



STEALTHGLOBAL HOLDINGS LTD

Appendix 4D – Half Year Report

Report for the half-year ended 31 December 2020 – Stealth Global Holdings Ltd and its controlled entities

ACN 615 518 020

Report for the half-year ended 31 December 2020

This report presents the results for Stealth Global Holdings Ltd and its controlled entities, for the half year ended 31 December 2020 (current period) compared with the half-year ended 31 December 2019 (prior period).

Results for announcement to the market

				31 Dec 2019		31 Dec 2020
				\$		\$
Revenues from continuing ordinary activities	Down	23.4%	from	39,673,740	to	30,389,797
Profit from ordinary activities after tax attributable to the owners	Up	526.2%	from	27,345	to	171,226
Profit for the year attributable to the owners	Up	526.2%	from	27,345	to	171,226

Operating and financial review

The detailed Operating and Financial Review (OFR) is contained in the Directors' Report within the Interim Financial Report. The results and major factors contributing to the results are summarised here:

- Sales of \$30.4 million, down \$9.3 million (\$8.2 million Africa) or 23% on 1H 2020, but up 7.0% on 2H 2020, with a particularly stronger 4Q (October - December).
- Gross Profit margin increased to 28.1% from 25.4% in 1H 2020.
- Underlying EBITDA¹ of \$2.1 million up 20% on 1H 2020, and up 46% on 2H 2020. A record half-year result for Stealth.
- Statutory EBITDA of \$1.15 million, up 57% on 1H 2020, and up 68% on 2H 2020. A record half-year result for Stealth.
- Statutory Net Profit After Tax of \$0.17 million (including \$0.95 million of investment related costs) versus Net Profit After Tax of \$0.03 million in 1H 2020 and \$0.07 million in 2H 2020.

Australia Trading

Sales in Australia declined by 6.5% in 1H 2021 compared to 1H 2020 largely as a result of the impact of COVID-19. However, sales improved by 11.3% compared to 2H 2020 as states and regions managed restrictions and lockdowns supported by Government economic stimulus.

The COVID-19 situation bolstered by a strong pivot to PPE and other related products created sales opportunities for the Company. New customers were gained including new arrangements with Government bodies in Western Australia, Aged Care, Hospitals, Schools and in Construction where the Company supplied its range of Safety PPE, Masks, Gloves, Sanitizers, Cleaning, Hygiene, and other related consumables that will be ongoing in the future. These products continue to be high demand.

International Trading

BSA Brands (UK) a 50/50 joint venture with Bisley Workwear, delivered revenue of \$1.09 million up 56% or \$0.4 million compared to a year ago and even stronger uplift compared to 2H 2020 by \$0.7 million. After establishing a network of 74 new distributor stores across the UK and 4 in Africa during FY2020, the UK economy effectively shut down from March 2020 and continues to be impacted causing a temporary deferral of expansion of distributor stores in the UK and progressing potential new customer arrangements. That said, Sales and Operating Profit has significantly improved compared to a year ago powered by the investment made in FY2020. In a \$1 billion addressable market, the Company remains committed to developing the Bisley range in the UK and Africa markets.

¹ Underlying EBITDA is a non-IFRS term representing Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), which has not been subject to audit or review but has been determined using information presented in the Group's interim financial report and is determined after adding back unusual costs to the Statutory EBITDA.

Other Sales into Africa were \$0.8m for the half year compared to \$9.0m a year ago which was expected as the Company reset and repositioned its focus on more profitable customers in its major trading regions and tailored product categories into this market. This was a strategic decision, communicated in December 2019, and taken to improve operating margins. It resulted in relinquishing the Company's single largest customer where price declines had eroded margins to single digit gross profit contribution with a high cost to serve. The reduction in direct Africa sales whilst considerable, has had little impact on profit to the Company, largely replaced by new higher margin sales in Australia and the UK businesses and sizeable reduction in operating expenses.

Major Investments and Acquisitions

A key area in Stealth's strategy is making complementary value generating acquisitions. Stealth identified and assessed several potential acquisitions of scale, investing significant management time and working with external advisors to undertake due diligence and assessment of strategic fit to the Company's disciplined criteria. Stealth completed the \$3.83 million acquisition of C&L Tool Centre (C&L) on 1 December 2020 adding annual sales of \$14 million and annual EBITDA of \$1.3+ million. Expenditure on acquisition advisory, due diligence costs and establishing new bank finance arrangements was \$0.35 million with minimal corresponding revenue but is expected in future periods. These costs included an evaluation of a significant acquisition opportunity that the Company did not complete due to shortcomings in earnings valuation criteria from a change in market conditions. Several opportunities are still being considered that will be value accretive.

Key advancements have been made in eCommerce digital platforms where Stealth invested \$0.31 million. In January 2021 the Company launched the new Bisley United Kingdom B2C Online e-store. Three other new Online e-store websites will be launched in March and April 2021 for business and retail customers in Australia. This is expected to deliver increased sales across the group from having a world-class capability to fully integrate systems with business customers, suppliers and partners complete with comprehensive Online sales platforms to business and retail customers with full data analytics.

Net tangible Assets

Net Tangible Assets	31 Dec 2020	30 June 2020
Net tangible asset backing per ordinary security (cents per share)	4.69c	5.89c

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

Control gained over entities during the period	Date control was gained
C&L Tool Centre Pty Ltd (incorporated in Australia)	1 Dec 20

During the period, C&L Tool Centre Pty Ltd contributed to the group revenue of \$1.02 million and a net loss after tax from ordinary activities of \$0.03 million.

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

There were no entities over which control has been lost during the period.

Dividends

There were no dividends paid, recommended or declared during the current financial period.

The condensed financial report has been reviewed by BDO Audit (WA) Pty Ltd and is not subject to dispute or qualification.

Authorisation of release

This announcement was authorised to be given to the ASX by the Board of Directors of Stealth Global Holdings Ltd.

Date of Release

25 February 2021



STEALTHGLOBAL
HOLDINGS LTD

Interim Financial Report

For the half-year ended 31 December 2020

Stealth Global Holdings Ltd | ABN 25 615 518 020

An Australian Multinational
Distribution Group

HEATLEYS
SAFETY/INDUSTRIAL



ISG
INDUSTRIAL SUPPLY GROUP



BSA
BRANDS (UK)

Corporate Directory

Directors

Mr Christopher Wharton AM
Non-Executive Chairman

Mr Michael Arnold
Managing Director

Mr Giovanni (John) Groppoli
Non-Executive Director

Mr Alan Cransberg
Non-Executive Director

Company secretary

Ms Karen Logan

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
38 Station Street
Subiaco WA 6008

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

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Stealth Global Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

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 half year ended 31 December 2020 and the auditor's report thereon.

Directors

The following persons were directors of the Company during the whole of the half year ended 31 December 2020 and up to the date of this report:

Christopher Scott Wharton AM	Independent Non-Executive Chairman
Michael Alan Arnold	Managing Director
Giovanni (John) Groppoli	Non-Executive Director
Alan John Cransberg	Non-Executive Director

Principal Activities

The Company is an Australian multinational distribution group headquartered in Perth, Western Australia. The Company operates a fully connected network in Australia, United Kingdom and Africa as its primary markets and other select international markets based on strategic activities.

Through an omnichannel approach, the Company is a one-stop-shop for essential everyday items and total supply chain activities. This is underpinned by sales specialists, physical store network, fulfillment services, distribution centres, eCommerce and strong marketing, content and advertising programs to business customers (B2B) and to retail consumers (B2C).

As a supplier and distributor, the Company offers an assortment of essential everyday items in categories of Safety/PPE, Industrial/MRO, Workplace, Print & Promotional, Retail, Healthcare, Cleaning & Hygiene, Hardware, Building & Construction and General Merchandise to more than 4,000 customers.

Customers place orders online, on mobile devices, through sales representatives, account managers, over the phone, by email, at local branches, affiliates trade stores and retail outlets. The Company will expand its products in the future to retail customers via a combination of eCommerce, Instore and Onsite models.

The variety of industry sectors catered for is vast, such as, Resources, Industrial, Infrastructure, Transportation, Engineering, Manufacturing, Building, Construction, Government, Contractors, Trade, General Industry and Retail customer markets.

Operating and Financial Review

Financial Performance

Stealth's trading performance continued to improve in 1H 2021, building on the momentum started in the second half of FY2020. Revenue returned to positive growth, up 7% on 2H 2020. COVID-19 continued to impact overall market conditions, however the Company has managed costs, retained customer relationships, and customer activity has been returning.

As a result of the change in the Company's Africa strategy in December 2019 to refocus on more profitable customers, Group revenue was down 23% on 1H 2020, however earnings have significantly improved in line with the strategy. The Company delivered a record statutory EBITDA, higher gross margin %, and higher statutory Net Profit on the lower revenue base.

The results and major factors contributing to the results are summarised here:

- Sales of \$30.4 million, down \$9.3 million (\$8.2 million Africa) or 23% on 1H 2020, but up 7.0% on 2H 2020, with a particularly stronger 4Q (October - December).
- Gross Profit margin increased to 28.1% from 25.4% in 1H 2020.
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A reconciliation of Underlying EBITDA to the reported profit before tax in the consolidated statement of profit or loss and other comprehensive income is shown in the following table:

Reconciliation – half-year interim financial results	31 Dec 20 \$'000	31 Dec 19 \$'000
Underlying EBITDA ¹	2,101	1,746
Unusual Items in 1H FY2021:		
Investment in establishment of Bisley BSA Brands – brand awareness, promotion, point of sale, travel, marketing, sales team	-	(365)
Transaction costs – due diligence, acquisition analysis, bank refinance and other related professional fees	(347)	(278)
Appointment of Senior Personnel (GCFO, GDO), redundancies and final tenure payments to Heatleys management relating to acquisition in September 2018	(603)	(370)
EBITDA	1,151	733
Less: Depreciation	(774)	(713)
Less: Net Finance Costs	(201)	(223)
Profit/(Loss) for the period before tax	176	(203)
Minority Interest before tax (BSA Brands (UK) Limited)	13	(238)
Profit for the period before tax attributable to Members	189	35

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The group has five operating brand models, Heatleys Safety and Industrial, BSA Brands (UK), C&L Tools, ISG (Industrial Supply Group) and AWS (Australian Workplace Supplies), delivering in support of the goal to build a compelling world class sales and distribution organisation.

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COVID-19

The first half of the financial year continued to be affected by the impact from COVID-19, as well as the necessary measures implemented by the Company, its customers, and governments across the globe to manage the risk posed to human life.

Stealth used the period to challenge its cost base and has reduced its operating cost structure. Some redundancies unfortunately had to be undertaken at a cost of \$0.1 million. The Company continues to successfully take several proactive measures to ensure the long-term sustainability of the business and to protect the safety and wellbeing of its employees, customers, and the communities in which it operates.

With preventive government measures gradually being lifted in Western Australia, Victoria, New South Wales and Queensland, demand from customers in these geographies has been steadily improving with stronger sales expected in the second half of FY2021 subject to any further government lockdown measures being undertaken. The Company continues to monitor and proactively manage ongoing impacts from COVID-19. The situation is constantly evolving and may impact earnings in the future.

In the United Kingdom, FY2021 Sales and Profit will exceed FY2020, driven by the investment made in FY2020 placing Bisley product throughout some 80 distribution locations across the UK and in Africa. The UK economy remains restricted and we have a temporary deferral on establishing more distributor stores and progressing potential new customer arrangements. This is expected to ease in the coming months as the COVID-19 vaccine is rolled out to the community and as we enter warmer weather conditions.

Balance Sheet and Cashflow Commentary

- Strong balance sheet maintained, providing stability and growth funding capacity.
- Cash of \$2.45 million as at 31 December, up by \$1.37 million on 30 June 20.
- Net Debt of \$3.45 million as at 31 December, up by \$2.07 million following acquisition of C&L in December 2020, and pay down of \$0.38m during the half year.

Operating cashflow

- Strong operating cash inflow of \$0.49 million for the half-year, compared to operating cash outflow of \$1.29 million for half-year ended 31 December 2019.
- C&L acquisition provides additional operating cash inflow source from 1 December 2020.

Investment cashflow

- Purchase of C&L Tool Centre business.
- Investment in eCommerce digital platforms.

The group has immediate access to ~\$5m of working capital funding lines available for M&A activity before seeking additional acquisition structured funding for specific opportunities.

Changes in the state of affairs

Changes to the state of affairs of the Company during the half year ended 31 December 2020 were as follows:

1. Acquisition of C&L on 1 December 2020.
2. The Group appointed two experienced executives, Mr John Boland to the role of Group Chief Financial Officer, and Mr Darren Beazley to the role of General Manager Heatleys, as it continued to build a high-performance corporate team to support the delivery of future growth and strategic objectives. The appointment of Mr Darren Beazley was a succession planning appointment, ahead of the retirement of Mr Sam Barbaro, Heatleys Managing Director in February 2021.
3. Total Group finance facilities of \$10.5 million (previously \$7.4m), following establishment of new bank arrangements with Commonwealth Bank of Australia (CBA) in January 2021.

Subsequent Events since 31 December 2020

In January 2021, the Group completed a refinance to CBA from its previous facilities with Westpac and ANZ. Total Group finance facilities under CBA are \$10.5 million, compared to \$7.4 million previously under combined Westpac and ANZ arrangements.

In February 2021, Mr Sam Barbaro, Heatleys Managing Director, retired from the business.

Other than the matters noted above there has not been during the period between 31 December 2020 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 reporting periods.

Future Developments

Stealth has a diversified business portfolio and a growing customer base. The vast nature of the wide-ranging products it sells is expected to provide a steady flow of repeat sales activity in future periods, whilst new integrated supply chain service offerings will generate new income and profit streams.

Stealth continues to make good progress on its strategy seeing positive results from all parts of the business, despite the interruption caused by COVID-19. The Company is very encouraged by stronger trading conditions expected in the second half of FY2021 and is well positioned to capitalise on growth organically and by acquisition, together with the upcoming launch of three new Online e-stores tailored for customers in trade, retail and business and its e-business platform specifically for business customers.

The integration and financial performance of the recent C&L acquisition is expected to also support a stronger second half of FY2021 and beyond, subject to any further disruptions because of COVID-19 restrictions. C&L provides a new geographic location in Queensland with an east coast distribution hub to better serve customer expansion.

While the global economic outlook in the wake of COVID-19 remains uncertain, in Australia, trading conditions are positive for Stealth's business and expected to provide Stealth with growth over coming years, particularly from the resources, construction, building, transportation, infrastructure, trade sectors and Online buying from general retail consumers. Successful recent capital raisings for junior and intermediate mining companies supported by strengthening commodity prices such as Iron Ore and Gold, has resulted in new contract awards to 'services contracting' firms delivering strong levels of tendering activity for Stealth.

The Company has the aim of reaching \$200m of Revenue by 2025. It remains on track for longer term growth targets. Organic growth-related programs and further acquisitions will be integral to achieving this.

Risk

The primary risks that the business is exposed to have not changed from the risk analysis presented in the latest Annual Report, with the exception of the Coronavirus and its evolving potential impact on worldwide logistics, supply chain certainty, customer spend, international travel and the human impact on our staff or their families.

Dividends

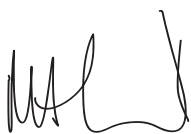
There were no dividends paid or recommended during the financial half year ended 31 December 2020 (2019: nil).

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10 of the interim financial report and forms part of this Directors' Report.

This directors' report is signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Michael Arnold
Group Managing Director

Perth, 25 February 2021

Auditor's Independence Declaration



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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

As lead auditor for the review of Stealth Global Holdings Ltd for the half-year ended 31 December 2020, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a light blue horizontal line.

Glyn O'Brien
Director

BDO Audit (WA) Pty Ltd
Perth, 25 February 2021

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss and Comprehensive Income

For the six months ended 31 December 2020

	Note	31 December 2020 \$	31 December 2019 \$
Continuing Operations			
Sales revenue		30,389,284	39,536,425
Service revenue		513	137,315
Cost of sales		(21,843,206)	(29,601,091)
Gross Profit		8,546,591	10,072,649
Other income		363	1,909
Personnel expenses		(4,983,535)	(6,730,191)
Administration expenses		(1,630,901)	(2,257,908)
Occupancy expenses		(123,389)	(143,821)
Transaction costs		(658,082)	(208,637)
Depreciation and amortisation expense		(774,484)	(712,791)
Finance costs		(200,685)	(224,689)
Profit / (Loss) from continuing operations before income tax		175,878	(203,479)
Income tax (expense) / credit	D1	(14,174)	41,984
PROFIT / (LOSS) FOR THE HALF-YEAR		161,704	(161,495)
Profit / (Loss) for the half-year is attributable to:			
Owners of the company		171,226	27,345
Non-controlling interests		(9,522)	(188,840)
		161,704	(161,495)
COMPREHENSIVE INCOME			
Profit / (Loss) for the half-year		161,704	(161,495)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation gains/(losses) of international subsidiaries		(37,682)	83,407
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE HALF-YEAR		124,022	(78,088)
Total comprehensive income / (loss) for the half-year is attributable to:			
Owners of the company		133,544	110,752
Non-controlling interests		(9,522)	(188,840)
		124,022	(78,088)
Earnings per share for profit attributable to the ordinary equity holders of the company			
		Cents	Cents
Basic earnings per share (cents)	E3	0.18	0.03
Diluted earnings per share (cents)	E3	0.18	0.03

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 31 December 2020

	Note	31 December 2020 \$	30 June 2020 \$
CURRENT ASSETS			
Cash and cash equivalents		2,448,882	1,076,716
Trade and other receivables		10,140,068	7,930,988
Inventories		10,394,552	7,899,675
Other assets		756,849	663,255
Total Current Assets		23,740,351	17,570,634
NON-CURRENT ASSETS			
Property, plant and equipment		915,668	702,637
Right-of-use assets		5,630,350	3,481,606
Intangible assets	C1	8,682,787	7,149,616
Deferred tax assets	D2	1,742,975	1,497,962
Other assets		1,100	1,100
Total Non-Current Assets		16,972,880	12,832,921
TOTAL ASSETS		40,713,231	30,403,555
CURRENT LIABILITIES			
Trade and other payables		11,070,050	8,212,978
Current tax liabilities		165,636	147,537
Lease liabilities	C3	1,440,108	1,100,552
Financial liabilities	C2	6,331,553	2,659,240
Provisions		1,453,581	1,234,084
Total Current Liabilities		20,460,928	13,354,391
NON-CURRENT LIABILITIES			
Financial liabilities	C2	1,895,602	1,472,112
Lease liabilities	C3	4,423,889	2,368,308
Deferred tax liabilities	D2	87,905	230,324
Provisions		474,850	243,795
Other liabilities		14,573	-
Total Non-Current Liabilities		6,896,819	4,314,539
TOTAL LIABILITIES		27,357,747	17,668,930
NET ASSETS		13,355,484	12,734,625
EQUITY			
Issued capital	E1	13,528,699	13,048,699
Accumulated funds		89,349	(81,877)
Reserves		300,662	321,507
Capital and reserves attributable to owners of Stealth Global Holdings Ltd		13,918,710	13,288,329
Non-controlling interests		(563,226)	(553,704)
TOTAL EQUITY		13,355,484	12,734,625

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

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2020

	Attributable to owners of Stealth Global Holdings Ltd				Non-controlling Interests	Total Equity
	Issued Capital	Reserves	Accumulated Funds	Total		
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2019	13,048,699	250,916	(224,306)	13,075,309	(133,618)	12,941,691
AASB16 Required Adjustment to Opening Retained Earnings	-	-	42,401	42,401	-	42,401
Profit for the period	-	-	27,345	27,345	(188,840)	(161,495)
Other comprehensive income for the period	-	83,407	-	83,407	-	83,407
Total comprehensive income for the period	-	83,407	69,746	153,153	(188,840)	(35,687)
Transactions with Equity Holders in their capacity as Equity Holders						
Non-controlling interests	-	-	-	-	-	-
Balance as at 31 December 2019	13,048,699	334,323	(154,560)	13,228,462	(322,458)	12,906,004
Balance as at 1 July 2020	13,048,699	321,507	(81,877)	13,288,329	(553,704)	12,734,625
Profit for the period	-	-	171,226	171,226	(9,522)	161,704
Other comprehensive income for the period	-	(37,682)	-	(37,682)	-	(37,682)
Total comprehensive income for the period	-	(37,682)	171,226	133,544	(9,522)	124,022
Transactions with Equity Holders in their capacity as Equity Holders						
Issue of ordinary shares as consideration for business combination	480,000	-	-	480,000	-	480,000
Share Based Payments – Long Term Incentives	-	16,837	-	16,837	-	16,837
Non-controlling interests	-	-	-	-	-	-
Balance as at 31 December 2020	13,528,699	300,662	89,349	13,918,710	(563,226)	13,355,484

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

Consolidated Statement of Cash Flows

For the six months ended 31 December 2020

	Note	31 December 2020 \$	31 December 2019 \$
Cash flows from operating activities			
Receipts from customers		29,610,869	42,320,635
Payment to suppliers and employees		(28,563,621)	(43,393,535)
Interest paid		(169,667)	(193,023)
Income tax paid		(386,736)	(23,969)
Net cash inflow / (outflow) from operating activities		490,845	(1,289,892)
Cash flows from investing activities			
Payments for plant & equipment		(182,865)	(206,802)
Proceeds from the sale of plant & equipment		45,241	1,000
Interest received		363	1,909
Payment for intangible assets.		-	(258,000)
Payment for acquisition of subsidiary, net of cash acquired		(1,735,250)	-
Net cash inflow / (outflow) from investing activities		(1,872,511)	(461,893)
Cash flows from financing activities			
Principal elements of lease payments		(555,909)	(581,014)
Proceeds from financial liabilities		3,309,741	1,729,090
Net cash inflow / (outflow) from financing activities		2,753,832	1,148,076
Net increase / (decrease) in cash and cash equivalents		1,372,166	(603,709)
Cash and cash equivalents at 1 July		1,076,716	2,005,765
Cash and cash equivalents at 31 December		2,448,882	1,402,056

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

Notes to the Consolidated Financial Statements

For the six months ended 31 December 2020

Section A: Significant Changes in the Current Reporting Period

Stealth has a diversified business portfolio and a growing customer base. The vast nature of the wide-ranging products it sells is expected to provide a steady flow of repeat sales activity in future periods, whilst new integrated supply chain service offerings will generate new income and profit streams. Stealth continues to make good progress on its strategy seeing positive results from all parts of the business, despite the interruption caused by COVID-19. The Company is very encouraged by stronger trading conditions expected in the second half of FY2021 and is well positioned to capitalise on growth organically and by acquisition (including recent acquisition of C&L Tool Centre Pty Ltd), together with the upcoming launch of three new Online e-stores tailored for customers in trade, retail and business and its e-business platform specifically for business customers. The bank refinance completed in January 2021 provides the Group with expanded finance facilities of \$10.5 million, compared to \$7.4 million previously, to support its operating activities and ongoing investments.

The financial position and performance of the Group was particularly affected by the following events and transactions during the six months to 31 December 2020:

- positive sales and earnings momentum after change in Africa strategy in December 2019 to refocus on more profitable customers.
- acquisition of C&L Tool Centre Pty Ltd (C&L) on 1 December 2020. C&L operates in a complementary market to the Group's existing operations and provides a new geographic location in Queensland with an east coast distribution hub to better serve customer expansion.
- BSA Brands UK revenue of \$1.09 million up 56% or \$0.4m compared to a year ago and even stronger uplift compared to 2H 2020 by \$0.7m as the Group developed Africa customers while local UK market experienced lockdowns and COVID-19 related impacts.

Subsequent to the end of the reporting period:

- in January 2021, the Group completed a refinance to CBA from its previous facilities with Westpac and ANZ. Total Group finance facilities under CBA are \$10.5 million, compared to \$7.4 million previously under combined Westpac and ANZ arrangements.

For a detailed discussion about the Group's performance and financial position, please refer to the Operating and Financial Review on pages 6 to 8 of this interim financial report.

Section B: Business Performance

B1 Operating Segments

The Consolidated Entity results are reported as three business areas based on geographic regions (by management location), 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 are three reportable segments, being the business areas of Australia, UK and Rest of the World. 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/(credit).

Revenue includes revenue from services amounting to \$513 earned during the reporting period (2019: \$137,315) which is recognised over time. The remaining revenue is derived from the sale of goods which is recognised at a point in time.

Half year ended 31 December 2020	Australia \$	UK \$	Rest of the World \$	Corporate \$	Total \$
Revenue	28,756,975	1,632,822	-	-	30,389,797
Adjusted Operating profit / (loss)	1,718,579	154,463	(16,941)	(821,456)	1,034,645
Transaction costs	-	-	-	(658,082)	(658,082)
Operating profit / (loss)	1,718,579	154,463	(16,941)	(1,479,538)	376,563
Finance expense	(170,814)	(29,871)	-	-	(200,685)
Profit / (loss) before income tax					175,878
Income tax expense					(14,174)
Profit / (loss) for the year					161,704
Less: Non-controlling interests (profit) / loss					9,522
Profit / (Loss) for the half-year attributable to owners of the company					171,226

Total segment assets					
31 December 2020	31,427,001	3,262,252	227,078	5,796,900	40,713,231
30 June 2020	26,564,125	3,027,760	276,114	535,556	30,403,555

Total segment liabilities					
31 December 2020	22,856,752	2,522,955	18,850	1,959,190	27,357,747
30 June 2020	14,803,816	2,349,387	23,633	492,094	17,668,930

Half year ended 31 December 2019	Australia \$	UK \$	Rest of the World \$	Corporate \$	Total \$
Revenue	37,007,772	2,665,931	37	-	39,673,740
Adjusted Operating profit / (loss)	1,954,186	(486,990)	(9,123)	(1,228,226)	229,847
Transaction costs	-	-	-	(208,637)	(208,637)
Operating profit / (loss)	1,954,186	(486,990)	(9,123)	(1,436,863)	21,210
Finance expense	(191,662)	(32,555)	-	(472)	(224,689)
Profit / (loss) before income tax					(203,479)
Income tax expense					41,984
Profit / (loss) for the year					(161,495)
Less: Non-controlling interests (profit) / loss					188,840
Profit / (Loss) for the half-year attributable to owners of the company					27,345

Section C: Operating Assets and Liabilities

C1 Intangible Assets - Goodwill

	31 Dec 2020 \$	30 June 2020 \$
Opening balance – Goodwill	7,149,616	6,888,531
Arising on acquisition of C&L Tool Centre Pty Ltd (December 2020)	1,555,442	-
Arising on acquisition of Protect-A-Load business (October 2019)	-	258,000
Exchange differences	(22,271)	3,085
Closing balance – Goodwill	8,682,787	7,149,616

Refer note F2 for further information on the acquisition of C&L Tool Centre Pty Ltd.

Impairment

The Consolidated Entity has assessed each CGU for impairment at 31 December 2020 (including acquisition of C&L Tool Centre Pty Ltd in December 2020). 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.

- Key assumptions applied 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% based on a weighted average cost of capital; revenue growth rate of 0% and a terminal value growth rate of 2%.
- 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.

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

C2 Financial Liabilities

	31 Dec 2020 \$	30 June 2020 \$
Current:		
Borrowings		
Westpac facility	5,605,675	1,951,169
ANZ trade facility	-	249,927
Insurance premium funding	25,878	208,144
Total current borrowings	5,631,553	2,409,240
Other financial liabilities		
Deferred consideration – C&L Tool Centre Pty Ltd	450,000	-
Deferred consideration – ISG	250,000	250,000
Total current other financial liabilities	700,000	250,000
Total current financial liabilities	6,331,553	2,659,240
Non-current:		
Other financial liabilities		
Funds contribution – non-controlling interest Joint Venture partner	1,620,602	1,472,112
Deferred consideration – C&L Tool Centre Pty Ltd	275,000	-
Total non-current financial liabilities	1,895,602	1,472,112

Subsequent to the end of the reporting period, in early January 2021, the Group completed a refinance of its banking facilities. The refinance saw the Group repay in full its Westpac facility and commence a new facility with Commonwealth Bank of Australia (CBA). This refinance has increased the Group's available facilities from \$7,400,000 to \$10,500,000.

The Westpac facility was secured by the trade debtors of Heatley Sales Pty Ltd and a floating charge over the assets of the Heatleys Group. The interest rate was variable and was 3.57% at 31 December 2020 (3.64% at 30 June 2020).

This CBA facility is secured by first charge over the assets of the Group's Australian operations.

The amount of \$250,000 is for the ISG deferred settlement and the amounts of \$450,000 and \$275,000 (split between current and non-current) is the deferred settlement following the acquisition of C&L Tool Centre Pty Ltd.

The funds contribution from the non-controlling interest partner in BSA is interest bearing at 4% (4% at 30 June 2020) per annum, unsecured, and is repayable only on a resolution of the Board of BSA or in the event that the company ceases business.

C3 Lease Liabilities

	31 Dec 2020 \$	30 June 2020 \$
Current:		
Lease liabilities – AASB 16	1,334,335	1,091,908
Finance leases	105,773	18,644
Total current leases	1,440,108	1,100,552
Non-current:		
Lease liabilities – AASB 16	4,266,262	2,343,504
Finance leases	157,627	24,804
Total non-current financial liabilities	4,423,889	2,368,308

The acquisition of C&L Tool Centre Pty Ltd resulted in the recognition of a total additional AASB 16 lease liability of \$2,748,479, and the recognition of a corresponding Right of Use asset of \$2,764,927.

C4 Net Debt

	31 Dec 2020 \$	30 June 2020 \$	31 Dec 2019 \$
Total current borrowings	5,631,553	2,409,240	3,318,394
Total non-current borrowings	-	-	-
Finance leases due within 1 year	105,773	18,644	18,429
Finance leases due after 1 year	157,627	24,804	33,522
Total borrowings including finance leases	5,894,953	2,452,688	3,370,345
Cash on hand	(2,448,882)	(1,076,716)	(1,402,056)
Net debt	3,446,071	1,375,972	1,968,289
Less:			
C&L Tool Centre acquisition debt	(2,450,000)	-	-
Net debt excluding C&L Tool Centre acquisition debt	996,071	1,375,972	1,968,289

Had the refinance of the Group's facilities to CBA in January 2021 occurred prior to 31 December 2020, it would have resulted in \$1,633,333 of the C&L Tool Centre acquisition debt being reclassified from current to non-current borrowings, per its repayment schedule of three years.

Section D: Taxation

D1 Income Tax Expense

Income tax expense is recognised based on management's estimate of the effective annual income tax rate expected for the full financial year.

	31 Dec 2020 \$	30 June 2020 \$
(a) Income tax (expense) / credit		
Current tax	(118,310)	(79,078)
Deferred tax	104,136	197,783
	(14,174)	118,705
(b) Current tax liabilities		
Income tax payable	165,636	147,537

D2 Deferred Tax Balances

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

	31 Dec 2020 \$	30 June 2020 \$
Deferred tax assets		
Receivables	33,563	23,690
Property, plant and equipment	13,060	13,060
Payables, accruals and provisions	783,787	591,221
Carried forward tax losses	460,161	458,405
Capital costs deductible over five years	310,815	378,832
Borrowing costs deductible over term of facility	63,157	-
Other items	78,432	32,754
	1,742,975	1,497,962
Deferred tax liabilities		
Accrued income	54,879	189,126
Other items	28,297	36,469
Unrealised foreign exchange gains	4,729	4,729
	87,905	230,324

	31 Dec 2020 \$	31 Dec 2019 \$
Reconciliation between tax (expense) / credit and pre-tax net profit / (loss)		
Profit / (loss) before income tax (expense) / credit	175,878	(203,479)
Income tax (expense) / credit @ 30% (2019: 30%)	(52,763)	61,044
Effect of different tax rates of subsidiaries operating in other jurisdictions	26,056	(17,186)
Non-deductible items	1,097	3,566
Other	11,436	(5,440)
	(14,174)	41,984

Section E: Capital Structure

E1 Issued Capital

	31 Dec 2020 \$	30 June 2020 \$
Balance at the beginning of the period	13,048,699	13,048,699
Ordinary shares – issued business combination C&L Tool Centre Pty Ltd	480,000	-
Balance at the end of the period	13,528,699	13,048,699

	31 Dec 2020 Number of shares	30 June 2020 Number of shares
Balance at the beginning of the period	94,900,000	94,900,000
Ordinary shares – issued business combination C&L Tool Centre Pty Ltd	4,800,000	-
Balance at the end of the period	99,700,000	94,900,000

As part of the acquisition of C&L Tool Centre Pty Ltd 4,800,000 ordinary shares were issued at \$0.10 per share (2019: \$nil). No other equity securities or options were issued during or since the half-year ended 31 December 2020.

Performance rights made available under the Performance Rights Plan

The Board received approval from the shareholders at the Annual General Meeting held on 29 November 2020 to make an offer of an allocation of performance rights to the Managing Director. A share-based expense of \$16,837 has been recognised in the half-year ended 31 December 2020 (2019: \$nil).

E2 Dividends

There were no dividends paid or recommended during the half year ended 31 December 2020 (2019: \$nil).

E3 Earnings per Share

Statutory Earnings per Share	Half-year to 31 Dec 2020 \$	Half-year to 31 Dec 2019 \$
Profit used in the earnings per share calculation	171,226	27,345
Weighted average number of ordinary shares (Basic)	95,294,521	94,900,000
Weighted average number of ordinary shares (Diluted)	95,294,521	94,900,000
Basic Earnings Per Share (cents)	0.18	0.03
Diluted Earnings Per Share (cents) ¹	0.18	0.03

¹ The number of options on issue is 4,994,737. These are not considered dilutive as the exercise price of the options (25 cents) exceeds the average market price of the ordinary shares.

Section F: Group Structure

F1 Controlled Entities

The subsidiaries of the parent entity are disclosed in the consolidated financial statements of the Group as at 30 June 2020.

During the half-year, the Group gained control over one entity, being C&L Tool Centre Pty Ltd in Australia (refer below). There were no other changes of control during the half-year.

F2 Business Combination

(a) Current Period

C&L Tool Centre Pty Ltd was acquired by Stealth Global Holdings Ltd in December 2020 by way of 100% of its issued share capital. The acquisition is complementary to the Group's existing business with a similar customer base, suppliers and services.

Details of the purchase consideration, provisional goodwill and provisional net assets of C&L Tools are as follows:

Purchase consideration:		\$
Cash paid		2,450,000
Issue of 4,800,000 ordinary shares at \$0.10 per share		480,000
Earnings based entitlement		550,644
Deferred consideration		725,000
Total purchase consideration		4,205,644
Fair Value of Assets and liabilities recognised as a result of the acquisition:		
Cash		749,215
Receivables – net of provisions		1,243,539
Inventories – net of provisions		2,806,492
Right-of-use assets (AASB 16)		2,764,927
Property, plant and equipment		171,288
Deferred tax assets		283,296
Shareholder loans		699,383
Total identifiable assets acquired		8,718,140
Trade and other payables		(2,220,329)
Current tax liabilities		(280,289)
Provisions		(686,319)
Financial liabilities		(132,522)
Lease liabilities (AASB 16)		(2,748,479)
Total net identifiable assets acquired		2,650,202
Goodwill – C&L Tools acquisition		1,555,442

The goodwill is attributable to the strong market position and unique product mix that C&L Tools offers, its profitability, and the synergies expected to arise from the acquisition. As the acquisition only executed in December 2020, the fair values of goodwill and other intangible assets are provisional at the half-year, pending final provisioning and fair value reviews focused on Receivables, Inventory and Property Plant and Equipment and any associated taxation implications.

Business combinations are initially accounted for on a provisional basis. If new information obtained within one year of date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Acquisition-related costs of \$0.07 million are included in transaction costs in profit or loss.

The deferred consideration payable has two components. \$0.45 million to be paid subject to C&L achieving required profit threshold for the 12-month period following completion. The balance is an estimate of consideration payable based on a 25% share of net pre-tax profit earned above \$0.9 million in the 12-month period following completion, which equates to an EBITDA achievement of \$2.0 million, a targeted uplift from historical performance. It will adjust by \$0.03 million for every \$0.10 million over or below \$2.0 million.

The acquired business contributed revenues of \$1.02 million and net loss after tax of \$0.03 million for the period 1 December 2020 to 31 December 2020. If the acquisition had occurred on 1 July 2020, consolidated revenue and consolidated profit after tax attributable to members for the half-year ended 31 December 2020 would have been \$37.9 million and \$0.72 million respectively.

(b) Prior Period

In October 2019 the Group completed the acquisition of the business and assets of Protect A Load. Details of this business combination were disclosed in *Note F3 Business Combinations* in the Group's annual financial statements for the year ended 30 June 2020.

F3 Financial Instruments

The Company holds no Level 1 or Level 2 financial instruments at 31 December 2020, nor at 30 June 2020.

At 30 June 2020, the fair value of the Group's financial assets and liabilities was not materially different to their carrying value. At 31 December 2020, the fair value of the Group's financial instruments continue not to be materially different to their carrying value.

During the half-year, deferred consideration of \$0.72 million relating to the acquisition of C&L was recognised on the Group's Balance Sheet. \$0.45 million of this is current, with the residual payable in January 2022. All the Group's borrowings at 31 December 2020 are classified as current liabilities.

As a Level 3 fair value measurement, the deferred consideration of \$0.72 million is based on:

- \$0.45 million is current and therefore no discount rate is applied. It is based on an EBITDA threshold. Expected EBITDA for C&L is ~\$1.3 million, at which level 100% of the consideration is payable. The amount is fixed regardless of the extent the threshold is exceeded. Below the threshold, it reduces dollar-for-dollar by the amount by which the threshold is underachieved.
- \$0.275 million is non-current but payable in early January 2022, so no discount rate has been applied. It is based on a 25% share of net pre-tax profit earned above \$0.9 million in the 12-month period following completion which equates to an EBITDA achievement of \$2.0 million, a targeted uplift from historical performance. It will adjust by \$0.03 million for every \$0.10 million over or below \$2.0 million.

Section G: Other Information

G1 Subsequent Events

In January 2021, the Group completed a refinance to CBA from its previous facilities with Westpac and ANZ. Total Group finance facilities under CBA are \$10.5 million, compared to \$7.4 million previously under combined Westpac and ANZ arrangements.

In February 2021, Mr Sam Barbaro, Heatleys Managing Director, retired from the business.

Other than the matters noted above there has not been during the period between 31 December 2020 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 reporting periods.

Section H: About this Report

H1 Reporting Entity

Stealth Global Holdings Ltd ("Stealth" or "the Company") is a limited company incorporated in Australia. The consolidated interim financial report for the half year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as the "Consolidated Entity").

H2 Basis of Preparation

(a) Statement of compliance

This consolidated interim financial report for the half-year ended 31 December 2020 is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Stealth during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax in Section D and the adoption of new and amended standards as set out below.

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 25 February 2021.

(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 these interim financial statements 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. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020. 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.

H3 Significant Accounting Policies

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 accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax.

New, revised or amending Accounting Standards and Interpretations adopted

A number of new or amended standards became applicable for the current reporting period. The Consolidated Entity did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Directors' Declaration

For the half year ended 31 December 2020

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 flow, consolidated statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001* and:
 - (a) Comply with Accounting Standards including *AASB 134 Interim Financial Reporting* 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 31 December 2020 and of its performance for the half 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.

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, 25 February 2021

Independent Auditor's Review Report



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Stealth Global Holdings Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Stealth Global Holdings Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, 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 half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a faint, stylized 'BDO' logo.

Glyn O'Brien

Director

Perth, 25 February 2021



STEALTHGLOBAL
HOLDINGS LTD

Stealth Global Holdings Ltd

ACN 615 518 020

Unit 10, 43 Cedric Street
Stirling WA 6021

Telephone: +61 8 6465 7800
Email: investors@stealthgi.com

www.stealthgi.com