

ASX MEDIA RELEASE

Friday, 18 November 2022

ASX: SGI



STEALTHGLOBAL
HOLDINGS LTD

CHAIRMAN'S AGM ADDRESS

Stealth Global Holdings Ltd (ASX: SGI) (the Company or Stealth) is pleased to present a copy of the Chairman's Address to be made at the Annual General Meeting of the Company commencing at 11:00am (AWST) today.

FOR FURTHER ENQUIRIES:

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-ENDS-

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

ABOUT STEALTH GLOBAL HOLDINGS

Industrial Supplies & Solutions

Stealth Global Holdings (SGI) with 2022 revenue of more than \$100 million, is a leading Industrial distributor providing a broadline range of industrial maintenance, repairs, operations (MRO) supplies, safety and PPE products, truck & automotive parts and accessories, workplace supplies and other related products, services, and solutions to Business, Trade, Retail, and to Independent Retailers and Operators. Stealth employs approximately 250 people across its five subsidiaries: Heatleys Safety & Industrial, C&L Tool Centre, Skipper Transport Parts, Industrial Supply Group and United Tools. Founded in 2014, listed on the ASX in October 2018, Stealth is headquartered in Perth Western Australia, with a presence across Australia. It is one of Australia's largest industrial distribution groups combining the assets of company owned businesses and independent retailer-operators with 74 store locations Australia-wide, supported by two main distribution centres in Perth and Brisbane.

BOARD OF DIRECTORS

Chris Wharton^{AM}
Chairman

Michael Arnold
Group Managing Director & CEO

John Groppoli
Non-Executive Director

Simon Poidevin
Non-Executive Director

John Boland
Company Secretary

ISSUED CAPITAL

99.7 million Ordinary Shares

PRINCIPAL OFFICE

Level 2/43 Cedric Street Stirling,
Western Australia 6021

CONTACT

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GROUP OPERATING BRANDS

- › Heatleys Safety & Industrial
- › C&L Tool Centre
- › Skipper Transport Parts
- › Industrial Supply Group
- › United Tools

WEBSITES

- › www.heatleys.com.au
- › www.cltoolcentre.com.au
- › www.skippertp.com.au
- › www.isgaus.com.au
- › www.unitedtools.com.au

An Australian Multinational Distribution Group



ASX: SGI

Chairman's Address 2022 AGM

Good morning, ladies and gentlemen and welcome to the 2022 Annual General Meeting of Stealth Global Holdings Ltd. Thank you for taking the time to attend, both here at the offices of our Auditors BDO, and via the online webcast of the meeting.

Before we start the formal business of today's meeting, I will provide some brief comments on the performance of the Company during FY2022.

I am delighted to report Stealth continued to perform strongly in FY2022. In fact, the business delivered another year of record revenue and underlying earnings.

Group revenue was up 46% to \$101.8 million, and underlying Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increased by 131% to \$6.7 million. This excludes \$1.4 million expenditure on investment related activities, which I will discuss in more detail shortly. Statutory Net Profit before tax doubled to \$2.0 million, compared to the \$1.0 million reported last year.

Stealth's excellent performance has been achieved on the back of positive industry demand conditions across many of the key markets we service and supported by strategic business acquisitions and divestments. Year on year group revenue growth for our continuing businesses was 49%. In fact, we achieved a record annual growth in sales for the Australian business to \$99.6 million. Purely organic revenue growth- that is excluding acquisitions - increased 9.3% to \$62.9 million.

Divestments included the sale of our 50% interest in BSA Brands (UK) to our joint venture partner Bisley Workwear for A\$2 million cash. This followed Bisley's sale in December 2021 to a New York-based global PPE supplier. Importantly, the sale provided Stealth with the opportunity to realise significant value from its investment in BSA and strengthen the company's capital position to fully focus on our strongly performing and growing Australian businesses. The transaction was structured to retain our valuable partnership with Bisley as a supplier to our business.

Targeted acquisitions and investment in our business is the key to our longer-term growth strategy, to expand Stealth's multichannel distribution platform and build the scale of Stealth's distribution business. Critical to Stealth's success to date has been the ongoing diligent and unwavering execution of this strategy, which has focused on expanding our customer and supplier bases and seeking new marketplaces, stores, products and geographies.

In line with this strategy, we completed three significant business acquisitions during the year, which contributed a combined \$19 million to FY2022 revenue.

This included Skipper Transport Parts (STP) in August 2021, United Tools Group in March 2022, and United Tools Albany in May 2022. Revenue contribution will be even higher this year following a full year of ownership by Stealth.

The acquisitions provided an entry into fast growth customer markets in Automotive, Truck & Trailer, Mining, Bus, Agriculture and Industrial, as well as expanding our independent partner store footprint across Australia. They also significantly expanded the Stealth available product portfolio to more than 1 million product lines, our customers to more than 8,000, and our suppliers to more than 2,500. Our Supply Chain Infrastructure grew by six new company branch stores and 17 onsite stores in new geographies

in Western Australia and Queensland. These included stores in Brisbane, Rocklea, Mackay, Emerald, Perth, Albany, Esperance, Karratha, Port Hedland, Newman and Kalgoorlie, together with 33 independent partner stores.

The positive results of our growth strategy to date seem to me to be very apparent. As a board and management team we continue to look ahead and strategically invest in future growth opportunities, but only where they make strategic sense and meet our strict and prudent financial criteria.

While net debt levels in the business increased during FY2022 by \$6.0m to \$10.2m, this was primarily due to the acquisitions completed during the period and they are supported by earnings and cashflow. Furthermore, the business remains well funded to support ongoing organic growth and other strategic endeavours. We closed the financial year with a \$1.6 million stronger cash position of \$4.7 million, plus working capital facilities of \$2.8 million.

While we are now largely free of government restrictions and its impact has reduced, unfortunately COVID-19 continues to be an impact on our business and the broader industry. This is through increased costs related to heightened containment procedures, higher staff absenteeism and residual supply chain constraints.

Careful and ongoing management of these challenges has been an important contributor to the FY2022 result, as it will be for the coming year. The company continues to monitor, assess and respond to events relating to COVID-19, to manage and contain any potential impact it might have on the business and our people.

Before closing, I would like to make some brief comments on the business outlook for FY2023. This coming financial year we face additional business challenges with multi decade high inflation and rapidly rising interest rates that have already begun to soften consumer demand. However, interest rates and unemployment remain at historically low levels in the Australian market, and business conditions remain positive.

We have increased our focus on the Australian market and remain confident that the Group's multichannel sales model and diverse operations across Australia should allow us to continue growing the Company. We remain committed to delivering satisfactory returns to our shareholders and expect further revenue and earnings growth in FY2023.

In closing, I would like to thank my fellow non-executive Directors, John Groppoli and Simon Poidevin, for their commitment and efforts during the year. Mr Poidevin was appointed to the Board just over a year ago after Alan Cransberg stepped down following his appointment to the Board of Wesfarmers. Simon joins us here today at BDO in Perth. Simon has been providing the Company with important east coast-based representation since joining the board.

As always, while discussing Board and Governance matters, I must also extend my thanks to our Company Secretary and Chief Financial Officer, John Boland, who has provided valuable support to the Board during the year.

Before I hand over to Mike Arnold for his Managing Director's presentation, I would like to make some important acknowledgements. Firstly, to our customers and suppliers. We have many deep, long-standing relationships that we value, and we thank you for your support and business.

I mentioned earlier our growing distribution and store network across Australia. This requires many skilled and dedicated people to operate, and I thank all the Stealth employees across this network for their dedication and contribution in FY2022. This includes the many new employees that joined us through our strategic acquisitions.

The Board's acknowledgement and thanks extends of course to our outstanding Managing Director and Chief Executive Officer, Mike Arnold, and his excellent and talented team of executives. Stealth may be a micro-cap company at this early stage of its existence, but nonetheless it takes considerable effort, dedication and talented leadership to deliver good performance and growth like the business achieved in FY2022. I, like other shareholders want more, and look forward to them building upon this in the years to come.

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

I would like to now hand over to Mike.

Thank you.

Chris Wharton^{AM}
CHAIRMAN