

30 November 2023

## ASX ANNOUNCEMENT

### Chairman's remarks

Prestal Holdings Limited ("**Prestal**", or the "**Company**") advises that the following remarks will be made by the Chairman at today's Annual General Meeting:

Good morning and welcome to Prestal Limited's 2023 Annual General Meeting. My name is Mark Hardgrave and as Prestal's Chairman, I will lead proceedings today.

On behalf of Prestal's Board of Directors, I thank you for joining us for this virtual meeting.

We'll commence proceedings shortly, but before doing so I'd like to introduce you to

- My colleagues on the Board – Kerrie Parker, Jeff Miciulis, Fred Harrison and Managing director Charlie McLeish along with Prestal CFO Neil Godara
- Also, with us today is our Company Secretary, Oliver Carton and lastly
- Simon Trivett representing our external auditors Grant Thornton

Representatives of our share registry are on line and will act as returning officer today.

Financial year 2023 was a challenging year for the company. In the face of a rapidly changing broader macroeconomic environment, we saw 10 cash rate increases by the Reserve Bank of Australia between July 22 and June 23. The impacts of these rate increases provided significant headwinds to our business, impacting discretionary spending among other things.

Despite the tougher environment, the business remained resilient and delivered net profit after tax (NPAT) of \$4.9 million for FY23 compared to \$6.4 million in FY22 on a statutory basis. On an underlying basis, NPAT for FY23 was \$4.9 million compared to \$7.4 million for FY22.

FY23 underlying EBIT came in at \$7.4 million (versus FY22 of \$10.8 million) and was marginally short of market guidance provided by the Group in November 2022. The total underlying EBIT result was a combination of Retail Business (Owned brands + Contracted Brands) underlying EBIT of \$5.1 million which increased by \$0.8 million or 18.27% compared to prior year, and Hampers with Bite (HWB) underlying EBIT of \$2.4 million which decreased by \$4.1 million or 63.5% compared to FY22.

As indicated at the end of 2022, HWB faced tough market conditions in FY23 following a very successful FY22 due to multiple factors including a fully open hospitality industry and significant inflationary pressures on discretionary spending. Revenue for FY23 was \$24.3 million compared to \$31.6 million for FY22, down 23.1% compared to FY22. HWB successfully managed its cost base in response to downturn in demand and remained profitable for the financial year.

Despite a challenging market for our Hampers business, we were able to successfully reinvest in key growth pillars to ensure ability to rebound strongly. A notable example includes the enhancing of our website with

multiple added functionalities including multi-shipping and add-ons. The enhancements have led to an improvement in conversion rates compared to last year as well as average order value lifting by approximately 10% compared to PCP. HWB increased its email database by 44,000 during the financial year and added more than 10,000 in mobile opt-in contacts. We are optimistic of rebound in profitability for the coming year.

After the completion of FY23, the business announced the divestment of the Consumer Products Business for a total sale price of \$60m (excluding debtors and creditors) on a debt and cash free basis and subject to customary adjustments, a significant realization of value for shareholders. At the time of announcement, this represented 118% of Prestal's market capitalisation of \$53.7m. Pleasingly, the transaction had overwhelming support, with more than 90% voting in favour of the transaction at the EGM. As part of the transaction it was necessary to change the name of the company to Prestal Holdings Limited.

As announced previously to the market, it is the Board's intention to return a majority the sale proceeds to shareholders in two tranches. We have previously advised that the total distribution available is expected to be approximately 31 cents per share, subject to receiving a favorable tax ruling from ATO on capital return, and business conditions at the time of the distribution.

We also previously advised that the expected timing of the capital return and first dividend was mid to late December 2023, with a second dividend payable on or after 1 July 2024.

We have not yet received the ATO tax ruling, and don't intend to make the capital return until we do so, meaning the first distribution may push into 2024. We recognize the importance to shareholders of getting the distributions sooner rather than later, however we think it's more important that the ATO first confirm there are no adverse tax consequences to you in receiving the capital return, leaving you out of pocket. We will keep the market updated as to progress and will give the required notice before making any distribution.

Excluding these shareholder distributions, the business remains well capitalised to build further on the foundations put in place throughout FY23 with an expected cash balance of above \$5 million further supported by a dividend reinvestment plan. We will continue to focus on our strategic priorities and look to update the market when appropriate. These priorities include:

- Developing new hamper and gifting products for the Hampers with Bite business.
- Focusing on our core B2B capabilities with increased third-party partnerships and sales team expansion.
- Developing a full year calendar of events in the e-commerce sales channel.
- Utilisation and optimization of new machinery and warehouse facilities.
- Driving sales of our own brands, including Bondi Soap and Vitale Wellness.
- Focus on protecting margins instead of chasing increasing market share.
- Exploring strategic M&A opportunities.

Our business has undergone a significant transformation in the past few months; however, we remain confident that we are well-positioned with a strong balance sheet to actively identify and pursue opportunities to drive the business forward and compliment the existing infrastructure already in place.

I would like to thank our employees, customers, and suppliers for their dedication to Prestal, particularly those who have transitioned as part of the divestment transaction. I would also like to thank my fellow Directors for their collective efforts during the year especially Jeff and Kerrie who will retire from the board

today and have chosen not to put themselves forward for re-election. Their service to this board and impact on this Group over the previous few years have been thoroughly positive.

Lastly, to all our shareholders. Thank you for your continued support and loyalty as we look forward to continuing to grow the business throughout FY24 and beyond.

For more information, please contact:

Investor & media queries: Oliver Carton, Company Secretary, Prestal Limited, tel: +61 3 9251 2311

***Authorised for disclosure by the Board***

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