

**APPENDIX 4E**

**PRELIMINARY FINAL REPORT**

**FINANCIAL YEAR ENDED 30 JUNE 2023**



**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 2023

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenues from ordinary activities	18.0%	Up	\$74,354,662
Net profit for the period attributable to members	23.5%	Up	\$5,437,729
Dividends			
Final dividend	5 cents per share fully franked		

#### Comment on figures reported:

The HiTech Group is primarily involved in the business of sourcing and placing ICT contractors and recruitment services into the public and private sectors. ICT consulting and contracting services is the key driver behind HiTech's strong revenue stream.

For the financial year ended 30 June 2023, the consolidated entity's results are:

- Operating revenue is \$74,477,580, an increase of 18.0% over the previous corresponding period (pcp) (FY22: \$63,096,126).
- Gross Profit is \$10,989,942, an increase of 18.1% over pcp (FY22: \$9,304,117).
- NPAT is \$5,437,729, an increase of 23.5% over pcp (FY22: \$4,403,625).
- EBITDA is \$7,626,821, an increase of 12.9% over pcp (FY22: \$6,757,822).

**The directors have declared a fully franked dividend of 5 cents per share** to be paid on 18 September 2023 to shareholders registered on close of business on 4 September 2023.

HiTech's unparalleled reputation and brand as a specialised ICT contractor and services provider continues to build at a time when quality technologists remain in sought after. The HiTech Group is fully prepared to take advantage of continued demand for talent in the ICT recruitment and services sector. We are continually working towards winning new business and maximising returns on our existing agreements so that profit maximisation is achieved. We continue to manage operating costs to better align with revenue and profitability targets.

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

**For the year ended 30 June 2023**

		<b>Consolidated Group</b>	
	<b>Note</b>	<b>2023 \$</b>	<b>2022 \$</b>
<b>Revenue from continuing operations</b>			
Sales Revenue	5(a)	74,354,662	62,981,810
Cost of sales	6	(63,364,720)	(53,677,693)
<b>Gross Profit</b>		10,989,942	9,304,117
Other revenue	5(b)	122,918	114,316
Marketing expenses		(33,771)	(24,010)
Occupancy expenses		(696,719)	(224,507)
Insurance and legal expenses		(58,118)	(119,448)
Administration expenses		(2,428,674)	(2,112,484)
Other expenses from ordinary activities		(425,323)	(314,403)
<b>Profit/(Loss) before income tax</b>		7,470,255	6,623,581
Income tax (expense)/benefit	7	(2,032,526)	(2,219,956)
Profit attributable to members of the parent entity		5,437,729	4,403,625
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>5,437,729</b>	<b>4,403,625</b>
<b>Earnings per Share:</b>			
Basic and diluted earnings (cents per share)	20	12.89	10.73

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## 2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**As at 30 June 2023**

	Notes	Consolidated Group 2023 \$	2022 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	10,583,253	10,012,538
Trade and other receivables	9	1,176,515	2,049,224
Other current assets		53,322	62,975
<b>TOTAL CURRENT ASSETS</b>		<b>12,184,090</b>	<b>12,124,737</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	10	381,128	461,327
Deferred tax assets		314,012	272,075
Intangible assets	12	-	-
Right of use assets		2,424,446	68,479
Other non-current assets		426,910	48,325
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,546,496</b>	<b>850,206</b>
<b>TOTAL ASSETS</b>		<b>15,359,586</b>	<b>12,974,943</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	4,413,933	3,732,507
Provision for taxation	14	56,990	1,069,186
Lease liabilities		281,213	148,571
Other current liability		-	-
Deferred tax liabilities		45,860	54,147
Short-term provisions	15	609,470	506,677
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,407,466</b>	<b>5,511,088</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		2,143,233	-
Long term provisions	15	202,165	31,112
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,345,165</b>	<b>31,112</b>
<b>TOTAL LIABILITIES</b>		<b>7,752,864</b>	<b>5,542,200</b>
<b>NET ASSETS</b>		<b>7,606,722</b>	<b>7,432,744</b>
<b>EQUITY</b>			
Contributed equity	16	4,450,713	4,450,713
Reserves		185,638	185,638
Retained profits		2,970,371	2,796,393
<b>TOTAL EQUITY</b>		<b>7,606,722</b>	<b>7,432,744</b>

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### 3. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2023

	Share Capital Ordinary	Retained Earnings	Employee Equity- settled Benefits Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1/7/2021</b>	3,738,213	2,395,266	185,638	6,319,117
Exercise Of Options	712,500	-	-	712,500
Total dividends paid for the year	-	(4,002,500)	-	(4,002,500)
Total comprehensive profit for the year	-	4,403,625	-	4,403,625
<b>Balance at 30/6/2022</b>	4,450,713	2,796,393	185,638	7,432,744
<b>Balance at 1/7/2022</b>	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 income for the year	-	5,437,729	-	5,437,729
<b>Balance at 30/6/2023</b>	4,450,713	2,970,369	185,638	7,606,720

### 4. CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 30 June 2023

	Note	Consolidated Group 2023 \$	2022 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		81,227,363	70,047,627
Payments to suppliers and employees		(71,951,020)	(60,909,179)
Interest received		10,734	514
Income tax (expenses)/ refund		(3,094,947)	(1,651,853)
<b>Net cash provided by operating activities</b>	<b>18</b>	<b>6,192,130</b>	<b>7,487,109</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of financial assets at fair value through profit and loss		(65,360)	(38,812)
Payment for property, plant and equipment		(11,091)	(20,406)
<b>Net cash (used in) / provided by investing activities</b>		<b>(76,451)</b>	<b>(59,218)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Borrowings		(281,213)	(25,314)
Dividend paid		(5,263,751)	(4,002,500)
<b>Net cash (used in) / provided by financing activities</b>		<b>(5,544,964)</b>	<b>(4,027,814)</b>
Net increase / (decrease) in cash and cash equivalents held		570,715	3,400,078
Cash and cash equivalents at the beginning of the financial year		10,012,538	6,612,460
<b>Cash and cash equivalents at the end of the financial year</b>	<b>8</b>	<b>10,583,253</b>	<b>10,012,538</b>

## 5. REVENUE

	Consolidated Group	
	2023	2022
	\$	\$
<b>Revenue from continuing operations</b>		
<b>(a) Services</b>		
- Contracting and permanent placement revenue (i)	74,354,662	62,981,810
<b>(b) Other revenue</b>		
- Interest received – other entities	122,918	114,316
- Other	-	-
<b>Total revenue</b>	<b>74,477,580</b>	<b>63,096,126</b>
(i) Contracting revenue includes permanent placement fees, commission earned on contracting and contract services provided.		

## 6. EXPENSES

	Consolidated Group	
	2023	2022
	\$	\$
Cost of providing services	63,364,720	53,677,693
Rental expenses on operating leases		
- Minimum lease payments	2,424,446	148,571
Depreciation and amortisation of non-current assets		
- Plant and equipment	38,529	43,059
- Motor vehicles	52,760	52,760
- Software	65,359	38,812
Net transfers to provisions – employee benefits	195,040	183,442

## 7. INCOME TAX

<b>(a) Income tax expense</b>		
Current tax	1,952,763	1,987,074
Deferred tax	79,763	232,881
	<b>2,032,526</b>	<b>2,219,956</b>
<b>(b) Numerical reconciliation of income tax to prima facie tax payable</b>		
Profit from continuing operations before income tax expense at 30.00%	2,237,993	2,199,883
Add tax effect of:		
Imputation credits	-	-
Other assessable income	(91,952)	(160,083)
Non-deductible depreciation and amortisation and other non-allowable items	(15,009)	-
Less tax effect of:		
Non-assessable income & imputation credit	-	-
Deductible expenses	134,375	180,156
Over provision in prior year	-	-
DTA previously not recognised	(232,881)	166,454
Income tax expense	<b>2,032,526</b>	<b>2,219,956</b>

## 8. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	9,021,519	8,461,083
Bank term deposits	1,561,734	1,551,455
	<u>10,583,253</u>	<u>10,012,538</u>

The effective interest rate on bank deposits at call is 1.00%

## 9. TRADE AND OTHER RECEIVABLES

	<b>Consolidated Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	<u>1,023,649</u>	<u>3,443,031</u>

### (a) Impaired trade receivables

As at 30 June 2023, none of the trade receivables of the Group were impaired (2022: \$0)

### (b) Past due but not impaired

As at 30 June 2023, trade receivable of \$188,530 (2022: \$117,610) 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	135,961	77,893
61-90 days	52,569	39,717
90+ days	-	-
	<u>188,530</u>	<u>117,610</u>

## 10. PLANT & EQUIPMENT

	Plant & Equipment	Leasehold Improvements	Motor vehicles	TOTAL
	\$	\$	\$	\$
<b>As at 01 July 2022</b>				
Cost or fair value	668,654	79,303	506,613	1,254,570
Accumulated depreciation	(517,222)	(79,303)	(196,718)	(793,243)
Net book value	172,445	-	309,895	461,327
<b>Year ended 30 June 2022</b>				
Opening net book balance	151,432	-	309,895	461,327
Additions	7,555	3,536	-	11,091
Depreciation charge	(38,008)	(521)	(52,760)	(91,290)
Net book balance	120,979	3,015	257,135	381,128
<b>As at 30 June 2022</b>				
Cost or fair value	676,209	82,839	506,613	1,265,661
Accumulated depreciation	(555,230)	(79,824)	(249,478)	(884,533)
Net book value	120,979	3,015	257,135	381,128
Plant and equipment has been tested for impairment at 30 June 2023 resulting in no impairment loss.				

## 11. DEFERRED TAX LIABILITIES

	Consolidated Group	
	2023	2022
	\$	\$
	79,763	232,881
Total deferred tax liabilities	79,763	232,881



## 12. INTANGIBLE ASSETS

	Consolidated Group
	Intangibles at cost
<b>At 1 July 2021</b>	
Computer software at cost	1,147,664
Accumulated Amortisation and impairment	(1,147,664)
Net book value	-
<b>Year ended 30 June 2022</b>	
Opening net book balance	-
Additions	38,812
Amortisation and impairment	(38,812)
Net book value	-
<b>As at 30 June 2022</b>	
Computer software at cost	1,186,475
Accumulated Amortisation and impairment	(1,186,475)
Net book value	-
<b>Year ended 30 June 2023</b>	
Opening net book balance	-
Additions	65,360
Amortisation and impairment	(65,360)
Net book value	-
<b>As at 30 June 2023</b>	
Computer software at cost	1,251,835
Accumulated Amortisation and impairment	(1,251,835)
Net book value	-

## 13. TRADE AND OTHER PAYABLES

	Consolidated Group 2022	2022
	\$	\$
<i>Unsecured liabilities</i>		
Trade payables	505,133	928,700
Sundry payables and accrued expenses	3,908,800	2,803,807
	4,413,933	3,732,507

## 14. PROVISION FOR TAXATION

Current Income Tax	2,241,076	1,609,186
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## 15. PROVISIONS

Employee benefits	811,636	616,595
Reconciliation of movement in the liability is recognized in the statement of financial position as follows:-		
Prior year closing balance	616,595	433,152
Increase / (Decrease) in provision	195,041	104,637
Current year closing balance	811,636	537,789
Provisions		
- Total current	609,471	506,676
- Total non-current	202,165	31,112
	811,635	537,789

## 16. ISSUED EQUITY

	Consolidated Group	
	2023	2022
	\$	\$
42,200,000 ordinary shares (2022: 41,050,000)	4,450,713	4,450,713

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

Share Options:

250K 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	
	2023	2022
	\$	\$
Profit after income tax	5,437,729	4,403,625
Depreciation and amortisation of non-current assets	156,650	137,057
Decrease / (Increase) in assets		
Trade and other receivables	882,363	2,106,973
Other Assets	-	-
Deferred tax assets	(41,937)	(105,621)
Increase/ (Decrease) in liabilities		
Provisions for taxation	(1,012,196)	799,134
Trade and other payables	582,767	94,017
Provisions	195,041	183,441
Deferred tax liabilities	(8,287)	(131,520)
Net cash flows provided by/(used in) operating activities	6,192,130	7,487,109

## 19. NTA BACKING

Net tangible asset backing per ordinary security (per share)	\$0.18	\$0.18
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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 2023, the consolidated entity's results are:

- **Operating revenue is \$74,477,580, an increase of 18.0% over the previous corresponding period (pcp) (FY22: \$63,096,126).**
- **Gross Profit is \$10,989,942, an increase of 18.1% over pcp (FY22: \$9,304,117).**
- **NPAT is \$5,437,729, an increase of 23.5% over pcp (FY22: \$4,403,625).**
- **EBITDA is \$7,626,821, an increase of 12.9% over pcp (FY22: \$6,757,822).**

HiTech remains fully prepared to take advantage of any improvement in the ICT recruitment and services sector. We are working towards winning new business, securing lucrative recruitment panel supplier membership, increasing profit and ensuring that operating costs are kept to a minimum.

We continue to seek EPS accretive acquisitions in the broader ICT services sector.

## EPS

Basic and diluted earnings per share for the current financial year was 12.89 cents per share as compared with 10.73 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 18 September 2023 to shareholders registered on close of business on 4 September 2023.

## Significant features of operating performance

HiTech currently supplies permanent and contract staff from its large, personalised database of over 402,000 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 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, added new panel memberships 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  
11 August 2023