



SILK
LOGISTICS
HOLDINGS

ANNUAL REPORT **2024**



Silk Logistics Holdings Limited ('Silk', the 'Group' or the 'Company') is pleased to provide you with its Annual Report for Financial Year 2024 ('FY24'). The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the Group') consisting of Silk Logistics Holdings Limited (ABN 45 165 867 372), Silk Contract Logistics Pty Ltd (ABN 56 006 444 355), Rocke Brothers Pty Ltd (ABN 60 100 734 469), 101 Warehousing Pty Ltd (ABN 20 154 887 715), Fremantle Freight & Storage Pty Ltd (ABN 92 079 923 327), Secon Freight Logistics (ABN 88 619 650 609) and other controlled entities at the end of, or during, the 53-week period ('the period') ended 30 June 2024.

About Silk Logistics Holdings Limited

Silk is a leading Australian logistics provider. With a strong national footprint and an integrated port-to-door approach, Silk delivers exceptional solutions through its best-in-class operating segments. Our focus at Silk is to operate a business that is agile, responsive to customers, capable of adapting to changing market dynamics, and scalable. Silk has delivered resilient growth over the prior corresponding period ('pcp'), and continues to invest in its people, processes, and systems to deliver its next phase of growth. Silk is listed on the Australian Securities Exchange ('ASX') under code SLH.

Non-IFRS financial information

The 2024 Annual Report contains certain non-IFRS financial measures of earnings before interest, tax, depreciation and amortisation ('EBITDA') and earnings before interest and tax ('EBIT'). Underlying performance measures exclude the impact of significant items, which are profit or loss items associated with mergers and acquisitions activity, capital restructures or certain one-off events included in reporting periods that are not reflective of underlying business activities.

Non-IFRS financial information should be considered in addition to, and is not intended to be a substitute for, or more important than, IFRS measures. The presentation of non-IFRS measures is in line with Regulatory Guide 230 issued by the Australian Security and Investments Commission to promote full and clear disclosure for investors and other users of financial information and minimise the possibility of being misled by such information. These measures are used by management and the directors as the primary measures of assessing the financial performance of the Group. The directors also believe that these non-IFRS measures assist in providing additional meaningful information on the underlying drivers of the business, performance and trends, as well as the financial position of the Group. Non-IFRS measures are not subject to audit or review.





Contents

FY24 Highlights	04	Corporate Directory	24
Chair’s Letter	06	Directors’ Report	25
Managing Director and CEO Report	08	Directors’ Report – Remuneration Report (Audited)	35
Values & Vision	10	Auditor’s Independence Declaration	44
Company Overview	11	Consolidated Statement of Profit or Loss and Other Comprehensive Income	45
Silk History	12	Consolidated Statement of Financial Position	46
Key Locations	14	Consolidated Statement of Changes in Equity	47
Port-to-Door Service Offering	15	Consolidated Statement of Cash Flows	48
Customers	17	Notes to the Consolidated Financial Statements	49
5-year Growth Strategy	18	Directors’ Declaration	80
ESG Summary	20	Independent Auditor’s Report	81
FY24 Key Statistics	22	Shareholder Information	86

FY24 Highlights

Revenue¹ growth

(YoY for Group)

↑13.9%

Underlying EBITDA² growth

(YoY for Group)

↑11.0%

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

Annual dividend yield¹



3.13%

Continued focus on safety

(reduction in LTIFR YoY⁴)

↓ 45.20%

1. Includes Secon Freight Logistics ('Secon') revenue for part of the period (post-acquisition).
2. Underlying performance measures exclude the impact of significant items, which are profit or loss items associated with mergers and acquisitions activity, capital restructures or certain one-off events included in reporting periods that are not reflective of underlying business activities.
3. Dividend yield is determined with reference to the share price as at 30 June 2024.
4. LTIFR = Lost Time Injury Frequency Rate. FY24 LTIFR = 1.65 and FY23 LTIFR = 3.01 (2.8 excluding Secon). LTIFR is reported as a rolling 12-month average to the end of the reporting period.



"We remain committed to our strategy of providing a market-leading customer experience while expanding our capabilities, services and footprint."

Chair's Letter

Dear Shareholders,

I am pleased to present our Annual Report for the financial year ending 30 June 2024 (FY24), highlighting the significant achievements and growth that our company has experienced over the past year. In FY24, we successfully continued our post listing growth story, whilst navigating challenging global economic and market conditions.

We remain committed to our strategy of providing a market-leading customer experience while expanding our capabilities, services and footprint. To this end we acquired Secon Freight Logistics at the beginning of the financial year, broadening our capabilities into bulk logistics. This acquisition has provided us with synergies that are yet to be fully realised, allowing us to expand our Port Logistics offering, by cross-selling into the bulk market. We believe that this acquisition will contribute to our long-term growth and profitability aspirations, which now target \$1 billion in revenue by FY30. Our FY30 target is based off our current run-rate of organic growth recognising the ongoing challenging global economic and market conditions and conservatively assumes no further acquisitions.

Despite the continuation of external headwinds in FY24, we demonstrated resilience and successfully maintained our operating gross profit margins. Our agile business model helped us to navigate through difficult times, persistently win new business and emerge stronger than our competitors.

Since listing in July 2021, Silk has continually delivered on achieving operational and financial milestones and produced year-on-year revenue and profit growth, with CAGRs of 14.54% and 9.38% respectively.

- Reported revenue of \$556.4 million (13.9% increase on FY23)
- Underlying earnings before interest tax depreciation and amortisation ('EBITDA') of \$95.4 million (11.0% increase on FY23)
- Underlying earnings before interest and tax ('EBIT') of \$34.8 million (2.0% decrease on FY23)
- Dividends of 4.24 cents per share (DPS yield of 3.13%)

During the financial year, we achieved \$55.72 million annualised in new business wins across both our Port and Contract Logistics segments. Furthermore, we have experienced a high level of repeat business from our existing customers, which sits at 94.75%. Their loyalty is a testament to our team's hard work and dedication and reflects the trust and confidence our customers have in our brand and service offering, especially given the challenging global supply chain challenges that they may have faced.

I would like to highlight our strong portfolio of loyal customers, with an average contracted relationship of 7.27 years, providing us with a stable revenue stream and a reputation for excellence. We strive to build long-term partnerships with our customers, and we are committed to maintaining and nurturing these relationships for continued success.

I would like to recognise the contributions of Brendan Boyd and thank him for his stewardship of the Silk business throughout its history including the 2014 management buy-out, through to the 2021 listing and present day. We are thankful that Brendan continues to assist the Silk business and impart in-depth industry knowledge within the capacity of a Non-Executive Director on the Silk board. Brendan's retirement as Managing Director and CEO (which was announced on the 22 May 2024) triggered the Board's established succession plan. Mr John Sood has transitioned into the role of Managing Director and Chief Executive Officer, and as a co-founder, brings exceptional experience, having worked alongside Brendan throughout the Company's key milestones.

As we step into FY25, we are experiencing encouraging signs and are confident in our ability to keep delivering on our goals. We will continue to focus on expanding our capabilities, enhancing our customer offerings, and driving operational efficiency, especially through further integration of our recent acquisitions, unlocking further shareholder value.

We remain optimistic about the future and will seize opportunities for growth as they arise.

I would like to express my gratitude to our shareholders, customers, employees, business partners and my fellow Directors for their unwavering support and commitment. I am very proud of the entire team for the outstanding job achieved this financial year and together, we will continue to build on our success, achieve new milestones, and deliver value for our shareholders.

Terry Sinclair
Chair
Silk Logistics Holdings Limited



Managing Director & CEO Report

As incoming Managing Director and CEO, I am pleased to report to Shareholders on the FY24 financial year. Silk delivered a result in line with our guidance announced in February 2024, despite the difficult trading, economic and global supply chain environment.

We delivered strong financial performance in FY24, highlighted by revenue of \$556.4 million (13.9% up on FY23), underlying EBITDA of \$95.4 million (11.0% up on FY23 and underlying EBIT of \$34.8m (2.0% down on FY23). We are also pleased to announce a full-year dividend of 4.24 cents per share for FY24, representing a dividend yield of 3.13% p.a.

We started FY24 with the targeted strategic acquisition of Secon Freight Logistics (Secon), and with only ten months of contribution to the financial year, Secon has exceeded our expectations contributing \$59.5 million in revenue¹. The acquisition aligns with our M&A strategy of seeking businesses that have niche or geographical offerings. Secon has continued this within the Port Logistics division by expanding from its Victorian base into national bulk container logistic markets. As I write this today, Secon vehicles are operating in Sydney, Brisbane and Perth servicing customers in the plastic polymers market. We have a healthy pipeline to continue this growth and look forward to expanding into new bulk sectors in the coming years as we invest in growth of the service offering.

Silk has a long history of acquiring and successfully integrating businesses. Secon supports our strategy in becoming the leading national last mile port to door integrated logistics provider.

Although market conditions remained challenging, FY24 has been another year of positive financial and operational achievements for Silk where we continued our record of growing revenue and earnings over previous corresponding periods since our initial public offering in July 2021.

The resilience of Silk's business model has again been demonstrated in a year when external adverse factors persisted. Our revenue growth has been underpinned by diverse and resilient customer market segments, strong customer relationships, and continually building on our time-certain port to door delivery service. Our pipeline of potential new contracts remains strong underpinning Silk's future growth and expansion aspirations.

Last year, Brendan Boyd my predecessor and fellow co-founder flagged likely headwinds in global supply chains for FY24. Throughout the financial year, we continued to work hard on optimising productivity resulting in improved operational efficiency and cost savings. We delivered growth in both our Port Logistics and Contract Logistics operating segments, with annualised new business wins in FY24 totalling \$55.72 million. The Port Logistics segment experienced a 11.6% increase in revenue per billed container and Contract Logistics' average leased warehouse occupancy for the year of 75.1% bolstered by implemented measures to maximise our resources and ensure optimal utilisation.

We continue to prioritise safety in all we do. Over the past 12 months, our commitment to safety has improved our lost time injury frequency rate ('LTIFR') to an industry leading 1.65.

Our commitment to sustainability and broader ESG principles is integral to our business strategy, and we are making steady progress towards a more sustainable future. Our Kenwick site will be one of only ~15 sites across Australia to achieve a green star rating of 6. Highlighting our commitment to grow in a sustainable manner.

A key to Silk's sustainable business model is its ability to adapt to external factors. As the operating environment continues to present challenges; our prime focus has been directed towards organic growth. Our objectives are strengthened by a very active pipeline, a high-calibre business development team; and a history of strong organic growth and successfully integrating acquisitions to unlock added value.

¹ For the 10 month period from 1 September 2023 to 30 June 2024


“Our revenue growth has been underpinned by diverse and resilient customer market segments, strong customer relationships, and continually building on our time-certain port to door delivery service.”

As I look towards the upcoming year unfavourable trading conditions persist, however, I do see an improving backdrop. More importantly, the strength and resilience of Silk's business model is a testament to the investments we have made and continue to make to reach our growth targets.

As we step into FY25, we are optimistic about the upcoming opportunities and are confident in our ability to capitalise on them. There are early signs of momentum, including that our commitment to service continues to be rewarded by our national customer base.

Our hard work and our strategic initiatives will continue to drive us towards our goal to expand. Organic growth will underpin our strategy for the next 12 months, as we bolster our operations and work towards our long-term strategy to reach \$1 billion in revenue. Further integration of our last three acquisitions and investments with respect to the evolution of our technology platform will assist with our goals. Our continued financial and operational achievements position us to continue our growth trajectory.

I would like to express my gratitude to our hard working and dedicated employees and our loyal customers. Thank you to our shareholders, we look forward to updating you on the continued growth of the Silk business.



John Sood
Managing Director & Chief Executive Officer
Silk Logistics Holdings Limited



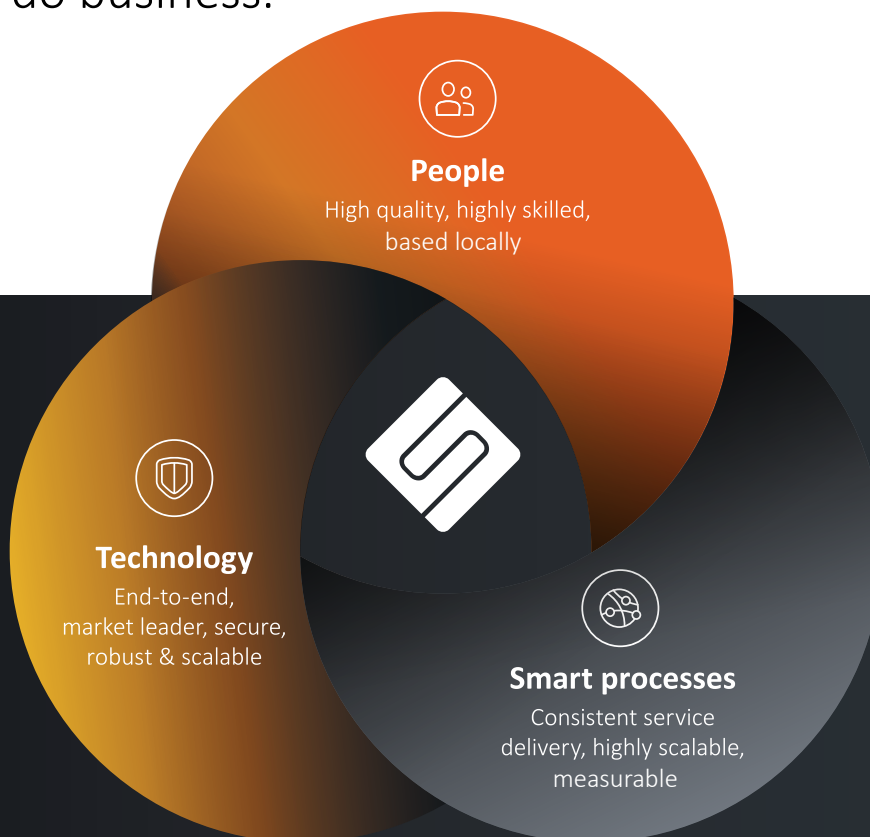
Values & Vision

SILK'S VISION

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

THE SILK WAY

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



SILK'S VALUES



Safety

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



Innovation

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



Respect

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



Customer-centric

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



Integrity

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



Passion

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



Company Overview

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

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

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

CONTRACT LOGISTICS



FULFILMENT



PORT LOGISTICS



Fully integrated service offering



Silk History

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

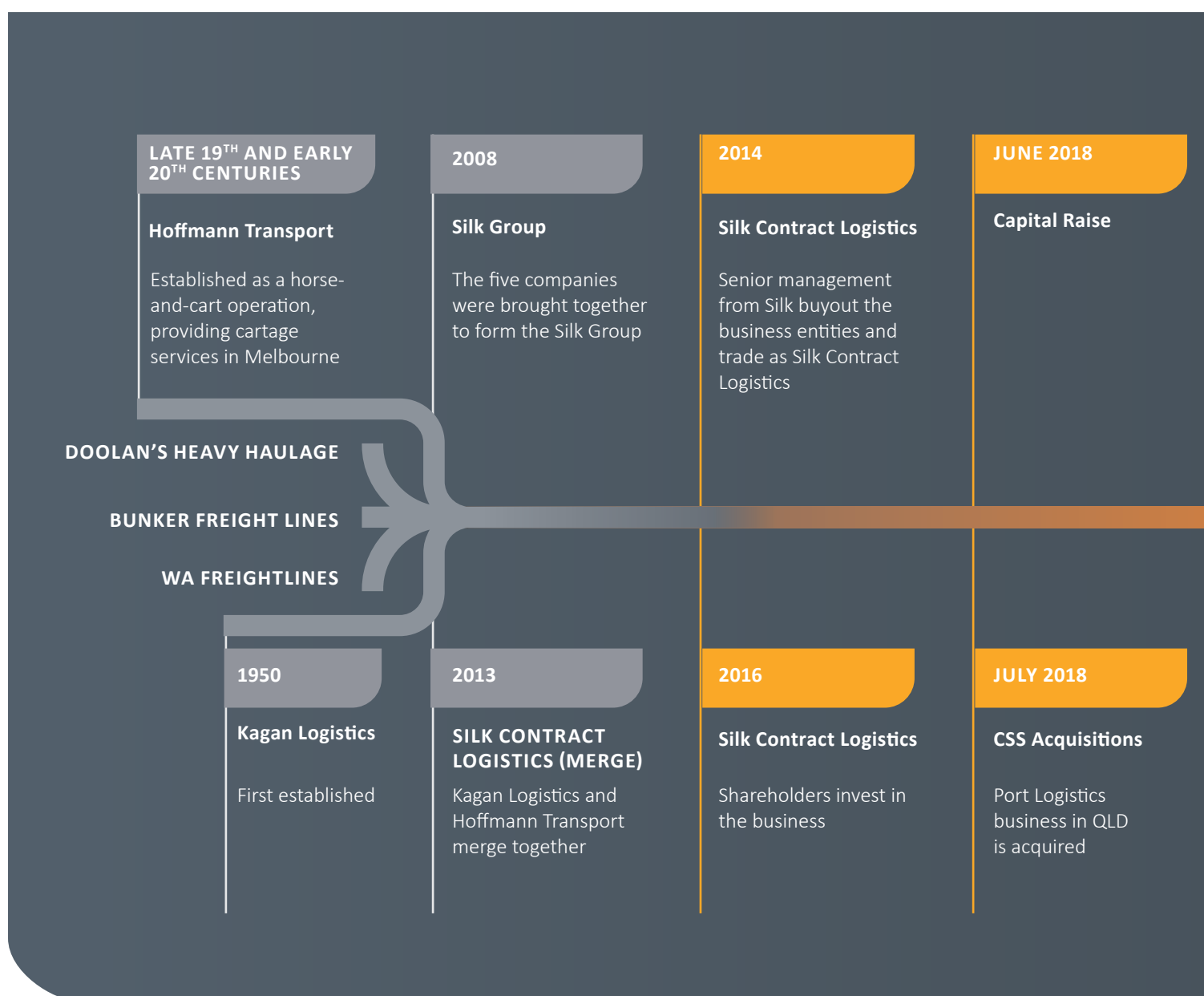
Since the MBO, Silk's success can be attributed to an unwavering commitment to a three-phase strategic plan. This plan prioritised customer satisfaction, growth, and a robust M&A strategy to leverage the existing platform, while simultaneously expanding capabilities, scale and geographic presence.

Building upon this foundation, in FY22 Silk extended its B2B business model into the realm of e-commerce fulfilment through the acquisition of 101Warehousing.

In early FY23, Silk reinforced its Port Logistics capability in Western Australia with the acquisition of Fremantle Freight & Storage.

In September 2023, the Company acquired Secon Freight Logistics Pty Ltd (Secon) to broaden out its capabilities in port logistics, specifically with the complimentary addition of a bulk logistics offering.

These strategic moves align with the current roadmap, which encompasses three growth horizons over five years, to FY30. As we move forward, Silk remains dedicated to exploring acquisition opportunities that will further enhance our logistics offering both domestically and internationally.





NOVEMBER 2018

CTC Acquisition

Port Logistics business in NSW is acquired

JULY 2021

IPO

Silk Logistics Holdings Limited (SLH) lists on the ASX

SEPTEMBER 2022

Fremantle Freight & Storage

Leading WA Port Logistics business joins the group

AUGUST 2019

Rocke Brothers

Port Logistics business in VIC joins the group

FEBRUARY 2022

101 Warehousing

eCommerce focused contract Logistics business in VIC joins the group

SEPTEMBER 2023

Secon Logistics

Leading VIC Port Logistics business joins the group



Key Locations

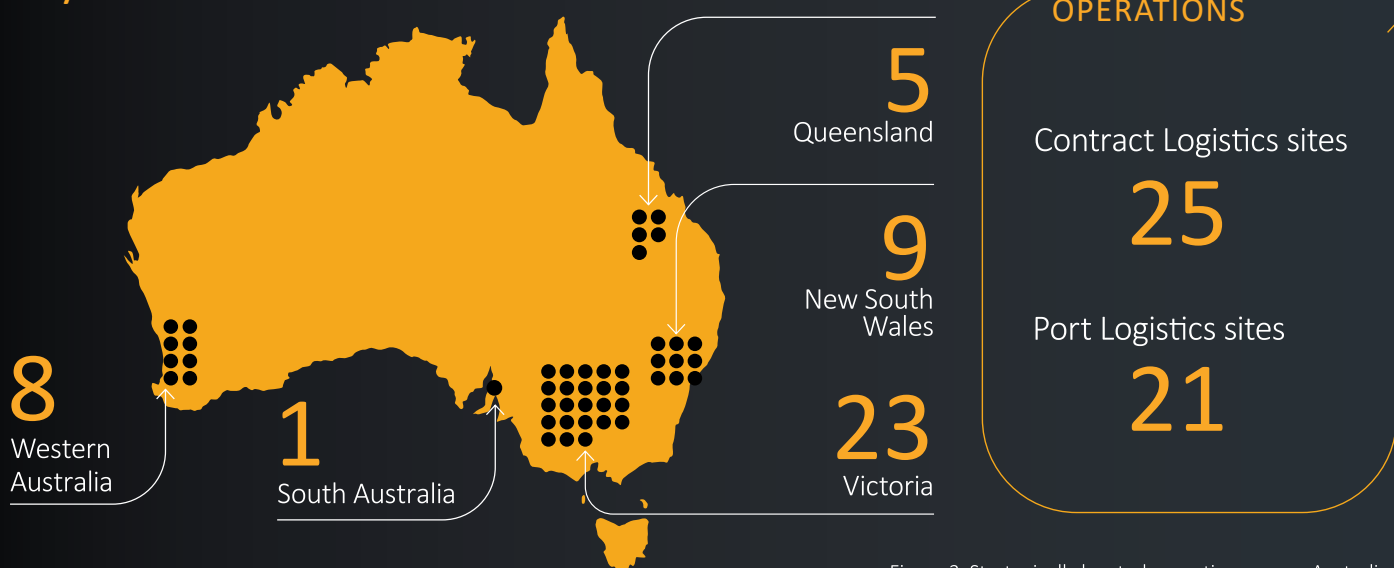


Figure 3: Strategically located operations across Australia.

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

Our extensive network of facilities and resources allows us to deliver high-quality services and solutions to customers across the country. Silk operates a total of 25 warehouse sites nationally, including 5 e-fulfilment warehouses (in Victoria only), 8 with the necessary licenses and notifications to compliantly store dangerous goods, and 12 food-grade sites.

Silk also has multiple container yard facilities in Victoria, New South Wales, Queensland and Western Australia in geographically advantageous locations.



Port to Door Service Offering

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

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

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

Port Logistics

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



The success of Port Logistics can be attributed to its team of dedicated professionals who work across a national network. In FY24, Silk's Port Logistics segment ensured the timely and secure transportation of 331,910 containers between major Australian ports and various facilities. Revenue is earned from:

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

Port Logistics continues to perform well amidst challenging market conditions. In FY24, Silk's Port Logistics segment grew revenue 27.6% to \$364.8 million in revenue on 14.9% higher billed container volumes compared to FY23.

Contract Logistics

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

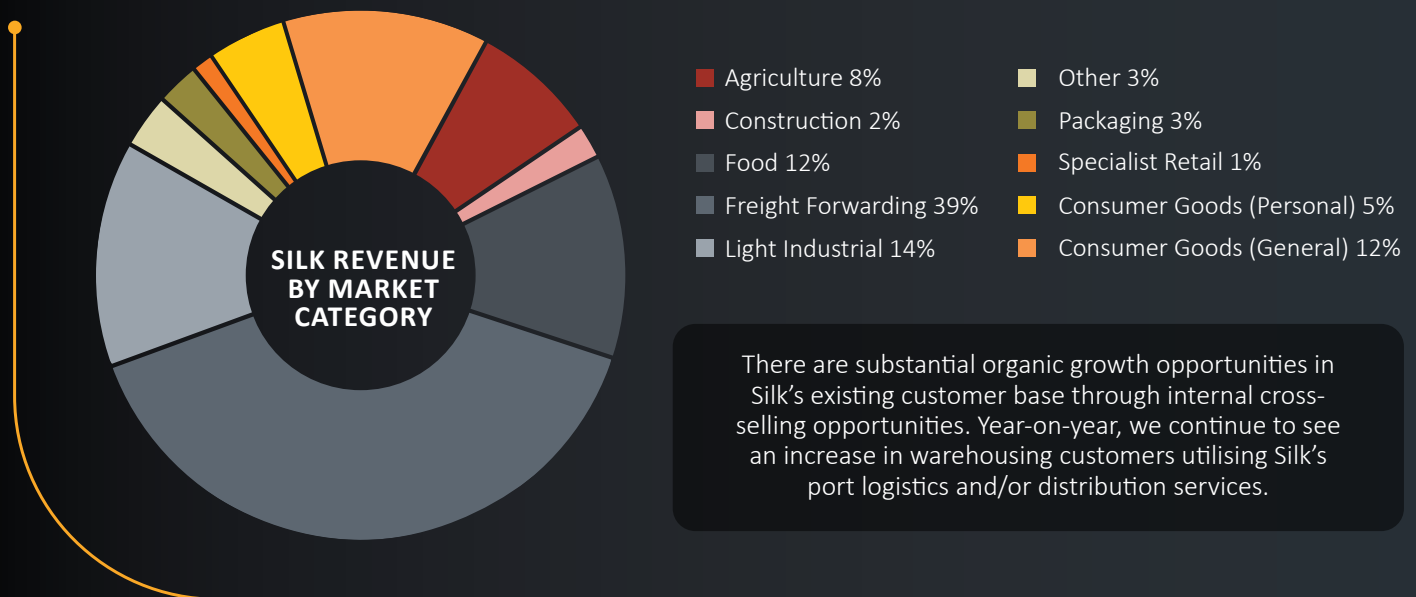
Contract Logistics operates under the brands of Silk Contract Logistics (B2B customers nationally) and 101Warehousing (automated e-commerce fulfilment in Victoria), and employs a transparent pricing model where customers are billed based on specified rates per activity in the warehouse. These rates cover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

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

Silk's Contract Logistics segment remains resilient through a diversified logistics service offer and robust business model, achieving FY24 revenue of \$191.6 million – representing 34.4% of total revenue for the Group.



Customers



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

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

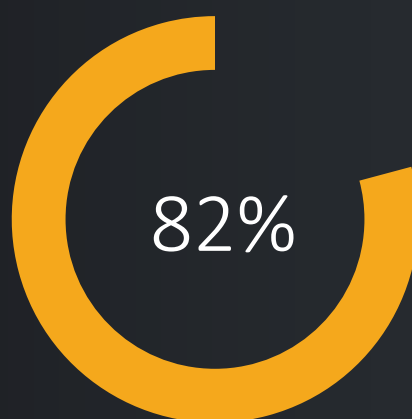
Our customers operate across a diverse range of industries – this ensures Silk remains agile and not reliant on any one particular segment of the market. Silk's foundation has traditionally been built on FMCG, light industrial, specialist retail, food, and containerised agriculture industries.

While continuing to target new customers across these consistent and resilient industries, Silk is committed to diversifying our portfolio of work through our ongoing campaign of pursuing other dynamic industries where our integrated value proposition aligns with customer needs; this includes more recently expanding Silk's capabilities into e-commerce and bulk logistics.

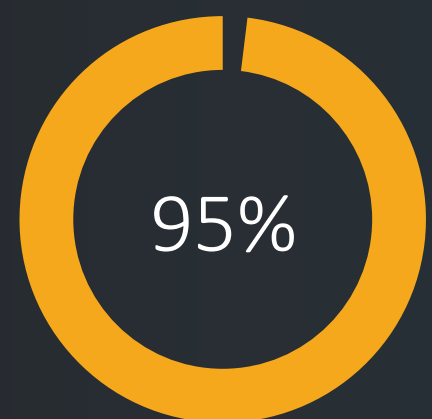
Highlighting our focus on customer-centricity, our long-standing customer base has an average contracted tenure of 7.27 years. Representing 94.75% of FY24 Group revenue, our existing customers continue to demonstrate clear satisfaction with Silk's services. No single customer represents more than 3.92% of total revenue. Our strong track record of providing high-quality and time-certain logistics services reflects our enduring commitment to forming long-term relationships with customers and producing repeat revenue generation from existing customers.



66% contracted customers with a tenure of more than four years account for 66% of contracted revenue for FY24¹



82% of warehousing customers are using other 'Port-to-Door' services offered by Silk¹.



95% of FY24 revenue was earned from existing Silk customers¹

¹Excludes Secon

5 Year Growth Strategy

Over the last 24-months we have effectively executed on our Horizon 1 growth targets. This included strengthening the core of our business to drive organic growth and bolt-on acquisitions. More specifically this included:

- The acquisitions of FFS, 101W and Secon;
- Growth across each of these acquisitions
- Expansion of Secon's Bulk Logistics services interstate;
- Delivery of Phase one of our control tower roll-out;
- Opening a new Warehouse and Port Logistics hub in Kenwick WA; and
- Increased operational efficiencies in warehousing.

As we move into Horizon 2, we are committed to our growth targets and our strategy remains largely unchanged. The strategy has had a priority shift after successfully executing Secon and our desire to further leverage synergies from our acquisitions to date. Our focus for Horizon 2 will be on maximising organic growth and executing efficiency initiatives.

The timing of Horizon 3 by the end of FY27, required additional acquisitions, however, in the current environment and with ongoing external challenges, this is not a core focus. Rephasing acquisitions in the medium term extends Horizon 3 out to FY30 based on historical run-rates for organic growth only.

We will continue to invest in the future growth of Silk, which is necessary to support our ambition to grow to \$1 billion in sustainable revenue. Our growth strategy is underpinned by five strategic pillars designed to deliver value, growth and excellence:

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

Silk has a well-developed road map of near- and medium-term strategic priorities to be pursued in respect of each of its strategic pillars. These strategic priorities will be our focus over Horizon 2.

FY25

HORIZON 2

Drive national business and accelerate organic growth



Market-leading customer experience

- Implement a transformed Customer Service Experience
- Control tower roll-out for Warehousing & Distribution



Extend integrated service offering

- Grow share of customer wallet
- Targeted account management
- National distribution offering



FY27

HORIZON 3

Ongoing acceleration
of growth



Grow value-add services and sectors

- Further investment and expansion of bulk and fulfilment offerings



Expand site network capability and footprint

- Drive efficiencies through consolidation of sites in specific areas and identifying new logistics hubs in the medium to long term



Drive operational efficiency

- Implement and deploy IT systems i.e. ERP
- Design and automation of core processes

ESG Summary

The Silk ESG (Environmental, Social, Governance) framework has been developed with guidance from Silk's Sustainability Committee. We remain committed to sustainability and responsible business practices, and we are pleased to share our FY24 progress and achievements in each ESG pillar.

As a leading logistics provider across Australia, we recognise the role we play in being a responsible part of global supply chains. Silk's long-term success will be driven by our ability to adapt to an ever-evolving world while ensuring we deliver on our commitments to our customers, employees, community and shareholders.

We are committed to making positive contributions towards a more sustainable future and are pleased with the advancements made throughout FY24 towards our ESG initiatives.

As we progress our ESG road map, we aim to implement innovative practices and technologies to reduce our energy consumption, waste generation, and carbon emissions.

A core focus of Silk's environmental initiatives throughout FY24 has centred around Transport Fuels, as it is our largest emission and has an extended lead time.

OUR NEW GREEN WAREHOUSE IN KENWICK

Kenwick 2, our new flagship 32,000 pallet Warehouse/Port Logistics site in Perth, achieved a 6-star Green Star rating in August 2024, showcasing a range of sustainability initiatives including a 200kW onsite solar PV system, efficient building systems, water conservation measures, and EV charging stations.

The Kenwick site will join a small group of only ~15 organisations within Australia who have achieved this certificate.

The site includes:

- A 200kW onsite solar photovoltaic solar system with a 100% GreenPower® contract for energy that is pulled from the grid.
- A high-performance building façade with efficient heating, cooling, and ventilation. The ventilation is controlled using carbon dioxide sensors, and high-efficiency LED lighting is used throughout the building incorporating timers, photo-sensors, and motion sensors.
- Low water use fixtures and waterless urinals, with rainwater collected from the office roof and reused for irrigation.
- An Energy Management System (EMS) has been installed, and EV charging stations are available.
- Responsibly sourced materials selected for the building include products contain sustainable content, and that are low-VOC (Volatile Organic Compounds).
- As part of our sustainability strategy, the building has also made additional commitments including Green Cleaning, Grounds keeping, and Purchasing and Procurement in line with Green Star Performance requirements.
- An adjoining 5,000m² container yard, situated next to rail and connected to the Fremantle Port thereby improving future carbon emission through the reduction of heavy vehicle movements via road.
- The warehouse will run a fleet of new Adaptalift Lithium-Ion battery forklifts, that will be opportunity-charged throughout the day using the energy generated from the building's solar system.

We are proud of this major step forward in sustainability consistent with our ongoing commitment to environmental, social, and governance (ESG) initiatives and excited to be recognised for our efforts. We believe that this facility and its green credentials sets us apart in our industry and makes us a strong candidate for a Mercury Sustainability award.

“We are committed to making positive contributions towards a more sustainable future and are pleased with the advancements made throughout FY24 towards our ESG initiatives.”

Employee engagement is critical for Silk to ensure alignment with our long-term sustainability goals.

As part of our overall ESG framework we have established a dedicated working group focused on reducing environmental emissions and promoting awareness of our ESG program across all business segments. This group incorporates staff members from varying operations and experience to ensure we establish engagement and willingness to actively support and generate positive contributions across all sites.

Other activities included:



Progressed engagement with alternative fuel providers to explore hydrogen and electric trials for transport fuels



Undertaken modelling of total cost of ownership of alternate fuels



Invested in additional trailers to improve travel efficiency and reduce emissions, including the investment in further high productivity trailers;



Rolled out lithium battery fleet & Material Handling Equipment (MHE) in our warehouses across (insert state locations)



Successfully installed 400 megawatts solar panels at four sites across NSW and QLD.

Over the next five years, we are building upon our ESG roadmap, with defined targets aimed at further reducing our environmental impact and enhancing governance practices. We continue to enhance our operating model to be more dynamic and agile.



FY24 Key Statistics

Silk's agile operating model continues to generate value in both operating segments (Port and Contract Logistics).

YoY billed containers

↑ 14.9%

YoY billed consignments

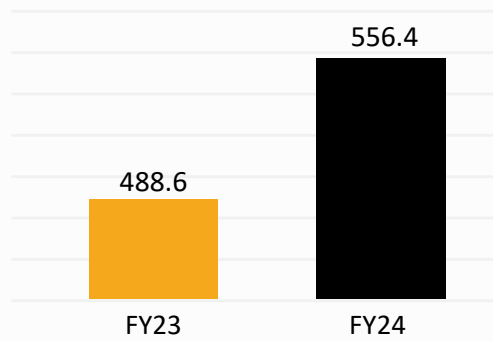
↓ 17.9%

Average leased warehouse occupancy for FY24

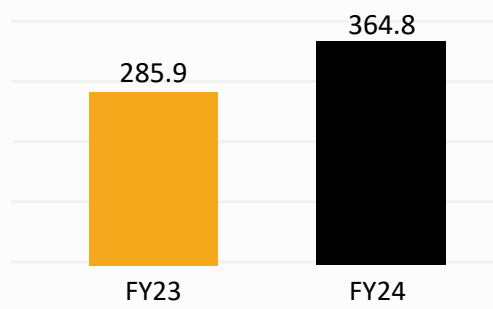
↓ 13.9pp

Averaged leased warehouse occupancy reduced to 75.1% in FY24, from 89% in FY23

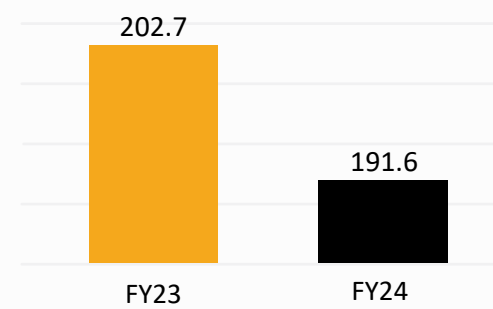
GROUP REVENUE (\$M)



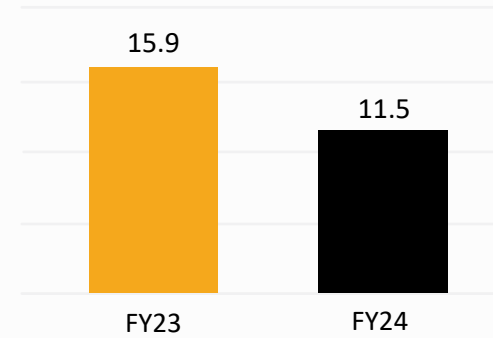
PORT LOGISTICS SEGMENT REVENUE (\$M)



CONTRACT LOGISTICS SEGMENT REVENUE (\$M)



GROUP UNDERLYING NPAT (\$M)



Corporate directory

DIRECTORS

Mr Terry Sinclair

Mr John Sood

Mr Brendan Boyd

Mr Stephen Moulton

Ms Louise Thurgood

Ms Cheryl Hayman

COMPANY SECRETARY

Ms Melanie Leydin

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 3, 850 Lorimer Street, Port Melbourne VIC 3207

SHARE REGISTER

Boardroom Pty limited Level 7,
411 Collins Street, Melbourne VIC 3000

boardroomlimited.com.au

AUDITOR

Deloitte Touche Tohmatsu

477 Collins Street, Melbourne VIC 3000

STOCK EXCHANGE LISTING

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

WEBSITE

www.silklogistics.com.au

Directors' report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the Group') consisting of Silk Logistics Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the 53 week period (the period) ended 30 June 2024 (with comparatives for the 52-week period ended 25 June 2023).

DIRECTORS

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

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

PRINCIPAL ACTIVITIES

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

The consolidated entity has operations in Victoria, New South Wales, Queensland, Western Australia and South Australia and offered these principal activities across each region. There have been no changes to the principal activities in the current period.

Other matters or circumstances arising since 30 June 2024 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial periods are set out within this directors' report in the matters subsequent to the end of the financial period section.

DIVIDENDS

On 26 August 2024 the directors declared a fully franked final dividend for the 53-week period ended 30 June 2024 of 1.42 cents per ordinary share with a record date of 2 September 2024 to be paid on 8 October 2024.

On 26 February 2024, the Board of Directors declared a fully franked interim dividend of 2.82 cents per ordinary share. The total dividend cash payment of \$2.29 million was paid on 10 April 2024.

On 22 August 2023, the Board of Directors declared a fully franked final dividend for the year ended 25 June 2023 of 3.10 cents per ordinary share. The total dividend cash payment of \$2.45 million was paid on 2 October 2023.

Review of Operations

The Silk Group achieved strong FY24 results, despite ongoing challenging market conditions. The Group made significant strides in advancing our national port-to-door service and successfully leveraging cross-selling opportunities within the core service lines of Port Logistics and Contract Logistics.

The Company recorded full year 2024 revenue of \$556.4m up 13.9% on pcp (FY23: \$488.6m). with the latter part of FY24 recording improved conditions, notwithstanding challenging external factors.

Revenue growth has been driven by annualised sales wins totalling \$55.7m across our three service lines. Our ability to grow against a difficult backdrop highlights our experience and proficiency in delivering on customer requirements. 94.75% of our customers are repeat and, during this reporting period, Silk had continued support from our global, blue-chip customer base through the recontracting of long-term customers.

Silk's robust sales pipeline continues to present strong development opportunities. Silk's ability to retain and secure new customers is supported by our national network of operations, which more recently has been reinforced through the acquisition of Secon Freight Logistics Pty Ltd ('Secon').

Silk has a successful history of strategically acquiring businesses that strengthen core competencies. Over the last decade, Silk has acquired 6 businesses and profitably integrated them into our network to broaden Silk's national presence and capabilities. On 1 September 2023, the Company added another acquisition, by executing on Secon Freight Logistics Pty Ltd ('Secon'). The addition of Secon broadened out Silk's national Port-to-door capabilities with the complimentary addition of a bulk container logistics offering.

SECON

Secon has been operating as a freight industry leader for 55 years, having been established in 1969. At the time of acquisition Secon operated across two strategically located sites in Melbourne, providing specialised port and bulk container logistics warehousing and distribution services. Secon has exceeded initial expectations during its first 10-months, leveraging Silk's national footprint to extend its capabilities along the east and west coast of Australia, with operations now established in Sydney, Brisbane and Perth. More importantly, annual revenues for Secon were estimated to be around \$65.0 million for the full 12 months of FY24 at the time of acquisition, and for the full 12 months ended 30 June 2024 actual Secon revenues were \$71.1 million. For the 10 months of FY24 since acquisition, Secon contributed \$59.5 million in revenue to the total Silk Group. The success of this acquisition is strongly supported by recent customer wins in bulk container logistics, demonstrating the strategic value of integrating Secon into and alongside our national operations. Additionally, investment was made in automated de-bagging machines and further orders have been made for specialised trailers for multiple sites. Investment and integration of Secon is still in its early stages, as this progresses with the addition of automated equipment and realised efficiencies, there is the ability to unlock further demand from new customers as well as Silk's existing blue-chip customer base.

The industry and demand-side headwinds we observed throughout FY23 continued throughout FY24 and to some extent lasted longer than initially expected. Silk's strong value proposition, with a focus on a time-certain, customer centric approach, has allowed us to outshine competitors and continue our track record of growing revenue over previous corresponding periods throughout its listed life.

FY24 underlying net profit after tax of \$11.5m (FY 2023: \$15.9). Statutory net profit after tax was \$7.4m (FY 2023: \$16.4m).

The reconciliation of current period statutory and underlying profit is provided below. Significant items excluded from underlying earnings are related to acquisition costs, depreciation, amortisation and interest associated with the uplift of fair values of assets and liabilities recognised on acquisition, and costs associated with the discontinued Kemps Creek site, as well as corporate restructure costs.



(\$'000)	EBITDA	D&A	EBIT	Finance Costs	PBT	Tax	NPAT
Statutory earnings	92,687	62,235	30,452	20,071	10,403	2,988	7,415
Add back/ (deduct)							
M&A¹	773	-	773	-	773	29	744
Discontinued site costs²	1,039	-	1,039	-	1,039	56	983
Restructure costs³	937	-	937	-	937	281	656
Depreciation, amortisation & interest on fair value of acquired assets and liabilities⁴	-	(1,585)	1,585	(832)	2,417	725	1,692
Underlying earnings	95,436	60,650	34,786	19,239	15,569	4,079	11,490

* Totals and sub totals may not add due to rounding to \$'000

1. Costs associated with the acquisition of Secon Freight Logistics which was completed 1 September 2023
2. Costs associated with the discontinued Kemps Creek, NSW site as announced on 14 November 2023
3. Costs associated with corporate restructure activities
4. Depreciation and amortisation on the fair value uplifts recognised from the purchase price accounting on acquisition of Secon Freight Logistics so as to reflect the underlying contribution of the business before any fair value uplifts. Interest expense relates to the unwind of the present value of the contingent consideration payable on acquisition of Secon Freight Logistics

The current period was characterised by the industry-wide inventory correction as customers transitioned back to 'just-in-time' stock holding levels, away from the COVID-19 impacted 'just-in-case' levels. This transition commenced in the second half of the previous financial year (FY23) and continued through this current period.

The industry trends evident in this current period are consistent with the Group's FY23 full year outlook statement which pointed to subdued import volumes and an easing of the warehouse occupancy level. The impact has been mitigated by strong export volumes, a continued focus on delivering new sales wins, the cross-selling of our integrated service lines, and driving operational efficiencies to reduce our cost to serve.

The current period also saw the national prolonged industrial action on the ports, particularly in DP World operations, impacting the flow of containers into and out of the country and the movement of containers to and from the ports.

The Group's business model remains resilient despite these industry challenges and the variable cost model has responded positively to adjust the variable cost base, in line with volumes, to protect profit margins. A diversified revenue model from both a customer base and resilient industry segment perspective underpinned our revenue risk management program. Our ability to leverage a variable cost model with the flexibility to add casual equipment, subcontractors and agency labour when needed has allowed us to maintain solid margins in FY24.

Our Port Logistics segment has a healthy mix of import and export container volumes, and strong export volumes through our agriculture customers cushioned the impact of lower import volumes. Port volumes in the first half of FY24 were softer, however we have observed an uptick in 2HFY24, with 331,910 total billed containers for the period, an increase of 14.9% on pcp. Revenue per container was \$1,099 compared to \$990 in FY23, reflecting higher costs across fuel, labour and infrastructure. We continue to recover costs with customers through rise and fall mechanisms.

In our Contract Logistics segment, we have successfully mitigated lower warehouse occupancy levels through labour productivity and operating efficiencies which have significantly improved warehouse handling margins. These measures include re-laying warehouse inventory pick paths, utilizing dashboards for optimal labour planning, ensuring a balanced mix of permanent and casual labour, and releasing under-utilized material handling equipment.

A notable development in the second half of the year is the new site in Kenwick, Western Australia, which further strengthens our capabilities and service offerings.

Silk's warehouse occupancy levels for FY24 averaged 75.1% compared to 89.0% in pcp. While occupancy for the year sat at levels lower than our targeted 85.0%, we are satisfied with the direction in which utilisation is heading.

The Group's Distribution service line has continued its turnaround in operating performance through the review of customer rate cards and subcontractor utilisation to improve margins.

Positive signs have been seen across the board, including an uplift in 101 Warehousing which has almost doubled in revenue since its acquisition in February 2022. Further integration of all acquisitions is expected over the coming years as we begin rolling out further enhancements in our end-to-end customer technology.

During the period Silk terminated the agreement for lease at the Kemps Creek site in NSW due to escalating construction costs and the resultant unfavourable impacts to commercial lease terms.

FY24 saw significant senior management changes, starting with the appointment of James Nicholas as Chief Financial Officer in January 2024 to drive the financial strategy and growth objectives of Silk, as well as the resignation of Managing Director and CEO Brendan Boyd in May 2024. While Brendan stood down from executive duties, he remains on the board, as a non independent Non-Executive Director, to impart his extensive industry, market and strategic knowledge. As of May 2024, Silk's Chief Customer Officer and Co-Founder, Mr John Sood, moved into the Managing Director and CEO role. As the Company continues to undertake its growth strategy, Sasha Vasiljkovic was promoted to Chief Customer Officer (CCO). The CCO appointment is significant in building out a strong business development team, a team assigned to drive organic growth, specifically as adverse trading conditions. Dani Aquilina moved into the role of Chief Corporate Service Officer, where she will oversee procurement, property, strategy and human resources. This establishes an internal report for these divisions to enhance Silk's ability to grow over the long-term, creating efficiencies by removing most of the requirement for their outsourcing. Additionally, to drive efficiencies across the national operational network, Steve Fanning was appointed to Head of Operations.

The Group reviews risks on a periodic basis and continues to develop its risk framework and processes to proactively identify, measure, monitor and mitigate risks to an acceptable level. Rising input costs, integration of acquired businesses, cyber security, dependency on international trade and supply chain channels, interest rates, a weakening economic environment and ESG (Sustainability) have been identified as the most significant risks being managed by the Group. Such risks could inhibit the Group's ability to service its customers and adversely impact profit.

Accordingly, management strategies in place include:



RECOVERY OF RISING INPUT COSTS

Rising input costs have the potential to reduce profit margins where those costs cannot be recovered from customers. Significant input costs are property leases, labour, fleet and material handling equipment ('MHE'), stevedore charges and transport costs. Property lease agreements include annual defined cost adjustments and/or periodic market rate reviews, whilst fleet and MHE leases are fixed for the term of each lease (generally 3-7 years). Labour costs are largely subject to minimum award rates, enterprise agreements and, in respect of unregulated labour, market forces. The Group's customer contracts and agreements provide a mechanism for the Group to recover cost increases or pass on decreases, including an overhead component. Cost input reviews are conducted at least annually in multi-year agreements and more regularly if required. The Group's general terms and conditions permit the pass through of input costs (such as stevedore charges and transport costs) in the port logistics and distribution service lines.



INTEGRATION OF ACQUIRED BUSINESSES

Acquired businesses are integrated to align with Group policies and procedures, systems and processes where benefits are identified and validated. Integrations are planned and executed under a managed program of work to ensure minimal disruption to business operations and deliver sustainable benefits. An assessment of integration risks and opportunities is developed through a robust due diligence process and planning prior to the completion. Critical items are included in sale and purchase agreements, as conditions precedent or subsequent, to ensure risks are mitigated to an acceptable level prior to or soon after ownership.



CYBER SECURITY

A cyber security breach has the potential to disrupt the Group's ability to provide efficient service delivery to its customers. The Group mitigates this risk by maintaining and regularly updating its suite of information technology security measures to restrict access to the Group operating systems, including multi-factor authentication, firewalls, phishing identification software, offsite and cloud hosted solutions. The Group conducts regular penetration testing and training to educate its workforce and ensure its security measures remain at the forefront of available market solutions.



INTERNATIONAL TRADE & SUPPLY CHAIN CHANNELS

Variability in import and export containerised freight volumes caused by global shipping disruption and dislocation has the potential to impact the Group's revenue and profit margins. The Group manages this risk by operating an asset-right variable cost model in respect of its workforce (permanent employees and contracted workforce through utilising labour agency and subcontractor fleet operators) and transport fleet assets through a combination of owned assets (highly utilised and specialised equipment), subcontractor owned fleet and casual hire fleet arrangements. The mixture of permanent, agency and subcontractor labour force, allows the Group to access multiple sources of suitably skilled labour resources.



INTEREST RATES

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



WEAKENING ECONOMIC ENVIRONMENT

The Group has identified a cohort of customer and industry segments that have proven to be resilient in softer economic conditions. The Group protects itself from economic downturns by maintaining an active and focused business development team, and operating an efficient business model which can compete strongly for new revenue streams. Core service delivery is also a major protection, and the Group's average contracted customer tenure is 7.5 years, which reflects the business partnering services that the Group provides.



GLOBAL EVENTS & ECONOMIC & MARKET CONDITIONS RISK

The Group's revenue and earnings are influenced by a range of factors including global and domestic economic, political and health (i.e. pandemics) conditions which directly and indirectly affect the demand for Silk's customers' products and therefore Silk's activity levels, as well as the intensity of competition in Silk's core markets. Silk seeks to secure contract term commitments when it undertakes material capital investment for new contracts. These factors assist the Group in mitigating the impact of any material slowdown in economic activity or increased competitive conditions.



ESG (SUSTAINABILITY) RISK

This risk exists if the Group isn't sufficiently proactive in setting strategy, planning for, resourcing and delivering upon existing and emerging ESG reporting standards and investor requirements, or that we fail to meet targeted improvements (particularly environmental challenges, such as decarbonisation), leading to significant reputational damage and potential negative financial outcomes. Silk's long-term success will be driven by the ability to adapt to an ever-evolving world while ensuring we deliver on our commitments to our customers, employees, community and shareholders. The Group has developed an ESG roadmap for the next five years across assets, facilities, service offers and systems. Silk continues to focus on its stated diversity goals. As the business grows, deliverables and progress will remain aligned with the United Nations Sustainability Development Goals ('SDGs').

“The Group's business model has remained resilient despite these industry challenges and the variable cost model has responded positively to adjust the variable cost base, in line with volumes, to protect profit margins.”

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 1 September 2023, the Group acquired 100% of the equity interests of Secon Freight Logistics Pty Ltd and its underlying Group (refer to note 31). There were no other significant changes in the state of affairs of the consolidated entity during the financial period.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

The bilateral financing facility agreement was revised in August 2024 for an additional \$22.0 million capex facility.

On 26 August 2024 the directors declared a fully franked final dividend for the 53-week period ended 30 June 2024 of 1.42 cents per ordinary share with a record date of 2 September 2024 to be paid on 8 October 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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



Information on directors and key management personnel

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

Name:	Mr Terry Sinclair
Title	Chairman, Non-Executive Director
Experience and expertise:	<p>Terry currently serves as Non-Executive Director of Indara Corporation Pty Ltd and was formerly a Non-Executive Director of Cleanaway Limited (ASX:CWY), Faethm.ai Pty Ltd, Ovato Limited (ASX:OVT) and Zoom2U Technologies (ASX:Z2U).</p> <p>Terry has also been a Senior Advisor to AustralianSuper, Managing Director of Service Stream Limited, Executive Chairman of AUX Investments (jointly owned by Qantas and Australia Post), Chairman of Star Track Express, Director of Sai Cheng Logistics (China), and Director of Asia Pacific Alliance (HK).</p> <p>Terry has significant operations and corporate development experience across the Industrial, Resources and Consumer Services sectors including 20 years in senior management roles in BHP (Minerals, Steel and Transport/Logistics) and Australia Post (Head of Logistics and Corporate Development).</p>
Other current directorships:	None
Former directorships (last 3 years):	Non-Executive Director of Cleanaway Limited (ASX: CWY) (until 30 April 2024)
Special responsibilities:	<p>Member of Sustainability Committee (until 31 December 2023)</p> <p>Member of Audit and Risk (until 31 December 2023)</p>
Interests in shares:	90,000 fully paid ordinary shares
Interests in options:	419,193 unlisted options

Name:	Mr Brendan Boyd
Title	Managing Director, Chief Executive Officer (until 22/5/2024) Executive Director (23/5/2024- 30/6/2024) Non-Executive Director (1/7/2024 – present)
Experience and expertise:	Brendan retired from his role of the Company's Managing Director and Chief Executive Officer on 22 May 2024. Brendan now continues his support of the Company through his Non-Executive Director role. Prior to his role with the Company, Brendan was General Manager, Warehousing with Silk Logistics Group. He also worked in the past as General Manager, Distribution Courier and Logistics Services – Australia Post; General Manager, Toll Fast – Toll Group; Chief Executive Officer – AUSDOC/DX Express and Chief Operating Officer – Mayne Nickless.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Investment Committee (until 12 December 2023)
Interests in shares:	10,853,294 fully paid ordinary shares
Interests in options:	1,666,730 unlisted options

Name:	Mr John Sood
Title	Executive Director and Chief Commercial Officer (until 22/5/2024) Managing Director, Chief Executive Office (from 22/5/2024 – Present)
Experience and expertise:	John was appointed as the Company's Managing Director and Chief Executive Officer on 22 May 2024, transitioning from his previous role of Executive Director and Chief Commercial Officer. Prior to his role at the Company, John was General Manager, Business Development with Silk Logistics Group. He also worked in the past as General Manager – Swire Australia, CEO Portside United and General Manager, Marketing and Business Development – Linfox and General Manager, Development – Westgate Logistics.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	11,001,794 fully paid ordinary shares
Interests in options:	939,799 unlisted options

Name:	Mr Stephen Moulton
Title	Non-Executive Director
Experience and expertise:	Currently the Chairman and a Partner at Danaher Moulton, Stephen is a Corporate Advisory and Mergers & Acquisitions law partner with over 30 years' experience. Stephen has previously served as a Director on ASX listed companies and has commercial experience in Logistics, Transport and Financial Services. Stephen also currently serves as a Chairman and Director of the O'Brien Foundation, as well as Director of SugarbyHalf Ltd and Defeat Diabetes Pty Ltd. Prior to his present roles, he was a partner at corporate advisory/M&A firm Gadens, as well as Clayton Utz and PwC (Head of Legal in Victoria); and Chairman of Partners and Managing Partner of Mills Oakley. Stephen also served as Director of the O'Brien Institute, buyMyplace.com.au Ltd (ASX:BMP), GMDX Holdings Ltd and the Carlton Football Club (for 6 years until 2012).
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Sustainability Committee (until 31 December 2023) Member of Sustainability Committee (from 1 January 2024 – present) Member of Audit and Risk Committee Chair of Investment Committee
Interests in shares:	90,000 fully paid ordinary shares
Interests in options:	252,846 unlisted options

Name:	Ms Louise Thurgood
Title	Non-Executive Director (appointed effective 15 November 2021)
Experience and expertise:	Louise is an accomplished executive and business leader, with 25 years' experience in complex, fast-growing global companies in the banking, finance, and infrastructure sectors; as well as extensive experience in risk management. Louise is currently a Deputy Chair Inland Rail, Non-Executive Director of CompanyB Limited (Belvoir) and founder and Director of Orion Mechanical Services along with being and a member of the National Standing Committee on Energy and the Environment for Global Access Partners (NSCEE). Previously, Louise was a member of the Heritage Council of New South Wales. Past Non-Executive Director roles have included Sydney Metro and Moorebank Intermodal Company.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Audit and Risk Committee Member of Sustainability Committee Member of Investment Committee (until 12 December 2023)
Interests in shares:	90,000 fully paid ordinary shares
Interests in options:	194,553 unlisted options

Name:	Ms Cheryl Hayman
Title	Non-Executive Director
Experience and expertise:	Cheryl is an accomplished executive and business leader with a comprehensive background in digital strategy and customer insights. Cheryl has over 20 years' experience as a senior marketing executive in large global product companies across the FMCG, food retail, distribution and manufacturing industries. Cheryl is currently a Non-Executive Director and Chair of the Remuneration and Nomination Committee of Ai-Media Technologies Ltd (ASX:AIM) and a NED of Guide Dogs NSW/ACT. Cheryl is on the Nature Positive CRC Advisory Committee. Previously, Cheryl was a member of the Department of Prime Minister and Cabinet's Digital Experts Advisory Committee, assisting the Federal Government on policy for the development of Australia's digital economy. Cheryl formerly held Non-Executive Director roles at Beston Global Foods (ASX:BFC), Chartered Accountants Australia & New Zealand, Shriro Holdings Ltd (ASX:SHM) and Clover Corporation Ltd (ASX:CLV).
Other current directorships:	Ai-Media Technologies Ltd (ASX:AIM)
Former directorships (last 3 years):	Beston Global Foods Ltd (ASX:BFC) (ceased on 30 May 2024) Shriro Holdings Ltd (ASX:SHM) (ceased on 23 March 2022)
Special responsibilities:	Member of Audit and Risk Committee Member of Investment Committee (from 12 December 2023) Member of Sustainability Committee (until 31 December 2023) Chair of Sustainability Committee (from 1 January 2024 – present)
Interests in shares:	50,000 fully paid ordinary shares
Interests in options:	None

Name:	Mr James Nicholias (appointed on 8 January 2024)
Title	Chief Financial Officer
Experience and expertise:	James is a growth focused and commercial CFO, with over 20 years of financial experience across multiple industries including logistics and supply chain, recycling, banking and infrastructure. Prior to joining Silk, James held multiple roles at Bingo Industries Limited from 2017 to 2022 including Acting CFO, Group Financial Controller and General Manager for Finance Transformation and Investor Relations. His previous experience also includes senior finance roles with Macquarie Group Limited, JP Morgan, Australian Turf Club Limited and Deloitte.
Special responsibilities:	N/A
Interests in shares:	None
Interests in options:	164,609 unlisted options

Name:	Mr Brendon Pentland
Title	Chief Financial Officer (ceased on 15 March 2024)
Experience and expertise:	Brendon has over 25 years' experience in finance, within domestic and international companies, across a wide range of industry segments. Brendon has been responsible for business acquisitions and integration, strategic investments, commercial analysis, due diligence and managed debt and equity restructuring. Brendon joined the Group in March 2020 and was appointed to the role of Chief Financial Officer ('CFO') in July 2020 and resigned on 15 March 2024. He led the Group's finance function and had responsibility for finance, commercial, corporate planning, business analysis, taxation, reporting, corporate services and legal administration.
Special responsibilities:	N/A
Interests in shares:	None
Interests in options:	358,293 unlisted options

Name:	Ms Dani Aquilina
Title	Chief Operating Officer (until 30 June 2024) Chief Corporate Services Officer (from 1 July 2024)
Experience and expertise:	Dani has over 10 years of relevant senior executive experience; prior to Silk she served as Chief Operating Officer ('COO') at The Reject Shop (ASX:TRS). Dani was appointed to the role of COO of Silk in April 2022, and concluded her position as COO on 30 June 2024. Effective 1 July 2024, she has transitioned to the new role of Chief Corporate Services Officer ('CCSO') with the Company. Dani holds a Master of Business (Logistics Management) from RMIT University and has a strong background in relevant strategy, supply chain and distribution leadership roles.
Special responsibilities:	N/A
Interests in shares:	19,925 fully paid ordinary shares
Interests in options:	676,007 unlisted options

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

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

COMPANY SECRETARY

MELANIE LEYDIN, CA
- **BBUS (ACC. CORP LAW) CA FGIA**

Ms Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. Ms Leydin is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. Ms Leydin graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and from February 2000 to October 2021 was the principal of Leydin Freyer which was acquired by Vistra in November 2021. Ms Leydin is now Vistra Australia's Managing Director and Regional Managing Director. Vistra is a prominent provider of governance and compliance solutions and finance and accounting solutions in the Fund, Corporate, Capital Markets, and Private Wealth sectors.

Ms Leydin has over 30 years' experience in the accounting profession and over 20 years' experience holding Board positions including Company Secretary and CFO of ASX listed entities. Ms Leydin has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies, initial public offerings, secondary raisings and shareholder relations.

MEETINGS OF DIRECTORS

Meetings of Directors	Full Board		Sustainability Committee		Audit & Risk Committee		Investment Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Mr Terry Sinclair ¹	19	19	1	3	4	4	-	-
Mr Brendan Boyd ²	13	19	-	-	-	-	1	1
Mr John Sood	19	19	-	-	-	-	-	-
Mr Stephen Moulton	19	19	3	3	8	8	6	6
Ms Louise Thurgood	16	19	3	3	8	8	6	6
Ms Cheryl Hayman ³	19	19	3	3	8	8	5	6
	105	114	10	12	28	28	18	19

1. Mr Sinclair retired from being a member of the Sustainability Committee and Audit and Risk Committee on 31 December 2023

2. Mr Boyd retired from being a member of the Investment Committee on 12 December 2023.

3. Ms Hayman appointed as a member of the Investment Committee on 12 December 2023.

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



Remuneration report (audited)

CONTENT

Executives & Non-Executive Directors covered by this Report

Our Reward Framework & Philosophy

Governance

Executive Remuneration – Performance, Outcomes & Disclosures

Other Disclosures & Shareholdings

EXECUTIVES & NON-EXECUTIVE DIRECTORS COVERED BY THIS REPORT

The remuneration of Key Management Personnel (KMP) for the Group is disclosed in this Report.

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the Group's major activities, whether directly or indirectly. The Board has determined that the Key Management of the Group are the individuals whose details are set out below for the 53-weeks ended 30 June 2024 ("FY24") and are covered by this report.

Name	Position	Term as KMP
Non-Executive Directors		
Terry Sinclair	Chair, Non-Executive Director	Full Period
Stephen Moulton	Non-Executive Director	Full Period
Louise Thurgood	Non-Executive Director	Full Period
Cheryl Hayman	Non-Executive Director	Full Period
Executive Directors		
Brendan Boyd	Executive Director ¹	Full Period
John Sood	Executive Director ²	Full Period
Senior Executive Leaders		
James Nicholias	Chief Financial Officer	From 8 January 2024
Brendon Pentland	Chief Financial Officer ³	Until 15 March 2024
Dani Aquilina	Chief Operating Officer	Full Period

1. Brendan Boyd held the role of Managing Director and Chief Executive Officer for the period between 26 June 2023 – 22 May 2024, and remained as an Executive Director for the period between 22 May 2024 – 30 June 2024, Mr Boyd's started his position as a Non-Executive Director on 1 July 2024.
2. John Sood held the role of Executive Director and Chief Customer Office for the period between 26 June 2023 – 22 May 2024, Mr Sood was appointed as the Company's Managing Director and Chief Executive Officer on 22 May 2024.
3. Brendon Pentland resigned as the Chief Financial Officer on 15 March 2024.

OUR REWARDS FRAMEWORK & PHILOSOPHY

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

- Competitive within the industry;
- Motivate management to pursue business objectives and pursue growth and success;
- Encourage a high level of performance; and
- Align the interests of management with the interests of shareholders.

NON-EXECUTIVE DIRECTOR REMUNERATION

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

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

The following table describes the adopted framework for Non-Executive Director Remuneration for FY24 (inclusive of superannuation).

Fee Type	
Chair of Board	\$119,500
Non-Executive Director	\$81,500
Audit & Risk Committee Chair	\$18,300
Audit & Risk Committee Member	\$10,000
Sustainability Committee Chair	\$15,000
Sustainability Committee Member	\$10,000
Investment Committee Chair	\$15,000
Investment Committee Member	\$10,000

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

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

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

EXECUTIVE REMUNERATION

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

The Sustainability Committee engaged independent remuneration benchmarking firms to provide benchmark data for Executive Remuneration during FY24. These benchmarks are referenced when reviewing and setting fees for the Company's executives.

Short-Term Incentive (STI)

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

The STI targets we have set are a mixture of financial and non-financial. They are challenging, clear and within the control of individuals to achieve through their own actions or through the actions of the people they lead. Pay in the variable context is directly linked to performance.

Component	Description
Fixed Remuneration	Annual remuneration paid regularly in the form of base pay (cash), superannuation and where relevant other applicable allowances. This component is not at risk and is independently benchmarked against comparable roles. Typically, median pay is our target.

Short-Term Incentive	<p>Annual, variable at risk opportunity, linked to the achievement of specific objectives in a given performance period. It is designed to encourage achievement and outperformance against annual targets that contribute to enterprise value.</p> <p>The Board sets the short-term incentive opportunity for Participants at the start of the performance period, with the determination of the amount of cash, and/or the offer of shares to Participants, to occur at the end of the relevant performance period based on targets set by the Board.</p> <p>For the FY24 Performance period the short-term incentive will be paid 100% in cash. Targets are communicated at the start of the performance period as part of a balanced scorecard encompassing both financial and non-financial components. Each component is assessed individually to determine the incentive amount payable, provided particular financial and non-financial hurdles are achieved.</p> <p>The FY24 Short-Term Incentive Plan (STIP) for the CEO and Executives has four components of assessment including metrics under the areas of Safety, ESG, Financial and Individual. The bonus is calculated on a percentage of fixed remuneration.</p>
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Component	Description
Long-Term Incentive	<p>Grant of options to Executives that encourages alignment with shareholder interests.</p> <p>The number of options granted for the FY24 LTI Program represents 150% of the Participants entitlement with actual number of options vesting dependent upon the satisfaction of Vesting Conditions. The vesting conditions are based on targets associated as follows:</p> <p>Service Based</p> <p>The Participant remains employed or engaged by a Group Company for 3 years from the date of grant.</p> <p>Performance</p> <p>The Participant receiving a rating of 3 or greater under the Company's Approved FY24 Performance Framework Plan.</p> <p>EPS</p> <p>Earnings per Share (EPS) growth (based on 3 years compounding annual growth rate (CAGR) achieved at the end of Year 3 (refer to table below)). The period over which the Company's EPS CAGR will be tested will be from the period between 26 June 2023 to 28 June 2026.</p> <p>The EPS CAGR will be determined by the Board and will be the annualised CAGR of the Company's EPS (expressed as a percentage), which is measured by reference to the Group's underlying net profit for the EPS Performance Period (statutory net profit adjusted for the after-tax effect of any significant items and unusual one-off costs, benefits or adjustments), divided by the weighted average number of Shares on issue across the relevant EPS Performance Period. The Board may (in its discretion) from time to time adjust the EPS CAGR to exclude the effects of extraordinary events, material business acquisitions or divestments and for certain one-off costs.</p> <p>The starting EPS for the EPS CAGR calculation will be the EPS calculated in accordance with the above principles for the 52 weeks ended 26 June 2023, having regard to the audited consolidated accounts for that financial period. The ending EPS for the EPS CAGR calculation will be the EPS calculated in accordance with the above principles having regard to the audited annual consolidated accounts for FY26.</p> <p>If each of the Vesting Conditions are met, the number of Ordinary Options to vest will be determined by multiplying the total number of Ordinary Options by the "vesting multiplier" set out in the following vesting schedule:</p>

EPS CAGR for the relevant performance period	Performance against 'target'	Vesting multiplier
Less than 10%	Under performance (0%)	0
Equal to 10%	Minimum performance (0%)	0.3333
Greater than 10% and less than 15%		Pro rata vesting multiplier on a straight-line basis between 0.3333 and 0.6667
Equal to or greater than 15% and less than 17.5%	Target performance (100%)	Pro rata vesting multiplier on a straight-line basis between 0.6667 and 1.00
Equal to or greater than 17.5%	Exceptional performance (150%)	1

GOVERNANCE

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

BOARD

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

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

THE SUSTAINABILITY COMMITTEE

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

EXECUTIVE LEADERSHIP

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

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

DETERMINING EXECUTIVE REWARDS PLANS

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

EXECUTIVE REMUNERATION – PERFORMANCE, OUTCOMES & DISCLOSURES

FY2024 GROUP PERFORMANCE HIGHLIGHTS

THE EARNINGS OF THE CONSOLIDATED ENTITY FOR THE LAST FIVE FULL FINANCIAL PERIODS ARE SUMMARISED BELOW:

Group	53 weeks ended 30 June 2024 \$ millions	52 weeks ended 25 June 2023 \$ millions	52 weeks ended 26 June 2022 \$ millions	52 weeks ended 27 June 2021 \$ millions	52 weeks ended 27 June 2020 \$ millions
Revenue and other income	556.4	488.64	394.7	323.3	251.5
Statutory EBITDA ¹	92.7	86.5	68.7	57.7	43.1
Statutory NPAT	7.4	16.9	13.4	8.4	(4.3)
Share Price at Start of financial year (whole \$)	2.08	2.00	N/A	N/A	N/A
Share Price at End of financial year (whole \$)	1.36	2.08	2.00	N/A	N/A
EPS ² (cents)	9.14	20.71	12.38	N/A	N/A

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

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

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

CEO SCORECARD AND PERFORMANCE

As a result of Mr Boyd's resignation (effective 22 May 2024), CEO Scorecard and Performance results have not been disclosed. No STI was payable to Mr Boyd for the 2024 financial year. CEO Scorecard and Performance for Mr Sood will apply from 1 July 2024 for the 2025 financial year.

DETAILS OF REMUNERATION EXPENSES

Name	Year	Short-term benefits		Post employment benefits	Other Long- term benefits		Share Based Payments		Total
		Cash salary and Fees [^]	STI	Discretionary bonus	Superannuation	Annual leave	Long service leave	LTIP ^{^^}	
		\$		\$	\$	\$	\$	\$	\$
Terry Sinclair	2024	129,500	-	-	-	-	-	54,035	183,535
	2023	129,700	-	-	-	-	-	53,015	182,715
Stephen Moulton	2024	114,096	-	-	-	-	-	-	114,096
	2023	107,500	-	-	-	-	-	-	107,500
Louise Thurgood	2024	105,923	-	-	11,377	-	-	32,084	149,384
	2023	95,023	-	-	9,977	-	-	31,479	136,479
Brendan Boyd	2024	882,502	-	-	56,680	(22,453)	(91,327)	(252,761)	572,641
	2023	490,155	-	-	27,500	(31,013)	10,601	209,004	706,247
John Sood	2024	456,729	-	25,000	27,500	27,598	99,744	(136,207)	500,364
	2023	438,176	-	-	27,500	8,695	8,770	109,943	593,084
Cheryl Hayman	2024	96,035	-	-	10,465	-	-	-	106,500
	2023	11,312	-	-	1,188	-	-	-	12,500
James Nicholias ¹	2024	179,502	-	25,000	13,252	16,752	25	66	234,597
	2023	-	-	-	-	-	-	-	-
Brendon Pentland ²	2024	520,813	-	-	19,534	(15,536)	(4,269)	(144,368)	376,174
	2023	356,875	-	-	27,500	(19,363)	2,806	97,710	465,528
Dani Aquilina	2024	406,177	-	25,000	27,500	(11,132)	1,202	(42,912)	405,835
	2023	397,500	-	-	27,500	17,419	393	61,525	504,337
Total	2024	2,891,277	-	75,000	166,308	(4,771)	5,375	(490,063)	2,643,126
Total	2023	2,026,241	-	-	121,165	(24,262)	22,570	562,676	2,708,390

1. James Nicholias was appointed on 8 January 2024.

2. Brendon Pentland resigned on 15 March 2024

[^]- Termination payments paid and/or accrued, have been included in cash salary & fees column.

^{^^}- LTIP (reversal)/benefit recorded is consistent with the accounting (benefit)/expense recorded.

EXECUTIVE REMUNERATION MIX

		Fixed	Variable
Name	Year	%	%
Brendan Boyd	2024	144	(44)
	2023	70	30
John Sood	2024	122	(22)
	2023	81	19
James Nicholias	2024	89	11
	2023	N/A	N/A
Brendon Pentland	2024	138	(38)
	2023	79	21
Dani Aquilina	2024	104	(4)
	2023	88	12

1. FY24 variable component has been influenced by the reversal of certain LTIP tranches which have been reversed for accounting purposes

SERVICE AGREEMENTS

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

* Brendan Boyd resigned as Managing Director and CEO on 22 May 2024.

** Brendon Pentland resigned as Chief Financial Officer on 15 March 2024.

OTHER DISCLOSURES & SHAREHOLDINGS

SHARE-BASED COMPENSATION

Issue of Shares

There were no shares issued to directors and other key management personnel as part of compensation during FY24.

Options and Rights

The Company granted 2,026,346 options over ordinary shares during the period ended 30 June 2024 to directors and other key management personnel as part of annual compensation under the LTI reward scheme.

KMP SHAREHOLDINGS

SHAREHOLDINGS AT YEAR END

The number of ordinary shares in the Company held during the financial period ended 30 June 2024 by each Key Management personnel are set out below:

Name	Balance at the start of the period	Received during the period on exercise of options	Purchases or other additions	Disposal	Balance at the end of the period
Non-Executive Directors					
Terry Sinclair ¹	90,000	-	-	-	90,000
Stephen Moulton	90,000	-	-	-	90,000
Louise Thurgood	90,000	-	-	-	90,000
Cheryl Hayman	-	-	50,000	-	50,000
Executives					
Brendan Boyd	10,751,794	-	101,500	-	10,853,294
John Sood	10,801,794	-	200,000	-	11,001,794
Brendon Pentland ²	125,000	-	-	(125,000)	-
James Nicholias	-	-	-	-	-
Dani Aquilina	9,925	-	10,000	-	19,925

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

2. Brendon Pentland resigned on 15 March 2024.

RIGHTS AND OPTION HOLDINGS AT YEAR END

The number of Options held by Directors and Key Management personnel held by each Director and key management personnel as at the year ended 30 June 2024 is as follows.

Name	Balance at the start of the period	Granted during the period	Exercise of Options	Net Change Other	Balance at the end of the period	Vested	Unvested
Non-Executive Directors							
Terry Sinclair	419,193	-	-	-	419,193	419,193	-
Stephen Moulton	252,846	-	-	-	252,846	252,846	-
Louise Thurgood	194,553	-	-	-	194,553	-	194,553
Cheryl Hayman	-	-	-	-	-	-	-
Executives							
Brendan Boyd	776,268	890,462	-	-	1,666,730	-	1,666,730
John Sood	405,767	534,032	-	-	939,799	-	939,799
James Nicholias	-	164,609	-	-	164,609	-	164,609
Brendon Pentland	358,293	-	-	-	358,293	-	358,293
Dani Aquilina	238,764	437,243	-	-	676,007	-	676,007

EQUITY HOLDINGS AS AT THE DATE OF THIS REPORT

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

Name	Ordinary shares	Options over Ordinary Shares
Non-Executive Directors		
Terry Sinclair	90,000	419,193
Stephen Moulton	90,000	252,846
Louise Thurgood	90,000	194,553
Brendan Boyd	10,853,294	1,666,730
John Sood	11,001,794	939,799
Cheryl Hayman	50,000	-

THIS IS THE END OF THE REMUNERATION REPORT (AUDITED)

SHARES UNDER OPTION

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

Grant Date	Expiry date	Exercise Price	Number under option
9 July 2021	Various date	\$1.600	1,514,861
15 November 2021	15 November 2025	\$2.1200	194,553
19 December 2022	29 June 2027	\$2.1028	1,556,348
21 December 2023	25 June 2028	\$2.0108	2,801,107
25 June 2024	25 June 2028	\$2.0108	164,609
			6,231,478

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

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of Silk Logistics Holdings Limited issued on the exercise of options during the period ended 30 June 2024 and up to the date of this report.

ENVIRONMENTAL REGULATIONS

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

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

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

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-assurance services have been approved by the Audit & Risk Committee as required by APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional & Ethical Standards Board (APES 110).
- All the services comply with the general principles relating to auditor independence as set out in APES 110, including not assuming management responsibilities or reviewing or auditing the auditor's own work and ensuring threats to independence are either eliminated or reduced to an acceptable level.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF DELOITTE TOUCHE TOHMATSU

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

ROUNDING OF AMOUNTS

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2) of the Corporations Act 2001

On behalf of the directors



Terry Sinclair
Chair

Silk Logistics Holdings Limited

26 August 2024

Auditor's Independence Declaration



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26 August 2024

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

Dear Directors

Auditor's Independence Declaration to Silk Logistics Holdings Limited

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

As lead audit partner for the audit of the financial statements of Silk Logistics Holdings Limited for the 53 week financial period ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to be "Joshua Tanchel".

Joshua Tanchel
Partner
Chartered Accountants

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Member of Deloitte Asia Pacific Limited and the Deloitte Network.

Consolidated statement of profit or loss and other comprehensive income

ENDED 30 JUNE 2024

		Consolidated	
	Note	53 weeks ended 30 June 2024	52 weeks ended 25 June 2023
		\$'000	\$'000
Revenue	5	556,400	488,576
Other income	6	1,765	1,383
Expenses			
Other transport & warehousing expenses		(112,888)	(84,607)
Fleet and material handling equipment expenses		(43,042)	(34,686)
Employee benefits expense	7	(118,814)	(98,299)
Depreciation and amortisation expense	7	(62,235)	(50,485)
Finance costs	7	(20,071)	(12,377)
Subcontractors and labour agency expenses		(154,535)	(152,856)
Occupancy expense		(16,408)	(15,107)
Administration expense		(19,769)	(20,132)
Change in measurement of deferred consideration		-	2,220
Profit before income tax expense		10,403	23,630
Income tax expense	8	(2,988)	(7,228)
Profit after income tax expense for the period attributable to the owners of Silk Logistics Holdings Limited		7,415	16,402
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period attributable to the owners of Silk Logistics Holdings Limited		7,415	16,402
		Cents	Cents
Basic earnings per share	35	9.15	20.79
Diluted earnings per share	35	9.14	20.71

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

Consolidated statement of financial position

AS AT 30 JUNE 2024

		Consolidated	
	Note	30 June 2024	25 June 2023
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	9	27,164	30,479
Trade and other receivables	10	70,242	63,058
Current tax assets	12	2,350	1,003
Other current assets	11	6,225	7,302
Total current assets		105,981	101,842
Non-current assets			
Property, plant and equipment	13	41,481	22,237
Right-of-use assets	14	301,465	163,036
Intangible assets	15	95,677	62,140
Deferred tax assets	16	9,266	13,113
Total non-current assets		447,889	260,526
Total Assets		553,870	362,368
Liabilities			
Current liabilities			
Trade and other payables	17	47,336	39,775
Borrowings	18	12,352	13,872
Lease liabilities	19	49,269	48,177
Provisions	20	16,381	14,453
Other financial liabilities	21	6,328	5,580
Total current liabilities		131,666	121,857
Non-current liabilities			
Borrowings	18	38,450	17,094
Lease liabilities	19	282,087	142,345
Provisions	20	9,983	5,665
Other financial liabilities	21	9,293	-
Total non-current liabilities		339,813	165,104
Total liabilities		471,479	286,961
Net assets		82,391	75,407
Equity			
Issued capital	22	79,453	74,370
Reserves		(23,718)	(22,948)
Retained profits		26,656	23,985
Total equity		82,391	75,407

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

Consolidated statement of changes in equity

FOR THE PERIOD ENDED 30 JUNE 2024

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 27 June 2022	73,762	(23,577)	16,702	66,887
Profit after income tax expense for the period	-	-	16,402	16,402
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	16,402	16,402

Transactions with owners in their capacity as owners:

Contributions of equity, net of transaction costs	428	-	-	428
Share-based payments	-	809	-	809
Issue of shares as a result of exercise of options	180	(180)	-	-
Dividends paid	-	-	(9,119)	(9,119)
Balance at 25 June 2023	74,370	(22,948)	23,985	75,407

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 26 June 2023	74,370	(22,948)	23,985	75,407
Profit after income tax expense for the period	-	-	7,415	7,415
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	7,415	7,415

Transactions with owners in their capacity as owners:

Share issued as consideration for Secon Freight Logistics Pty Ltd (note 22)	5,000	-	-	5,000
Dividends paid (note 24)	-	-	(4,744)	(4,744)
Share-based payments (note 22, 23)	83	(770)	-	(687)
Balance at 30 June 2024	79,453	(23,718)	26,656	82,391

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

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

Consolidated statement of cash flows

FOR THE PERIOD ENDED 30 JUNE 2024

		Consolidated	
	Note	53 weeks ended 30 June 2024 \$'000	52 weeks ended 25 June 2023 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		615,102	542,550
Payments to suppliers and employees (inclusive of GST)		(511,157)	(456,243)
		103,945	86,307
Interest received		22	93
Interest and other finance costs paid		(19,295)	(12,377)
Income tax paid		(5,655)	(13,538)
Net cash from operating activities	33	79,017	60,485
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	31	(29,301)	(17,300)
Payments for property, plant and equipment and intangibles		(13,442)	(8,847)
Deferred consideration paid		(6,500)	(4,200)
Proceeds from disposal of property, plant and equipment		1,449	1,745
Net cash used in investing activities		(47,794)	(28,602)
Cash flows from financing activities			
Dividends paid	24	(4,744)	(9,119)
Proceeds from borrowings		37,583	22,915
Repayment of borrowings		(17,747)	(3,856)
Repayment of lease liabilities		(49,630)	(43,308)
Net cash used in financing activities		(34,538)	(33,368)
Net decrease in cash and cash equivalents		(3,315)	(1,485)
Cash and cash equivalents at the beginning of the financial period		30,479	31,964
Cash and cash equivalents at the end of the financial period	9	27,164	30,479

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

Notes to the consolidated financial statements

30 JUNE 2024

Note 1. General information

The financial statements cover Silk Logistics Holdings Limited as a consolidated entity consisting of Silk Logistics Holdings Limited (“the company” or “parent entity”) and the entities it controlled (collectively “consolidated entity” or “the Group”) at the end of, or during, the 53 weeks ended 30 June 2024 (with comparatives for the 52-week period ended 25 June 2023). The financial statements are presented in Australian dollars, which is Silk Logistics Holdings Limited’s functional and presentation currency.

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

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 3, 850 Lorimer Street, Port Melbourne VIC 3207.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 August 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

STATEMENT OF COMPLIANCE

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

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period that are relevant to its operations and effective for the current reporting period. New and revised accounting standards and amendments thereof, and interpretations effective for the current year have not had a material impact to the financial statements.

At the date of authorisation of these financial statements, the group has early adopted and applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- The impact of the application of the new and revised IFRS Accounting Standards below is for illustrative purposes only. Entities should analyse the impact of these new or revised IFRS Accounting Standards on their financial statements based on their specific facts and circumstances and make appropriate disclosures. Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Non-current Liabilities with Covenants

The early adoption of the new and revised IFRS accounting standards above for the current year have not had a material impact to the financial statements. The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the group in future periods.

MATERIAL ACCOUNTING POLICY INFORMATION

The Australian Accounting Standards Board has released guidance on what is considered to be material accounting policy information. Such material accounting policy information relates to the following:

- A material change in accounting policy;
- A choice of accounting policy permitted by Australian Accounting Standards;
- An accounting policy developed in the absence of an accounting standard that specifically applies; or
- Transactions, other events or conditions which are complex and the accounting policy information is required in order for the users of financial statements to understand them.

Consequently, the quantum of accounting policy information disclosed in these financial statements has been reduced from the previous financial reporting year.

GOING CONCERN

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

Note 2. Material accounting policy information (continued)

As at reporting date, the consolidated entity has reported a deficit of current assets compared to current liabilities of \$25,685,000 (25 June 2023: \$20,015,000). This position exists due to the extent of leasing arrangements which have been accounted for at reporting date, which require leasing obligations due in the coming 12 months to be reported as current liabilities, whereas the corresponding right-of-use assets have been classified as a non-current asset. The economic benefits and cash flows relating to these lease obligations will be earned and derived over the coming 12 months and will be recorded at that time. The cashflows relating to these leasing arrangements have been included in the Board approved cashflow forecast for FY25.

The Group is required under its external debt facilities to achieve a number of financial performance covenants. The Group is forecast to remain covenant compliant based on the Board approved cashflow forecast. The continued covenant compliance is dependent on the Group continuing to trade in line with its forecast. The directors remain focused on the Group's liquidity and expect to manage business operations in the forecast period whilst maintaining adequate liquidity through continuing to carefully manage cash used in operations.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Silk Logistics Holdings Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the period then ended. Silk Logistics Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or 'the Group'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

OPERATING SEGMENTS

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

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

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

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

Information regarding these segments is set out in note 4.

REVENUE RECOGNITION

The consolidated entity recognises revenue as follows:

REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

Note 2. Material accounting policy information (continued)

OTHER INCOME

INTEREST

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

OTHER REVENUE

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

INCOME TAX

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

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

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

CURRENT TAX

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date and measured at the best estimate of the amount expected to become payable or recoverable. The assessment is based on the judgement of tax professionals within the Group and in certain cases based on specialist independent tax advice.

DEFERRED TAX

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

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

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

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

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

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

Note 2. Material accounting policy information (continued)

CURRENT AND DEFERRED TAX FOR THE PERIOD

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

PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-15 years
Fixtures and fittings	3-5 years

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

RIGHT-OF-USE ASSETS

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

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

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

LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used, residual guarantee, the lease term, and certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

LEASE MODIFICATION

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Note 2. Material accounting policy information (continued)

IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets, excluding goodwill, are reviewed for impairment indicators whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

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

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

GOODWILL

Goodwill is initially recognised and measured as set out above.

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

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

BORROWING COSTS

Costs in relation to borrowings are capitalised as an asset and amortised on a straight-line basis over the period of the finance arrangement.

NOTE 3. Critical accounting judgements, estimates and assumptions

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

LEASE TERM AND INCREMENTAL BORROWING RATE

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

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

ASSET CARRYING VALUES

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

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

VALUATION OF DEFERRED CONTINGENT CONSIDERATION

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

BUSINESS COMBINATIONS

As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Operating segments

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

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

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

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

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

INTERSEGMENT TRANSACTIONS

No intersegment transactions are included in segment results presented below.

INTERSEGMENT RECEIVABLES, PAYABLES AND LOANS

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

MAJOR CUSTOMERS

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

OPERATING SEGMENT INFORMATION

Consolidated - 53 weeks ended 30 June 2024	Port Logistics \$'000	Contract Logistics \$'000	Corporate \$'000	Total \$'000
Sales to external customers	364,804	191,596	-	556,400
Other income	1,270	473	-	1,743
Segment operating expenses	(314,623)	(148,083)	(2,750)	(465,456)
EBITDA	51,451	43,986	(2,750)	92,687
Depreciation & amortisation	(24,862)	(37,206)	(167)	(62,235)
EBIT	26,589	6,780	(2,917)	30,452
Net finance cost	(9,343)	(10,699)	(7)	(20,049)
Profit/(loss) before income tax	17,246	(3,919)	(2,924)	10,403
Current assets	90,204	15,777	-	105,981
Non-current assets	232,832	214,974	83	447,889
	323,036	230,751	83	553,870
Current liabilities	74,286	57,280	100	131,666
Non-current liabilities	141,854	197,959	-	339,813
	216,140	255,239	100	471,479

Note 4. Operating segments (continued)

Consolidated - 52 weeks ended 25 June 2023	Port Logistics \$'000	Contract Logistics \$'000	Corporate \$'000	Total \$'000
Sales to external customers	285,892	202,684	-	488,576
Other income	1,005	285	93	1,383
Segment operating expenses	(246,991)	(156,874)	399	(403,466)
EBITDA	39,906	46,095	492	86,493
Depreciation & amortisation	(16,232)	(34,254)	-	(50,486)
EBIT	23,674	11,841	492	36,007
Net finance cost	(4,420)	(7,957)	-	(12,377)
Profit before income tax	19,254	3,884	492	23,630
Current assets	72,541	29,301	-	101,842
Non-current assets	121,171	139,122	233	260,526
	193,712	168,423	233	362,368
Current liabilities	58,274	63,394	189	121,857
Non-current liabilities	57,500	107,504	100	165,104
	115,774	170,898	289	286,961

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

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

Note 5. Revenue

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

DISAGGREGATION OF REVENUE

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

	Consolidated	
	53 weeks ended 30 June 2024	52 weeks ended 25 June 2023
	\$'000	\$'000
Port logistics wharf cartage	364,804	285,892
Distribution and transport	32,945	42,072
Storage services	45,697	64,063
Handling activities	112,954	96,549
Revenue	556,400	488,576

Note 5. Revenue

	Consolidated	
	53 weeks ended 30 June 2024	52 weeks ended 25 June 2023
	\$'000	\$'000
Timing of revenue recognition		
Goods transferred at a point in time	145,899	138,621
Services transferred over time	410,501	349,955
	556,400	488,576

Note 6. Other Income

	Consolidated	
	53 weeks ended 30 June 2024	52 weeks ended 25 June 2023
	\$'000	\$'000
Interest income	22	93
Profit from sale of property, plant and equipment	791	898
Other income	952	392
Other Income	1,765	1,383

Note 7. Expenses

	Consolidated	
	53 weeks ended 30 June 2024	52 weeks ended 25 June 2023
	\$'000	\$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Plant and equipment	8,797	5,580
Intangible assets	1,060	628
Right-of-use assets-Land and buildings and plant and equipment	52,378	44,277
Total depreciation and amortisation expense	62,235	50,485
<i>Finance costs</i>		
Bank fees	156	167
Interest expense-debt	6,346	2,551
Interest expense-leases	13,569	9,659
Finance costs expensed	20,071	12,377
<i>Employee benefits expense</i>		
Salaries, wages and fees	95,179	79,528
Superannuation	9,093	7,125
Employee entitlements	4,807	3,901
Share-based payments (reversal)/expense	(687)	809
Other employee benefits expense	10,422	6,936
Total employee benefits expense	118,814	98,299

Note 8. Income tax expense

	Consolidated	
	53 weeks ended 30 June 2024	52 weeks ended 25 June 2023
	\$'000	\$'000
Income tax expense		
Current tax - current year	4,483	7,157
Current tax - adjustments in respect of prior year	(145)	12
Deferred tax - origination and reversal of temporary differences	(1,496)	59
Deferred tax - Benefit of previously unrecognised tax losses, tax credits or temporary differences	146	-
Aggregate income tax expense	2,988	7,228
Profit before income tax expense	10,403	23,630
Tax at the statutory tax rate of 30%	3,121	7,089
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	279	283
Non-deductible acquisition-related costs	195	496
Non-accessible income	(608)	(652)
	2,987	7,216
Over/under provisions of current tax liability in prior year	(145)	-
Over/under provisions of deferred tax in prior year	146	12
Income tax expense	2,988	7,228

Note 9. Cash and cash equivalents

	Consolidated	
	30 June 2024	25 June 2023
	\$'000	\$'000
Current Assets		
Cash at bank and in hand	27,164	30,479

Note 10. Trade and other receivables

	Consolidated	
	30 June 2024	25 June 2023
	\$'000	\$'000
Current assets		
Trade receivables	70,032	63,159
Less: Allowance for expected credit losses	(827)	(579)
	69,205	62,580
Other receivables	1,037	478
	70,242	63,058

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

Note 10. Trade and other receivables (continued)

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

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

ALLOWANCE FOR EXPECTED CREDIT LOSSES

The change in allowance for expected credit losses includes a reduction in loss allowance arising from trade receivables written-off in the current period of \$144,000 (26 June 2023: \$389,000), and an increase in loss allowance arising from new financial assets recognised in the period of \$164,000 (26 June 2023: \$240,000), \$228,000 of the total increase in the allowance arises from the acquisition of Secon Freight Services Pty Ltd.

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

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	30 June 2024	25 June 2023	30 June 2024	25 June 2023	30 June 2024	25 June 2023
	%	%	\$'000	\$'000	\$'000	\$'000
Not overdue	0.8%	0.1%	65,167	59,377	(495)	(69)
0 to 3 months overdue	3.0%	2.6%	4,643	2,726	(141)	(72)
3 to 6 months overdue	44.4%	36.2%	9	429	(4)	(155)
Over 6 months overdue	87.8%	44.8%	213	627	(187)	(283)
			70,032	63,159	(827)	(579)

Note 11. Other current assets

	Consolidated	
	30 June 2024	25 June 2023
	\$'000	\$'000
Current assets		
Prepayments	3,086	4,287
Accrued income	2,825	2,698
Inventory- consumables	314	317
	6,225	7,302

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

Note 12. Current tax assets

	Consolidated	
	30 June 2024	25 June 2023
	\$'000	\$'000
Current Assets		
Current year tax receivable	2,350	1,003

Note 13. Property, plant and equipment

	Consolidated	
	30 June 2024	25 June 2023
	\$'000	\$'000
Non-current assets		
Plant and equipment - at cost	70,538	43,467
Less: Accumulated depreciation	(29,057)	(21,230)
	41,481	22,237

RECONCILIATIONS

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

	Plant & Equipment \$'000	Fixtures & Fittings \$'000	Total \$'000
Cost			
Balance at 27 June 2022	27,268	1,223	28,491
Additions	8,023	85	8,108
Additions through acquisition of business	7,954	22	7,976
Disposals	(1,087)	(21)	(1,108)
Balance at 25 June 2023	42,158	1,309	43,467
Balance at 26 June 2023	42,158	1,309	43,467
Additions	13,375	17	13,392
Additions through acquisition of Secon	14,889	-	14,889
Transfers from intangibles	375	-	375
Disposals	(1,585)	-	(1,585)
Balance at 30 June 2024	69,212	1,326	70,538
Accumulated depreciation			
Balance at 27 June 2022	(14,867)	(1,040)	(15,907)
Depreciation expenses during the period	(5,496)	(84)	(5,580)
Disposals	251	6	257
Balance at 25 June 2023	(20,112)	(1,118)	(21,230)
Balance at 26 June 2023	(20,112)	(1,118)	(21,230)
Depreciation expenses during the period	(8,701)	(96)	(8,797)
Disposals	970	-	970
Balance at 30 June 2024	(27,843)	(1,214)	(29,057)
As at 25 June 2023	22,046	191	22,237
As at 30 June 2024	41,369	112	41,481

Note 14. Right-of-use assets

	Consolidated	
	30 June 2024	25 June 2023
	\$'000	\$'000
Non-current assets		
Land and buildings- right-of-use	437,157	254,933
Less: Accumulated depreciation	(153,487)	(112,208)
	283,670	142,725
Plant and equipment- right-of-use	41,689	40,020
Less: Accumulated depreciation	(23,894)	(19,709)
	17,795	20,311
	301,465	163,036

RECONCILIATIONS

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

	Land and buildings - right-of-use \$'000	Plant and equipment - right-of-use \$'000	Total \$'000
Cost			
Balance at 27 June 2022	207,641	34,024	241,665
Additions	44,118	11,047	55,165
Additions through acquisition of business	6,918	-	6,918
Terminations	(3,744)	(5,051)	(8,795)
Balance at 25 June 2023	254,933	40,020	294,953
Balance at 26 June 2023	254,933	40,020	294,953
Additions	134,164	6,495	140,659
Additions through acquisition of business	52,326	-	52,326
Terminations	(4,266)	(4,826)	(9,092)
Balance at 30 June 2024	437,157	41,689	478,846
Accumulated amortisation			
Balance at 27 June 2022	(76,107)	(16,666)	(92,773)
Amortisation	(36,517)	(7,760)	(44,277)
Terminations	416	4,717	5,133
Balance at 25 June 2023	(112,208)	(19,709)	(131,917)
Balance at 26 June 2023	(112,208)	(19,709)	(131,917)
Amortisation	(43,838)	(8,540)	(52,378)
Terminations	2,559	4,355	6,914
Balance at 30 June 2024	(153,487)	(23,894)	(177,381)
Carrying value			
As at 25 June 2023	142,725	20,311	163,036
As at 30 June 2024	283,670	17,795	301,465

Note 14. Right-of-use assets (continued)

The Group enters into leases of property (predominantly warehouses and shipping container hardstands), fleet assets (prime movers and trailers) and material handling equipment (mainly reach stackers and forklifts). As at 30 June 2024, the average remaining lease term is 8 years (2023: 5 years). The Group's obligations are secured by the lessors' title to the leased assets for such leases. Several short-term leases (12 to 18 month terms) have been entered into in the current period in addition to 8 new property leases ranging from 2 to 17 years, of which 5 relate to the acquisition of Secon Freight Logistics Pty Ltd.

Plant and equipment assets operate under master lease agreements and lease terms generally range from 1 to 7 years, with cyclical lease periods planned to ensure the Group operates an optimal mix of modern and efficient fleet of assets.

The incremental borrowing rates applicable to the leases are in the range of 4.25% – 8.15% (2023: 4.25% – 8.15%).

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

	Consolidated	
	53 weeks ended 30 June 2024	52 weeks ended 25 June 2023
	\$'000	\$'000
Amount recognised as expense in profit and loss:		
Depreciation expense on right-of-use assets	52,378	44,277
Interest expense on lease liabilities	13,569	9,659
Expense relating to short-term leases	8,941	8,993
Expense relating to leases of low value assets	367	1,124
Income from sub-leasing right-of-use assets	242	-

Note 15. Intangible assets

	Consolidated	
	30 June 2024	25 June 2023
	\$'000	\$'000
Non-current assets		
Goodwill	79,565	61,203
Software- at cost	5,064	5,421
Less: Accumulated amortisation	(4,842)	(4,484)
	222	937
Brand name- at cost	5,845	-
Customer relationship	10,715	-
Less: Accumulated amortisation	(670)	-
	10,045	-
	95,677	62,140

Note 15. Intangibles (continued)

RECONCILIATIONS

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

	Goodwill \$'000	Software \$'000	Brand name \$'000	Customer relationship \$'000	Total \$'000
Cost					
Balance at 27 June 2022	40,264	4,682	-	-	44,946
Additions through acquisition of business	20,939	-	-	-	20,939
Additions	-	739	-	-	739
Balance at 25 June 2023	61,203	5,421	-	-	66,624
Balance at 26 June 2023	61,203	5,421	-	-	66,624
Additions through acquisition of business	18,362	-	5,845	10,715	34,922
Additions	-	18	-	-	18
Transfer to property, plant and equipment	-	(375)	-	-	(375)
Balance at 30 June 2024	79,565	5,064	5,845	10,715	101,189
Accumulated amortisation					
Balance at 27 June 2022	-	(3,856)	-	-	(3,856)
Amortisation	-	(628)	-	-	(628)
Balance at 25 June 2023	-	(4,484)	-	-	(4,484)
Balance at 26 June 2023	-	(4,484)	-	-	(4,484)
Amortisation	-	(390)	-	(670)	(1,060)
Transfer to property, plant and equipment	-	32	-	-	32
Balance at 30 June 2024	-	(4,842)	-	(670)	(5,512)
Carrying value					
As at 25 June 2023	61,203	937	-	-	62,140
As at 30 June 2024	79,565	222	5,845	10,045	95,677

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

The Port Logistics segment impairment model includes a 5-year revenue growth CAGR of 6.0%. The impairment model adopted also incorporate a 2.5% terminal growth rate (2023: 2.5%) and a pre-tax discount rate of 13.6%.

The Contract logistic segment has a significant fixed lease cost warehouse structure which results in the segment being sensitive to changes in revenue growth assumptions. The Contract logistic VIU models has a 5-year revenue growth CAGR of 7.0%. Should this 5-year CAGR decline below 5.0% it would result in an impairment with the recoverable amount being below the carrying value. The impairment model adopted also incorporate a 2.5% terminal growth rate (2023: 2.5%) and a pre-tax discount rate of 12.5%.

Note 16. Deferred tax assets

	Consolidated	
	30 June 2024	25 June 2023
	\$'000	\$'000
Non-current assets		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Receivables and prepayments	(175)	(183)
Property, plant and equipment	(944)	(177)
Make good assets	(989)	(822)
Provision for lease make good	2,660	1,538
Provisions	3,866	3,413
Accrued expenses and other payables	1,554	1,952
Deferred revenue	19	-
Lease liabilities	74,615	54,441
Right of use assets	(67,468)	(48,080)
Blackhole expenditure	895	1,031
Intangible assets	(4,767)	-
Deferred tax asset	9,266	13,113
Movements:		
Opening balance	13,113	13,116
Credited/(charged) to profit or loss (note 8)	1,350	(69)
Recognised via acquisition	(5,197)	66
Closing balance	9,266	13,113
Deferred tax asset	83,609	62,375
Deferred tax liability	(74,343)	(49,262)
	9,266	13,113

Note 17. Trade and other payables

	Consolidated	
	30 June 2024	25 June 2023
	\$'000	\$'000
Current liabilities		
Trade payables	29,033	21,639
Employee related payables	5,110	4,088
GST payable	1,592	1,582
Other payables and accrued expenses	11,601	12,466
	47,336	39,775

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

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

Refer to note 25 for further information on financial instruments.

Note 18. Borrowings

	Consolidated	
	30 June 2024	25 June 2023
	\$'000	\$'000
Current liabilities		
External borrowings – secured	12,352	6,750
Purchasing card facility – unsecured	-	7,122
	12,352	13,872
Non-current liabilities		
External borrowings – secured	38,450	17,094
	50,802	30,966

Refer to note 25 for further information on financial instruments.

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

The bilateral financing facility agreement was revised in August 2024 for an additional \$22.0 million amortising capex facility. No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

The balance at the end of the reporting period was \$48.5 million (25 June 2023: \$23.8 million). During the current period, \$30.0 million was utilised for the acquisition of Secon Freight Logistics Pty Ltd and \$5.6 million was utilised for the Fremantle Freight & Storage Pty Ltd deferred contingent consideration settlement. The remaining drawn amount was utilised for prior business acquisitions.

The facilities have a termination date of 12 May 2026.

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

At period end undrawn corporate debt facilities were \$14.4 million (25 June 2023: \$56.2 million).

As at 30 June 2024, \$10.0 million of the external borrowings have been classified as current due to the scheduled amortising repayments due in the next 12 months. The remaining borrowings of \$38.5 million have been classified as non-current at reporting date.

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

TOTAL SECURED LIABILITIES

The total secured liabilities are as follows:

The cash advance facilities bear interest at variable market rates.

The facilities carry an annual line fee and interest rate (margin) between 3.25% and 3.30% above 90-day BBSY bid rate. The undrawn cash advance facility bears a commitment fee equivalent to 50% of the bank margin. The weighted average interest rate on cash advance facilities in the period was 7.74% (25 June 2023: 5.87%).

The bilateral agreement also includes a bank guarantee facility of \$25.0 million (25 June 2023: \$20.0 million) which is used to provide security for certain leased premises and a revolving leasing facility.

As at 30 June 2024, \$19.8 million of the bank guarantee facility has been utilised (25 June 2023: \$16.0 million). The utilised portion of the facility attracts a bank guarantee margin at 2.30% per annum and an issuance fee of 1.15%.

The revolving lease facility limit is \$4.0 million, of which \$3.2 million was drawn at 30 June 2024 (25 June 2023: \$0.8 million).

Current borrowings includes \$2.4 million drawn on an interest-bearing progressive payment facility with a financier for the supply of specialised material handling equipment ('MHE'). On delivery of the MHE the progressive payment facility (inclusive of capitalised interest) is expected to convert to a lease facility. Total facility limit is \$11.5 million.

The Group's asset financing and bank guarantee facilities are subject to an annual review and have a termination date of 30 April 2025.

Note 18. Borrowings (continued)

TOTAL UNSECURED LIABILITIES

Unsecured borrowings represent a purchasing card facility which attracts a service fee of 1.27% (2022: 0.87%) based on transaction value with repayment terms not exceeding 45 days.

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

	Consolidated	
	30 June 2024	25 June 2023
	\$'000	\$'000
1 year or less	12,352	13,872
Between 1 and 2 years	10,000	6,000
Between 2 and 5 years	28,450	11,094
	50,802	30,966

FINANCING ARRANGEMENTS

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	30 June 2024	25 June 2023
	\$'000	\$'000
Amortising cash advance facility	47,870	30,000
Revolving cash advance facility	15,000	50,000
Purchasing card facility	7,800	7,800
Asset finance	11,500	-
Revolving lease facility	4,000	4,000
Bank guarantee	25,000	20,000
	111,170	111,800

Used at the reporting date		
Amortising cash advance facility	47,870	23,844
Revolving cash advance facility	580	-
Purchasing card facility	-	7,122
Asset finance	2,352	-
Revolving lease facility	3,194	805
Bank guarantee	19,839	15,966
	73,835	47,737

Unused at the reporting date		
Amortising cash advance facility	-	6,156
Revolving cash advance facility	14,420	50,000
Purchasing card facility	7,800	678
Asset finance	9,148	-
Revolving lease facility	806	3,195
Bank guarantee	5,161	4,034
	37,335	64,063

Note 19. Lease liabilities

	Consolidated	
	30 June 2024	25 June 2023
	\$'000	\$'000
Lease liability - current	49,269	48,177
Lease liability - non-current	282,087	142,345
	331,356	190,522

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

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

	Consolidated	
	30 June 2024	25 June 2023
	\$'000	\$'000
1 year or less	65,088	54,257
Between 1 and 2 years	58,628	43,616
Between 2 and 5 years	154,580	76,003
Over 5 years	129,571	34,734
	407,867	208,610

Refer to note 25 for further information on financial instruments.

Note 20. Provisions

	Consolidated	
	30 June 2024	25 June 2023
	\$'000	\$'000
Current liabilities		
Employee benefits	10,784	10,026
Make good provisions	1,327	459
Other provisions	4,270	3,968
	16,381	14,453
Non-current liabilities		
Employee benefits	2,100	996
Make good provisions	7,883	4,669
	9,983	5,665
	26,364	20,118

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

Note 20. Provisions (continued)

	Employee Benefits \$'000	Make good Provisions \$'000	Other Provisions \$'000	Total \$'000
Consolidated				
Balance as at 27 June 2022	12,235	4,322	896	17,453
Additional provision during the period	6,149	1,271	2,572	9,992
On acquisition of a subsidiary	745	-	500	1,245
Utilisation of provision during the period	(8,107)	(392)	-	(8,499)
Unwinding of/adjustment to discount rate	-	(73)	-	(73)
Balance as at 25 June 2023	11,022	5,128	3,968	20,118
Additional provision during the period	7,566	2,245	1,003	10,814
On acquisition of a subsidiary	1,695	1,860	628	4,183
Utilisation of provision during the period	(7,399)	-	(1,329)	(8,728)
Unwinding of/adjustment to discount rate	-	(23)	-	(23)
Balance as at 30 June 2024	12,884	9,210	4,270	26,364

Note 21. Other financial liabilities

	Consolidated	
	30 June 2024	25 June 2023
	\$'000	\$'000
Current liabilities		
Deferred contingent consideration	6,328	5,580
Non-current liabilities		
Deferred contingent consideration	9,293	-
	15,621	5,580

Deferred contingent consideration at 30 June 2024 relates to the acquisition of Secon Freight Logistics Pty Ltd, which was completed on 1 September 2023. The terms of the share purchase deed included a deferred contingent earn-out payment based on post-completion financial milestones for the year ending 30 June 2024 and 30 June 2025. Refer to note 31 for further information.

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

Note 22. Issued capital

	Consolidated			
	30 June 2024	25 June 2023	30 June 2024	25 June 2023
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	81,547,598	79,000,557	79,453	74,370
<i>Movements in ordinary share capital</i>				
Details	Date	Shares	Issue price	\$'000
Balance	27 June 2022	78,720,510		73,762
Options exercised	11 July 2022	90,000	\$2.0000	180
Shares issued under employee share plan	13 December 2022	190,047	\$2.2500	428
Balance	25 June 2023	79,000,557		74,370
Shares issued for the acquisition of Secon Freight Logistics Pty Ltd	1 September 2023	2,502,630	\$1.9900	5,000
Shares issued under employee incentive scheme	2 February 2024	44,411	\$1.8500	83
Balance	30 June 2024	81,547,598		79,453

Note 22. Issued capital (continued)

ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

TREASURY SHARES

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

During the period 44,411 (2023: 190,047) shares were issued to employees under the ESP. The shares were issued from the Company's placement capacity.

There were no Treasury shares held by the EST at period end.

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group will continue to assess investments which create shareholder value.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial period.

Note 23. Share-based payments

LONG TERM INCENTIVE PLAN

FY24 LTIP

Under the FY24 LTIP, the Board granted up to 2,965,716 Ordinary Options to select Senior Executives and key employees of the Group.

The Options were granted on 21 December 2023 and 28 June 2024. The terms specific to Ordinary Options granted under the LTIP are set out below:

- **Expiry date:** 5pm (Melbourne time) on 28 June 2028.
- **Equity settled:** the Ordinary Options can only be equity settled.
- **Exercise price:** the 2,965,716 Ordinary Options granted are exercisable at \$2.0108 per Option.
- **Vesting:** The number of Ordinary Options granted represents 150% of the Participant's entitlement. The actual number of Ordinary Options that will vest will depend on satisfaction of the Vesting Conditions (summarised below):
 - **Rating:** Satisfactory individual performance plan rating;
 - **Service:** The participant remains employed or engaged by a Group company for 3 years from the date of grant; and
 - **Performance:** Earnings per share ('EPS') growth (based on 3 years compounding annual growth rate ('CAGR')) achieved between 26 June 2023 and 28 June 2026.
- **Exercise:** No exercise conditions. Unless cash settled, each Option is exercisable into one Share.
- **Disposal restrictions:** The Options are not transferrable without consent of the Board.

During the year no Options expired or were forfeited.

At 30 June 2024, 2,965,716 (2023: nil) Ordinary Options are outstanding. The fair value per Ordinary Option at grant date was \$0.436.

Share-based payments expense recognised in the period in employee benefits expense was \$113,068 (2023: N/A).

Note 23. Share-based payments (continued)

FY23 LTIP

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

During the year no Options vested or expired, however 317,727 options were forfeited.

At 30 June 2024, 1,556,348 (2023: 1,874,075) Ordinary Options are outstanding. The fair value per Ordinary Option at grant date was \$0.7780.

Share-based payments benefit recognised during the year in employee benefits expense was \$482,000 (2023: expense of \$482,000).

FY22 LTIP

Under the LTIP issued in prior period, the Board granted up to 842,822 Ordinary Options to select Senior Executives and key employees of the Group.

At 30 June 2024, 842,822 (2023: 842,822) Ordinary Options are outstanding.

Share-based payments benefit recognised in the period in employee benefits expense was \$486,000 (2023: expense of \$243,000).

NON-EXECUTIVE DIRECTOR APPOINTMENT OPTIONS

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

At 30 June 2024, 194,553 (2023: 194,553) Ordinary Options are outstanding.

Share-based payments expense recognised in the period in employee benefits expense was \$32,848 (2023: \$31,000).

PRE-IPO OPTIONS – NON-EXECUTIVE DIRECTORS

Prior to the IPO in FY21, the Company offered certain Options to the Non-Executive Directors under the Pre-IPO Bonus Offer, with those Options to be granted immediately upon ASX listing. These Options were: 672,039 Ordinary Options; and 180,000 ZEPOs.

The 672,039 Ordinary Options and 90,000 ZEPOs vested immediately upon IPO whilst 90,000 ZEPOs on the 3rd anniversary of the IPO subject to the Non-Executive Director being continuously employed by the Company.

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

At 30 June 2024, 672,039 (2023: 672,039) Ordinary Options and 90,000 (2023 : 90,000) ZEPOs are outstanding and exercisable, whilst 90,000 ZEPOs have not yet vested.

Share-based payments expense recognised in the period in employee benefits expense was \$52,317 (2023: \$53,000).

MOVEMENTS DURING YEAR

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

Options	FY24 LTIP Number	FY23 LTIP Number	FY22 LTIP Number	Non - Executive Directors Number	Pre - IPO Options Non - Executive Directors ZEPO Options Number	Pre - IPO Options Non - Executive Directors Number	Total Number
Outstanding at 27 June 2022	-	-	842,822	194,553	90,000	672,039	1,799,414
Granted during the period	-	1,874,075	-	-	-	-	1,874,075
Outstanding at 25 June 2023	-	1,874,075	842,822	194,553	90,000	672,039	3,673,489
Granted during the period	2,965,716	-	-	-	-	-	2,965,716
Forfeited during the period	-	(317,727)	-	-	-	-	(317,727)
Outstanding at 30 June 2024	2,965,716	1,556,348	842,822	194,553	90,000	672,039	6,321,478

Note 24. Dividends

On 26 August 2024 the directors declared a fully franked final dividend for the 53-week period ended 30 June 2024 of 1.42 cents per ordinary share with a record date of 2 September 2024 to be paid on 8 October 2024.

On 26 February 2024, the Board of Directors declared a fully franked interim dividend of 2.82 cents per ordinary share, with the record date of 4 March 2024. The total dividend cash payment of \$2.29 million was paid on 10 April 2024.

On 22 August 2023, the Board of Directors declared a fully franked final dividend for the year ended 25 June 2023 of 3.10 cents per ordinary share. The total dividend cash payment of \$2.45 million was paid on 2 October 2023.

Note 25. Financial instruments

FINANCIAL RISK MANAGEMENT OBJECTIVES

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

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates manages financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

MARKET RISK

Foreign currency risk

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

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from short-term and long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk.

For the consolidated entity the bank loans outstanding, totalling \$48.5 million (2023: \$23.8 million), are principal and interest payment loans. Throughout the current financial period, cash outlays of approximately \$0.93 million (2023: \$0.34 million) per quarter were required to service the interest payments. An official increase/decrease in interest rates of 25 basis points would have an adverse/favourable effect on profit before tax of \$121,125 (2023: \$59,600) per annum based on the period end loan balance. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

CREDIT RISK

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

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

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

Note 25. Financial instruments (continued)

LIQUIDITY RISK

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Parent	
	30 June 2024	25 June 2025
	\$'000	\$'000
Amortising cash advance facility	-	6,156
Revolving cash advance facility	14,420	50,000
Purchasing card facility	7,800	678
Asset finance	9,148	-
Revolving lease facility	806	3,195
Bank guarantee	5,161	4,034
	37,335	64,063

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

	Cash and deposits		Financial assets at amortised cost		Financial liabilities at amortised cost	
	30 June 2024 \$'000	25 June 2023 \$'000	30 June 2024 \$'000	25 June 2023 \$'000	30 June 2024 \$'000	25 June 2023 \$'000
Financial assets						
Cash and cash equivalents (note 9)	27,164	30,479	-	-	-	-
Trade and other receivables (note 10)	-	-	70,242	63,058	-	-
Total financial assets	27,164	30,479	70,242	63,058	-	-
Financial liabilities						
Trade and other payables (note 17)	-	-	-	-	47,336	39,775
Borrowings (note 18)	-	-	-	-	50,802	30,966
Lease liabilities (note 19)	-	-	-	-	331,356	190,522
Other financial liabilities (note 21)	-	-	-	-	15,621	5,580
Total financial liabilities					445,115	266,843

Note 26. Key management personnel disclosures

DIRECTORS

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

Mr Terry Sinclair (Chairman, Non-Executive Director)	
Mr Brendan Boyd (Non-Executive Director)	(retired as Managing Director and Chief Executive Officer on 22 May 2024)
Mr John Sood (Managing Director, Chief Executive Officer)	(appointed on 22 May 2024 following holding the position as Director and Chief Customer Officer)
Mr Stephen Moulton (Non-Executive Director)	
Ms Louise Thurgood (Non-Executive Director)	
Ms Cheryl Hayman (Non-Executive Director)	

OTHER KEY MANAGEMENT PERSONNEL

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

Mr James Nicholias (Chief Financial Officer)	(appointed on 8 January 2024)
Ms Dani Aquilina (Chief Operating Officer)	
Mr Brendon Pentland (Chief Financial Officer)	(resigned on 15 March 2024)

COMPENSATION

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

	Consolidated	
	53 weeks ended 30 June 2024 \$'000	52 weeks ended 25 June 2023 \$'000
Short-term employee benefits	2,966,881	2,024,547
Post-employment benefits	166,308	121,165
Long-term employee benefits	(490,063)	562,676
	2,643,126	2,708,388

Note 27. Remuneration of auditors

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

	Consolidated	
	53 weeks ended 30 June 2024	52 weeks ended 25 June 2023
Audit services - Deloitte Touche Tohmatsu		
Audit and review of the financial statements	444,800	356,025
Other services - Deloitte Touche Tohmatsu		
Tax compliance services	186,100	102,500
Tax advisory services	56,574	5,130
	242,674	107,630
	687,474	463,655

Note 28. Contingent liabilities

As at the date of this report, the Group has provided security for bank guarantees to the value of \$19.8 million (25 June 2023: \$16.0 million) which have been issued by its financier to landlords of properties that the Group leases for the purpose of conducting its business. Refer to note 18.

Note 29. Related party transactions

PARENT ENTITY

Silk Logistics Holdings Limited is the parent entity.

KEY MANAGEMENT PERSONNEL

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

TRANSACTIONS WITH RELATED PARTIES

During the period, the Group utilised the services of Danaher Moulton for legal advice to the value of \$110,087 (2023: \$441,843). Stephen Moulton (Non-Executive Director) is a partner of Danaher Moulton and is the principal contact for the Group.

During the period, the Group utilised the services of Cleanaway Waste Management Limited for waste management services to the value of \$621,865 (2023: \$574,329). Mr Terry Sinclair (Chair and Non-Executive Director) was a Non-Executive Director of Cleanaway Waste Management Limited.

In the prior year, the group utilised the services of Socius Pty Ltd for accounts receivable services to the value of \$54,592. Mr John Sood (Director) is a Director of Socius Pty Ltd. No such services were provided for the current period.

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

RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

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

Other than amounts owed to Cleanaway Waste Management Limited of \$97,209 (2023: \$3,692), there were no trade payables to related parties at the current and previous reporting date.

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

LOANS TO/FROM RELATED PARTIES

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

Note 30. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	53 weeks ended 30 June 2024	52 weeks ended 25 June 2023
	\$'000	\$'000
Financial performance		
(Loss)/profit for the year	(6,338)	23,077

Statement of financial position

	Parent	
	30 June 2024	25 June 2023
	\$'000	\$'000
Financial position		
Total current assets	12,496	3,656
Total assets	98,280	89,901
Total current liabilities	(6,398)	(12,566)
Total liabilities	(44,999)	(29,851)
	53,281	60,050
Issued capital	79,453	74,370
Reserves	(23,718)	(22,948)
Retained profits	(2,454)	8,628
Total equity	53,281	60,050

GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 25 June 2023.

CONTINGENT LIABILITIES

As at the date of the report, the parent entity has bank guarantee to the value of \$19.8 million (25 June 2023: \$16.0 million) in place which have been used by its financier to landlords of properties that the Group leases for the purposes of conducting its business. Refer to note 18.

CAPITAL COMMITMENTS - PROPERTY, PLANT AND EQUIPMENT

The parent entity has provided a guarantee to a subsidiary in relation to an equipment supply agreement. Refer to note 36.

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 25 June 2023.

MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 30. Parent entity information (continued)

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

TAX CONSOLIDATION

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

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

Note 31. Business combinations

Effective 1 September 2023 (the 'acquisition date'), the Group acquired all of the issued and outstanding equity interests of Secon Freight Logistics Pty Ltd and its underlying group (the 'acquired businesses'). Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Fair Value \$'000
Purchase consideration	
Cash consideration on completion	29,862
Share consideration on completion	5,000
Contingent consideration	14,844
Total fair value of consideration	49,706

The assets and liabilities recognised as a result of the acquisition are as follows:	Fair Value \$'000
Cash	561
Trade receivables	8,911
Prepayment and deposit	1,013
Other assets	409
Inventory- consumables	35
Right-of-use assets	52,326
Property, plant and equipment	14,889
Intangible assets	16,560
Tax liabilities	30
Trade and other payables	(3,378)
Accrued expenses	(1,180)
Employee liabilities	(1,695)
Lease liabilities	(51,940)
Deferred tax liabilities	(5,197)
Net assets acquired	31,344
Goodwill	18,362
Net identifiable assets and liabilities	49,706

Note 31. Business combinations (continued)

As at 30 June 2024 the acquisition of Secon Freight Logistics Pty Ltd has been completed.

REVENUE AND PROFIT CONTRIBUTION

The Acquired Business contributed revenues of \$59.5 million to the Group for the period from 1 September 2023 to 30 June 2024. If the acquisition had occurred on 1 July 2023, consolidated pro-forma revenue for the period ended 30 June 2024 would have been \$71.1 million.

	\$'000
Opening goodwill balance 26 June 2023	61,203
Additional goodwill recognised during the period	18,362
Net book value of goodwill as at 30 June 2024	79,565

PURCHASE CONSIDERATION - CASH OUTFLOW

	\$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration paid	(29,862)
Cash balances acquired	561
Net outflow of cash - investing activities	(29,301)

ACQUISITION-RELATED COSTS

Acquisition-related costs of \$0.6 million are included in administrative expenses in profit or loss and in operating cash flows in the statement of cash flows.

PAYMENTS IN RELATION TO BUSINESS ACQUISITIONS COMPLETED IN PRIOR PERIODS

The Company completed the acquisition of Fremantle Freight and Storage Pty Ltd on 1 September 2022. In the current period the Company paid an amount to the vendors of \$6.5 million comprising the net working capital adjustment of \$0.9 million and earn-out consideration of \$5.6 million. These amounts were recognised as liabilities in the previous financial year ended 25 June 2023.

Note 32. Events after the reporting period

The bilateral financing facility agreement was revised in August 2024 for an additional \$22.0 million capex facility.

On 26 August 2024 the directors declared a fully franked final dividend for the 53-week period ended 30 June 2024 of 1.42 cents per ordinary share with a record date of 2 September 2024 to be paid on 8 October 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years

Note 33. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	53 weeks ended 30 June 2024	52 weeks ended 25 June 2023
	\$'000	\$'000
Profit after income tax expense for the period	7,415	16,402
Adjustments for:		
Share-based payments	687	1,237
Gain on disposal on sale of property, plant and equipment	(791)	(898)
Depreciation and amortisation	62,235	50,485
Change in operating assets and liabilities:		
Decrease in trade and other receivables	1,693	5,970
Decrease/(increase) in other current assets	1,971	(1,502)
(Increase)/decrease in deferred tax assets	(1,350)	3
Increase/(decrease) in trade and other payables	3,922	(2,635)
Decrease in provision for income tax	(1,317)	(6,312)
Increase/(decrease) in provisions	4,552	(45)
Decrease in other financial liabilities	-	(2,220)
Net cash from operating activities	79,017	60,485

Note 34. Changes in liabilities arising from financing activities

Consolidated	Borrowings	Lease Liabilities	Total
	\$'000	\$'000	\$'000
Balance at 27 June 2022	11,907	169,719	181,626
Net cash from/(used in) financing activities	19,059	(43,308)	(24,249)
Non-cash changes:			
Acquisition of leases	-	57,086	57,086
Change through acquisition of business	-	7,025	7,025
Balance at 25 June 2023	30,966	190,522	221,488
Net cash from/(used in) financing activities	19,836	(49,630)	(29,794)
Non-cash changes:			
Acquisition of leases	-	138,524	138,524
Change through acquisition of business (note 31)		51,940	51,940
Balance at 30 June 2024	50,802	331,356	382,158

Note 35. Earnings per share

	Consolidated	
	53 weeks ended 30 June 2024 \$'000	52 weeks ended 25 June 2023 \$'000
Profit after income tax attributable to the owners of Silk Logistics Holdings Limited	7,415	16,402
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	81,029,068	78,908,864
Adjustments for calculation of diluted earnings per share:		
Weighted average number of share options	115,998	281,873
Weighted average number of ordinary and preference shares used in calculating diluted earnings per share	81,145,066	79,190,737

	Cents	Cents
Basic earnings per share	9.15	20.79
Diluted earnings per share	9.14	20.71

Note 36. Capital commitments

There are no material capital commitments at reporting date.

Note 37. Consolidated entity disclosure statement

Entity name	Entity type	Body corporates	Body corporates	Tax residency	
		Place formed or incorporated	% of share capital held	Australian or foreign	Foreign Jurisdiction
Silk Logistics Holdings Limited	Body corporate	Australia	-	Australia *	N/A
Hoffman SPV Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
R Hoffman & Co Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Kagan SPV Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Kagan Bros. Storage Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Kagan Bros. (VIC) Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Silk Contract Logistics Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Marrakech Lane Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Container Swinglift Services Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Flincept Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
L&M Scott Haulage Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Rocke Brothers Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
101Warehousing Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Brightflow Enterprises Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Fremantle Freight & Storage Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
A.C.N 079 923 327 Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
FMC Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
FMC West Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Secon Freight Logistics Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Bulk Carriers Australia Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Secon Holdings Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Licola Enterprises Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A

* This entity is part of a tax-consolidated group under Australian taxation law, for which Silk Logistics Holdings Limited is the head entity.

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- the attached consolidated entity disclosure statement is true and correct.

At the date of this declaration, the company is within the class of companies affected by ASIC Corporations (Wholly owned Companies) Instrument 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantee to each creditor payment in full or any debt in accordance with the deed of cross guarantees.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which ASIC Corporations (Wholly owned companies) Instrument 2016/785 applies as detailed in the financial statements will, as a group, be able to meet any liabilities to which they are, or may become, subject because of the deed of cross guarantee.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Terry Sinclair
26 August 2024

Independent Auditor's Report



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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Silk Logistics Holdings Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2024, 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 53 week period then ended, and notes to the financial statements, including material accounting policy information and other exploratory information, the directors' declaration and the Consolidated Entity Disclosure Statement.

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

- Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the 53 week period then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Carrying Value of Goodwill Assets</p> <p>As at the 30 June 2024 the Group's goodwill balance totals \$79.6 million as disclosed in Note 15.</p> <p>The assessment of the recoverable amount of goodwill and other intangible assets allocated to the cash generating units ("CGUs") or groups of CGUs requires management to exercise significant judgement including:</p> <ul style="list-style-type: none"> the determination of and the allocation of goodwill to the CGUs or groups of CGUs; and the determination of the following key assumptions used in the calculation of the recoverable amount of each of the CGUs or groups of CGUs: <ul style="list-style-type: none"> the cash flow forecasts; terminal growth rates; and discount rates. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> obtaining an understanding of the process that management undertook to determine the CGUs or groups of CGUs and prepare the valuation models; evaluating and challenging the Group's identified CGUs and groups of CGUs and the allocation of goodwill to the carrying value of the CGUs and groups of CGUs based on our understanding of the Group's business. This evaluation included performing an analysis of the Group's internal management reporting; With the support of our Valuation specialists assessing and challenging: <ul style="list-style-type: none"> the cash flow forecasts by agreeing inputs in the cash flow models to relevant data including board approved budgets and assessing forecasting accuracy by comparing historic forecasts to actual outcomes; the annual and terminal growth rates against relevant historical and industry data; the discount rates applied, by comparing the rates used to the discount rates calculated by our valuation specialists; performing sensitivity analysis on key assumptions; and testing the mathematical accuracy of the valuation models. <p>We have also assessed the adequacy of the disclosures in Notes 3 and 15 to the consolidated financial statements.</p>
Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Assessment of Lease term and incremental borrowing rate under AASB 16 Leases</p> <p>As at 30 June 2024 the Group has reported right of use assets of \$283.7 million (\$142.8 million at 25 June 2023) relating to property related leases. The estimated lease term of these properties and the incremental borrowing rate forms part of the assessment for determining the right of use asset and associated lease liability at the time of initial recognition. The accounting policy and the significant estimates and judgements in relation to determining the lease term are disclosed in Notes 2 and 3.</p> <p>In reassessing the lease term, the Group is required to determine whether there are significant events under their control which result in renewal options being required to</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> In respect of leases recognised for the first time during the financial period: <ul style="list-style-type: none"> Agreeing management's assessment to underlying lease agreements; On a sample basis, assessing the mathematical accuracy of management's calculation for the initial measurement of the lease liability and right of use asset; Evaluating the estimates and judgements applied by management in determining the probability of exercising options within the lease agreement; and

<p>be incorporated into the assessment. Where lease terms have been reassessed, the Group is required to determine an appropriate incremental borrowing rate to be applied in the calculation of right of use assets and lease liabilities.</p>	<ul style="list-style-type: none"> Assessing the estimates and judgements applied by management in determining the incremental borrowing rate. Where option periods have been reassessed: <ul style="list-style-type: none"> Assessing management's judgments as to whether reassessment of the lease term should be made in accordance with AASB 16 Agreeing management's assessment to underlying lease agreements; and On a sample basis, assessing the mathematical accuracy of management's calculation for reassessment by recalculating the lease liability and right of use asset. Engaging our valuation specialists to assess the incremental borrowing rate for initial measurements and any subsequent reassessments. <p>We have also assessed the adequacy of the disclosures in Note 14 to the financial statements.</p>
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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the 53 week period ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible:

- For the preparation of the financial report in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and



- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of Group, 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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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 35 to 42 of the Directors' Report for the 53 week period ended 30 June 2024.

In our opinion, the Remuneration Report of Silk Logistics Holdings Limited, for the 53 week period ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DELOITTE TOUCHE TOHMATSU

Joshua Tanchel
Partner
Chartered Accountants
26 August 2024

Shareholder information

Silk Logistics Holdings Limited ACN 165 867 372

REGISTERED OFFICE

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

SHARE REGISTRY

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

Boardroom Pty Ltd,
Level 8, 210 George Street, Sydney NSW 2000
Tel: 1300 737 760
<https://boardroomlimited.com.au>

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

COMPANY SECRETARY

The name of the Company Secretary is Ms Melanie Leydin.

CHANGE OF ADDRESS

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

ANNUAL GENERAL MEETING

The Annual General Meeting will be held in Melbourne on or about 21 November 2024. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX immediately upon dispatch.

The closing date for receipt of nomination for the position of Director is Wednesday, 2 October 2024. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on Wednesday, 2 October 2024, at the Company's Registered Office.

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

CORPORATE GOVERNANCE STATEMENT

The Company's 2024 Corporate Governance Statement has been released to the ASX on this day and is available on the Company's website at www.silklogisticsholdings.com.au.

ANNUAL REPORT MAILING LIST

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

SECURITIES EXCHANGE LISTING

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

ASX SHAREHOLDER DISCLOSURES

The following additional information is required by the Australian Securities Exchange in respect of listed public companies. The information is current as at 31 July 2024.

ASX code	Class	Expiry	Listed	Unlisted
SLH	Fully paid ordinary shares		81,547,598	-
SLHAA	Share options	Various dates	-	1,514,861
SLHAB	Share options	15/11/2025		194,553
SLHAC	Share options	28/06/2027		1,556,348
SLHAD	Share options	25/06/2028		2,965,716
Totals			81,547,598	6,231,478

DISTRIBUTION OF EQUITY SECURITIES

ASX code	Holders	Ordinary Shares Total Units	%	Holders	Unlisted Options Total Units	%
1-1,000	440	234,942	0.290	0	0	0.000
1,001-5,000	643	1,891,515	2.320	0	0	0.000
5,001-10,000	336	2,740,458	3.360	0	0	0.000
10,001-100,000	448	12,315,993	15.100	1	66,539	1.068
100,001-999,999,999	35	64,364,690	78.930	14	6,164,939	98.932
Totals	1,902	81,547,598	100.000	15	6,231,478	100.000
<i>Unmarketable Parcels</i>	<i>131</i>	<i>23,497</i>	<i>0.029</i>			

VOTING RIGHTS

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

SUBSTANTIAL SHAREHOLDERS

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

	Name		%	Date of Last Notice
1	TOR ASIA CREDIT MASTER FUND LP, TOR ASIA CREDIT FUND GP LTD., TOR INVESTMENT MANAGEMENT, L.P. and TOR INVESTMENT MANAGEMENT (HONG KONG) LIMITED	15,255,430	19.38	20 May 2022
2	BBJJ INVESTMENTS PTY LTD <THE BOYD FAMILY A/C>	10,751,794	14.19	9 July 2021
3	KARMA BEVERAGES PTY LTD <JOHN SOOD FAMILY A/C>	10,751,794	14.19	9 July 2021
4	COPIA INVESTMENT PARTNERS LTD	5,575,000	6.84	15 March 2024
5	MA FINANCIAL GROUP LIMITED (and the entities listed in Annexure A of the Form 603 Notice of Initial Substantial Holder released on 31 July 2024)	4,116,624	5.05	31 July 2024

SHARE BUY-BACK

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

TWENTY LARGEST SHAREHOLDERS - ORDINARY SHARES

Name	Balance as at 31 July 2024	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	15,255,430	18.707%
BBJJ INVESTMENTS PTY LTD <THE BOYD FAMILY A/C>	10,853,294	13.309%
KARMA BEVERAGES PTY LTD <JOHN SOOD FAMILY A/C>	10,751,794	13.185%
CITICORP NOMINEES PTY LIMITED	7,650,178	9.381%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,327,118	8.985%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,156,133	2.644%
SUNFLOWER4 PTY LTD <BLTIJRK FAMILY A/C>	1,160,524	1.423%
ICEVALLEY PROPRIETARY LIMITED <ADRIAN & JODIE KAGAN A/C>	1,160,524	1.423%
MR JOHN RICHARD WILLIAM EVANS	651,787	0.799%
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	594,499	0.729%
BJ CONSIDINE PTY LTD <BJ CONSIDINE FAMILY A/C>	500,526	0.614%
MJ CONSIDINE PTY LTD <MJ CONSIDINE FAMILY A/C>	500,526	0.614%
PM CONSIDINE PTY LTD <PM CONSIDINE FAMILY A/C>	500,526	0.614%
PW CONSIDINE PTY LTD <PW CONSIDINE FAMILY A/C>	500,526	0.614%
VT CONSIDINE PTY LTD <VT CONSIDINE FAMILY A/C>	500,526	0.614%
BNP PARIBAS NOMS PTY LTD	408,287	0.501%
DANNWILL PTY LTD <THE EVANS FAMILY A/C>	401,157	0.492%
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	339,211	0.416%
SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	325,000	0.399%
MR ROBERT ZMESKAL <ZMESKAL A/C>	300,000	0.368%
Total Securities of Top 20 Holdings	61,837,566	75.830%
Total Securities of remaining shareholders	19,710,032	24.170%
Total of Securities	81,547,598	100.000%

TWENTY LARGEST SHAREHOLDERS - QUOTED SHARE OPTIONS

No options are quoted.

RESTRICTED OR ESCROW SECURITIES

Description	Number
N/A	Nil



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HOLDINGS

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