



STEALTH ACQUIRES HARDWARE & BUILDING TRADERS (HBT) AND UPGRADES FY28 GUIDANCE

- **Natural bolt-on fit with Stealth's business model and existing operations.**
- **Transformational — creating Australia's market-leading alternative in hardware and industrial distribution.**
- **Upgraded FY28 earnings guidance driven by significantly expanded scale, buying power, sales, and margin growth.**

Stealth Group Holdings Ltd (ASX: SGI) ("Stealth" or the "Company") is a diversified multi-channel distribution company operating as a wholesaler, distributor, and retailer, supplying products and solutions to businesses, trade professionals, and retail consumers across Australia.

Stealth has executed an agreement to acquire 100% of Hardware & Building Traders Pty Ltd (HBT), Australia's largest privately owned national buying group for the hardware and industrial sector — for a headline purchase price of \$22 million in an all-cash transaction, with the initial payment funded through an extension of Stealth's bank-debt facilities. Completion is scheduled for Monday, 10 November 2025.

AT A GLANCE (KEY HIGHLIGHTS)

The acquisition delivers immediate and long-term value for all stakeholders.

- **Transformational Acquisition – Clear Market Leadership:** A once-in-a-generation opportunity that positions Stealth as the market-leading alternative to Australia's major hardware and industrial players: Wesfarmers (Bunnings/Blackwoods) and Metcash (IHG/Total Tools).
- **Industry-Defining Expansion:** — Creates a high-barrier, difficult-to-replicate, national distribution platform, within a \$93 billion, highly fragmented hardware and industrial market.
- **Unmatched Scale & Earnings Power:** Adds ~1,165 independent retailers/stores, ~\$700 million in annual purchases, and ~490 supplier partnerships, establishing Australia's largest integrated distribution platform across hardware, industrial, safety, automotive, and workplace categories.
- **Extensive Growth Catalysts & Synergies:** A powerful sales and margin-expansion engine. Stealth's FY25 investment in exclusive/private-label products, tool-hire services, and online channels will see ranging available to ~1,200 stores nationwide, a material increase from the previous plan of 32 stores.
- **Compelling Financial Value:** Immediately accretive and cash-generative, with extensive hard and soft synergies expected to deliver ~\$8 million in annual profit synergies by FY27 and more than \$200 million in incremental sales in FY28.
- **Upgrades FY28 Guidance:** Sales > \$500 million (up from \$300 million), EBITDA margin 8–12% (up from 8%), and NPAT margin 5–8% (up from 5%).

STRATEGIC RATIONALE

The acquisition of HBT is a natural, strategic bolt-on fit to Stealth's existing wholesale division and buying-group operations, and together they immediately and significantly expand Stealth's scale, capability, and relevance across wholesale, retail, and direct-to-business channels.

BOARD OF DIRECTORS

Chris Wharton AM
Chairman

Michael Arnold
Group Managing Director & CEO

John Groppoli
Non-Executive Director

Simon Poidevin
Non-Executive Director

Anthony Benino
Company Secretary

ISSUED CAPITAL

130.1 million Ordinary Shares

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GROUP OPERATING BRANDS

- > Heatleys Safety, Industrial & Automotive
- > Force Technology International
- > United Supply Company
- > Trade Member Direct
- > The Tool Hire Company

WEBSITES

- > heatleys.com.au
- > forcetechnology.com.au
- > citoolcentre.com.au
- > isgaus.com.au
- > unitedtools.com.au
- > toolspareparts.com.au

ASX: SGI

An Australian Multi-Sector Distribution Company



This represents a compelling strategic opportunity with substantial benefits to HBT members, suppliers, customers, and shareholders, while ensuring the business and its independent retailers and trade operators are well positioned to capitalise on anticipated market movement.

The transaction creates Australia's largest integrated distribution network, spanning the hardware, industrial, safety, automotive, and workplace sectors, combining Stealth's 100%-owned operations with a national network of independent, predominantly family-owned retail and trade operators that form HBT's licensed membership base (not a franchise).

STEALTH GROUP MANAGING DIRECTOR & CEO MIKE ARNOLD SAID, "This acquisition and merger of HBT marks a pivotal moment for Stealth and for Australia's independent hardware and industrial sector. It is transformational in scale, strategic in timing, and value-creating for our shareholders, independent operators, our team, and suppliers who see the benefit of partnering with a large alternative group.

"Our objective is to make independent operators and our 100%-owned company operations more successful and highly competitive for customers, while providing a strong channel to market for suppliers who support the alternative-independent strategy and prefer not to be beholden to one or two major players.

"The integration of HBT materially expands our national footprint and strengthens our position as the market-leading alternative to the majors. Combined, we now operate across more than 1,200 hardware and industrial locations — a uniquely capital-light, lean, and flexible cost base with a scalable distribution model that few in the market can match.

"This transaction positions Stealth to accelerate growth, improve margins, and deliver stronger, more predictable cash flows. Our wholesale and direct-to-customer model, supported by our exclusive-brand strategy, can now be deployed at scale, translating into higher earnings and long-term shareholder value.

"This is an exciting next chapter for Stealth, unlocking new opportunities for independent operators, suppliers, and shareholders alike."

ABOUT HBT

Hardware & Building Traders (HBT) is Australia's largest privately owned national buying group, supporting independent retail and trade-focused operators in the hardware and industrial sectors. Members supply trade professionals, DIY and retail customers across Australia.

Key Information Summary:

- **Retail Network:** ~1,165 stores nationally, predominantly family-owned retail and trade focused businesses.
- **Supplier Base:** ~490 suppliers.
- **Purchase Volume:** ~\$645 million in FY25 purchases.
- **Financials:** FY25 revenue ~\$6.9m, normalised EBITDA ~\$3.7m; revenue primarily commission-based on member purchases with independents and suppliers transacting directly for purchasing, invoicing and fulfilment.
- **Cash Generation:** High free-cash-flow conversion and strong ROIC.
- **Rebates:** ~\$30m annual rebates processed on members purchases.
- **Technology:** Fully integrated digital ecosystem supporting end-to-end supply-chain efficiency and member-supplier connectivity.
- **Retail Store Banner – H Hardware & Industrial** – 50 stores currently branded H Hardware under licence; provides a unified, nationally recognised banner with strong commercial potential within Stealth's retail growth strategy.
- **Other Banners:** Remaining members trade under a range of individualised local banners.

EXPANDED SCALE, MARKET LEADERSHIP, AND EARNINGS POWER

Today, Stealth's industrial division buying-group and wholesale operations represent approximately \$100 million in annual purchases and 32 company-owned and independent store locations.

HBT represents approximately \$700 million in annual member purchases across 1,165 independent retail and trade stores.²

Combined, it creates a national wholesale and buying-group platform representing over \$800 million in annual purchases that reflect approximately \$1.3 Billion in retail sales level, ~1,300 supplier partnerships, and a network of more than 1,200 store locations across Australia.

This positions Stealth as the #1 market-leading alternative to the major industry players within a \$93 billion, highly fragmented market, and accelerates Stealth's market-leadership trajectory by almost three years, establishing a high-barrier, difficult-to-replicate national distribution platform that reinforces Stealth's long-term competitive advantages spanning wholesale, distribution, and retail operations.

It enables Stealth to materially accelerate its FY28 strategy, expand and innovate its operating model, and grow market share through a stronger east-coast presence and an expanded product, brand, and network portfolio — underpinned by sustained sales and earnings growth and long-term shareholder value.

The transaction positions Stealth to drive growth, improve margins, and deliver stronger free cash flows, deployed at scale through wholesale distribution (B2B), direct-to-business (B2B), and direct-to-customer (B2C) channels.

By combining Stealth's 100%-owned operations with independent retail and trade operators, the Company delivers a lean, agile, and flexible business model without the cost-of-capital intensity or fixed-cost burden of the owned-infrastructure models used by larger competitors.

Within this structure, the operating model comprises three business areas:

- **As a wholesaler:** Stealth runs a model that includes a buying-group function, wholesale buy/sell distribution, and member services supporting both company-owned operations and independent retail and trade operators (members of the buying group). This includes exclusive and private-label products, tool-hire programs, and member-loyalty initiatives.
- **As a distributor:** Stealth sources, warehouses, and delivers products directly to business and trade customers.
- **As a retailer:** Company operations and independent operators sell directly to end consumers **instore, online, on-site, through sales teams and customer contact centres.**

This model is resilient through the cycle, supported by favourable long-term demand drivers and delivering immediate uplift from a diversified offer, customer base, and national network combining company-owned operations and independent members.

It delivers unmatched national scale, category breadth, and supplier reach, positioning Stealth as the leading multi-channel distribution platform serving business, trade professionals, and retail customers nationwide.

In short, HBT today operates as a buying group, and its future expansion into a more comprehensive wholesale offer will allow scale benefits to flow through to both Stealth's 100%-owned company operations and its independent members — creating market-leading leverage across the network.

The HBT acquisition transforms Stealth from a mid-tier player into a true national leader, establishing Australia's market-leading alternative to Wesfarmers and Metcash.

It creates a fully scaled distribution system — from back-end sourcing and logistics through to front-end sales and customer engagement — delivering products and solutions that reach customers at every level of the hardware and industrial sector.

MERGER SYNERGIES – KEY STRATEGIES

Hard Synergies (Quantifiable)

- Target: ~\$8 million annual profit synergies by FY27.
- Target: >\$200 million sales by FY28.

- Transfer selected Stealth subsidiaries into HBT for structural efficiency.
- Expand and innovate Stealth's offer to unlock incremental sales and earnings.

- Consolidate procurement and optimise supplier terms.
- Drive rebate uplift and expand commission income from higher volume.
- Realise distribution efficiencies via combined logistics and warehousing.
- Streamline back-office systems and administration.

Soft Synergies (Strategic)

→ Drives sustainable long-term margin and growth uplift.

- Expand exclusive-brand ranging (32 stores planned to ~1,200 stores available).
- Strengthen supplier partnerships and national buying leverage.
- Broaden customer reach and drive cross-selling across divisions.
- Accelerate digital, data, and technology capability to support omnichannel growth.
- Enhance productivity and process efficiency across operations.
- Build fulfilment capabilities via an expanded customer delivery network.

FY28 Financial Outlook (Post-HBT Acquisition)

	FY28 Target (August 25)	FY28 Target Updated (November 25)
Sales	\$300+ million	\$500+ million
EBITDA	8%+	8% - 12% range
NPAT	5%+	5% - 8% range
Capital Investment	<1.5% of sales	<1.5% of sales
Wholesale Distribution <i>Includes Products: Exclusive, & Private label</i>	>10% of sales	>35%-40% of sales
Net Debt Ratio / EBITDA	Below 1×	Below 1×

Key catalysts that deliver growth (network expanded from 32 to >1,200 locations):

- **Sales & margin growth** from wholesale distribution, charge-through sales, higher volumes, buy-price synergies, exclusive/own-label expansion, new categories, online, loyalty programs, tool hire; improved stock-turn and working-capital efficiency via existing supply-chain infrastructure.
- **Commercial growth** in Whole-of-Build solutions, tools for trade, and solutions to businesses.
- **Procurement scale & supplier leverage** to optimise buying terms, rebates and costs.
- **Operational efficiency** across freight, supply chain and cross-selling.
- **Membership growth** via new members and potential consolidation of other buying groups into HBT.
- **Network expansion** using existing infrastructure and regional hubs.
- **Lower cost of doing business** through economies of scale, operating leverage and a simplified structure.

POST ACQUISITION - INDUSTRIAL & HARDWARE DIVISION STRUCTURE

Stealth structure will maintain its current model of **two operating divisions**.

1. Industrial, Hardware & Safety Division, and
2. Consumer Products Division.

Both divisions share common distribution fundamentals: sourcing, warehousing, inventory management, delivery, and sales via field, in-store, on-site and online channels.

HBT will operate as Stealth's dedicated buying and wholesale division for hardware and industrial products, servicing company-owned operations and independent retail and trade members. Core HBT foundations will be retained and strengthened through investment in new products, services and supplier programs.

CUSTOMER-FACING BANNERS (INDUSTRIAL & HARDWARE MARKET)

- This operating model delivers a lean, flexible, and predominantly variable cost structure, avoiding the high fixed costs, limited flexibility, and cost-of-capital burden associated with major competitors operating models.

	Company Banner	Market	Customer / Markets
1	Heatleys Safety, Industrial & Automotive	Distributor direct-to-Business and Trade Customers (B2B)	Businesses, Commercial, Government, Trade-Professionals, and all End-Markets.
2	Hardware & Building Traders (HBT)	Buying Group & Wholesaler (B2B)	Independent Retail & Trade operators.
3	H Hardware & Industrial	Retail & Trade (B2C & B2B)	Trade-Professionals, Retail DIY.
4	The Tool Hire Company	Trade, Retail	Business, Trade, Retail customers

- Independents will maintain their own individual banners, with an option to transition to a H Hardware & Industrial banner.

INTEGRATION PLAN & BENEFITS

The integration of HBT drives growth through horizontal and vertical expansion, accelerating market-share gains, strengthening the customer value proposition, and enhancing earnings quality across Stealth and its member network.

Scale economics unlock new earnings streams from a multi-layered model combining the existing commission-free buying-group model with a wholesale distribution model (buy-sell products, exclusive brands, tool hire, loyalty programs) and hubs for fulfilment of national contracts and online purchases.

Integration Timeline: Integration will largely be completed within 60 days, with immediate synergy gains.

FURTHER COMPLEMENTARY GROWTH INITIATIVES

- Stealth's existing operations will be buying groups will be consolidated under HBT.
 - Trade Member Direct, Industrial Supply Group, United Tools
 - The Tool Hire Company.
 - centralised supplier-management hub
 - Transfer supplier contracts (~\$100m annual purchases) into HBT.
- Expand portfolio of exclusive/own brands and services.
- Launch rewards, loyalty and subscription programs.
- Single brand 'H Hardware & Industrial' digital channels.
- Expand H Hardware & Industrial store footprint and destination experience.
- Continue to expand and innovate to unlock incremental sales and earnings.

WHY STEALTH'S MODEL WINS

Stealth's Hybrid Advantage

- Hybrid advantage:** corporate efficiency + independent flexibility (~1,200 stores, >\$800m purchasing, Nationwide)
- Capital-light, scalable** model spanning Industrial, Business, Trade, Retail and DIY.
- Exclusive brands + digital infrastructure** = durable competitive moat.
- Lean, agile, flexible** cost base without the cost-of-capital intensity or fixed-cost burden of owned-infrastructure models used by larger competitors.

OUTLOOK

Stealth has created a significant opportunity to drive sustainable sales and earnings growth. Its \$93 billion addressable market is large, expanding, and fragmented, with strong fundamentals that underpin continued growth. The Company's diversified model remains resilient through the cycle.

Stealth has a long track record of delivery. The Company's commitment to expanding scale, broadening its brand portfolio, evolving its product range and offer, and deepening customer reach is underpinned by disciplined growth, a conservative balance sheet, and a focus on stronger returns.

This acquisition represents a transformational step, establishing a scaled, capital-light distribution platform with a largely variable cost base — delivering margin expansion, accelerated earnings growth, and strong free cash flow.

Stealth's strategy — to combine the scale, assets, and infrastructure of its company-owned operations with the reach, volume, and agility of independent retail and trade operators — positions the Company as the market-leading independent alternative to major industry players Wesfarmers (Bunnings, Blackwoods, Workwear Group) and Metcash (Independent Hardware Group / Total Tools).

For further information, refer to the supplementary section of this release.

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

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About Stealth Group Holdings

Stealth Group Holdings Ltd is a diversified multi-channel distribution company operating as a wholesaler, distributor, and retailer, supplying products and solutions to businesses, trade professionals, and retail consumers across Australia.

The Group operates through two distinct divisions – **Industrial & Hardware Distribution** and **Consumer Products** – supported by an **omnichannel model** that spans wholesale, company-owned branches and stores, reseller and member networks, retail and trade partnerships, design and manufacturing, hire services, onsite solutions, store-in-store formats, e-commerce, and online marketplaces. These channels are underpinned by a large integrated national infrastructure, store network, sales force, customer contact centres, and integrated logistics and operations infrastructure.

SUPPLEMENTARY INFORMATION

TRANSACTION & FUNDING SUMMARY

- Purchase Price: \$22 million (cash)
- Structure: \$17 million payable at completion; \$5 million deferred (12 months, paid from free cash flow)
- Outperformance in HBT: \$2.5 million is payable on achieving \$10 million NPBT in Year 2 and in Year 3.
- Funding: acquisition funding within the existing Stealth bank-debt facilities.
- Completion: 10 November 2025
- Leverage: <2.0× Net Debt / EBITDA; forecast <1.0× by FY28.
- Accretion: Double-digit EPS and free-cash-flow accretion expected immediately.
- Implied EV / EBITDA Multiple: 5.9× FY25 normalised EBITDA.

RECAP OF MAY 2025 CAPITAL RAISE – USE OF FUNDS – HBT WILL

The HBT acquisition will significantly increase the initiatives outline in this program The amount raised was \$7.5 million before capital raising costs. Funds raised are being deployed to support growth-focused initiatives aligned to Stealth's FY28 strategic target of \$300 million in sales, including:

1. Expansion of exclusive and own-brand product ranges
2. Growth of Marketplaces and the store-in-store roll-out
3. Launch of Hire business including new In-Store Hire-rental openings
4. Investment in network expansion, digital infrastructure, and customer channels
5. Subscription & Loyalty programs enhancing customer retention and growing new revenue streams.
6. Strengthening the balance sheet to enhance financial flexibility and support margin accretive opportunities.

Source: ASX release by Stealth 22 April 2025 <https://stealthgi.com/wp-content/uploads/2025/04/2880170.pdf>

Notes

1. **Market-leading position:** Has been determined by Stealth management based on internal market research, IBIS reports research, Competitor public-disclosed information and research conducted by Stealth including total store locations, total range on offer, product category mix, end-markets, customer types, supplier depth, channels to market and overall general competitive landscape.
2. **Implied transaction multiple:** Calculated using an enterprise value of \$22.0 million. EBITDA used in determining the multiple has been extracted from HBT's full-year FY25 accounts, adjusted to exclude costs directly associated with the sale and purchase transaction.
3. **Synergies:** Presented on a pre-tax basis and reflect Stealth management estimates and modelling prepared in connection with the acquisition and integration planning.
4. **Market-related activities** include combination of Company operations, Independent Operators, Members assets and Infrastructure in Australia

IMPORTANT NOTICE

This announcement for Stealth Group Holdings (ASX: SGI) (Stealth) is designed to provide general background information about the acquisition of Hardware & Building Traders Pty Ltd and its proposed acquisition by Stealth, and is current at the date of the release, 10 November 2025.

This announcement contains forward-looking statements relating to operations of Hardware & Building Traders that are based on Stealth Management's own current expectations, estimates and projections about matters relevant to the Stealth, its subsidiaries and associates (including, where indicated, following completion of the acquisition of Hardware & Building Traders) future financial performance. Words such as "likely", "aims", "looking forward", "potential", "anticipates", "expects", "predicts", "plans", "targets", "believes" and "estimates" and similar expressions are intended to identify forward-looking statements.

References in the announcement to assumptions, estimates and outcomes and forward-looking statements about assumptions, estimates and outcomes, which are based on internal business data and external sources, are uncertain given the nature of the industry, business risks, and other factors. Also, they may be affected by internal and external factors that may have a material effect on future business performance and results. No assurance or guarantee is, or should be taken to be, given in relation to the future business performance or results of Stealth or the likelihood that the assumptions, estimates or outcomes will be achieved.

This announcement contains certain financial information relating to Hardware & Building Traders Pty Ltd and its subsidiaries which has been derived from Hardware & Building Traders Pty Ltd's statutory financial statements for the year ended 30 June 2025 (Hardware & Building Traders Information). Stealth has independently verified, and is not responsible for, any of the Hardware & Building Traders Information.

While Stealth Management has taken every effort to ensure the accuracy of the material in the announcement, the announcement is provided for information only and no representations or warranties are made as to, and no reliance should be placed on, the accuracy or completeness of such information. To the maximum extent permitted by law, Stealth, its subsidiaries and its interests in associates and jointly controlled operations and their directors, officers, management, employees and advisers expressly exclude and disclaim any liability in respect of anything done or not done, directly or indirectly, in reliance on the announcement or information contained in the announcement. This announcement should not be construed in any manner as a recommendation to any investor or potential investor or other reader of this communication.

Any past performance information included in this announcement is given for illustrative purposes only and should not be relied upon as (and is not) a promise, representation, warranty or guarantee as to the past, present or an indication of future performance.

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END OF RELEASE