognised | | (213) | (314) |
| ▪Impairment of financial assets | | 178 | - |
| ▪Under provision of previous year | | 440 | 33 |
| ▪Non-deductible interest expense | | 246 | 82 |
| Income tax (benefit)/expense attributable to the entity | | 566 | 581 |
| The applicable weighted average effective tax rates are as follows: | | (38%) | 28% |

## (b) Deferred Tax Liabilities

| LIABILITIES | | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| **Non-Current** | | | |
| Deferred tax liabilities comprise: | | | |
| Prepayments | | **32** | 34 |
| Unrealised foreign exchange gain | | **-** | 87 |
| | | **32** | 122 |
| **Reconciliation of deferred tax liabilities** | | | |
| Opening balance | | **122** | 158 |
| Credited to the profit or loss as current tax | | **(90)** | (36) |
| Closing balance | | **32** | 122 |
| Netted off with deferred tax assets | | **(32)** | - |
| Net deferred tax liability | | **-** | 122 |

## (c) Deferred Tax Assets

| ASSETS | | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| **Non-Current** | | | |
| Deferred tax assets comprise: | | | |
| Foreign currency losses | | **125** | 628 |
| Employee entitlements | | **335** | 376 |
| Accruals | | **50** | 37 |
| Income losses | | **356** | 123 |
| Other | | **-** | 36 |
| | | **866** | 1,200 |
| | | | |
| **Reconciliation of deferred tax assets** | | | |
| Opening balance | | **1,200** | 1,017 |
| (Debited)/Credited to the profit or loss | 5 | **(334)** | 183 |
| Closing balance | | **866** | 1,200 |
| Deferred tax liabilities netted with deferred tax assets | | **(32)** | - |
| **Net Deferred Tax** | | **834** | 1,078 |

The future income tax benefit of the deferred tax assets will only be realised if the conditions of deductibility set out in Note 1(b) occur. Deferred tax assets not brought to account for which the benefits will only be realised if the conditions for deductibility set out in Note 1(b) occur amount to $818,611 (2022: $712,313). The Group's tax losses that have not been brought to account are generally not subject to restrictions. Of the losses not brought to account in FY2022 64% relate to the UK.

## 6. Cash and Cash Equivalents

| | | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| Cash at bank | | **1,245** | 4,087 |
| | | | |
| **Reconciliation of cash** | | | |
| Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows: | | | |
| Cash and cash equivalents | | **1,245** | 4,087 |
| | | **1,245** | 4,087 |

## 7. Trade and Other Receivables

| | Notes | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| **CURRENT** | | | |
| Trade receivables | (a) | **2,940** | 4,336 |
| Provision for impairment | | **-** | - |
| | | **2,940** | 4,336 |
| Other receivables | | **235** | 147 |
| GST/HST receivables | (c) | **-** | 636 |
| | | **3,193** | 5,119 |
| | | | |
| **NON-CURRENT** | | | |
| Employee withholding tax receivables | (b) | **662** | - |
| GST/HST receivables | (c) | **-** | 2,262 |
| | | **662** | 2,262 |

a) Trade receivables are non-interest bearing and generally on 30-day terms. The average credit period on rendering of services is 42 days (2022: 53 days).
b) Employee withholding tax receivables are refunds expected from the Canada Revenue Agency relating to tax payments made on behalf of employees.
c) GST/HST receivables are refunds expected from the Canada Revenue Agency relating to payments made associated with GST/HST that are expected to be refunded. During the year these amounts were cleared against payables to the Canada Revenue Agency or impaired.

Before accepting new customers, the Group assesses the creditworthiness of the potential client using information provided by independent rating agencies, publicly available information, and its own trading record. The Group's client portfolio consists of leading blue-chip companies, Fortune Global 500 companies, and Government departments within Australia. The profile of the trade receivable balance as at the reporting date is as follows:

Of the trade receivable balance at the end of the reporting period:

- $611k (2022: $960k) was due from a leading banking institution in Australia with an S&P credit rating of AA-.
- $163k (2022: $290k) was due from a leading Australian online recruitment platform.
- $218k (2022: nil) was due from a major banking institution in Canada.
- $966k (2022: $1.060m) was due from a leading healthcare company in the USA.

There are no other customers who represent more than 5% of the total balance of trade receivables.

Of the trade receivables balance at the end of the reporting period, a concentration of $1.5m (50%) relates to Australia (2022: $2.5m (58%)) and $1.5m relates to Northern Hemisphere (2022: $1.8m (42%)). The remaining amounts are not individually significant.

**Trade receivables that are past due and are impaired**

There is no provision for impairment on trade receivables during the year.

**Trade receivables that are past due but not impaired**

Included in the trade receivable balance are debtors with a carrying amount of $165k (2022: $491k) in the Group which are past due at the end of the reporting period but have not been provided for as there has not been a significant change in credit quality and the amounts are still considered recoverable. The balance relates to two USA clients and one for Australia. Since the end of year, we have collected payments for some invoices and are in the process of collecting the balance payments. At this stage, no risk is foreseen in collecting all the outstanding payments.

**Ageing analysis of trade receivables**

| The ageing analysis of trade receivables is: | | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| 1-3 months | | **165** | 491 |
| Within initial trade terms | | **2,775** | 3,845 |
| | | **2,940** | 4,336 |

The carrying value of trade and other receivables approximates fair value. Trade and other receivables are recoverable within 12 months; hence the effects of discounting are immaterial.

# 8. Contract Assets

| | | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| Contract asset | | **1,095** | 1,318 |
| Total | | **1,095** | 1,318 |

Contract assets represent amounts relating to revenue recognised in accordance with the accounting policies detailed in Note 1(c) that had not been invoiced to the customer as at the end of the reporting period. There is no amount of the contract asset that was initially recognised more than 12 months prior to the end of the reporting period.

# 9. Other Current Assets

| | | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| Prepayments | | **314** | 322 |
| Other Current Assets | | **344** | 317 |
| | | **658** | 639 |

Prepayments consists of insurance policies, licence fees, subscriptions, and other expenses.

## 10. Property, Plant, & Equipment

| | | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| *Motor vehicles* | | | |
| At cost | | **36** | 36 |
| Accumulated depreciation | | **(36)** | (36) |
| | | **-** | - |
| *Office equipment* | | | |
| At cost | | **164** | 148 |
| Purchases | | **35** | 16 |
| Accumulated depreciation | | **(165)** | (150) |
| | | **34** | 14 |
| *Furniture, fixtures, and fittings* | | | |
| At cost | | **6** | 6 |
| Accumulated depreciation | | **(6)** | (6) |
| | | **-** | - |
| | | | |
| Total property, plant, and equipment | | **34** | 14 |

| Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year | | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| *Office equipment* | | | |
| Cost at beginning of year | | **164** | 148 |
| Purchases | | **35** | 16 |
| Cost at end of year | | **199** | 164 |
| | | | |
| Accumulated depreciation at beginning of year | | **(150)** | (131) |
| Depreciation and effects of movements in exchange rate | | **(15)** | (19) |
| Write back of accumulated amortisation on disposals | | **-** | - |
| Accumulated depreciation at end of year | | **(165)** | (150) |
| | | | |
| Carrying amount | | **34** | 14 |

## 11. Trade and Other Payables

| | | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| **CURRENT** | | | |
| Trade and other payables | | **3,023** | 6,563 |
| Accruals | | **580** | 837 |
| Contract liabilities | | **197** | 302 |
| | | **3,800** | 7,702 |

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value. There are no financial guarantees in place other than the bank guarantee for the head office lease as disclosed in Note 26.

Contract liabilities are recorded as a current liability as the underlying performance obligations are expected to be completed within 12 months. The balance of unearned revenue at 30 June 2022 was recognised as revenue in FY2023.

## 12. Borrowings

| | Note | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| **Unutilised financing facilities** | | | |
| Credit facility available | | **5,000** | 5,000 |
| Amount utilised | 14(d) | **-** | - |
| | | **5,000** | 5,000 |

The parent entity has a debtor's financing facility in place. The facility is secured by a first registered company charge (mortgage debenture) over the carrying value of the total assets of the parent entity, which totaled $1.0m at the end of the reporting period. Interest is charged at a 9.7%. The maximum facility is $5m with the available facility based on the value of the Australian debtor book. At 30 June 2023, the available funding under the facility was $0.8m. It is a rolling facility which can be terminated with following notice; 3 month notice (CPT) & 1 month (provider)

## 13. Provisions

| | | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| **Current** | | | |
| Employee benefits – Long Service Leave | | **707** | 760 |
| Employee benefits – Annual Leave | | **606** | 653 |
| Total Current Provisions | | **1,313** | 1,413 |
| **Non-Current** | | | |
| Employee benefits – Long Service Leave | | **27** | 32 |
| Long Term Incentive Provision | | **112** | - |
| Total Non-Current Provisions | | **139** | 32 |
| | | | |
| **Total Provision** | | **1,452** | **1,445** |

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

| Analysis of Total Provisions | Long Service Leave $'000 | Annual Leave $'000 | Total $'000 |
|---|---|---|---|
| Opening balance at 1 July 2022 | 792 | 653 | 1,445 |
| Provided for during the year | 16 | 551 | 567 |
| Taken during the year | (74) | (598) | (672) |
| **Balance at 30 June 2023** | **734** | **606** | **1,340** |

## 14. Issued Capital

| (a) Issued and paid-up capital | | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| **41,897,365** (2022: 41,607,143) | | **13,919** | 13,818 |
| fully paid ordinary shares | | **13,919** | 13,818 |

| (b) Movements in shares on issue | | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | Number of shares | $'000' | Number of shares | $'000' |
| Beginning of the financial year | | **41,607,143** | **13,818** | 40,306,551 | 13,033 |
| Dividend reinvestment plan - 11 November 2022 | | **172,030** | **63** | 1,300,592 | 785 |
| Dividend reinvestment plan - 13 April 2023 | | **118,192** | **38** | - | - |
| End of the financial year | | **41,897,365** | **13,919** | 41,607,143 | 13,818 |

(i) Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. During the year ended 30 June 2023 no ordinary shares were bought back under the on-market buyback (2022: nil). Ordinary shares have no par value.

(ii) The on-market buyback commenced on the 27 August 2020 with 3,000,000 shares being the maximum to be bought back of which 2,385,106 were outstanding as at 30 June 2023.

**(c) Options**

For information relating to the CPT Global Limited employee option plan, including details of options issued, exercised, and lapsed during the financial year and the options outstanding at year-end, refer to Note 16 Share-based payments.

For information relating to share options issued to key management personnel during the financial year, refer to the Note 16 Share-Based Payments.

**(d) Capital Management**

The board of directors controls the capital of the Group in order to maintain an appropriate debt to equity ratio, provide shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group does not currently have significant debt capital employed in the business as indicated in the following table. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusts its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders, share buy-backs and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the Group's gearing ratio remains at an appropriate level between 0% and 50%.

The gearing ratios for the year ended 30 June 2023 and 30 June 2022 are as follows:

| | | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| Borrowings | | **-** | - |
| Lease liabilities | | **-** | - |
| Less cash and cash equivalents | | **(1,245)** | (4,087) |
| Net Debt | | **(1,245)** | (4,087) |
| Total equity | | **2,919** | 5,319 |
| Total capital employed | | **2,919** | 5,319 |
| Gearing ratio | | **0%** | 0% |

A bank guarantee facility provided by the Company's banker is cash backed in the amount of $191k. The cash is not available for CPT Global to utilise until the bank guarantee is returned to our Banker at the end of the lease. The lease expires in June 2023. The facility was not utilised as at 30 June 2023.

## 15. Reserves

### (a) Foreign Currency Translation

The foreign currency translation reserve records exchange differences arising from translation of the financial statements of foreign subsidiaries.

### (b) Employee compensation reserve

The employee compensation reserve is a non-distributable reserve used to record share-based payment expense.

## 16. Share-Based Payments

The following share-based payment arrangements existed at 30 June 2023:

| Directors Performance Rights | | Issue date | Expiry date | Exercise Price | As at 1 July 2022 | Granted | Forfeited / Exercised / transferred/ expired | As at 30 June 2023 |
|---|---|---|---|---|---|---|---|---|
| CEO performance rights | | 29/11/21 | 28/11/24 | $0.00 | 1,000,000 | - | - | 1,000,000 |
| | | | | | 1,000,000 | - | - | 1,000,000 |

On 29 November 2021, at the Company's Annual General Meeting, 1,000,000 performance rights were granted to Luke Tuddenham to take up ordinary shares at an exercise price of $0.00 per share. The fair value of these performance rights at the date of grant was $616,346. The fair value has been calculated using a Black Scholes pricing methodology using the following inputs:

| | |
|---|---|
| Weighted average exercise price | $0.00 |
| Maximum life of right | 3 years |
| Underlying share price | $0.660 |

As the exercise price is $0.00, share price volatility, risk free interest rate and dividend yield do not have a material impact on the fair value of the performance rights.

The exercise of the performance rights related to FY2022 was contingent upon the following conditions being met:

| No of Shares to be Issued | Conditions to be met |
|---|---|
| 1,000,000 | at least 10% of the Company's revenue, as reported in the Company's 30 June 2024 Annual Report is earned from the sale, subscription or licensing of software and intellectual property; and |
| | the cumulative earnings per share (EPS) as reported in the Company's Annual Report for the three financial years ending on 30 June 2022, 30 June 2023 and 30 June 2024 is equal to or greater than the cumulative basic EPS target over the 3-year period from 1 July 2021 to 30 June 2024. |

The performance rights hold no voting or dividend rights, are not transferrable and will lapse in the event of the resignation of the director.

An amount of $207,148 (30 June 2022: $130,092) pertaining to these entitlements has been included in the statement of comprehensive income for the period.

Information with respect to the number of performance rights granted is as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Number of performance rights | Weighted average exercise price $ | Number of performance rights | Weighted average exercise price $ |
| Outstanding at the beginning of the year | **1,000,000** | - | 50,000 | - |
| Granted | - | - | 1,000,000 | - |
| Exercised | - | - | 50,000 | - |
| Outstanding at year end | **1,000,000** | - | 1,000,000 | - |

There are no other options or performance rights granted by CPT Global Limited to any other party. Options do not confer on the holder any right to vote or participate in the dividends of the Company and are not transferable.

## 17. Earnings per Share

| (a) The following reflects the income and share data used in the calculations of basic and diluted earnings per share: | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Net (loss)/profit & 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 |

## 18. Dividends Paid or Provided for on Ordinary Shares

| (a) Dividends paid during the year | | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| • *Current year interim* | | | |
| Franked dividends (0.60c per share) (2022: 1.50c per share) | | **251** | 621 |
| • *Prior year final* | | | |
| Franked dividends (1.00c per share) (2022: 3.00c per share) | | **416** | 1,209 |
| | | **667** | 1,830 |
| **(b) Dividends proposed and not recognised as a liability** | | | |
| Franked dividends (0.0c per share) (2022: 1.00c per share) | | **-** | 416 |
| **(c) Franking credit balance** | | | |
| Balance of franking account at year end adjusted for payment of the current tax liability | | **2,408** | 2,291 |

# 19. Cash Flow Information

| | | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| **(a) Reconciliation of the profit after tax to the net cash flows from operations** | | | |
| Net (loss)/profit | | **(2,060)** | 1,472 |
| **Non-Cash Items** | | | |
| Depreciation and amortisation of non-current assets | | **15** | 16 |
| Impairment of financial assets | | **1,141** | - |
| Share-based payments | | **319** | 133 |
| **Changes in assets and liabilities** | | | |
| Decrease/(Increase) in trade and term receivables | | **2,385** | (1,878) |
| Increase in prepayments | | **(20)** | (44) |
| Decrease in contract asset | | **223** | 3 |
| Increase in deferred tax asset | | **(83)** | (182) |
| (Decrease)/Increase in trade payables and accruals | | **(3,903)** | 1,344 |
| (Decrease)/Increase in income taxes payable | | **(52)** | 6 |
| Decrease in deferred tax liabilities | | **(121)** | (36) |
| (Increase)/Decrease in employee entitlements | | **(105)** | 182 |
| Net cash flow (used in)/from operating activities | | **(2,261)** | 1,016 |

# 20. Financial Instruments

## Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

Derivatives may be used by the Group for hedging purposes. Such instruments include forward exchange and currency option contracts. The Group does not speculate in the trading of derivative instruments.

The board of directors is responsible for monitoring and managing financial risk exposures of the Group. The board reviews the effectiveness of internal controls relating to interest rate risk and foreign currency risk. The overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance from financial and currency rate risk.

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

### (a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value and cash flows will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

| Economic Entity | Floating interest rate | | Fixed interest rate maturing in 1 to 5 years | | Non-interest bearing | | Total carrying amount as per statement of financial position | | Weighted average effective interest rate | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 | 2023<br>$'000 | 2022<br>$'000 | 2023<br>$'000 | 2022<br>$'000 | 2023<br>$'000 | 2022<br>$'000 | 2023<br>% | 2022<br>% |
| *(i) Financial assets* | | | | | | | | | | |
| Cash and cash equivalents | **1,245** | 4,540 | **-** | - | - | - | **1,245** | 4,087 | **0.34** | **0.10** |
| Trade receivables | - | - | **-** | - | **3,193** | 5,119 | **3,193** | 5,119 | | |
| Total financial assets | **1,245** | 4,540 | **-** | - | **3,193** | 5,119 | **4,540** | 9,206 | | |
| *(ii) Financial liabilities at amortised cost* | | | | | | | | | | |
| Trade and sundry payables | **-** | **-** | **-** | - | **3,023** | 6,563 | **3,023** | 6,563 | | |
| Total financial liabilities | **-** | **-** | **-** | - | **3,023** | 6,563 | **3,023** | 6,563 | | |

Interest rate risk arises on cash and cash equivalents, debtor funding facilities and bank overdrafts. Interest rate risk is managed by monitoring and reviewing cash flow forecasts and the trade receivables balance of the Group.

## Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for cash and cash equivalents as this is the only financial instrument materially exposed to floating interest rates. The analysis is based on actual monthly borrowing amounts throughout the year, as reported to management, with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100-basis point increase or decrease has been used and represents management's assessment of the possible changes in interest rates. At the reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit before income tax would increase by $20k and decrease by $20k (2022: increase by $46k and decrease by $46k).

### (b) Foreign Currency Risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of services in currencies other than the group's functional currency, and the translation of foreign subsidiary results, financial position and borrowing between the group on consolidation.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period is as follows:

| | Liabilities | | Assets | |
|---|---|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 | 2023<br>$'000 | 2022<br>$'000 |
| US dollars | **152** | 136 | **193** | 256 |
| Euro | **-** | - | **15** | 38 |

The amounts disclosed above in relation to Australian dollars relate to intercompany payables and receivables in each of the foreign subsidiaries whose functional currency is not Australian dollars.

## Foreign currency sensitivity analysis

The Group is mainly exposed to US dollars, Sterling, Euros and Canadian dollars.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used as it represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

The sensitivity analysis includes external assets and liabilities as well as loans, receivables, and payables balances with foreign subsidiaries where the denomination of the balance is in a currency other than the functional currency of the lender or borrower. A positive number indicates an increase in profit or loss and other equity where the Australian dollar strengthens against the respective currency. For a weakening of the Australian dollar against the respective currency there would be an equal and opposite impact on the profit and other equity, and the balances below would be opposite those shown.

| | USD Impact | | Sterling Impact | | Euro Impact | | CAD Impact | |
|---|---|---|---|---|---|---|---|---|
| | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 |
| Profit or loss | **7** | 70 | **15** | 24 | **11** | (34) | **140** | (26) |
| Other equity | **(68)** | (95) | **(205)** | (200) | **(129)** | (134) | **(173)** | (23) |

The above impacts are mainly attributable to the exposure of intercompany payables, receivables, and loan balances at the end of the reporting period.

### (c) Liquidity Risk

Liquidity risk is the risk the Group will not be able to meet its financial obligations as they fall due. The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Included in Note 12 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk. The borrowing facilities may be drawn at any time and may be terminated by the financing provider with three months' notice. All facilities are subject to annual review.

## Maturity Analysis

The table below represents the undiscounted contractual settlement terms for financial instruments and management's expectations for settlement of undisclosed maturities.

| | <12 months | | 1-5 years | | Total contractual cash flows | | Carrying amount | |
|---|---|---|---|---|---|---|---|---|
| | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 |
| Cash and cash equivalents | **1,245** | 4,087 | - | - | **1,245** | 4,087 | **1,245** | 4,087 |
| Receivables | **3,193** | 4,483 | - | - | **3,193** | 4,540 | **3,193** | 4,540 |
| Contract asset | **1,095** | 1,318 | - | - | **1,095** | 1,318 | **1,095** | 1,318 |
| Payables | (3,023) | (5,457) | - | - | **(3,023)** | (5,457) | **(3,023)** | (5,457) |
| **Net maturities** | 2,570 | 4,488 | - | - | **2,510** | 4,488 | **2,510** | 4,488 |

## (d) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and essentially arises from holdings of cash and deposits and trade receivables as well as from the parent's potential obligations under the indemnity guarantee provided to banks. The risk is largely managed through a policy of only dealing with creditworthy counterparties. Periodic assessments of debtor balances are undertaken and provisions for impairment are recognised where appropriate.

The maximum credit risk exposure is the carrying value of cash and deposits and trade receivables as disclosed in Notes 6 and 7.

Information of the Group's credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group is included in Note 7.

The Group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of clients.

(i) **Cash Deposits**
Credit risk for cash deposits is managed by holding all cash deposits with major Australian and global banks.

(ii) **Trade Receivables**
Credit risk for trade receivables is managed by setting credit limits and completing credit checks for new customers. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

The ageing analysis of trade and other receivables is provided in Note 7. As the Group undertakes transactions with a large number of customers and regularly monitors payments in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with the credit terms. The Group assesses the expected credit loss based on individual debtor level expectations relative to credit terms.

## 21. Interests in Subsidiaries

| Name | Country of incorporation | Percentage of equity & voting interest held by the economic entity | |
|---|---|---|---|
| | | 2023 | 2022 |
| CPT Global Australia Pty Ltd | Australia | **100** | 100 |
| CPT Global International Pty Ltd | Australia | **100** | 100 |
| CPT Global Software Pty Ltd | Australia | **100** | 100 |
| CPT Global Pte Ltd* | Singapore | **-** | 100 |
| CPT Global Inc | USA | **100** | 100 |
| CPT Global Consulting Corp | Canada | **100** | 100 |
| CPT Consultoria Global Em Informatica Ltda | Brazil | **100** | 100 |
| CPT Global Ltd | United Kingdom | **100** | 100 |
| CPT Global GmbH | Germany | **100** | 100 |
| CPT Global France | France | **100** | 100 |
| CPT Global SRL | Italy | **100** | 100 |

* CPT Global Pte Ltd was deregistered 7 November 2022. The entity was dormant and there were no significant impacts on deconsolidation.

There are no known restrictions on the transfer of cash or assets within the Group. No subsidiaries were acquired or sold during the financial year.

## 22. Parent Entity Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

| STATEMENT OF FINANCIAL POSITION | | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| Current Assets | | **417** | 1,587 |
| Non-Current Assets | | **748** | 449 |
| **Total Assets** | | **1,165** | 2,036 |
| | | | |
| **LIABILITIES** | | | |
| Current Liabilities | | **14,435** | 8,557 |
| Non-Current Liabilities | | **246** | 198 |
| **Total Liabilities** | | **14,681** | 8,755 |
| | | | |
| **EQUITY** | | | |
| Issued Capital | | **13,919** | 13,818 |
| Reserves | | **1,938** | 1,731 |
| Accumulated losses | | **(29,373)** | (22,267) |
| **Total Deficit** | | **(13,516)** | (6,718) |
| | | | |
| **STATEMENT OF COMPREHENSIVE LOSS** | | | |
| Total loss | | **(3,273)** | (6,341) |
| Total comprehensive loss | | **(3,273)** | (6,341) |

### Guarantees

The parent has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries. Refer to Note 26 for details of bank guarantees in relation to leased offices.

# 23. Key Management Personnel Compensation

## (a) Names and positions held of economic entity key management personnel in office at any time during the financial year are:

| Key Management Person | Position |
|---|---|
| Fred S Grimwade | Non-executive Chairman |
| Nigel Sandiford | Non-executive Director (resigned 1 August 2022) |
| Luke Tuddenham | Chief Executive Officer |
| Gerry Tuddenham | Executive Director |
| Steve Targett | Non-Executive Director (appointed 24 January 2023) |
| Nathan Marburg | Chief Financial Officer (appointed 26 April 2023) |
| Yasas Jayasuriya | Chief Financial Officer (appointed 1November 2022/resigned 19 May 2023) |

## (b) Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid to each member of the Group's key management personnel for the year ended 30 June 2023.

The totals of remuneration paid to key management personnel of the Company and the Group during the year are as follows:

| | 2023<br>$000 | 2022<br>$000 |
|---|---|---|
| Short-term employee benefits | **1,700** | 1,780 |
| Post-employment benefits | **66** | 69 |
| Other long-term benefits | **112** | 24 |
| Share-based payments | **207** | 130 |
| | **2,085** | 2,003 |

## 24. Related Party Disclosures

### (a) Controlling Relationships

Interests in subsidiaries are set out in Note 21. The parent entity and the ultimate controlling party of the group is CPT Global Limited.

### (b) Key Management Personnel

Disclosures relating to key management personnel are set out in the Remuneration Report and Note 23. Key management personnel include the board of directors and key executives who are accountable and responsible for the operational, management and strategic direction of the Group.

### (c) Transactions with Related Parties

During the financial year there were no transactions with related parties.

## 25. Auditors' Remuneration

| Amounts received or due and receivable by SW Audit for: | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|
| an audit or review of the financial statements of the Company and any other entity in the Group | **186,776** | 142,744 |
| other services in relation to the Company and any other entity in the Group | | |
| - tax compliance | **74,181** | 13,340 |
| - other services | **3,500** | 300 |
| | **264,457** | 156,384 |

## 26. Contingent Liabilities

### Guarantees

The Group has provided a guarantee of nil (2022: $124k) to third parties in relation to its performance and obligations in respect of property lease rentals. The guarantee is secured against a term deposit equal to the value of the guarantee. The guarantee is for the term of the lease. The guarantee for the lease covers the next 12 months.

## 27. Events After the Reporting Period

No matter or circumstances have occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the result of those operations or the state of affairs of the Group in subsequent financial periods except for the following:

# Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, are in accordance with the *Corporations Act 2001* and:
    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
    b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Group.
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
    a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
    b. the financial statements and notes for the financial year comply with Accounting Standards; and
    c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Luke Tuddenham

**Luke Tuddenham**

**Managing Director, CEO**

Aspen, Colorado
28 September 2023

Accountants & Advisors

Take the lead

# INDEPENDENT AUDITOR'S REPORT

# TO THE MEMBERS OF CPT GLOBAL LIMITED

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of CPT Global Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 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 the directors' declaration.

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

a. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended, and

b. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of 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.

## 1. Revenue recognition and contract assets

### Key audit matter

Refer to note 1(p) Revenue and other income note 1(v)(ii) *Contract assets*, note 3 *Revenue* and note 8 *Contract Assets*

The Group earned revenue of $28,131,000 during the year and recognised contract assets of $1,095,000 at reporting date. Services revenue includes:

- variable (risk/reward), and
- fixed price contracts.

Revenue is recognised in accordance with AASB 15 *Revenue from Contracts with Customers*. Recognition of revenue and contract assets is a key audit matter due to the revenue recognised being based on managements' estimates of:

- MIPs or MSUs saved for variable contracts, and
- the inputs used to calculate the conversion of time/cost into economic benefits.

Given the level of estimation there is significant audit effort to test revenue and as a result it is a key audit matter.

### How our audit addressed the key audit matter

Our procedures included:

- Documenting and assessing the internal control environment and performing tests of controls
- Testing a sample of revenue from both revenue streams to supporting documentation and assessing whether revenue has been accurately recorded in accordance with contractual terms
- Checking that new contracts for both revenue streams that were executed during the year have been accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*
- Performing trend analysis and other analytic techniques on both revenue streams to test amounts recorded during the year
- Ensuring estimated savings of MIPs or MSUs detailed in project status reports and recognised as revenue have been acknowledged and approved by the Group's customers
- Ensuring estimated savings of MIPS or MSUs reflected in project status reports were recognised as revenue in the correct accounting period
- Ensuring contract assets for estimated savings of MIPS or MSUs have been invoiced after year end to ensure no significant reversal of revenue in future periods is required, and
- Assessing the adequacy of revenue related disclosures in the financial statements.

## 2. Recognition of income tax related balances

### Key audit matter

Refer to note 1(v)(iii) *Deferred taxes* and note 5 *Income Tax Expense*

The Group operates in multiple tax jurisdictions with differing tax laws and regulations increasing the potential for misstatement of tax related balances and transactions.

The Group's tax balances and resulting expense/(benefit) have significant complexity and as a result they are a key audit matter.

### How our audit addressed the key audit matter

Our procedures included:

- Engaging tax experts to assess management's calculations and application of relevant tax laws and regulations
- Reviewing income tax provision calculations for each jurisdiction
- Reconciling income tax expense to prima facie expense for the year, and
- Assessing the adequacy of the disclosures in relation to tax related balances.

### Information Other than the Financial Report and Auditor's Report Thereon

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 30 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 accordingly 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.

### 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 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 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.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 24 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of the Company for the year ended 30 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.

SW

**SW Audit**
Chartered Accountants

R Blayney Morgan

R Blayney Morgan
Partner

Melbourne, 28 September 2023

# Corporate Information

ACN 083 090 895

ABN 16 083 090 895

## Directors

**Fred Grimwade,** Non-Executive Chairman
**Luke Tuddenham,** Managing Director & CEO
**Gerry Tuddenham,** Executive Director
**Steve Targett,** Non-Executive Director
**Deborah Hadwen**, Non-Executive Director

## Company Secretary

**Mark Licciardo**

## Principal Registered Office

Principal Registered Office
Level 3, 818 Bourke Street
Docklands VIC 3008
Telephone: +61 (0)3 9684 7900
Internet: www.CPTglobal.com

## CPT Global on the Web

For an introduction to the Company and access to Company announcements, descriptions of our core business, services and careers, and our corporate governance policies and procedures visit our website at www.CPTGlobal.com

## Auditors

**SW Audit**
Level 10, 530 Collins Street
Melbourne VIC 3000

## Share Register

**Boardroom Pty Ltd**
Level 12, 225 George Street
Sydney NSW 2000
Telephone: 1300 737 760
Facsimile: +61 (0)2 9290 9600

## Solicitors

**Nicholson Ryan Lawyers**

## Bankers

**ANZ Banking Group Limited**

## ASX Code

**CGO**

# ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 27th of September 2022.

## (a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

| Ordinary shares | | | | | |
|---|---|---|---|---|---|
| | | | Holders | Total Units | % |
| 1 | - | 1,000 | 88 | 45,034 | 0.11 |
| 1,001 | - | 5,000 | 345 | 913,236 | 2.18 |
| 5,001 | - | 10,000 | 159 | 1,258,575 | 3.00 |
| 10,001 | - | 100,000 | 249 | 8,056,567 | 19.23 |
| 100,001 | - | and over | 51 | 31,623,953 | 75.48 |
| | | **TOTAL** | 892 | 41,897,365 | 100.00 |

## (b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

| | | Ordinary Fully paid Shares | |
|---|---|---|---|
| | | Number of shares | Percentage of ordinary shares |
| 1 | TUDDY SUPER PTY LTD | 7,575,399 | 18.081% |
| 2 | GNP NOMINEES PTY LTD | 2,709,046 | 6.466% |
| 3 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 2,664,993 | 6.361% |
| 4 | TUDDY SUPER PTY LTD <GF TUDDENHAM & ASSOC SF A/C> | 1,644,265 | 3.925% |
| 5 | TUDDY SUPER PTY LTD | 1,591,248 | 3.798% |
| 6 | WESTFERRY OPERATIONS PTY LTD <THE WESTFERRY FUND A/C> | 1,433,160 | 3.421% |
| 7 | CLAPSY PTY LTD <BARON SUPER FUND A/C> | 1,273,501 | 3.040% |

| | | Number of shares | Percentage of ordinary shares |
|---|---|---|---|
| 8 | TUDDCORP PTY LTD | 1,184,409 | 2.827% |
| 9 | MR PHILIP ADAM & MRS SANDRA ADAM <ADFAM SUPER FUND A/C> | 916,255 | 2.187% |
| 10 | TEN TALENTS (2020) LIMITED <FIVE TALENTS A/C> | 805,667 | 1.923% |
| 11 | MR PAWEL REJ & MRS MIROSLAWA REJ | 758,641 | 1.811% |
| 12 | B&E TUDDENHAM PTY LTD <B&E TUDDENHAM FAMILY A/C> | 598,265 | 1.428% |
| 13 | MR NEVILLE WINSTON ANDREW HASKETT & MRS VICKI PAULINE HASKETT <HASKETT SUPER FUND A/C> | 501,000 | 1.196% |
| 14 | MUTUAL TRUST PTY LTD | 500,000 | 1.193% |
| 15 | MR DAVID KEITH COLLINS & MS CHERIE MARIA MILLAR <COLLINS MILLAR FAM A/C> | 493,212 | 1.177% |
| 16 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED > | 462,753 | 1.104% |
| 17 | WESTFERRY OPERATIONS PTY LTD <THE WESTFERRY FUND A/C> | 396,924 | 0.947% |
| 18 | MIDDLE VALE PTY LTD | 372,603 | 0.889% |
| 19 | BNP PARIBAS NOMS PTY LTD <DRP> | 365,686 | 0.873% |
| 20 | MRS ALISON BOLGER | 362,550 | 0.865% |
| | Total Securities of Top 20 Holdings | 26,609,577 | 63.511% |

## (c) Shares Held in Escrow

There are no escrowed securities on issue at the date of this Report.

## (d) Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

| | Number of Shares |
|---|---|
| MR GERRY TUDDENHAM AND HIS ASSOCIATES (EXCLUDING HIS BENEFICIAL INTEREST IN THE CPT TRUST) | 10,859,081 |
| GNP NOMINEES PTY LTD AS TRUSTEE FOR THE CPT TRUST | 2,709,046 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 2,664,993 |

## (e) Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction. Performance rights do not carry voting rights.