

CPT Global Limited ABN 16 083 090 895 and Controlled Entities
Appendix 4E - Preliminary Final Report for the Year Ended 30 June 2024

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information

		%		2024 A \$	2023 A \$
Revenues from ordinary activities	down	(26)	to	20,714,755	28,131,258
Net Loss before tax attributable to members	down	6	to	(1,410,041)	(1,494,474)
Net Loss after tax attributable to members	down	40	to	(1,234,909)	(2,060,849)

DIVIDENDS PAID AND PROPOSED

No dividends have been declared in relation to financial year ending 30 June 2024.

DIVIDEND DETAILS

	2024 A \$	2023 A \$
Ordinary Share Capital:		
Final dividend paid	-	416,071
Interim dividend paid	-	250,675
Final dividend declared	-	-

EARNINGS PER SHARE (EPS)

	2024	2023
Basic EPS	(2.95) cents	(4.92) cents
Diluted EPS	(2.95) cents	(4.92) cents

COMMENTARY ON THE RESULTS FOR THE PERIOD

Refer to Operating and Financial Review in the Preliminary Final Report.

STATUS OF AUDIT

The accounts are currently in the process of being audited.

ANNUAL GENERAL MEETING

CPT Global Ltd advises that its Annual General Meeting (AGM) will be held on or about the 20 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 ASX immediately after despatch.

In accordance with the Company's constitution, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5:00pm (AEDT) 16 October 2024 (35 days before the date of the AGM).

CPT Global Limited

ABN 16 083 090 895

Preliminary Final Report
For the year ended 30 June 2024

Contents

Operating & Financial Review	3
Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Preliminary Final Report	12

Operating & Financial Review

As we reflect on the past year and look forward, CPT Global is optimistic as we continue adapting to industry changes and the needs of our clients. Since the major disruptions of 2020, the IT industry has been evolving, with clients investing and adopting new technologies more cautiously. While this has provided opportunities, it has also come with challenges.

Despite these challenges, CPT is well-positioned to deliver value to both clients and investors by leveraging its strengths in mainframe, midrange, and testing services while strategically investing in growth areas, particularly in mainframe security.

We continue to implement innovative solutions and explore opportunities in cost optimisation and performance tuning. These efforts not only deliver substantial cost savings to clients but also drive significant energy efficiencies. This alignment with our clients' financial objectives and ESG commitments ensures CPT is leveraging an approach that benefits both their bottom line and environmental goals.

As we continue to expand our offerings and adapt to change, we are focused on the future and on delivering excellence across our business with our trusted clients.

Financial Overview

CPT faced significant challenges in FY24, leading to disappointing financial results. While our core business services remained profitable, reduced activity across the group has led to overall losses. As a result, we have implemented tighter cost controls and made targeted strategic investments to support growth and address emerging market demands.

The revenue for the year ended 30 June 2024 was \$20,714,755, a 26% decrease on the previous year's revenue of \$28,131,258. The net loss before tax was \$1,410,041, with a net loss after tax of \$1,234,909. FY2024 loss was predominantly from market conditions and associated reduced business activity, mainly in Australia & APAC.

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

	FY2024	HY2023	FY2023
	\$	\$	\$
Revenue	20,714,755	11,279,235	28,131,258
(Loss) / profit before tax	(1,410,041)	202,266	(1,494,474)
Tax benefit/(expense)	175,132	65,249	(566,375)
(Loss) / profit after tax	(1,234,909)	267,515	(2,060,849)
Impairment of financial assets*	36,368	-	1,026,874
(Loss) / profit after tax & excluding impairment	(1,198,541)	267,515	(1,033,975)

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

Notable points for FY2024:

- Australia & APAC revenue of \$8,597,734 down on FY2023 (\$15,394,405), following major programs of work ending, coupled with challenging market conditions, including in the government sector, which impacted renewals, the securing of new major programs, and general business activity.
- Northern Hemisphere revenues of \$12,117,021 down on FY2023 (\$12,736,853) from depressed market conditions, with some recent positive momentum heading into FY2025.
- Finance costs increased mainly due to interest related to Australian tax liabilities, pending the outcome of an ATO remediation lodgement. Other operating costs decreased, primarily from reductions in professional and advisory fees, rental costs, and insurance premiums, but were partially offset by increases in salaries and benefits (due to director fees from overlap with the outgoing Chair and higher statutory and pension costs) as well as license and subscription costs (for enhanced internal systems security and marketing tools).
- Following a comprehensive review in FY2023, an impairment of CA\$1,018,106 (AU\$1,140,991) related to Canadian tax was required. The closing balance held as a non-current receivable was CA\$580,859 (AU\$662,065), which is the probability weighted amount currently being pursued for recovery from the CRA and associated individuals these relate to. In FY2024, progress has been made in recovering amounts from the CRA and assessing eligibility of refunds, with the balance at 30 June 2024 being CA\$501,168 (AU\$549,410), and a further impairment of CA\$45,000 (AU\$49,480) for amounts deemed unrecoverable.
- HY2024 profit before tax included an accounting adjustment of \$449,240 relating to Long Term Incentives (LTI) for prior year balances, including LTI'2022 written down to zero (\$337,240) as performance hurdles unlikely to be met, and LTI'2023 (\$112,000) provision released following the grant of the performance rights at the 22 November 2023 AGM. AU\$62,605 of share-based payment expense was recognised following the grant of performance rights to the CEO and employees during the year, bringing the share-based payments balance to AU\$386,635.

Basic loss per share amounted to 2.95 cents per share (diluted loss 2.95 cents per share). Compared to FY2023 basic loss amounted to 4.92 cents per share.

Financial Position

CPT Global's performance has resulted in a decrease of net assets to \$1,404,410 compared to \$2,918,260 in 2023, mainly due to a reduction in trade other receivables and contract assets due to decreased business activity.

Cash Flow

CPT Global had \$1,599,267 in cash as at 30 June 2024 and \$1,244,980 on 30 June 2023. We continue to actively manage our cash balances, utilise our funding facility, and monitor aged receivables to effectively manage our cash flow.

Capital Management

No final dividend has been declared for 30 June 2024. However, it is our intention to return to our dividend payout ratio in future.

Operating Review

Mainframe Services

The mainframe is still essential to enterprises, playing a key role in client operations and our team's success. As organisations consider modernising and migrating to the cloud, they are increasingly recognising the inherent value, stability, resiliency, and security of mainframes in their hybrid architectures, and CPT is seizing opportunities on this trend. CPT is also well positioned and currently helping customers with migrating away from CA-Broadcom software to avoid recent increases in license renewal costs.

Our focus on optimising, modernising, and securing mainframe systems has served us well over our 30-year history. Expanding into midrange and cloud solutions has allowed us to diversify our offerings and open new doors. Incremental investment in our security offerings aligns well with our expertise and is an exciting opportunity for growth. It also enhances our value proposition and positions CPT as a comprehensive solutions provider in a competitive market.

Ultimately, our goal is to empower clients with a suite of integrated solutions that meet their unique needs, ensuring they can also stay agile as markets shift.

Quality Assurance & Testing

Our quality assurance and testing services are a core strength that reinforce our identity as testing experts. Along with our mainframe services, these offerings have been key in positioning CPT as a leader in the independent testing market. We also continue to refine our mainframe test coverage software and strategy, exploring ways to infuse our technical expertise and systems into software and business solutions across various platforms, setting the stage for a new revenue stream that widens our market scope. Currently, we are actively seeking opportunities to expand our reach by aligning with businesses that share our values and can benefit from our expertise.

We continue to invest in our team's skills and capabilities, ensuring we deliver industry-leading services and stay competitive in the market. With our focus on automation, CPT is strategically positioned to meet client demands with enhanced efficiency and effectiveness, giving us a competitive edge in the market.

Market Opportunities

The US, Canada, and European markets offer significant potential, with opportunities that align well with our mainframe services. Luke Tuddenham (CEO) is dedicating his time to building strong relationships in these regions while Gerry Tuddenham oversees the Australian and APAC business.

Northern Region Strategy

Our strategy for the Northern region focuses on investing in our Security and Optimisation services, rejuvenating past relationships, expanding existing ones, and creating opportunities that serve a broader client base. CPT is also forming partnerships with key industry players to access larger client projects through our combined expertise and resources.

Recent trends show that clients are increasingly interested in advanced security solutions. Harnessing our expertise and continuing to invest in world class talent will help CPT seize the opportunities presented by this expanding market to drive growth.

Australia & APAC Strategy

The Australia and APAC regions also offer promising opportunities. As the Founder of CPT and recently appointed leader for the region, Gerry is key to our organisation's growth. His deep understanding of local market dynamics and extensive experience are enhancing client relationships and helping the team find new opportunities beyond Melbourne. Having Gerry at the helm has re-energised our sales efforts in the region, particularly around mainframe services and in the government sector.

In this new role, Gerry will work closely with practice and resourcing leads to refine our regional offerings, ensuring they align with market needs and leverage CPT's strengths. Our primary goal is to strategically position CPT to capitalise on opportunities that yield quick results and promote long-term stability, maximising our market presence while establishing a strong foundation for the future.

Building on Gerry's initiatives and momentum, we have high expectations for growth in this region over the coming years. As we fine-tune our operational model to support success in both regions, we are committed to enhancing our global footprint and profitability.

Looking Forward to FY2025

As we move into FY2025, CPT Global is on a clear path forward to building deeper relationships with our clients and partners. We are also focused on delivering excellence in all areas of our business and expanding our services to meet industry demands.

Our goal is to not only maintain, but elevate CPT's position as a trusted partner, providing innovative solutions that help our clients succeed in IT and thrive in business. The focus will be on collaborating with our talented team and lead CPT into the future, with a strong focus on growth and delivering value to all stakeholders. Together, we will continue to push the boundaries of what is possible and create a brighter future for our clients, investors, and the organisation.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2024

	30 Jun 24	30 Jun 23
	\$	\$
Revenue	20,714,755	28,131,258
Other income	10,012	9,577
Share based payment arrangements	386,635	(319,148)
Salaries and employee benefits	(4,287,609)	(4,143,263)
Consultants benefits	(14,481,280)	(20,598,398)
Depreciation and amortisation	(25,376)	(15,096)
Insurance	(449,506)	(474,537)
Finance costs	(436,863)	(67,333)
Occupancy costs	(226,523)	(322,429)
Professional Services	(723,663)	(858,100)
Licenses & Subscriptions	(383,340)	(283,847)
Other expenses	(1,456,990)	(1,412,258)
Impairment of financial assets	(49,480)	(1,140,991)
Foreign currency (loss)/gains	(813)	91
(LOSS) BEFORE INCOME TAX	(1,410,041)	(1,494,474)
INCOME TAX BENEFIT/(EXPENSE)	175,132	(566,375)
(LOSS) AFTER INCOME TAX	(1,234,909)	(2,060,849)
Other Comprehensive Income:		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translating foreign operations	(4,306)	19,822
Total Other Comprehensive (Deficit)/Income for the year, net of tax	(4,306)	19,822
TOTAL COMPREHENSIVE (DEFICIT) FOR THE YEAR	(1,239,215)	(2,041,027)
(LOSS) ATTRIBUTABLE TO THE MEMBERS OF CPT GLOBAL LIMITED	(1,234,909)	(2,060,849)
TOTAL COMPREHENSIVE (DEFICIT) ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED	(1,239,215)	(2,041,027)
Basic (loss) per share (cents per share)	2 (2.95)	(4.92)
Diluted (loss) per share (cents per share)	2 (2.95)	(4.92)

Consolidated Statement of Financial Position

AT 30 JUNE 2024

	30 Jun 24	30 Jun 23
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	1,599,267	1,244,980
Trade and other receivables	2,345,816	3,192,696
Contract assets	537,531	1,095,410
Other current assets	238,175	657,323
Current tax assets	407,557	450,006
TOTAL CURRENT ASSETS	5,128,346	6,640,415
NON-CURRENT ASSETS		
Trade and other receivables	549,410	662,065
Deferred tax assets	1,237,826	833,429
Right-of-use assets	199,636	-
Property, plant and equipment	20,478	34,390
TOTAL NON-CURRENT ASSETS	2,007,350	1,529,884
TOTAL ASSETS	7,135,696	8,170,299
CURRENT LIABILITIES		
Trade and other payables	3,706,392	3,603,182
Contract liabilities	283,771	196,901
Lease liabilities	78,837	-
Provisions	1,491,876	1,313,172
TOTAL CURRENT LIABILITIES	5,560,876	5,113,255
NON-CURRENT LIABILITIES		
Lease liabilities	130,032	-
Provisions	40,378	138,784
TOTAL NON-CURRENT LIABILITIES	170,410	138,784
TOTAL LIABILITIES	5,731,286	5,252,039
NET ASSETS	1,404,410	2,918,260
EQUITY		
Issued capital	13,918,575	13,918,575
Reserves	656,762	935,703
Accumulated losses	(13,170,927)	(11,936,018)
TOTAL EQUITY	1,404,410	2,918,260

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2024

	Issued Capital	Accumulated	Employee Compensation	Foreign Currency Translation	
	Ordinary	Losses	Reserve	Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2022	13,818,324	(9,208,422)	1,828,829	(1,120,096)	5,318,636
Comprehensive Income					
Loss or the year	-	(2,060,849)	-	-	(2,060,849)
Other comprehensive income	-	-	-	19,822	19,822
Total comprehensive deficit for the year	-	(11,269,271)	-	19,822	(2,041,027)
Transactions with owners, in their capacity as owners					
Dividends paid or provided for	-	(666,747)	-	-	(666,747)
Issue of shares	100,251	-	-	-	100,251
Share-based payments	-	-	207,147	-	207,147
Total transactions with owners, in their capacity as owners	100,251	(666,747)	207,147	-	(359,347)
Balance at 30 June 2023	13,918,575	(11,936,018)	2,035,977	(1,100,274)	2,918,260
Balance at 1 July 2023	13,918,575	(11,936,018)	2,035,977	(1,100,274)	2,918,260
Comprehensive Income					
Loss for the year	-	(1,234,909)	-	-	(1,234,909)
Other comprehensive deficit	-	-	-	(4,306)	(4,306)
Total comprehensive deficit for the year	-	(1,234,909)	-	(4,306)	(1,239,215)
Transactions with owners, in their capacity as owners					
Dividends paid or provided for	-	-	-	-	-
Issue of shares	-	-	-	-	-
Share-based payments	-	-	(274,635)	-	(274,635)
Total transactions with owners, in their capacity as owners	-	-	(274,635)	-	(274,635)
Balance at 30 June 2024	13,918,575	(13,170,927)	1,761,342	(1,104,580)	1,404,410

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2024

	30 Jun 24	30 Jun 23
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	24,341,035	30,012,990
Payments to suppliers and employees	(23,714,649)	(31,412,973)
Interest received	10,012	9,577
Finance costs	(87,204)	(48,115)
Income tax paid	(186,816)	(822,648)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	<u>362,378</u>	<u>(2,261,169)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, software	(3,771)	(34,529)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(3,771)</u>	<u>(34,529)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividends on ordinary shares	-	(566,496)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	<u>-</u>	<u>(566,496)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD	358,607	(2,862,194)
Opening cash and cash equivalents	1,244,980	4,087,261
Effects of exchange rate changes on cash and cash equivalents	(4,320)	19,913
CLOSING CASH AND CASH EQUIVALENTS	<u>1,599,267</u>	<u>1,244,980</u>

Notes to the Preliminary Final Report

YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

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

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

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

CPT Global Limited has a formally constituted audit committee.

(b) Material Accounting policies

This report, and the accounts on which it is based, use the same accounting policies which have been consistently applied by the entities in the group and are the same as those applied in the 30 June 2023 annual financial report.

2. EARNINGS PER SHARE

	2024	2023
(a) The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net earnings used in calculating basic and diluted earnings per share	(1,234,909)	(2,060,849)

	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	41,897,365	41,897,365
Weighted average number of options outstanding	799,735	1,000,000
Effect of antidilution	(799,735)	(1,000,000)
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	41,897,365	41,897,365

3. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

	2024 \$	2023 \$
(a) Dividends paid during the year		
<i>Prior year final</i>		
Franked dividends (2023: 0.00c per share) (2022: 1.00c per share)	-	416,071
<i>Current year interim</i>		
Franked dividends (0.00c per share) (2023: 0.60c per share)	-	250,675
		666,747
(b) Dividends proposed and not recognised as a liability		
Fully franked Final dividend of 0.0 cents per share (2023: 0.00c per share)	-	-
	-	-
(c) Franking credit balance		
Balance of franking credits at the end of reporting	2,587,095	2,407,958

4. OPERATING SEGMENTS

Segment Performance	Australia & APAC		Northern Hemisphere		Corporate		Consolidated	
	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23
Revenue	8,597,734	15,394,405	12,117,021	12,736,853	-	-	20,714,755	28,131,258
Cost of Sales	(6,393,550)	(12,115,641)	(6,160,739)	(5,920,798)	-	-	(12,554,289)	(18,036,439)
Segment Gross Profit Before Tax	2,204,184	3,278,764	5,956,282	6,816,055	-	-	8,160,466	10,094,819
<i>Reconciliation of segment result to group profit before tax</i>								
OPEX	(1,963,276)	(1,846,467)	(3,379,933)	(3,805,940)	(4,564,453)	(4,795,895)	(9,907,662)	(10,448,302)
Profit/(loss) before tax before unallocated items	240,908	1,432,297	2,576,349	3,010,115	(4,564,453)	(4,795,895)	(1,747,196)	(353,483)
Corporate Costs								
Share based payment reversal							386,635	-
Impairment of financial assets							(49,480)	(1,140,991)
							337,155	(1,140,991)
Loss before tax							(1,410,041)	(1,494,474)

Segment Assets	Australia & APAC		Northern Hemisphere		Corporate		Consolidated	
	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23
<i>Reconciliation of segment assets to group assets</i>								
- Cash and cash equivalents	521,934	204,874	1,077,333	1,040,106	-	-	1,599,267	1,244,980
- Trade Receivables	1,176,969	1,499,215	1,718,257	2,355,546	-	-	2,895,226	3,854,761
- Deferred tax asset	731,746	579,736	506,080	253,693	-	-	1,237,826	833,429
- Contact Assets	-	-	537,531	1,095,410	-	-	537,531	1,095,410
- Property, plant & equipment	-	-	4,221	9,104	16,257	25,286	20,478	34,390
- Right-of-use-assets	-	-	-	-	199,636	-	199,636	-
- Other tax assets	103,345	21,139	304,212	428,867	-	-	407,557	450,006
- Other Assets	12,972	406,952	95,768	134,640	129,435	115,731	238,175	657,323
Total Group Assets	2,546,966	2,711,916	4,243,402	5,317,366	345,328	141,017	7,135,696	8,170,299

Segment Liabilities	Australia & APAC		Northern Hemisphere		Corporate		Consolidated	
	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23
<i>Reconciliation of segment liabilities to group liabilities</i>								
- Trade and other payables	356,618	1,012,599	1,966,003	1,787,778	1,383,771	802,805	3,706,392	3,603,182
- Provisions	1,078,318	950,675	246,579	131,606	207,357	369,675	1,532,254	1,451,956
- Contract liabilities	229,871	142,649	53,900	54,252	-	-	283,771	196,901
- Lease liabilities	-	-	-	-	208,869	-	208,869	-
Total Group Liabilities	1,664,807	2,105,923	2,266,482	1,973,636	1,799,997	1,172,480	5,731,286	5,252,039