Appendix 4D - Half-Year Report

Report for the half-year ended 31 December 2022 – Stealth Global Holdings Ltd and its controlled entities

ACN 615 518 020

Report for the half-year ended 31 December 2022

This report presents the results for Stealth Global Holdings Ltd and its controlled entities, for the half-year ended 31 December 2022 (current period) compared with the half-year ended 31 December 2021 (prior period).

Results for announcement to the market

				31 Dec 2021 $		31 Dec 2022 $
Revenues from continuing ordinary activities	Up	18.3%	from	44,321,899	to	52,424,908
Profit from ordinary activities after tax attributable to the owners	Up	1,647.0%	from	17,411	to	304,165
Profit for the year attributable to the owners	Up	1,647.0%	from	17,411	to	304,165

Operating and financial review

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

- Record 1H Revenue achieved, being $52.4m (1H FY22: $44.3m from continuing operations), up 18.3%.
- Record 1H Gross Profit achieved, being $15.2m (1H FY22: $13.2m from continuing operations), up 15.2%.
- Record 1H Underlying EBITDA[1] of $2.4m, up 41.2% (1H FY22: $1.7m from continuing operations).
- Record 1H Statutory EBITDA[1] of $2.2m, up 120.0% (1H FY22: $1.0m from continuing operations).
- Record 1H NPAT attributable to members of $0.30m, up 1,647% (1H FY22: $0.02m from consolidated operations).
- Record 1H Earnings per share attributable to members of 0.31 cents (1H FY22: 0.02 cents from consolidated operations).

Stealth achieved record half-year consolidated revenue of $52.4m, up $8.1m (18%) on 1H FY22 and up $23.7m (83%) on 1H FY21, as it continues to execute on its growth strategy, which included the acquisition of C&L Tools (C&L) on 1 December 2020, Skipper Transport Parts (STP) on 15 August 2021, United Tools Pty Ltd on 1 March 2022 and United Tools Albany on 2 May 2022, plus divestment of BSA Brands (UK) Limited joint venture with Bisley Workwear (February 2022) and cessation of UK operations (2H FY22).

The Group achieved gross profit for the half-year of $15.2m, up 15% on 1H FY22 and up 92% on 1H FY21, as the increased activity levels drive increasing operational contributions. The Group achieved a gross profit margin % of 29.0% in 1H FY23, broadly in line with 29.8% for 1H FY22 but up 150bps on 27.5% achieved in 1H FY21.

Stealth's strong balance sheet and cash flows were improved, providing stability and growth funding capacity.

- Total Assets of $59.1m (1H FY22: $58.6m).
- Cash of $5.1m as of 31 December 2022, up on $4.3m (from continuing operations) as of 31 December 2021 and $4.7m as of 30 June 2022.
- Net working capital of $13.2m (Receivables + Inventory – Payables), up from $11.7m (from continuing operations) as of 31 December 2021.
- Net Debt of $10.0m as of 31 December, down by $0.1m on 30 June 22 and down by $0.5m on 31 December 2021. 1H FY23 net debt includes $2.9m relating to acquisitions of C&L (December 2020) and STP (August 2021). Working capital-based net debt as of 31 December 2022 of $3.4m represents only 11.5% of Receivables and Inventory assets held.
- Operating cash inflow of $1.8m for the half-year, compared to operating cash inflow of $0.3m for half-year ended 31 December 2021.

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

Net Tangible Assets

Net Tangible Assets	31 Dec 2022	30 Jun 2022
Net tangible asset backing per ordinary security (cents per share)	3.50 cents	3.48 cents

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

There were no entities over which control was gained during the period.

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

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

Dividends

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

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

Authorisation of release

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

Date of Release

28 February 2023

STEALTH GLOBAL
HOLDINGS LTD
ASX code : SGI

Interim Financial Report

For the half-year ended 31 December 2022

Stealth Global Holdings Ltd | ABN 25 615 518 020

An Australian Industrial Distribution Group

Supplies and Solutions
For Every Workplace

Corporate Directory

Directors

Mr. Christopher Wharton AM
Non-Executive Chairman

Mr. Michael Arnold
Group Managing Director

Mr. Giovanni (John) Groppoli
Non-Executive Director

Mr. Simon Poidevin
Non-Executive Director

Company Secretary

Mr. John Boland

Key Management Personnel

Mr. Luke Cruskall
Group Chief Operating Officer

Mr. John Boland
Group Chief Financial Officer

Solicitors

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

Principal and Registered Office

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Stirling WA 6021
Australia

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

Share Registry

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

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

Company Auditor

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

Bankers

Commonwealth Bank of Australia
300 Murray Street
Perth WA 6000

Accountants and Taxation Advisors

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

An Australian Distribution Group

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Stealth Global Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

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Directors' Report

The Directors present their report together with the consolidated financial statements of Stealth Global Holdings Ltd (**Stealth** or **Company**) and its controlled entities (**Consolidated Entity** or **Group**) for the half-year ended 31 December 2022 and the auditor's report thereon.

Directors

The following persons were directors of the Company during the whole of the half-year ended 31 December 2022 and up to the date of this report unless otherwise stated:

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

Principal Activities

Stealth is a broad-line, Australian distributor of industrial maintenance, repair, operating 'MRO', safety and workplace supplies and other related products and services. Headquartered in Perth, Western Australia, it operates a portfolio of distribution businesses that extends across the end-to-end supply chain covering Business, Trade, Retail, Service & Specialist Wholesale. Its primary operations are in Australia operating under five competitive subsidiary brands; Heatley's Safety & Industrial, C&L Tool Centre, Industrial Supply Group, Skipper Transport Parts and United Tools.

Through an omnichannel approach, the Company serves customers of all sizes focusing on customer needs, combined with an expansive product offering, customised solutions models, and omnichannel proposition; of Sales Team, In-store, On-site, Online, Click & Collect and delivery. This is underpinned by a physical store network, supply chain infrastructure, deep supplier relationships and eCommerce channels to business customers (B2B) across a broad selection of industries, and to retail consumers (B2C).

As a diverse omnichannel operating business our product categories cover industrial/MRO, safety/PPE, workplace supplies and other related products and services. We offer more than one million products across our portfolio, with 400,000+ products in stock held in our distribution centres, branch stores and on-site locations and a further 600,000+ products available on demand from 2,500+ suppliers. The Group has 72 branch and store locations, including 13 100% owned branches and stores, 7 onsite locations and 52 independent partner stores, spread across every Australian state and territory.

With more than 8,000 business customers and 34,000 retail customers of all sizes, we provide customers with purchasing options and fulfillment solutions that are necessary to their everyday requirements. Customers range from a broad collection of industries including commercial, mining, resources, industrial, government, transport, automotive, agriculture, building, construction, manufacturing, engineering, trade and retail consumers. Business Customers represent a broad collection of industries that place orders through our sales representatives, instore at our branches, online, on-site, and over the phone and by email with our internal sales team. Retail Customers order online or in-store at our branches.

Operating and Financial Review

Strategic Performance

1H FY23 saw the Group continue to deliver on its growth strategy of building a stronger, larger, more relevant and diversified business holding an advantaged market position:

1. **Expanded Stealth's omnichannel platform and business into a larger-scale distributor** offering a differentiated Sales and Services model and taking an advantaged leading position in Western Australia and Queensland in a growing and highly attractive market. FY22 saw the Group increase its scale, as well its breadth across geographical, customer and product ranges through its acquisition activities, including providing entry into fast growth customer markets Automotive, Truck & Trailer, Mining, Bus, Agriculture and Industrial (Skippers Transport Parts) and expanding independent partner store footprint (United Tools Pty Ltd).
2. **Continued a high focus on safety** to provide our team members with a high-quality safe working environment. Safety programs were revised across all sites with greater awareness on safety taken by all employees.
3. **Capital allocation prudently managed**, aligned to acquisitions, inventory, eCommerce, store upgrades, onsite stores, and distribution centre fit-out for integrations.
4. **Evolved from multichannel to omnichannel.** Successfully executed our strategy to capture stronger customer demand by adding more value. This continues to result in new contracts being executed with customers.

Financial Performance

1H FY23 saw the Group achieve record half-year financial performance across all key metrics of consolidated Revenue, Gross Profit, EBITDA[1] (Underlying and Statutory), Profit before Tax, and Net Profit after Tax attributable to members, culminating in record Earnings per Share to members.

Trading 1H FY23 Highlights:

	Continuing Operations[2]		
	1H FY23	**1H FY22**	**VAR %**
Revenue	$52.4m	$44.3m	18.3%
Gross Profit	$15.2m	$13.2m	15.2%
Gross Profit margin %	29.0%	29.8%	
Statutory EBITDA[1]	$2.2m	$1.0m	120.0%
Add: Growth Related Investment costs	$0.2m	$0.7m	
Underlying EBITDA[1]	$2.4m	$1.7m	41.2%
Statutory PBT	$0.3m	($0.5m)	160.8%
Statutory NPAT	$0.3m	($0.4m)	176.0%

1. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation), Underlying EBITDA and Statutory EBITDA are non-IFRS terms which have not been subject to audit or review; Underlying EBITDA is determined by adding back Growth-Related Investment costs to the Statutory EBITDA which in turn has been determined using information presented in the Group's financial report.
2. Continuing operations performance is the Group's consolidated performance excluding the Group's UK operations sold or closed during FY22.

- Record 1H Revenue achieved, being $52.4m (1H FY22: $44.3m from continuing operations), up 18.3%.
- Record 1H Gross Profit achieved, being $15.2m (1H FY22: $13.2m from continuing operations), up 15.2%.
- Strong Gross Profit Margin of 29.0% achieved (FY22: 30.2%, FY21: 29.0%, FY20 26.6%, FY19: 24.3%, FY18: 18.5%).
- Record 1H Underlying EBITDA[1] of $2.4m, up 41.2% (1H FY22: $1.7m from continuing operations).
- Record 1H Statutory EBITDA[1] of $2.2m, up 120.0% (1H FY22: $1.0m from continuing operations).
- Record 1H NPAT attributable to members of $0.30m, up 1,647% (1H FY22: $0.02m from consolidated operations).
- Record 1H Earnings per share attributable to members of 0.31 cents (1H FY22: 0.02 cents from consolidated operations).

Stealth achieved record half-year consolidated revenue of $52.4m, up $8.1m (18%) on 1H FY22 and up $23.7m (83%) on 1H FY21, as it continues to execute on its growth strategy, which included the acquisition of C&L Tools (C&L) on 1 December 2020, Skipper Transport Parts (STP) on 15 August 2021, United Tools Pty Ltd on 1 March 2022 and United Tools Albany on 2 May 2022, plus divestment of BSA Brands (UK) Limited joint venture with Bisley Workwear (February 2022) and cessation of UK operations (2H FY22).

The Group achieved gross profit for the half-year of $15.2m, up 15% on 1H FY22 and up 92% on 1H FY21, as the increased activity levels drive increasing operational contributions. The Group achieved a gross profit margin % of 29.0% in 1H FY23, broadly in line with 29.8% for 1H FY22 but up 150bps on 27.5% achieved in 1H FY21.

Capital management capacity increased through new Finance Facilities with CBA, being $20.0m of total facilities as of 31 December 2022 ($17.8m as of 30 June 2022), including $3.0m of facilities completed November 2022, reduced for repayment of $0.82m of acquisition-specific debt in 1H FY23 (FY22: $1.6m repayment).

Operating cash inflow of $1.8m (1H FY22: $0.3m), supporting working capital investment and management, and organic growth in 1H FY23. $0.6m (1H FY22: $5.0m) of investing outflows across acquisitions, divestments, capital expenditure and investment in eCommerce and other intangible assets. Net financing outflows were $0.8m, comprising $0.8m of acquisition debt repayments, $1.1m of lease payments (including AASB 16) and $1.1m of new funding.

Reconciliation of Half-Year Interim Financial Results

A reconciliation of Underlying EBITDA[1] from continuing operations to the reported profit before tax in the consolidated statement of profit or loss and other comprehensive income is shown in the following table:

Reconciliation – half-year interim financial results	31 Dec 2022 $'000	31 Dec 2021 $'000
Underlying EBITDA[1] from continuing operations	**2,427**	**1,727**
Unusual Items:		
Transaction costs – due diligence, acquisition analysis, bank refinance and other related professional fees	(168)	(714)
Redundancies and other costs	-	(19)
Statutory EBITDA	**2,259**	**994**
Less: Depreciation & Amortisation	(1,455)	(1,217)
Less: Net Finance Costs	(487)	(313)
Profit/(Loss) for the period before tax attributable to Members – Continuing Operations	317	(536)
Profit/(Loss) for the period before tax – Discontinuing Operations	-	1,749
Profit for the period before tax	317	1,213
Minority Interest before tax (BSA Brands (UK) Limited)	-	(1,060)
Profit for the period before tax attributable to Members	**317**	**153**

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

Trading Footprint

The Group had five operating businesses during 1H FY23, Heatleys Safety and Industrial, C&L Tools, ISG (Industrial Supply Group), Skipper Transport Parts and United Tools, delivering in support of the goal to build a compelling world class sales and distribution organisation. This followed FY22 activity which saw the Group divest from its BSA Brands (UK) Limited joint venture with Bisley Workwear and cessation of the Stealth UK operations, allowing the Group to focus on its Australia operations.

Accordingly, the Group's trading performance relates to these Australian operations, which have benefited from growing scale over the past two years via expansion into Queensland through the acquisition of C&L, increased footprint across Western Australia through the acquisition of STP, adding four regional branches, expanded MRO product range and increased on-site service capability, and increased national member footprint through the acquisition of the United Tools Buying Group.

Major Investments and Acquisitions

A key area in Stealth's strategy is making complementary value generating acquisitions. Stealth identified and assessed several potential acquisitions of scale, investing significant management time and working with external advisors to undertake due diligence and assessment of strategic fit to the Company's disciplined criteria.

The Group continues to advance its eCommerce digital platforms, including its Online e-store websites for business and retail customers in Australia. This is expected to deliver increased sales across the Group from having a world-class capability to fully integrate systems with business customers, suppliers and partners complete with comprehensive online sales platforms to business and retail customers with full data analytics.

Balance Sheet and Cashflow Commentary

- Strong balance sheet maintained, providing stability and growth funding capacity.
- Total Assets of $59.1m (1H FY22: $58.6m).
- Cash of $5.1m as of 31 December 2022, up on $4.3m (from continuing operations) as of 31 December 2021 and $4.7m as of 30 June 2022.
- Net working capital of $13.2m (Receivables + Inventory – Payables), up from $11.7m (from continuing operations) as of 31 December 2021 and down slightly from $13.6m as of 30 June 2022.
- Net Debt of $10.0m as of 31 December, down by $0.1m on 30 June 22 and down by $0.5m on 31 December 2021. 1H FY23 net debt includes $2.9m relating to acquisitions of C&L (December 2020) and STP (August 2021). Working capital-based net debt as of 31 December 2022 of $3.4m represents only 11.5% of Receivables and Inventory assets held.

Operating cashflow

- Operating cash inflow of $1.8m for the half-year, compared to operating cash inflow of $0.3m for half-year ended 31 December 2021.

Investment cashflow

- Investment in operational capital expenditure, and eCommerce and digital initiatives.

Changes in the state of affairs

Changes to the state of affairs of the Company during the half-year ended 31 December 2022 were as follows:

- Merger integration activities to right-size and optimise Group from profitability and operational improvement aspects.
- Initiated new specialist wholesale division strategy to build on increased buying group scale and operating spend to deepen supplier commercial arrangements and improve volume-based pricing synergies.

Subsequent Events since 31 December 2022

There has not been during the period between 31 December 2022 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future reporting periods.

Future Developments

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

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

In order to deliver on the strategic agenda, the following priorities were in place during the current period:

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

The Company remains on track for longer-term growth targets. Organic growth-related programs and further acquisitions will be integral to achieving this.

Risk

The primary risks that the business is exposed to have not changed from the risk analysis presented in the latest Annual Report (page 35-37, FY22 Annual Report).

Dividends

There were no dividends paid or recommended during the financial half-year ended 31 December 2022 (2021: nil).

Auditor's Independence Declaration

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

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

On behalf of the Directors

Michael Arnold
Group Managing Director

Perth, 28 February 2023

Auditor’s Independence Declaration

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

As lead auditor for the review of Stealth Global Holdings Ltd for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth

28 February 2023

Consolidated Statement of Profit or Loss and Comprehensive Income

For the six months ended 31 December 2022

	Note	31 Dec 2022 $	31 Dec 2021 $
Continuing Operations			
Sales revenue		52,424,908	44,321,899
Cost of sales		(37,232,914)	(31,112,279)
Gross profit		**15,191,994**	**13,209,620**
Other income		23,724	620
Personnel expenses		(9,625,475)	(8,726,731)
Administration expenses		(2,938,814)	(2,625,067)
Occupancy expenses		(224,547)	(131,824)
Transaction costs		(167,965)	(733,090)
Depreciation and amortisation expense		(1,454,669)	(1,216,730)
Finance costs		(486,587)	(312,554)
Profit / (Loss) before income tax from continuing operations		**317,661**	**(535,756)**
Income tax (expense) / credit	D1	(13,496)	138,243
Profit / (Loss) after tax from continuing operations		304,165	(397,513)
Profit after tax from discontinued operations	F4	-	1,215,932
PROFIT FOR THE HALF-YEAR		**304,165**	**818,419**
Profit / (Loss) for the half-year is attributable to:			
Owners of the company		304,165	17,411
Non-controlling interests		-	801,008
		304,165	**818,419**
COMPREHENSIVE INCOME			
Profit for the half-year		**304,165**	**818,419**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation gains/(losses) of international subsidiaries		5,318	10,039
TOTAL COMPREHENSIVE INCOME FOR THE HALF-YEAR		**309,483**	**828,458**
Total comprehensive income / (loss) for the half-year is attributable to:			
Owners of the company		309,483	27,450
Non-controlling interests		-	801,008
		309,483	**828,458**

Earnings per share for profit attributable to the ordinary equity holders of the company		Cents	Cents
Basic earnings per share (cents)	E3	0.31	0.02
Diluted earnings per share (cents)	E3	0.31	0.02

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

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 Dec 2022 $	30 Jun 2022 $
CURRENT ASSETS			
Cash and cash equivalents		5,132,458	4,749,807
Trade and other receivables		14,778,586	18,074,579
Inventories		15,113,300	14,123,396
Other assets		926,668	492,589
Total Current Assets		**35,951,012**	**37,440,371**
NON-CURRENT ASSETS			
Property, plant and equipment		2,198,184	2,214,361
Right-of-use assets	C3	7,657,742	8,739,441
Intangible assets	C1	11,925,001	11,593,176
Deferred tax assets	D2	1,376,081	1,545,982
Other assets		6,700	6,700
Total Non-Current Assets		**23,163,708**	**24,099,660**
TOTAL ASSETS		**59,114,720**	**61,540,031**
CURRENT LIABILITIES			
Trade and other payables		16,648,281	18,612,204
Current tax liabilities	D1	3,177	3,221
Lease liabilities	C3	1,887,204	2,174,635
Financial liabilities	C2	14,290,931	13,267,480
Provisions		2,222,444	2,284,232
Total Current Liabilities		**35,052,037**	**36,341,772**
NON-CURRENT LIABILITIES			
Lease liabilities	C3	6,165,625	6,949,084
Financial liabilities	C2	1,711,321	2,555,863
Deferred tax liabilities	D2	557,278	362,124
Provisions		208,995	266,749
Total Non-Current Liabilities		**8,643,219**	**10,133,820**
TOTAL LIABILITIES		**43,695,256**	**46,475,592**
NET ASSETS		**15,419,464**	**15,064,439**
EQUITY			
Issued capital	E1	13,528,699	13,528,699
Accumulated funds		1,375,840	1,071,675
Reserves		514,925	464,065
TOTAL EQUITY		**15,419,464**	**15,064,439**

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

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2022

	Attributable to owners of Stealth Global Holdings Ltd					
	Issued Capital $	Reserves $	Accumulated Funds $	Total $	Non-controlling Interests $	Total Equity $
Balance as at 1 July 2021	13,528,699	368,065	475,800	14,372,564	(553,660)	13,818,904
Profit for the period	-	-	17,411	17,411	801,008	818,419
Other comprehensive income for the period	-	10,039	-	10,039	-	10,039
Total comprehensive income for the period	**-**	**10,039**	**17,411**	**27,450**	**801,008**	**828,458**
Transactions with Equity Holders in their capacity as Equity Holders						
Share Based Payments – Long Term Incentives	-	54,836	-	54,836	-	54,836
Balance as at 31 December 2021	**13,528,699**	**432,940**	**493,211**	**14,454,850**	**247,348**	**14,702,198**
Balance as at 1 July 2022	13,528,699	464,065	1,071,675	15,064,439	-	15,064,439
Profit for the period	-	-	304,165	304,165	-	304,165
Other comprehensive income for the period	-	5,318	-	5,318	-	5,318
Total comprehensive income for the period	**-**	**5,318**	**304,165**	**309,483**	**-**	**309,483**
Transactions with Equity Holders in their capacity as Equity Holders						
Share Based Payments – Long Term Incentives	-	45,542	-	45,542	-	45,542
Balance as at 31 December 2022	**13,528,699**	**514,925**	**1,375,840**	**15,419,464**	**-**	**15,419,464**

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

Consolidated Statement of Cash Flows

For the six months ended 31 December 2022

	Note	31 Dec 2022 $	31 Dec 2021 $
Cash flows from operating activities			
Receipts from customers		54,650,953	45,380,065
Payment to suppliers and employees		(53,565,616)	(44,808,310)
Interest paid		(384,680)	(253,821)
Income tax received / (paid)		1,066,059	(67,124)
Net cash inflow from operating activities		**1,766,716**	**250,810**
Cash flows from investing activities			
Payments for plant & equipment		(324,492)	(839,751)
Proceeds from the sale of plant & equipment		64,091	-
Interest received		1,192	620
Payment for intangible assets		(314,140)	(251,232)
Payment for acquisition of business, net of cash acquired		-	(3,928,812)
Net cash (outflow) from investing activities		**(573,349)**	**(5,019,175)**
Cash flows from financing activities			
Principal elements of lease payments		(1,050,718)	(966,919)
Repayment of financial liabilities		(822,917)	(822,917)
Proceeds from financial liabilities		1,062,919	8,509,333
Net cash inflow / (outflow) from financing activities		**(810,716)**	**6,719,497**
Net increase in cash and cash equivalents		**382,651**	**1,951,132**
Cash and cash equivalents at 1 July		4,749,807	3,111,382
Impact of cash held by subsidiary reclassified as held for sale		-	(610,499)
Cash flows of subsidiary reclassified as discontinued operation		-	(103,483)
Cash and cash equivalents at 31 December		**5,132,458**	**4,348,532**

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

Notes to The Consolidated Financial Statements

For the six months ended 31 December 2022.

Section A: Significant Changes in the Current Reporting Period

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

1H FY23 saw the Group continue to deliver on its growth strategy of building a stronger, larger, more relevant and diversified business holding an advantaged market position:

1. Expanded Stealth's omnichannel platform and business into a larger-scale distributor.
2. Continued a high focus on safety.
3. Capital allocation prudently managed.
4. Evolved from multichannel to omnichannel.

During FY22 Stealth completed a number of key transactions - acquisitions of Skipper Transport Parts on 15 August 2021, United Tools Pty Ltd on 1 March 2022 and United Tools Albany on 2 May 2022, plus divestment of BSA Brands (UK) Limited joint venture with Bisley Workwear (February 2022) and cessation of UK operations (2H FY22).

These transactions financially benefitted 1H FY23 performance, which saw the Group achieve record half-year consolidated revenue of $52.4m, up $8.1m (18%) on 1H FY22 and up $23.7m (83%) on 1H FY21, as it continues to execute on its growth strategy.

Stealth's strong balance sheet and cash flows were improved, providing stability and growth funding capacity.

- Total Assets of $59.1m (1H FY22: $58.6m).
- Cash of $5.1m as of 31 December 2022, up on $4.3m (from continuing operations) as of 31 December 2021 and $4.7m as of 30 June 2022.
- Net working capital of $13.2m (Receivables + Inventory – Payables), up from $11.7m (from continuing operations) as of 31 December 2021.
- Net Debt of $10.0m as of 31 December, down by $0.1m on 30 June 22 and down by $0.5m on 31 December 2021. 1H FY23 net debt includes $2.9m relating to acquisitions of C&L (December 2020) and STP (August 2021). Working capital-based net debt as of 31 December 2022 of $3.4m represents only 11.5% of Receivables and Inventory assets held.
- Operating cash inflow of $1.8m for the half-year, compared to operating cash inflow of $0.3m for half-year ended 31 December 2021.

Capital management capacity increased through new Finance Facilities with CBA, being $20.0m of total facilities as of 31 December 2022 ($17.8m as of 30 June 2022), including $3.0m of facilities completed November 2022, reduced for repayment of $0.8m of acquisition-specific debt in 1H FY23 (FY22: $1.6m repayment).

Subsequent to the end of the reporting period:

- There are no matters, items, transactions, or events of a material and unusual nature likely, in the opinion of the directors, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future reporting periods.

For a detailed discussion about the Group's performance and financial position, please refer to the Operating and Financial Review on pages 5 to 7 of this interim financial report.

Section B: Business Performance

B1 Operating Segments

The Board of Directors' view is that there were two reportable segments during the current reporting period, being the business areas of Australia and Rest of the World, as reviewed regularly by the Board of Directors. The principal results reviewed for each area are revenue and adjusted operating profit.

In FY22 the Consolidated Entity results were reported as three business areas (being Australia, UK and Rest of the World) based on geographic regions (by management location), however, during the 2H FY22 reporting period, the Group completed (refer Note F5, FY22 Annual Report) the sale of its shares in BSA and the resultant cessation of its UK operations. These operations are disclosed as discontinued operations in the comparative reporting period.

The Group's Australian operations are judged by management to form a single operating segment, due to a combination of factors, including overlapping nature of their customers, their suppliers and their competitors, of the products they sell and how they are sold and their geographical locations across the mining-based states of WA, Qld and SA. 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 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.

Half-year ended 31 December 2022	Australia $	Rest of the World $	Corporate $	Group Total $
Total revenue	**52,424,908**	**-**	**-**	**52,424,908**
Adjusted operating profit / (loss)	**3,042,283**	**(9,810)**	**(2,060,261)**	**972,212**
Transaction costs	-	-	(167,965)	(167,965)
Operating profit / (loss)	**3,042,283**	**(9,810)**	**(2,228,226)**	**804,247**
Finance costs				(486,587)
Profit before income tax				**317,660**
Income tax expense				(13,496)
Profit for the half-year				**304,165**
Less: Non-controlling interests (profit) / loss				-
Profit for the half-year attributable to owners of the company				**304,165**
Total segment assets				
31 December 2022	50,717,125	285,502	8,112,093	**59,114,720**
30 June 2022	54,009,856	245,696	7,284,479	**61,540,031**
Total segment liabilities				
31 December 2022	23,833,230	211,186	19,650,840	**43,695,256**
30 June 2022	28,459,768	54,218	17,961,606	**46,475,592**

Half-year ended 31 December 2021	Australia $	Rest of the World $	Corporate $	Total $	Discontinued Operations $	Group Total $
Revenue	**44,258,668**	**-**	**63,231**	**44,321,899**	**2,133,037**	**46,454,936**
Other income	**-**	**-**	**-**	**-**	**1,679,663**	**1,679,663**
Total revenue and other income	**44,258,668**	**-**	**63,231**	**44,321,899**	**3,812,700**	**48,134,599**
Adjusted operating profit / (loss)	**2,050,012**	**(13,617)**	**(1,526,507)**	**509,888**	**1,809,930**	**2,319,818**
Transaction costs	-	-	(733,090)	(733,090)	(30,186)	(763,276)
Operating profit / (loss)	**2,050,012**	**(13,617)**	**(2,259,597)**	**(223,202)**	**1,779,744**	**1,556,542**
Finance costs				(312,554)	(30,325)	(342,879)
Profit / (loss) before income tax				**(535,756)**	**1,749,419**	**1,213,663**
Income tax expense						(395,244)
Profit for the half-year						**818,419**
Less: Non-controlling interests (profit) / loss						(801,008)
Profit for the half-year attributable to owners of the company						**17,411**
Total segment assets						
31 December 2021	47,566,057	213,563	7,404,188	**55,183,808**	3,383,968	**58,567,776**
30 June 2021[1]	33,320,858	201,664	6,353,530	**39,876,052**	3,882,069	**43,758,121**
Total segment liabilities						
31 December 2021	25,001,665	21,754	17,520,283	**42,543,702**	1,321,876	**43,865,578**
30 June 2021[1]	17,458,568	22,146	9,475,094	**26,955,808**	2,983,409	**29,939,217**

Note 1 – Assets and liabilities of UK Operations shown in discontinued column

Section C: Operating Assets and Liabilities

C1 Intangible Assets

	31 Dec 2022 $	30 Jun 2022 $
Goodwill		
Opening balance – Cost	**10,373,464**	**8,688,112**
Arising on acquisition of Skipper Transport Parts (August 2021)	84,545	721,926
Arising on acquisition of C&L Tool Centre Pty Ltd (December 2020)	-	460,017
Arising on acquisition of United Tools Pty Ltd (March 2022)	-	403,256
Arising on acquisition of United Tools Albany (May 2022)	7,000	83,643
Exchange differences	-	16,510
Closing balance – Cost	**10,465,009**	**10,373,464**
Internally Generated Software (eCommerce)		
Opening balance – Cost	**1,232,010**	**951,389**
Additions – internal development	314,140	280,621
Closing balance – Cost	**1,546,150**	**1,232,010**
Total Intangible Assets at Cost	**12,011,159**	**11,605,474**
Less: Accumulated Amortisation	(86,158)	(12,298)
Total Intangible Assets	**11,925,001**	**11,593,176**

Impairment

The Consolidated Entity has assessed each CGU for indicators of impairment as of 31 December 2022. For the purpose of impairment testing, the recoverable amount of each Cash Generating Unit (CGU) was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of each CGU.

- Key assumptions applied in the estimation of value in use were the same across each CGU, being a pre-tax discount rate applied to the cash flow projections of 12% (FY22: 12%) based on a weighted average cost of capital; revenue growth rate of 0% (FY22: 0%) and a terminal value growth rate of 2% (FY22: 2%).
- The value in use assessment was calculated based on the present value of the cash flow projections over a five-year period and include a terminal value at the end of year five based on a growth rate of 2%. The cash flow projections over the five-year period are based on the Group's performance and growth over the forecast periods based on the Group's plans and management's assessment of the impacts of underlying economic conditions, past performance and other factors on each CGU's financial performance.

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

C2 Financial Liabilities

	31 Dec 2022 $	30 Jun 2022 $
Current:		
Borrowings		
Commonwealth Bank of Australia Facility	13,640,833	12,590,833
Insurance Premium Funding	66,082	32,989
Total current borrowings	**13,706,915**	**12,623,822**
Other financial liabilities		
Deferred consideration – United Tools Albany	69,820	129,462
Deferred consideration – United Tools Pty Ltd	514,196	514,196
Total current other financial liabilities	**584,016**	**643,658**
Total current financial liabilities	**14,290,931**	**13,267,480**
Non-current:		
Borrowings		
Commonwealth Bank of Australia Facility	1,218,750	2,041,667
Total non-current borrowings	**1,218,750**	**2,041,667**
Other financial liabilities		
Deferred consideration – United Tools Pty Ltd	492,571	514,196
Total non-current other financial liabilities	**492,571**	**514,196**
Total non-current financial liabilities	**1,711,321**	**2,555,863**

In November 2022, the Group further increased the available working capital facilities with CBA by $3,000,000.

The CBA facility is secured by first charge over the assets of the Group's Australian operations. The interest rate is variable and was 4.80% p.a. as of 31 December 2022 (30 June 2022: 3.25%). Insurance premium funding had a fixed interest rate of 2.95% (30 June 2022: 1.91%) over its term of seven months.

Deferred considerations:

- United Tools Ltd deferred considerations to be settled March 2023 (current) and March 2024 (non-current).
- United Tools Albany deferred consideration due in May 2023 (twelve months post acquisition).

C3 Right-of-Use Assets and Lease Liabilities

	31 Dec 2022 $	30 Jun 2022 $
Carrying Value of Non-Current Right-of-use-assets	**7,657,742**	**8,739,441**
Current:		
Lease liabilities – AASB 16	1,757,751	2,042,592
Finance leases	129,453	132,043
Total current leases	**1,887,204**	**2,174,635**
Non-current:		
Lease liabilities – AASB 16	6,034,651	6,800,528
Finance leases	130,974	148,556
Total non-current leases	**6,165,625**	**6,949,084**

C4 Net Debt

	Cash $	Leases due within 1 year $	Leases due after 1 year $	Borrowing due within 1 year $	Borrowing due after 1 year $	Total $
Net cash/(debt) as at 1 July 2022	4,749,807	(132,044)	(148,556)	(12,623,822)	(2,041,667)	(10,196,282)
Working capital investment (i)	382,651	-	-	(1,083,093)	-	(700,442)
Net lease (additions) / disposals / repayments	-	2,591	17,582	-	-	20,173
Acquisition debt repayments	-	-	-	-	822,917	822,917
Net cash/(debt) as at 31 December 2022	**5,132,458**	**(129,453)**	**(130,974)**	**(13,706,915)**	**(1,218,750)**	**(10,053,634)**

Notes:
(i) Net investment in working capital (receivables, inventory, payables), reflecting growing operational scale.

	Cash $	Leases due within 1 year $	Leases due after 1 year $	Borrowing due within 1 year $	Borrowing due after 1 year $	Total $
Net cash/(debt) as at 1 July 2021	3,111,382	(85,565)	(117,951)	(5,883,334)	(1,250,000)	(4,225,468)
Debt to acquire STP (i)	-	-	-	(812,500)	(2,437,500)	(3,250,000)
STP investment (ii)	-	-	-	(1,493,117)	-	(1,493,117)
Working capital investment (iii)	1,237,150	-	-	(3,078,271)	-	(1,841,121)
Capital expenditure (iv)	-	-	-	(373,611)	-	(373,611)
Net lease (additions) / disposals / repayments	-	(59,566)	(92,679)	-	-	(152,245)
Acquisition debt repayments	-	-	-	-	822,917	822,917
Net cash/(debt) as at 31 December 2021	**4,348,532**	**(145,131)**	**(210,630)**	**(11,640,833)**	**(2,864,583)**	**(10,512,645)**

Notes:

(i) *Gross acquisition-specific debt on acquisition of $3.2m (excludes $0.4m repaid against this debt during 1H FY22 (refer debt repayments))*

(ii) *Investment comprises $0.4m working capital investment, $0.7m capital expenditure (including warehouse and IT investments) and $0.4m trading support post-acquisition.*

(iii) *Net investment in working capital (receivables, inventory, payables) excluding STP (included in (ii) above) and BSA movements, reflecting growing operational scale.*

(iv) *Net investment in PPE and intangible assets excluding STP investment (included in (ii) above).*

	31 Dec 2022 $	30 Jun 2022 $	31 Dec 2021 $
Total current borrowings	13,706,915	12,623,822	11,640,833
Total non-current borrowings	1,218,750	2,041,667	2,864,583
Finance leases due within 1 year	129,453	132,044	145,131
Finance leases due after 1 year	130,974	148,556	210,630
Total borrowings including finance leases	**15,186,092**	**14,946,089**	**14,861,177**
Cash on hand (excluding discontinued operations)	**(5,132,458)**	**(4,749,807)**	**(4,348,532)**
Net debt	**10,053,634**	**10,196,282**	**10,512,645**
Includes:			
Acquisition-specific debt	2,864,583	3,687,500	4,510,417
Acquisition-support debt via working capital facility	3,771,137	3,651,417	1,393,005
Total acquisition debt	**6,635,720**	**7,338,917**	**5,903,422**
Net debt excluding acquisition debt	3,417,914	2,857,365	4,609,223
Receivables and Inventory	29,816,252	31,449,858	26,607,802
Net debt excluding acquisition debt as % of Receivables and Inventory	11.5%	9.1%	17.3%

- *Acquisition debt repayments are $822,917 in the current reporting period, with C&L to be fully repaid in CY23.*
- *Net debt levels excluding acquisition debt (working capital based) below 25% of Receivables and Inventory asset balances held.*

	31 Dec 2022 $	30 June 2022 $
Financing arrangements		
The Group had access to the following undrawn borrowing facilities at the end of the reporting year:		
Floating Rate		
- Expiring within one-year unused facility (CBA Bill Facility, CBA Guarantee Facility and Credit Card Facility)	4,706,236	2,769,154
Cash on Hand	5,132,458	4,749,807
Total Available	**9,838,694**	**7,518,961**

Capital Risk Management

The Consolidated Entity manages its capital to ensure it's 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:

	31 Dec 2022 $	30 June 2022 $	31 Dec 2021 $
Total debt	15,186,092	14,946,089	14,861,177
Total equity	15,419,464	15,064,439	14,702,198
Total debt and total equity	30,605,556	30,010,528	29,563,375
Gearing ratio (Total debt / Total debt and total equity)	49.6%	49.8%	50.3%
Net debt	10,053,634	10,196,282	10,512,645
Net debt and total equity	25,473,098	25,260,721	25,214,843
Gearing ratio (Net debt / Net debt and total equity)	39.5%	40.4%	41.6%
Net debt excluding acquisition debt	3,417,914	2,857,365	4,609,223
Net debt excluding acquisition debt and total equity	18,837,378	17,921,806	19,311,422
Gearing ratio (Net debt excl. acquisition debt / Net debt excl. acquisition debt and total equity)	18.1%	15.9%	23.9%

The Gearing Ratio of the Company has decreased from 50.3% as of 31 December 2021 to 49.8% as of 30 June 2022 to 49.6% as of 31 December 2022, reflecting the following factors:

- Total debt predominantly relates to CBA working capital facilities and specific acquisition debt facilities, with balances totalling $11.9m and $2.9m respectively owing on 31 December 2022. The Group repaid $0.8m against acquisition debt facilities during 1H FY23.
- Group's cash balance as of 31 December is $5.1m, $0.4m increase from 30 June 2022 ($4.7m). Applying cash balance against Total debt reduces Gearing Ratio from 49.6% to 39.5% (FY22: 40.4%).
- Total debt as of 31 December 2022 includes $2.9m acquisition-specific debt relating to the acquisition of C&L Tools (1 December 2020) and STP (15 August 2021), (FY22: $3.6m). Total debt also includes $3.8m of acquisition support funded through the Group's working capital facility (FY22: $3.7m).Excluding both these acquisition-related debts from Total Debt would reduce the Gearing Ratio (after reduction for net cash increase above) from 39.5% to 18.1% (FY22: 15.9%).
- Underlying EBITDA (as defined in the OFR) of the Group for 1H FY23 is $2.4m (1H FY22: $1.7m). Total Debt to annualised Underlying EBITDA ratio is 3.2 times as of 31 December 2022 (1H FY22: 4.4 times). Net of cash balances, this decreases to 2.1 times (1H FY22: 3.1 times).

The Consolidated Entity is subject to certain financing covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default during the financial year and the Consolidated Entity is in compliance with its loan covenants as of 31 December 2022.

Section D: Taxation

D1 Income Tax Expense

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

	31 Dec 2022 $	30 Jun 2022 $
(a) Income tax (expense) / credit from continuing operations		
Current tax	351,559	403,563
Deferred tax	(365,055)	(539,951)
	(13,496)	**(136,388)**
(b) Income tax (expense)/credit is attributable to:		
Profit from continuing operations	(13,496)	(136,388)
Profit from non-continuing operations	-	(448,988)
	(13,496)	**(585,376)**
(c) Current tax liabilities		
Income tax payable	**3,177**	**3,221**

D2 Deferred Tax Balances

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

	31 Dec 2022 $	30 Jun 2022 $
Deferred tax assets		
Receivables	116,829	31,742
Payables, accruals and provisions	850,293	1,024,630
Capital costs deductible over five years	130,351	211,002
Provision for inventory obsolescence	219,683	219,683
Other items	58,925	58,925
	1,376,081	**1,545,982**
Deferred tax liabilities		
Accrued income	4,500	4,500
Property, plant and equipment	531,263	326,749
Other items	21,515	30,875
	557,278	**362,124**

	31 Dec 2022 $	31 Dec 2021 $
Reconciliation between tax (expense) / credit and pre-tax net profit / (loss)		
Profit / (loss) from continuing operations before income tax	317,661	(535,756)
Profit / (loss) from discontinued operations before income tax	-	1,749,419
Income tax expense @ 30% (2021: 30%)	(95,298)	(364,099)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,557)	20,552
Over-provision prior year	55,452	-
Non-deductible items	(1,931)	(37,889)
Other	29,838	(13,808)
	(13,496)	**(395,244)**

Section E: Capital Structure

E1 Issued Capital

	31 Dec 2022 Number of shares	30 Jun 2022 Number of shares	31 Dec 2022 $	30 Jun 2022 $
Balance at the beginning of the period	99,700,000	99,700,000	13,528,699	13,528,699
Ordinary shares – issued	-	-	-	-
Balance at the end of the period	**99,700,000**	**99,700,000**	**13,528,699**	**13,528,699**

No other equity securities or options were issued during or since the half-year ended 31 December 2022.

Performance rights made available under the Performance Rights Plan

A share-based expense of $45,542 has been recognised in the half-year ended 31 December 2022 (1H FY22: $54,836).

E2 Dividends

There were no dividends paid or recommended during the half-year ended 31 December 2022 (1H FY22: $nil).

E3 Earnings Per Share

Statutory Earnings per Share	Half-year to 31 Dec 2022 $	Half-year to 31 Dec 2021 $
Profit used in the earnings per share calculation	304,165	17,411
Weighted average number of ordinary shares (Basic)	99,700,000	99,700,000
Weighted average number of ordinary shares (Diluted)	99,700,000	99,700,000
Basic Earnings Per Share (cents)	0.31	0.02
Diluted Earnings Per Share (cents)	0.31	0.02

As at 31 December 2022 there are no options on issue. On the 27 September 2022 the 4,994,737 options that had been on issue, expired. The options were not considered dilutive as the exercise price of the options (25 cents) exceeded the market price of the ordinary shares.

Section F: Group Structure

F1 Controlled Entities

The subsidiaries of the parent entity are disclosed in the consolidated financial statements of the Group as of 30 June 2022. There were no other changes of control during the half-year.

F2 Business Combination

(a) Current Period

There were no acquisitions during the current half-year reporting period.

(b) Prior Period

Note F3 of the Group's FY22 annual report for the year ended 30 June 2022 disclosed three acquisitions provisionally accounted for, including goodwill on acquisitions, one occurring in 1H FY22 (STP) and two occurring in 2H FY22. The final goodwill on acquisition after completion of the provisional accounting period (being twelve months post acquisition, ending 15 August 2022) for STP is $806,471, an increase of $84,547 from FY22. The increase was attributed to provision for expected credit losses.

F3 Financial Instruments

The Company holds no Level 1 or Level 2 financial instruments as of 31 December 2022, nor as of 30 June 2022.

As of 30 June 2022, the fair value of the Group's financial assets and liabilities was not materially different to their carrying value. As of 31 December 2022, the fair value of the Group's financial instruments continues not to be materially different to their carrying value.

Deferred consideration of $1.1m (30 June 2022: $1.2m) relating to the acquisitions of United Tools Pty Ltd in March 2022 and United Tools Albany in May 2022 is recognised on the Group's Balance Sheet, being a Level 3 fair value measurement.

F4 Discontinued Operations and Assets Held for Sale

Note F5 of the Group's FY22 annual report for the year ended 30 June 2022 disclosed discontinued operations relating to that financial year, in relation to Stealth's UK operations.

The discontinued operations comparative in the half-year Statement of Financial Performance relates to the financial performance of BSA Brands (UK) Limited and Stealth Global Industries (UK) Limited for the six months ended 31 December 2021, as disclosed in the 1H FY22 half-year interim financial report. There were no associated assets and liabilities presented as held-for-sale in the Group's statement of financial position as of 30 June 2022.

Section G: Other Information

G1 Subsequent Events

During the period between 31 December 2022 and the date of this report there are no matters, items, transactions or events of a material and unusual nature likely, in the opinion of the directors, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future reporting periods.

Section H: About This Report

H1 Reporting Entity

Stealth Global Holdings Ltd ("**Stealth**" or "**the Company**") is a limited company incorporated in Australia. The consolidated interim financial report for the half-year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as "**the Group**" and individually as the "**Consolidated Entity**").

H2 Basis of Preparation

(a) Statement of compliance

This consolidated interim financial report for the half-year ended 31 December 2022 is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Stealth during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001.*

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. There were no changes arising from the adoption of new and amended standards as set out below.

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The consolidated financial statements are prepared on an accruals basis and are based on historical costs except where otherwise stated. The financial statements were approved by the Board of Directors on 28 February 2023.

(b) Functional and presentation currency

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

(c) Use of estimates and judgements

The preparation of these interim financial statements requires management to use judgement, estimates and assumptions that affect the application of accounting policies and hence the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022. Estimates and underlying assumptions are reviewed on an ongoing basis and any required revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

H3 Significant Accounting Policies

The Consolidated Entity has adopted all the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax.

New, revised or amending Accounting Standards and Interpretations adopted

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

Directors' Declaration

For the Half-Year Ended 31 December 2022

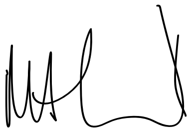
Stealth Global Holdings Ltd and its controlled entities

ACN 615 518 020

The directors of the company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001* and:
   (a) Comply with Accounting Standards including *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements after 2001; and
   (b) Give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Michael Arnold
Managing Director

Perth, 28 February 2023

Independent Auditor's Review Report

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Stealth Global Holdings Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Stealth Global Holdings Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

BDO

Glyn O'Brien

Glyn O'Brien

Director

Perth

28 February 2023

STEALTH GLOBAL
HOLDINGS LTD

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