

2024 Annual Report

ABN 25 615 518 020



STEALTHGROUP
HOLDINGS LTD



An Australian Distribution Group

Stealth Group

An Australian Distribution Company

**Industrial
Services**

**Consumer
Technology**

Commercial Enterprise

Retail

Trade Professionals

Source Solutions

Connected Supply Solutions

Custom Smart Technology

Designers and manufacturers
of mobile, tablet, power, audio
and protection accessories.



STEALTHGROUP
HOLDINGS LTD



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About Stealth

We provide products and solutions, made for everyone, used every day.

Stealth Group Holdings is a distributor, wholesaler, and a retailer of industrial maintenance, repair and operating (MRO) supplies, consumer technology products and other related products and services.

Stealth uses a combination of multichannel and single channel online business models to provide customers, primarily businesses, with a range of options for finding and purchasing products through an Australia-wide network of highly integrated distribution centres, branches, company stores, websites, retail reseller stores, and independent operators.

Stealth's diversified businesses today, distribute hundreds of leading brands which are known for their quality, are made for everyone, and designed to be used every day, to more than 40,000 businesses, institutions, trade-professionals, and retail consumers. Retail consumers buy our products in-store and online. Business customers place orders online via their mobile devices or email, over the phone, through a sales representative, or in-person at local branches. These customers represent a broad collection of industries, including commercial, mining, infrastructure, government, manufacturing, construction, transportation, telco, consumer electronics, FMCG and convenience.

Stealth products include categories such as power tools, hand tools, safety, material handling, automotive, electrical, workplace, hardware, building, construction and mobile accessories, power, audio, device protection as well as services like inventory management, design & manufacture, and technical support.

Approximately 1,100 suppliers provide Stealth with 200,000 products stocked in the company's distribution centres, stores and branches Australia-wide with a further 1 million products available on demand. Stealth employs ~250 team members directly across Australia.

For more information on Stealth, visit www.stealthgi.com

Record Revenue**\$114m**1 year growth 2.4%.
Underlying FY25 \$159m**Net Profit Growth****50.2%**

NPAT to members \$1.36m

Cash Holding**\$10.1m**

1 year growth 31.2%.

EPS Growth**47.6%**

Reported 1.34¢

Appendix 4E

		%		\$		\$
2.1	Revenues from continuing ordinary activities	Up	2.4	to	113,680,264	from 110,992,974
2.2	Profit from ordinary activities after tax attributable to members	Up	50.2	to	1,355,280	from 902,389
2.3	Net Profit for the year attributable to the members	Up	50.2	to	1,355,280	from 902,389

Earnings per share (EPS)

	30 June 2024	30 June 2023
Basic and Diluted EPS (cents per share)	1.34	0.91
Weighted average number of ordinary shares used in Basic and Diluted EPS calculation	101,479,821	99,700,000

For the year ended 30 June 2024 the Directors have determined to pay an inaugural fully franked final dividend of \$969,323 at a rate of \$0.0084 per share (2023: Nil cents). A Dividend Reinvestment Plan will be issued in early September 2024 with an expected DRP reinvestment price based on a discount rate of 5.0%.

A proud history,
a positive future.

Celebrating 10 years 2014 - 2024

We have grown into one of Australia's largest distributors of industrial MRO, consumer technology and other related products and services.



The Stealth Approach

Our ongoing commitment is building and growing a thriving business with a long term growth outlook to create value for shareholders.



Deliver a satisfactory return to shareholders



Looking after our people and providing a safe, and healthy work environment



Engaging fairly with our suppliers and sourcing ethically and sustainably



Supporting the communities where we operate



Focusing on responsible management to deliver sustainable profitability and long-term growth



Acting with trust and integrity in all of our dealings



Continuing to provide more customer value and better experiences

Our Vision

To build Stealth into Australia's market-leading alternative to the majors for industrial maintenance, repairs and operations (MRO) and consumer technology products and services.

Our Purpose

We distribute hundreds of leading brands known for quality, made for everyone, used every day.

Value Creating Strategies

Our ongoing commitment of creating value for shareholders is driven through responsible long-term management and being a market leading alternative.

By building and strengthening existing businesses through operating excellence, innovation and satisfying customer needs by renewing our portfolio, we aim to provide the best possible range of products to meet their needs and support customers with sales support, store formats, online, onsite, loyalty programs and solutions tools.

Our Objectives and Growth

Financial

- \$300m revenue by 2028 at 8% EBITDA.
- Driving top-line and bottom-line results.
- Maintaining a conservative balance sheet and cash flow generation.
- Using our competitive advantage to grow market share in a profitable way.

Our People

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

Our Shareholders

- Stronger following and engagement.
- Providing a satisfactory return on investment.

Customers

- Grow market share with commercial businesses, trade-professionals and with retail consumers.
- Creating a destination point for customers underpinned by our value proposition, widest-range, competitive prices, stock available, quality portfolio and great customer experience.

Growth

- Win in wholesale, commercial business and trade-professionals.
- Invest in expanded ranges, channels and market share.
- Progress private-label development and exclusive brand arrangements.
- New stores and store upgrades.
- Loyalty rewards program.
- New and expanded services.
- Continue to invest in digital, data and automation.
- Potential acquisitions.

Strategic Focus

Our strategic framework sets out our value-creating strategies and how we manage the Group to generate superior returns over the long term driven by three primary factors: in volume, cost, price.

Our flywheel underpins our unique competitive advantages and our value creation initiatives in supply; by providing a multi-channel B2B and B2C platform and, using our ecosystem to generate and capture customers of all types and sizes and meet their needs by delivering competitive goods and services.

Our core involves; distribution, wholesale, and retail providing an effective and efficient route-to-market choice for suppliers through our scale, partner network and retailer reseller network.

Our end-to-end supply chain gives us our unique position to serve both our distribution business-to-business network and retail network in Australia.

We plan to continue to invest in, extend and protect our competitive advantage including brands, store formats and a supply chain that businesses, trade-professionals and retail consumer want to meet their needs.

Introduce additional services and support for our member independent industrial operators and independent retailers, to help them compete against the major players in the market drawing on the strengths and advantages of each business to leverage collective scale.

Our focus areas in FY25

- Healthy people and healthy workplace.
- Connect with our communities.
- Enhance the customer experience.
- Ranging and pricing.
- Deliver operational excellence.
- Grow our business.
- Simplicity and efficiency through digital, data, and automation.
- Continue to renew the portfolio, building an even stronger offer.
- Build the best store and channel network and in-store experiences.
- House of Brands strategy, including private label.

We are a Growth Company

We've centered our strategy on building our revenue and profit with differentiation, scale, talent, and by renewing our distribution portfolio through value-adding transactions and integrating sustainable management practices to ensure long-term profitability.

Business Model

- We are a distributor, wholesaler, and a retailer of industrial maintenance, repair and operating (MRO) supplies, consumer technology products and other related products and services.
- We distribute hundreds of leading brands known for quality, made for everyone, used every day.
- Business customers place orders online, on mobile devices, through sales representatives, by email, over the phone and at local branches. Retail consumers buy online, and in-store.

Wide range of products

- Extensive product selection and availability and powerful assortment of quality brands.

Large scale portfolio

- Largest distribution network combining the assets of company owned and independent operators.

Tailored solutions

- Manufacturing and design.
- Inventory management.

Where we excel

- Brands, wide range, best prices, best experience.
- Product range reflecting diverse customer needs, channels and market segments.
- Scale enabling operating efficiency and low costs.
- Store network in trade and retail Australia-wide.
- Expert team and unique customer culture.

Value proposition

- Passionate customer-centric company.
- Convenience, accessibility, fast and simple shopping experience.
- Everyday best prices.
- Unmatched customer experience.
- Efficient delivery and distribution options.

Our Businesses

Industrial Services



Heatleys Group

A diversified business-to-business and business-to-consumer distributor of industrial, tooling, safety, automotive and workplace products, and other related products and services including, manufacturing, onsite inventory management and hire services. With access to over 1 million products. Heatleys has been trading for 35-years, C&L Tools for 54 years. Skipper Transport Parts has been merged into Heatleys.



Trade Members

Trade Member Direct is a specialised wholesale division that manages large supplier contracts leveraging network buying power for the group's operations. In addition, it operates a member-based subscription model for independent retailer and B2B operators, providing services such as merchandising, marketing, inventory demand planning, technology platform and commercial support services.



United Supply Company

United Supply Company is one of Australia's largest industrial buying and distribution groups, consisting of independent retailers and operators in over 44 store locations nationwide. These stores sell a wide range of quality industrial, tool and trade related products to all facets of the Australian industry using combined leverage of the group to compete against the majors.



53 Locations

As of June 2024

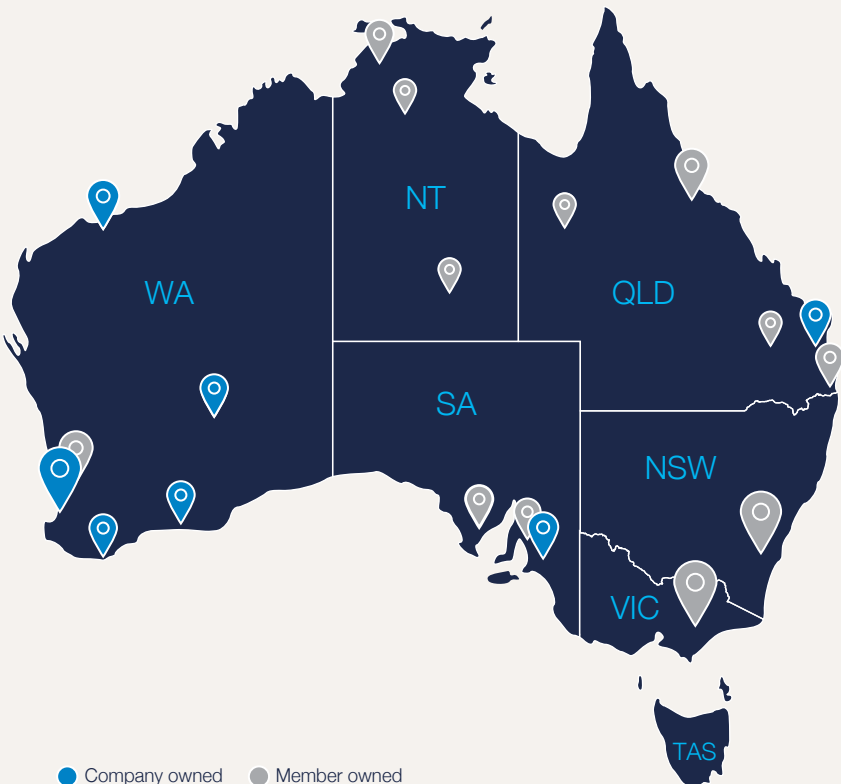
10

100% company owned branches and stores

43

Independent partner stores

Locations	# Stores
Western Australia	12
Queensland	9
New South Wales	11
Victoria	13
South Australia	5
Northern Territory	3



*Map locations are for illustration purposes only.

● Company owned ● Member owned

Consumer Technology



Force Technology

Force is a leading wholesale distributor and solutions provider selling its products through +3,310 retail reseller store outlets across Australia. Force have over 30 years' experience in design, manufacturing sourcing, marketing and distributing consumer technology and mobile accessories.



FORCEBUSINESS

Headquartered in Perth, the retail network consists of +3,310 locations Australia-wide, from Coles, 7-eleven, Officeworks, JB Hi-Fi and many others.

Product brands

belkin.

CASE·MATE



EFM

OTTERBOX

POPSOCKETS

RINGO

ROLLINGSQUARE

Our Products

Industrial services

Distribution of our extensive range of products is Australia-wide through 53 industrial branches and stores, serving commercial and trade professionals of all types and sizes, who operate in various end-markets, as well as retail consumers in-store and online.



Consumer technology

Distribution of our range of products is Australia-wide through our 3,310 retail reseller stores, which channels include: convenience, FMCG, telco, repairs, and pop-up stores.



Supporting our Community



The Biggest Morning Tea

Every year, the Stealth team proudly participates in the Cancer Council's Biggest Morning Tea. With 1 in 2 Australians facing a cancer diagnosis before the age of 85, this cause resonates deeply with many of our employees. The Cancer Council is Australia's leading cancer charity, dedicated to funding life-saving cancer research, providing support services for patients and their families, and promoting cancer prevention and early detection. Their work is crucial in improving the lives of those affected by cancer and striving towards a cancer-free future.

Pink Ribbon Morning Tea

Breast cancer remains the most common cancer amongst Australian women. Approximately 57 Australians are diagnosed every day. Fortunately, the survival rate continues to improve with 89 out of every 100 women diagnosed with breast cancer now surviving five or more years beyond diagnosis.

Over the past year, breast cancer has affected the lives of several of our employees, their families, and friends. In a support for our staff, who have required detection, treatment, or early intervention, our offices and branches across the Australia were transformed into vibrant displays of hot pink for the Pink Ribbon Morning Tea event.



Pink Ribbon Morning Tea



MLG Partnership with Heatleys

MACA Cancer 200 Ride for the Perkins

We are delighted to support MLG in their raising of over \$130,000 for the Harry Perkins Institute of Medical Research. MLG participated in the 2023 MACA Cancer 200 Ride for the Perkins. A 200km, 2-day fundraiser ride that supports cancer research in WA. Riders of all skill levels are always invited to participate for 2 days filled with camaraderie, unreal scenery, and the joy of making a difference. Congratulations to the team at MLG on this amazing achievement!

Heatleys Safety, Industrial & Automotive were lucky enough to support this cause as one of MLG's Gold Sponsors for 2023's and 2024's riding event. MLG have been loyal customers of Heatleys for many years and as a thank you, we had the honour of being with being presented with our own framed riding jersey.



We are delighted to support MLG in their raising of over \$130,000 for the **Harry Perkins Institute of Medical Research**. MLG participated in the 2023 MACA Cancer 200 Ride for the Perkins.

R U OK? Day

Each year, R U OK? Day serves as a vital reminder of the importance of checking in on one another and recognising the signs when someone might be struggling with their mental health.

At Stealth, the wellbeing of our team is our highest priority, which is why R U OK? Day is of utmost importance to recognise and get together to commemorate. In unison with our internal staff R U OK? Day morning teas, we announced the launch of our state-of-the-art Mental Health & Wellbeing program.

In collaboration with Assure, this program works to extend comprehensive mental health and wellbeing support to our employees and their families. This initiative is designed to provide expert guidance through life's challenges and help our employees and their families navigate hardships with resilience and confidence.

International Women's Day

At Stealth Group, we believe in the value of a gender-equal world, which is why we proudly celebrate and support International Women's Day. As a Group and as individuals, we are committed to creating a diverse and inclusive world.

This year, Stealth are pleased to share that women represent 39% in the workforce. Our commitment to ensure diversity has been a driving force in our recruitment strategy over the past year. We are proud to have welcomed many women into our business, selecting individuals based on their merit and experience. Stealth will continue to build a qualified team that reflects the inclusive environment we strive to create.

Quality and Sustainability

Our framework encompasses quality assurance, APCO initiatives, supply chain solutions, and robust DC scale and capabilities, ensuring operational excellence and sustainable growth.



Ethical compliance – BSCI, SA8000, SMETA

We only work with partners who demonstrate corporate social responsibility, fair treatment of workers and industry compliant workplace standards.



Independent testing

We partner with Intertek, a global independent total quality assurance provider, for product testing and pre-shipment inspection to ensure our products meet and exceed industry standards.



Technical compliance – ISO 9001, ISO 9002

Our partners are globally certified for the quality management system within organisations in design, development, production and service management.



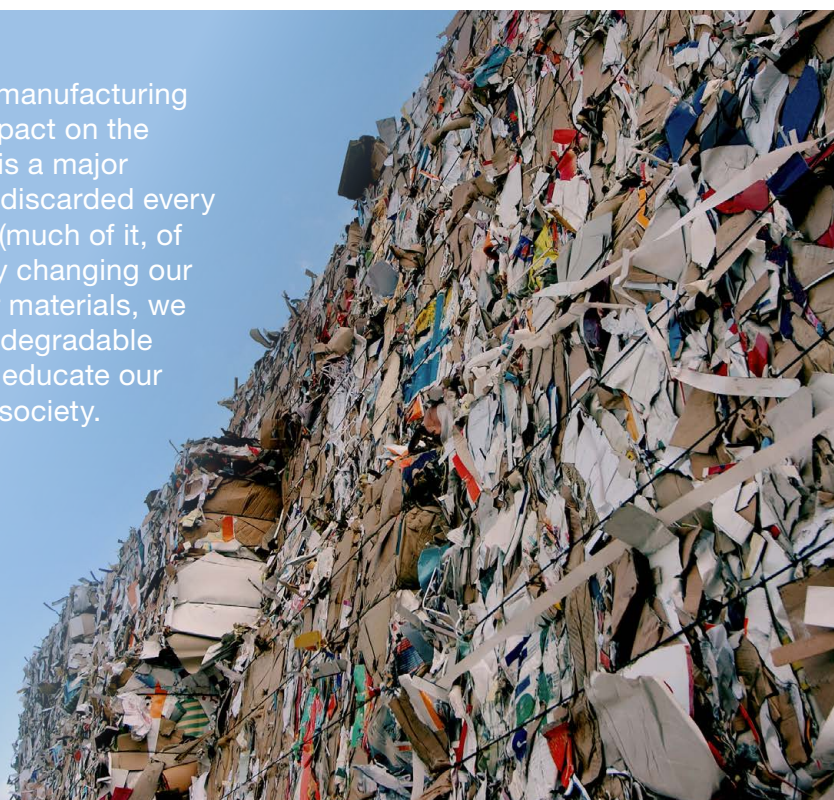
Environmental compliance – ISO 14001, APCO

Our partners are globally certified for the environmental management system (EMS) within organisations to measure and improve environmental impact. We are an active member of APCO which aims to achieve 100% recyclability of packaging nationwide.

We recognise that through our manufacturing and distribution, we have an impact on the environment. Packaging waste is a major problem – 6 million tonnes of it discarded every year by AUS households alone (much of it, of course, ending up in landfill). By changing our packaging materials with better materials, we are working towards 100% bio-degradable packaging and taking action to educate our consumers toward sustainable society.



100% Recycled Packaging
APCO approved



Our Performance

FY24 saw the Group continue its growth journey across all key metrics.

\$113.7m

↑ 2.4%

Revenue

2023: \$111.0m

\$33.7m

↑ 3.4%

Gross Profit

2023: \$32.6m

\$6.1m

↑ 15.4%

Statutory EBITDA

2023: \$5.3m

\$2.0m

↑ 57.9%

Statutory Profit before Tax

2023: \$1.3m

\$1.4m

↑ 50.2%

Statutory NPAT attributable to members

2023: \$0.9m

1.34¢

↑ 47.6%

Earnings per Share

2023: 0.91 cents

Revenue, Gross Profit and Statutory EBITDA are from continuing operations. All other metrics are from consolidated operations.

Ongoing commitment to building and growing a thriving business for long term growth.



Creating a destination point for customers underpinned by our value proposition.



Product range reflecting diverse customer needs, channels and market segments.



Largest distribution network combining the assets of company owned and independent operators.



Looking after our people and providing a safe, and healthy work environment.

We've centered our strategy on building our revenue and profit with differentiation, scale, talent, and by renewing our distribution portfolio through value-adding transactions, integrating sustainable management practices to ensure long-term profitability.

Chairman's Message



Record Financial Performance in FY2024

I am pleased to report that Stealth delivered another year of outstanding financial performance in FY2024. Group revenue grew to a record \$113.7 million, up 2.4%, with Gross Profit also up to \$33.7 million, an increase of 3.4% driven by robust organic growth and supported by our continued focus on optimising the business. These results represent Stealth's sixth consecutive year of revenue growth, since listing in FY19.

Earnings before Interest, Taxation, Depreciation, and Amortisation (EBITDA) increased by 17.1% to \$6.43 million, while Net Profit after Tax was up 50.2% to \$1.36 million compared to \$0.90 million in FY2023. These strong results underscore the effectiveness of our strategies in navigating a challenging market.

Additionally, in June 2024, Stealth acquired Force Technology International Pty Ltd (Force Technology), contributing one month trading of \$1.9 million in revenue.

FY25 performance will benefit from a full year contribution. Force Technology is a leading wholesale distribution and solutions provider of mobile phone and tablet accessories. Force Technology focuses on delivering the best in smart device lifestyle products to consumers via an extensive reseller network further strengthening our market position and expanding our product offerings.

Operational and Financial Achievements

In FY2024, Stealth continued to invest strategically across various areas, including technology enhancements, store upgrades, and the integration and centralisation of business operations to support growth and efficiency. The acquisition of Force Technology marked a significant expansion of our principal activities, adding a market-leading consumer technology accessories distributor to our portfolio. Through disciplined capital allocation, spending \$1.5 million, and targeted improvements like automation projects and rightsizing, we increased our profitability by 50.2% while lowering our cost of doing business from 24.5% to 24.3%.

We also made significant strides in strengthening our financial position, achieving strong cash flow with \$10.1 million in cash holdings and increasing our net assets by \$4.3 million. Our trading footprint grew substantially with the addition of 3,310 new retail reseller locations for the consumer technology division, while we optimised operations by closing underperforming branch and onsite customer locations. Additionally, we reinforced our cyber protection with security upgrades and announced our inaugural fully franked dividend payment. Looking ahead, we have set a strategic agenda for 2025-28 to continue driving sustainable growth.

Strategic Acquisitions and Long-term Growth

Stealth's long-term growth strategy remains essential. We will continue to expand through organic growth and targeted acquisitions, with a focus on enhancing our distribution network and sales channels. The acquisition of Force Technology is a strategic move that aligns with our commitment to broadening our market reach and product range. Our strategy centres on driving revenue and profit by differentiating our offerings, scaling our operations, and developing talent, while renewing our distribution portfolio through value-adding transactions. We are also committed to integrating sustainable management practices to ensure long-term profitability.

We will continue to expand through organic growth and targeted acquisitions, with a focus on enhancing our distribution network and sales channels.

Navigating Market Challenges

In my FY2023 Chairman's Statement, I highlighted the pressures from inflation and rising interest rates that were dampening market demand. These challenges persisted throughout FY2024, but our performance this year reflects our ability to manage these risks successfully.

Earnings per share increased by 47.6% to 1.34 cents per share, driven by both organic growth and the benefits realised from strategic acquisitions made since our IPO in 2018, including Force Technology.

Capital Management and Cashflow Generation

A disciplined approach to capital management remains a cornerstone of our strategy. I am proud to report that FY2024 saw continued significant cashflow generation, with free cashflow of \$4.7 million. This strong cash generation has further strengthened our balance sheet, with cash and cash equivalents increasing to \$10.1 million as of 30 June 2024, and net debt (excluding Force Technology) reducing by 32.9% to \$4.9 million. The Company's Net Debt to EBITDA ratio improved to 0.8 times, down from 1.4 times at 30 June 2023

Supporting Our Community

Throughout the year, we have participated in several key events that reflect our dedication to meaningful causes. We continue to support the Cancer Council's Biggest Morning Tea, raising funds and awareness for cancer research and support services. This event is close to our hearts, as many of our employees have been personally affected by cancer. We also took part in the Pink Ribbon Morning Tea to raise awareness and funds for breast cancer research. Our teams wore pink and actively engaged in various activities to show our commitment to supporting vital health causes.

We also partnered with MLG in the MACA Cancer 200 Ride for the Perkins, a major fundraising event for cancer research in Western Australia. As a Gold Sponsor, we were proud to contribute to the collective effort that raised over \$130,000. International Women's Day also reflected our commitment to promoting a diverse and inclusive workplace, where women represent 39% of our workforce, a number I am very proud of.

Outlook for FY2025

Customer demand across our industry segments remains strong, despite ongoing cost pressures and higher interest rates in the Australian market. We remain optimistic that Stealth will maintain its positive momentum into FY2025. Our unique end-to-end supply chain positions us to effectively serve both our business-to-business distribution network and our retail network across Australia.

We plan to continue investing in, extending, and protecting our competitive advantages, including the brands and store formats that consumers love, and that businesses and trade professionals rely on to meet their needs. Our focus will be on delivering additional services and support to our independent member industrial operators and independent retailers, empowering them to compete effectively against major market players by leveraging our collective strengths and scale.

The addition of Force Technology to our portfolio further enhances our growth prospects, enabling us to tap into the expanding market for smart device lifestyle products. I am confident that our omni-channel sales model and diverse operations across Australia will continue to drive growth, and we remain committed to delivering value to our shareholders.

Governance and Sustainability

There were no changes to the Board during FY2024, and we remain focused on running a sustainable business. The health and wellbeing of our people, along with managing our environmental and social responsibilities, continue to be key priorities in our corporate strategy. We believe that sustainable operations are crucial for generating long-term value for our shareholders.

Acknowledgements

In closing, I would like to extend my deepest thanks to everyone who contributed to making FY2024 another successful year for Stealth. I want to thank my fellow Directors, John Groppoli and Simon Poidevin, for their ongoing commitment to the Company. I also extend my gratitude to our Company Secretary, Mr. John Boland, for his diligent work in overseeing the company secretarial functions and his crucial role as Stealth's Chief Financial Officer.

Additionally, on behalf of the Board, I would like to express our sincere thanks to our excellent and hard-working Managing Director and Chief Executive Officer, Mike Arnold. As I noted last year, while I have the privilege of presenting the Company's results in this annual report, it is Mike, his management team, and all Stealth employees who execute our strategy at ground level. Their hard work and dedication are the reasons behind our excellent results. I look forward to building upon this success in FY2025 and beyond.

Finally, I want to thank our shareholders once again for their continued trust, patience, and support. As ever, it is never taken for granted.

Sincerely,



Chris Wharton AM
Chairman
Stealth Group Holdings Ltd.
29 August 2024

Leadership Team

Board of Directors



1 Chris Wharton AM

INDEPENDENT
NON-EXECUTIVE CHAIRMAN

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.

He is a Fellow of the Australian Institute of Company Directors, the Australian Institute of Management. 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.

2 John Groppoli

NON-EXECUTIVE DIRECTOR

Mr. Groppoli is the Principal of GlenForest Corporate, a boutique legal strategy, governance and board advisory firm based in Perth, WA.

Mr. Groppoli is the Chairman of Perth Markets Group Ltd, Hunt Architects and McDowell Affleck/MA Deacon Consulting Engineers.

Mr. Groppoli acts as External General Counsel to Stealth and the Board considers that Mr. Groppoli is not an independent Director.

3 Simon Poidevin

INDEPENDENT
NON-EXECUTIVE DIRECTOR

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.

Mr. Poidevin represented Australia in Rugby Union from 1980 to 1992, 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.

4 Mike Arnold

GROUP MANAGING DIRECTOR

Mike is the founder of Stealth Group Holdings. He has nearly 40 years of international experience in supply chain management, product sales, distribution and logistics.

His previous positions include Executive Director/Chief Operating Officer of ADG Global Supply (ASX listed entity) between 2010 and 2013, Chief Executive Officer of Lakewood Logistics for 9 years, and Group General Manager of State Warehousing & Distribution Services (SWADS), one of Australia's largest privately owned logistics companies before being acquired by Australia Post in 2005.



5 Luke Cruskall
GROUP CHIEF
OPERATING OFFICER

Luke has over 20 years of management experience across public and private sector organisations including in national General Manager, Chief Executive Officer and Board level roles.

6 John Boland
GROUP CHIEF FINANCIAL
OFFICER & COMPANY
SECRETARY

John has over 20 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.



7 Brendan Rossiter
GROUP FINANCIAL
CONTROLLER

Brendan is an experienced finance executive, with over 20 years in senior finance roles. His broad industry experiences spans mining and mining services, retail, wholesale, fast-moving consumer goods, agriculture, telecommunications and research and development.

8 Jessica Rich
GENERAL MANAGER
CORPORATE AFFAIRS

Jessica has 15 years experience in the Marketing and Communications field, spanning a variety of industries including mining, construction and automotive.

9 Carl Bonham
CHIEF EXECUTIVE OFFICER –
FORCE TECHNOLOGY

Carl has had a successful career spanning 20 years in the retail sectors holding senior positions with the Rebel Group and Dick Smith Electronics.



10 Karin Douglas
GENERAL MANAGER SALES
Karin is an accomplished results driven Sales Leader with a background in Telecommunications and the industrial market, both in South Africa and Australia.

11 Melanie Mangos
GENERAL MANAGER
EASTERN REGION
Melanie has over 20 years' experience within complex, diverse and highly competitive domestic and international markets, such as cosmetics, telecommunications, management consulting and the industrial sector.

12 Philip Podgorski
GROUP CHIEF
DEVELOPMENT OFFICER
Philip has over 10 years' experience leading business systems architecture innovation in large energy and industrial organisations.



13 Matt Minchin
GROUP MANAGER
HUMAN RESOURCES
Matt is a highly skilled Human Resources leader, with over 15 years' experience working with national and global companies across a variety of industries including logistics, health and mining.

14 Rod Ward
GENERAL MANAGER -
OPERATIONS
Rod is a strategic business leader with over 20 years leadership and management experience across various industries and markets in Global and ASX Listed organisations.

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 Group Holdings Ltd (**Stealth, Stealth Group or Company**) and its controlled entities (**Consolidated Entity or Group**) for the financial year ended 30 June 2024, 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 Group Holdings is a distributor, wholesaler, and a retailer of industrial maintenance, repair and operating (MRO) supplies, consumer technology products and other related products and services.

Stealth uses a combination of multichannel and single channel online business models to provide customers, primarily businesses, with a range of options for finding and purchasing products through an Australia-wide network of highly integrated distribution centres, branches, company stores, websites, retail reseller stores, and independent operators.

Stealth's diversified businesses today, distribute hundreds of leading brands known for quality, made for everyone, used every day, to more than 40,000 businesses, institutions, trade-professionals, and retail consumers. Retail consumers buy our products in-store and online. Business customers place orders online via their mobile devices or email, over the phone, through a sales representative, or in-person at local branches. These customers represent a broad collection of industries, including commercial, mining, infrastructure, government, manufacturing, construction, transportation, telco, consumer electronics, FMCG and convenience.

Stealth products include categories such as power tools, hand tools, safety, material handling, automotive, electrical, workplace, hardware, building, construction and mobile accessories, power, audio, device protection along with services like inventory management, design & manufacture, and technical support.

Approximately 1,100 suppliers provide Stealth with 200,000 products stocked in the company's distribution centres, stores and branches Australia-wide with a further 1 million products available on demand. Stealth employs ~250 team members directly across Australia.

Primary Objective

Stealth's primary objective is to build and grow a thriving business with a long term growth outlook to create value for shareholders.

Delivering on this objective requires a multi-pronged approach to value-creation, including:

- Deliver a satisfactory return to shareholders
- Continuing to provide more customer value and better customer experiences
- Focusing on responsible management to deliver sustainable profitability and long-term growth
- Looking after our people and providing a safe, fulfilling work environment
- Giving back to the communities we serve
- Engaging fairly with our suppliers, and sourcing ethically and sustainably
- Acting with trust and integrity in all of our dealings

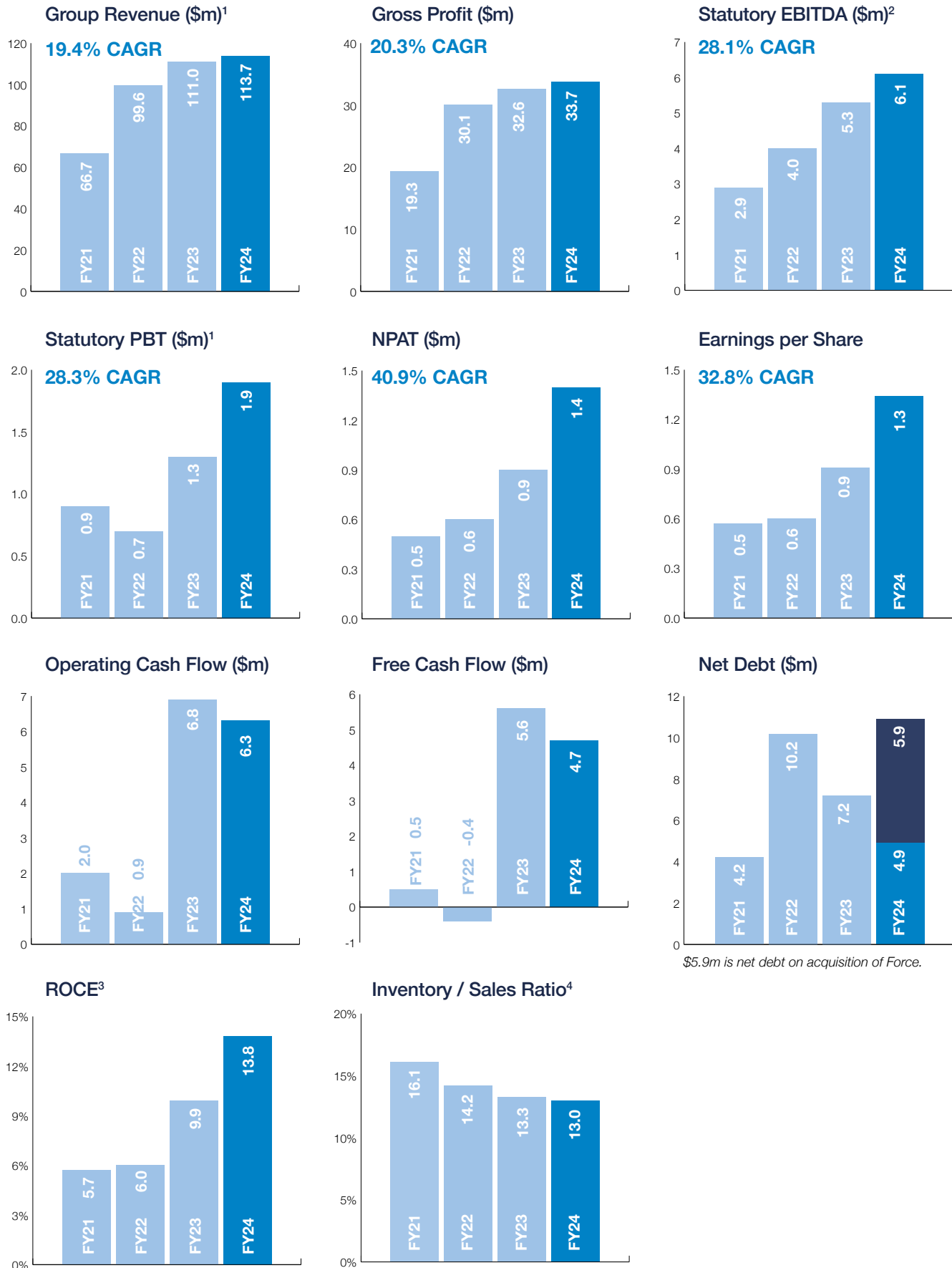
2024 Year in Review

Key Performance Highlights

FY24 saw the Group continue its growth journey across all key metrics from a performance perspective, including:

- \$113.7m Revenue and \$33.7m Gross Profit, both record activity levels for the Group. These represent Stealth's sixth consecutive year of growth in both metrics since listing in FY19.
- \$6.4m Underlying EBITDA¹ from continuing operations, up 17.1% on \$5.5m in FY23. First year Group exceeded \$6m threshold, building on FY23 being first time Group exceeded \$5m threshold. Statutory EBITDA¹ of \$6.1m in FY24 (FY23: \$5.3m). Refer to 'Reconciliation of profits table – Growth Related Investments' later in this report.
- \$1.9m Statutory Profit before Tax from continuing operations, up 48.0% on FY23 \$1.3m.
- \$1.4m Statutory Net Profit after Tax attributable to Members, up 50.2% on FY23 \$0.9m, exceeding \$1m for the first time.
- Record Earnings per Share attributable to Members of 1.34 cents, up 47.6% on 0.91 cents in FY23.
- 2H FY24 Statutory Profit before Tax from continuing operations exceeded 1H FY24 equivalent by 64%, combination of growth in revenue and gross and cost reduction.
- Repaid \$1.0m acquisition debt (including final C&L acquisition debt repayment) and \$0.4m final deferred consideration in FY24, leaving only \$1.0m of acquisition debt outstanding as of 30 June 2024.
- Operating cash inflow of \$6.3m and Free cash inflow of \$4.7m in FY24.
- Effective 1 June 2024 the Group acquired Force Technology International Pty Ltd (Force), contributing one month trading activity to FY24 performance, including \$1.9m revenue and \$0.14m net profit after tax. Stealth's FY25 performance will benefit from a full-year contribution by Force.

Growth Trend Comparison Since 2021



¹ From continuing operations.

² EBITDA (earnings before interest, tax, depreciation and amortisation) is a non-IFRS term not subject to audit.

³ Exclusive of Force for FY24. ROCE - Return On Capital Employed

⁴ Exclusive of \$7.2m Force Inventory for FY24. CAGR - Compound Annual Growth Rate

Trading Results FY24

	Continuing Operations ^{2,3}			Consolidated Operations ³		
	FY24 \$'000	FY23 \$'000		FY24 \$'000	FY23 \$'000	
Revenue	113,680	110,993	2.4%	113,893	110,993	2.6%
Gross Profit	33,656	32,551	3.4%	33,850	32,551	4.0%
Statutory EBITDA¹	6,079	5,265	15.5%	6,202	5,265	17.8%
Add: Growth Related Investment costs	352	226	56.0%	352	226	56.0%
Underlying EBITDA¹	6,431	5,491	17.1%	6,554	5,491	19.4%
Statutory PBT	1,856	1,254	48.0%	1,979	1,254	57.9%
Statutory NPAT attributable to members	1,221	902	35.3%	1,355	902	50.2%
Earnings per share (cents)	1.21	0.91	33.0%	1.34	0.91	47.6%

	Continuing Operations ²		
	FY24	FY23	
Gross Profit margin %	29.6%	29.3%	0.9%
Personnel - % of revenue	17.9%	17.7%	0.6%
Other expenses - % of revenue	6.4%	6.8%	(6.3%)
Total expenses - % of revenue	24.3%	24.5%	(1.3%)
Statutory EBITDA¹ margin	5.3%	4.8%	12.7%
Depreciation & Amortisation (incl. AASB 16) - % of revenue	2.5%	2.6%	(5.7%)
Finance costs (incl. AASB 16) - % of revenue	1.2%	1.0%	24.3%
Statutory Profit before Tax margin	1.6%	1.2%	44.5%

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 net NPAT contribution from discontinued operations of \$0.13m relating to Foreign Currency Translation Reserve benefit less UK closure costs during FY24 (FY23: \$Nil).

³ Calculations on whole numbers.

Financial Performance

- Record Group Revenue of \$113.7m, up 2.4% on FY23 (\$111.0m) and continued annual revenue growth achievement since listing in FY19.
- Record Gross Profit of \$33.7m, up 3.4% on FY23 (\$32.6m).
- Gross Profit Margin of 29.6% (FY23: 29.3%).
 - up 170 basis points on five-year average of 27.9% (FY19-FY23).
- EBITDA¹ from continuing operations:
 - Underlying EBITDA¹ of \$6.4m, up 17.1% (FY23: \$5.5m).
 - Statutory EBITDA¹ of \$6.1m, up 15.5% (FY23: \$5.3m).
- Net Profit before/after Tax:
 - Statutory Net Profit before Tax from continuing operations of \$1.9m, up 48.0% (FY23: \$1.3m).
 - Statutory Net Profit before Tax from consolidated operations of \$2.0m, up 57.9% (FY23: \$1.3m).
 - Statutory Net Profit after Tax attributable to Members of \$1.4m, up 50.2% (FY23: \$0.9m).

Five-year key financial performance trend (\$'000)

	2024	2023	2022	2021	2020
Revenue	113,680	110,993	99,601	69,745	68,062
Gross Profit	33,656	32,551	30,069	20,260	18,080
Gross Profit margin	29.6%	29.3%	30.2%	29.0%	26.6%
Underlying EBITDA ¹	6,431	5,491	4,897	2,802	1,796
Statutory EBITDA ¹	6,079	5,265	3,988	2,913	1,417
Statutory EBIT ¹	3,241	2,322	1,421	1,285	(1)
Statutory PBT ²	1,856	1,254	697	890	(443)
Statutory NPAT ²	1,221	902	560	558	(324)
Consolidated Statutory NPAT	1,355	902	596	558	96
Basic earnings per share (cents)	1.34	0.91	0.60	0.57	0.20
Share price @ 30 June (cents)	21.0	12.5	10.0	10.5	6.9
Increase/(decrease) in share price (%)	68%	25%	(4.8%)	52.2%	

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 net NPAT contribution from discontinued operations of \$0.13m relating to Foreign Currency Translation Reserve benefit less UK closure costs during FY24 (FY23: \$Nil).

	FY24 \$'000	FY23 \$'000		FY24 \$'000	FY23 \$'000
Balance Sheet			Capital Employed		
Total Assets	85,192	63,426	Inventories	21,732	14,787
Net Debt ³	10,816	7,241	Trade and other receivables	19,162	16,985
Shareholder Equity	20,368	16,061	Trade and other payables	(25,622)	(21,054)
Gearing (net debt to net debt + equity)	34.7%	31.1%	Other current assets	807	540
Cash Flows			Net Working Capital		
Operating cash flows (excluding tax)	6,249	5,812	Property, plant and equipment	2,418	2,112
Tax	2	1,035	Intangible assets	17,959	12,298
Investing cash flows (excluding acquisitions)	(1,549)	(1,286)	Other assets	7	7
Free cash flow	4,702	5,561	Provisions and other liabilities - current	(2,827)	(2,300)
Acquisition of subsidiaries (net of cash acquired)	(13)	(523)	Capital Employed		
Financing cash flows	(2,269)	(2,060)	Net financial debt	(10,816)	(7,241)
Net cash movement	2,420	2,978	Net tax balances	339	527
Debt			Net right-of-use asset / (lease liability)	(291)	(208)
Cash	10,148	7,727	Deferred consideration	(2,500)	(392)
Gross Debt ³	(20,964)	(14,968)	Net Assets		
Net Debt ³	(10,816)	(7,241)		20,368	16,061
AASB 16 property lease liabilities	(11,870)	(7,963)	Shareholder Returns		
Deferred consideration	(2,500)	(392)	Earnings per Share - Members (cents)	1.34	0.91
Total	(25,186)	(15,596)	ROCE (Statutory EBIT ¹)	9.6%	9.9%
			ROE (Statutory NPAT ²)	6.0%	5.6%
			Market Capitalisation	24,233	12,463

¹ ROCE (Return on Capital Employed). FY24 includes one month Force P&L contribution and consolidated Balance Sheet.

² ROE (Return on Equity). FY24 includes one month Force P&L contribution and consolidated Balance Sheet.

³ Refer note C3 of Annual Report. Gross Debt comprises working capital and acquisition debt, equipment lease liabilities and insurance funding. Net Debt is Gross Debt less Cash. Gross Debt and Net Debt exclude AASB 16 property lease liabilities and deferred consideration.

⁴ AASB 16 property lease liabilities.

Balance Sheet

- Net Assets
 - Increased to \$20.4m, up \$4.3m on FY23 (\$16.1m).
 - Includes \$3.2m increase from equity issued on acquisition of Force.
 - Includes \$4.8m of Intangible Assets (Goodwill) on acquisition of Force, including net assets acquired and provision for outperformance incentive.
 - Force acquisition, with its increase to Intangible Assets, resulted in Group net tangible asset per share of 2.09 cents, down 44.7% from FY23 (3.84 cents).
- Working capital management
 - Inventory holding of \$21.7m (FY23: \$14.8m), inclusive of \$7.2m Force. \$14.5m inventory exclusive of Force, a \$0.3m / 1.4% reduction. Inventory as a percentage of revenue reduced (positively) to 13.0% (FY23: 13.3%, FY22: 14.2%), reflecting strong inventory management disciplines.
 - Net working capital investment (Receivables + Inventory – Payables) (exclusive of Force acquisition) is \$8.4m (7.4% of Revenue), down \$2.4m from FY23 (\$10.7m / 9.6%).

Cash Flows

- Operating Cash Flows
 - Operating cash inflow of \$6.3m in FY24, compared to \$6.8m in FY23, noting FY23 included \$1.0m one-off tax refund. Excluding tax refund, operating cash inflows \$0.4m higher than FY23.
 - Reflects working capital management disciplines across receivables, inventory and payables.
- Investing Cash Flows [Capital Expenditure] (excluding acquisition payments)
 - \$1.5m investment in Property, Plant and Equipment and Intangible Assets, off disciplined capital expenditure and investment approach, including facilities, eCommerce and digital initiatives (FY23: \$1.3m, FY22: \$1.3m).
- Free Cash Flows
 - Free cash flows are operating cash flows minus investing cash flows (excluding acquisitions payments).
 - Free cash flow of \$4.7m in FY24, down from \$5.6m in FY23, however exclusion of one-off tax refund received in FY23 normalises this to a \$0.1m increase.
- Investing Cash Flows - Acquisitions
 - Payment of final deferred consideration of \$0.45m during FY24 in relation to United Tools Pty Ltd.
 - Receipt of by \$0.43m cash held by Force on acquisition, for net \$0.01m cash outflow.

Capital and debt management

- Cash and Debt
 - Cash of \$10.1m (FY23: \$7.7m) and Net Debt of \$10.8m (FY23: \$7.2m).
 - Excluding Force contributions, closing positions were Cash of \$9.3m and Net Debt of \$4.9m.
- Debt Metrics
 - Excluding impact of Force acquisition on FY24 financial position, all debt metrics improved on FY23.
 - Net Debt of \$4.9m, down \$2.3m on FY23 (\$7.2m).
 - Net Debt to Statutory EBITDA¹ ratio reduced 39.2% to 0.8x (FY23: 1.4x).
- Debt Repayments
 - Repaid \$1.01m of acquisition debt (FY23: \$1.6m) and \$0.45m of deferred consideration (FY23: \$0.52m) relating to United Tools Pty Ltd in FY24. C&L acquisition debt fully repaid as of December 23, leaving acquisition debt balance of \$1.0m. Total combined original borrowings were \$5.75m.
 - No acquisition debt to fund Force acquisition - working capital facilities assumed.
- The Group continues to apply capital management disciplines across cash balances, working capital management, customer collections, supplier payments and debt repayments.

Shareholder Returns

- Record Earnings per share attributable to members of 1.34 cents, up 47.6% on FY23 (0.91 cents) (FY22: 0.60 cents, FY21: 0.57 cents, FY20: 0.10 cents).
- Record 30 June market capitalisation of \$24.2m as of 30 June 24, increase of 94% over 30 June 23 (\$12.5m) (FY22: \$10.0m, FY21: \$10.5m, FY20: \$6.5m).
- Return on Capital Employed (ROCE) of 9.6% (inclusive of one-month contribution from Force acquisition), to benefit in FY25 from full twelve-months contribution (FY23 9.9%, FY22: 6.0%).
- Return on Equity of 6.0%, up 40 basis points / 6.7% on prior year, despite \$3.2m increase in Equity relating to issue of shares on acquisition of Force (FY23: 5.6%, FY22: 4.0%).
- EV/Statutory EBITDA¹ of 5.8x (FY23: 3.7x):
 - Enterprise Value (EV) (market capitalisation + net debt) higher due to increases in both metrics - 94% uplift in share price between 30 June 23 and 30 June 24 and increase in net debt from Force acquisition.

Reconciliation of Profits table – Growth Related Investments

The Group has delivered Underlying EBITDA¹ from continuing operations of \$6.4m in FY24 (FY23: \$5.5m) after adding back the Growth-Related Investments made in FY24 totalling \$0.4m (FY23: \$0.2m).

The Group's strategy has continued to focus on 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 EBITDA¹ to the reported profit after tax attributable to the members is shown in the following table:

Reconciliation – full-year financial results	FY24 \$'000	FY23 \$'000
Underlying EBITDA¹ from continuing operations	6,431	5,491
Growth Related Investments:		
Transaction costs – due diligence, acquisition analysis, post-acquisition integration, and other related professional fees ²	(352)	(226)
Statutory EBITDA^{1,2}	6,079	5,265
Less: Depreciation	(2,838)	(2,943)
Less: Net Finance Costs	(1,385)	(1,068)
Profit for the period before tax – continuing operations	1,856	1,254
Profit for the period before tax – discontinued operations	123	-
Profit for the period before tax attributable to Members	1,979	1,254
Profit for the period after tax attributable to Members	1,355	902

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 FY24 include costs relating to post-acquisition and integration costs relating to acquisition of Force in FY24, plus other opportunities evaluated but which ultimately did not proceed, and branch consolidation costs.

FY24 - 1H/2H growth highlights

The Group's 2H performance saw it achieve single-digit growth across Revenue and Gross Profit, but double-digit uplift across the key profitability metrics from EBITDA through to NPAT compared to 1H, despite an economic environment in which the inflationary and interest-rate pressures continued. The Group's acquisition of Force contributed one-month trading to H2 FY24 performance, including \$1.9m of Revenue and \$0.14m NPAT.

- Revenue growth was lower in 2H FY24, however Gross Profit margin increased by 30 basis points. This was supported by operational initiatives focused on margin protection, inventory velocity, product profiling and rebate uplifts, collaboratively with both customers and suppliers.
- Cost base management saw reduced 2H expenses, principally Personnel costs both in % and \$ terms. This related to combination of natural attrition and centralisation of functions for increased visibility and efficiency. Total expenses were only marginally higher in 2H than 1H in absolute terms, including contribution from Force for June. This continues to be a key focus of the business heading into FY25.
- Consequently, the Group achieved the following EBITDA¹ improvements in 2H FY24:
 - 17.5% increase in Statutory EBITDA¹ to \$3.3m (1H \$2.8m; 2H FY23: \$3.0m).
 - 16.4% increase in Statutory EBITDA¹ margin to 5.7% (1H 4.9%; 2H FY23 5.2%).
- Depreciation and Amortisation costs (including AASB 16) were consistent between 2H and 1H, while the rise in Finance costs (including AASB 16) is attributed to debt acquired in Force.
- Statutory Profit before Tax (from continuing operations) rose 64% half-on-half, achieving \$1.2m for 2H (2.0% of revenue), which lead into 69.2% increase in Statutory Net Profit after Tax.
- Earnings per share rose 67.1% half-on-half, from 0.45 cents in 1H to 0.76 cents for 2H.

	Continuing Operations ^{2,3}		
	H2 FY24 \$'000	H1 FY24 \$'000	
Revenue	\$57,184	\$56,496	1.2%
Gross Profit	\$17,055	\$16,601	2.7%
Statutory EBITDA¹	\$3,285	\$2,794	17.5%
Add: Growth Related Investment costs	\$267	\$85	213.9%
Underlying EBITDA¹	\$3,552	\$2,879	23.3%
Statutory PBT	\$1,154	\$702	64.3%
Statutory NPAT	\$767	\$454	69.2%
Earnings per share (cents) (Statutory NPAT)	0.76	0.45	67.1%

	Continuing Operations ^{2,3}		
	H2 FY24	H1 FY24	
Gross Profit margin %	29.8%	29.4%	1.5%
Personnel - % of revenue	17.4%	18.2%	(4.3%)
Other expenses - % of revenue	6.7%	6.3%	6.6%
Total expenses - % of revenue	24.1%	24.5%	(1.5%)
Statutory EBITDA¹ margin	5.7%	4.9%	16.4%
Depreciation & Amortisation (incl. AASB 16) - % of revenue	2.5%	2.5%	(0.8%)
Finance costs (incl. AASB 16) - % of revenue	1.2%	1.2%	4.7%
Statutory Profit before Tax margin	2.0%	1.2%	62.3%

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 net NPAT contribution from discontinued operations of \$0.14m relating to Foreign Currency Translation Reserve benefit less UK closure costs during FY24 (FY23: \$Nil).

³ Calculations based on whole numbers.

Sustainability, People and Other Matters

Sustainability and Climate

Stealth does not consider it has direct material exposures to climate-related risks through the nature of its business, however, Stealth works closely with both suppliers and customers who may have material exposures to climate-related risks that could indirectly impact Stealth's operations and supply chain.

Safety, People and Wellbeing

Stealth maintains a continuous focus on critical safety risks, robust safety systems and targeted training and awareness programs with its employees. This focus includes how we move product safely through our supply chains, warehouses and customers. Safety audits are undertaken, including with assistance of external consultants, and safety incidents are reported to the board of directors.

Stealth has partnered with Assure Programs in offering Mental Health and holistic Wellbeing support to the Group's employees.

Stealth reports under WGEA requirements and continues to actively promote and support workplace gender equality, inclusion and diversity.

Other

Stealth has submitted its Modern Slavery Statement under Modern Slavery Act 2018.

Force packaging uses the world's most eco-friendly paper, complying with Forest Stewardship Council (FSC) guidelines and certifications that ensure that wood-derived materials are sourced from sustainably managed forests (including responsible water and energy usage, as well as forestry practices). Where plastics are used by Force, it keeps packaging plastic to an absolute minimum and for the small amount we do include, we use corn starch bioplastic. Corn starch bioplastic is made from polylactic acid (PLA) which is fermented plant starch, rather than harsh or toxic chemicals found in regular plastics. It has the same characteristics as regular plastic, but it's biodegradable and a renewable resource.

Operating Brands

Heatleys Safety, Industrial & Automotive (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 Skipper Transport Parts 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 to provide stronger customer offerings as an expanded one-stop shop, supported by contract and tendering activity and opportunities during FY24 and continuing into FY25.

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. FY24 saw continued 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 FY25. 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)

Established in 1969, and acquired by Stealth in December 2020, 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.

Industrial Supply Group (ISG) / United Tools Pty Ltd (UTL) / Trade Member Direct (TMD)

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 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. The acquisition of United Tools Pty Ltd was 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.

TMD is a specialised wholesale division, designed to support growth and resilience in the market by leveraging the collective strength of the vast network of distributors, retailers, service providers and supply partners to the collective Stealth Group.

During FY24, TMD has signed agreements with specific Preferred Suppliers which consolidate arrangements held by UTL, ISG and all Stealth subsidiaries into a new master buying and 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.

Force Technology International Pty Ltd (Force)

Force was acquired in June 2024, shortly before the end of the FY24 financial year.

Force is a leading wholesale distribution and solutions provider selling its products through ~3,310 retail reseller outlets across Australia. These include speciality communication retailers, major retail groups, service providers and network carriers. Force has over 30 years' experience in manufacturing sourcing, marketing and distributing mobile phone and tablet accessories, focusing on delivering the best offering of smart device lifestyle products to consumers via its reseller network.

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 may 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.

Strategy and disruption risks

Customer behaviour and preferences continue to change and are influenced by factors such as economic conditions, digital and technological development and disruption, sustainability preference and increasing choices. Stealth's strategy puts customers first, with ongoing focus on value, loyalty, e-commerce and experience.

In executing its strategy, there is a risk that Stealth may not realise the full benefits of initiatives that underpin its strategic plan. There is also a risk that initiatives may experience scope, time or cost variability or overruns. Stealth manages this risk through oversight by the Group's Board and management team.

Stealth's business operations and strategic priorities are subject to ongoing review and development and, where necessary, modification.

Competition risks

Any increase in competitive activity from new or existing competitors may have a detrimental effect on the Group's operations, particularly if Stealth fails to respond effectively to that competitive activity or its response is delayed. Increased competition may also adversely impact Stealth's long-term performance and profitability. We seek to manage this risk through the delivery of our strategic plan and execution of initiatives.

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.

The acquisition of Force occurred as of 1 June 2024, shortly before the end of the financial year. FY25 will see focus on the integration of Force into the Stealth Group. Stealth's acquisition history includes acquisitions completed in FY22 (STP in August 2021, UTL in March 2022 and UTA in May 2022), in addition to 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 2028.

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.

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 has had its debt funding facilities with CBA since FY21, which have provided the Group with expanded facilities both for acquisition-specific funding as well as broader working capital funding, including the acquisition of Force. 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.

Regulation and compliance risks

Stealth's operations require compliance with various legal and regulatory requirements including work health and safety, environmental regulations, workplace legislation, public liability, privacy and security, financial regulations and disclosure and reporting. Any regulatory breach could have a material negative impact on the reputation or financial results of Stealth or its stakeholders. Non-compliance with applicable laws and regulations could expose Stealth to fine, penalties, investigations, liabilities and reputation impacts. The Group's internal processes are assessed and tested for identification of and compliance with these requirements.

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

As a distributor, a wholesaler and a retailer of industrial maintenance, repair and operating (MRO) suppliers, consumer technology products and other related products and services, this depth and diversity is expected to provide a steady flow of growth and opportunities over the coming years.

The Group heads into FY25 continuing to centre its strategy on building revenue and profit with differentiation, scale, talent and by renewing its distribution portfolio through value-adding transactions, and integrating sustainable management practices to ensure long-term profitability.

Directors' Report

For the year ended 30 June 2024



Directors' Report

The Directors present their report together with the consolidated financial statements of Stealth Group Holdings Ltd (**Stealth** or **Company**) and its controlled entities (**Consolidated Entity** or **Group**) for the financial year ended 30 June 2024 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.

Michael Arnold (MAICD) – Managing Director

Experience and expertise	Mike is the founder of Stealth Group Holdings. He has transformed the company from a startup in 2014 into one of Australia's largest public-listed industrial distribution groups. With over 37 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 Thrive 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, a Director of WAM Active Limited (ASX:WAA) and has served as a board member on the UNSW Foundation since 1999. Mr. Poidevin represented Australia in Rugby Union from 1980 to 1992, 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.
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 name and particulars of the Company Secretary of the Company during or since the end of the financial year is:
John Boland

Mr. Boland was Company Secretary from the start of the period to the date of this report.

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 Group Holdings Ltd, with over 18 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).
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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 Mr. Giovanni Groppoli. The Audit and Risk Committee is chaired by Mr. Simon Poidevin.

The number of Directors' meetings (including meetings of the Committees) and the number of meetings attended by each of the Directors of the Company during the year ended 30 June 2024 are:

Director	Board meetings		Remuneration and Nomination Committee meetings		Audit and Risk Committee meetings	
	Held	Attended	Held	Attended	Held	Attended
Michael Arnold	10	10	1	1	3	3
Christopher Wharton (AM)	10	10	1	1	3	3
Giovanni Groppoli	10	10	1	1	3	3
Simon Poidevin	10	10	1	1	3	3

Directors' Interests

	Held at 1 Jul 2023 / Date of appointment	Purchases / (Sales)	Issued on vesting of Performance Rights	Held at 30 Jun 2024 and at the date of this Directors' Report
Mr. C Wharton	2,675,122	-	-	2,675,122
Mr. M Arnold	10,886,209	-	369,718	11,255,927
Mr. G Groppoli	1,428,895	-	-	1,428,895
Mr. S Poidevin	100,000	-	-	100,000

Principal Activity

Stealth Group Holdings is a distributor, wholesaler, and a retailer of industrial maintenance, repair and operating (MRO) supplies, consumer technology products and other related products and services.

Stealth uses a combination of multichannel and single channel online business models to provide customers, primarily businesses, with a range of options for finding and purchasing products through an Australia-wide network of highly integrated distribution centres, branches, company stores, websites, retail reseller stores, and independent operators.

Stealth's diversified businesses today, distribute hundreds of leading brands known for quality, made for everyone, used every day, to more than 40,000 businesses, institutions, trade-professionals, and retail consumers. Retail consumers buy our products in-store and online. Business customers place orders online, on mobile devices, through sales representatives, by email, over the phone and at local branches. These customers represent a broad collection of industries, including commercial, mining, infrastructure, government, manufacturing, construction, transportation, telco, consumer electronics, FMCG and convenience.

Stealth products include categories such as power tools, hand tools, safety, material handling, automotive, electrical, workplace, hardware, building, construction and mobile accessories, power, audio, device protection along with services like inventory management, design & manufacture, and technical support.

Approximately 1,100 suppliers provide Stealth with 200,000 products stocked in the company's distribution centres (DCs), stores and branches Australia-wide and a further 1 million products available on demand. Stealth employs ~250 team members directly across Australia.

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

Other than the Directors determining to pay a final dividend, there has not arisen in the interval between the year end and the date of this Report any other matter, 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 during the financial year ended 30 June 2024 (2023: \$nil).

Since year end, the Directors have determined to pay a fully franked final dividend of \$969,323 at a rate of \$0.0084 per share (2023: Nil cents).

Record date for determining entitlements to the final dividend is 5.00 pm (AWST) on September 2024.

Options

As at the date of this report, there are no unissued ordinary shares under option or performance rights arrangements.

Future Developments

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

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 may 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 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* (**Corporations Act**).

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 for audit services provided during the year are set out below. There were no amounts paid or payable to the auditors BDO for non-audit services during the year.

	2024 \$	2023 \$
Audit Services		
Audit Services - BDO	142,775	126,755
Total remuneration for audit services	142,755	126,755

The BDO entity performing the audit of the Group transitioned from BDO Audit (WA) Pty Ltd to BDO Audit Pty Ltd on the 7 May 2024. The disclosures include amounts received or due and recoverable by BDO Audit (WA) Pty Ltd, BDO Audit Pty Ltd and their respective related entities.

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 79.

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* 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 2024
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 2024

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 2024 (**FY24**).

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 FY24 outcomes in relation to the financial targets did not produce any payments for the threshold opportunity (FY23: nil). The FY24 outcomes in relation to the non-financial targets, including the provision of discretionary payments to Executives, was payment of \$125,000 (FY23: \$70,932).
Long-term incentives (LTI)	The Company did not grant any Performance Rights to KMP under the LTI scheme during FY24 (FY23: nil). 928,267 Performance Rights granted to KMP in FY21 vested in FY24. This vesting was due to the achievement of the EPS component (50%) and the KMP meeting the three-year service condition (30 September 23). The TSR component (50%) was not achieved, and these Performance Rights lapsed in FY24. The Performance Rights granted to KMP in FY22 relating to the TSR component (50%) did not achieve their criteria and lapsed as of 30 June 24. There are no outstanding Performance Rights granted to KMP as of 30 June 24.
Total remuneration	In FY24, the total remuneration was \$1,694,585, this amounted to an increase of \$78,161 (4.8%) compared to the previous financial year (FY23: \$1,616,424) (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.

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.

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 2023 Annual General Meeting

At the 2023 Annual General Meeting, 99.3% of votes cast were in favour of the adoption of the Company's remuneration report for the 2023 financial year. The Company did not receive any comments at the Annual General Meeting on its remuneration report.

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 2024 were as follows¹:

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. No LTI was offered in FY23 or FY24.

Statutory key performance indicators of the Group over the past five years

	2024	2023	2022	2021	2020
Profit for the year attributable to owners of Stealth Group Holdings Ltd (\$'000)	1,355	902	596	558	96
Basic earnings per share (cents)	1.34	0.91	0.60	0.57	0.10
Share price @ 30 June (cents)	21.0	12.5	10.0	10.5	6.9
Increase/(decrease) in share price (%)	68%	25%	(5%)	52%	
Total KMP incentives ¹ as percentage of profit/(loss) for the year (%)	9.8%	15.4%	9.4%	24.3%	52.1%

¹ KMP incentives comprise bonuses and share-based payments as per remuneration report.

(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.

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:

- an opportunity for eligible employees to receive an equity interest in the Company; and,
- 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

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.

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 (FY24)

No LTI was offered during FY24.

Assessing performance and claw-back of remuneration:

The Remuneration and Nomination 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 and Nomination 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 FY24

The FY24 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 FY24, a STI Financial was not considered payable.

STI Non-financial performance measures for FY24

The 2024 outcomes for non-financial targets provided discretionary payments to the Managing Director of \$125,000 (FY23: \$70,932).

LTI measures for FY24

The Company did not grant any Performance Rights to Key Management Personnel under the LTIP for FY24 (FY23: nil).

(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 2024 and 30 June 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 \$	Total \$	
2024								
Non-Executive Directors								
Mr. C Wharton	85,000	-	-	9,350	-	-	94,350	-
Mr. G Groppoli	65,000	-	-	7,150	-	-	72,150	-
Mr. S Poidevin	65,000	-	-	7,150	-	-	72,150	-
Total Non-Executive Directors	215,000	-	-	23,650	-	-	238,650	-
Executive Director								
Mr. M Arnold	486,800	125,000	18,054	27,500	9,436	-	666,790	19%
Total Executive Director	486,800	125,000	18,054	27,500	9,436	-	666,790	
Other KMP								
Mr. L Cruskall – COO	343,200	-	49,284	27,500	15,957	4,832	440,773	1%
Mr. J Boland - CFO	311,624	-	1,547	27,500	3,573	4,128	348,372	1%
Total Other KMP	654,824	-	50,831	55,000	19,530	8,960	789,145	
Total KMP	1,356,624	125,000	68,885	106,150	28,966	8,960	1,694,585	8%

	Short-Term Employment Benefits			Post-Employment benefits	Long-Term Employment Benefits		Total \$	% 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 \$		
2023								
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	9%

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

The movement during the year in the number of performance rights 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 July 2023 / Date of Appointment	Awarded during FY24	Lapsed/ Forfeited	Conversion to equity	Held at 30 June 2024 and at the date of this Directors' Report
Mr. M Arnold	369,718	-	-	(369,718)	-
Mr. L Cruskall	600,214	144,567	(363,333)	(381,448)	-
Mr. J Boland	420,371	67,121	(310,391)	(177,101)	-
Total	1,390,303	211,688	(673,724)	(928,267)	-

928,267 Performance Rights granted to KMP in FY21 vested in FY24. This vesting was due to the achievement of the EPS component (50%) and the KMP meeting the three-year service condition (30 September 23) and included a discretionary award of additional performance rights. The TSR component (50%) was not achieved, and these Performance Rights lapsed in FY24.

The Performance Rights granted to KMP in FY22 relating to the TSR component (50%) did not achieve their criteria and lapsed as of 30 June 24.

There were no Performance Rights granted to executives as LTI-based remuneration during FY24 (FY23: Nil).

There are no deferred Performance Rights as of 30 June 2024.

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 2023 / Date of appointment	Purchases/ (Sales)	Issued on vesting of Performance Rights	Held at 30 Jun 2024 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	-	369,718	11,255,927
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	-	381,448	586,448
Mr. J Boland ⁶	554,000	-	177,101	731,101

Note:

- 1,160,000 Shares held by Nicarddon 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.
- 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. 369,718 shares held by Michael Alan Arnold & Linda Jan Arnold as trustee for Arnold Family Trust. Mr. Arnold is a director and shareholder of the trustee and a beneficiary of the trust.
- 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.
- 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.
- 440,000 Shares held by the Trustee for JOL Cruskall Superannuation Fund, of which Mr. Cruskall is trustee and a beneficiary of the superannuation fund. 146,448 shares held by Mr. Cruskall in his name.
- 731,101 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.

	2024 \$	2023 \$
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	29,137	18,604
Trade and other payables owing to GlenForest Corporate of which Giovanni Groppoli is the Principal, from the Company as at end of the year	19,800	-

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 2024 or 2023 financial years.

Share-Based Compensation

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

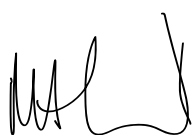
Loans to Key Management Personnel

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, 29 August 2024

Annual Financial Report

For the year ended 30 June 2024



Consolidated Statement of Profit or Loss and Comprehensive Income

For the Year Ended 30 June 2024

	Note	2024 \$	2023 \$
Continuing Operations			
Revenue	B2	113,680,264	110,992,974
Cost of sales		(80,023,887)	(78,441,615)
Gross Profit		33,656,377	32,551,359
Other income	B2	6,452	9,807
Personnel expenses		(20,266,453)	(19,664,599)
Administration expenses		(6,254,576)	(6,862,070)
Occupancy expenses		(704,079)	(533,962)
Transaction costs	B2	(352,116)	(225,688)
Depreciation and amortisation expense	B2	(2,838,037)	(2,942,710)
Finance costs	B2	(1,391,659)	(1,078,484)
Profit from continuing operations before income tax		1,855,909	1,253,653
Income tax expense	D1	(634,699)	(351,264)
Profit after tax from continuing operations		1,221,210	902,389
Profit after tax from discontinued operations	F5	134,070	-
Profit for the year		1,355,280	902,389
Profit for the year attributable to:			
Owners of the company		1,355,280	902,389
Comprehensive Income			
Profit for the year		1,355,280	902,389
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(215,704)	2,642
Total comprehensive income for the year		1,139,576	905,031
Total comprehensive income for the year attributable to:			
Owners of the company		1,139,576	905,031
Earnings per share for profit attributable to the ordinary equity holders of the company:			
		Cents	Cents
Basic earnings per share	E4	1.34	0.91
Diluted earnings per share	E4	1.34	0.91

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 2024

	Note	2024 \$	2023 \$
Current Assets			
Cash and cash equivalents	C1	10,147,518	7,727,333
Trade and other receivables	C4	19,162,069	16,985,476
Inventories	C5	21,731,590	14,787,361
Other assets	C6	807,463	540,361
Total Current Assets		51,848,640	40,040,531
Non-Current Assets			
Property, plant and equipment	C7	2,417,985	2,111,812
Right-of-use assets	C12	11,579,593	7,753,370
Intangible assets	C8	17,958,718	12,297,544
Deferred tax assets	D2	1,380,730	1,216,309
Other assets	C6	6,700	6,700
Total Non-Current Assets		33,343,726	23,385,735
TOTAL ASSETS		85,192,366	63,426,266
Current Liabilities			
Trade and other payables	C9	25,622,429	21,053,755
Lease liabilities	C12	2,209,810	1,648,721
Financial liabilities	C11	20,885,188	15,165,731
Provisions	C10	2,581,031	2,044,655
Total Current Liabilities		51,298,458	39,912,862
Non-Current Liabilities			
Lease liabilities	C12	9,738,433	6,508,485
Financial liabilities	C11	2,500,000	-
Deferred tax liabilities	D2	1,042,149	689,032
Provisions	C10	245,764	255,333
Total Non-Current Liabilities		13,526,346	7,452,850
TOTAL LIABILITIES		64,824,804	47,365,712
NET ASSETS		20,367,562	16,060,554
Equity			
Issued capital	E1	16,862,246	13,528,699
Accumulated funds	E3	3,329,344	1,974,064
Reserves	E1	175,972	557,791
TOTAL EQUITY		20,367,562	16,060,554

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 2024

	Attributable to owners of Stealth Group Holdings Ltd			
	Issued Capital \$	Reserves \$	Accumulated Funds \$	Total \$
Balance as at 1 July 2022	13,528,699	464,065	1,071,675	15,064,439
Profit for the year	-	-	902,389	902,389
Other comprehensive income for the year	-	2,642	-	2,642
Total comprehensive income for the year	-	2,642	902,389	905,031
Transactions with Equity Holders in their capacity as Equity Holders				
Share based payments – long term incentives	-	91,084	-	91,084
Balance as at 30 June 2023	13,528,699	557,791	1,974,064	16,060,554
Balance as at 1 July 2023	13,528,699	557,791	1,974,064	16,060,554
Profit for the year	-	-	1,355,280	1,355,280
Other comprehensive income for the year	-	(215,704)	-	(215,704)
Total comprehensive income for the year	-	(215,704)	1,355,280	1,139,576
Transactions with Equity Holders in their capacity as Equity Holders				
Ordinary shares issued	3,355,470	(177,591)		3,177,879
Share issue costs	(21,923)			(21,923)
Share based payments – long term incentives	-	11,476	-	11,476
Balance as at 30 June 2024	16,862,246	175,972	3,329,344	20,367,562

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 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers		117,887,250	111,094,711
Payment to suppliers		(110,458,984)	(104,418,012)
Interest paid		(1,179,342)	(865,015)
Income tax refund received / (paid)		1,850	1,035,242
Net cash inflow from operating activities	C2	6,250,774	6,846,926
Cash flows from investing activities			
Payments for plant & equipment		(371,184)	(572,220)
Proceeds from the sale of plant & equipment		57,154	122,831
Interest received		6,452	9,807
Payment for intangible assets		(1,241,366)	(846,554)
Payment for acquisition of business / subsidiary – net of cash acquired	F3	(12,786)	(523,173)
Net cash (outflow) from investing activities		(1,561,730)	(1,809,309)
Cash flows from financing activities			
Proceeds from financial liabilities		931,863	21,767
Repayment of financial liabilities		(3,200,722)	(2,081,858)
Net cash inflow/(outflow) from financing activities		(2,268,859)	(2,060,091)
Net increase in cash and cash equivalents		2,420,185	2,977,526
Cash and cash equivalents at the beginning of the year		7,727,333	4,749,807
Cash and cash equivalents at the end of the year	C1	10,147,518	7,727,333

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 2024

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 2024 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 29 August 2024.

(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) Inventories – valuation of inventory	Section C5

A3 Material 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 (FY23: two) 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. This is consistent with FY23 disclosures.

The Group's Business Solutions operations are a wide-range distributor and retailer of Industrial, Safety, MRO, Automotive and Workplace products and value-add solutions to Commercial, Trade and DIY consumers. They 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. FY24 includes the contribution from Force for the month of June.

The Group's Retail Solutions operations provide centralised supplier and member services supporting the larger-scale distribution network that includes both Stealth-owned business solutions and independent member stores. They 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 2024	Business Solutions \$	Retail Solutions \$	Unallocated \$	Group Total \$
Total Revenue	103,689,210	10,201,844	1,629	113,892,683
Adjusted operating profit / (loss)	2,853,653	1,772,492	(903,341)	3,722,804
Transaction costs	-	(63,915)	(288,201)	(352,116)
Operating profit / (loss)	2,853,653	1,708,577	(1,191,542)	3,370,688
Finance expense				(1,391,659)
Profit before income tax				1,979,029
Income tax expense				(623,749)
Profit for the year attributable to owners of the company				1,355,280
Reportable segment assets	63,731,049	8,169,041	13,292,276	85,192,366
Reportable segment liabilities	35,875,027	6,374,770	22,575,007	64,824,804
Capital employed	27,856,022	1,794,271	(9,282,731)	20,367,562
Capital expenditure	371,184	-	-	371,184
Depreciation and amortisation	2,490,412	13,433	334,192	2,838,037

Refer section B2 for revenue from services.

Business Solutions includes \$212,419 Revenue from discontinued operations, and \$134,070 operating profit (refer section F5). Income tax expense includes \$10,950 from Discontinued Operations (refer section D1).

Unallocated segment assets principally relate to investments in subsidiaries by the parent entity, while unallocated segment liabilities principally include group financial liabilities, deferred consideration and group lease liabilities.

Year ended 30 June 2023	Business Solutions \$	Retail Solutions \$	Unallocated \$	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

B2 Revenues, Other Income and Other Expenses

	2024 \$	2023 \$
(a) Revenue		
Sales revenue	104,174,625	100,723,139
Service revenue	9,505,639	10,269,835
Total Revenue	113,680,264	110,992,974
(b) Other income		
Interest income	6,452	9,807
(c) Other expenses		
Expected credit losses	6,328	68,384
(d) Employee benefits expense		
Wages and salaries costs (excluding superannuation)	17,067,376	16,085,227
Superannuation	1,848,712	1,737,518
(e) Depreciation and amortisation		
Depreciation of property, plant and equipment	532,742	591,981
Depreciation of Right-of-use assets	1,949,294	2,187,684
Amortisation of intangible assets	356,001	163,045
Total depreciation and amortisation	2,838,037	2,942,710
(f) Finance costs		
Interest expense for lease liabilities	241,472	228,968
Interest expense for financial liabilities	1,150,187	849,516
Total finance costs	1,391,659	1,078,484
(g) Transaction costs		
Pre- and post-acquisition and integration costs relating to business combinations, M&A and other strategic reviews not proceeded with, and branch consolidation costs.	352,116	225,688

Section C: Operating Assets and Liabilities

C1 Cash and Cash Equivalents

	2024 \$	2023 \$
Cash and bank balances	10,147,518	7,727,333

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

C2 Reconciliation of Cash Flows Used in Operating Activities

	2024 \$	2023 \$
(a) Profit after income tax	1,139,576	902,389
Adjustments for:		
Depreciation of property, plant and equipment	532,742	591,981
Depreciation of Right-of-use assets	1,949,294	2,187,684
Amortisation of intangible assets	356,001	163,045
Profit on sale of non-current assets	(4,952)	(40,044)
Share based payment expense	11,476	91,084
Net foreign exchange (gain)/loss	-	2,642
Interest income recognised in profit/loss	(6,452)	(9,807)
Other non-cash income	-	(130,781)
Change in operating assets and liabilities, net of effects from purchase of controlled entities:		
(Increase)/decrease in trade and other receivables	4,059,624	907,775
(Increase)/decrease in inventories	(1,434,980)	(1,471,153)
(Increase)/decrease in deferred tax assets	1,046,512	388,408
(Increase)/decrease in other current assets	(829,199)	849,098
Increase/(decrease) in trade and other payables	191,872	2,381,911
Increase/(decrease) in provisions	(274,865)	(290,993)
Increase/(decrease) in current tax liabilities	(7,494)	(3,221)
Increase/(decrease) in deferred tax liabilities	(478,381)	326,908
Net cash inflow from operating activities	6,250,774	6,846,926

Non-cash investing and financing activities disclosed in other notes include:

- Acquisition of Force – refer section F3. Includes right-of-use assets and lease liabilities acquired, issue of shares as consideration and deferred outperformance incentive.
- Shares issued to employees on vesting of Performance Rights – refer sections E1 and E6.

C3 Net Debt

Refer sections C1 Cash, C11 Financial Liabilities and C12 Lease Liabilities for gross assets and liabilities under each category, movements and other disclosure requirements.

	30 Jun 24 \$	31 Dec 23 \$	30 Jun 23 \$
Total current borrowings	20,885,188	14,516,366	14,773,526
Total non-current borrowings	-	-	-
Equipment leases due within 1 year	48,030	87,269	112,922
Equipment leases due after 1 year	30,296	43,706	81,411
Total borrowings including equipment leases	20,963,514	14,647,341	14,967,859
Cash on hand	(10,147,518)	(8,826,192)	(7,727,333)
Net debt	10,815,996	5,821,149	7,240,526
Includes:			
Acquisition-specific debt	1,015,625	1,421,875	2,041,667
Acquisition-support debt via working capital facility	4,813,309	4,356,137	4,356,137
Working capital facility on acquisition	5,858,040	-	-
Total acquisition debt	11,686,974	5,778,012	6,397,804
Net debt excluding acquisition debt	(870,978)	43,317	842,722
Receivables and Inventory	40,900,863	29,345,764	31,839,483

Net Debt focuses on balances and movements in Cash and Financial Liabilities only, reflecting operational-focused cash and debt categories.

	2024 \$	2023 \$
Net cash/(debt) reconciliation (excluding AASB 16 lease liabilities)		
Cash and cash equivalents (all unrestricted cash balances)	10,147,518	7,727,333
Borrowings - repayable within one year	(20,885,188)	(14,773,526)
Net cash/(debt) (excluding AASB 16 lease liabilities)	(10,737,670)	(7,046,193)
Cash	10,147,518	7,727,333
Gross debt – variable interest rates (excluding AASB 16 lease liabilities)	(20,826,797)	(14,736,666)
Gross debt – fixed interest rates (excluding AASB 16 lease liabilities)	(58,391)	(36,860)
Net cash/(debt) (excluding AASB 16 lease liabilities)	(10,737,670)	(7,046,193)

	Cash	Borrowings due within 1 year	Borrowings due after 1 year	Total
Net cash/(debt) (excluding AASB 16 lease liabilities) as at 1 July 2023:	7,727,333	(14,773,526)	-	(7,046,193)
Acquisitions deferred payments ⁽ⁱ⁾	-	(445,233)	-	(445,233)
Working capital investment ⁽ⁱⁱ⁾	1,987,734	778,118	-	2,765,852
Capital expenditure ⁽ⁱⁱⁱ⁾	-	(1,612,549)	-	(1,612,549)
Debt repayments	-	1,026,042	-	1,026,042
Sub-total	9,715,067	(15,027,148)	-	(5,312,081)
Cash/(debt) acquired in acquisition of Force	432,451	(5,858,040)	-	(5,425,589)
Net cash/(debt) (excluding AASB 16 lease liabilities) as at 30 June 2024	10,147,518	(20,885,188)	-	(10,737,670)

Notes:

(i) Net cash impact of payment of final deferred payments relating to United Tools Pty Ltd.

(ii) Net investment in working capital (receivables, inventory, payables), including Force post-acquisition.

(iii) Net investment in PPE and intangible assets.

	Cash	Borrowings due within 1 year	Borrowings due after 1 year	Total
Net cash/(debt) (excluding AASB 16 lease liabilities) as at 1 July 2022:	4,749,807	(12,623,822)	(2,041,667)	(9,915,682)
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)
Debt repayments	-	416,667	1,229,167	1,645,834
Non-current to current reclassified ^(iv)	-	(812,500)	812,500	-
Net cash/(debt) (excluding AASB 16 lease liabilities) as at 30 June 2023	7,727,333	(14,773,526)	-	(7,046,193)

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.

The Group had motor vehicle lease liabilities of \$78,326 as of 30 June 2024 (2023: \$194,333), comprising current liabilities of \$48,030 (2023: \$112,922) and non-current liabilities of \$30,296 (2023: \$81,411). These are included in total lease liabilities (refer section C12).

C4 Trade and Other Receivables

	2024 \$	2023 \$
Trade receivables	15,703,002	14,154,018
Expected credit losses	(354,917)	(233,833)
	15,348,085	13,920,185
Income tax receivables	7,806	6,216
Rebates and other receivables	3,806,178	3,059,075
	19,162,069	16,985,476

Impairment

The Group assessed on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

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

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 1.0% for balances 31-60 days (2023: 0%), 5.0% (2023: 4.0%) for balances 61-90 days and 76.4% (2023: 64.5%) 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 in the prior year that remains outstanding at 30 June 2024 for \$146,197 (2023: \$146,197).

Movements in the expected credit losses for trade and other receivables were as follows:

	2024 \$	2023 \$
At beginning of the year	233,833	57,518
Expected credit losses acquired on acquisition of subsidiary	128,683	130,781
Expected credit losses for impairment during the year	6,328	68,384
Debts written off during the year	(13,927)	(22,850)
At end of the year	354,917	233,833

At 30 June 2024, the ageing analysis of trade and other receivables is as follows:

	2024 \$	2023 \$
0 – 30 Days	9,477,396	9,024,782
31 – 60 Days	4,801,965	3,888,917
61 – 90 Days	1,126,277	935,769
+90 Days	297,364	304,550
	15,703,002	14,154,018

C5 Inventories

	2024 \$	2023 \$
Finished goods – at cost	23,655,258	15,569,549
Provision for obsolescence	(1,923,668)	(782,188)
	21,731,590	14,787,361

Inventories recognised as an expense during the year ended 30 June 2024 amounted to \$74,175,083 (2023: \$72,127,656). These were included in Cost of Sales.

No specific write-down of inventory values was recognised in 2024 (2023: \$Nil).

C6 Other Assets

	2024 \$	2023 \$
<i>Current</i>		
Prepayments	627,288	396,394
Deposits paid	180,175	143,967
	807,463	540,361
<i>Non-Current</i>		
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 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
Year ended 30 June 2024					
At 1 July 2023, net of accumulated depreciation	561,430	443,767	664,354	442,261	2,111,812
Additions	14,711	26,337	78,963	216,419	336,430
Acquisition through business combinations (WDV)	311,567	-	166,791	86,600	564,958
Disposals	-	(43,945)	(16,044)	(2,484)	(62,473)
Depreciation for the year	(202,774)	(109,891)	(140,249)	(79,828)	(532,742)
At 30 June 2024, net of accumulated depreciation	684,934	316,268	753,815	662,968	2,417,985
At 30 June 2024					
Cost	4,806,167	974,221	3,937,575	1,236,774	10,954,737
Accumulated depreciation	(4,121,233)	(657,953)	(3,183,760)	(573,806)	(8,536,752)
Net carrying amount	684,934	316,268	753,815	662,968	2,417,985

C8 Intangible Assets

	2024 \$	2023 \$
Goodwill		
Opening balance	10,585,357	10,440,110
Arising on acquisition through business combination – Force Technology International Pty Ltd	4,797,431	-
Arising on acquisition through business combination – Skipper Transport Parts	-	84,545
Arising on acquisition through business combination – United Tools Pty Ltd	-	6,108
Arising on acquisition through business combination – United Tools Albany	-	54,594
Closing balance	15,382,788	10,585,357
Internally Generated Software (eCommerce)		
Opening balance	1,887,530	1,232,010
Additions – internal development	1,219,744	655,520
Closing balance	3,107,274	1,887,530
Total Intangible Assets at Cost	18,490,062	12,472,887
Less: Accumulated Amortisation	(531,344)	(175,343)
Total Intangible Assets	17,958,718	12,297,544

Refer section 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% (2023: 12%) based on a weighted average cost of capital; revenue growth rate of 0% (other than 5% for C&L Tools) (2023: 0%); gross profit margin of 27.8% (2023: 28.7%) and a terminal value growth rate of 2% (2023: 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 FY24 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 a material impairment

	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	5%	0%	2%	12%
Retail Solutions operations	1,401,677	0%	0%	2%	12%
Force Technology	4,797,431	0%	0%	2%	12%
Total Goodwill	15,382,788				

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 2024, the carrying amount of these internal software initiatives was \$2,575,930 (2023: \$1,712,187).

C9 Trade and Other Payables

	2024 \$	2023 \$
Current – unsecured		
Trade creditors	17,554,711	16,897,849
Other creditors	2,267,649	1,121,811
Accrued expense	5,102,889	2,600,700
GST payable	697,180	433,395
	25,622,429	21,053,755

C10 Provisions

	2024 \$	2023 \$
Current		
Provision for employee entitlements	2,581,031	2,044,655
Non-current		
Occupancy provision	167,193	179,163
Provision for employee entitlements	78,571	76,170
Non-current total	245,764	255,333

C11 Financial Liabilities

	2024 \$	2023 \$
Current:		
Borrowings		
Commonwealth Bank of Australia facility	20,826,797	14,736,667
Insurance Premium Funding	58,391	36,860
Total Current Borrowings	20,885,188	14,773,527
Other Financial Liabilities		
Deferred marketing rebate – United Tools Pty Ltd	-	392,204
Total Current Other Financial Liabilities	-	392,204
Total Current Financial Liabilities	20,885,188	15,165,731
Non-current:		
Other Financial Liabilities		
Deferred outperformance – Force Technology International Pty Ltd	2,500,000	-
Total Non-Current Other Financial Liabilities	2,500,000	-
Total Non-Current Financial Liabilities	2,500,000	-
Total Financial Liabilities	23,385,188	15,165,731

	2024 \$	2023 \$
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)	5,618,086	4,106,560
Cash on Hand	10,147,518	7,727,333
Total Available	15,765,604	11,833,893

The Stealth CBA facility (excluding separate Force CBA facility noted below) comprises working capital facilities plus acquisition-specific debt facilities. The Group's finance facilities with CBA, other than relating to the acquisition of Force in June 2024, were consistent at \$15.0 million for the whole of FY24 (FY23: \$15.0 million) relating to working capital facilities. This CBA facility is secured by a floating charge over the Australia-based assets of Stealth Group Holdings Ltd. The interest rate is variable and was 6.16% p.a. at 30 June 2024 (2023: 5.87%).

With the acquisition of Force in June 2024, the Force CBA facility is distinct to the Stealth CBA noted above. This facility comprises \$8.5m of working capital facilities. The Force CBA facility is secured by a floating charge over the assets of Force Technology International Pty Ltd and a parent guarantee by Stealth Group Holdings Ltd. The interest rate is variable and was 6.15% p.a. at 30 June 2024.

Insurance Premium Funding Facility had fixed interest rate of 3.90% over its term of ten months (2023: 2.75% over ten months term).

Deferred Liabilities

- United Tools Pty Ltd deferred marketing rebate was settled in March 2024.
- The Force Technology International Pty Ltd Outperformance Incentive is payable in cash in October 2026 if specific profit targets are exceeded in FY26. The calculation basis is total Force EBITDA for FY26, from which subtract \$2.5 million from the total Force EBITDA, multiply the result by 4 and multiply the resulting figure by 25% to determine the final payment amount.

C12 Right-of-Use Assets and Lease Liabilities

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.

	2024 \$	2023 \$
Opening Carrying Value Non-Current Right-of-use asset	7,753,370	8,739,441
Right-to-use asset arising upon Business Combination	2,979,321	-
Depreciation	(1,949,294)	(2,187,683)
Lease extension and rate increase	2,796,196	1,201,612
Closing Carrying Value of Non-Current Right-of-use asset	11,579,593	7,753,370

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.

	2024 \$	2023 \$
Current lease liabilities	2,209,810	1,648,721
Non-current lease liabilities	9,738,433	6,508,485
Total lease liabilities	11,948,243	8,157,206

The lease liabilities secured over motor vehicles have interest rates fixed at rates between 2.34% and 7.06% (2023: 2.34% and 7.06%). The term of the leases is between 1 and 4 years with equal monthly repayments.

	2024 \$	2023 \$
Non-cash financing		
Acquisition of motor vehicles by means of lease	-	67,129

The lease liabilities relating to properties 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% (2023: 3.6%).

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

	AASB 16 leases due within 1 year \$	AASB 16 leases due after 1 year \$	Total \$
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
Cash flows	(513,871)	(1,496,382)	(2,010,253)
Acquisitions and new lease – lease liabilities and lease incentives	1,139,851	4,777,445	5,917,296
Lease liabilities under AASB 16 – 30 June 2024	2,161,780	9,708,137	11,869,917

Section D: Taxation

D1 Income Tax Expense

	2024 \$	2023 \$
(a) Income tax credit / (expense) from Continuing Operations		
Current tax	(66,566)	(1,420,029)
Deferred tax	(568,133)	1,068,765
	(634,699)	(351,264)
(b) Income tax (expense) is attributable to:		
Profit from continuing operations	(634,699)	(351,264)
Profit from non-continuing operations	10,950	-
	(623,749)	(351,264)
(c) Numerical reconciliation between tax expense and pre-tax net profit		
Profit from continuing operations before income tax expense	1,855,909	1,253,653
Profit from non-continuing operations before income tax expense	123,120	-
Income tax expense calculated at 30% (2023: 30%)	(593,708)	(376,096)
Effect on amounts which are not subject to tax:		
Non-assessable income	63,726	-
Non-deductible items	(42,413)	(35,064)
Overprovision / (under provision) from prior year	(33,884)	56,191
Other	(17,470)	3,705
Income tax expense	(623,749)	(351,264)

D2 Deferred Tax Balances

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

	2024 \$	2023 \$
Deferred tax assets		
Receivables	111,902	75,242
Payables, accruals and provisions	1,206,593	880,043
Capital costs deductible over five years	28,185	53,176
Inventory	-	158,605
Other items	34,050	49,243
	1,380,730	1,216,309
Deferred tax liabilities		
Accrued income	4,023	-
Property, plant and equipment	512,463	664,640
Inventory	505,731	-
Unrealised foreign exchange gains	9,409	15,893
Other items	10,523	8,499
	1,042,149	689,032

D3 Tax Rates and Tax Consolidation

	2024 \$	2023 \$
Australia	30%	30%
Malaysia	24%	24%
United Kingdom	19%	19%

Tax consolidation legislation

Stealth Group 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 F1.

Section E: Capital Structure

E1 Issued Capital and Reserves

	Number of Shares 2024	Number of Shares 2023	2024 \$	2023 \$
Ordinary shares on issue				
Balance at the beginning of the year	99,700,000	99,700,000	13,528,699	13,528,699
Ordinary shares issued 16 Oct 23 - Performance Rights	1,250,639	-	177,591	-
Ordinary shares issued 14 Jun 24 - Force acquisition	14,444,903	-	3,177,879	-
Share issue costs	-	-	(21,923)	-
Balance at the end of the year	115,395,542	99,700,000	16,862,246	13,528,699

1,250,639 shares were issued to employees on 16 October 2023 from the vesting of Performance Rights granted in FY2021 on achievement of the EPS component.

14,444,903 shares were issued on 14 June 2024 in relation to the acquisition of Force Technology International Pty Ltd, refer section F3 for further details.

	2024 \$	2023 \$
Reserves		
Foreign currency translation reserve		
At the beginning of the year	219,653	217,011
Movements during the year	(215,704)	2,642
At the end of the year	3,949	219,653
Share-based payments reserve		
At the beginning of the year	338,138	247,054
Movements during the year	(166,115)	91,084
At the end of the year	172,023	338,138
Total Reserves	175,972	557,791

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 section E6 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. Refer section F5 for further details.

E2 Dividends

There were no dividends paid during the financial year ended 30 June 2024 (2023: \$nil).

Since year end the directors have determined to pay a fully franked final dividend of \$969,323 at a rate of \$0.0084 per share (2023: Nil cents).

Dividend Franking Credit

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$	\$	\$	\$
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2023 – 30%)	5,379,068	2,500,105	5,379,068	2,500,105

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

	2024	2023
	\$	\$
Accumulated profits at the beginning of the year	1,974,064	1,071,675
Profit for the year	1,355,280	902,389
Accumulated profits at the end of the year	3,329,344	1,974,064

E4 Earnings per Share

	2024	2023
	\$	\$
Profit used in the earnings per share calculation	1,355,280	902,389
Weighted average number of ordinary shares (Basic & Diluted)	101,479,821	99,700,000
Earnings Per Share (cents) (Basic & Diluted)	1.34	0.91

There were no outstanding options at 30 June 2024 or 30 June 2023, accordingly basic and dilutive calculations are identical.

E5 Contingent Liabilities

There are no contingent liabilities as at 30 June 2024 (2023: \$Nil).

E6 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 – Performance Rights Plan

The establishment of the Stealth Group 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 Remuneration and Nomination 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 Remuneration and Nomination 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 Remuneration and Nomination 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.

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.

FY2024 Performance Rights

1,250,639 Performance Rights granted, to KMP (928,267) and employees (322,372), in FY21 vested in FY24. This vesting was due to the achievement of the EPS component (50%) and the KMP and employees meeting the three-year service condition (30 September 23). The TSR component (50%) was not achieved, and these Performance Rights lapsed in FY24.

The Performance Rights granted to KMP in FY22 relating to the TSR component (50%) did not achieve their criteria and lapsed as of 30 June 24.

There were no Performance Rights granted to executives as LTI-based remuneration during FY24 (FY23: Nil).

There are no deferred Performance Rights as of 30 June 2024.

Total expenses arising from share-based transactions recognised during the period as part of employee benefits expenses were \$11,476 (2023: \$91,084) related to Performance Rights.

Section F: Group Structure

F1 Parent Entity Information

As at and throughout the financial year ended 30 June 2024, the parent and ultimate parent entity of the Group was Stealth Group Holdings Ltd.

Summary financial information

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

	2024 \$	2023 \$
Financial position		
Assets		
Current assets	1,035,177	784,332
Non-current assets	25,986,930	22,484,977
Total assets	27,022,107	23,269,309
Liabilities		
Current liabilities	15,434,367	15,756,848
Non-current liabilities	7,323,110	4,758,041
Total liabilities	22,757,477	20,514,889
NET ASSETS	4,264,630	2,754,420
Equity		
Issued capital	16,544,472	13,210,927
Accumulated funds	(12,451,866)	(10,794,645)
Options reserve	172,024	338,138
TOTAL EQUITY	4,264,630	2,754,420
Financial performance		
Loss for the year	(1,657,221)	(3,074,803)
Total comprehensive income	(1,657,221)	(3,074,803)

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

Stealth Group Holdings Ltd and the members of the Closed Group have entered a Deed of Cross Guarantee as described in section 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 13 December 2023.

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 section F4. The parent had no other contingent liabilities at 30 June 2024.

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

Investments in subsidiaries are accounted for at cost in the financial statements of Stealth Group Holdings Ltd.

(ii) Tax consolidation legislation

Stealth Group Holdings Ltd and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. The head entity Stealth Group 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 Group 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 Group Holdings Ltd for any current tax payable assumed and are compensated by Stealth Group 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 Group 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 2024	Entity interest 30 June 2023
Parent entity			
Stealth Group Holdings Ltd	Australia	n/a	n/a
Controlled entities			
Stealth Global Industries (Australia) Pty Ltd	Australia	100%	100%
Stealth Industries Sdn Bhd	Malaysia	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%
Trade Counter Direct Pty Ltd	Australia	100%	100%
BSA Brands (Australia) Pty Ltd ¹	Australia	100%	50%
Tool Shop Direct (Australia) Pty Ltd ¹	Australia	100%	50%
C&L Tool Centre Pty Ltd	Australia	100%	100%
United Tools Pty Ltd	Australia	100%	100%
Force Technology International Pty Ltd	Australia	100%	n/a

¹ Stealth acquired the remaining 50% interest in BSA Brands (Australia) Pty Ltd and Tool Shop Direct (Australia) Pty Ltd during FY2024 for \$nil consideration. Both are non-trading entities. BSA Brands (Australia) Pty Ltd has share capital of \$1,000 and a corresponding asset balance. Tool Shop Direct (Australia) Pty Ltd 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 \$
Force Technology International Pty Ltd	1 June 2024	1,913,521	135,102

During the year, the Group gained control of Force Technology International Pty Ltd by way of acquisition. Refer to section F3 for further details.

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 \$
Stealth Global Industries (UK) Limited	19 March 2024	Nil	Nil

Entity was dissolved on 19 March 2024.

F3 Business Combinations

Business Combination – Acquisition of Force Technology International Pty Ltd

Stealth Group Holdings Ltd acquired 100% of the issued capital of Force Technology International Pty Ltd (Force) effective 1 June 2024. The acquisition is complementary to the Group's existing business and will benefit the Group through Force bringing its expertise and knowledge in areas such as label development, market expansion, product expansion, cost and revenue synergy opportunities and enhanced customer experience.

Details of the purchase consideration, goodwill and net assets of Force on application of provisional accounting are as follows:

Purchase consideration:	2024
Cash paid	Nil
Issue of 14,444,903 ordinary shares at \$0.22 per share (14 June 2024)	3,177,879
Contingent consideration	2,500,000
Total purchase consideration	5,677,879
Fair value of assets and liabilities recognised as a result of the acquisition:	
Cash	432,447
Receivables – net of provisions	3,279,295
Inventories – net of provisions	7,432,916
Right-of-use asset (AASB 16)	2,979,321
Property, plant and equipment	564,958
Deferred tax assets	1,207,091
Other debtors	404,510
Total identifiable assets acquired	16,300,538
Trade and other payables	(4,404,065)
Current tax liabilities	(7,494)
Provisions	(801,673)
Financial liabilities	(6,396,040)
Deferred tax liability	(831,497)
Lease liabilities (AASB 16)	(2,979,321)
Total net identifiable assets acquired	880,448
Goodwill – Force acquisition	4,797,431

The goodwill is attributable to Force's strong market position, unique product mix offering, nationwide distribution network, and profitability. Additionally Force brings its expertise and knowledge in areas such as label development, market expansion, product expansion, cost and revenue synergy opportunities and enhanced customer experience.

Acquisition-related costs of \$25,671 are included in transaction costs in profit or loss.

The fair value of the 14,444,903 shares issued is based on the SGI closing share price on the date of the shares being quoted on the ASX.

Refer to section C12 in relation to recognition of right-of-use assets and lease liabilities.

The Outperformance Incentive is payable in cash in October 2026 if specific profit targets are exceeded in FY26. The calculation basis is total Force EBITDA for FY26, from which subtract \$2.5 million from the total Force EBITDA, multiply the result by 4 and multiply the resulting figure by 25% to determine the final payment amount.

The acquired business contributed revenues of \$1.9 million and net profit after tax of \$0.14 million for the period 1 June 2024 to 30 June 2024, noting that Force experiences seasonality within its annual trading cycle and June is consistently its lowest revenue month of the financial year. If the acquisition had occurred on 1 July 2023, consolidated revenue and consolidated profit after tax attributable to members for the year ended 30 June 2024, based on annualisation of June trading, would have been \$136.6 million and \$2.99 million respectively.

Purchase consideration – cashflows

	2024 \$	2023 \$
Cash Flows on Acquisition of Force		
Net cash inflow on cash acquired on acquisition of Force	432,447	-
Cash Flows on Other Acquisitions		
Net cash (outflow) on deferred consideration payments for United Tools	(445,233)	(523,173)
Payment for acquisition of business / subsidiary – net of cash acquired per Consolidated Statement of Cash Flows	(12,786)	(523,173)

Acquisition-related costs of \$25,671 are included in operating cash flows in the statement of cash flows

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 Group 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	24 June 2021
United Tools Pty Ltd	31 May 2022

Note

1 Force Technology International Pty Ltd will sign an Assumption Deed in FY2025, at which point it will join 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 Group 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 2024 of the Closed Group.

	2024 \$	2023 \$
<i>Consolidated statement of profit or loss and comprehensive income</i>		
Continuing Operations		
Revenue	111,765,090	110,991,671
Cost of sales	(79,002,477)	(78,439,127)
Gross Profit	32,762,613	32,552,544
Other income	6,363	8,963
Personnel expenses	(19,891,233)	(19,647,117)
Administration expenses	(6,198,038)	(6,842,585)
Occupancy expenses	(666,454)	(530,782)
Transaction costs	(352,116)	(225,688)
Depreciation and amortisation expense	(2,820,333)	(2,942,710)
Finance costs	(1,337,488)	(1,078,484)
Profit from continuing operations before income tax	1,503,314	1,294,141
Income tax expense	(549,241)	(406,094)
PROFIT FOR THE YEAR	954,073	888,047
OTHER COMPREHENSIVE INCOME		
Profit for the year	954,073	888,047
Other comprehensive income	212,419	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,166,492	888,047
<i>Summary of movements in consolidated retained earnings</i>		
Retained Earnings at the beginning of the financial year	2,600,299	1,712,252
Profit for the year	1,166,492	888,047
Retained Earnings at the end of the financial year	3,766,791	2,600,299

(b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2024 of the Closed Group.

	2024 \$	2023 \$
CURRENT ASSETS		
Cash and cash equivalents	9,287,959	7,725,266
Trade and other receivables	15,564,556	16,912,614
Inventories	14,528,452	14,825,384
Prepayments	460,330	396,394
Other assets - current	177,675	143,967
Total Current Assets	40,018,972	40,003,625
NON-CURRENT ASSETS		
Property, plant and equipment	1,870,731	2,111,812
Intangible assets	13,013,175	12,149,431
Deferred tax assets	932,875	1,216,309
Investments	5,901,879	224,000
Right-of-use assets	8,615,349	7,753,370
Other assets	6,700	685,541
Total Non-Current Assets	30,340,709	24,140,463
TOTAL ASSETS	70,359,681	64,144,088
CURRENT LIABILITIES		
Trade and other payables	21,340,293	21,057,047
Lease liabilities	2,022,683	1,648,721
Financial liabilities	14,069,016	14,773,527
Provisions	1,916,611	2,044,655
Other liabilities	-	392,204
Total Current Liabilities	39,348,603	39,916,154
NON-CURRENT LIABILITIES		
Provisions	95,764	255,333
Deferred tax liabilities	652,938	689,032
Lease liabilities	6,961,316	6,508,485
Other liabilities	2,500,000	307,948
Total Non-Current Liabilities	10,210,018	7,760,798
TOTAL LIABILITIES	49,558,621	47,676,952
NET ASSETS	20,801,060	16,467,136
EQUITY		
Issued capital	16,862,245	13,528,699
Reserves	172,024	338,138
Accumulated funds	3,766,791	2,600,299
TOTAL EQUITY	20,801,060	16,467,136

F5 Discontinued Operations

(a) Description

The Group's Foreign Currency Translation Reserve (FCTR) balance of \$219,653 as of 30 June 2023 related to cumulative translation differences on historical overseas subsidiaries and operations undertaken by Stealth, which are now discontinued other than Stealth Malaysia (non-trading). The Group reduced the FCTR balance by \$212,419 to reflect their discontinued nature, with the corresponding entry being to the Group's Accumulated Funds balance (also in Equity) via recognition as income from discontinued operations in the Group's profit attributable to members and as expense through the Group's Other Comprehensive Income.

The Group incurred expenses of \$78,349 in FY2024 relating to the final closure and deregistration of its UK operations (including BSA Brands JV) and provision for inventory and tax expense relating to its Malaysian operation.

(b) Financial performance and cash flow information

	2024 \$	2023 \$
Statement of Financial Performance		
Profit for the year		
Profit after tax from discontinued operations – FCTR	212,419	-
Profit after tax from discontinued operations – other	(78,349)	-
Profit after tax from discontinued operations	134,070	-
Other comprehensive income		
Exchange differences on translation of foreign operations – discontinued - FCTR	(212,419)	-
Statement of Financial Position		
Accumulated Funds (Profit after tax) - discontinued – FCTR	212,419	-
Reserves (Exchange differences) – discontinued – FCTR	(212,419)	-
Net Increase in equity – discontinued - FCTR	-	-
Accumulated Funds (Profit after tax) – discontinued – other	(78,349)	-
Net Increase in equity – discontinued - FCTR	(78,349)	-
	2024 \$	2023 \$
Sales revenue	-	-
Service revenue	-	-
Other income	212,419	-
Expenses	(89,299)	-
Profit before tax	123,120	-
Income tax credit / (expense)	10,950	-
Profit after tax from discontinued operations	134,070	-
Net cash inflow/(outflow) from operating activities	(78,349)	-
Net cash inflow/(outflow) from investing activities	-	-
Net cash inflow/(outflow) from financing activities	-	-
Net decrease in cash generated by the discontinued operations	(78,349)	-

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)	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 section D Income Tax.

Deferred tax assets are 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 \$1,380,730 (2023: \$1,216,309). 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 2024 was \$15,382,788 (2023: \$10,585,357).

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:

	2024 \$	2023 \$
Total debt	20,963,514	14,967,859
Total equity	20,367,562	16,060,554
Total debt and total equity	41,331,076	31,028,413
Gearing ratio (Total debt / Total debt and total equity)	50.7%	48.2%

The gearing ratio of the Company has increased from 48.2% to 50.7%, reflecting the following factors:

- Acquisition of Force (section F3) added CBA working capital debt of \$6.8m and total equity of \$3.3m as of 30 June 2024. Excluding these movements, the Gearing Ratio decreased to 45.4% from 50.7%.
- Total debt predominantly relates to CBA working capital facilities and specific acquisition debt facilities, with balances totalling \$13.00 million (2023: \$12.70 million) and \$1.01 million (2023: \$2.04 million) respectively owing on 30 June 2024. The Group repaid \$1.03 million against acquisition debt facilities in FY24 (FY23: \$1.64m), adding to the \$2.06 million repaid in FY21 and FY22 collectively. Refer to section C3 for further details on total and net debt balances, movements, and composition.
- The Group's cash balances (section C1) were \$2.42 million higher as of 30 June 2024 (\$10.15m) over 30 June 2023 (\$7.73m), the increase in which, if net off against Total debt, would reduce the Gearing Ratio from 45.4% to 22.2% (FY23: 31.1%).
- Total debt on 30 June 2024 is \$1.0m relating to the acquisition of STP (15 August 2021) (2023: \$2.0m, STP and C&L). Excluding this debt from Total Debt would reduce the Gearing Ratio (after reduction for net cash increase above) from 22.2% to 18.4% (2023: 24.5%).

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 2024.

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 Consolidated Entity has one Level 3 financial instrument, being the outperformance incentive relating to the acquisition of Force of \$2,500,000 (2023: \$Nil). Unobservable inputs are expected EBITDA, with an input of \$5,000,000 EBITDA for FY26 giving rise to \$2,500,000 outperformance incentive. Were EBITDA to be 10% (\$500,000) higher or lower, the fair value would increase by this same amount. No risk-adjusted discount rate has been applied to the fair value.

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 debtor insurance policies.

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 section 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 (2023: 0% and 2.00%).

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:

	2024 \$	2023
Variable Rate Financial Instruments		
Cash and cash equivalents	10,147,518	7,727,333
Commonwealth Bank of Australia facility	(20,826,797)	(14,736,667)
Total	(10,679,279)	(7,009,334)

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:	2024 \$	2023 \$
+1% (100 basis points)		
Pre-tax profit increase/(decrease)	(106,793)	(70,093)
Equity increase/(decrease)	(106,793)	(70,093)
-1% (100 basis points)		
Pre-tax profit increase/(decrease)	106,793	70,093
Equity increase/(decrease)	106,793	70,093

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.

Financing arrangements

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

	2024 \$	2023 \$
Commonwealth Bank of Australia facility	5,618,086	4,106,560

Maturities of financial liabilities

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

	Within 1 Year		1 to 5 Years		Total	
	2024 \$	2023 \$	2024 \$	2023 \$	2024 \$	2023 \$
Consolidated						
Financial liabilities due for payment						
Trade and other payables	25,622,429	21,053,755	-	-	25,622,429	21,053,755
Financial and other liabilities	22,288,299	16,075,675	2,500,000	-	24,788,299	16,075,675
Lease liabilities	2,524,991	1,835,838	10,581,716	7,083,144	13,106,707	8,918,982
Total contractual outflows	50,435,719	38,965,268	13,081,716	7,083,144	63,517,435	46,048,412

Fair values

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

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 (John) 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:

	2024 \$	2023 \$
Short-term employment benefits	1,550,509	1,423,052
Post-employment benefits	106,150	105,075
Share-based payments	8,960	67,682
Long-term employment benefits	28,966	20,615
Total KMP compensation	1,694,585	1,616,424

Related Party Transactions with Key Management Personnel

	2024 \$	2023 \$
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	29,137	18,604
Trade and other payables owing to GlenForest Corporate of which Giovanni Groppoli is the Principal, from the Company as at end of the year	19,800	-

H2 Auditor's Remuneration

	2024 \$	2023 \$
Audit Services		
Audit Services - BDO	142,755	126,755
Total remuneration for audit services	142,755	126,755

The BDO entity performing the audit of the Group transitioned from BDO Audit (WA) Pty Ltd to BDO Audit Pty Ltd on the 7 May 2024. The disclosures include amounts received or due and recoverable by BDO Audit (WA) Pty Ltd, BDO Audit Pty Ltd and their respective related entities.

H3 Events occurring after the reporting period

Other than the Directors determining to pay a final dividend, there has not arisen in the interval between the year end and the date of this report any other matter, 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: 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 applied the following new standards or amendments for the first time for the annual reporting period commencing 1 July 2023:

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current [AASB 101].
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112].
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].

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 2024.

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

I2 Material Accounting Policies

Stealth Group Holdings Ltd is a limited company incorporated in Australia. The consolidated financial report of the Company as at and for the year ended 30 June 2024 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity").

This note provides a list of material accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

(a) Foreign currency translation

The functional currency of each of the Group'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.

(b) Revenue recognition

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.

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. 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 section 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 expected credit losses.

(d) 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.

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; and
- 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.

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.

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.

(e) 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.

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.

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 between one and seven years.

(f) 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.

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.

(g) 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.

(h) Inventories

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

(i) Leases

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.

Right of use assets associated with lease liabilities

Right-of-use assets are measured at cost.

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.

(j) 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.

(k) Fair value of assets and liabilities

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.

Consolidated Entity Disclosure Statement

For the Year Ended 30 June 2024

As of 30 June 2024

Name of entity	Type of Entity	% of share capital	Place of business / country of incorporation	Australian resident or foreign resident	Foreign jurisdiction of foreign subsidiaries
Stealth Group Holdings Ltd	Body Corporate	100	Australia	Australian	n/a
Stealth Global Industries (Australia) Pty Ltd	Body Corporate	100	Australia	Australian	n/a
Heatleys Group Holdings Pty Limited	Body Corporate	100	Australia	Australian	n/a
Heatley Sales Pty Ltd	Body Corporate	100	Australia	Australian	n/a
C&L Tool Centre Pty Ltd	Body Corporate	100	Australia	Australian	n/a
Force Technology International Pty Ltd	Body Corporate	100	Australia	Australian	n/a
Industrial Supply Group Pty Ltd	Body Corporate	100	Australia	Australian	n/a
United Tools Pty Ltd	Body Corporate	100	Australia	Australian	n/a
Australian Workplace Services Pty Ltd	Body Corporate	100	Australia	Australian	n/a
Trade Counter Direct Pty Ltd	Body Corporate	100	Australia	Australian	n/a
BSA Brands (Australia) Pty Ltd	Body Corporate	100	Australia	Australian	n/a
Tool Shop Direct (Australia) Pty Ltd	Body Corporate	100	Australia	Australian	n/a
Stealth Industries Sdn Bhd	Body Corporate	100	Malaysia	Foreign	Malaysia

Directors' Declaration

For the Year Ended 30 June 2024

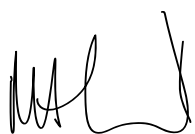
Stealth Group Holdings Ltd and its controlled entities

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 2024 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. In the directors' opinion the consolidated entity disclosure statement on page 77 is true and correct.
5. The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A.
6. 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, 29 August 2024

Auditor's Independence Declaration



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DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF STEALTH GROUP HOLDINGS LTD

As lead auditor of Stealth Group Holdings Ltd for the year ended 30 June 2024, 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 Group Holdings Ltd and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Ashleigh Woodley', with a stylized flourish at the end.

Ashleigh Woodley

Director

BDO Audit Pty Ltd

Perth

29 August 2024

BDO Audit Pty Ltd ABN 33 134 022 870 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 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.

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

To the members of Stealth Group Holdings Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Stealth Group Holdings Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 material accounting policy information, the consolidated entity disclosure statement 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 2024 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.

Acquisition of Force Technology International Pty Ltd

Key audit matter	How the matter was addressed in our audit
During the financial year ended 30 June 2024, Stealth acquired a 100% interest in Force Technology International Pty Ltd. Note F3 discloses details of the transaction, including, the cost of the acquisition and the provisional fair value of assets and liabilities recognised by the group. The audit of the accounting for this acquisition is a key audit matter due to the size of the acquisition and significant assumptions and judgements required by management for the treatment of the transaction.	Our work included, but was not limited, to the following procedures: • Reviewing key executed transaction documents to understand the key terms and conditions of the transaction; • Obtaining an understanding of the transaction including an assessment of the accounting acquirer and whether the transaction constituted a business combination; • Evaluating the assumptions and methodology in management's determination of the provisional fair value of assets and liabilities assumed; and • Assessing the adequacy of related disclosure in Note F3 to the financial statements.

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 key 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 revenue, gross profit margin, growth rates and the discount rate applied.	Our work included, but was not limited, to the following procedures: • 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: • Assessing the discount rate used by involving internal valuation experts and comparing to market data and industry; • Comparing forecast growth rates with historical results and economic and industry forecasts; • 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 • 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 2024, 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:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of 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 36 to 42 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Stealth Group Holdings Ltd, for the year ended 30 June 2024, 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 Pty Ltd

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

Ashleigh Woodley

Director

Perth, 29 August 2024

ASX Additional Information - Shareholdings

Details of securities as at 5 August 2024

Top holders

The 20 largest registered holders of fully paid ordinary shares as at 5 August 2024 were:

Fully paid ordinary shares

Name	No. of Shares	%
1. Sorrento200 Holdings Pty Ltd <Sorrento200 Holdings A/C>	10,117,803	8.77
2. Ms. Narelle Edmunds	7,915,818	6.86
3. National Nominees Limited	7,725,000	6.69
4. Doumin Holdings Pty Ltd <Doust Family A/C>	5,777,961	5.01
4. Jake Minear <Jes Investment A/C>	5,777,961	5.01
6. HSBC Custody Nominees (Australia) Limited	4,839,950	4.19
7. Mandel Pty Ltd <Mandel Super Fund A/C>	4,025,000	3.49
8. Michael Reginald Doust	2,888,981	2.50
9. Wisetime Nominees Pty Ltd <SRB Family A/C>	2,770,215	2.40
10. BNP Paribas Nominees Pty Ltd <HUB24 Custodial Serv Ltd>	2,725,121	2.36
11. Obsidian Superannuation Pty Ltd <Obsidian SF A/C>	2,712,285	2.35
12. Mr. Teodoro Del Burrello + Mrs. Giulia Del Burrello <T & G Delburrello Family A/C>	2,500,000	2.17
13. Mr. Jonathon Matthews	2,224,797	1.93
14. Woodward Corporation Pty Ltd <Woodward Corporation A/C>	1,600,000	1.39
14. Mr. Vincenzo Zenoni + Ms. Geraldine Zenoni <Zenoni Family A/C>	1,600,000	1.39
16. BNP Paribas Nominees Pty Ltd <IB AU Noms RetailClient>	1,352,383	1.17
17. Mr. William Tsimis	1,256,349	1.09
18. Mr. George Brindall + Ms Christine Brindall <Meladean A/C>	1,200,000	1.04
19. Nicarldon Pty Ltd	1,160,000	1.01
20. Giovanni Groppoli <The Milo A/C>	1,064,393	0.92
	71,234,017	61.73

Distribution schedule

A distribution schedule of each class of equity security as at 5 August 2024.

Fully paid ordinary shares

Range	Holders	Units	%
1 - 1,000	18	4,741	0.01
1,001 - 5,000	121	429,447	0.37
5,001 - 10,000	102	857,591	0.74
10,001 - 100,000	341	13,860,473	12.01
100,001 - Over	121	100,243,290	86.87
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	11,255,927
Mr. Michael Doust	8,666,942
Ms. Narelle Edmunds	7,915,818
EGP Capital Pty Ltd	7,380,000
Mr. Jake Minear	5,777,961

Unquoted securities

Options

There are no options on issue.

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 2,440 as at 5 August 2024):

Holders	Units
46	64,376

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.

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

Keypoint Law
Level 23, 108 St Georges Terrace
Perth, Western Australia 6000

Principal and Registered Office

Unit 10, 43 Cedric Street
Stirling, Western Australia 6021

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

Share Registry

Computershare Investor Services
Level 17, 221 St Georges Terrace
Perth, Western Australia 6000

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

Company Auditor

BDO Audit Pty Ltd
Level 9, Mia Yellagonga
Tower 2
5 Spring Street
Perth, Western Australia 6000

Bankers

Commonwealth Bank of Australia
300 Murray Street
Perth, Western Australia 6000

Accountants and Taxation Advisors

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

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HOLDINGS LTD

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