

APPENDIX 4E

PRELIMINARY FINAL REPORT

FINANCIAL YEAR ENDED 30 JUNE 2024



HiTech Group Australia Limited

A.B.N. 41 062 067 878

APPENDIX 4E

Preliminary Final Report

HiTech Group Australia Limited	
ABN: 41 062 067 878	Financial Year ended 30 June 2024

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenues from ordinary activities	14.5%	Down	\$63,641,159
Net profit for the period attributable to members	10.9%	Up	\$6,031,458
Dividends			
Final dividend	5 cents per share fully franked		
Previous corresponding period	5 cents per share fully franked		

Comment on figures reported:

HiTech's core business is the placement of ICT contractors and recruitment services to the public and private sectors. ICT consulting services demand continues to be strong with several IT infrastructure and digital/cyber security transformation projects underway, requiring specialist IT talent.

For the financial year ended 30 June 2024, the consolidated entity's results are:

- Operating revenue is \$63,641,159, a decrease of 14.5% over the previous corresponding period (pcp) (FY23: \$74,354,662).
- Gross Profit is \$12,806,900, an increase of 16.5% over pcp (FY23: \$10,989,942).
- NPAT is \$6,031,458, an increase of 10.9% over pcp (FY23: \$5,437,729).
- EBITDA is \$8,893,893, an increase of 16.6% over pcp (FY23: \$7,626,821).
- Net Tangible Assets (NTA) is 22 cps, an increase of 20% over pcp (FY23: 19 cps).

The directors have declared a fully franked dividend of 5 cents per share to be paid on 6 September 2024, to shareholders registered on close of business on 2 September 2024.

HiTech's strong business model and our reputation as a top-quality specialised ICT services organisation, ensures consistent demand from our valued clients as we deliver to them consistently the highest quality technologists available.

HiTech is fully prepared to take advantage of continued demand for top talent in the ICT recruitment and services sector. We are continually working towards winning new business and maximising returns on our existing agreements as we continue to achieve profit targets.

We continue to manage operating costs to be better aligned with revenue and profitability targets.

1. CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

		Consolidated Group	
	Note	2024 \$	2023 \$
Revenue from continuing operations			
Sales Revenue	5(a)	63,447,938	74,354,662
Cost of sales	6	(50,641,038)	(63,364,720)
Gross Profit		12,806,900	10,989,942
Other revenue	5(b)	193,221	122,918
Marketing expenses		(22,513)	(33,771)
Occupancy expenses		(585,072)	(696,719)
Insurance and legal expenses		(94,615)	(58,118)
Administration expenses		(2,991,299)	(2,428,674)
Other expenses from ordinary activities		(520,643)	(425,323)
Profit/(Loss) before income tax		8,785,979	7,470,255
Income tax (expense)/benefit	7	(2,754,521)	(2,032,526)
Profit attributable to members of the parent entity		6,031,458	5,437,729
Other comprehensive income		-	-
Total comprehensive income for the year		6,031,458	5,437,729
Earnings per Share:			
Basic and diluted earnings (cents per share)	20	14.26	12.89

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	Consolidated Group 2024 \$	2023 \$
CURRENT ASSETS			
Cash and cash equivalents	8	12,106,261	10,583,253
Trade and other receivables	9	2,859,269	1,176,515
Other current assets		70,311	53,322
TOTAL CURRENT ASSETS		15,035,841	11,813,090
NON-CURRENT ASSETS			
Plant and equipment	10	217,847	381,128
Deferred tax assets		311,546	314,012
Intangible assets	12	-	-
Right of use assets		1,279,081	2,424,446
Other non-current assets		426,910	426,910
TOTAL NON-CURRENT ASSETS		2,235,384	3,546,496
TOTAL ASSETS		17,271,225	15,359,586
CURRENT LIABILITIES			
Trade and other payables	13	4,386,254	4,413,933
Provision for taxation	14	1,101,014	56,990
Lease liabilities		1,351,675	281,213
Other current liability		-	-
Deferred tax liabilities	11	208,845	45,860
Short-term provisions	15	572,668	609,470
TOTAL CURRENT LIABILITIES		7,620,456	5,407,088
NON-CURRENT LIABILITIES			
Lease liabilities		-	2,143,233
Long term provisions	15	232,589	202,165
TOTAL NON-CURRENT LIABILITIES		232,589	2,345,398
TOTAL LIABILITIES		7,853,045	7,752,864
NET ASSETS		9,418,180	7,606,722
EQUITY			
Contributed equity	16	4,450,713	4,450,713
Reserves		185,638	185,638
Retained profits		4,781,829	2,970,371
TOTAL EQUITY		9,418,180	7,606,722

3. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the Financial Year Ended 30 June 2024

	Share Capital Ordinary	Retained Earnings	Employee Equity- settled Benefits Reserve	Total
	\$	\$	\$	\$
Balance at 1/7/2022	4,450,713	2,796,393	185,638	7,432,744
Total dividends paid for the year	-	(5,263,751)	-	(5,263,751)
Total comprehensive profit for the year	-	5,437,729	-	5,437,729
Balance at 30/6/2023	4,450,713	2,970,371	185,638	7,606,722
Balance at 1/7/2023	4,450,713	2,970,371	185,638	7,606,722
Total Dividends paid for the year	-	(4,220,000)	-	(4,220,000)
Total comprehensive income for the year	-	6,031,458	-	6,031,458
Balance at 30/6/2024	4,450,713	6,031,829	185,638	9,418,180

4. CONSOLIDATED STATEMENT OF CASH FLOWS For the Financial Year Ended 30 June 2024

		Consolidated Group	
		2024	2023
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		66,726,410	81,227,363
Payments to suppliers and employees		(58,362,191)	(71,951,020)
Interest received		119,347	10,734
Income tax (expenses)/ refund		(2,028,200)	(3,094,947)
Net cash provided by operating activities	18	6,455,365	6,192,130
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets at fair value through profit and loss		-	(65,360)
Payment for property, plant and equipment		(35,768)	(11,091)
Net cash (used in) / provided by investing activities		(35,768)	(76,451)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(676,590)	(281,213)
Dividend paid		(4,220,000)	(5,263,751)
Net cash (used in) / provided by financing activities		(4,896,590)	(5,544,964)
Net increase / (decrease) in cash and cash equivalents held		1,523,008	570,715
Cash and cash equivalents at the beginning of the financial year		10,583,253	10,012,538
Cash and cash equivalents at the end of the financial year	8	12,106,261	10,583,253

5. REVENUE

	Consolidated Group	
	2024	2023
	\$	\$
Revenue from continuing operations		
(a) Services		
- Contracting and permanent placement revenue (i)	63,447,938	74,354,662
(b) Other revenue		
- Interest received – other entities	193,221	122,918
- Other	-	-
Total revenue	63,641,159	74,477,580
(i) Contracting revenue includes permanent placement fees, commission earned on contracting and contract services provided.		

6. EXPENSES

	Consolidated Group	
	2024	2023
	\$	\$
Cost of providing services	50,641,038	63,364,720
Rental expenses on operating leases		
- Minimum lease payments	1,465,944	2,424,446
Depreciation and amortisation of non-current assets		
- Plant and equipment	42,147	38,529
- Motor vehicles	154,619	52,760
- Software	65,359	65,359
Net transfers to provisions – employee benefits	(6,379)	195,040

7. INCOME TAX

(a) Income tax expense		
Current tax	2,842,451	1,952,763
Deferred tax	(87,930)	79,763
	2,754,521	2,032,526
(b) Numerical reconciliation of income tax to prima facie tax payable		
Profit before income tax expense at 30.00%	2,635,794	2,241,076
Add tax effect of:		
Other assessable income	(71,880)	(91,952)
Non-deductible depreciation and amortisation and other non-allowable items	(48,477)	(15,009)
Less tax effect of:		
Deductible expenses	272,235	134,375
DTA previously not recognised	(33,151)	(232,881)
Income tax expense	2,754,521	2,032,526

8. CASH AND CASH EQUIVALENTS

	2024 \$	2023 \$
Cash at bank and in hand	5,438,398	9,021,519
Bank term deposits	6,667,616	1,561,734
	<u>12,106,261</u>	<u>10,583,253</u>

The effective interest rate on bank deposits at call is 3.55%

9. TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2024 \$	2023 \$
Trade receivables	<u>2,859,269</u>	<u>1,176,515</u>

(a) Impaired trade receivables

As at 30 June 2024, none of the trade receivables of the Group were impaired (2023: \$0)

(b) Past due but not impaired

As at 30 June 2024, trade receivable of \$63,552 (2023: \$188,530) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

30-60 days	12,358	135,961
61-90 days	51,194	52,569
90+ days	<u>-</u>	<u>-</u>
	<u>63,552</u>	<u>188,530</u>

10. PLANT & EQUIPMENT

	Plant & Equipment	Leasehold Improvements	Motor vehicles	TOTAL
	\$	\$	\$	\$
As at 01 July 2023				
Cost or fair value	676,209	82,839	506,613	1,265,661
Accumulated depreciation	(555,230)	(79,824)	(249,478)	(884,532)
Net book value	120,979	3,015	257,135	381,129
Year ended 30 June 2024				
Opening net book balance	120,979	3,015	257,135	381,129
Additions	29,008	6,760	-	35,768
Depreciation charge	(38,824)	(3,323)	(154,619)	(196,766)
Net book balance	111,163	6,452	102,516	220,131
As at 30 June 2024				
Cost or fair value	705,217	89,599	506,613	1,301,429
Accumulated depreciation	(597,377)	(82,108)	(404,098)	(1,083,582)
Net book value	107,840	7,491	102,515	217,847

Plant and equipment has been tested for impairment at 30 June 2024 resulting in no impairment loss.

11. DEFERRED TAX LIABILITIES

	Consolidated Group	
	2024	2023
	\$	\$
	208,845	45,860
Total deferred tax liabilities	208,845	45,860

12. INTANGIBLE ASSETS

	Consolidated Group
	Intangibles at cost
At 1 July 2022	
Computer software at cost	1,186,475
Accumulated Amortisation and impairment	(1,186,475)
Net book value	-
Year ended 30 June 2023	
Opening net book balance	-
Additions	65,360
Amortisation and impairment	(65,360)
Net book value	-
As at 30 June 2023	
Computer software at cost	1,251,835
Accumulated Amortisation and impairment	(1,251,835)
Net book value	-
Year ended 30 June 2024	
Opening net book balance	-
Additions	14,747
Amortisation and impairment	(14,747)
Net book value	-
As at 30 June 2024	
Computer software at cost	1,266,582
Accumulated Amortisation and impairment	(1,266,582)
Net book value	-

13. TRADE AND OTHER PAYABLES

	Consolidated Group	2023
	2024	2023
	\$	\$
<i>Unsecured liabilities</i>		
Trade payables	675,797	505,133
Sundry payables and accrued expenses	3,710,457	3,908,800
	4,386,254	4,413,933

14. PROVISION FOR TAXATION

Current Income Tax	1,101,014	56,990
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15. PROVISIONS

Employee benefits	805,256	811,636
Reconciliation of movement in the liability is recognized in the statement of financial position as follows:-		
Prior year closing balance	811,636	616,595
Increase / (Decrease) in provision	(6,379)	195,041
Current year closing balance	811,636	537,789
Provisions		
- Total current	572,668	609,471
- Total non-current	232,589	202,165
	805,256	811,635

16. ISSUED EQUITY

	Consolidated Group	
	2023	2022
	\$	\$
42,300,000 ordinary shares (2023: 42,200,000)	4,450,713	4,450,713

Ordinary shares carry one vote per share and carry the right to dividends.

Share Options:

50,000 options expiring in January 2025.

17. SEGMENT INFORMATION

The Consolidated Group operates primarily in one geographical and in one business segment, namely the ICT recruitment industry in Australia and reports to the Board on the performance of the Group as a whole.

18. NOTES TO STATEMENT OF CASH FLOWS

	Consolidated Group	
	2024	2023
	\$	\$
Profit after income tax	6,031,458	5,437,729
Depreciation and amortisation of non-current assets	213,796	156,650
Decrease / (Increase) in assets		
Trade and other receivables	(1,669,743)	882,363
Other Assets	-	-
Deferred tax assets	2,466	(41,937)
Increase/ (Decrease) in liabilities		
Provision for taxation	1,044,024	(1,012,196)
Trade and other payables	(363,704)	582,767
Provisions	(6,378)	195,041
Deferred tax liabilities	162,985	(8,287)
Net cash flows provided by/(used in) operating activities	6,455,366	6,192,130

19. NTA BACKING

Net tangible asset backing per ordinary security (per share)	\$0.22	\$0.19
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20. COMMENTARY ON RESULTS FOR THE PERIOD

HiTech's core business is the recruitment of ICT professionals and the supply of contracting services. This sector of the market has been strong in the past year.

For the financial year ended 30 June 2024, the consolidated entity's results are:

- **Operating revenue is \$63,641,159, a decrease of 14.5% over the previous corresponding period (pcp) (FY23: \$74,354,662).**
- **Gross Profit is \$12,806,900, an increase of 16.5% over pcp (FY23: \$10,989,942).**
- **NPAT is \$6,031,458, an increase of 10.9% over pcp (FY23: \$5,437,729).**
- **EBITDA is \$8,893,893, an increase of 16.6% over pcp (FY23: \$7,626,821).**
- **Net Tangible Assets (NTA) is 22 cps, an increase of 20% over pcp (FY23: 19 cps).**

HiTech remains fully prepared to take advantage of improving demand in the ICT recruitment and services sector. We are working towards winning new business, increasing profit and ensuring that operating costs are kept to a minimum.

We are also actively seeking EPS accretive acquisitions.

EPS

Basic and diluted earnings per share for the current financial year was 14.26 cents per share as compared with 12.89 cents per share in the previous corresponding period.

Dividends

The directors have declared a fully franked dividend of 5 cents per share to be paid on 6 September 2024 to shareholders registered on close of business on 2 September 2024

Significant features of operating performance

HiTech currently supplies permanent and contract staff from its large, personalised database of over 400,000 specialised ICT professionals which has been developed over the years through various strategies of recruitment.

The HiTech client base is well established, with strong representation by Federal Government departments and agencies, recognised private enterprise and state government departments.

ICT contracting, comprising the provision of ICT professionals for temporary/contingent and other non-permanent staffing needs of clients for specific projects is the primary source of HiTech's recurring steady cash flow. ICT contracting is viewed as a relatively higher volume business with recurring contractual arrangement for the supply of the service. We continue to grow this part of the revenue stream alongside permanent recruitment.

Factors which are likely to affect results in the future

While there is still an increasing short supply of quality candidates and increasing demand for talent, any potential drop in ICT resources demand will result in lower margins, less contracts and downward pressure on permanent placement numbers.

We have retained our preferred supplier status with our valued clients and are working towards further developing these relationships. We are constantly evolving and improving our systems and productivity to provide a better service to our clients and candidates.

We expect to secure further contracts in the near future and develop our business in both the government and private sector.

21. AUDIT OF ACCOUNTS

This report is based on accounts that are in the process of being audited and are not likely to be subject to qualification.



Elias Hazouri
CEO
14 August 2024