

CTI Logistics Limited

ABN 69 008 778 925

Appendix 4D Half Year Financial Report

Half year ended 31 December 2023

For announcement to the market

Extracts from this report for announcement to the market

\$A'000

| | | | | | |
|---|-------------------------------|------|---------------------|----|-----------------------------|
| Revenue | | Up | 2.43% | to | \$161,847 |
| Profit from ordinary activities after tax attributable to members | | Down | 28.23% | to | \$7,622 |
| Net profit for the period attributable to members | | Down | 28.23% | to | \$7,622 |
| Dividends | | | Amount per security | | Franked amount per security |
| Final dividend | Year ended 30 June 2023 | | 5.0 cents | | 5.0 cents |
| | Previous corresponding period | | 4.0 cents | | 4.0 cents |
| Interim dividend | Current period | | 5.0 cents | | 5.0 cents |
| | Previous corresponding period | | 5.0 cents | | 5.0 cents |
| +Record date for determining entitlements to the dividend | | | | | 21 March 2024 |

CTI Logistics Limited
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31 December 2023

NTA backing

| | 31 December 2023 | 30 June 2023 |
|--|------------------|--------------|
| Net tangible asset backing per ordinary security | 119.48 cents | 113.75 cents |

Dividend

Details of dividends declared or paid during or subsequent to the period ended 31 December 2023 are as follows:

| | Payment date | Amount per security | Total dividend | Franked amount per security |
|---|-----------------|---------------------|----------------|-----------------------------|
| Final dividend – year ended 30 June 2023 (fully franked at 30%) | 16 October 2023 | 5.0 cents | \$3,851,662 | 5.0 cents |
| Interim dividend – Current period (fully franked at 30%) | 5 April 2024 | 5.0 cents | \$3,862,758 | 5.0 cents |

A Dividend Re-investment Plan and Bonus Share Plan are currently in operation.

Controlled entities acquired or disposed of

There were no acquisitions or disposals of controlled entities during the current period.

CTI Logistics Limited

ABN 69 008 778 925

Half Year Financial Report - 31 December 2023

Lodged with the ASX under Listing Rule 4.2A

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by CTI Logistics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

Your directors present their report on the Group consisting of CTI Logistics Limited (“the Company”) and the entities it controlled during the half year ended 31 December 2023 and the independent auditor’s review report thereon.

Directors

Directors of the Company in office during the half year and up to the date of this report are (unless otherwise indicated):

David Robert Watson (Chairman)
Peter James Leonhardt (resigned 23 November 2023)
David Anderson Mellor
Bruce Edmond Saxild
Owen Roy Venter
Matthew David Watson
William Edward Moncrieff
Roger Maitland Port (appointed 22 September 2023)

Principal activities of the Group

The principal activities of the Group during the half year were the provision of logistics and transport services, rental of property, specialised flooring logistics and provision of security services.

Dividends

Dividends paid or declared by the Company to members since the end of the previous financial year were:

| | Cents per share | Total amount | Franked | Date of payment |
|---|-----------------|--------------|---------|-----------------|
| Declared and paid during the half year | | | | |
| Final 2023 - ordinary | 5.0 | \$3,851,662 | Franked | 16 October 2023 |
| Declared after end of half year | | | | |
| Interim 2024 - ordinary | 5.0 | \$3,862,758 | Franked | 5 April 2024 |

After the half year end the directors have declared a fully franked interim dividend of 5.0 cents per ordinary share.

The financial effect of this post half year dividend has not been brought to account in the financial statements for the half year ended 31 December 2023 and will be recognised in subsequent financial reports.

Review of operations and results

The Company is a national transport and logistics provider with its head office based in Perth. Transport operations cover couriers and taxi trucks, business to business (B2B) and business to customer (B2C) parcel distribution, container handling, fleet management, regional and interstate freight. Logistics includes third party logistics (3PL), offsite fourth party logistics (4PL), supply chain and distribution centre (DC) warehousing, flooring logistics, e-commerce fulfilment, temperature-controlled warehousing, minerals and energy supply base services, quarantine and preservation wrapping and fumigation, document storage, media destruction and recycling. The Company also has a security business providing installation, maintenance and monitoring of alarms, CCTV visual verification and lone worker protection.

The current half year reporting period has seen customer supply chains normalise, including lower demand for premium freight services. The results for the previous corresponding period benefitted significantly from increased demand for premium freight services due to supply chain disruptions and natural disasters, as well as customers incurring additional transport and warehouse storage costs to ensure their product was closer to the point of sale.

CTI LOGISTICS LIMITED
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Profit before income tax for the half year was \$11,394,842 (2022 - \$15,683,562), which was 27% down on the previous corresponding period. The result from operating activities excluding depreciation and amortisation expense in the Statement of Profit or Loss and Other Comprehensive Income (EBITDA) for the half year was \$26,689,362 which was down 10% on the previous corresponding period. Revenue continues to be strong with revenue from operations up 2.4% to \$161,847,489.

The Company generated strong cash flows during the period while maintaining significant cash liquidity, investing \$7.1m to complete the development of the 23,000sqm transport facility in Hazelmere WA and \$5.5m on vehicle upgrades to reduce running costs and emissions. Plans to develop the remaining site at Hazelmere are currently under review.

The development of new leased premises for the national flooring logistics business (GMK) in Epping VIC and Gregory Hills NSW is progressing well and will provide increased national capacity and enhanced operational efficiency while minimising environmental impact. This follows GMK's successful relocation to new leased facilities in Yatala QLD.

The Group's net assets have increased by 3.6% compared with 30 June 2023, up from \$112,609,919 to \$116,715,366, which is largely attributable to the half year profit after income tax net of dividend distributions.

The Company has historically invested in WA property, which has generated significant returns through capital appreciation and operational efficiencies. Property assets are recognised on the balance sheet at historical cost less accumulated depreciation. The Group also obtains independent external valuations for bank mortgage purposes on a rolling 3 year basis for all owned properties. Based on the recent external valuations, the value of the property assets increases to \$134,295,545 representing a significant value premium of \$42,038,925 above the recognised carrying value as at 31 December 2023. The property assets support a strong balance sheet to pursue further organic and inorganic growth and comfortably underpin the current share price.

As part of our annual ISO commitments, the Company was independently audited in July 2023 and was successful in retaining certification for Quality (9001:2015), Environment (14001:2015) and Health and Safety (45001:2018).

Environmental, social and governance (ESG) issues remain a focus and include the following sustainability initiatives:

- Staff wellbeing continues to benefit from the rollout of the national Employee Assistance Program (EAP), driver support programs and trained site-based Wellbeing Officers.
- Company-wide commitment to a strong safety culture continues to be maintained, where additional focus on preventative hazard reporting and training during the period has seen a reduction in Lost Time Injuries (LTI), which remain significantly below industry averages.
- Robust supply chain compliance, including risk assessments and awareness programs, has been reported in the recent release of Company's Modern Slavery Statement for FY23.
- Ongoing reduction of the Company's carbon footprint following the installation of solar electricity at owned and leased properties, 5-star Green Star property developments and an accelerated fleet renewal program to further reduce average vehicle age and emissions.

Considering the strong operating results, the directors have decided to declare an interim dividend of 5.0 cents per share fully franked, payable on 5 April 2024.

In the context of inflation and higher interest rates, along with continuing wage cost pressures, forecasting the operating environment and outlook remains difficult and we remain aware that future trading volumes and activity could be impacted as a result. These conditions are anticipated to drive continued consolidation within the transport industry as operators pursue growth and scale. The Company continues to evaluate synergistic acquisition prospects and is well positioned to capture growth opportunities following recent national capacity expansions and substantial investments in property and vehicles.

Changes in the state of affairs

No other significant changes in the state of affairs of the Group have occurred.

Subsequent events

The directors are not aware of any other matters or circumstances not otherwise dealt with in this half year report that have significantly or may significantly affect the operations of the Group, the results of those operations, or the affairs of the Group in subsequent financial years.

Likely developments

The major objectives encompassed in the Business Plan of the Group are:

- expansion of existing operations by targeted marketing and by acquisition;
- establishment or acquisition of businesses in fields related to or compatible with the Group's existing core operations; and
- to maximise the profits and returns to shareholders by constant review of existing operations.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for the half year ended 31 December 2023.

This report is made in accordance with a resolution of the directors.



DAVID WATSON
Executive Chairman

Perth, WA
22 February 2024



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of CTI Logistics Limited

I declare that, to the best of my knowledge and belief, in relation to the review of CTI Logistics Limited for the half-year ended 31 December 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Jane Bailey

KPMG

Jane Bailey
Partner
Perth
22 February 2024

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Condensed consolidated statement of profit or loss and other comprehensive income for the half year ended 31 December 2023

| | Notes | 2023 \$ | 2022 \$ |
|---|-------|-------------------------|--------------------------|
| Revenue | | 161,847,489 | 158,011,557 |
| Other income | | 563,168 | 573,372 |
| Raw materials and consumables used | | (633,449) | (375,741) |
| Employee benefits expense | | (46,205,454) | (43,057,547) |
| Subcontractor expense | | (52,294,511) | (51,315,954) |
| Depreciation and amortisation expense | | (12,598,865) | (12,132,379) |
| Motor vehicle and transportation costs | | (23,689,206) | (22,139,382) |
| Property costs | | (3,063,712) | (2,746,484) |
| Other expenses | | (9,834,963) | (9,179,387) |
| Results from operating activities | | <u>14,090,497</u> | <u>17,638,055</u> |
| Finance income | | 117,894 | 71,122 |
| Finance expense | | (2,813,549) | (2,025,615) |
| Net finance costs | | <u>(2,695,655)</u> | <u>(1,954,493)</u> |
| Profit before income tax | | 11,394,842 | 15,683,562 |
| Income tax expense | 8 | <u>(3,772,434)</u> | <u>(5,062,829)</u> |
| Profit for the half year | | <u>7,622,408</u> | <u>10,620,733</u> |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Equity investments at FVOCI – net change in fair value | | <u>(3,284)</u> | <u>1,352</u> |
| Total comprehensive income for the half year | | <u>7,619,124</u> | <u>10,622,085</u> |
| | | Cents | Cents |
| Earnings per share for profit attributable to the ordinary equity holders of the Company | | | |
| Basic earnings per share | 7c | 9.88 | 13.96 |
| Diluted earnings per share | 7c | 9.81 | 13.90 |

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

**Condensed consolidated statement of financial position
as at 31 December 2023**

| | Notes | 31 December 2023 \$ | 30 June 2023 \$ |
|--------------------------------------|-------|---------------------------|---------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 7,203,778 | 10,282,435 |
| Trade and other receivables | | 41,196,120 | 37,274,911 |
| Inventories | | 202,018 | 234,037 |
| Total current assets | | <u>48,601,916</u> | <u>47,791,383</u> |
| Non-current assets | | | |
| Other investments | | 55,575 | 60,267 |
| Property, plant and equipment | 3 | 127,468,670 | 116,427,777 |
| Right-of-use assets | 5 | 46,145,917 | 51,420,323 |
| Investment properties | | 2,207,373 | 2,208,431 |
| Deferred tax assets | | 27,571 | - |
| Intangible assets | 4 | 24,414,236 | 24,981,822 |
| Total non-current assets | | <u>200,319,342</u> | <u>195,098,620</u> |
| Total assets | | <u>248,921,258</u> | <u>242,890,003</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 23,857,358 | 23,851,650 |
| Loans and borrowings | | - | 9,905,000 |
| Lease liabilities | | 15,672,018 | 16,339,264 |
| Current tax liabilities | | 1,778,894 | 1,136,052 |
| Employee benefits provision | | 9,314,998 | 9,167,046 |
| Total current liabilities | | <u>50,623,268</u> | <u>60,399,012</u> |
| Non-current liabilities | | | |
| Lease liabilities | | 40,933,974 | 46,508,339 |
| Loans and borrowings | 6 | 38,405,000 | 20,500,000 |
| Deferred tax liabilities | | - | 986,678 |
| Employee benefits provision | | 2,243,650 | 1,886,055 |
| Total non-current liabilities | | <u>81,582,624</u> | <u>69,881,072</u> |
| Total liabilities | | <u>132,205,892</u> | <u>130,280,084</u> |
| Net assets | | <u><u>116,715,366</u></u> | <u><u>112,609,919</u></u> |
| EQUITY | | | |
| Contributed equity | 7a | 29,940,619 | 29,602,634 |
| Reserves | | 1,845,540 | 1,848,824 |
| Retained profits | | 84,929,207 | 81,158,461 |
| Total equity | | <u><u>116,715,366</u></u> | <u><u>112,609,919</u></u> |

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

**Condensed consolidated statement of changes in equity
for the half year ended 31 December 2023**

| Consolidated | Contributed equity \$ | Reserves \$ | Retained profits \$ | Total equity \$ |
|---|-----------------------------|------------------|---------------------------|--------------------|
| Balance at 1 July 2022 | 27,947,489 | 1,933,417 | 70,910,030 | 100,790,936 |
| Total comprehensive income for the half year | - | 1,352 | 10,620,733 | 10,622,085 |
| Transactions with equity holders in their capacity as equity holders: | | | | |
| Dividends provided for or paid | 941,809 | - | (3,029,734) | (2,087,925) |
| Balance at 31 December 2022 | <u>28,889,298</u> | <u>1,934,769</u> | <u>78,501,029</u> | <u>109,325,096</u> |
| Balance at 1 July 2023 | 29,602,634 | 1,848,824 | 81,158,461 | 112,609,919 |
| Total comprehensive income for the half year | - | (3,284) | 7,622,408 | 7,619,124 |
| Transactions with equity holders in their capacity as equity holders: | | | | |
| Dividends provided for or paid | 337,985 | - | (3,851,662) | (3,513,677) |
| Balance at 31 December 2023 | <u>29,940,619</u> | <u>1,845,540</u> | <u>84,929,207</u> | <u>116,715,366</u> |

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**Condensed consolidated statement of cash flows
for the half year ended 31 December 2023**

| | 2023 \$ | 2022 \$ |
|---|-------------------------|-------------------------|
| Cash flows from operating activities | | |
| Receipts from customers (inclusive of goods and services tax) | 175,627,111 | 171,769,240 |
| Payments to suppliers and employees (inclusive of goods and services tax) | <u>(152,907,243)</u> | <u>(142,851,140)</u> |
| | 22,719,868 | 28,918,100 |
| Interest received | 117,894 | 71,122 |
| Dividends received | 1,173 | 1,173 |
| Interest paid | (2,655,111) | (1,856,519) |
| Income taxes paid | <u>(4,143,014)</u> | <u>(4,598,878)</u> |
| Net cash inflow from operating activities | <u>16,040,810</u> | <u>22,534,998</u> |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment and intangibles | (15,490,079) | (12,077,881) |
| Proceeds from sale of property, plant and equipment | <u>591,146</u> | <u>347,620</u> |
| Net cash outflow from investing activities | <u>(14,898,933)</u> | <u>(11,730,261)</u> |
| Cash flows from financing activities | | |
| Borrowings | 14,000,000 | - |
| Repayment of borrowings | (6,000,000) | (2,500,000) |
| Repayment of lease liabilities | (8,706,857) | (9,554,230) |
| Dividend paid to Company's shareholders net of dividend reinvestment/bonus share plan shares issued | <u>(3,513,677)</u> | <u>(2,087,925)</u> |
| Net cash outflow from financing activities | <u>(4,220,534)</u> | <u>(14,142,155)</u> |
| Net decrease in cash and cash equivalents | (3,078,657) | (3,337,418) |
| Cash and cash equivalents at the beginning of the half year | <u>10,282,435</u> | <u>9,409,550</u> |
| Cash and cash equivalents at the end of the half year | <u><u>7,203,778</u></u> | <u><u>6,072,132</u></u> |

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

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

This general purpose financial report for the half year reporting period ended 31 December 2023 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. CTI Logistics Limited and its subsidiaries (together referred to as the "Group") is a for-profit entity.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by CTI Logistics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2023.

The future economic environment continues to be uncertain in the context of global economic markets and events, increasing inflation and interest rates, along with wage cost pressure. The Group has considered the impact of this uncertain environment on each of its significant accounting judgements and estimates, particularly with respect to assumptions used in determining expected credit losses on receivables, impairment of non-current assets and going concern. At this stage no further significant estimates have been identified since 30 June 2023, however management is continuing to monitor the ongoing level of uncertainty in all future cash flow forecasts used in asset valuation and financial viability.

2. SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Group's Executive Chairman.

The Group's Executive Chairman considers the business from a product and services perspective and has identified three reportable segments: transport, logistics and property.

The reportable segments include the following operations:

- Transport services - includes the provision of courier, taxi truck, parcel distribution, fleet management and line haul freight.
- Logistics - includes the provision of warehousing and distribution, specialised flooring logistics, supply based management services and document storage services.
- Property - rental of owner-occupied and investment property.

"Other" segments include the provision of security services and the corporate head office. These segments do not meet any of the quantitative thresholds for determining reportable segments.

The Group's Executive Chairman assesses the performance of the operating segments based on segment profit before income tax.

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2. SEGMENT INFORMATION (continued)

(b) Information about reportable segments

The segment information provided to the Group's Executive Chairman for the reportable segments for the half year ended 31 December 2023 is as follows:

| | Transport | Logistics | Property | Other | Reconciling/ unallocated | Total |
|--|------------------|------------------|-----------------|--------------|-------------------------------------|--------------|
| Half year 2023 | \$ | \$ | \$ | \$ | \$ | \$ |
| External revenues | 100,741,199 | 57,642,110 | 195,383 | 3,264,485 | 4,312 | 161,847,489 |
| Intra and inter-segment revenue | 13,584,590 | 33,639 | 2,820,548 | 406,860 | (16,845,637) | - |
| Interest expense | 568,090 | 1,355,345 | 491,218 | - | 262,055 | 2,676,708 |
| Depreciation and amortisation | 4,618,626 | 6,524,018 | 403,327 | 242,860 | 810,034 | 12,598,865 |
| Total segment profit before income tax | 7,333,715 | 3,820,017 | 1,423,529 | 346,134 | (1,528,553) | 11,394,842 |
| 31 December 2023 | | | | | | |
| Total segment assets | 67,362,400 | 78,854,739 | 94,239,805 | 2,655,660 | 5,808,654 | 248,921,258 |
| Total segment liabilities | 34,091,378 | 54,346,447 | 25,261,412 | 1,823,274 | 16,683,381 | 132,205,892 |
| Half year 2022 | | | | | | |
| External revenues | 97,629,891 | 57,274,932 | 92,840 | 3,012,721 | 1,173 | 158,011,557 |
| Intra and inter-segment revenue | 14,722,317 | 36,611 | 2,017,761 | 334,315 | (17,111,004) | - |
| Interest expense | 281,873 | 1,204,057 | 181,207 | - | 229,035 | 1,896,172 |
| Depreciation and amortisation | 4,617,476 | 6,537,338 | 404,423 | 156,104 | 417,038 | 12,132,379 |
| Total segment profit before income tax | 11,680,162 | 4,749,171 | 778,423 | 89,546 | (1,613,740) | 15,683,562 |
| 30 June 2023 | | | | | | |
| Total segment assets | 60,595,215 | 87,774,334 | 85,995,679 | 3,042,599 | 5,482,176 | 242,890,003 |
| Total segment liabilities | 35,067,545 | 62,219,371 | 25,125,117 | 1,774,108 | 6,093,943 | 130,280,084 |

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3. PROPERTY, PLANT AND EQUIPMENT

| Consolidated | Freehold land \$ | Freehold buildings \$ | Plant and equipment \$ | Motor vehicles \$ | Total \$ |
|---|------------------------|-----------------------------|------------------------------|-------------------------|--------------|
| At 1 July 2023 | | | | | |
| Cost | 44,899,191 | 52,044,401 | 32,397,736 | 49,255,062 | 178,596,390 |
| Accumulated depreciation* | (2,655,780) | (9,526,370) | (22,749,838) | (27,236,625) | (62,168,613) |
| Net book amount | 42,243,411 | 42,518,031 | 9,647,898 | 22,018,437 | 116,427,777 |
| Half year ended 31 December 2023 | | | | | |
| Opening net book value | 42,243,411 | 42,518,031 | 9,647,898 | 22,018,437 | 116,427,777 |
| Additions | 350,000 | 7,756,355 | 1,891,823 | 5,481,576 | 15,479,754 |
| Disposals | - | - | (59,832) | (40,225) | (100,057) |
| Depreciation charge | - | (611,177) | (1,411,890) | (2,315,737) | (4,338,804) |
| Closing net book amount | 42,593,411 | 49,663,209 | 10,067,999 | 25,144,051 | 127,468,670 |
| At 31 December 2023 | | | | | |
| Cost | 45,249,191 | 59,768,749 | 33,401,304 | 52,746,362 | 191,165,606 |
| Accumulated depreciation * | (2,655,780) | (10,105,540) | (23,333,305) | (27,602,311) | (63,696,936) |
| Net book amount | 42,593,411 | 49,663,209 | 10,067,999 | 25,144,051 | 127,468,670 |

* Freehold land Includes historical impairment charges

Freehold land and buildings include properties owned by the Group throughout Western Australia. These properties are included in the financial statements at 31 December 2023 at \$92,256,620, being historical cost less accumulated depreciation and historical impairment charges. As part of the Group's compliance with its bank lending facilities, properties owned by the Group are valued for bank mortgage purposes by independent external valuation experts on a rolling 3 year basis. During the current half year period properties comprising 97% by value of the Group's properties were independently valued. These external valuations are completed for bank mortgage purposes only and may not be a reflection of the value which could be achieved for the sale of these properties in a third party market transaction.

Based on these external valuations, the total value of the Group's properties is \$134,295,545 representing an additional \$42,038,925 of value above the recognised carrying value of these properties at 31 December 2023.

4. INTANGIBLE ASSETS

| Consolidated | Goodwill \$ | Trade names \$ | Customer relationships \$ | Security lines \$ | Software \$ | Total \$ |
|---|----------------|----------------------|---------------------------------|-------------------------|----------------|--------------|
| At 1 July 2023 | | | | | | |
| Cost | 26,461,029 | 3,726,914 | 9,178,756 | 1,643,682 | 2,394,781 | 43,405,162 |
| Accumulated impairment | (3,074,710) | - | - | - | - | (3,074,710) |
| Accumulated amortisation | - | (3,487,817) | (8,117,695) | (1,587,623) | (2,155,495) | (15,348,630) |
| Net book amount | 23,386,319 | 239,097 | 1,061,061 | 56,059 | 239,286 | 24,981,822 |
| Half year ended 31 December 2023 | | | | | | |
| Opening net book amount | 23,386,319 | 239,097 | 1,061,061 | 56,059 | 239,286 | 24,981,822 |
| Additions | - | - | - | - | 10,325 | 10,325 |
| Amortisation charge | - | - | (454,328) | (11,823) | (111,760) | (577,911) |
| Closing net book amount | 23,386,319 | 239,097 | 606,733 | 44,236 | 137,851 | 24,414,236 |
| At 31 December 2023 | | | | | | |
| Cost | 26,461,029 | 3,726,914 | 9,178,756 | 1,643,682 | 2,229,606 | 43,239,987 |
| Accumulated impairment | (3,074,710) | - | - | - | - | (3,074,710) |
| Accumulated amortisation | - | (3,487,817) | (8,572,023) | (1,599,446) | (2,091,755) | (15,751,041) |
| Net book amount | 23,386,319 | 239,097 | 606,733 | 44,236 | 137,851 | 24,414,236 |

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5. RIGHT-OF-USE ASSETS

| Consolidated | Land and buildings | Plant and equipment | Total |
|---|-------------------------------|--------------------------------|-------------------|
| | \$ | \$ | \$ |
| At 1 July 2023 | | | |
| Cost | 94,479,122 | 5,762,466 | 100,241,588 |
| Accumulated depreciation | (44,990,374) | (3,830,891) | (48,821,265) |
| Net book amount | <u>49,488,748</u> | <u>1,931,575</u> | <u>51,420,323</u> |
| Half year ended 31 December 2023 | | | |
| Opening net book value | 49,488,748 | 1,931,575 | 51,420,323 |
| Additions | 185,059 | 2,258,057 | 2,443,116 |
| Disposals | - | (36,430) | (36,430) |
| Depreciation charge | (6,823,892) | (857,200) | (7,681,092) |
| Closing net book amount | <u>42,849,915</u> | <u>3,296,002</u> | <u>46,145,917</u> |
| At 31 December 2023 | | | |
| Cost | 84,642,212 | 7,400,274 | 92,042,486 |
| Accumulated depreciation | (41,792,297) | (4,104,272) | (45,896,569) |
| Net book amount | <u>42,849,915</u> | <u>3,296,002</u> | <u>46,145,917</u> |

6. LOANS AND BORROWINGS

At the reporting date the Group had the following bank facilities:

| | 31 December 2023 | 30 June 2023 |
|------------------------|-----------------------------|---------------------|
| | \$ | \$ |
| Current borrowings | - | 9,905,000 |
| Non-current borrowings | 38,405,000 | 20,500,000 |
| Total borrowings | <u>38,405,000</u> | <u>30,405,000</u> |
| Undrawn facilities | 10,504,167 | 18,501,167 |

The undrawn facilities may be drawn at any time subject to the continuance of satisfactory credit ratings and are also subject to annual review.

7. CAPITAL AND RESERVES

(a) EQUITY SECURITIES

Contributed equity of \$29,940,619 represents shares on issue of 77,255,168 (30 June 2023: 77,035,697).

At 31 December 2023 there were 2,496,000 (30 June 2023 – 2,496,000) contingently issuable shares relating to shares issued under the Company's Employee Share Plan.

(b) DIVIDENDS

Dividends not recognised at the end of the reporting period

After the half year end the directors have declared an interim dividend of 5.0 cents per fully paid ordinary share, (2022 – 5.0 cents) fully franked based on income tax paid at 30%. The aggregate amount of the proposed dividend to be paid on 5 April 2024 out of retained profits at 31 December 2023, but not recognised as a liability at period end, is \$3,862,758 (30 June 2023 - \$3,851,662).

7. CAPITAL AND RESERVES (continued)

(c) EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 31 December 2023 are as follows:

| | 2023 | 2022 |
|--|-------------------|-------------------|
| (i) Basic earnings per share | 9.88 cents | 13.96 cents |
| Profit attributable to ordinary shareholders | \$7,622,408 | \$10,620,733 |
| Weighted average number of shares | 77,127,541 | 76,076,855 |
| (ii) Diluted earnings per share | 9.81 cents | 13.90 cents |
| Profit attributable to ordinary shareholders (diluted) | \$7,622,408 | \$10,620,733 |
| <i>Weighted average number of shares (diluted)</i> | | |
| Weighted average number of shares (basic) | 77,127,541 | 76,076,855 |
| The effect of the vesting of contingently issuable shares | 542,787 | 329,104 |
| Weighted average number of shares (diluted) at 31 December | <u>77,670,328</u> | <u>76,405,959</u> |

The average market value of the Company's shares for the purposes of calculating the dilutive effect of the vesting of contingently issuable shares was based on quoted market prices for the period during which the contingently issuable shares were outstanding.

8. INCOME TAX EXPENSE

Included within income tax expense is an adjustment for a prior period under provision of \$312,674 (2022: under provision - \$204,826), which has resulted in the variation in effective tax rate.

9. COMMITMENTS

Capital commitments contracted for at the reporting date but not recognised as liabilities relate to plant and equipment purchases of \$5,584,753 (30 June 2023 - plant and equipment of \$4,718,937 and freehold buildings of \$5,307,066). The commitments are payable within one year.

10. SUBSEQUENT EVENTS

No material subsequent events have occurred since the end of the half year other than disclosed elsewhere in these financial statements.

Directors' Declaration

In the opinion of the directors of CTI Logistics Limited:

- (a) the consolidated financial statements and notes that are set out on pages 6 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



DAVID WATSON
Executive Chairman

Perth, WA
22 February 2024



Independent Auditor's Review Report

To the shareholders of CTI Logistics Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of CTI Logistics Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of CTI Logistics Limited does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- Complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2023;
- Condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises CTI Logistics Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- The preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- Such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Jane Bailey

Partner

Perth

22 February 2024