

CPT Global Limited ABN 16 083 090 895 and Controlled Entities
Appendix 4E - Preliminary Final Report for the Year Ended 30 June 2022

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information

				2022	2021
				A \$000's	A \$000's
Revenues from ordinary activities	down	-10.0%	to	29,941	33,256
Net Profit (Loss) before tax attributable to members	down	-54.2%	to	2,053	4,478
Net Profit (Loss) after tax attributable to members	down	-56.8%	to	1,472	3,405

DIVIDENDS PAID AND PROPOSED

	Amount per Security	Franked Amount per Security at 25% of Tax
Ordinary Shares:		
2022 final	1.00 cent	1.00 cent
2022 interim	1.5 cents	1.5 cents
2021 final	3.0 cents	3.0 cents

DIVIDEND DETAILS

	2022	2021
	A \$000's	A \$000's
Ordinary Share Capital:		
Final dividend paid	\$1,209	\$478
Interim dividend paid	\$621	\$786
Final dividend declared	\$416	\$1,209

DIVIDEND REINVESTMENT PLAN

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

EARNINGS PER SHARE (EPS)

	2022	2021
Basic EPS	3.54 cents	8.77 cents
Diluted EPS	3.49 cents	8.76 cents

NTA BACKING

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

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

STATUS OF AUDIT

The accounts are currently in the process of being audited.

ANNUAL GENERAL MEETING

CPT Global Ltd advises that its Annual General Meeting will be held on or about 15 November 2022. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX immediately after despatch.

In accordance with the ASX Listing Rules, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5:00pm (AEDT) 27 September 2022 (35 business days before date of AGM).

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CPT Global Limited

ABN 16 083 090 895

Preliminary Final Report

For the year ended 30 June 2022

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Managing Director's Review

Dear Shareholders,

We have concluded another successful year at CPT. I'm delighted to present the Operating and Financial review for CPT Global Limited ("the Company") and its controlled entities ("the Group") for the year ended 30 June 2022.

FY2022 has been a period of consolidation after the record FY2021 results and the start of a period of change as the next chapter in the Company's life began under my leadership, as the new CEO. The transition has brought considerable energy and drive with a bold vision to grow the business. During my first 7 months as CEO, the focus was on building greater structure, new talent attraction and forming key executive and management committees to strategically align the team, towards the new vision.

During the year, we have seen high growth in our North American business, whilst Australian business has experienced contracts coming to an end after successful completion, impacting the revenue. We have invested in systems, business development, marketing, structure and most importantly on people during the year.



THE VISION

CPT Global Limited will be a world leader in solving clients' complex technical challenges in our niche markets.

 <p>How We Do It</p> <p>Attract and retain the world's best technical consultants and combine our IP, software and services to deliver end to end solutions to clients at scale.</p>	 <p>What We Do</p> <p>We're passionate about finding undiscovered savings, risks, and opportunities in technology to help clients get more value and performance out of their investments.</p>	 <p>Role of Software</p> <p>Codify our IP in order to scale our delivery capacity and drive annuity revenue in our core service lines: Optimisation, Modernisation and Assurance</p>
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Our focus this year has been on new modernisation partnerships, enhanced service offerings and expanding into proprietary software. To that effect, we are building our solution by harnessing the IP from our pool of consultants, to build a unique market proposition to productise our services into tools and repeatable Solutions.

Our objective is to deliver long term, sustainable, profitable growth.

To achieve this we are:

- commercialising our IP to:
 - substantially scale our delivery capacity; and
 - drive repeatable and annuity revenue;
- focusing on our core competencies and technical expertise as a differentiator and niche provider;
- partnering with global leaders in the modernisation space to drive growth;
- enhancing our service offerings with end-to-end solutions under our service lines of Optimisation, Modernisation and Assurance;
- building the platform to facilitate and support growth
- pursuing opportunities that could fast-track our growth targets or complement our existing capabilities and expertise by Initiating a structured Mergers and acquisition plan; and
- becoming the trusted advisor that our clients are looking for and value

OPERATING AND FINANCIAL REVIEW

The net profit for FY2022 is \$1.5m on revenue of \$29.9m. After the record profit in FY2021 it was important for us to consolidate the gains we made and provide a platform to build upon. This has been achieved.

The table below shows the performance of the business over the last 3 reporting periods.

	FY2022	HY2022	FY2021
	m's	m's	m's
Revenue	29.9	15.9	33.3
<i>Profit before tax</i>	2.1	1.7	4.5
Tax expense	0.6	0.5	1.1
<i>Net profit</i>	1.5	1.2	3.4

In comparison to FY2021 we have seen a steady growth in North America revenue and a decline in Australia revenue, resulting in a net decline in revenue in FY2022. We have seen a similar trend with regards to margin between the two years. Second half of FY2022 saw the same trends continuing with regards to revenue, with North America performing well. We have made some investments as a part of our build strategy in the second half of FY2022, and also incurred one-off expenses increasing the cost base in the second half. This resulted in a profit before tax of approx. \$300k in the second half of FY2022.

The highlights of our performance in FY2022 were:

- revenue up 19% in North America in FY 2022 as we continued to expand our footprint in our 2 largest clients;
- revenue decreased 25% in Australia in FY2022 as a major project came to an end and our second largest client began scaling back head count as its major project nears completion in 2022;
- margins in North America continue to hold up despite pressure from clients and the market for talent tightening. Overall the margins in FY2022 were down due to high margin Australian customers slowing down their projects;
- direct costs for commercialising IP amounted to \$120k;
- financing costs continued to decline as we have been able to fund the business from free cash flow and limit the use of our debtor financing facility. Finance costs are down 52% compared to FY2021;
- the effective tax rate increased from 24% to 29%. The USA business contributed an increasing proportion of profit to the business and is taxed at approximately 30% (including state taxes) while the Australian business is taxed at 25%. In addition, tax losses in other regions have not been booked as deferred tax assets as the criteria for recognition has not been met.
- we have made investments in resources and systems, where ROI will be in the future years
- tight control over discretionary costs;
- travelling costs have increased, particularly for the North American sales team, however, we are yet to see clients mandate a return to office work on a part-time or full-time basis, especially for external consultants; and
- there were one-off employment related costs in second half of FY2022

Basic earnings per share amounted to 3.54 cents per share (diluted earnings 3.49 cents per share).

Financial Position

CPT Global's performance over the last 2 years has resulted in a strengthening of the balance sheet with net tangible assets of more than \$5m as at 30th June with no external debt.

Movements in the balance sheet:

- Trade and other receivables increased \$1.6m which is due to strong invoicing in North America in May and June.
- Trade and other payables increased by \$1.5m. This is due to timing differences for recurrent monthly payments and other payable items that were settled post year end.
- Included in the Trade and other payables is a value of \$2.9M (same value as last year) relating to tax payments made by CPT Canada to the Canadian tax authority, some of which were on behalf of employees. We are working with the Canadian tax authority to process the payments and collect the tax amounts; however, it may result in an increase in payables, if we are not fully successful.

Cash Flow

CPT had \$4.1 million in cash as at 30 June 2022 (\$4.3 million 30 June 2021).

Our cash position provides the business the ability to fund our growth strategies

Capital Management

A fully franked final dividend of 1.00 cents per share has been declared for the year to 30 June 2022. This brings the total dividend for FY2022 to 2.50 cents per share. This is an annualised yield of 6.76% (9.01% including franking credits) on a share price of \$0.37 as at 30 June 2022.

The total value of the final dividend is \$416,071 and will be paid on 11 November 2022.

This represents an annual payout ratio of 71%. The payout ratio for the FY2021 dividends was 59%.

The dividend reinvestment plan will apply to the dividend. The DRP discount will be 2.5%.

No funds were drawn against our debtor funding at 30 June 2022 and \$0.8 million was available to draw on.

OUTLOOK

We are focussed on and committed to rolling our new strategy out across the business. Significant progress has been made in all streams of the strategy and the opportunities in mainframe modernisation and software are very exciting. The benefits of the work being done in FY2022 to build a platform for the next stage of growth in the business will be realised in future financial years.

In the short term there will be a cost to pursuing a growth strategy and developing tools and software. This will be funded from profits, although we do not expect these costs to be material based on current plans.

The pipeline of opportunities is strong in the USA and Australia and there are opportunities to win net new accounts. While our intention is to grow dividends and increase the payout ratio over time, this needs to be balanced with investing in the growth and software strategies and maintaining a strong balance sheet to give us flexibility to manage the operating and business risks in Australia and the USA.

A handwritten signature in black ink, appearing to read 'L Tuddenham', written over a faint, large watermark that says 'For personal use only'.

Luke Tuddenham
Managing Director
Melbourne, Victoria 31 August 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2022

	Notes	2022 \$'000	2021 \$'000
Revenue		29,941	33,256
Other income		16	153
Salaries and employee benefits		(2,768)	(2,328)
Consultants benefits		(21,741)	(24,011)
Depreciation and amortisation		(16)	(130)
Insurance		(355)	(310)
Finance costs		(92)	(191)
Occupancy Costs		(266)	(193)
Other expenses		(2,689)	(1,720)
Foreign currency Gains/(Losses)		23	(50)
PROFIT BEFORE INCOME TAX		2,053	4,478
INCOME TAX EXPENSE		(581)	(1,073)
PROFIT AFTER INCOME TAX		1,472	3,405
Other Comprehensive Income:			
Items that may be subsequently reclassified to comprehensive income			
Exchange differences on translating foreign controlled entities		(463)	(289)
Total Other Comprehensive Income for the year, net of tax		(463)	(289)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,009	3,116
PROFIT ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED		1,472	3,405
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED		1,009	3,116
Basic earnings per share (cents per share)	3	3.54	8.77
Diluted earnings per share (cents per share)	3	3.49	8.76

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

Consolidated Statement of Financial Position

AT 30 JUNE 2022

	2022	2021
	\$'000	\$'000
CURRENT ASSETS		
Cash and cash equivalents	4,087	4,264
Trade and other receivables	4,483	2,954
Contract Assets	1,318	1,321
Current tax asset	-	-
Other current assets	639	634
TOTAL CURRENT ASSETS	10,527	9,173
NON-CURRENT ASSETS		
Deferred tax assets	1,200	1,018
Property, plant and equipment	14	17
TOTAL NON-CURRENT ASSETS	1,214	1,035
TOTAL ASSETS	11,741	10,208
CURRENT LIABILITIES		
Trade and other payables	5,457	3,950
Current tax liabilities	52	46
Provisions	760	760
TOTAL CURRENT LIABILITIES	6,269	4,756
NON-CURRENT LIABILITIES		
Deferred tax liability	121	158
Provisions	32	62
TOTAL NON-CURRENT LIABILITIES	153	220
TOTAL LIABILITIES	6,370	4,976
NET ASSETS	5,319	5,232
EQUITY		
Issued capital	13,818	13,033
Reserves	709	1,049
Accumulated losses	(9,208)	(8,850)
TOTAL EQUITY	5,319	5,232

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2022

	\$'000	\$'000	\$'000	\$'000	\$'000
	Issued Capital Ordinary	Accumulated Losses	Employee Compensation Reserve	Foreign Currency Translation Reserve	Total
Balance at 1 July 2020	12,396	(10,990)	1,706	(369)	2,743
Comprehensive Income					
Profit for the year	-	3,405	-	-	3,405
Other comprehensive loss	-	-	-	(289)	(289)
Total comprehensive income for the year	-	3,405	-	(289)	3,116
Transactions with owners, in their capacity as owners					
Dividends paid or provided for	-	(1,264)	-	-	(1,264)
Issue of shares	637	-	-	-	637
Total transactions with owners, in their capacity as owners	637	(1,264)	-	-	(627)
Balance at 30 June 2021	13,033	(8,849)	1,706	(658)	5,232
Balance at 1 July 2021	13,033	(8,849)	1,706	(658)	5,232
Comprehensive Income					
Profit for the year	-	1,472	-	-	1,472
Share-based payments	-	-	130	-	130
Total comprehensive income for the year	-	1,472	130	-	6,834
Transactions with owners, in their capacity as owners					
Dividends paid or provided for	-	(1,831)	-	-	(1,831)
Issue of shares	785	-	(7)	-	778
Other comprehensive loss	-	-	-	(463)	(463)
Total transactions with owners, in their capacity as owners	785	(1,831)	(7)	(463)	(1,515)
Balance at 30 June 2022	13,818	(9,208)	1,829	(1,121)	5,319

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2022

	2022	2021
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	29,002	36,452
Payments to suppliers and employees	(27,258)	(33,573)
Interest received	5	13
Finance costs	(22)	(59)
Income tax paid	(794)	(175)
NET CASH FLOWS FROM OPERATING ACTIVITIES	933	2,659
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, software	(12)	(10)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES	(12)	(10)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowings	18	(666)
Payment of dividends on ordinary shares	(1,114)	(790)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(1,096)	(1,456)
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD	(175)	1,192
Add opening cash and cash equivalents brought forward	4,264	3,133
Effects of exchange rate changes on cash and cash equivalents	(2)	(62)
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	4,087	4,264

Notes to the Preliminary Final Report

YEAR ENDED 30 JUNE 2022

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

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

CPT Global Limited has a formally constituted audit committee.

(b) Significant accounting policies

This report, and the accounts on which it is based, use the same accounting policies which have been consistently applied by the entities in the group and are the same as those applied in the 30 June 2021 annual financial report.

2. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

	2022 \$'000	2021 \$'000
(a) Dividends paid during the year		
<i>Current year interim</i>		
Franked dividends (1.50c per share) (2021: 2.00c per share)	621	786
<i>Previous year final</i>		
Franked dividends (3.00c per share) (2021: 1.25c per share)	1,209	478
	1,830	1,264
(b) Dividends proposed and not recognised as a liability		
Franked dividends (1.00c per share) (2021: 3.00c per share)	416	1,209

3. EARNINGS PER SHARE

(a) The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2022 \$'000	2021 \$'000
Net earnings used in calculating basic and diluted earnings per share	1,472	3,405
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	41,607,143	38,825,355
Weighted average number of options outstanding	594,521	50,000
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	42,201,664	38,875,355