Annual Report

For the year ended 30 June 2023

Stealth Global Holdings Ltd | ABN 25 615 518 020









STEALTHGLOBAL
HOLDINGS LTD

An Australian Industrial Distribution Group

“The Stealth Group embodies a unique alternative, one that brings industrial supplies and solutions to everyone in a workplace, everyday.”

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The images used throughout this document are solely for illustrative purposes.

About Us

Stealth Global Holdings Ltd (Stealth) is a wide range distributor of Industrial, Safety, Truck, Automotive and Workplace supplies and other related products and solutions.

Headquartered in Perth, Western Australia, Stealth provides supplies and solutions for every workplace that extends across the whole supply chain to Customers of all types and sizes. Stealth's large distribution network provides multiple channels-to-market through three operating divisions: Distribution (B2B), Retail (B2C), and Wholesale (B2B2C).

Under Stealth's portfolio is five market facing operating brands:

HEATLEYS SAFETY&INDUSTRIAL | C&L TOOL CENTRE | SKIPPER TRANSPORT PARTS | ISG INDUSTRIAL SUPPLY GROUP | UNITED TOOLS

2023 Financial Summary

Stealth has achieved strong growth through its expansion efforts, e-commerce investments, and maintaining strong customer relationships. The company's investments in unification has positively impacted its operations by boosting volume growth, diversifying its product range, facilitating cross-selling and promotions, and ultimately elevating customer value.

Over the past year, Stealth has witnessed a consistent rise in revenue, profit, and free cash flow, largely attributed to its strategic focus on lucrative opportunities and sustained demand in the industrial consumables sector.

FINANCIAL SUMMARY	FY2023	FY2022	% Growth v Prior Year
Revenue	$111.0m	$99.6m	11.4%
Sales per day	$0.45m	$0.39m	14.9%
Gross Profit	$32.6m	$30.1m	8.3%
Gross Profit per Day	$0.15m	$0.11m	31.3%
Statutory EBITDA[1]	$5.3m	$4.0m	32.5%
Statutory Profit before Tax	$1.3m	$0.7m	85.7%
NPAT	$0.9m	$0.6m	50.0%
Basic earnings per share (EPS)	0.91	0.60	51.7%

[1] *Earnings before interest, tax, depreciation and amortisation.*

>220
team members

>8,000
business customers

>34,000
retail consumers

~270,000
products held in stock

>600,000
extra products available on demand

70
store locations nationwide

38%
women in the workforce

5
online channels

>150 years
combined operating history
* Combined entity operations

Our Objective is to Provide a Satisfactory Return to Shareholders

Ongoing commitment to building and growing a thriving business for the future, creating value for our shareholders by;

1

Driving top-line and bottom-line results.

2

Configuring our business to meet the evolving needs of customers.

3

Creating a destination point for customers underpinned by our value proposition, 'widest-range, competitive prices, stock available, quality portfolio and great customer experience'.

4

Maintaining a conservative balance sheet and cash flow generation.

5

Continuing to develop our people through a formal 'learning, training, intern' institute.

6

Using our competitive advantage to grow market share in a profitable way.

Creating Shareholder Value

We welcome SGI shareholders to share, contribute and participate in our growth as we accelerate towards an emerging advantaged market position.

An Experienced and Committed Team

Board of Directors

Chris Wharton AM
Chairman &
Non-Executive Director

Mike Arnold
Group Managing Director
& CEO

John Groppoli
Non-Executive Director
& General Counsel

Simon Poidevin
Non-Executive Director

Management

Mike Arnold
Group Managing Director
& CEO

Luke Cruskall
Group Chief
Operating Officer

John Boland
Group Chief Financial Officer
& Company Secretary

Brendan Rossiter
Group Financial Controller

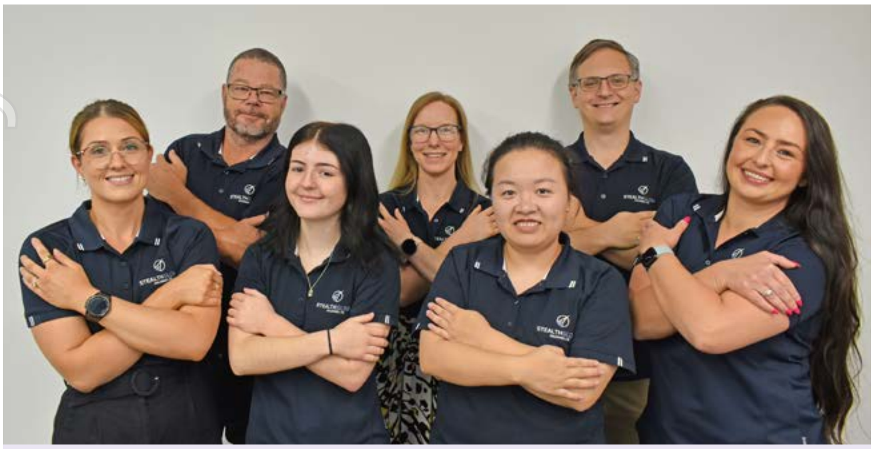
Jessica Rich
General Manager
Corporate Affairs

Phil Podgorski
Chief Information Officer

Karin Douglas
General Manager Sales

Steph Freeman
Group Manager
Human Resources

Supporting our Community



International Women's Day

Stealth Global recognises the value of a gender-equal world, which is why we celebrate and acknowledge International Women's Day. We work diligently as a Group and as individuals to create a world that is diverse, equitable, and inclusive.

This year Stealth are pleased to share our gender ratio sits at 38% Women in the workforce. This has been a driving force in our recruitment strategy this past year, we employ individuals based on their merit and experience, and have welcomed some wonderful Women into the business.

Pink Ribbon Morning Tea

Breast cancer is the second most diagnosed cancer in Australia, with nine people losing their lives to the virulent disease every day. Medical experts estimate that an individual has a 1 in 15 (or 6.7%) risk of being diagnosed with it by the age of 85.

Over the past year, several of our employees, their families, and friends have been affected by breast cancer. In support of our valued staff and their families, who have required detection, treatment or early intervention, our offices and branches around the country became a sea of hot pink for the Pink Ribbon Morning Tea event.

The team participated in games and good food, all in the spirit of raising awareness and funds towards breast cancer research.

The Biggest Morning Tea

Every year the Stealth team participate in the Cancer Councils Biggest Morning tea. With 1 in 2 Australians being diagnosed with cancer before the age of 85, this is a cause close to the hearts of many Stealth employees.

Staff were invited to bring a morning tea plate to share and purchase merchandise to support the Biggest Morning tea's fundraiser.

Chairman's Statement

Dear Shareholder,

I am delighted to report that Stealth delivered record financial results in FY2023. **Group revenue was up 11.4% to a record of $111.0 million,** primarily from solid organic growth in the business, with no new acquisitions completed during the year.

Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) increased by 32.5% to $5.3 million, and Net Profit after Tax was $0.9 million compared to the $0.6 million reported last year.

This was an excellent achievement. In my FY2022 Chairman's Statement, I noted Stealth faced significant market challenges from inflation cost pressures and rising interest rates, which were dampening market demand. While these challenges remain an issue for the coming year, our FY2023 results have proved that they have been managed effectively to date.

Earnings per share increased strongly by more than 50% to 0.91 cents per share, reflecting the uplift in earnings from both organic growth and the strategic acquisitions completed since the Company's IPO in 2018.

Following a period of investment over the past few years in the store network and product range – through complementary business acquisitions – the **focus in FY2023 was on optimisation of the business** to drive both revenue and cost synergies. This included **discontinuing unprofitable sales contracts,** improved inventory management, greater product cross-selling to our customer base and continued investment in e-commerce. The benefits were evident in improving operating metrics, such as **inventory as a percentage of annual sales reducing to 13.3% from 14.2%** in FY2022, sales value per order was up 17.4%, sales per employee up 19.6%, gross profit per order up 14.2% and gross profit per employee up 36.7%.

While COVID-19 impacts on our business have subsided with fewer supply chain constraints, costs continue to be elevated due to higher than historic levels of staff sick leave and continued safety and wellbeing protocols for our people. We continue to experience cost pressures from a very tight labour market in Australia, driven by ongoing strength in commodity prices and the mining sector, rising energy prices and higher inflation across the global economy. In addition to carefully managing the cost base, Stealth has responded by reviewing its pricing strategy to preserve profits and allow continued growth in the future. **Over 95% of Stealth's products are non-discretionary** so the Company is well-positioned to withstand inflation related economic downturns.

With an increased level of economic uncertainty in the market, Stealth's consistent long term growth strategy is more important than ever. The Company will continue to increase its scale both organically and through targeted complementary acquisitions to drive improved shareholder returns. This will include investing in the distribution network and sales channels to grow revenue across existing and new market segments, geographies, customers, supplier brands and product ranges. The successful execution of the customer strategy is further demonstrated by **the company now serving 17 of the largest companies in Western Australia** as at the end of FY2023, compared to six in FY2022.

An important element of Stealth's growth strategy is a disciplined approach to capital management. Cashflow is the lifeblood of any business but is particularly relevant for an industrial products distributor such as Stealth. I am pleased to report a feature of the FY2023 performance was significantly improved cashflow generation. The business **generated $5.6 million in free cashflow** compared to a cash outflow of $0.4 million in FY2022, which significantly surpassed our original expectations. This directly translated to an improved balance sheet with cash and cash equivalents increasing by $3.0 million to $7.7 million at 30 June 2023, and **net debt reducing by nearly 30% to $7.2 million.** The Company's Net Debt to EBITDA ratio reduced to 1.4 times, compared to 2.6 times at 30 June 2022, and along with the positive cash generation, supports the Company's growth strategy.

In light of this, at the 1H FY2023 result the Stealth Board announced its **intention to declare an inaugural fully franked dividend** to shareholders for the period ending FY2024. As we said at the time, the payment of a maiden dividend will be a significant milestone for Stealth and a deserved reward for our shareholders, who have had faith and stuck with us over the journey since our IPO in October 2018. We expect to provide further details around our Capital Management Framework (and dividend policy) at our AGM in November 2023.

Outlook

Customer demand across our industry segments remains healthy, notwithstanding the higher interest rates and cost pressures still prevalent in the Australian market. We therefore remain optimistic that Stealth can maintain its positive momentum into FY2024. This is supported by the Company's updated pricing strategy, the non-discretionary nature of the industrial consumables we sell and a strengthened balance sheet that will support any acquisition opportunities that may be presented. I remain confident that the Group's omnichannel sales model and diverse operations across Australia will enable us to continue growing the company and we remain committed to delivering for our shareholders.

On governance and board matters, there were no changes to the Board during FY2023. The Stealth Board and management remain committed to running a sustainable business. The health and wellbeing of our people, as well as managing our environmental and social footprint are key considerations and priorities in our corporate strategy. We believe sustainable operations are important in generating long-term value for our shareholders.

In closing, I would like to extend my thanks to all involved in making FY2023 a great year for Stealth. Firstly, I would like to thank my fellow Directors, John Groppoli and Simon Poidevin, for their ongoing and unwavering commitment to the Company, and in helping to navigate the many challenges and opportunities faced by the business during the year. I also thank our Company Secretary, Mr John Boland, who diligently oversees the company secretarial functions in addition to his important work as Stealth's Chief Financial Officer.

Secondly, on behalf of the Board I would also like to express our sincere thanks to our Managing Director and Chief Executive Officer, Mike Arnold. While as Chairman I present the Company's results in the annual report, it is Mike, his professional management team and the rest of the hard-working Stealth employees that execute the determined strategy at "ground zero" to deliver the results. So, I extend my thanks to all of the Stealth Group staff, long standing and new, for their effort in delivering an excellent result in FY2023. I look forward to us continuing to build upon this next year and in the future.

Finally, I would like to again thank our wonderful shareholders for their continued trust, patience, and support of the Company, which is never taken for granted.

Chris Wharton AM
Chairman
31 August 2023

We Provide Supplies and Solutions for Every Workplace

Our Purpose

We are a company for everyone in a workplace. We bring our products and solutions into every workplace, everyday, through an omnichannel approach.

Our Strategy

We are a growth company

We've centered our strategy on building revenue, differentiation, scale, talent, and sustainability.

- Market leading business – Company of Choice
- $200m revenue by 2025
- 8% EBITDA by 2025
- Largest distribution network combining the assets of company owned and independent operators
- Endless assortment of products
- Tailored supply services and solutions
- Integrating sustainable practices to ensure long-term profitability

The Group Operating Model

Total Workplace Strategy

PRODUCT OFFERING	OPERATING DIVISIONS	TARGET CUSTOMER	VALUE PROPOSITION	CHANNELS-TO-MARKET
Wide-range Distributor of Products	Distribution to Business Customers	All Customer Types and Sizes Across all Industries	Extensive Product Selection and Availability	Sales Force
Innovative Supply Solutions and Services	Retail to Individual Consumers	Individual Consumers in Every Workplace	Convenience, Accessibility, Fast and Simple Omnichannel Shopping	Instore
	Wholesale to Trade	Independent Retailers, Operators and Tier 1 Suppliers	Everyday Competitive Pricing and Special Offers	Online
			Unmatched Customer Experience	Onsite
			Efficient Delivery and Distribution Options	Industrial Services

Anchored by Seven Competitive Advantages

- Customer Centricity
- Powerful Assortment of Quality Brands
- Omnichannel Capabilities
- Extensive Distribution Network
- Scale
- Quality Partnerships
- Connected Supply Chain Ecosystem

LOYALTY PROGRAMS

COMMUNITY ENGAGEMENT

Today, we are many things to many different customers

With revenue of more than $110 million, we are an Industrial Distribution Company providing a wide range of products and related services and solutions to business, retail and trade customers.

Founded in 2014, listed on the ASX in October 2018, Stealth is headquartered in Perth Western Australia, with a network of 70 stores across Australia.

Our three operating areas connect our products to Customers of all types and sizes: **Distribution, Retail and Wholesale.**

Our three key operating divisions

Dedicated to catering to diverse customers and consumers of various sizes across all workplace settings through our specialised business divisions.

9.0% of group sales

1 **WHOLESALE**
- For Independent Retailers/ Operators
- Specialised Wholesale (B2B)
- Tier 1 Suppliers

6.6% of group sales

2 **RETAIL**
- For Individual Trade and Retail Customers Retailing (B2C)
- Wide range assortment of supplies, parts, accessories and equipment

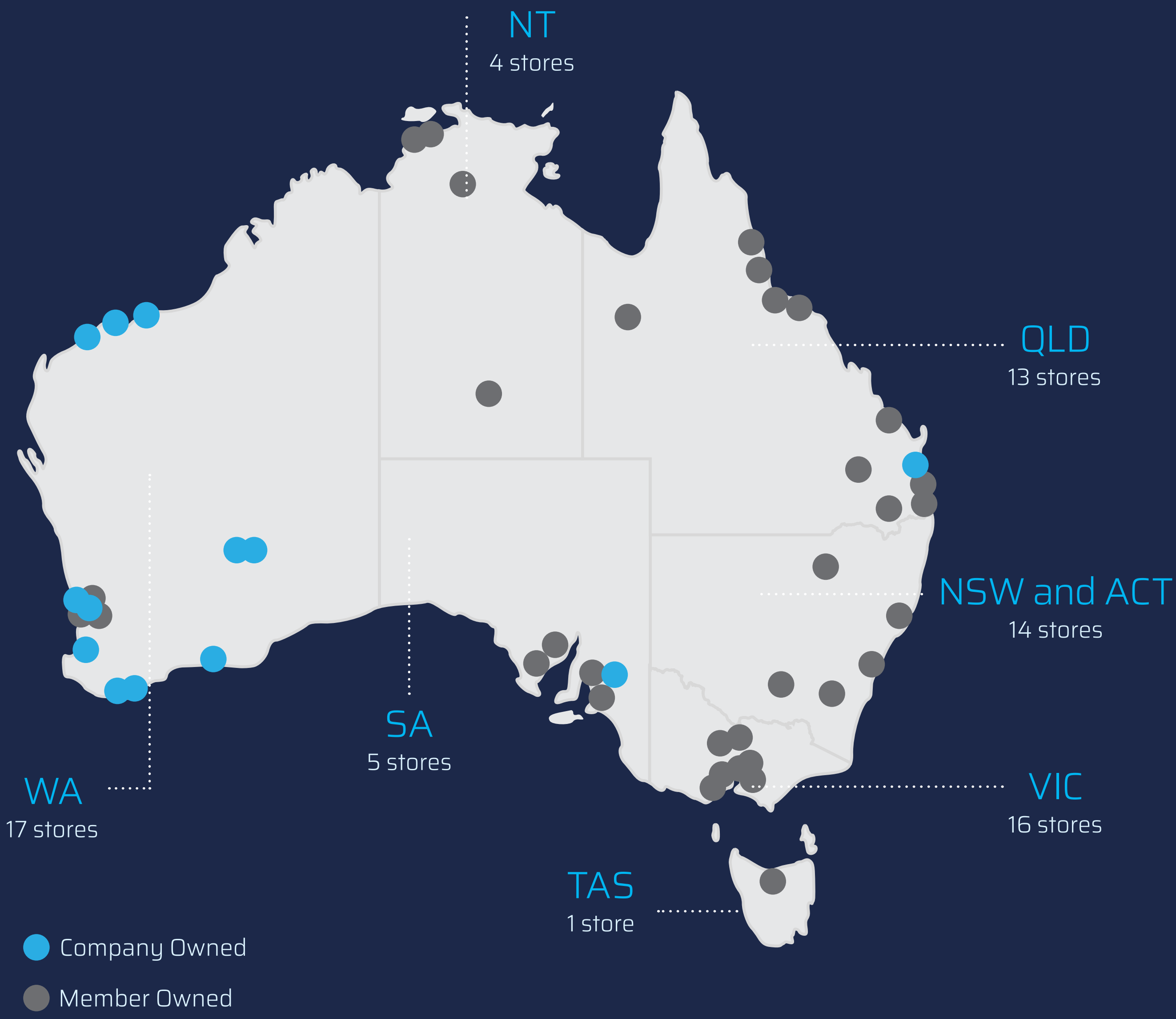
84.4% of group sales

3 **DISTRIBUTION**
- For Business Customers
- Distribution (B2B)
- Comprehensive product range and related services and solutions

Geographic Footprint

70 Locations

(as of June 30, 2023)



18
100% Company owned
Branches and Stores

HEATLEYS SAFETY&INDUSTRIAL · SKIPPER TRANSPORT PARTS · C&L TOOL CENTRE · UNITED TOOLS

52
Independent
Partner Stores

ISG INDUSTRIAL SUPPLY GROUP · UNITED TOOLS

Broad Selection Product Offering

Offering more than one million products across our portfolio – popular categories include;

Industrial/MRO	Power Tools	Hand Tools	Hardware, Building & Construction	Materials Handling
Glazing	Workwear	PPE	Footwear	Healthcare
Gloves	Eyewear	Safety	Respiratory	Electrical
Workplace	Packaging	Cleaning	Storage	Automotive
Truck & Trailer	Buses	Mining	Agriculture	And more

Services and Solutions

Access Stock, Anytime, Anywhere

Online

Extensive range of industrial, MRO, safety & workplace products.

In-Store

We are conveniently located to help customers get what they need, when they need it.

On-Site

Customised product and services model with manned and unmanned onsite branch stores for customers with more complex needs.

Vending

Vending Solutions are a secure way to store and issue products on-site or in remote locations.

Stock Hub

Ideal for when immediate access to our products is needed when operating in remote or on-site locations.

Sales Team

A dedicated sales team who can provide you with expert advice to help you find the right product.

eBusiness Technology

Online

With all products available on our websites, we are a one-stop-shop for all industrial, MRO, safety and workplace needs.

EDI

EDI facilitates a two-way electronic, paperless exchange of information between us and our customer.

PunchOut

Punchout electronic catalogues, provide quick and simple integration to customers existing ERP system.

Customisation & Personalisation

Embroidery

Our online embroidery module is easy-to-use, customisable and designed to save you time and money.

Laser Etching / Engraving

Help identify your tools and other capital equipment with our laser etching service.

Custom Tapes

We can customise your products, promotional materials, tapes and packaging.

Delivery Options

Nationwide Delivery

Our nationwide network of branches and distribution centres ensure that your products are delivered on time with care.

Corporate Directory

Directors

Mr. Christopher Wharton AM
Non-Executive Chairman

Mr. Michael Arnold
Group Managing Director

Mr. Giovanni (John) Groppoli
Non-Executive Director

Mr. Simon Poidevin
Non-Executive Director

Company Secretary

Mr. John Boland

Key Management Personnel

Mr. Luke Cruskall
Group Chief Operating Officer

Mr. John Boland
Group Chief Financial Officer

Solicitors

MDS Legal
Irwin Chambers, Level 2, 16 Irwin Street
Perth WA 6000

Principal and Registered Office

Unit 10, 43 Cedric Street
Stirling WA 6021
Australia

Telephone: +61 8 6465 7800
Email: investors@stealthgi.com
Website: www.stealthgi.com
ASX code: SGI

Share Registry

Computershare Investor Services
Level 11, 172 St Georges Terrace
Perth WA 6000

Telephone: 1300 850 505 (within Australia)
Telephone: +61 3 9415 4000 (overseas)

Company Auditor

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga
Tower 2
5 Spring Street
Perth WA 6000

Bankers

Commonwealth Bank of Australia
300 Murray Street
Perth WA 6000

Accountants and Taxation Advisors

Gooding Partners
The Quadrant
Level 9, 1 William Street
Perth WA 6000

FY23 Highlights and Strategic Direction

FY23 Financial Highlights

Over the past year, there has been significant progress in prioritising strategic goals to implement the growth strategy. The Company's growth path has resulted in a more robust, expansive, purpose-driven, and diversified business, establishing a favorable position in the market. This progress is evident in the notable increases in revenue, gross profit, and earnings per share for stakeholders. These achievements contribute to the aim of reaching an EBITDA growth of +8% by 2025, facilitated by a combination of organic growth, partnerships, and acquisitions.

Consolidated Financial Performance

$111.0m

↑ 11.4%
Revenue
2022: $99.6m

$32.6m

↑ 8.3%
Gross Profit
2022: $30.1m

$5.3m

↑ 32.5%
Statutory EBITDA
2022: $4.0m

$1.3m

↑ 85.7%
Statutory Profit before Tax
2022: $0.7m

$0.9m

↑ 50.0%
Statutory NPAT attributable to members
2022: $0.6m

0.91¢

↑ 51.7%
Earnings per Share
2022: 0.60 cents

All 2022 comparatives are from continuing operations.

Balance Sheet

$14.8m

Inventory value held
2022: $14.1m

$16.1m

Net assets
2022: $15.1m

($7.2m)

Net cash/(debt)
2022: ($10.2m)
Includes acquisition fundings

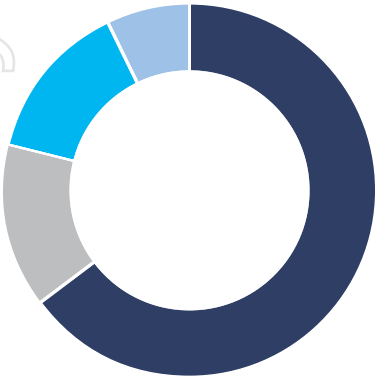
$11.8m

Available cash and undrawn working capital facilities
2022: $7.5m

31.1%

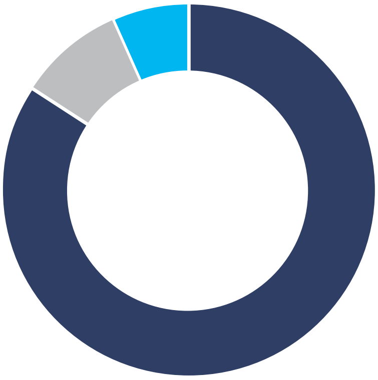
Net Debt Gearing Ratio
(Net debt / Net debt + Equity)
2022: 40.4%

Group Key Figures



Product Category

Industrial	64.9%
Safety	14.1%
Truck & Auto	14.0%
Workplace	7.0%

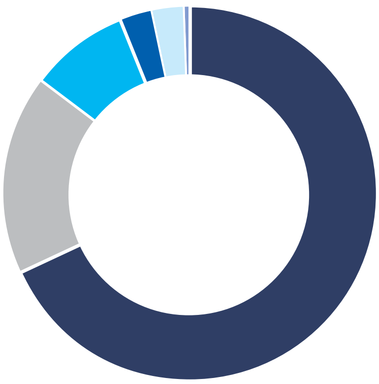


Operating Division

Distribution	84.4%
Wholesale	9.0%
Retail	6.6%

End Market

Resources	32.9%
Trade & Retail	25.5%
Infrastructure & Construction	18.5%
Transport	13.4%
Govt & Commercial	7.6%
Other	2.1%



Region

WA	68.3%
Qld	17.0%
SA	8.6%
NSW	3.0%
Vic	2.8%
Other	0.3%

FY23 Operational Achievements

Stealth has achieved several milestones that have solidified its position in the industrial supply industry.

Summary

- Continued investment in e-commerce platforms and digital solutions, strengthened our online presence and customer interface.
- Diversified our product offerings and added services, adapting to meet the evolving needs of our customers.
- Steadily expanded operations and now serve customers Australia-wide.

Central Purchasing Office

Objective:

To streamline Tier one supplier contracts into one central office to enhance margin and sales by leveraging economies of scale and increased efficiency throughout the supply chain.

Result:

- 84 supplier arrangements consolidated.
- New company 3M supplier contract.
- All brands sold across all banners.
- Improved purchasing power.
- New sales growth in FY24 through business model reset.

Unification Across Banners

The effectiveness of our investments across all banners is fueled by unification. We operate a larger- scale distribution business providing enhanced value for customers and suppliers.

In FY23 our offering:

- Wider product selection.
- Cross promotion.
- Better buying power.
- More competitive price points.
- Australia-wide network of 70 stores.
- More channels-to-market for suppliers.
- One of Australia's largest distributors.

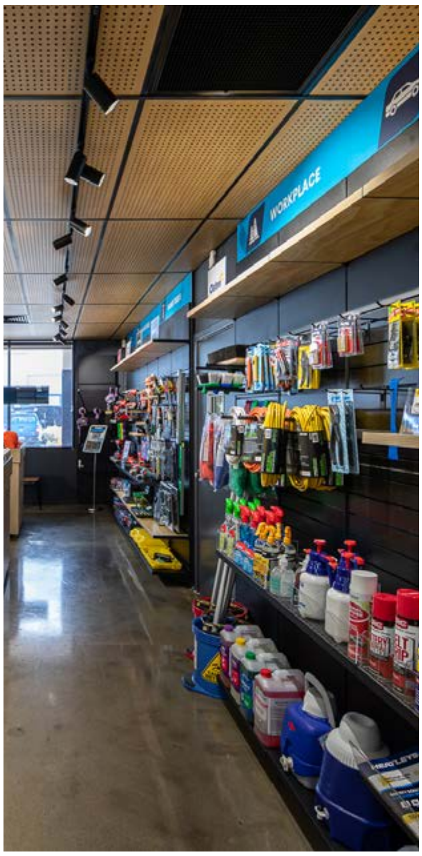
New Customer Contracts

Secured three new customer contracts with a combined value of $4.6m over a two-year period in FY24 and FY25.

Portfolio Rightsizing

Merger of 3x acquisitions completed in FY22:

- Albany WA region consolidated two stores into one.
- 21% headcount reduction through merging various functional teams.
- Exit from eight unprofitable contract customers onsite store operations.
- 16% reduction in number of SKU's held instock (38,000 product lines).



History of Achievements

Stealth has executed transformation growth since its listing in October 2018.

Revenue growth from $23m to $110m

TODAY

- ✓ $111.0m Revenue (record).
- ✓ Record earning per share of 0.91 cents, up 51.7% on FY22.
- ✓ Net debt cut by 29%.
- ✓ Free cash flow of $5.6m, up from ($0.4m) in FY22.
- ✓ Solid growth due to expansion, investment in e-commerce and strong customer relationships.
- ✓ Higher customer demand in the industrial consumer sector.
- ✓ Pricing reset of the core business.
- ✓ Steadily expanded operations and now serve customers Australia-wide.

FY2022

- ✓ $99.6m Revenue from continuing operations.
- ✓ $4.0m statutory EBITDA.
- ✓ Omnichannel capability.
- ✓ **Acquired Skipper Transport Parts for net asset value** on acquisition of $4m, adding $18m annual sales.
- ✓ **Acquired 100% shares in United Tools Pty Ltd,** an independent member retail group for $24,000, adding $8m annual sales and store network of 33 stores Australia-wide.
- ✓ **Acquired United Tools Albany trade and retail store for net asset value** of $0.4m, adding $1.4m annual sales.
- ✓ **Sold shareholding in UK Joint Venture** with Bisley Workwear 'BSA Brands' for $2.0m.

FY2021

- ✓ **Acquired 100% shares in C&L Tool Centre**, Queensland adding $14m annual sales.

FY2020

- ✓ **Acquired 100% shares in Industrial Supply Group**, an independent member buying group for $1m, adding $2m annual sales and store network of 24 stores Australia-wide.
- ✓ **Acquired Protect-A-Load** brand product range for $0.5m (stock value).
- ✓ **Strategic decision to exit low margin large Africa customer contract** and similar type customers, reducing annual sales by $20m.

FY2019

- ✓ **Acquired 100% shares in Heatleys Sales** adding $40m annual sales.
- ✓ **Established UK Joint Venture** with Bisley Workwear to enter UK & Africa markets. BSA Brands UK created.

ASX

OCTOBER 2018

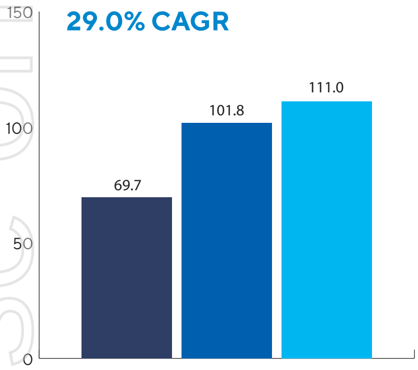
$23m Revenue FY2018.

Founded in 2014

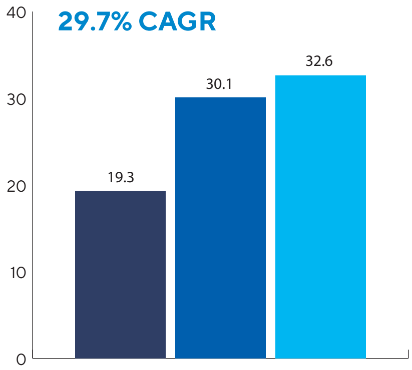
Growth Trend Comparison Since 2021

FY21 FY22 FY23

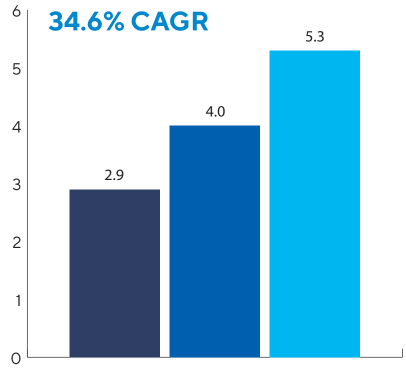
Group Revenue ($m)



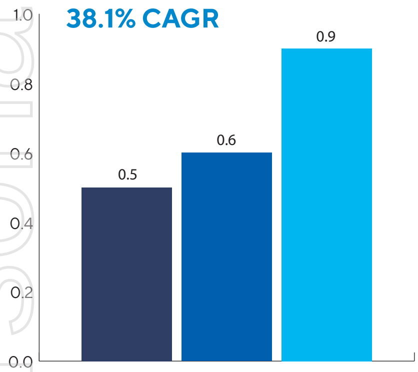
Gross Profit ($m)



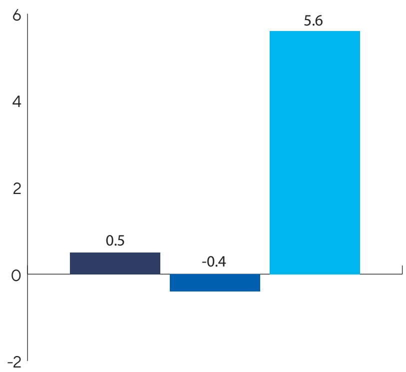
Statutory EBITDA ($m)



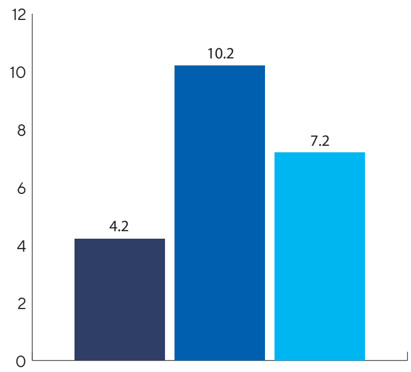
NPAT ($m)



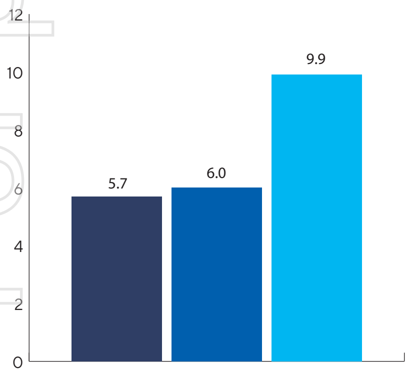
Free Cash Flow ($m)



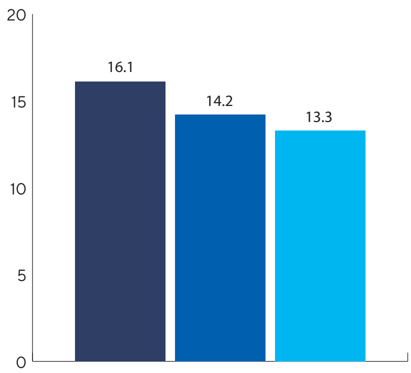
Net Debt ($m)



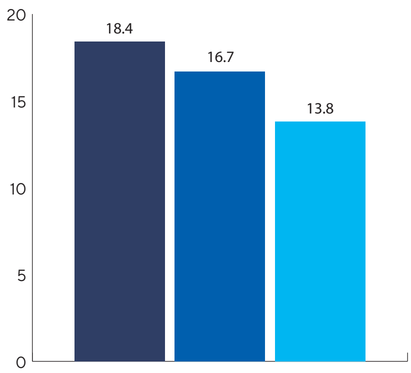
ROCE %



Inventory-to-Sales Ratio %



Price-to-Earnings Ratio %



CAGR - Compound Average Growth Rate
ROCE - Return On Capital Employed

Strategic Agenda: Focus for 2024

Draw on the strengths and advantages of each business to leverage collective scale.

Growth Strategies

1. Capitalising on our unique opportunity set to maximise benefits from recent acquisitions.
2. Continue top-line growth through deeper customer engagement and identified synergies.
3. Improve profitability using operating leverage from business combinations.

1

More customer value and better customer experiences.

2

Expand in all customer segments using advantaged business model.

3

Expand product range across all businesses, cross-sell and grow all customers.

4

Deploying and creating synergies.

5

Merchandise innovation, In-Store and On-Site store concepts and adapt store footprint.

6

Deepen supplier commercial arrangements. Source and buy better, reduce costs.

7

Enhance operational efficiency across the supply chain.

8

Develop our people through learning, training and development programs.

9

Continue to maintain strong capital management disciplines.

Corporate Strategy to 2025

Long-term value creation: consistent strategy for growth

Investor Relations

Stronger following and engagement

- To provide a satisfactory return to shareholders.
- Shift to small cap status. More balanced register / reduce price volatility.
- High return on investment for Shareholders / pay dividends.
- Followed by leading institutions, strategic investors, and brokers.

Financial

Longevity, profitability and capital discipline

- Sustainable profit growth at minimum 8%+ EBITDA.
- Grow by 10% at top-line and 15% Net Profit Before Tax annually.
- Attain a lower operating cost base as % of revenue.
- Capital discipline, positive operating cash flow, maintain adequate debt/profit ratio.
- Strengthening the balance sheet and expand sources of capital.

Customer / Market

Create unique value for different customers

- Investing heavily to configure our business to meet the evolving needs of our customers.
- Unparalleled customer service with industry leading service standards.
- Serve customers of all sizes and types in business, trade and retail markets.
- Create more customer value and better customer experiences and deeper engagement.
- A fully integrated shopping experience by uniting user experiences from online, sales specialists, physical store network, by phone, delivery, and everything in between.
- An unyielding focus on customers with market relevant pricing to improve sales performance, increasing future market share across all customer segments, and improve financial performance.

Internal

Building a stronger unique value proposition and operating platform

- Scalable enhanced management systems, improved productivity, and performance.
- Ensuring reliable and high-quality supply through operational excellence.
- More merchandise, brand range, exclusivity rights, own importing, store network, distribution partnerships, fulfillment logistics capability and geography expansion.

Growth / Development

Differentiation, integration and investment

- Passionate Customer-centric company.
- Leverage scale and business combinations.
- Comprehensive offering: 'one-stop-shop for everyday industrial MRO and workplace supplies'.
- Modernise In-Store and On-site Customer experience.
- Disciplined pursuit to deliver more value accretive income and profit generating activities through an enlarged omnichannel business model.
- Continuing to build capability that delivers a comprehensive fully connected sales and distribution network in primary geographic markets.
- Evaluating value accretive acquisition and partnership opportunities to add depth, scale advantage, capability and vertical channel expansion.
- Merchandise and Supplier innovation.
- Employees involved in our work with our charity partners.

Technology

Significant investment in digital channels

- Cyber-attacks and security incidents are a growing risk to our businesses. We design processes and controls to protect the data entrusted to us and our business operations.
- Invest in eCommerce, digital channels, data systems and technology driven solutions.
- More automation, data and analysis.

Talent, Recruitment, Retention & Succession

Investing in people

- Developing our people with the launch of the Stealth institute leadership, training, internship academy.
- Training our team.
- Developing leaders who inspire performance and pride.
- Investing in skills and work experience.
- Look to promote from within.
- Being an inclusive company.
- Developing capabilities to drive growth.
- Creating an agile, inclusive culture led by Trust.
- A people culture that recognises and that links our employees bonus programs to our financial and non-financial performance.

Market Leadership

Industry leading

- In top 10% of Australia's leading distribution groups.
- #1 market leader of Industrial MRO, Safety & Workplace supplies and related products and services.
- Widest range, best price, stock available, tailored solutions, best service.
- Recognised for Industry best customer service standards.
- Recognised for Industry best product range and quality rating.

Operating and Financial Review

Operating and Financial Review

This Operating and Financial Review (**OFR**) sets out information and commentary that aims to provide additional clarity on the financial results of Stealth Global Holdings Ltd (**Stealth, Stealth Global** or **Company**) and its controlled entities (**Consolidated Entity** or **Group**) for the financial year ended 30 June 2023, its operations, its future strategies & prospects and the risks it faces that may have a material impact on its future financial results. The OFR is part of the Directors' Report and is designed to complement and support the financial report.

Its purpose is to communicate an understanding of the Group's results, including the underlying reasons behind its performance, drawing together the announcements and communications made throughout the financial year.

Business Overview

Stealth is one of Australia's largest industrial distribution groups combining company owned and independent retailer assets, providing more than 1 million products, supplies, parts, and accessories to business, trade, and retail customers.

As a pure play industrial distributor, the Group's broad-line product range includes industrial, tools, safety, PPE, workwear, hardware, building, construction, truck & trailer, automotive, electrical, materials handling, cleaning & janitorial, tapes, workplace consumables and other related products and services.

Stealth operates across the end-to-end supply chain, covering business, trade, retail, service and the specialist wholesale sector, serving customers of all sizes from a broad collection of industries including commercial, mining, resources, industrial, government, transport, automotive, agriculture, building, construction, manufacturing, engineering, trade and retail consumers.

Our five businesses include Heatleys Safety & Industrial, C&L Tool Centre, Skipper Transport Parts (STP), Industrial Supply Group and United Tools.

2023 Year In Review

FY23 saw the Group continue to advance its strategic priorities and deliver on its growth strategy through the achievement of multiple financial and non-financial milestones evidencing its growth trajectory in building a stronger, larger, purpose-led, more relevant and diversified business holding an advantaged market position.

Strategic Performance

1. **Expanded Stealth's omnichannel platform and business into a larger-scale distributor** offering a differentiated Sales and Services model and taking an advantaged leading position in Western Australia and Queensland in a growing and highly attractive market. FY23 saw the Group continue to build on the transformative year that was FY22 which saw the Group significantly increase its scale, by adding to its breadth across geographical, customer and product ranges, including its access into fast growth customer markets Automotive, Truck & Trailer, Mining, Bus, Agriculture and Industrial (Skippers Transport Parts) and expanded independent partner store footprint (United Tools Pty Ltd).
2. **Unification of acquisitions undertaken**, reflecting four acquisitions and one divestment executed across FY21 and FY22 (acquisitions of C&L Tools, Skipper Transport Parts, United Tools Pty Ltd and United Tools Albany, plus divestment of BSA Brands and closure of UK operations).
3. **Solid growth achieved due to expansion, investment in e-commerce and strong customer relationships:**
   - Leveraging increasing Group scale off significant expansion in FY22 to drive record revenue and gross profit performance off an increasing customer profile of top-tier ASX, private and international-based customers.
   - Investment in innovation and value creation to enhance customer experiences, supplier engagement, system and automation efficiencies that are collectively driving an increasingly sustainable future Group business.
4. **Continued a high focus on safety** to provide our team members with a high-quality safe working environment. Safety programs were revised across all sites with greater awareness on safety taken by all employees.
5. **Capital allocation prudently managed**, aligned to working capital requirements, capital repayments, acquisitions, eCommerce and technology, store upgrades, onsite stores and distribution centre fit-out for integrations.
6. **Continued evolution from multichannel to omnichannel.** Successfully executing our strategy to capture stronger customer demand by adding more value, evidenced through increasing success rate via formal tender bidding processes with large customers.

Financial & Operational Performance Headlines

FY23 saw the Group achieve record financial performance across the key metrics of consolidated Revenue and Gross Profit, supplemented by record performance for continuing operations across the key metrics of EBITDA[1] (Underlying and Statutory), Statutory Profit before Tax, and Statutory Net Profit after Tax, before culminating in record consolidated Statutory Net Profit after Tax attributable to members and record Earnings per Share attributable to members.

Trading Results FY23

	CONTINUING OPERATIONS[2]			CONSOLIDATED OPERATIONS		
	FY23	FY22		FY23	FY22	
Revenue	$111.0m	$99.6m	11.4%	$111.0m	$101.8m	9.0%
Gross Profit	$32.6m	$30.1m	8.3%	$32.6m	$30.7m	6.2%
Statutory EBITDA[1]	$5.3m	$4.0m	32.5%	$5.3m	$5.3m	0.0%
Add: Growth Related Investment costs	$0.2m	$0.9m	(77.7%)	$0.2m	$1.4m	(85.7%)
Underlying EBITDA[1]	$5.5m	$4.9m	12.2%	$5.5m	$6.7m	(17.9%)
Statutory PBT	$1.3m	$0.7m	85.7%	$1.3m	$2.0m	(35.0%)
Statutory NPAT attributable to members	$0.9m	$0.6m	50.0%	$0.9m	$0.6m	50.0%
Earnings per share (cents)	0.91	0.60	51.7%	0.91	0.60	51.7%

	CONTINUING OPERATIONS[2]		
	FY23	FY22	
Gross Profit margin %	29.3%	30.2%	(3.0%)
Personnel - % of revenue	17.7%	19.1%	7.3%
Other expenses - % of revenue	6.8%	7.1%	4.2%
Total expenses - % of revenue	24.5%	26.2%	6.5%
Statutory EBITDA[1] margin	4.8%	4.0%	20.0%
Depreciation & Amortisation (incl. AASB 16) - % of revenue	2.6%	2.6%	0.0%
Finance costs (incl. AASB 16) - % of revenue	1.0%	0.8%	25.0%
Statutory Profit before Tax margin	1.2%	0.6%	100.0%

[1] *EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation), Underlying EBITDA and Statutory EBITDA are non-IFRS terms which have not been subject to audit or review; Underlying EBITDA is determined by adding back Growth-Related Investment costs to the Statutory EBITDA which in turn has been determined using information presented in the Group's financial report.*

[2] *Continuing operations performance is the Group's consolidated performance excluding the Group's UK operations sold or closed during FY22.*

Financial Performance

- Record Group Revenue of $111.0m, up 11.4% on FY22 ($99.6m, excluding discontinued revenue from UK and Africa operations that ceased 1 January 2022 on divestment of BSA Brands JV operation) (FY21 $69.7m, FY20 $68.1m).
- Record Gross Profit of $32.6m, up 8.3% on FY22 ($30.1m, excluding discontinued operations). (FY21 $20.3m, FY20 $18.1m).
- Gross Profit Margin of 29.3% (FY22: 30.2%), up 70 basis points on three-year average of 28.6% (FY22: 30.2%, FY21: 29.0%, FY20 26.6%) and up 360 basis points on five-year average of 25.7% (FY22: 30.2%, FY21: 29.0%, FY20 26.6%, FY19: 24.3%, FY18: 18.5%), continuing the Group's historical upward trend.
- EBITDA[1]:
  - Underlying EBITDA[1] of $5.5m, up 12.2% (FY22: $4.9m from continuing operations). (FY21: $2.9m, FY20: $1.7m).
  - Statutory EBITDA[1] of $5.3m, up 32.5% (FY22: $4.0m from continuing operations). (FY21: $3.1m, FY20: $1.4m).
- Net Profit before/after Tax:
  - Statutory Net Profit before Tax of $1.3m, up 85.7% (FY22: $0.7m from continuing operations). (FY21: $1.0m, FY20: ($0.4m) loss).
  - Statutory Net Profit after Tax of $0.9m, up 50.0% (FY22: $0.6m from continuing operations). (FY21: $0.6m, FY20: ($0.3m) loss).

Cash and Balance Sheet

- $1.0m increase in Net Assets, driven by trading performance. Net tangible asset per share increased to 3.84 cents, up 10.3% (FY22: 3.48 cents).
- Closing Cash Position of $7.7m (FY22 $4.7m), and Net Debt of $7.2m (FY22: $10.2m) as Group continues to apply capital management disciplines across cash balances, working capital management, customer collections, supplier payments and debt repayments. Net Debt to EBITDA ratio reduced 53.8% to 1.4x (FY22: 2.6x).
- Inventory holding of $14.8m (FY22: $14.1m), a 4.7% increase, however inventory as a percentage of revenue reduced (positively) to 13.3% (FY22: 14.2%), reflecting strong inventory management disciplines.
- $0.5m increase across Property, Plant and Equipment and Intangible Assets, off disciplined capital expenditure and investment approach in combination with benefits from significant investments in FY22 and FY21 in facilities, eCommerce and digital initiatives, and acquisitions (FY22: $3.0m, FY21: $3.0m).
- $1.6m acquisition debt repaid in FY23, with C&L acquisition debt to be fully repaid in December 2023. Deferred marketing rebate payments totalling $0.5m paid in FY23 relating to United Tools Pty Ltd.

Shareholder Returns

- Record Earnings per share attributable to members up 51.7%, to 0.91 cents (FY22: 0.60 cents) (FY21: 0.57 cents, FY20: 0.10 cents).
- Return on Capital Employed (ROCE) of 9.9%, up 390 basis points (65%) (FY22: 6.0%).
- Return on Equity of 5.6%, up 160 basis points (40%) (FY22: 4.0%).
- EV/EBITDA (30 June share price / net debt) of 3.7x, down (positive) 1.3x (26.3%) (FY22: 5.0x).
- Market capitalisation increased 25% to $12.5m @ 30 June (FY22: $10.0m) (FY21: $10.5m, FY20: $6.5m).

FY23 Commentary - Detailed

Financial Performance

The Group achieved record revenue of $111.0m, up 11.4% from $99.6m (prior corresponding period "**pcp**") (from continuing operations) across business, geographical, trade and consumer markets. This included achievement of 11.8% revenue growth half-on-half (53% of earned in 2H FY23, 47% earned in 1H FY23), and also achieved despite the Group exiting $6.3m of revenue from unprofitable customers during FY23.

The Group achieved record gross profit of $32.6m, up 8.3% from $30.1m, with 14.5% growth half-on-half. Gross margin percentage of 29.3% achieved in FY23 (FY22: 30.2%), with half-on-half improvement reflected by 29.6% achieved in 2H FY23 compared to 29.0% in 1H FY23. This uplift reflected the Group's actions focused on pricing reviews and initiatives to counter the impacts on rising inventory costs on customer margins, including fixed-price contract expirations.

Operationally, the Group's key revenue and gross profit metrics from its distribution and retail operations achieved double-digit growth over pcp across three key metrics:

- daily sales value up 14.9%, and daily gross profit value up 31.3%.
- daily sales value per order up 17.4%, and daily gross profit value per order up 14.2%.
- daily sales value per employee up 19.6%, and daily gross profit per employee up 36.7%.

The Group delivered Statutory EBITDA[1] of $5.3m, an increase of 33% year on year (FY22: $4.0m, from continuing operations). Statutory EBITDA[1] margin % rose 80 basis points, from 4.0% to 4.8%, as the Group's growing scale increasingly contributes to its bottom-line profitability performance.

This growth in Statutory EBITDA[1] margin was achieved off a 6.5% reduction in the Group's expenses as a percentage of revenue (down to 24.5%), more than compensating for the 3.0% reduction in the Group's financial year gross profit margin (to 29.3%). The Group's performance in H2 FY23 saw it achieve an increased gross profit margin of 29.6% and a lower expense base of 24.4% resulting in an increased Statutory EBITDA[1] margin of 5.2%.

Underlying EBITDA[1] of $5.5m earned in FY23 (FY22: $4.9m, from continuing operations) after adding back the Growth-Related Investments in continuing operations made in FY23 totalling $0.2m (FY22: $0.9m) – refer to 'Reconciliation of profits table – Growth Related Investments' later in this report.

The Group recorded a record Statutory Profit After Tax Attributable to the Owners of the Group of $902,389 (FY22 $595,875), an increase of 51.4%.

The culmination of the above FY23 performance strengths was the achievement by the Group of record Earnings per Share of 0.91 cents, up 51.7% (FY22: 0.60 cents).

Cash and Balance Sheet

Cash on hand of $7.7m as of 30 June 2023, up $3.0m (FY22: $4.7m) and net working capital investment of $10.7m (FY22: $11.5m) as Group reduced days sales and days inventory outstanding and increased days payable outstanding, benefiting the Group's cash conversion cycle. Inventory holding of $14.8m (FY22: $14.1m) representing 13.3% of revenue, an improvement of 0.9% (FY22: 14.2%).

From debt management perspective, the Group repaid $1.6m of acquisition-debt in FY23 (FY22: $1.6m), with C&L acquisition-debt ($2.5m gross funding in FY21) to be completely repaid as of December 2023, plus $0.5m of deferred marketing rebate payments relating to United Tools Pty Ltd paid in FY23, leaving final $0.4m deferred marketing rebate payments due March 2024.

The Group recorded operating cash inflow of $6.8m (FY22: $0.9m) evidencing disciplined financial management while supporting the Group profitably grow its scale and breadth of operations in FY23. Net cash flow investment excluding acquisitions of $1.2m (FY22: $1.3m) on capital expenditure and investment in eCommerce and other intangible assets. This translated into free cash inflow of $5.6m (FY22: $0.4m outflow) (operating cash flow – investing cash flows excluding acquisition-related outflows) supporting Group's repayment of acquisition-debt and path to dividend policy.

The Group increased its capital management capacity through an additional $3m of working capital Finance Facilities secured with CBA during FY23, bringing total facilities to $19.1m as of 30 June 2023 (FY22: $17.8m as of 30 June 2022 reduced for $1.65m of acquisition-specific debt repaid during FY22 adjusts to $16.0m comparative). The Group had total unused funding facilities of $4.1m (FY22 $2.8m) (refer note C3 of financial statements) as of 30 June 2023 to support organic growth and other strategic endeavours, which increases to $11.8m (FY22: $7.5m) including cash on hand as of 30 June 2023.

The Group's gross financial liabilities to financiers is $15.0m (FY22: $14.9m), comprising working capital facilities, acquisition-related debt, finance leases and insurance funding, but excluding the $8.0m of AASB 16 property-lease liabilities. Non-current assets and liabilities reflect the impact of AASB16 Leases on the Group's Balance Sheet, with right-of-use assets of $7.8m (FY22: $8.7m)) and AASB 16 property-lease liabilities of $8.0m (FY22: $8.8m) as of 30 June 2023.

Overall, in response to the ongoing challenging conditions across both Australian and global markets, the Group has taken, and continues to take, a significant range of proactive measures to ensure its long-term sustainability and to protect the safety and wellbeing of its employees and the communities in which it operates, while simultaneously continuing to aggressively invest in new growth aligned to its long-term strategy. The Group's cost discipline and scale benefits are demonstrated by increases across all major performance metrics, the outcome being FY23 as another financial year of record revenue and profitability, exceeding previous records set in FY22.

Reconciliation of Profits table – Growth Related Investments

The Group has delivered Underlying EBITDA[1] from continuing operations of $5.5m in FY23 (FY22: $4.9m) after adding back the Growth-Related Investments made in FY23 totalling $0.2m (FY22: $0.9m).

The Group is continuing its strategy of increasing market share within existing markets, pursuing opportunities in emerging markets and evaluating acquisition opportunities that add shareholder value, with focus on accelerating new network partnerships, ecommerce, data capabilities, capital management, marketing and completing & considering merger and acquisitions.

A reconciliation of Underlying EBITDA[1] to the reported profit after tax attributable to the members is shown in the following table:

RECONCILIATION – FULL-YEAR FINANCIAL RESULTS	2023 $'000	2022 $'000
Underlying EBITDA[1] from continuing operations	**5,491**	**4,897**
Growth Related Investments:		
Transaction costs – due diligence, acquisition analysis, post-acquisition integration, bank refinance and other related professional fees[2]	(226)	(867)
Personnel and redundancies[3]	–	(42)
Statutory EBITDA[1, 2]	**5,265**	**3,988**
Less: Depreciation	(2,943)	(2,566)
Less: Net Finance Costs	(1,068)	(725)
Profit for the period before tax – continuing operations	**1,254**	**697**
Profit for the period before tax – discontinued operations	–	1,285
Profit for the period before tax – consolidated	**1,254**	**1,982**
Add back Minority Interest 50% of the BSA Brands (UK) Limited profit before tax	–	1,060
Profit for the period before tax attributable to Members	**1,254**	**922**
Profit for the period after tax attributable to Members	**902**	**596**

1 *EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation), Underlying EBITDA and Statutory EBITDA are non-IFRS terms which have not been subject to audit or review; Underlying EBITDA is determined by adding back Growth-Related Investment costs to the Statutory EBITDA which in turn has been determined using information presented in the Group's financial report.*
2 *Transaction costs in FY23 include costs relating to post-acquisition and integration costs relating to acquisitions of STP, UTL and UTA in FY22, plus other opportunities evaluated but which ultimately did not proceed, and expansions to the Group's debt facilities with CBA.*
3 *Personnel and redundancies include one-off redundancy costs incurred on restructures across AWS, Industrial Supply Group (ISG) and UK operations.*

After the multiple acquisitions and divestments executed on by Stealth during the FY21 and FY22 financial years, the Group's FY23 focus included the unification of these investments to enhance the Group, by driving volume growth, broadening product selection, enabling cross-selling and promotion and increasing customer value. This translated into double-digit performance growth being achieved across key financial metrics due to expansion plans, investment in eCommerce and strong customer relationships.

This was evidenced by lower growth-related investment costs incurred by the Group, reducing from $0.9m in FY22 to $0.2m in FY23, with current year costs including post-acquisition and integration costs on FY22 acquisitions, other M&A opportunities evaluation costs, and bank refinancing costs.

The $0.38m increase in depreciation reflects prior year investments capitalised onto the Group's Balance Sheet ($0.23m) plus increase in AASB 16 property-lease liability costs ($0.15m). The $0.34m increase in net finance costs reflects impact of increased interest rates ($0.35m), increased bank facilities ($0.03m) and decrease in AASB property-lease liability costs ($0.04).

FY23 - 1H/2H growth highlights

The Group's 2H performance saw it achieve double-digit uplift across all the key profitability metrics compared to 1H, despite an economic environment in which the inflationary and interest-rate pressures continued:

- Double-digit growth achieved in both revenue and gross profit, with the latter further supported by a 70 basis points increase in gross profit margin achieved. This was supported by operational initiatives focused on margin protection, inventory velocity, product profiling and rebate uplifts, collaboratively with both customers and suppliers.
- Total expenses in arriving at EBITDA[1] were higher in 2H than 1H in absolute terms, however they decreased to 24.4% of revenue from 24.7% in 1H. A key focal point for the Group is the combined uplift from improving gross margin while simultaneously reducing expense margin to drive total EBITDA[1] margin uplift.
- Consequently, the Group saw notable EBITDA[1] improvements in 2H FY23, being:
  - 30.4% increase in Statutory EBITDA[1] to $3.0m (1H $2.3m).
  - 20.9% increase in Statutory EBITDA[1] margin to 5.2% (1H 4.3%).
- Depreciation and Amortisation costs (including AASB 16) were lower in 2H than 1H as a % of revenue, while Finance costs (including AASB 16) were consistent in 2H compared to 1H.
- Statutory Profit before Tax rose 125% half-on-half, achieving $0.9m for 2H, being 1.6% of revenue. This further translated into a 100% increase in Net Profit after Tax, achieving $0.6m for 2H.
- Earnings per share rose 93.5% half-on-half, to 0.60 cents for 2H.

	CONTINUING OPERATIONS[3]		
	H2 FY23	H1 FY23	
Revenue	$58.6m	$52.4m	11.8%
Gross Profit	$17.4m	$15.2m	14.5%
Statutory EBITDA[1]	$3.0m	$2.3m	30.4%
Add: Growth Related Investment costs	$0.1m	$0.1m	0.0%
Underlying EBITDA[1]	$3.1m	$2.4m	29.2%
Statutory PBT	$0.9m	$0.4m	125.0%
Statutory NPAT	$0.6m	$0.3m	100.0%
Underlying NPAT[2]	$0.7m	$0.4m	75.0%
Earnings per share (cents) (Statutory NPAT)	0.60	0.31	93.5%

	CONTINUING OPERATIONS[3,4]		
	H2 FY23	H1 FY23	
Gross Profit margin %	29.6%	29.0%	2.1%
Personnel - % of revenue	17.1%	18.3%	6.6%
Other expenses - % of revenue	7.3%	6.4%	(14.1%)
Total expenses - % of revenue	24.4%	24.7%	1.2%
Statutory EBITDA[1] margin	5.2%	4.3%	20.9%
Depreciation & Amortisation (incl. AASB 16) - % of revenue	2.6%	2.7%	3.7%
Finance costs (incl. AASB 16) - % of revenue	1.0%	1.0%	0.0%
Statutory Profit before Tax margin	1.6%	0.6%	166.7%

1 *EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation), Underlying EBITDA and Statutory EBITDA are non-IFRS terms which have not been subject to audit or review; Underlying EBITDA is determined by adding back Growth-Related Investment costs to the Statutory EBITDA which in turn has been determined using information presented in the Group's financial report.*

2 *Underlying NPAT (Net Profit after Tax) is a non-IFRS term which has not been subject to audit or review; Underlying NPAT is determined by adding back Growth-Related Investment costs (net of tax) to the Statutory NPAT presented in the Group's financial report.*

3 *Continuing operations performance is the Group's consolidated performance excluding the Group's UK operations sold or closed during FY22.*

4 *Calculations based on whole numbers.*

Future Direction

Stealth will continue to generate value for shareholders through the following key areas:

1. **Continue to develop large-scale distribution model** as a broad-line distributor for Industrial MRO supplies, Safety/PPE Products, Workplace supplies, Automotive supplies, Healthcare supplies and other related products and services, increasing revenue and improving efficiencies.
2. **Hold an advantaged market position as 'distributor of choice'** creating more value and better experiences for customers to grow market share using a combination of an expansive product offering and tailored solutions models with physical stores, In-stock available products, supply chain infrastructure, deep customer relationships and online digital channels to serve customers of all types and sizes.
3. **Draw on scale and operating leverage post business combinations** to improve financial performance using the strengths and advantages in each business in the Group. This includes a differentiated sales and services offer providing the widest-range, best prices, stock available, value-add supply solutions and unmatched customer service.

In order to deliver on the strategic agenda, the following priorities are in place for the coming period:

- More customer value and better customer experiences.
- Expand in all customer segments using advantaged business model.
- Expand product range across all businesses, cross-sell and grow all customers.
- Deploying and creating synergies.
- Merchandise innovation, In-Store and On-site store concepts & adapt store footprint.
- Deepen supplier commercial arrangements. Source and buy better, reduce costs.
- Enhance operational efficiency across the supply chain.
- Develop our people through learning, training, and development programs.
- Continue to maintain strong capital management disciplines.

Operating Brands

The Group operates five brand models, Heatleys Safety and Industrial, C&L Tools, Skipper Transport Parts, ISG (Industrial Supply Group) and United Tools in support of the goal to build a compelling world class sales and distribution organisation.

Heatleys Safety and Industrial (Heatleys)

Heatleys is a broad-range supplier and distributor of industrial, safety and workplace supplies. Heatleys operations are predominantly Western Australian based, and the acquisition of STP in FY22 added both operations the exciting opportunity to cross-sell their products as well as access to a broader range of customers and geographical markets within Western Australia. In addition, this broader range of products is allowing Heatleys and STP to provide stronger customer offerings as an expanded one-stop shop, supported by contract and tendering activity and opportunities during FY23 and continuing into FY24.

The strong focus towards investing heavily to configure our business to meet the evolving needs of our customers is central to a business development drive that delivered new national customers for Heatleys and to securing large and medium size clients – without disrupting existing customers or service levels. FY23 initiated greater focus across the Heatleys team to deliver more value accretive income and profit generating activities through customer acquisition, more share gain from value-add services, development of markets and industry segments and implementing eCommerce B2B and B2C technology and fulfillment logistics solutions, which continues into FY24. The eCommerce and delivery/click & collect solutions will enable the range of customers to be significantly expanded to serve business, trade and retail customers of all types and sizes.

C&L Tool Centre (C&L)

C&L was acquired in December 2020, and it has outperformed expectations disclosed at acquisition as it builds on new and existing relationships combined with bolt-on operations with Heatleys and STP operations (including STP Queensland operations).

Established in 1969, C&L is a market leading distributor of Industrial & Tooling supplies, Safety/PPE, Hardware, Building, Construction and Workplace consumables to all types of customers in Australia. Approximately 80% of sales are to business customers and 20% of sales to retail customers.

C&L is very complementary to the existing Stealth business with similar customer base, suppliers and services that provide the basis in ease of integration, synergies, and expansion. It has solid long-term stakeholder relationships and high-quality products, services, and solutions. These include product sales, fulfillment, distribution, and a service department to large multi-national corporations, large domestic companies, small-to-medium business enterprises, schools and universities, and government agencies.

Skipper Transport Parts (STP)

STP was acquired on 15 August 2021, and is a market leading Australian distributor of Industrial Maintenance, Repair and Operating (MRO), Automotive, Truck & Trailer, Mining, Bus and Agriculture products. It is a strategic fit and highly complementary to Stealth's existing operations, allowing all Stealth's subsidiary businesses and STP to merge and cross-sell to some 75% of all customers with its wide-range product offering and high-touch solutions models across the collective WA sales network.

STP is integrated into Heatleys infrastructure, including warehousing, freight, IT, purchasing, tendering/business development and shared services.

STP and Heatleys use their combination of wide-range product and high-touch solutions models to cater to all customers and cross-sell the extended new range of products and services across all operating businesses. Capitalising on this advantaged position, it is expected to accelerate favourable market share gain across customer markets and with leading supplier brands, providing the basis for ease of integration, synergies, and expansion across the operating businesses. Stealth's combined Australian business of company operated branch store locations will now include Perth, Albany, Bunbury, Esperance, Kalgoorlie, Karratha, Port Hedland, Adelaide, and Brisbane. The geographical reach in Western Australia alone pivots Stealth into a market leading position.

United Tools Albany (UTA)

UTA was acquired effective 1 May 2022, operating as a bannered United Tools store and sitting within the Heatleys Safety and Industrial operating structure, UTA is a business-to-business (B2B) and business-to consumer (B2C) retailer, offering a large range of major quality industrial, tooling, safety, and hardware brands.

Its acquisition was identified as being strategic and highly synergistic for merging with Stealth brand Skipper Transport Parts Albany operations (STPA), and this merger occurred in June 2023, into a single premises. The UTA and STPA combination delivers a powerful service offering, larger range and new competitive advantage within a one-stop super store for industrial, tooling, safety, truck and automotive products, parts and accessories.

Industrial Supply Group (ISG) / United Tools Pty Ltd (UTL)

The ISG business is a cooperative distribution group of independent trade merchants (18 members across 26 physical locations) with a combined trading volume of $160m per annum. ISG continues to build on its existing supplier relationships as well as foster and develop relationships with additional suppliers, building on the Group's increasing scale and customer and product ranges.

UTL was acquired effective 1 March 2022, and is one of Australia's largest buying & distribution co-operatives of independent retailers, selling tools, industrial and trade related products to business and retail customers, with 22 members across 32 locations. Stealth businesses C&L Tool Centre and United Tools Albany are both licensee members of UTL.

United Tools Pty Ltd is highly synergistic to Stealth, including both the ISG buying group as well as Heatleys/C&L/STP/UTA operations, significantly enhancing the Group's scale, market position and further strengthening buying power to accelerate profitable growth. Preferred suppliers will significantly benefit as we plan to consolidate arrangements held by UTL and all Stealth subsidiaries into a new master buying & wholesale distribution business unit. This initiative will drive deeper commercial engagement, brand reach and create more value by leveraging group wide buying power potential identified to be more than $200 million.

FY23 saw increased engagement with existing and prospective members to build on their increased scale and buying power, including the hosting by Stealth of a combined national conference in May 2023 in Sydney, leading into FY24.

Stealth's National Store Network

LOCATION	Group Locations
Total	70 Physical Stores; and 5 Online Marketplaces
Western Australia	17
Queensland	13
New South Wales	13
Victoria	16
Northern Territory	4
South Australia	5
ACT	1
Tasmania	1
Online Marketplaces	5

Material economic, environmental and social sustainability risks

The activities of the Consolidated Entity are subject to a number of risks and other factors which may impact its future performance. The Company recognises that risk is inherent to any business activity and that managing risk effectively is critical to the immediate and future success of the Group. As a result, the Board has adopted a Risk Management Policy which sets out the Group's system of risk oversight, management of material business risks and internal control.

Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks, especially geo-political and economic risks, are outside the control of the Directors and the Management of the Consolidated Entity and may not be mitigated either in whole or in part. Risk management includes identification, assessment, prioritisation and efficiently addressing the risks that pose the greatest threat.

The following is not intended to be an exhaustive list of the risk factors to which the Group is exposed, however it highlights both generic and specific risks which may have a material impact on the financial performance of the Group.

Industry and market risks

Inflation and market risks

Inflation could cause Stealth's operating and administrative expenses to grow more rapidly than net sales, which could result in lower gross margins and lower net earnings. Market variables, such as inflation of product costs, labour rates and fuel, freight and energy costs, as well as geopolitical events could potentially cause the Group to be unable to manage its operating and administrative expenses in a way that would enable it to leverage its revenue growth into higher net earnings. For example, Russia's invasion of Ukraine and other geopolitical conflicts, as well as the related international response, has and may continue to exacerbate inflationary pressures, including causing increases in fuel and other energy costs. In addition, Stealth's inability to pass on increases in costs to customers in a timely manner, or at all, could cause Stealth's operating and administrative expenses to grow, which could result in lower gross profit margins and lower net earnings.

Supply chain risks

Stealth's logistics or supply chain network could be disrupted by the occurrence of: one or more natural or human induced disasters, including earthquakes, tsunamis, storms, hurricanes, floods, fires, droughts, tornados and other extreme weather; pandemic diseases or viral contagions such as the COVID-19 pandemic; geopolitical events, such as war, civil unrest or terrorist attacks in a country in which Stealth operates or in which its suppliers are located; disruptions in transport networks, including from transport providers or third party work stoppages related to labour strikes or lockouts; and the imposition of measures that create barriers to or increase the costs associated with international trade. Even when Stealth is able to find alternate sources for certain products, they may cost more or require the Company to incur higher transportation costs, which could adversely impact the Company's profitability and financial condition. Any of these circumstances could impair Stealth's ability to meet customer demand for products and result in lost sales, increased supply chain costs, penalties, or damage to Stealth's reputation, any of which. could adversely impact results of operations and financial performance.

Business acquisition and integration

Achieving Stealth's medium term growth targets requires both organic growth and business acquisitions. In relation to acquisitions, Stealth follows a process of identification, evaluation, negotiation, acquisition and integration. Each step in the process is important in delivering successful growth through acquisition, and key judgements are required at each stage in order to assess the likely success and future performance of the integrated, combined entity.

Stealth identified and assessed several potential acquisitions of scale during the year, investing significant management time and working with external advisors to undertake due diligence to assess the operational, financial and legal strategic fit with the Company's disciplined criteria.

There were no acquisitions completed in FY23, as the Group focused on integrating the three acquisitions completed in FY22, with STP completing in August 2021, UTL in March 2022 and UTA in May 2022. These were in addition to the C&L Tools acquisition in FY21 and ISG in FY19.

The Group will continue to invest in the identification and evaluation of acquisition opportunities in order to achieve its strategic growth objectives by 2025.

The future performance of businesses acquired remains subject to uncertainty which is mitigated by an effective post-acquisition integration process. This includes coordinating geographically separated organisations, integrating information technology systems, integrating personnel and combining different corporate and workplace cultures.

Acquisitions are integrated into the Group via a carefully planned process executed with minimal loss of employees or customers – clear communication and consideration for the existing cultures are keys to success, including keeping key management teams in place following acquisition, and Stealth continues to demonstrate integration proficiency in executing these processes.

Global pandemics (including Covid-19)

Any global outbreaks of pandemic disease, such as the COVID-19 pandemic, could have a material adverse effect on Stealth's business, results of operations and financial condition, including liquidity, capital and financing resources. Additional effects from global pandemics on Stealth's business could include adverse impacts on transportation, including shipping delays and port disruptions, increased shipping costs, constraints on the availability of products, inflation, and labour shortages.

Furthermore, Stealth's ability to collect its accounts receivable or receive product ordered from suppliers, as customers and suppliers face higher liquidity and solvency risks and seek terms that are less favourable to Stealth, may adversely affect the Company's business. These adverse effects could result in product shortages, including certain PPE and cleaning supplies, and may impact the Company's ability to maintain sufficient inventory and to accurately predict demand or lead times, which might cause it to be unable to service customer demand or expose it to risks of product shortages. Addressing shortages may require the Company to procure products from new suppliers or through brokers with whom it has a limited or no prior relationship. These developments, alone or in combination, could materially adversely affect Stealth's future sales and results of operations.

Moreover, global outbreaks such as the COVID-19 pandemic have resulted in a widespread health crisis that has adversely affected and could continue to adversely affect the economies of many countries, resulting in a global or regional economic downturn or recession and supply chain challenges. Any such recession could result in a significant decline in access to products, demand for the Company's products or limit Stealth's ability to access capital markets, any of which could materially adversely affect the Company's business, results of operations and financial condition.

The duration and ultimate impact of a global pandemic on the Company's business, results of operations and financial condition will depend on numerous evolving factors and future developments, which are highly uncertain and cannot be predicted at this time. Such factors and developments may include the extent and geographic spread, severity and duration of the pandemic, including whether there are periods of increased cases, the extent and duration of the impact on Australia or the global economy, including the pace and extent of recovery when the pandemic subsides, and the actions that have been or may be taken by various governmental authorities in response to the outbreak.

In addition, if the Company is unable to respond to and manage the impact of governmental mandates, requirements or other directives related to a pandemic, the Company's business and results of operations may be adversely affected.

Reliance on key personnel

The Group operates under a strong human resources and employee relations framework, offering a competitive remuneration structure to its personnel in order to attract and retain diverse, engaged and suitably qualified employees. There remains no assurance that the Group will be able to retain key personnel and the departure of any such key personnel may adversely impact the Group's results until suitable replacements are employed.

Access to funding

Stealth completed a refinance of its debt funding facilities in FY21 from Westpac to CBA, which provided the Group with expanded facilities both for acquisition-specific funding as well as broader working capital funding. FY23 saw the Group expand its debt funding facilities with CBA, including $3.0m increase in working capital facilities.

There is a risk that the access to funding could be withdrawn and/or that Stealth does not meet the compliance requirements associated with the funding facility. Cash management and treasury are monitored by the Group on a daily basis, combined with regular meetings between Stealth management and its financier. In addition, the Group has access to equity markets as a listed entity.

IT risks including digital disruption, cyber, data and infrastructure

Stealth currently operates numerous IT systems across its organisation, including for eCommerce activities, some of which it hosts and other which are cloud-based. There is a risk that cyber security, data breaches or loss of IT infrastructure access could occur, which could impact on the Group's ability to conduct its business were these losses to occur for an extended period of time. Additionally, digital disruption presents risks that the Group could lose business to competitors, however the launch of new Online marketplaces by the Group could also see it gain business from its competitors. The Group continues to invest in digital channels, targeted strategies on mitigation campaigns against cyber security by upgrading systems and placing ongoing stronger protection measures across the group.

Environmental and social sustainability

The Group's operations may become subject to significant environmental regulations in the jurisdictions in which it operates, and it may become exposed to material social sustainability risks in the future. At the present time, the Group's operations are not subject to significant environmental regulations in the jurisdictions in which it operates, and it does not have any material exposure to social sustainability risks. A watching brief is maintained on these areas and if any material risk is identified it will be raised and assessed.

Summary

While the global economic outlook remains uncertain, the very nature of the large, fragmented and highly attractive MRO industry we operate in, the everyday workplace items we sell, the broad collection of industries we sell our products into, underpinned by the depth and diversity of product range, customers and repeat business activity is expected to provide a steady flow of growth and opportunities over coming years.

Activity in resources sector is a positive particularly with our branch store presence in Western Australia & Queensland being well-positioned to support investment being made in roads, infrastructure, housing, building, construction, transportation and vehicle sales (repairs & 4wd fit-out).

The Group continued to advance its growth and scale strategy during FY23 supported by the opportunities that lie ahead for the Group.

Mike Arnold
Managing Director
31 August 2023

Directors' Report

The Directors present their report together with the consolidated financial statements of Stealth Global Holdings Ltd (**Stealth** or **Company**) and its controlled entities (**Consolidated Entity** or **Group**) for the financial year ended 30 June 2023 and the auditor's report thereon.

Directors

The names and particulars of the directors of the Company during or since the end of the financial year and up to the date of this report unless otherwise stated:
Michael Alan Arnold (Group Managing Director)
Christopher Scott Wharton AM (Chairman)
Giovanni (John) Groppoli
Simon Paul Poidevin
All were directors from the start of the period to the date of this report unless otherwise stated.

Michael Arnold (MAICD) – Managing Director	
Experience and expertise	Mike is the founder of Stealth Global Holdings. He has transformed the company from a startup in 2014 into one of Australia's largest public-listed industrial distribution groups. With over 36 years of international experience in distribution and supply chain management, Mike has extensive experience in senior leadership roles within the industry. He previously served as the Executive Director and Chief Operating Officer of ADG Global Supply. Before that, Mike was the Managing Director and CEO of Lakewood Logistics for nine years, a joint venture company held between Australia Post and Mike. Concurrently, he held the position of Group General Manager of SWADS from 2004 to 2006, one of Australia's then-largest privately-owned 3rd party logistics companies, which was acquired by Australia Post in 2005. Mike's expertise and vision have been instrumental in shaping the success of these organisations. The Board considers that Mr. Arnold is not an independent Director.
Other current listed entity directorships	None
Former listed entity directorships in last 3 years	None
Special responsibilities at Stealth	Managing Director Member of the Audit and Risk Committee Member of the Remuneration and Nomination Committee

Christopher Wharton AM (FAIM & FAICD) – Independent Non-Executive Chairman	
Experience and expertise	Mr. Wharton is Chairman of Thriver Finance, a WA-based investment company, an appointed director of Perth Racing and a board member of East Perth Football Club. He is the former Chief Executive Officer of Seven West Media WA (SWM) and led the acquisition of the Seven Media Group, which ultimately became Seven West Media. Prior to the formation of SWM he was CEO of publicly-listed West Australian Newspaper Holdings and before that, CEO of Channel Seven Perth for nine years. He was responsible for all SWM's print, online and television and radio broadcasting assets in WA. He began his career as a journalist and worked in all areas of newspaper management in Sydney before being appointed Chief Executive Officer of Perth's Community Newspaper Group in 1995. In 2013, he became Chairman of Community Newspaper Group. His community and business involvement includes board memberships of the Telethon Trust from 2000-2017 and Gold Corporation from 2002-2019. Chris was a member of the WA Olympic Team Appeal Committee from 2000-2017 and a director of the West Coast Eagles Football Club from 2013-2021. He is a Fellow of the Australian Institute of Company Directors, the Australian Institute of Management and is a former Councillor and Vice President of the WA Chamber of Commerce and Industry. He is also a former member of the Committee for Perth. He was awarded an Order of Australia Medal in the 2016 Queen's Birthday honours for services to the print and broadcast industries and for services to the community.
Other current listed entity directorships	None
Former listed entity directorships in last 3 years	None
Special responsibilities at Stealth	Chairman of the Board Member of the Audit and Risk Committee Member of the Remuneration and Nomination Committee

Giovanni Groppoli (B. Juris; LLB & FAICD) – Non-Executive Director	
Experience and expertise	Mr. Groppoli is the Principal of GlenForest Corporate (a boutique legal strategy, governance and board advisory firm based in Perth). He is a Fellow of the AICD. Mr. Groppoli is the Chairman of Perth Markets Group Ltd, Hunt Architects and McDowell Affleck/MA Deacon Consulting Engineers. He is a former director and acting Non-Executive Chairman of Automotive Holdings Group Ltd (now Eagers Automotive Ltd). He was a partner of national law firm Deacons (now Norton Rose Fulbright) from 1987 to 2004. Mr. Groppoli left private practice in 2005 and until 2018 was the managing director of Milner's Brand Marketing, and Aviva Mann Optical Group. Mr. Groppoli acts as External General Counsel to Stealth and the Board considers that Mr. Groppoli is not an independent Director.
Other current listed entity directorships	None
Former listed entity directorships in last 3 years	None
Special responsibilities at Stealth	Chair of the Remuneration and Nomination Committee Member of the Audit and Risk Committee

Simon Poidevin – Independent Non-Executive Director	
Experience and expertise	Mr. Poidevin worked in Global Financial Markets for over 37 years, spending 14 years with Citigroup, culminating in heading the firm's Corporate Equity Broking division in Australia. Simon was previously Managing Director, Corporate Broking at Bell Potter Securities Limited, a leading Australian full- service broking and financial advisory firm from 2013 to 2020. Currently, Simon is an Advisory Board Member of leading Safe Harbour insolvency and restructuring firm Wexted Advisors and a Director of WAM Active Limited (ASX:WAA) Mr. Poidevin represented Australia in Rugby Union from 1980 to 1991, captaining the Wallabies in 1986 and 1987. He was a member of the 1991 Rugby World Cup winning Wallabies, the first Australian Rugby team to win a Rugby World Cup. He was awarded The Australian Sports Medal in 2000 and The Centenary Medal in 2003. He was inducted into the Sport Australia Hall of Fame in 1991 and into the Australian Rugby Hall of Fame in 2014. He is Chairman of The Sports Advisory Council at UNSW and co-founded the establishment of the "Lexcen Scholarships"at the University in 1988. The "Ben Lexcen Sports Scholarships Program" has supported over 220 UNSW Elite Athletes since its creation, enabling 33 Olympians who have collectively won 15 Olympic Medals. Simon was awarded a Bachelor of Science (Hons) at UNSW in 1982. He is a member of both the UNSW Sporting Hall of Fame and the UNSW Faculty of Science Hall of Fame. He received the prestigious UNSW Alumni Award in 1990. Mr. Poidevin has been a Board Member of The University of NSW Foundation since 1999.
Other current listed entity directorships	Appointed as a Director of WAM Active Limited (ASX:WAA) on 7 December 2021
Former listed entity directorships in last 3 years	Nil
Special responsibilities at Stealth	Chair of the Audit and Risk Committee Member of the Remuneration and Nomination Committee

The names and particulars of the Company Secretary(s) of the Company during or since the end of the financial year are:
John Boland

All were Company Secretary from the start of the period to the date of this report unless otherwise stated.

John Boland	
Experience and expertise	Mr. Boland is a Chartered Secretary and an Associate Member of the Governance Institute of Australia. He is also a member of the Institute of Chartered Accountants in Australia and New Zealand (CAANZ). Mr. Boland is the Group Chief Financial Officer of Stealth Global Holdings Ltd, with over 17 years of management experience within or advising ASX listed companies across a broad range of industries including automotive retail, logistics and distribution, mining services and FMCG. He has held previous senior positions with Automotive Holdings Group Limited and BDO Australia (Perth).

Directors' Meetings and Committee Meetings

The Company has both a Remuneration and Nomination Committee and an Audit and Risk Committee. Due to the size of the Board and the Group's operations, the Board has determined that it is appropriate that all directors are members of each committee. The Remuneration and Nomination Committee is chaired by Giovanni Groppoli. The Audit and Risk Committee is chaired by Mr. Simon Poidevin.

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Company during the year ended 30 June 2023 are:

	Board meetings		Remuneration and Nomination Committee meetings		Audit and Risk Committee meetings	
Director	Held	Attended	Held	Attended	Held	Attended
Michael Arnold	10	10	1	1	4	4
Christopher Wharton (AM)	10	10	1	1	4	4
Giovanni Groppoli	10	9	1	1	4	4
Simon Poidevin	10	10	1	1	4	4

Directors' Interests

Securities held by Directors as at the date of this Directors' Report are shown in Section 8 of the Remuneration Report.

Principal Activity

Stealth is one of Australia's largest industrial distribution groups combining company owned and independent retailer assets, providing more than 1 million products, supplies, parts, and accessories to business, trade, and retail customers.

As a pure play industrial distributor, the groups broad-line product range includes industrial, tools, safety, PPE, workwear, hardware, building, construction, truck & trailer, automotive, electrical, materials handling, cleaning & janitorial, tapes, workplace consumables and other related products and services.

Stealth operates across the end-to-end supply chain, covering business, trade, retail, service and the specialist wholesale sector, serving customers of all sizes from a broad collection of industries including commercial, mining, resources, industrial, government, transport, automotive, agriculture, building, construction, manufacturing, engineering, trade and retail consumers.

Our five businesses include Heatleys Safety & Industrial, C&L Tool Centre, Skipper Transport Parts, Industrial Supply Group and United Tools.

Review of Operations

The review of operations is contained in the Operating and Financial Review (**OFR**) section of this Annual Report.

Changes in State of Affairs

Changes in the State of Affairs of the Company are contained in the OFR section of this Annual Report.

Events since the end of the financial year

Since the end of the financial year there has not arisen in the interval between the year end and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Dividends

There were no dividends paid or recommended during the financial year ended 30 June 2023 (2022: nil).

Options

As at the date of this report, there are no unissued ordinary shares under option (2022: 4,994,737). On the 27 September 2022 the 4,994,737 options that had been on issue, expired.

Future Developments

Information on future developments is contained in the OFR section of this Annual Report.

Specific information about future developments of the Group has not been included in this report as the Directors believe that the inclusion of such specific information would be likely to result in unreasonable prejudice to the Group.

Material Business Risks

The proposed future activities of the Consolidated Entity are subject to several risks and other factors which may impact its future performance. Some of these risks can be mitigated using safeguards and appropriate controls. However, many of the risks are outside the control of the Directors and the Management of the Consolidated Entity and may not be mitigated either in whole or in part. The material risks are discussed in greater detail in the OFR.

Environmental Regulations

The Consolidated Entity's operations are not subject to significant environmental regulations in the jurisdictions in which it operates.

Corporate Governance

The Board of Directors is responsible for the operational and financial performance of the Company, including its corporate governance. The Company believes that the adoption of good corporate governance adds value for stakeholders and enhances investor confidence. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The Company's Corporate Governance Statement is available on the Company's website, in a section titled Corporate Governance: https://stealthgi.com/corporategovernance/

Indemnification and Insurance of Officers and Auditors

Indemnification

The Company has agreed to indemnify the current Directors and Officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and Officers of the Company, except where the liability arises out of misconduct.

The agreement stipulates that the Company will meet, to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

The Company has not agreed to indemnify its current auditors, BDO Audit (WA) Pty Ltd.

Insurance premium

The Company paid a premium, during the financial year in respect of a director and officer liability insurance policy, insuring the Directors of the Group, the Company Secretary, and executive officers of the Group against a liability incurred as a Director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Director's and officers' liability and legal expenses' insurance contracts as such disclosure is prohibited under the terms of the contract.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act* 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 purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

Audit and non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditors BDO Audit (WA) Pty Ltd for audit services provided during the year are set out below. There were no amounts paid or payable to the auditors BDO Audit (WA) Pty Ltd for non-audit services during the year.

	2023 $	2022 $
Audit Services		
BDO Audit (WA) Pty Ltd	126,755	125,132
Total remuneration for audit services	**126,755**	**125,132**

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 93.

Remuneration Report – Audited

This Remuneration Report, which forms part of the Directors' Report, outlines the key management personnel remuneration arrangements of the Company and the Consolidated Entity in accordance with the requirements of the *Corporations Act 2001* (**Corporations Act**) and its regulations. This information has been audited as required by section 308(3C) of the Corporations Act.

The Remuneration Report is structured as follows:

1. Key Management Personnel
2. Remuneration Overview for Financial Year 2023
3. Remuneration Governance
4. Non-Executive Director Remuneration Arrangements
5. Executive Remuneration Arrangements
    a. Remuneration Principles and Strategy
    b. Approach to Setting Remuneration
    c. Performance Linked Remuneration and Details of Incentive Plans
    d. Executive Service Agreements
6. Remuneration of Key Management Personnel
7. Performance Rights awarded, vested and lapsed/forfeited during the year
8. Shareholdings of Key Management Personnel
9. Other Key Management Personnel Transactions

1. Key Management Personnel

Key management personnel of the Consolidated Entity are defined as those persons having authority and responsibility (directly or indirectly) for planning, directing and controlling the major activities of the Company and the Consolidated Entity including any Director (whether Executive or otherwise) of the Company (as per AASB 124 *Related Party Disclosures*) and certain key executives (together **KMP**).

For the purposes of this Report, the term "Executive" includes the Managing Director and other key executives of the Consolidated Entity.

The following people were KMP of the Consolidated Entity at any time during the financial year and up to the date of this Report and, unless otherwise indicated, were KMP for the entire financial year:

Executive Director

Mr. Michael Arnold, Group Managing Director

Non-Executive Directors

Mr. Christopher Wharton AM, Independent Non-Executive Chairman
Mr. Giovanni (John) Groppoli, Non-Executive Director
Mr. Simon Poidevin, Independent Non-Executive Director

Key Executives

Mr. Luke Cruskall, Group Chief Operating Officer
Mr. John Boland, Group Chief Financial Officer

2. Remuneration Overview for Financial Year 2023

The following provides an overview of the Consolidated Entity remuneration framework for Executives and a summary of outcomes for the financial year ended 30 June 2023 (**FY23**).

Remuneration component	Overview
Fixed remuneration	Fixed remuneration was paid in line with contractual agreements.
Short-term incentives (**STI**)	STI measures are determined using financial and non-financial targets established at the commencement of each financial year. The financial targets range from threshold to stretch targets or milestones measured against specifically defined Revenue and EBIT performance indices. The FY23 outcomes in relation to the financial targets did not produce any payments for the threshold opportunity (FY22: nil). The FY23 outcomes in relation to the non-financial targets, including the provision of discretionary payments to Executives, was payment of $70,932 (FY22: $nil).
Long-term incentives (**LTI**)	The Company granted Nil Performance Rights to KMP under the LTI scheme during FY23 (FY22: 1,347,448).
Total remuneration	In FY23, the total remuneration was $1,616,424, this amounted to an increase of $57,185 (3.7%) compared to the previous financial year (FY22: $1,559,239) (see Remuneration of Key Management Personnel table below).

3. Remuneration Governance

Remuneration and Nomination Committee

The Remuneration and Nomination Committee reviews, and recommends to the Board for approval, the remuneration policy to enable the Company to attract and retain both Executives and Directors who will create value for shareholders having regard to compensation amounts considered to be:
(a) commensurate for a company of its size and the nature and level of commercial activity; and
(b) necessary given the organisations and sector that the Company is competing against and within.

The Committee is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed. If necessary, the Remuneration and Nomination Committee obtains independent advice on the appropriateness of remuneration packages given:
(a) trends in comparable companies and applicable sectors; and,
(b) the strategic and business objectives of the Consolidated Entity.

Further information on the Remuneration and Nomination Committee's role, responsibilities and membership are set out in the Corporate Governance Statement.

Use of Remuneration Consultants

To ensure the Remuneration and Nomination Committee is fully informed when making remuneration decisions, it seeks external remuneration advice from time to time. When engaged, remuneration consultants are appointed by, and report directly to, the Committee.

During the year, the Company did not engage remuneration consultants to aid with benchmarking of non-executive Directors. In any event, neither the Board nor the Company received remuneration recommendations (as defined in the Corporations Act) from any remuneration consultant in relation to any other KMP.

Voting and comments made at the Company's 2022 Annual General Meeting

At the 2022 Annual General Meeting, 93.1% of votes cast were in favour of the adoption of the Company's remuneration report for the 2022 financial year. The Company did not receive any comments at the Annual General Meeting on its remuneration report.

4. Non-Executive Director Remuneration Arrangements

Remuneration Policy

In accordance with best corporate practice and governance, the structure of Non-Executive Directors' remuneration is clearly distinguished from that of the Executives.

The total maximum remuneration of Non-Executive Directors is initially set by the Constitution and any subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the value of the contributions made by each Non-Executive Director to the Company. The current aggregate Non-Executive Director fee pool has been set at $450,000 per annum.

In addition to the Directors' Fees, a Non-Executive Director may be paid other fees or amounts (subject to any necessary shareholder approval, non-cash performance incentives such as options) as the Board may determine where a Non-Executive Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Non-Executive Director.

Non-Executive Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Non-Executive Directors.

Non-Executive Directors do not receive any retirement benefits, other than statutory superannuation guarantee contributions, nor do they receive any performance related compensation.

Level of Non-Executive Directors' Fees

The level of Non-Executive Directors' fees for the financial year ending 30 June 2023 were as follows[1]:

Name	Non-Executive Directors' fees	Chair of Committee fees
Mr. Christopher Wharton	$85,000 per annum	Not applicable
Mr. Giovanni (John) Groppoli	$55,000 per annum	$10,000 per annum
Mr. Simon Poidevin	$55,000 per annum	$10,000 per annum

Notes:
[1] *Excludes statutory superannuation.*

Non-Executive Directors Appointment Letters

The Company has entered into letters of appointment with each of the Non-Executive Directors pursuant to which, each of the above-mentioned parties are appointed as Non-Executive Directors of the Company, subject to the Constitution relating to retirement by rotation and re-election of Directors. The letter also summarises the board policies and terms, including remuneration relevant to the office of a non-executive director.

5. Executive Remuneration Arrangements

Remuneration for Executives is set out in their respective employment agreements.

Executive Directors may receive performance related remuneration.

(a) Remuneration Principles and Strategy

The remuneration structures explained below are competitively set to attract and retain suitably qualified and experienced candidates, reward the achievement of strategic and business objectives and achieve the broader outcome of value creation for shareholders. The remuneration structures take into account the following:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the relevant segment's performance;
- the Consolidated Entity's performance including:
  - the Consolidated Entity's earnings and financial position; and
  - subsequent to the ASX-listing, the growth in share price and shareholder return.

The following table illustrates how the Consolidated Entity remuneration strategy aligns with strategic direction and links remuneration outcomes to performance.

Remuneration component	Vehicle	Purpose	Link to performance
Fixed remuneration	Fixed remuneration consists of base remuneration as well as statutory superannuation and other benefits including motor vehicle allowances and income protection insurance. The Consolidated Entity pays fringe benefits tax on these benefits, where applicable.	To provide competitive fixed remuneration for key executives determined by the seniority of the position, the scope of their role and the knowledge, skill and experience required to perform the role.	Company and individual performance are considered during the annual remuneration review.
STI	At-risk bonus provided in the form of cash.	To reward executives for their contribution to achievement of a range of financial and non-financial business outcomes, as well as individual objectives.	Group Net Profit Before Tax is the key financial metric, other than for the Managing Director whose STIs are based on Group Net Profit After Tax.
LTI	Awards are made in the form of options over ordinary shares or the issue of performance rights in the Company. Performance rights do not attract dividends or voting rights.	Acts as a tool for retention of the executive and encourages the executive to take a long-term view of Consolidated Entity performance.	Vesting conditions and performance measures will be set by the Board each year. LTIs were offered in both FY22 and FY21, no LTI offered in FY23.

(b) Approach to Setting Remuneration

The executive remuneration framework consists of a mixture of fixed remuneration, STIs and LTIs. The Company aims to reward Executives with a level and mix of remuneration appropriate to their position, responsibilities and performance within the business and aligned with market practice. The Company's remuneration policy is intended to provide the opportunity to earn rewards for outstanding performance against threshold and stretch targets set by the Board.

Remuneration levels are considered annually through a remuneration review that considers the performance of the Company and the individual employee, geographical reach and complexity, relevant market movements and trends and the broader economic environment.

(c) Performance Linked Remuneration and Details of Incentive Plans

Short-term incentive plan

The Consolidated Entity operates an annual short-term incentive plan (**STIP**) for certain key employees. Under the STIP, participants have the opportunity to receive a cash incentive payment determined by the Board up to a maximum percentage of their fixed annual remuneration each year, conditional on the achievement of both financial and non-financial performance targets and criteria. The financial criteria relate to the financial performance of the Consolidated Entity and the participant's performance against budget and the non-financial criteria/targets relate to achievement of team and individual key performance indices (**KPI**). These financial and non-financial criteria are selected with the purpose of directly aligning individual rewards with the delivery of the overall strategy and performance of the Consolidated Entity

The performance measures against which each participant's STI is assessed, and their relative weightings, will be tailored to a participant's role and will be set by the Board each year. Certain minimum conditions set by the Board must be satisfied in order to receive a payment. However, the Board at all times retains ultimate discretion on the payment of any bonus.

Specific performance targets are set for the delivery of financial performance outcomes ranging from threshold to stretch profitability. STI financial targets are specific profit measures aligned to:

- consolidated profit for the Managing Director and certain KMP; and
- divisional profit for key operational employees.

This approach ensures that the quantum of STIs earned and paid to any individual KMP is directly driven by a financial performance metric relevant to that person's role. The total amount of STIs paid in a financial year is directly linked to the overall financial performance of the Company for that year. Actual performance is determined on the basis of the audited financial results and for non-financial criteria, performance is determined on the basis of internal management reports.

The non-financial criteria are evaluated by reference to, or against, a range of measures. The assessment (and the intended objectives) are derived from the following measures:

Non-financial measure	Overview and objective
Strategic Business development	• KPIs aligned to delivery of strategic plan and initiatives • Effective integration of acquisitions and alignment to target objectives • Growth in customers, suppliers, product range, network partnerships
Stakeholder relationships	• Management of external relationships (manufacturers, partners, distributors, suppliers) • KPIs aligned to customer relationships and successful business outcomes
People management	• KPIs aligned to compliance with and promotion of the Consolidated Entities values, policies and behaviours
Expense management	• Expense management targets are set • KPIs aligned to the achievement of budget and identifying and implementing strategies to reduce costs
Compliance and reporting	• Specific measures surrounding compliance with policies and adherence with regulatory requirements

At the end of the financial year and subsequent to the completion of the financial year-end audit, the Remuneration and Nomination Committee and Board assess the performance of the Consolidated Entity, the relevant segment and the individual KMPs against the performance criteria set. If it is determined that the performance criteria has been reached, the Remuneration and Nomination Committee recommends the STI to be paid to the individual KMPs subject to approval by the Board.

The Board may at its sole discretion also approve STI payments to key employees for other non-financial performance-based outcomes as reasonably determined from time to time. Discretionary payments may be awarded either during the financial year or at the end of the financial year.

Participation in the STIP in a particular financial year does not give rise to any entitlement to participate in any such arrangement for future years, any replacement arrangement, or any other incentive plan which the Consolidated Entity may have in place.

Long-term incentive plan

The Company has adopted a long-term incentive plan (**LTIP**) in order to assist in the motivation and retention of key employees. The LTIP is designed to align the interests of eligible employees more closely with the interests of shareholders by providing:
(a) an opportunity for eligible employees to receive an equity interest in the Company; and,
(b) participants with the incentive to deliver growth in shareholder value.

Under the LTIP, eligible employees may be offered options and/or performance rights which may be subject to vesting conditions set by the Board, up to a specific limit calculated as a percentage of their fixed annual remuneration each year, and otherwise conditional on achievement of the stipulated performance criteria.

The performance measures against which each participant's LTI is assessed and their relative weightings will be set by the Board each year.

At the end of the financial year and subsequent to the completion of the year-end audit, the Remuneration and Nomination Committee and the Board will assess the performance of the Consolidated Entity, the relevant segment and individual against the KPIs set down.

If it is determined a KPI has been reached or satisfied, the Remuneration and Nomination Committee will recommend that options and/ or performance rights be issued to the individuals, subject to approval by the Board. Performance rights and options may only be offered to Executive Directors subject to approval by shareholders in a general meeting and any other approval required under the Corporations Act or Listing Rules.

Performance Conditions (FY23)
No LTI was offered during FY23.

Assessing performance and claw-back of remuneration:

The remuneration committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid.

In the event of serious misconduct or a material misstatement in the company's financial statements, the remuneration committee can cancel or defer performance-based remuneration and may also claw back performance-based remuneration paid in previous financial years.

Consolidated Entity Performance and its link to Short-Term Incentives and Long-Term Incentives

STI Financial performance measures for FY23

The FY23 financial performance measures were Consolidated Entity Net Profit Before Tax in respect of the Executives and Consolidated Entity Net Profit After Tax in respect of the Managing Director. Given the results of FY23, a STI was not considered payable.

STI Non-financial performance measures for FY23

The 2023 outcomes for non-financial targets provided discretionary payments to Executives of $70,932 (FY22: $nil).

LTI measures for FY23

The Company granted Nil Performance Rights to Key Management Personnel under the LTIP for FY23 (FY22: 1,347,448).

(d) Executive Service Agreements

Remuneration and other terms of employment for the KMP are formally set out in their respective employment agreements which also contain customary clauses dealing with, amongst other things, immediate termination for gross misconduct and confidentiality.

A summary of the key contractual provisions of the executive service agreements for each of the Executives in place at the date of this report is set out below:

Name and job title	Commencement Date	Contract duration	Notice period	Termination provision
Michael Arnold, Group Managing Director	1 July 2018	Ongoing contract	12 months (Executive or Company)	Without cause: Must be employed at 30 September in the year of payment to be eligible to receive STI. All vested and unexercised LTI can be exercised in accordance with the rules of the LTIP. With cause: STI is not awarded, and unvested LTI will lapse. At the ultimate discretion of the Company as to whether any STI or LTI is payable on termination.
Luke Cruskall, Chief Operating Officer	1 August 2018	Ongoing contract	Executive: 3 months Company: 6 months (additional 2 months should termination occur in November or December	Without cause: Must be employed at 30 September in the year of payment to be eligible to receive STI. All vested and unexercised LTI can be exercised in accordance with the rules of the LTIP. With cause: STI is not awarded, and unvested LTI will lapse. At the ultimate discretion of the Company as to whether any STI or LTI is payable on termination.
John Boland, Chief Financial Officer	10 August 2020	Ongoing contract	Executive: 3 months Company: 3 months	Without cause: Must be employed at 30 September in the year of payment to be eligible to receive STI. All vested and unexercised LTI can be exercised in accordance with the rules of the LTIP. With cause: STI is not awarded, and unvested LTI will lapse. At the ultimate discretion of the Company as to whether any STI or LTI is payable on termination.

6. Remuneration of Key Management Personnel

The tables below provides the remuneration details for the Non-Executive Directors, Executive Director and KMP of the Consolidated Entity for the financial years ended 30 June 2023 and 30 June 2022:

2023	Short-Term Employment Benefits			Post-Employment benefits	Long-Term Employment Benefits			% of Rem that is performance based
	Base salary, fees & allowances $	Bonuses earned and payable $	Other non-monetary benefits $	Super-annuation $	Long service leave $	Share-based payments (accrued) $	Total (vested) $	
Non-Executive Directors								
Mr. C Wharton	85,000	-	705	8,925	-	-	94,630	-
Mr. G Groppoli	65,000	-	-	6,825	-	-	71,825	-
Mr. S Poidevin	65,000	-	-	6,825	-	-	71,825	-
Total Non-Executive Directors	**215,000**	**-**	**705**	**22,575**	**-**	**-**	**238,280**	**-**
Executive Director								
Mr. M Arnold	486,800	70,932	10,816	27,500	9,360	32,861	638,269	16%
Total Executive Director	**486,800**	**70,932**	**10,816**	**27,500**	**9,360**	**32,861**	**638,269**	
Other KMP								
Mr. L Cruskall – COO	323,200	-	12,064	27,500	10,344	22,493	395,601	6%
Mr. J Boland - CFO	301,400	-	2,135	27,500	911	12,328	344,274	4%
Total Other KMP	**624,600**	**-**	**14,199**	**55,000**	**11,255**	**34,821**	**739,875**	
Total KMP	**1,326,400**	**70,932**	**25,720**	**105,075**	**20,615**	**67,682**	**1,616,424**	**10%**

2022	Short-Term Employment Benefits			Post-Employment benefits	Long-Term Employment Benefits			% of Rem that is performance based
	Base salary, fees & allowances $	Bonuses earned and payable $	Other non-monetary benefits $	Super-annuation $	Long service leave $	Share-based payments (accrued) $	Total (vested) $	
Non-Executive Directors								
Mr. C Wharton	85,000	-	688	8,500	-	-	94,188	-
Mr. G Groppoli	65,000	-	-	6,500	-	-	71,500	-
Mr. S Poidevin[1]	46,083	-	-	4,608	-	-	50,691	-
Mr. A Cransberg[2]	19,000	-	-	1,900	-	-	20,900	-
Total Non-Executive Directors	**215,083**	**-**	**688**	**21,508**	**-**	**-**	**237,279**	**-**
Executive Director								
Mr. M Arnold	486,800	-	15,009	27,500	38,151	26,386	593,846	4%
Total Executive Director	**486,800**	**-**	**15,009**	**27,500**	**38,151**	**26,386**	**593,846**	
Other KMP								
Mr. L Cruskall – COO	323,200	-	10,644	27,500	7,142	19,040	387,526	5%
Mr. J Boland - CFO	301,400	-	753	27,500	211	10,724	340,588	3%
Total Other KMP	**624,600**	**-**	**11,397**	**55,000**	**7,353**	**29,764**	**728,114**	
Total KMP	**1,326,483**	**-**	**27,094**	**104,008**	**45,504**	**56,150**	**1,559,239**	**4%**

Note:
1. Appointed Director 15 October 2021
2. Resigned as Director 15 October 2021.

7. Performance Rights awarded, vested and lapsed/forfeited during the year

The table below discloses the number of Performance Rights:
(a) granted to executives as LTI-based remuneration during FY23; and,
(b) that vested or lapsed/forfeited during the year.

Refer to Note E7 of the Annual Report for details supporting grant date valuations, with the grant date value disclosed in the table below being the average of the TSR and EPS components. Performance rights do not carry any voting or dividend rights and may only be exercised once the vesting conditions have been met.

Deferred Performance Rights	Year Granted	No. Granted	Grant date value per share	Vested %	Vested number	Lapsed/ Forfeited %	Financial years in which shares may vest	Maximum value yet to vest
Mr. M Arnold	2023	-	n/a	n/a	-	n/a	n/a	n/a
Mr. M Arnold	2022	-	n/a	n/a	-	n/a	n/a	n/a
Mr. L Cruskall	2023	-	n/a	n/a	-	n/a	n/a	n/a
Mr. L Cruskall	2022	726,667	7.25 cents	n/a	-	50%	2025	9,665
Mr. J Boland	2023	-	n/a	n/a	-	n/a	n/a	n/a
Mr. J Boland	2022	620,781	7.25 cents	n/a	-	50%	2025	8,256
Total	2023	-	n/a	n/a	-	n/a	n/a	n/a
Total	2022	1,347,448	7.25 cents	n/a	-	50%	2025	17,921

Total value of Performance Rights awarded to KMP for FY23 was $Nil (FY22: $97,623).

8. Shareholdings of Key Management Personnel

The movement during the year in the number of ordinary shares in the Company held directly or indirectly or beneficially by each member of the Key Management Personnel, including their related parties, is as follows:

KMP	Held at 1 Jul 2022 / Date of appointment	Purchases/ (Sales)	Held at 30 Jun 2023 and at the date of this Directors' Report
Directors			
Mr. C Wharton[1]	2,675,122	-	2,675,122
Mr. M Arnold[2]	10,886,209	-	10,886,209
Mr. G Groppoli[3]	1,428,895	-	1,428,895
Mr. S Poidevin[4]	100,000	-	100,000
Senior Executives			
Mr. L Cruskall[5]	205,000	-	205,000
Mr. J Boland[6]	554,000	-	554,000

Note:
1. *1,160,000 Shares held by Nicarldon Pty Ltd as trustee for the Wharton Family Trust. Mr. Wharton is a director and shareholder of the trustee and a beneficiary of the trust. 1,515,122 Shares held by Christopher Wharton & Donna Wharton as trustee for Wharton Super Fund, of which trust Mr. Wharton is joint trustee and a beneficiary of the superannuation fund.*
2. *10,117,803 Shares held by Sorrento200 Holdings Pty Ltd as trustee for the Sorrento200 Holdings Trust. Mr. Arnold is a director and shareholder of the trustee and a beneficiary of the trust. 768,406 Shares held by Michael Alan Arnold & Linda Jan Arnold as trustee for Talukei Super Fund, of which Mr. Arnold is joint trustee and a beneficiary of the superannuation fund.*
3. *1,128,895 Shares held by Giovanni (John) Groppoli as trustee for The Milo Trust. Mr. Groppoli is a beneficiary of the trust. 300,000 Shares held by Glen Forest Pty Ltd as trustee for the Jubaea Super Fund, of which Mr. Groppoli is a director and a shareholder of the trustee and a beneficiary of the superannuation fund.*
4. *100,000 Shares held by Brydem Pty Ltd as trustee for Simon Poidevin Family Trust. Mr. Simon Poidevin is a director Brydem Pty Ltd and is a beneficiary of the Simon Poidevin Family Trust.*
5. *170,000 Shares held by the Trustee for JOL Cruskall Superannuation Fund, of which Mr. Cruskall is trustee and a beneficiary of the superannuation fund. 35,000 shares held by Mr. Cruskall in his name.*
6. *554,000 Shares held by Mrs Julie Boland.*

No options were held by, issued to, or exercised by key management personnel during the year.

9. Other Key Management Personnel Transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The related party transactions with Key Management Personnel are set out below.

	2023 $	2022 $
The Company engaged GlenForest Corporate of which Giovanni Groppoli is the Principal for the provision of both legal and corporate advisory services. John Groppoli was appointed a Director on 30 June 2018	18,604	32,405
Trade and other payables owing to GlenForest Corporate of which Giovanni Groppoli is the Principal, from the Company as at end of the year	-	10,680

The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

There were no other key management personnel transactions during the 2023 or 2022 financial years.

Share-Based Compensation

No options were held by, issued to, or exercised by key management personnel during the year.

Loans to Key Management Personnel

There were no loans to key management personnel during the year.

This concludes the Remuneration Report, which has been audited.

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

On behalf of the Directors

Michael Arnold
Group Managing Director

Perth, 31 August 2023

Annual Financial Report

For the year ended 30 June 2023

Consolidated Statement of Profit or Loss and Comprehensive Income

For the Year Ended 30 June 2023

	Note	2023 $	2022 $
Continuing Operations			
Revenue	B2	110,992,974	99,601,274
Cost of sales		(78,441,615)	(69,532,580)
Gross Profit		**32,551,359**	**30,068,694**
Other income	B2	9,807	766
Personnel expenses		(19,664,599)	(18,954,474)
Administration expenses		(6,862,070)	(5,844,425)
Occupancy expenses		(533,962)	(373,111)
Transaction costs	B2	(225,688)	(909,151)
Depreciation and amortisation expense	B2	(2,942,710)	(2,566,064)
Finance costs		(1,078,484)	(725,531)
Profit from continuing operations before income tax		**1,253,653**	**696,704**
Income tax expense	D1	(351,264)	(136,388)
Profit after tax from continuing operations		902,389	560,316
Profit after tax from discontinued operations	F5	-	836,567
PROFIT FOR THE YEAR		**902,389**	**1,396,883**
Profit for the year attributable to:			
Owners of the company		**902,389**	**595,875**
Non-controlling interests	E4	-	801,008
		902,389	**1,396,883**
COMPREHENSIVE INCOME			
Profit for the year		**902,389**	**1,396,883**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		2,642	20,940
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		905,031	1,417,823
Total comprehensive income for the year attributable to:			
Owners of the company		**905,031**	**616,815**
Non-controlling interest	E4	-	801,008
		905,031	**1,417,823**

Earnings per share for profit attributable to the ordinary equity holders of the company:	Note	Cents	Cents
Basic earnings per share	E5	0.91	0.60
Diluted earnings per share	E5	0.91	0.60

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

Consolidated Statement of Financial Position

As at 30 June 2023

	Note	2023 $	2022 $
CURRENT ASSETS			
Cash and cash equivalents	C1	7,727,333	4,749,807
Trade and other receivables	C4	17,052,122	18,074,579
Inventories	C5	14,787,361	14,123,396
Other assets	C6	540,361	492,589
Total Current Assets		**40,107,177**	**37,440,371**
NON-CURRENT ASSETS			
Property, plant and equipment	C7	2,111,812	2,214,361
Right-of-use assets	C12	7,753,370	8,739,441
Intangible assets	C8	12,230,898	11,593,176
Deferred tax assets	D2	1,216,309	1,545,982
Other assets	C6	6,700	6,700
Total Non-Current Assets		**23,319,089**	**24,099,660**
TOTAL ASSETS		**63,426,266**	**61,540,031**
CURRENT LIABILITIES			
Trade and other payables	C9	21,053,755	18,612,204
Current tax liabilities	D1	-	3,221
Lease liabilities	C12	1,648,721	2,174,635
Financial liabilities	C11	15,165,731	13,267,480
Provisions	C10	2,044,655	2,284,232
Total Current Liabilities		**39,912,862**	**36,341,772**
NON-CURRENT LIABILITIES			
Lease liabilities	C12	6,508,485	6,949,084
Financial liabilities	C11	-	2,555,863
Deferred tax liabilities	D2	689,032	362,124
Provisions	C10	255,333	266,749
Total Non-Current Liabilities		**7,452,850**	**10,133,820**
TOTAL LIABILITIES		**47,365,712**	**46,475,592**
NET ASSETS		**16,060,554**	**15,064,439**
EQUITY			
Issued capital	E1	13,528,699	13,528,699
Accumulated funds	E3	1,974,064	1,071,675
Reserves	E1	557,791	464,065
TOTAL EQUITY		**16,060,554**	**15,064,439**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2023

	Attributable to owners of Stealth Global Holdings Ltd					
	Issued Capital $	Reserves $	Accumulated Funds $	Total $	Non-controlling Interests $	Total Equity $
Balance as at 1 July 2021	13,528,699	368,065	475,800	14,372,564	(553,660)	13,818,904
Profit for the year	-	-	595,875	595,875	801,008	1,396,883
Other comprehensive income for the year	-	20,940	-	20,940	-	20,940
Total comprehensive income for the year	**-**	**20,940**	**595,875**	**616,815**	**801,008**	**1,417,823**
Transactions with Equity Holders in their capacity as Equity Holders						
Share based payments – long term incentives	-	75,060	-	75,060	-	75,060
Deconsolidation of Joint Venture	-	-	-	-	(247,348)	(247,348)
Balance as at 30 June 2022	**13,528,699**	**464,065**	**1,071,675**	**15,064,439**	**-**	**15,064,439**
Balance as at 1 July 2022	13,528,699	464,065	1,071,675	15,064,439	-	15,064,439
Profit for the year	-	-	902,389	902,389	-	902,389
Other comprehensive income for the year	-	2,642	-	2,642	-	2,642
Total comprehensive income for the year	**-**	**2,642**	**902,389**	**905,031**	**-**	**905,031**
Transactions with Equity Holders in their capacity as Equity Holders						
Share based payments – long term incentives	-	91,084	-	91,084	-	91,084
Balance as at 30 June 2023	**13,528,699**	**557,791**	**1,974,064**	**16,060,554**	**-**	**16,060,554**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers		111,094,711	99,796,668
Payment to suppliers		(104,418,012)	(97,720,843)
Interest paid		(865,015)	(567,053)
Income tax refund received / (paid)		1,035,242	(627,273)
Net cash inflow from operating activities	C2	**6,846,926**	**881,499**
Cash flows from investing activities			
Payments for plant & equipment		(572,220)	(1,001,858)
Proceeds from the sale of plant & equipment		122,831	25,895
Interest received		9,807	766
Payment for intangible assets		(846,554)	(302,998)
Payment for acquisition of business / subsidiary – net of cash acquired	F3	(523,173)	(3,006,879)
Net cash (outflow) from investing activities		**(1,809,309)**	**(4,285,074)**
Cash flows from financing activities			
Proceeds from financial liabilities		21,767	7,609,240
Repayment of financial liabilities		(2,081,858)	(1,956,742)
Net cash inflow/(outflow) from financing activities		**(2,060,091)**	**5,652,498**
Net increase in cash and cash equivalents		**2,977,526**	**2,248,923**
Cash and cash equivalents at the beginning of the year		4,749,807	3,111,382
Deconsolidation of Joint Venture cash		–	(610,498)
Cash and cash equivalents at the end of the year	C1	**7,727,333**	**4,749,807**

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to The Consolidated Financial Statements

For the year ended 30 June 2023

Section A: About this Report

A1 Reporting Entity

Stealth Group Holdings Ltd (**Stealth** or **Company**) is a company domiciled in Australia. The consolidated financial statements for the year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the **Group** and individually as **Group Entities**).

The Company's registered office and principal place of business is Unit 10, 43 Cedric Street, Stirling WA 6021.

A2 Basis of Preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements of the Consolidated Entity comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB). It presents the results of Stealth and its controlled entities (Consolidated Entity).

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated financial statements are prepared on an accruals basis and are based on historical costs except where otherwise stated. The financial statements were approved by the Board of Directors on 31 August 2023.

(b) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to use judgement, estimates and assumptions that affect the application of accounting policies and hence the reported amounts of assets, liabilities, income and expenses. The following table lists the areas where a higher degree of judgement or complexity was involved, and areas that have the potential to be materially adjusted in their presentation in the financial statements should those estimates or assumptions be incorrect.

Estimates and underlying assumptions are reviewed on an ongoing basis and any required revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected:

(i)	Taxation – estimation of current tax payable and current tax expense, and recognition of deferred tax asset	Section D
(ii)	Business combinations – fair value of purchase consideration	Section F3
(iii)	Intangible assets – estimation of impairment	Section C8
(iv)	Control of Subsidiaries – assessment of control for consolidation	Section F2
(v)	Inventories – valuation of inventory	Section C5

A3 Significant Accounting Policies

The accounting policies set out in Section I to the consolidated financial statements have been applied consistently to all periods presented in these consolidated financial statements.

Section B: Business Performance

B1 Operating Segments

The Consolidated Entity results are reported as two business areas (FY22: three) based on the nature of operations, which are reviewed regularly by the Board of Directors. The principal results reviewed for each area are revenue and adjusted operating profit.

The Board of Directors' view is that there were two reportable segments during the current reporting period, being the operations of Business Solutions and Retail Solutions. During the prior reporting period, the Group completed (refer Note F5) the sale of its shares in BSA and the resultant close of its UK operations. These operations are disclosed as discontinued operations in the comparative segment analysis below. This resulted in the continuing Group operations being essentially fully geographically located in Australia, and accordingly geographic location became no longer the primary basis for determining the Group's reportable segments. During the prior reporting period, the Group also completed the acquisition of United Tools Pty Ltd (refer Note F3), which significantly expanded the Group's Member Retail Solutions operations alongside its existing ISG operation.

The Group's Business Solutions operations are judged by management to form a single operating segment, due to a combination of factors, including overlapping nature of their customers and their suppliers, of the products they sell and how they are sold, and their competitors, being primarily Australia-wide operations.

The Group's Retail Solutions operations are judged by management to form a single operating segment, due to the overlapping nature of services that they provide, the suppliers they interact with and their competitors, both operating on an Australia-wide basis.

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

All intersegment transactions are eliminated on consolidation of the Consolidated Entity's financial statements. Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. Usually, segment assets are clearly identifiable based on their nature and physical location. Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. The following items of revenue and expenses are not allocated to operating segments as they are not considered part of the core operations of any segment: Finance expense and Income tax expense. Transactions costs are allocated to Corporate.

Year ended 30 June 2023	Business Solutions $	Retail Solutions $	Corporate $	Group Total $
Total Revenue	**100,855,494**	**9,899,350**	**238,130**	**110,992,974**
Adjusted operating profit / (loss)	**5,882,364**	**518,603**	**(3,843,142)**	**2,557,825**
Transaction costs	-	(2,630)	(223,058)	(225,688)
Operating profit / (loss)	**5,882,364**	**515,973**	**(4,066,200)**	**2,332,137**
Finance expense				(1,078,484)
Profit before income tax				**1,253,653**
Income tax expense				(351,264)
Profit for the year attributable to owners of the company				**902,389**
Reportable segment assets	50,586,607	5,584,497	7,255,162	**63,426,266**
Reportable segment liabilities	24,595,990	3,174,808	19,594,914	**47,365,712**
Capital employed	25,990,617	2,409,689	(12,339,752)	**16,060,554**
Capital expenditure	570,324	1,896	-	**572,220**
Depreciation and amortisation	2,711,485	15,542	215,683	**2,942,710**

Refer note B2 for revenue from services.

Year ended 30 June 2022	Australia $	Rest of the World $	Corporate $	Total $	Discontinued Operations $	Group Total $
Revenue	**99,401,546**	**-**	**199,728**	**99,601,274**	**2,236,765**	**101,838,039**
Other Income	-	-	-	-	1,773,857	1,773,857
Total revenue and other income	**99,401,546**	**-**	**199,728**	**99,601,274**	**4,010,622**	**103,611,896**
Adjusted operating profit / (loss)	**6,316,583**	**(26,477)**	**(3,958,720)**	**2,331,386**	**1,788,069**	**4,119,455**
Transaction costs	-	-	(909,151)	(909,151)	(472,190)	(1,381,341)
Operating profit / (loss)	**6,316,583**	**(26,477)**	**(4,867,871)**	**1,422,235**	**1,315,879**	**2,738,114**
Finance expense				(725,531)	(30,325)	(755,856)
Profit before income tax				**696,704**	**1,285,554**	**1,982,258**
Income tax expense						(585,375)
Profit for the year						**1,396,883**
Non-controlling interests (profit) / loss						(801,008)
Profit for the year attributable to owners of the company						**595,875**
Reportable segment assets	54,009,856	214,781	7,284,479	**61,509,116**	30,915	**61,540,031**
Reportable segment liabilities	28,459,768	26,515	17,961,606	**46,447,889**	27,703	**46,475,592**
Capital employed	25,550,088	188,266	(10,677,127)	**15,061,227**	3,212	**15,064,439**
Capital expenditure	1,001,858	-	-	**1,001,858**	-	**1,001,858**
Depreciation and amortisation	2,473,460	-	92,604	**2,566,064**	21,906	**2,587,970**

B2 Revenues, Other Income and Other Expenses

	2023 $	2022 $
(a) Revenue		
Sales revenue	100,723,139	93,778,784
Service revenue	10,269,835	5,822,490
Total Revenue	**110,992,974**	**99,601,274**
(b) Other income		
Interest income	9,807	766
(c) Other expenses		
Doubtful debts	68,384	10,844
(d) Employee benefits expense		
Wages and salaries costs	17,822,745	17,848,247
(e) Depreciation and amortisation		
Depreciation of property, plant and equipment	591,981	516,541
Depreciation of Right-of-use assets	2,187,684	2,037,225
Amortisation of intangible assets	163,045	12,298
Total depreciation and amortisation	**2,942,710**	**2,566,064**
(f) Transaction costs		
Pre- and post-acquisition and integration costs relating to business combinations, bank refinancing and M&A and other strategic reviews not proceeded with	225,688	909,151

Section C: Operating Assets and Liabilities

C1 Cash and Cash Equivalents

	2023 $	2022 $
Cash and bank balances	7,727,333	4,749,807

Refer to note G3 Financial Instruments and Risk Management for risk exposure analysis on cash and cash equivalents.

C2 Reconciliation of Cash Flows Used in Operating Activities

	2023 $	2022 $
(a) Profit after income tax	**902,389**	**1,396,883**
Adjustments for:		
Minority Interest	-	(801,008)
Depreciation of property, plant and equipment	591,981	538,449
Depreciation of Right-of-use assets	2,187,684	2,037,225
Amortisation of intangible assets	163,045	12,298
Profit on sale of non-current assets	(40,044)	(24,257)
Share based payment expense	91,084	75,060
Net foreign exchange (gain)/loss	2,642	6,035
Interest income recognised in profit/loss	(9,807)	(766)
Debt forgiveness income	-	(1,679,663)
Other non-cash income	(130,781)	(85,654)
Change in operating assets and liabilities, net of effects from purchase of controlled entities:		
(Increase)/decrease in trade and other receivables	907,775	(2,734,864)
(Increase)/decrease in inventories	(1,471,153)	(1,855,445)
(Increase)/decrease in deferred tax assets	388,408	468,712
(Increase)/decrease in other current assets	849,098	(2,116,705)
Increase/(decrease) in trade and other payables	2,381,911	4,559,411
Increase/(decrease) in provisions	(290,993)	501,436
Increase/(decrease) in current tax liabilities	(3,221)	(326,839)
Increase/(decrease) in deferred tax liabilities	326,908	300,693
Net cash inflow from operating activities	**6,846,926**	**271,001**
Deconsolidation of JV opening cash 1 Jul 21	-	610,498
Net cash inflow from operating activities	**6,846,926**	**881,499**

C3 Net Debt

	2023 $	2022 $
(b) Net cash/(debt) reconciliation		
Cash and cash equivalents (all unrestricted cash balances)	7,727,333	4,749,807
Borrowings - repayable within one year	(14,886,448)	(12,755,866)
Borrowings - repayable after one year	(81,411)	(2,190,223)
Net cash/(debt) (excluding AASB 16 lease liabilities)	**(7,240,526)**	**(10,196,282)**
Cash	7,727,333	4,749,807
Gross debt – variable interest rates (excluding AASB 16 lease liabilities)	(14,736,666)	(14,632,500)
Gross debt – fixed interest rates (excluding AASB 16 lease liabilities)	(231,193)	(313,589)
Net cash/(debt) (excluding AASB 16 lease liabilities)	**(7,240,526)**	**(10,196,282)**

	Cash	Leases due within 1 year	Leases due after 1 year	Borrowings due within 1 year	Borrowings due after 1 year	Total
Net cash/(debt) as at 1 July 2022:	**4,749,807**	**(132,044)**	**(148,556)**	**(12,623,822)**	**(2,041,667)**	**(10,196,282)**
Acquisitions Deferred payments (i)	-	-	-	(716,629)	-	(716,629)
Working Capital investment (ii)	2,977,526	-	-	381,532	-	3,359,058
Capital expenditure (iii)	-	-	-	(1,418,774)	-	(1,418,774)
Other debt additions	-	(19,312)	(47,817)	-	-	(67,129)
Debt repayments	-	38,434	114,962	416,667	1,229,167	1,799,230
Non-current to current reclassified (iv)	-	-	-	(812,500)	812,500	-
Net cash/(debt) as at 30 June 2023	**7,727,333**	**(112,922)**	**(81,411)**	**(14,773,526)**	**-**	**(7,240,526)**

Notes:
(i) Net cash impact of payment of deferred payments relating to United Tools Pty Ltd ($0.52m) and United Tools Albany ($0.19m).
(ii) Net investment in working capital (receivables, inventory, payables).
(iii) Net investment in PPE and intangible assets excluding United Tools Albany acquisition (included in (ii) above).
(iv) Acquisition-debt reclassified from non-current to current based on repayment date schedule.

	Cash	Leases due within 1 year	Leases due after 1 year	Borrowings due within 1 year	Borrowings due after 1 year	Total
Net cash/(debt) as at 1 July 2021:	**3,111,382**	**(85,565)**	**(117,951)**	**(5,883,334)**	**(1,250,000)**	**(4,225,468)**
Debt to acquire STP (i)	-	-	-	(812,500)	(2,437,500)	(3,250,000)
STP investment (ii)	-	-	-	(2,241,529)	-	(2,241,529)
Other acquisitions/divestment (iii)	1,607,702	-	-	1,016,000	-	2,623,702
Working Capital investment (iv)	30,723	-	-	(3,897,165)	-	(3,866,442)
Capital expenditure (v)	-	-	-	(805,294)	-	(805,294)
Other debt additions	-	(72,715)	(136,009)	-	-	(208,724)
Debt repayments	-	26,236	105,404	-	1,645,833	1,777,473
Net cash/(debt) as at 30 June 2022	**4,749,807**	**(132,044)**	**(148,556)**	**(12,623,822)**	**(2,041,667)**	**(10,196,282)**

Notes:
(i) Gross acquisition-specific debt on acquisition of $3.25m (excludes $0.81m repaid against this debt during FY22 (refer debt repayments)
(ii) Investment comprises $0.63m working capital investment, $0.66m capital expenditure (including warehouse and IT investments) and $0.95m trading support post-acquisition.
(iii) Net cash impact of acquisitions of United Tools Pty Ltd ($1.88m net cash receipt), United Tools Pty Ltd consideration paid ($0.30m), $0.66m C&L deferred consideration paid and $1.7m proceeds on sale of shares in BSA Brands.
(iv) Net investment in working capital (receivables, inventory, payables) excluding STP (included in (ii) above), UTL and BSA movements, reflecting growing operational scale.
(v) Net investment in PPE and intangible assets excluding acquisitions and STP investment (included in (ii) above).

	30 Jun 2023 $	31 Dec 2022 $	30 Jun 2022 $
Total current borrowings	14,773,526	13,706,915	12,623,822
Total non-current borrowings	-	1,218,750	2,041,667
Finance leases due within 1 year	112,922	129,453	132,044
Finance leases due after 1 year	81,411	130,974	148,556
Total borrowings including finance leases	**14,967,859**	**15,186,092**	**14,946,089**
Cash on hand	**(7,727,333)**	**(5,132,458)**	**(4,749,807)**
Net debt	**7,240,526**	**10,053,634**	**10,196,282**
Includes:			
Acquisition-specific debt	2,041,667	2,864,583	3,687,500
Acquisition-support debt via working capital facility	4,356,137	3,771,137	3,651,417
Total acquisition debt	**6,397,804**	**6,635,720**	**7,338,917**
Net debt excluding acquisition debt	842,724	3,417,914	2,857,365
Receivables and Inventory	31,839,483	29,816,252	32,197,975
Net debt excluding acquisition debt as % of Receivables and Inventory	2.6%	11.5%	8.9%

	AASB 16 leases due within 1 year $	AASB 16 leases due after 1 year $	Total $
Lease liabilities under AASB 16 – 1 July 2021	**1,346,219**	**3,734,288**	**5,080,507**
Cash flows	(283,805)	(1,271,772)	(1,555,577)
Acquisitions and new lease – lease liabilities and lease incentives	980,178	4,338,012	5,318,190
Lease liabilities under AASB 16 – 30 June 2022	**2,042,592**	**6,800,528**	**8,843,120**
Cash flows	(894,200)	(1,486,476)	(2,380,676)
Acquisitions and new lease – lease liabilities and lease incentives	387,408	1,113,022	1,500,430
Lease liabilities under AASB 16 – 30 June 2023	**1,535,800**	**6,427,074**	**7,962,874**

	2023 $	2022 $
(c) Non-cash financing		
Acquisition of motor vehicle by means of finance lease	67,129	208,724
(d) Financing arrangements		
The Group had access to the following undrawn borrowing facilities at the end of the reporting year:		
Floating Rate		
- Expiring within one-year unused facility (CBA Bill Facility, CBA Guarantee Facility and Credit Card Facility)	4,106,560	2,769,154
Cash on Hand	7,727,333	4,749,807
Total Available	**11,833,893**	**7,518,961**

C4 Trade and Other Receivables

	2023 $	2022 $
Trade receivables	14,154,018	13,428,033
Provision for doubtful debts	(233,833)	(57,518)
	13,920,185	**13,370,515**
Income tax receivables	72,862	748,118
Rebates and other receivables	3,059,075	3,955,946
	17,052,122	**18,074,579**

Impairment

The Group assessed on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and Fair Value Through Other Comprehensive Income (FVOCI).

The impairment methodology applied depends on whether there has been a significant increase in credit risk, refer Note G3 for Credit Risk. The Group mitigates its credit risk (and expected credit losses exposure) through a debtor insurance policy.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. Expected loss rate is 4.0% (FY22: 3.4%) for balances 61-90 days and 64.5% (FY22: 10.5%) for balances >90 days.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. There was one such instance noted at 30 June 2023 for $146,197 (2022: Nil).

Movements in the provision for impairment of trade and other receivables were as follows:

	2023 $	2022 $
At beginning of the year	57,518	36,571
Provision acquired on acquisition of subsidiary	130,781	25,000
Provision for impairment during the year	68,384	10,844
Debts written off during the year	(22,850)	(14,897)
At end of the year	**233,833**	**57,518**

At 30 June 2023, the ageing analysis of trade and other receivables is as follows:

	2023 $	2022 $
0 – 30 Days	9,024,782	8,321,136
31 – 60 Days	3,888,917	4,003,128
61 – 90 Days	935,769	825,869
+90 Days	304,550	277,900
	14,154,018	**13,428,033**

C5 Inventories

	2023 $	2022 $
Finished goods – at cost	15,569,549	15,135,480
Provision for obsolescence	(782,188)	(1,012,084)
	14,787,361	**14,123,396**

Inventories recognised as an expense during the year ended 30 June 2023 amounted to $72,127,656 (2022: $67,616,393). These were included in Cost of Sales. The majority of the Group's inventory items have no specific risk of obsolescence and as a result, no specific write-down of inventory values was recognised (FY22: $Nil).

C6 Other Assets

	2023 $	2022 $
Current		
Prepayments	396,394	373,499
Deposits paid	143,967	119,090
	540,361	**492,589**
Non-Current		
Other	6,700	6,700
	6,700	**6,700**

C7 Property, Plant and Equipment

	Computer Equipment	Motor Vehicles	Plant & Equipment	Building	Total
Year ended 30 June 2022					
At 1 July 2021, net of accumulated depreciation	262,845	238,335	512,642	165,011	1,178,833
Additions	508,361	16,218	363,569	300,147	1,188,295
Acquisition through business combinations (WDV)	34,107	437,014	32,457	9,524	513,102
Disposals	(12,007)	-	(114,338)	-	(126,345)
Depreciation for the year	(187,809)	(150,273)	(143,840)	(57,602)	(539,524)
At 30 June 2022, net of accumulated depreciation	**605,497**	**541,294**	**650,490**	**417,080**	**2,214,361**
At 30 June 2022					
Cost	1,829,625	1,148,312	2,349,957	813,927	6,141,821
Accumulated depreciation	(1,224,128)	(607,018)	(1,699,467)	(396,847)	(3,927,460)
Net carrying amount	**605,497**	**541,294**	**650,490**	**417,080**	**2,214,361**
Year ended 30 June 2023					
At 1 July 2022, net of accumulated depreciation	605,497	541,294	650,490	417,080	2,214,361
Additions	190,500	118,985	156,556	96,371	562,412
Acquisition through business combinations (WDV)	-	-	-	-	-
Disposals	-	(71,388)	(1,592)	-	(72,980)
Depreciation for the year	(234,567)	(145,124)	(141,100)	(71,190)	(591,981)
At 30 June 2023, net of accumulated depreciation	**561,430**	**443,767**	**664,354**	**442,261**	**2,111,812**
At 30 June 2023					
Cost	1,762,741	1,097,343	2,443,843	899,651	6,203,578
Accumulated depreciation	(1,201,311)	(653,576)	(1,779,489)	(457,390)	(4,091,766)
Net carrying amount	**561,430**	**443,767**	**664,354**	**442,261**	**2,111,812**

C8 Intangible Assets

	2023 $	2022 $
Goodwill		
Opening balance	**10,373,464**	**8,688,112**
Arising on acquisition through business combination – C&L Tools	-	460,017
Arising on acquisition through business combination – Skipper Transport Parts	84,545	721,926
Arising on acquisition through business combination – United Tools Pty Ltd	6,108	403,256
Arising on acquisition through business combination – United Tools Albany	54,594	83,643
Exchange differences	-	16,510
Closing balance	**10,518,711**	**10,373,464**
Internally Generated Software (eCommerce)		
Opening balance	1,232,010	951,389
Additions – internal development	655,520	280,621
Closing balance	**1,887,530**	**1,232,010**
Total Intangible Assets at Cost	**12,406,241**	**11,605,474**
Less: Accumulated Amortisation	(175,343)	(12,298)
Total Intangible Assets	**12,230,898**	**11,593,176**

Refer note F3 for detailed breakdown of Business Combinations.

Impairment - Goodwill

For the purpose of impairment testing, the recoverable amount of each Cash Generating Unit (**CGU**) was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of each CGU.

The calculated recoverable amount for each CGU was determined to be greater than it's carrying amount and therefore no impairment adjustment is required to be recognised.

The value in use assessment was calculated based on the present value of the cash flow projections over a five-year period and include a terminal value at the end of year five based on a growth rate of 2%. The cash flow projections over the five-year period are based on the Group's performance and growth over the forecast periods based on the Group's plans and management's assessment of the impacts of underlying economic conditions, past performance and other factors on each CGU's financial performance.

Key assumptions applied in relation to significant Goodwill balances in the estimation of value in use were the same across each CGU, being a pre-tax discount rate applied to the cash flow projections of 12% (2022: 12%) based on a weighted average cost of capital; revenue growth rate of 0% (2022: 0%); gross profit margin of 28.7% (2022: 29.2%) and a terminal value growth rate of 2% (2022: 2%).

Management has determined the values assigned to each of the above key assumptions as follows:
- Pre-tax discount rate: reflects specific risks relating to the Group, including segments and countries in which the Group operates.
- Revenue growth: reflects expectations based on past performance however excludes future synergy and growth targets that management are pursuing linked to acquisitions both during FY23 and as subsequent events.
- Gross profit margin: reflects expectations based on past performance, excluding future synergy and growth targets management are pursuing.
- Terminal growth rate: consistent with long-term industry reports and forecasts.

A sensitivity analysis showed that a 10% change in any of the above assumptions would not trigger an impairment indicator.

	Goodwill	Revenue Growth	GP % Growth	Terminal Growth Rate	Discount Rate
Heatleys Group	7,168,221	0%	0%	2%	12%
C&L Tools	2,015,459	0%	0%	2%	12%
Retail Solution operations	1,335,031	0%	0%	2%	12%
Total Goodwill	**10,518,711**				

Internally Generated Software

The Group continued to invest in internal software initiatives, primarily eCommerce products to facilitate online purchasing by customers and the creation of an SGI Product Information Management (PIM) solution. As of 30 June 2023, the carrying amount of these internal software initiatives was $1,712,187 (2022: $1,219,712).

C9 Trade and Other Payables

	2023 $	2022 $
Current – unsecured		
Trade creditors	16,897,849	13,584,859
Other creditors	1,121,811	719,678
Accrued expense	2,600,700	3,987,705
GST payable	433,395	319,962
	21,053,755	**18,612,204**

C10 Provisions

	2023 $	2022 $
Current		
Provision for employee entitlements	**2,044,655**	**2,284,232**
Non-current		
Occupancy provision	179,163	171,124
Provision for employee entitlements	76,170	95,625
Non-current total	**255,333**	**266,749**

C11 Financial Liabilities

	2023 $	2022 $
Current		
Borrowings		
Commonwealth Bank of Australia Facility	14,736,667	12,590,833
Insurance Premium Funding	36,860	32,989
Total Current Borrowings	**14,773,527**	**12,623,822**
Other Financial Liabilities		
Deferred consideration – United Tools Albany	-	129,462
Deferred marketing rebate – United Tools Pty Ltd	392,204	514,196
Total Current Other Financial Liabilities	**392,204**	**643,658**
Total Current Financial Liabilities	**15,165,731**	**13,267,480**
Non-current		
Borrowings		
Commonwealth Bank of Australia Facility	-	2,041,667
Total Non-Current Borrowings	**-**	**2,041,667**
Other Financial Liabilities		
Deferred marketing rebate – United Tools Pty Ltd	-	514,196
Total Non-Current Other Financial Liabilities	**-**	**514,196**
Total Non-Current Financial Liabilities	**-**	**2,555,863**
TOTAL FINANCIAL LIABILITIES	**15,165,731**	**15,823,343**

The CBA facility comprises working capital facilities plus acquisition-specific debt facilities. In November 2022, the Group's finance facilities with CBA were increased by $3.0 million (to $15.0 million) relating to working capital facilities.

The CBA facility is secured by a floating charge over the Australia-based assets of Stealth Global Holdings Ltd. The interest rate is variable and was 5.87% p.a. at 30 June 2023 (2022: 3.25%).

Insurance Premium Funding Facility had fixed interest rate of 2.75% over its term of ten months (FY22: 1.91% over ten months term).

Deferred Liabilities

- United Tools Pty Ltd deferred marketing rebate consisted of $514,196 in each of current and non-current, to be settled March 2023 and March 2024 respectively. The first component of deferred marketing rebate was settled in March 2023. The second component of deferred marketing rebate has further reduced for liabilities that will no longer be payable in March 2024.
- United Tools Albany deferred consideration consisted of $59,460 paid in July 2022 and $70,000 paid in May 2023.

C12 Right-of-Use Assets and Lease Liabilities

Right-of-use assets

The associated right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at balance date. There are no onerous lease contracts that required an adjustment to the right-of-use assets.

Practical expedients applied

In applying AASB 16, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Accounting policy for the Group's leasing activities

Rental contracts are typically made for fixed periods of 2 to 10 years and may include extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may not be used as security for borrowing purposes.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost comprising the initial measurement of 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 an estimate of restoration costs.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is 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.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

	2023 $	2022 $
Opening Carrying Value Non-Current Right-of-use asset	8,739,441	5,057,312
Right-to-use asset arising upon Business Combination	-	3,372,096
Depreciation	(2,187,683)	(2,037,225)
Lease extension and rate increase	1,201,612	2,347,258
Closing Carrying Value of Non-Current Right-of-use asset	**7,753,370**	**8,739,441**

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 following lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease payments that are based on an index or a rate.
- amounts expected to be payable by the lessee under residual value guarantees.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.
- the variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Total lease liabilities	2023 $	2022 $
Current lease liabilities	1,648,721	2,174,635
Non-current lease liabilities	6,508,485	6,949,084
Total lease liabilities	**8,157,206**	**9,123,719**

The finance leases are secured over the motor vehicles and the interest rates are fixed at rates between 2.34% and 7.06% (2022: 2.34% and 5.40%). The term of the leases is between 2 and 5 years with equal monthly repayments.

The lease liabilities relating to AASB 16 are measured at the present value of the remaining lease payments, discounted, using the Company's incremental borrowing rate, which was determined by reference to the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and condition, by reference to risk-free interest rates, third party data and other factors specific to the Group (including acquisitions adding new lease liabilities to the Group). The weighted average incremental borrowing rate applied to the lease liabilities was 3.6% (2022: 3.6%).

Lease liabilities (other than those associated with AASB 16) are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

Section D: Taxation

D1 Income Tax Expense

	2023 $	2022 $
(a) Income tax credit / (expense) from Continuing Operations		
Current tax	1,420,029	403,563
Deferred tax	(1,068,765)	(539,951)
	(351,264)	**(136,388)**
(b) Income tax (expense) is attributable to:		
Profit from continuing operations	(351,264)	(136,388)
Profit from non-continuing operations	-	(448,988)
	(351,264)	**(585,376)**
(c) Numerical reconciliation between tax expense and pre-tax net profit		
Profit from continuing operations before income tax expense	1,253,653	696,704
Profit from non-continuing operations before income tax expense	-	1,285,555
Income tax expense calculated at 30% (2022: 30%)	(376,096)	(594,678)
Effect on amounts which are not tax deductible:		
Non-deductible items	(35,064)	(16,847)
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	(2,473)
Overprovision / (under provision) from prior year	56,191	53,893
Other	3,705	(25,271)
Income tax expense	**(351,264)**	**(585,376)**
(d) Current tax liabilities		
Income tax payable	**-**	**3,221**

D2 Deferred Tax Balances

Deferred tax balances are presented in the consolidated statement of financial position as follows:

	2023 $	2022 $
Deferred tax assets		
Receivables	75,242	31,742
Payables, accruals and provisions	880,043	1,024,630
Capital costs deductible over five years	53,176	211,002
Provision for inventory obsolescence	158,605	219,683
Other items	49,243	58,925
	1,216,309	**1,545,982**
Deferred tax liabilities		
Accrued income	–	4,500
Property, plant and equipment	664,640	326,749
Unrealised foreign exchange gains	15,893	26,910
Other items	8,499	3,965
	689,032	**362,124**

D3 Tax Rates and Tax Consolidation

	2023	2022
Australia	30%	30%
Malaysia	24%	24%
United Kingdom	19%	19%

Tax consolidation legislation

Stealth Global Holdings Ltd and its wholly owned Australian controlled entities elected to enter the tax consolidation regime from 1 July 2017. The accounting policy in relation to this legislation is set out in Section I.

Section E: Capital Structure

E1 Issued Capital and Reserves

Ordinary shares on issue	Number of Shares 2023	Number of Shares 2022	2023 $	2022 $
Balance at the beginning of the year	99,700,000	99,700,000	13,528,699	13,528,699
Balance at the end of the year	**99,700,000**	**99,700,000**	**13,528,699**	**13,528,699**

There were no movement in shares on issue during FY23 (FY22: Nil).

Reserves	2023 $	2022 $
Foreign currency translation reserve		
At the beginning of the year	217,011	196,071
Movements during the year	2,642	20,940
At the end of the year	**219,653**	**217,011**
Share-based payments reserve		
At the beginning of the year	247,054	171,994
Movements during the year	91,084	75,060
At the end of the year	**338,138**	**247,054**
Total Reserves	**557,791**	**464,065**

Share-based payments reserve

The share-based payments reserve represents the value of options issued and performance rights granted that the consolidated entity is required to include in the consolidated financial statements. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the consolidated entity's own equity instruments.

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued but not exercised.
- the grant date fair value of performance rights granted to employees but not yet vested.

Refer to note E7 for details of options issued and performance rights granted and movements during the year.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

E2 Dividends

There were no dividends paid or recommended during the financial year ended 30 June 2023 (2022: $nil).

Dividend Franking Credit

	Consolidated	Consolidated	Parent	Parent
	2023 $	2022 $	2023 $	2022 $
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2022 – 30%)	2,500,105	2,886,531	2,500,105	2,886,531

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

E3 Accumulated Funds

	2023 $	2022 $
Accumulated profits at the beginning of the year	1,071,675	475,800
Profit for the year	902,389	1,396,883
Transfer of non-controlling interest	-	(801,008)
Accumulated profits at the end of the year	**1,974,064**	**1,071,675**

E4 Non-controlling Interests

	2023 $	2022 $
Balance at the beginning of the year	-	(553,660)
Non-controlling interest in profit after tax	-	801,008
Deconsolidation of non-controlling interest	-	(247,348)
Balance at the end of the year	-	-

E5 Earnings per Share

	2023 $	2022 $
Profit used in the earnings per share calculation	902,389	595,875
Weighted average number of ordinary shares (Basic)	99,700,000	99,700,000
Weighted average number of ordinary shares (Diluted)	99,700,000	99,700,000
Basic Earnings Per Share (cents)	0.91	0.60
Diluted Earnings Per Share (cents)[1]	0.91	0.60

1. *The number of options on issue at 30 June 2023 is nil (2022: 4,994,737). These were not considered dilutive as the exercise price of the options exceeds the average market price of the ordinary shares.*

E6 Commitments and Contingent Liabilities

	2023 $	2022 $
Finance Lease commitments		
Commitments in relation to finance leases payable as follows:		
Not later than one year	117,805	138,462
Later than one year but not later than five years	86,488	152,060
Minimum Lease Payments	204,293	290,522
Future finance charges	(9,960)	(9,922)
Recognised as a liability	**194,333**	**280,600**
The present value of finance lease liabilities is as follows:		
Not later than one year	112,922	132,044
Later than one year but not later than five years	81,411	148,556
Minimum lease payments	**194,333**	**280,600**

Contingent liabilities

There are no contingent liabilities as at 30 June 2023 (2022: $Nil).

E7 Share Based Payments

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

Key judgements and estimates - Share-based payment transactions

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted using an appropriate valuation technique that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

(a) Share options granted

No options were granted in the 2023 financial year.

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year.

	2023	2023	2022	2022
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Outstanding at the beginning of year	4,994,737	0.25	4,994,737	0.25
Expired during the year	(4,994,737)	-	-	-
Outstanding at the end of year	-	-	4,994,737	0.25
Exercisable at the end of the year	-	-	4,994,737	0.25

The options outstanding at 30 June 2022 expired on 27 September 2022 without being exercised.

(b) Share options granted – Performance Rights Plan

The establishment of the Stealth Global Holdings Ltd Performance Rights Plan (PRP) occurred prior to Stealth listing on the ASX on 2 October 2018 and a summary of the PRP was included in the Company's prospectus dated 10 August 2018, and a copy of the plan was lodged with the ASX on 28 September 2018.

The PRP is designed to provide long-term incentives for key management personnel and other senior management of the consolidated entity to deliver long-term shareholder returns. Under the plan, participants are granted options over ordinary shares which only vest if certain performance standards are met. Participation in the plan is at the discretion of the Nomination and Remuneration Committee and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The options are issued for nil consideration, they carry no dividend or voting rights, and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

The Board will determine the number of Performance Rights to be granted to each participant through an assessment of market remuneration practices, performance against budget and in line with the Company's executive remuneration strategy. The number of Performance Rights to be awarded to eligible executives and senior management is based on the fair value of a LTI Performance Right at 1 July in the relevant financial year. The Board will call on recommendations from the Nomination and Remuneration Committee.

Subject to certain performance criteria being satisfied (see below) Performance Rights will vest on 30 September each year (after the finalisation of the Company's yearly audited financial statements) during the applicable performance period. In the normal course, the exact number of Performance Rights that will vest will be determined by reference to whether the performance criteria have been achieved.

The Board has retained discretion under the Plan to permit variations to the terms on which Performance Rights are issued (including to permit early vesting of the Performance Rights) in some limited circumstances, particularly where a "cessation event" or "change of control" event occurs. "Cessation events" include (among other things) the death, retirement or redundancy of a participant. "Control" has the meaning given to it in section 50AA of the *Corporations Act 2001*.

Performance Conditions

The Board has considered current market practice in respect of LTIs when selecting performance conditions. To focus efforts on the creation of shareholder value, the Board has adopted an absolute total shareholder return (TSR) measure and absolute Earnings per Share (EPS) annual growth rate as the two equally weighted performance hurdles.

TSR measure (50%): Stealth's TSR performance over the relevant performance period will be assessed against the metric of Stealth's ASX share price at the end of the relevant performance period. This measure was chosen after taking into consideration factors such as market capitalisation, industry sector, business activities, volatility and board/management structure.

The vesting schedule is as follows:

TSR Share Price	Vesting outcome of TSR portion of grant
Below 22.0 cents	Nil
At 22.0 cents	60%
22.0 cents to 27.5 cents	Progressive/pro-rata from 60-100%
At or above 27.5 cents	100%

The relevant period over which TSR is measured is the three-year period starting on 1 July of the start of the financial year in which the Performance Rights are offered.

EPS measure (50%): Stealth's EPS performance over the relevant performance period will be assessed against the metric of growth in Stealth's EPS at the end of the relevant performance period compared with the prior performance period, as disclosed in its Annual Report for that Financial Year.

The vesting schedule is as follows:

EPS Share Price	Vesting outcome of EPS portion of grant
Below 26.0% growth	Nil
At 26.0% growth	50%
26.0% to 33.0% growth	Progressive/pro-rata from 50-100%
At or above 33.0% growth	100%

The relevant period over which EPS is measured is the one-year period starting on 1 July of the start of the financial year in which the Performance Rights are offered, however vesting does not occur for two years and three months following the end of the financial year in which the Performance Rights are offered.

Nil Performance Rights (FY22: 2,479,200) were granted to key management personnel and other senior management of the consolidated entity.

	2023	2022
Model inputs for the Performance Rights granted		
Performance assessment start date:	-	1 July 2021
Performance assessment end date EPS:	-	30 June 2022 (EPS)
Performance assessment end date TSR:	-	30 June 2024 (TSR)
Performance Rights issued:	-	2,479,200
Performance Rights issued - KMP	-	1,347,448
Performance Rights issued – Senior management	-	1,131,752
Issue value:	-	10.5 cents
Performance Rights value:	-	$260,316
Share Price at Issue Value date (1 July):	-	10.5 cents
Grant date (AGM):	-	29 November 2021
Share price at Grant date:	-	15.0 cents
Expiry date:	-	30 June 2024
To vest on:	-	30 September 2024
Expected price volatility:	-	60%
Expected dividend yield:	-	0%
Risk-free interest rate:	-	0.10%

The expected price volatility is based on the historic volatility of the Company.

The aggregate number of shares subject to outstanding Performance Rights (that is, Performance Rights that have not yet been exercised and that have not lapsed) that have been awarded will not exceed 5% of the issued share capital.

Total expenses arising from share-based transactions recognised during the period as part of employee benefits expenses were $91,084 (FY22: $75,060) related to Performance Rights.

The maximum grant date-assessed value of the 2023 LTI is $Nil (2022: LTI is $179,618, of which $97,623 was awarded to KMP).

The number of deferred Performance Rights granted to KMP and the maximum value yet to vest is as follow:

Deferred Performance Rights								
	Year Granted	No. Granted	Grant date value per share	Vested %	Vested number	Lapsed/ Forfeited %	Financial years in which shares may vest	Maximum value yet to vest
Mr. M Arnold	2023	–	n/a	n/a	-	n/a	n/a	n/a
Mr. M Arnold	2022	–	n/a	n/a	-	n/a	n/a	n/a
Mr. L Cruskall	2023	–	n/a	n/a	-	n/a	n/a	n/a
Mr. L Cruskall	2022	726,667	7.25 cents	n/a	-	50%	2025	9,665
Mr. J Boland	2023	–	n/a	n/a	-	n/a	n/a	n/a
Mr. J Boland	2022	620,781	7.25 cents	n/a	-	50%	2025	8,256
Total	2023	–	n/a	n/a	-	n/a	n/a	n/a
Total	2022	1,347,448	7.25 cents	n/a	-	50%	2025	17,921

2022: The Performance Rights will be performance tested as of 30 June 2022 for the EPS component and as of 30 June 2024 for the TSR component. Vesting is subject to achievement against the performance criteria outlined above, and those Performance Rights that are to be awarded will vest on 30 September 2024. The EPS component was 0% achieved for 2022, with all Performance Rights related to EPS performance lapsing in FY22. No KMP Performance Rights were forfeited.

Section F: Group Structure

F1 Parent Entity Information

As at and throughout the financial year ended 30 June 2023, the parent and ultimate parent entity of the Group was Stealth Global Holdings Ltd.

Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

Financial position	2023 $	2022 $
Assets		
Current assets	784,332	1,159,705
Non-current assets	22,484,977	23,408,767
Total assets	**23,269,309**	**24,568,472**
Liabilities		
Current liabilities	15,756,848	13,410,095
Non-current liabilities	4,758,041	5,420,238
Total liabilities	**20,514,889**	**18,830,333**
NET ASSETS	**2,754,420**	**5,738,139**
Equity		
Issued capital	14,039,772	14,039,772
Accumulated funds	(10,794,645)	(7,719,842)
Business Combination under common control reserve	(828,845)	(828,845)
Options reserve	338,138	247,054
TOTAL EQUITY	**2,754,420**	**5,738,139**

Financial performance	2023 $	2022 $
Loss for the year	(3,074,803)	(3,292,265)
Total comprehensive income	**(3,074,803)**	**(3,292,265)**

Guarantees entered by the parent entity in relation to the debts of its subsidiaries

Stealth Global Holdings Ltd and the members of the Closed Group have entered a Deed of Cross Guarantee as described in note F4.

In addition, the Company has provided a letter of financial support to Stealth Industries Sdn Bhd (Malaysian Subsidiary) for an indefinite period; the letter was dated the 8 April 2022.

No liability has been recognised by the parent entity or the Group in relation to these guarantees.

Contingent liabilities of the parent entity

The parent entity is party to a cross guarantee and indemnity in relation to the Group's borrowing arrangements, refer note F4. The parent had no other contingent liabilities at 30 June 2023.

Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries and joint venture entities are accounted for at cost in the financial statements of Stealth Global Holdings Ltd.

(ii) Tax consolidation legislation

Stealth Global Holdings Ltd and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. The head entity Stealth Global Holdings Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer.

In addition to its own current and deferred tax amounts, Stealth Global Holdings Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax sharing and funding agreement under which the wholly-owned entities fully compensate Stealth Global Holdings Ltd for any current tax payable assumed and are compensated by Stealth Global Holdings Ltd for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Stealth Global Holdings Ltd under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax sharing and funding agreement are due upon receipt of the funding advice from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities may be booked to an intercompany loan account or paid in cash at the discretion of the Head Company.

F2 Controlled Entities

The following entities are subsidiaries of the parent entity, the results of which are included in the consolidated financial statements of the Group.

	Country of Incorporation	Entity interest 30 June 2023	Entity interest 30 June 2022
Parent entity			
Stealth Global Holdings Ltd	Australia	100%	100%
Controlled entities			
Stealth Global Industries (Australia) Pty Ltd	Australia	100%	100%
Stealth Industries Sdn Bhd	Malaysia	100%	100%
Stealth Global Industries (UK) Limited	United Kingdom	100%	100%
Australian Workplace Services Pty Ltd	Australia	100%	100%
Heatleys Group Holdings Pty Limited	Australia	100%	100%
Heatley Sales Pty Ltd	Australia	100%	100%
Industrial Supply Group Pty Ltd	Australia	100%	100%
Heatleys Safety and Industrial Limited	United Kingdom	100%	100%
Trade Counter Direct Pty Ltd	Australia	100%	100%
BSA Brands (Australia) Pty Ltd[1]	Australia	50%	50%
C&L Tool Centre Pty Ltd	Australia	100%	100%
United Tools Pty Ltd	Australia	100%	100%

[1] *Stealth holds a 50% interest in BSA Brands (Australia) Pty Ltd, which at this point of time is a non-trading entity. BSA Brands (Australia) Pty Ltd is a non-trading entity, with share capital of $1,000 and a corresponding asset balance.*

Details of entities over which control has been gained during the year

Control gained over entities during the year	Date control was gained	Contribution of revenue to the Group $	Contribution to profit after tax from ordinary activities during the period $
Nil	Nil	Nil	Nil

During the year, the Group did not gain control over any trading entities.

Details of entities over which control has been lost during the year

Control lost over entities during the year	Date control was lost	Contribution of revenue to the Group $	Contribution to profit after tax from ordinary activities during the period $
Nil	Nil	Nil	Nil

During the year, the Group did not lose control over any trading entities.

Non-Controlled Entities

	Country of Incorporation	Entity interest June 2023	Entity interest June 2022
Tool Shop Direct (Australia) Pty Ltd	Australia	50%	50%

This relates to a 50% non-controlling interest held in Tool Shop Direct (Australia) Pty Ltd, which is a non-trading entity.

F3 Business Combinations

During the current period there were no new business combinations. Refer Note F3.

Prior Period

In the prior period the Group completed the following acquisitions:

- August 2021 the acquisition of the business Skipper Transport Parts.
- March 2022 the acquisition of the entity United Tools Pty Ltd, and
- May 2022 the acquisition of the business United Tools Albany.

Details of these business combination were disclosed in Note F3 Business Combinations in the Group's annual financial statements for the year ended 30 June 2022.

Acquisitions – cash outflow

	2023 $	2022 $
Total cash consideration paid	–	4,252,031
Less cash acquired	–	(1,906,921)
Add deferred payments (2023: United Tools Pty Ltd and 2022: C&L Tools)	523,173	661,769
Net cash outflow on acquisition of subsidiaries	**523,173**	**3,006,879**

F4 Deed of Cross Guarantee

Pursuant to ASIC Corporations (wholly owned companies) Instrument 2016/785, the wholly owned subsidiaries listed below are relieved from the *Corporations Act* requirement to prepare and lodge financial reports and directors' reports.

It is a condition of the Instrument that the Company and each of the subsidiaries enter a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor, payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act*. If a winding up occurs under other provisions of the *Corporations Act*, the Company will only be liable if after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees if the Company is wound up.

The following members of the Group are parties to the deed of cross guarantee under which each company guarantees the debts of the others, and these members are referred to as the Closed Group:

Members	Date of becoming a party to the Deed
Stealth Global Holdings Ltd	06 June 2019
Wholly owned Subsidiaries	
Stealth Global Industries (Australia) Pty Ltd	06 June 2019
Heatleys Group Holdings Pty Ltd	06 June 2019
Heatley Sales Pty Ltd	06 June 2019
Industrial Supply Group Pty Ltd	06 June 2019
Australian Workplace Services Pty Ltd	06 June 2019
C&L Tool Centre Pty Ltd[1]	24 June 2021
United Tools Pty Ltd[2]	31 May 2022

Note

1 - C&L Tool Centre Pty Ltd and Stealth Global Holdings Ltd signed an Assumption Deed dated 24 June 2021 in which C&L Tool Centre Pty Ltd joined the Closed Group.

2 – United Tools Pty Ltd and Stealth Global Holdings Ltd signed an Assumption Deed dated 31 May 2022 in which United Tools Pty Ltd joined the Closed Group.

(a) Consolidated statement of profit or loss, statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Stealth Global Holdings Ltd, they also represent the 'extended closed group'. Set out below is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2023 of the Closed Group.

	2023 $	2022 $
Consolidated statement of profit or loss and comprehensive income		
Continuing Operations		
Revenue	110,991,671	99,827,468
Cost of sales	(78,439,127)	(69,737,593)
Gross Profit	**32,552,544**	**30,089,875**
Other income	8,963	247,208
Personnel expenses	(19,647,117)	(18,938,232)
Administration expenses	(6,842,585)	(6,007,325)
Occupancy expenses	(530,782)	(369,982)
Transaction costs	(225,688)	(1,351,155)
Depreciation and amortisation expense	(2,942,710)	(2,566,064)
Finance costs	(1,078,484)	(725,531)
Profit from continuing operations before income tax	**1,294,141**	**378,794**
Income tax expense	(406,094)	(62,550)
PROFIT FOR THE YEAR	**888,047**	**316,244**
OTHER COMPREHENSIVE INCOME		
Profit for the year	**888,047**	**316,244**
Other comprehensive income	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**888,047**	**316,244**
Summary of movements in consolidated retained earnings		
Retained Earnings at the beginning of the financial year	**1,712,252**	**1,396,008**
Profit for the year	888,047	316,244
Retained Earnings at the end of the financial year	**2,600,299**	**1,712,252**

(b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2023 of the Closed Group.

	2023 $	2022 $
CURRENT ASSETS		
Cash and cash equivalents	7,725,266	4,729,799
Trade and other receivables	16,979,260	18,042,921
Inventories	14,825,384	14,104,079
Prepayments	396,394	373,499
Other assets - current	143,967	118,390
Total Current Assets	**40,070,271**	**37,368,688**
NON-CURRENT ASSETS		
Property, plant and equipment	2,111,812	2,214,361
Intangible assets	12,082,785	11,445,063
Deferred tax assets	1,216,309	1,545,982
Investments	224,000	224,000
Right-of-use assets	7,753,370	8,739,441
Other assets	685,541	661,673
Total Non-Current Assets	**24,073,817**	**24,830,520**
TOTAL ASSETS	**64,144,088**	**62,199,208**
CURRENT LIABILITIES		
Trade and other payables	21,057,047	18,587,169
Lease liabilities	1,648,721	2,042,592
Financial liabilities	14,773,527	12,755,867
Provisions	2,044,655	2,284,232
Other liabilities	392,204	643,658
Total Current Liabilities	**39,916,154**	**36,313,518**
NON-CURRENT LIABILITIES		
Financial liabilities	-	2,190,223
Provisions	255,333	266,749
Deferred tax liabilities	689,032	362,059
Lease liabilities	6,508,485	6,800,528
Other liabilities	307,948	778,126
Total Non-Current Liabilities	**7,760,798**	**10,397,685**
TOTAL LIABILITIES	**47,676,952**	**46,711,203**
NET ASSETS	**16,467,136**	**15,488,005**
EQUITY		
Issued capital	13,528,699	13,528,699
Reserves	338,138	247,054
Accumulated funds	2,600,299	1,712,252
TOTAL EQUITY	**16,467,136**	**15,488,005**

F5 Discontinued Operations

(a) Description

Prior to December 2021, the Group held a 50% shareholding in BSA Brands (UK) Limited, with the other 50% held by Bisley Sales Pty. Limited. In December 2021, Bisley Sales Pty. Limited announced that it was to be acquired by Protective Industrial Products Inc. (PIP). In March 2022, in consequence of this acquisition, a formal share purchase agreement was signed between the Group and Bisley Sales Pty. Limited, under which Bisley Sales Pty. Limited acquired Stealth's 50% shareholding in BSA Brands (UK) Limited for $2.0m, with change of control occurring effective 1 January 2022.

The financial performance of BSA Brands (UK) Limited was recorded as a discontinued operation for the twelve months ended 30 June 2022. There were no assets or liabilities of BSA Brands (UK) Limited classified as held for sale in the Group's statement of financial position as at 30 June 2022.

The divestment of the Group's 50% shareholding in BSA Brands (UK) Limited resulted in the Group's 100% subsidiary Stealth Global Industries (UK) Limited ceasing to trade during the 2022 calendar year, and accordingly, its financial performance is also disclosed as a discontinued operation for the twelve months ended 30 June 2022. It's associated assets and liabilities were not presented as held for sale in the Group's statement of financial position.

(b) Financial performance and cash flow information

	2023 $	2022 $
Sales revenue	-	2,236,765
Service revenue	-	-
Other income	-	1,773,857
Expenses	-	(2,725,067)
Profit before tax	**-**	**1,285,555**
Income tax expense	-	(448,988)
Profit after tax from discontinued operations	**-**	**836,567**
Net cash inflow/(outflow) from operating activities	-	235,158
Net cash inflow/(outflow) from investing activities	-	(13,830)
Net cash inflow/(outflow) from financing activities	-	(129,058)
Net Increase in cash generated by the discontinued operations	**-**	**92,270**

Other income relates to the forgiveness by the non-controlling JV partner of their fund contribution to BSA Brands (UK) Limited.

Section G: Risk Management

G1 Estimates, Judgements and Errors

The preparation of financial statements in conformity with AASBs requires management to use judgement, estimates and assumptions that affect the application of accounting policies and hence the reported amounts of assets, liabilities, income and expenses. The following table lists the areas where a higher degree of judgement or complexity was involved and includes areas that have the potential to be materially adjusted in their presentation in the financial statements should those estimates or assumptions be incorrect.

Estimates and underlying assumptions are reviewed on an ongoing basis and any required revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i)	Taxation – estimation of current tax payable and current tax expense, and recognition of deferred tax assets	Section D
(ii)	Business combinations – fair value of contingent consideration	Section F3
(iii)	Intangible assets – estimation of impairment	Section C8
(iv)	Control of Subsidiaries – assessment of control for consolidation	Section F2
(v)	Inventories – valuation of inventory	Section C5

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of Directors. These estimates consider both the financial performance and position of the Company as they pertain to current income taxation legislation, and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the Directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions. Refer Note D Income Tax.

Deferred tax assets recognised only if it is probable that future taxable profits will be available for the carrying amount to be recovered. Judgement is required by management to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future profits. The Group has recognised a deferred tax asset of $1.22m (30 June 2022: $1.55m). The utilisation of this deferred tax asset amount depends upon future taxable amounts in excess of profits arising from the reversal of temporary differences. The Group believes this amount to be recoverable based on taxable income projections.

Business combinations

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 consolidated entity 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.

Impairment of goodwill

Determining whether goodwill is impaired required an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill as of 30 June 2023 was $10,518,711 (30 June 2022: $10,373,464).

Control over subsidiaries

In determining whether the consolidated group has control over subsidiaries that are not wholly owned, judgement is applied to assess the ability of the consolidated group to control the relevant activities of the partly owned subsidiary and its economic outcomes. In exercising this judgement, the commercial and legal relationships that the consolidated group has with other owners of partly owned subsidiaries are taken into consideration.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made.

G2 Capital Risk Management

The Consolidated Entity manages its capital to ensure their ability to continue as a going concern and to achieve returns to the shareholders and benefits for other stakeholders through the optimisation of debt and equity balance. The capital structure of the Consolidated Entity is adjusted to achieve its goals whilst ensuring the cost of capital is optimised.

Management monitors capital based on the gearing ratio (debt/(total debt plus total equity). The Consolidated Entity's strategy is to optimise its cost of capital, using capital markets and debt facilities, continuously monitoring interest rates with the provider of its operating facility. The gearing ratios are as follows:

	2023 $	2022 $
Total debt	14,967,859	14,946,089
Total equity	16,060,554	15,064,439
Total debt and total equity	31,028,413	30,010,528
Gearing ratio (Total debt / Total debt and total equity)	48.2%	49.8%

The gearing ratio of the Company has reduced from 49.8% to 48.2%, reflecting the following factors:

- Total debt predominantly relates to CBA working capital facilities and specific acquisition debt facilities, with balances totalling $12.70 million (FY22: $10.95 million) and $2.04 million (FY22: $3.69 million) respectively owing on 30 June 2023. The Group repaid $1.64 million against acquisition debt facilities in FY23, adding to the $2.06 million repaid in FY21 and FY22 collectively. Refer to Note C3 for further details on total and net debt balances, movements, and composition.
- The Group's cash balances (Note C1) were $2.98 million higher as of 30 June 2023 ($7.73m) over 30 June 2022 ($4.75m), the increase in which, if net off against Total debt, would reduce the Gearing Ratio from 48.2% to 31.1% (FY22: 40.4%).
- Total debt on 30 June 2023 includes $0.4m acquisition-specific debt relating to the acquisition of C&L Tools (1 December 2020) and $1.6m relating to the acquisition of STP (15 August 2021), total of $2.0m (FY22: $3.6m). Excluding this debt from Total Debt would reduce the Gearing Ratio (after reduction for net cash increase above) from 31.1% to 24.5% (FY22: 30.2%).
- Underlying EBITDA (as defined in the OFR) of the Group from continuing operations for FY23 is $5.5m (FY22: $4.9m). Total Debt to Underlying EBITDA ratio is 2.8 times at 30 June 2023 (FY22: 3.1 times). Net of cash balances, this decreases to 1.3 times (FY22: 2.1 times).

The Consolidated Entity 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 year and the Consolidated Entity is in compliance with its loan covenants as of 30 June 2023.

G3 Financial Instruments and Risk Management

This note explains the Group's financial instruments and its exposure to financial risks, how those risks are monitored and how they could affect the Group's future financial performance. Current year profit or loss information has been included where relevant to add context to the note.

The Consolidated Entity's principal financial instruments comprise bank and other loans, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Consolidated Entity's operations.

The Consolidated Entity has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the period under review, the Consolidated Entity's policy that no trading in derivative instruments shall be undertaken.

The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, liquidity risk, and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Risk	Exposure arises from	Measurement	Management
Credit risk	Cash and cash equivalents, and trade receivables	Credit reviews on establishing commercial terms Ageing analysis	Monitoring of customer performance within credit terms offered
Interest rate risk	Borrowings at variable rates	Sensitivity analysis	Securing market rates at the time of entering into contracts
Liquidity risk	Borrowings and other liabilities	Cash flow forecasting	Monitoring facility limits and available headroom

Sensitivity analysis

In managing interest rate risk, the Company endeavours to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer term, permanent changes in interest rates would have an impact on consolidated earnings, although the extent of that impact will depend on the level of cash versus debt held by the Consolidated Entity.

Credit risk

The credit risk arising on financial assets of the Consolidated Entity which have been recognised on the statement of financial position is generally the carrying amount, net of any provision for impairment losses.

The Consolidated Entity continuously monitors credit risks arising from its trade receivables which are principally with significant and reputable companies. It is the Consolidated Entity's policy that credit verification procedures, that can include assessment of credit ratings, financial position, experience and industry reputation, are performed on new customers that request credit terms. Risk limits are set for each customer and regularly monitored. Receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity's exposure to bad debts is not significant. The Group further mitigates its credit risk (and expected credit losses exposure) through a debtor insurance policy.

The total credit risk exposure of the Consolidated Entity could be considered to include the difference between the carrying amount of the receivable and the realisable amount. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Details with respect to credit risk of trade and other receivables are provided in Note C4.

Interest rate risk

The Consolidated Entity's exposure to market risk for changes in interest rates relates to the Consolidated Entity's cash holdings and its debt facilities.

Cash includes funds held in term deposits and cheque accounts during the year, which earned interest at rates ranging between 0% p.a. and 2.00% p.a., depending on account balances (2022: 0% and 0.35%).

At reporting date, the Consolidated Entity had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

Variable Rate Financial Instruments	2023 $	2022 $
Cash and cash equivalents	7,727,333	4,749,807
Commonwealth Bank of Australia facility	(14,736,667)	(14,632,500)
Total	**(7,009,334)**	**(9,882,693)**

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, pre-tax profit and equity would have been affected as follows:

Judgements of reasonable possible movements:	2023 $	2022 $
+1% (100 basis points)		
Pre-tax profit increase/(decrease)	(70,093)	(98,827)
Equity increase/(decrease)	(70,093)	(98,827)
-1% (100 basis points)		
Pre-tax profit increase/(decrease)	70,093	98,827
Equity increase/(decrease)	70,093	98,827

Liquidity risk

Liquidity risk arises from the possibility that the Consolidated Entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities due primarily to timing differences and demands on working capital. The Consolidated Entity manages this risk through the following mechanisms:

1. preparing forward-looking rolling cash flow analysis in relation to its operational, investing and financing activities;
2. monitoring undrawn credit facilities;
3. obtaining funding from a variety of sources;
4. maintaining a reputable credit profile; and
5. managing credit risk related to financial assets.

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Financing arrangements

The Group has access to the following undrawn borrowing facilities at the end of the reporting period:

	2023 $	2022 $
Commonwealth Bank of Australia Facility	4,106,560	2,769,154

Maturities of financial liabilities

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

	Within 1 Year		1 to 5 Years		Total	
Consolidated	2023 $	2022 $	2023 $	2022 $	2023 $	2022 $
Financial liabilities due for payment						
Trade and other payables	21,053,755	18,612,204	-	-	21,053,755	18,612,204
Current tax liabilities	-	3,221	-	-	-	3,221
Financial and other liabilities	15,165,731	13,267,480	-	2,555,863	15,165,731	15,823,343
Lease liabilities	1,648,721	2,174,635	6,508,485	6,949,084	8,157,206	9,123,719
Total contractual outflows	**37,868,207**	**34,057,540**	**6,508,485**	**9,504,947**	**44,376,692**	**43,562,487**
Total expected outflows	**37,868,207**	**34,057,540**	**6,508,485**	**9,504,947**	**44,376,692**	**43,562,487**

Fair values

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The following table details the fair value of financial assets and liabilities of the Consolidated Entity:

	30 June 2023		30 June 2022	
	Carrying amount $	Fair Value $	Carrying amount $	Fair Value $
Financial assets				
Cash and cash equivalents	7,727,333	7,727,333	4,749,807	4,749,807
Trade and other receivables	16,979,260	16,979,260	17,326,461	17,326,461
Right-of-use assets	7,753,370	7,753,370	8,739,441	8,739,441
Other financial assets	143,967	143,967	119,090	119,090
Total financial assets	**32,603,930**	**32,603,930**	**30,934,799**	**30,934,799**
Financial liabilities				
Trade and other payables	21,053,755	21,053,755	18,612,204	18,612,204
Current tax liabilities	-	-	3,221	3,221
Financial and other liabilities	15,165,731	15,165,731	15,823,343	15,823,343
Lease liabilities	8,157,206	8,157,206	9,123,719	9,123,719
Total financial liabilities	**44,376,692**	**44,376,692**	**43,562,487**	**43,562,487**
Net financial assets / (liabilities)	**(11,772,762)**	**(11,772,762)**	**(12,627,688)**	**(12, 627,688)**

Section H: Other Information

H1 Key Management Personnel Disclosures

Details of Key Management Personnel

The following have been identified as key management personnel (KMP) during the financial year:

(i) Directors

Mr. Michael Arnold – Group Managing Director
Mr. Christopher Wharton AM – Non-Executive Chairman
Mr. Giovanni Groppoli – Non-Executive Director
Mr. Simon Poidevin - Non-Executive Director

(ii) Executives

Mr. Luke Cruskall, Group Chief Operating Officer
Mr. John Boland, Group Chief Financial Officer

Key Management Personnel compensation

	2023 $	2022 $
Short-term employment benefits	1,423,052	1,353,577
Post-employment benefits	105,075	104,008
Long-term employment benefits	88,297	101,654
Total KMP compensation	**1,616,424**	**1,559,239**

Related Party Transactions with Key Management Personnel

	2023 $	2022 $
The Company engaged GlenForest Corporate of which Giovanni Groppoli is the Principal for the provision of both legal and corporate advisory services. Giovanni Groppoli was appointed a Director on 30 June 2018	18,604	32,405
Trade and other payables owing to GlenForest Corporate of which Giovanni Groppoli is the Principal, from the Company as at end of the year	-	10,680

H2 Auditor's Remuneration

	2023 $	2022 $
Audit Services		
BDO Audit (WA) Pty Ltd	126,755	125,132
Total remuneration for audit services	**126,755**	**125,132**

H3 Events occurring after the reporting period

There are no matters that have arisen in the interval between the year end and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Section I: Significant Accounting Policies

I1 New Accounting Standards

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity during the financial year.

(i) Standards and interpretations affecting amounts reported in current period (and/or prior periods)

The Group has not applied any new standards nor amendments for the first time for the annual reporting period commencing 1 July 2022.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2023.

The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

I2 Significant Accounting Policies

Stealth Global Holdings Ltd ("Stealth" or "the Company") is a limited company incorporated in Australia. The consolidated financial report of the Company as at and for the year ended 30 June 2023 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity").

Basis of preparation

(i) Statement of compliance

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards (AAS) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial report of the Consolidated Entity complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 31 August 2023.

(ii) Going concern

The financial statements have been prepared on a going concern basis.

(iii) Basis of measurement

The consolidated financial statements of the Consolidated Entity are prepared on an accruals basis and are based on historical costs except where otherwise stated.

(iv) Presentation currency

The consolidated financial statements of the Consolidated Entity are presented in Australian dollars.

(v) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are considered. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Consolidated Entity.

Non-controlling interests in equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements.

Unrealised gains and losses and inter-entity balances resulting from transactions with or between subsidiaries are eliminated in full on consolidation.

(a) Foreign currency translation

The functional currency of each of the Consolidated Entity's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All differences in the consolidated financial report are taken to the profit or loss except for differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Stealth at the rate of exchange ruling at the reporting date and the income statements are translated at the weighted average exchange rates for the period where this rate approximates the rate at the date of the transaction.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that foreign operation is recognised in the profit or loss.

(b) Revenue recognition

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expected to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

Sale of Goods

The Group generates revenue from the sale of goods, which is recognised at a point in time when the goods are delivered, the legal title has passed and the customer has accepted the goods. The amount of revenue recognised for goods delivered is adjusted by expected returns. Credit terms for product sales range from COD to 60 days EOM.

Service Revenue

Revenue from the provision of services is recognised at the point in time when all conditions for recognising revenue have been met.

(c) Trade and other receivables

Trade and other receivables are generally due for settlement within 30 days EOM. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Trade and other receivables are recognised at amortised cost using the effective interest rate method, less any allowance for expected credit losses.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9 to determine any allowances for expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience. The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that the amounts will be received when due.

The Group's financial risk management objectives and policies are set out in note G.

Due to the short-term nature of these receivables their carrying value is assumed to approximate their fair value using the effective interest method, less any provision for impairment.

(d) Acquisition of assets

All assets acquired including plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

(e) Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Consolidated Entity, liabilities incurred by the Consolidated Entity to the former owners of the acquiree and the equity instruments issued by the Consolidated Entity in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Consolidated Entity entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Consolidated Entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Consolidated Entity 's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Consolidated Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(f) Intangible Assets

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:
- the consideration transferred;
- any non-controlling interest; and
- the acquisition date fair value of any previously held equity interest; over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of profit or loss and other comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Consolidated Entity holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Consolidated Entity can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Consolidated Entity determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Consolidated Entity 's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:
- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. The Group amortises intangible assets with a limited useful life using the straight-line method over five years.

(g) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of assets may include the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Consolidated Entity and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Consolidated Entity will obtain ownership by the end of the lease term. Land is not depreciated. Assets will be depreciated once the asset is in the condition necessary for it to be capable of operating in the manner intended by management.

The estimated useful lives for the current and comparative periods are as follows:

Building	10 years
Computer Equipment	2 - 5 years
Furniture & Fittings	5 years
Motor Vehicle	5 years
Office equipment	5 years
Plant & Equipment	5 years
Right-of-use Assets	1 - 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(h) Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at the nominal amount when the Consolidated Entity becomes obliged to make future payments as a result of a purchase of assets or receipt of services.

(j) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the tax office is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the tax office are classified as operating cash flows.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(l) Leases

At inception of a contract, the Consolidated Entity assesses whether a contract is, or contains a lease. A contract is, or contains a lease, if the contract conveys to the customer a right to control the use of an identified asset for a period of time in exchange for consideration.

The Consolidated Entity assesses whether:
- The contract involves the use of an identified asset – the asset may be explicitly or implicitly specified in the contract. An asset is not considered an identified asset if the supplier has the substantive right to substitute the asset throughout the period of use.
- The customer in the contract has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The customer in the contract has the right to direct the use of the asset throughout the period of use – the customer is considered to have the right to direct the use of the asset only if either:
  - The customer has the right to direct how and for what purpose the identified asset is used throughout the period of use; or
  - The relevant decisions about how and for what purposes the asset is used are predetermined and the customer has the right to operate the asset, or the customer designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

The Consolidated Entity as lessee

In contracts where the Consolidated Entity is a lessee, it recognises a right-of-use asset and a lease liability at the commencement date of the lease for all leases other than short-term or low-value asset leases.

Lease liabilities

A lease liability is recognised in relation to each lease and is initially measured at the present value of future lease payments at the commencement date. To calculate the present value, the future lease payments are discounted using the interest rate implicit in the lease (IRIL), if the rate is readily determinable. If the IRIL cannot be readily determined, the incremental borrowing rate at the commencement date is used. Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (e.g. payments that vary due to changes in CPI, or commodity prices); and
- Amounts expected to be payable by the lessee under residual value guarantees, purchase options and termination penalties (where relevant).

Variable payments other than those included in the measurement of the lease liability above (i.e. those not based on an index or rate) are recognised in profit or loss in the period in which the event or condition that triggers those payments occur.

For contracts containing lease and non-lease components, the Consolidated Entity accounts for each lease component separately from the non-lease components of the contract, where material. The consideration in the contract is allocated to the components based on their relative stand-alone prices.

Subsequently, the lease liability is measured in a manner similar to other financial liabilities, i.e., at amortised cost using the effective interest rate method. This means the liability is:
- Increased to reflect interest on the lease liability;
- Decreased to reflect lease payments made; and
- Remeasured to reflect any reassessment of lease payments or lease modifications, or to reflect revised in-substance fixed lease payments.

After commencement date, the following amounts are recognised in profit or loss with respect to the payments pursuant to the lease:
- interest expense: recognised as finance cost; and
- variable lease payments not based on an index or a rate: recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

Right of use assets associated with lease liabilities

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Short-term and low value leases

The Consolidated Entity has elected to apply the practical expedients available for short-term leases (i.e. where the lease term is less than 12 months) and low-value asset leases. As a result of application of these practical expedients, the measurement requirements above do not apply and the expense for these leases is recognised on a straight-line basis.

(m) Recoverable amount of assets

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Consolidated Entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(n) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by considering any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

(o) Investments in associates and joint ventures

An associate is an entity over which the Consolidated Entity has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Consolidated Entity's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Consolidated Entity's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Consolidated Entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Consolidated Entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Consolidated Entity's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Consolidated Entity's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Consolidated Entity's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Consolidated Entity discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Consolidated Entity retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Consolidated Entity measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Consolidated Entity accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Consolidated Entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Consolidated Entity continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Consolidated Entity reduces its ownership interest in an associate or a joint venture but the Consolidated Entity continues to use the equity method, the Consolidated Entity reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Consolidated Entity transacts with an associate or a joint venture of the Consolidated Entity, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Consolidated Entity's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Consolidated Entity.

(p) Financial instruments

(i) Classification of financial instruments

The Group classifies its financial assets into the following measurement categories:
- those to be measured at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

The Group classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through profit or loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(ii) Financial assets measured at amortised cost

Debt instruments
Investments in debt instruments are measured at amortised cost where they have:
- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. The measurement of credit impairment is based on the three-stage expected credit loss model described below in note (iii) Impairment of financial assets.

Financial assets measured at amortised cost are included in cash and cash equivalents.

(iii) Impairment of financial assets

Trade and other receivables
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9 to determine any allowances for expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience. The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that the amounts will be received when due.

The Group's financial risk management objectives and policies are set out in Note G3. Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

Other financial assets
The Group applies a three-stage approach to measuring expected credit losses (ECLs) for other financial assets that are not measured at fair value through profit or loss:
- debt instruments measured at amortised cost and fair value through other comprehensive income;
- loan commitments; and
- financial guarantee contracts.

No ECL is recognised on equity investments.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL. Exposures that have not deteriorated significantly since origination are considered to have a low credit risk. The provision for doubtful debts for these financial assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped based on shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

(iv) Recognition and derecognition of financial instruments

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to the borrowers.

Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

The Group derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

A financial liability is derecognised from the balance sheet when the Group has discharged its obligation, or the contract is cancelled or expires.

(v) Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(q) Employee benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration, wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(r) Income tax

Income tax expense recognised in the statement of profit or loss and other comprehensive income relates to current tax and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

i. the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
ii. differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on a different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax Consolidation

Stealth Global Holdings Ltd and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. The head entity Stealth Global Holdings Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer.

In addition to its own current and deferred tax amounts, Stealth Global Holdings Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax sharing and funding agreement under which the wholly-owned entities fully compensate Stealth Global Holdings Ltd for any current tax payable assumed and are compensated by Stealth Global Holdings Ltd for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Stealth Global Holdings Ltd under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax sharing and funding agreement are due upon receipt of the funding advice from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities may be booked to an intercompany loan account or paid in cash at the discretion of the Head Company.

(s) Provisions

Provisions are recognised when the Consolidated Entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and, that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(t) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks and other short-term highly liquid investments with maturities of 3 months or less.

(u) Comparative figures

This report relates to the year ended 30 June 2023. Comparatives are for the year ended 30 June 2022.

(v) Fair value of assets and liabilities

The Consolidated Entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Consolidated Entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Consolidated Entity selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Consolidated Entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Consolidated Entity are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Consolidated Entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Consolidated Entity would change the categorisation within the fair value hierarchy only in the following circumstances:
(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Consolidated Entity recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

Directors' Declaration

For the Year Ended 30 June 2023

Stealth Global Holdings Ltd and its controlled entities
ACN 615 518 020

The directors of the company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001* and:
   (a) Comply with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements after 2001; and
   (b) Give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. In the directors' opinion there are reasonable grounds to believe that the members of the extended closed group identified in Note F4 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note F4.
4. The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A.
5. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by.

Michael Arnold
Group Managing Director

Perth, 31 August 2023

Auditor's Independence Declaration

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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF STEALTH GLOBAL HOLDINGS LTD

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

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Stealth Global Holdings Ltd and the entities it controlled during the period.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth

31 August 2023

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the members of Stealth Global Holdings Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Stealth Global Holdings Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) 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 *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 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 of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of Goodwill - Impairment Assessment

Key audit matter	*How the matter was addressed in our audit*
Note C8 in the financial report discloses the individual intangible assets and the key assumptions used by the Group in testing these assets for impairment. This was determined to be a key audit matter as management's assessment of the recoverable value of the intangible assets is supported by a value in use model which requires the use of estimates and judgements about future operating performance. These include judgements and estimates over the expectation of future revenues, gross profit margin, growth rates and the discount rate applied.	Our procedures included, but were not limited to: • Evaluating the Group's identification of Cash Generating Units ("CGUs") and the allocation of goodwill to the carrying value of CGUs based on our understanding of the Group's business; • Challenging key inputs used in the value in use calculations including the following: o Assessing the discount rate used by involving internal valuation experts and comparing to market data and industry; o Comparing forecast growth rates with historical results and economic and industry forecasts; o Evaluating the Group's forecast cash flows is consistent with our knowledge of the business, board approved budget, and corroborating our work with external information where possible; and o Performing sensitivity analysis on the revenue, growth rates, gross profit margins and discount rates. • Assessing the adequacy of the related disclosures in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the 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 that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 39 to 46 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Stealth Global Holdings Ltd, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit (WA) Pty Ltd

Glyn O'Brien

Director

Perth

31 August 2023

ASX Additional Information - Shareholdings

Details of securities as at 4 August 2023

Top holders

The 20 largest registered holders of fully paid ordinary shares as at 4 August 2023 were:

Fully paid ordinary shares

Name	No. of Shares	%
1. Sorrento200 Holdings Pty Ltd <Sorrento200 Holdings A/C>	10,117,803	10.15
2. Ms. Narelle Edmunds	9,204,219	9.23
3. National Nominees Limited	8,400,000	8.43
4. Citicorp Nominees Pty Limited	5,659,544	5.68
5. Rosefield Asset Pty Ltd <Stephen Robert Bushell A/C>	5,058,902	5.07
6. HSBC Custody Nominees (Australia) Limited	4,140,000	4.15
7. Obsidian Superannuation Pty Ltd <Obsidian Sf A/C>	2,712,285	2.72
8. Mr. Johnathon Matthews	2,553,551	2.56
9. Mr. Teodoro Del Burrello + Mrs Giulia Del Burrello <T & G Delburrello Family A/C>	2,500,000	2.51
9. Kelly Family Group Pty Ltd <The Kelly Family A/C>	2,500,000	2.51
11. Mr. George Brindall + Ms Chrstine Brindall <Meladean A/C>	1,600,000	1.60
11. Woodward Corporation Pty Ltd <Woodward Corporation A/C>	1,600,000	1.60
11. Mr. Vincenzo Zenoni + Ms Geraldine Zenoni <Zenoni Family A/C>	1,600,000	1.60
14. BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd <DRP A/C>	1,354,545	1.36
15. Colonial First State Inv Ltd <2301648 Chistopher A/C>	1,325,122	1.33
16. BNP Paribas Nominees Pty Ltd <IB AU Noms RetailClient DRP>	1,202,782	1.21
17. Nicarldon Pty Ltd	1,160,000	1.16
18. Giovanni Groppoli <The Milo A/C>	1,064,393	1.07
19. Obsidian Superannuation Pty Ltd <Obsidian Superannuation A/C>	1,000,000	1.00
19. Mr. Alvin James Petersen	1,000,000	1.00
	65,753,146	**65.94**

Distribution schedule

A distribution schedule of each class of equity security as at 4 August 2023.

Fully paid ordinary shares

Range			Holders	Units	%
1	-	1,000	15	5,604	0.01
1,001	-	5,000	25	106,781	0.10
5,001	-	10,000	71	635,826	0.64
10,001	-	100,000	215	8,756,998	8.78
100,001	-	Over	107	90,194,791	90.47
Total					**100.00**

Substantial shareholders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Substantial shareholder	Number of Shares
Mr. Michael Alan Arnold	10,886,209
Ms. Narelle Edmunds	9,204,219
EGP Capital Pty Ltd	8,067,286
Challenger Limited	5,600,000
Rosefield Asset Pty Ltd <Stephen Robert Bushell A/C>	5,058,902

Unquoted securities

Options

There are no options on issue. The 4,994,737 of options previously on issue expired on the 27 September 2022.

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 4,000 as at 4 August 2023):

Holders	Units
21	24,745

Voting Rights

The voting rights attaching to ordinary shares are:

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Options do not carry any voting rights.

On-Market Buy Back

There is no current on-market buy-back.

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HOLDINGS LTD

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