
Prestal
Holdings

# Annual Report

for the year ended 30 June 2024

Prestal Holdings Limited
ACN 091 035 353

## About Prestal

Prestal Holdings is the owner of Hampers with Bite, a growing e-commerce gifting business. Hampers With Bite started from humble beginnings in 2004, being founded by two Australian brothers and has grown to be the leading supplier of hampers within Australia. The product offering includes a wide range of gift hampers for all occasions and working with local brands to help support other Australian businesses.

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# Chairman's Report

**Dear Shareholders,**

On behalf of the board and the Prestal team, I am pleased to present Prestal's Annual Report for the year (51 weeks and 6 days) ended 30 June 2024 (FY24).

30 June 2024 marked the end to a pivotal year for Prestal with the sale of the Consumer Products business to DuluxGroup (Australia) Pty Ltd for a price of $60 million, subject to agreed and customary adjustments, which was completed on 8 November 2023 following overwhelming support from Prestal's shareholders. The sale allowed the Company to return to shareholders two special dividends and a capital return, which totalled $0.11 and $0.18 per ordinary share respectively.

On 30 November 2023, after the completion of the sale of the Consumer Products business, there were multiple personnel changes including the downsizing of the board with the retirement of Ms Kerrie Parker and Mr Jeff Miciulis, the retirement of Neil Godara as the Chief Financial Officer, and the transition of Charlie McLeish from Managing Director and Chief Executive Office to a non-executive director. On behalf of the board, I take the opportunity again to thank them for their dedication and service to the Company.

FY24 continued to prove challenging for Hampers with Bite (HWB), with high inflation levels continuing to drive cost-of-living pressures directly impacting discretionary spending and higher freight costs squeezing margins. Management have been proactive in managing the challenging landscape, moving quickly to act which is expected to result in improvements in key metrics including increasing the average price per hamper sold and improving the freight per hamper sold.

## Highlights include:

- New and improved brand image for HWB.
- Expansion of product range to target specific B2B and B2C markets, unlocking all year-round opportunities.
- The development and launch of an enhanced website with multiple added functionalities which has improved the customer experience and improved conversion.
- Actively engaging with freight suppliers driving down the cost of deliverer per hamper.
- Operational improvements at a warehouse level including planning for the relocation to HWB's new warehouse.
- Renewed focus on advertising and marketing activities, including the implementation of a new CRM improving customer insights and increasing sales outreach.

On a statutory basis, the group delivered a net loss after tax in FY24 of $1.986 million (FY23: net profit after tax of $4.890 million), which included two significant items:

- The sale of the Consumer Products business which resulted in a gain of $15.909 million; and
- The impairment of goodwill and brand names of $23.403 million.

The Group is well capitalised heading into FY25 and beyond with cash and cash equivalents at 30 June 2024 totalling $21.796 million, or $9.864 million after allowing for the special dividend paid on 22 July 2024.

## Outlook

The Group will continue to focus on executing its key strategic priorities, including:

- Revamp the brand image and visual identity for HWB to allow for all year-round gifting.
- Develop new products for both the B2B and B2C channels.
- Update the website to improve ease of shopping experience.
- Continue to explore additional strategically suitable acquisition opportunities.

On behalf of the Board, I sincerely thank our team for their committed efforts during the year. We again thank our shareholders, suppliers and customers for their ongoing loyalty and support.

*M W Hardgrave*

**Mark Hardgrave**
Chairman

# Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Prestal Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year (51 weeks and 6 days) ended 30 June 2024.

## Directors

The following persons were directors of Prestal Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Mark Hardgrave

Mr Charlie McLeish

Mr Fred Harrison

Ms Kerrie Parker – retired 30 November 2023

Mr Jeff Miciulis – retired 30 November 2023

## Principal activities

The principal activities of the Group are to market, assemble and distribute affordable premium gift hampers across consumers and businesses Australia wide.

## Dividends

Dividends paid during the financial year were as follows:

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Final dividend for the year ended 2 July 2023 (2023: 26 June 2022) of 1.00 cents (2023: 1.70 cents) per ordinary share | 1,705 | 2,898 |
| Interim dividend for the year ended 30 June 2024 (2023: 2 July 2023) of nil (2023: 1.30 cents) per ordinary share | – | 2,216 |
| Special dividend for the year ended 30 June 2024 (2023: 2 July 2023) of 6.00 cents (2023: nil) per ordinary share | 10,227 | – |
| | **11,932** | **5,114** |
| Capital return of 18.00 cents per ordinary share | 30,683 | – |
| | **30,683** | **–** |

## Review of operations

Macroeconomic conditions across the market impacting consumer discretionary spend resulted in overall challenging operational environment for Hampers with Bite over FY24. Sales for the B2B segment remained in line with projections outlined in H1, experiencing a 5% decline, with continued focus on the Real Estate segment throughout H2. Websales declined by 36% as e-commerce continues to normalise towards pre-covid activity and consumers tighten their spending as a result of inflationary pressures. Overall total sales were down 19%, held up by the B2B segment which accounted for 64% of overall HWB sales.

On 15th May 2024 HWB underwent a significant transformation, updating its brand identity, product range offer and full ecommerce website relaunch to deliver sustainable and profitable growth for the future.

The most significant technological investment in FY24 was a new custom built ecommerce website, designed to streamline customers decision making process delivering improved conversion rate through best in class visual merchandising and lead conversion principles. Developed in-house HWBs new website was delivered in 5 months unlocking 125% improvements in corporate lead conversion, mobile responsive optimised design and up-sell capability.

The new HWB brand image moves the business into an All-Year-Round gifting business, allowing for product expansion and new market penetration. To compliment this, and with a focus on synergies between both B2B and B2C markets, HWB launched three new ranges in FY24 including a Car Dealership/Enthusiasts range, Healthcare/Hospital Care packages and a refreshed Real Estate range developed with insights from over 300 Real Estate clients. The business also continues to increase focus on other annual events outside of Christmas and will target these occasions with carefully curated premium product offerings, to reduce seasonality.

Freight increases in H1 outlined a 13.4% increase vs PCP, however significant improvements were made to the freight supplier base in H2 delivering a final impact to HWB at a total 3.3% vs FY23. Further optimisations to HWBs freight services continue to be a focus to ensure HWB remains competitive in its value to customers. Increasing inflationary pressure resulted in a reduced average hamper purchase price of $73.57 despite the cost of hampers to sales as a ratio maintained in line with last year.

Investment in Operations was a continued focus over FY24 and into Q1 of FY25 as HWB finalises relocation to a new warehouse and manufacturing facility to enable sustainable and profitable all year round growth. Cost control was achieved across the total Operations in FY24, decreasing by 12% ($591K). Fixed & Variable Labour reduced by 2.8% (vs FY23), Offsite storage costs reduced by 49% and an Operating Inventory level reduction of $1.1 million or 36% was delivered due to revised procurement and inventory management process.

The new CRM delivered significant business systems improvements in FY24 with continued optimisations driving increased sales insights and lead data capturing. The CRM database grew from 238K to 270K over the course of FY24. Continued implementation of ERP and a new WHS is being customised to ensure the unique requirements of a gifting business operation can be unlocked.

## Outlook

Despite the challenging year, the Group remains positive about the outlook for the HWB business having delivered three of the four previously defined key strategic objectives in H2:

1. Revamp brand image and brand visual identity to allow for all year-round gifting.
2. Developing new products for both the B2B and B2C channels.
3. Update website to improve ease of shopping experience.
4. Continue to explore additional strategically suitable acquisition opportunities.

As HWB moves into H1 of FY25, its peak period, with improvements across both front end and back-end operations, HWB has ensured it has the agility to deliver long term growth.

## Significant changes in the state of affairs

As disclosed in the ASX announcement made on 13 September 2023, Prestal entered an agreement to sell its Consumer Products business through sale of its assets to DuluxGroup (Australia) Pty Ltd for a price of $60 million subject to agreed and customary adjustments. The acquisition was completed on 8 November 2023 following overwhelming support from Prestal's shareholders with 94.50% shares voting in favour of the sale at the Extraordinary General Meeting (EGM) held on 27 October 2023.

As per the ASX announcement on 13 September 2023, the sale of assets included all plant & equipment, stock, business contracts, equipment leases, intellectual property and any other assets necessary to run the business excluding cash, book debts, Duracell distributorship business and Bondi soap brand. The Group exercised its right to terminate Duracell distribution agreements with a notice period of 90 days and returned or cleared all related stock before 31st December 2023.

The discontinued operations reported a profit after tax of $18.884 million including $18.662 million gain on sale of assets after tax.

## Matters subsequent to the end of the financial year

On 8 July 2024, the Company announced the payment of a fully franked special dividend of 7.00 cents per share to shareholders at the record date in completion of the previously announced capital return following divestment of the Pental Consumer Products business. Payment of the special dividend occurred on 22 July 2024.

Other than the above disclosures, there has not been any matter or circumstance occurring after the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

## Likely developments and expected results of operations

Information regarding likely developments in the operations of the Group in future financial years is set out in the Review of operations and elsewhere in the Annual Report.

## Environmental regulation

The Group is not subject to any significant environmental regulation under Australia Commonwealth or State law.

## Information about the directors

| Name & Qualifications | Experience and Responsibilities |
|---|---|
| **Mr Mark Hardgrave**<br>*Bachelor of Commerce, ACA, GAICD*<br>Non-Executive Independent Chairman | Mark has over 35 years' experience having held previous positions in corporate finance, funds management and various C-suite roles.<br>Previously, Mark held a directorship in Wingara AG Ltd (ASX: WNR) from March 2018 to June 2020, Forbidden Foods Limited (ASX: FFF) from August 2020 to July 2022 and Traffic Technologies Limited (ASX: TTI) from January 2013 to February 2024.<br>He is a co-founder and former joint Managing Director of M&A Partners, a Melbourne based boutique corporate advisory group. Prior to that, Mark was involved in funds management, equity capital markets and mergers & acquisitions in various roles at firms such as Bennelong Group, Thorney Investment Group, Merrill Lynch and Taverners Group.<br>Appointed Director 1 May 2019.<br>Appointed Chairman on 31 December 2019. |

# Directors' Report (Continued)

| Name & Qualifications | Experience and Responsibilities |
|---|---|
| **Mr Charlie McLeish**<br>*Bachelor of Business Managing*<br>Director & CEO | Before his appointment at Prestal, Charlie McLeish spent over 30 years in the Fast-Moving Consumer Goods (FMCG) industry including 20 years managing major bakeries within Bunge Australia (Goodman Fielder) focusing on Business Turnaround.<br>After Goodman Fielder, Charlie spent 15 years at George Weston Foods in the position of General Manager of Tip Top Bakeries Victoria where he managed a major turnaround to profitability. Charlie then transitioned to National Sales Director of Don Smallgoods.<br>Charlie has vast sales, marketing, manufacturing and logistics experience with proven turnaround capabilities.<br>Appointed CEO 1 January 2014.<br>Appointed Managing Director 6 April 2020. |
| **Mr Fred Harrison**<br>Non-Executive Independent Director | Fred is the CEO of Ritchies Stores Pty Ltd. He began his career as a casual with Ritchies in 1975, whilst still at Frankston High School, and worked his way up to management before being appointed as General Manager in 1987 and then as Chief Executive Officer in 1994.<br>Ritchies operates 78 supermarkets and liquor stores making Ritchies the largest Independent in Australia, with annual sales greater than $1.3 billion.<br>Appointed Director 28 August 2019. |
| **Ms Kerrie Parker**<br>*B.Bus, FCPA, GAICD*<br>Non-Executive Independent Director | Kerrie Parker is currently the Deputy Vice-Chancellor, University Services at Deakin University and during her career has worked in CFO roles with Golden Circle Limited, GM Finance Amcor Fibre Packaging also CFO and Managing Director of Sara Lee Household & Body Care Australia.<br>Kerrie has a Bachelor of Business, Graduate Certificate in Information Technology, is a Fellow Certified Practising Accountant and a Graduate of the Australian Institute of Company Directors.<br>Appointed Director 1 February 2021, retired 30 November 2023. |
| **Mr Jeff Miciulis**<br>Non-Executive Independent Director | Jeff brings 35 years' experience in Sales, Marketing, Country Leadership, and Regional Leadership at Energizer in both Household Batteries, and Personal Care Shaving Products. He commenced his career as a Sales Trainee with Eveready Australia and rose to become National Sales Manager before taking his career overseas for the next 20 years. During that time he held numerous leadership roles of increasing responsibility across multiple international markets.<br>Appointed 5 March 2019, retired 30 November 2023. |

All directorships of other listed companies held by directors in the three years immediately before the end of the financial year are indicated above under "experience and responsibilities".

## Company Secretary

| Name & Qualifications | Experience and Responsibilities |
|---|---|
| **Mr Oliver Carton**<br>B Juris LL.B Company Secretary | Oliver is a qualified lawyer with over 30 years' experience in a variety of corporate roles. He currently runs his own consulting business and was previously a Director of the Chartered Accounting firm KPMG where he managed its Corporate Secretarial Group. Prior to that, he was a senior legal officer with ASIC.<br><br>Oliver is an experienced company secretary and is currently company secretary of a number of listed and unlisted companies. |

## Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

During the financial year, 15 Board, 2 Audit Committee and 1 Remuneration Committee meetings were held.

| | Board of Directors | | Audit and Risk Committee | | Remuneration Committee | |
|---|---|---|---|---|---|---|
| Directors | Eligible to Attend | Attended | Eligible to Attend | Attended | Eligible to Attend | Attended |
| Mark Hardgrave | 15 | 15 | 2 | 2 | 1 | 1 |
| Kerrie Parker | 10 | 10 | 2 | 2 | 1 | 1 |
| Jeff Miciulis | 10 | 9 | 2 | 2 | 1 | 1 |
| Fred Harrison | 15 | 15 | – | – | 1 | 1 |
| Charlie McLeish | 15 | 15 | – | – | – | – |

## Directors' shareholdings

The following table sets out each director's relevant interest in shares, and options over shares of the group as at the date of this report.

| Directors | Fully paid ordinary shares Number | Share options Number | Unvested Performance rights Number |
|---|---|---|---|
| Mark Hardgrave | 363,158 | – | – |
| Charlie McLeish | 84,595 | – | – |
| Fred Harrison | 447,368 | – | – |

## Share options granted to directors and senior management

During and since the end of the financial year no share options were granted to Non-Executive Directors or senior management.

The Group's Executive Director (Charlie McLeish) and former Chief Financial Officer (Neil Godara) held rights that had vested as at 1 July 2023 which were not converted to shares. These rights were subsequently forfeited effective 30 November 2023 by mutual agreement between the Group and the Executives. All unvested rights on issue were cancelled/forfeited effective 30 November 2023.

## Shares under option or issued on exercise of options

There were no unissued shares under exercisable options as at the date of this report.

## Indemnification of officers and auditors

During the financial year, the Group paid a premium in respect of a contract insuring the directors of the Group (as named above), the company secretary, Oliver Carton, and all executive officers of the Group and of any related body corporate against a liability incurred by such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

## Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 29 to the financial statements.

The directors are satisfied that the provision of non-audit services during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

## Auditor's independence declaration

The auditor's independence declaration is included on page 24 of the annual report.

## Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

# Remuneration Report – Audited

This remuneration report details the nature and amount of remuneration for each director and senior management personnel of Prestal Holdings Limited.

## Key management personnel

The directors and other members of key management personnel of the Group during the year were:

| | |
|---|---|
| Mark Hardgrave | Non-executive Independent Chairman |
| Charlie McLeish | Non-executive Independent Director (since 1 December 2023),<br>Managing Director and Chief Executive Officer (until 30 November 2023) |
| Fred Harrison | Non-executive Independent Director |
| Jeff Miciulis | Non-executive Independent Director (retired 30 November 2023) |
| Kerrie Parker | Non-executive Independent Director (retired 30 November 2023) |
| Neil Godara | Chief Financial Officer (retired 30 November 2023) |

There have been no changes in key management personnel since the end of the reporting period.

## Remuneration Policy

The remuneration policy of Prestal Holdings Limited has been designed to align executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering variable cash and equity incentives based upon key performance areas affecting the Group's financial results. The Board of Prestal Holdings Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives to run and manage the Group, as well as create goal congruence between executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for executives and board members of the Group is as follows:

### Executives

The remuneration policy, setting the terms and conditions for the Managing Director and other senior executives (Executives), was developed and approved by the Board. Executive packages are reviewed annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries and of comparable size. The performance of executives is measured regularly against agreed key performance indicators (KPIs) and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives are linked to predetermined operational and financial KPIs. Executives are also entitled to participate in an Executive Variable Incentive Plan (EVIP).
The executives receive a superannuation guarantee contribution required by the law, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

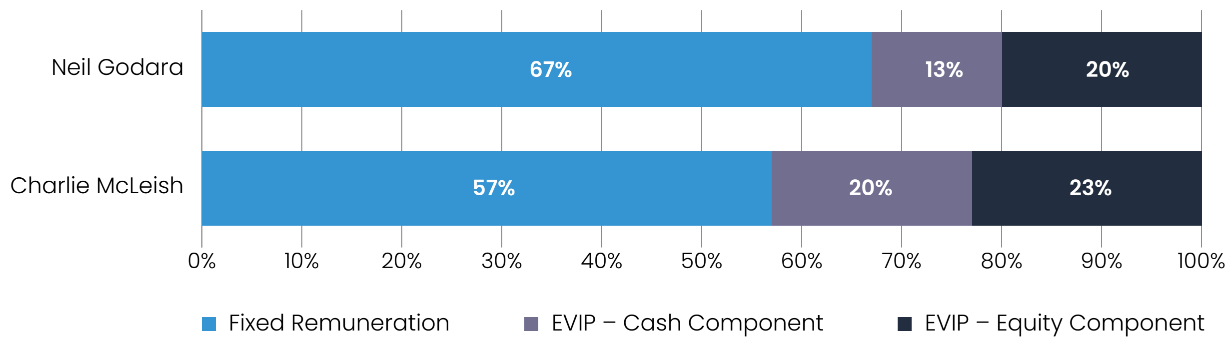
# Remuneration Report – Audited (Continued)

The various elements of the executive remuneration structure serve various purposes as listed below:

| Element | Purpose | Performance metrics | Potential value |
|---|---|---|---|
| Fixed remuneration | To attract and retain high performing talent by providing a market competitive salary. | Nil | Market rate which is reviewed annually to ensure it remains competitive. Not guaranteed to increase in executives' contracts. |
| EVIP – cash component | Reward for current year performance when value has been created for shareholders by achieving or outperforming profitability targets. | Group earnings before interest and tax (EBIT) targets together with pre-determined key performance indicators within the executive's area of responsibility. | 20% of total fixed remuneration for the Chief Financial Officer.<br>35% of total fixed remuneration for the Managing Director and Chief Executive Officer. |
| EVIP – equity component | Alignment to long term shareholder return by achieving or outperforming current year profitability targets and ensuring long term share price preservation. | Share price as at vesting date to remain above the share price on grant date.<br>Group earnings before interest and tax (EBIT) targets together with pre-determined key performance indicators within the executive's area of specialisation. | 30% of total fixed remuneration (at face value) for the Chief Financial Officer.<br>40% of total fixed remuneration (at face value) for the Managing Director and Chief Executive Officer. |

Maximum possible remuneration for the executives has been structured as per below to strike a balance between the short-term and long-term objectives of the remuneration policy.

Executive Remuneration Structure




## Non-executive members of the board

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. The maximum aggregate amount of fees that can be paid to non-executive directors as per last approval is $0.750 million. Fees for non-executive directors are not linked to the performance of the Group. No shares or options have been issued to non-executive directors, under the EVIP or an option scheme, within the last five years.

## Key terms of executive employment contracts

The executives and the Group are bound by formal employment contracts which contain key terms of their employment including fixed remuneration inclusive of superannuation and where eligible, ability to participate in EVIP.

The agreements do not reflect a fixed term of employment or nominate a specified amount to be paid on termination of employment. The agreements normally provide that the termination notice period may be paid out by the Group.

The major provisions of the employment agreements are as per below:

| Executive Name | Term of Agreement | Total fixed remuneration including superannuation | Eligibility to participate in EVIP | Notice of termination |
|---|---|---|---|---|
| Charlie McLeish[1] | On-going | $550,000 | Eligible | The period of notice required by the Group to terminate the employment is twelve months without cause and the notice required by Mr McLeish is four months. |
| Neil Godara[2] | On-going | $300,160 | Eligible | The period of notice required by either the Group or Mr Godara to terminate the employment without cause is one month. |

1. Mr McLeish transitioned from an executive to a non-executive director effective 30 November 2023.
2. Mr Godara's role was made redundant effective 30 November 2023.

## Relationship between the remuneration policy and company performance

The remuneration policy has been tailored to increase goal congruence between shareholders and executives. To improve transparency, this has been achieved through structuring executive remuneration with a combination of total fixed remuneration and a performance-based incentive system controlled through EVIP. Details of EVIP are provided within the remuneration report.

Fees for non-executive directors are not linked to the performance of the Group.

# Remuneration Report – Audited (Continued)

The compensation of each member of the key management personnel of the Group for the current year is set out below:

| 2024 | Short-term employee benefits<br>Salary & fees[(i)]<br>$ | Short-term employee benefits<br>Non-Monetary[(ii)]<br>$ | Long-term employee benefits<br>Long service leave[(iii)]<br>$ | Post-employment benefits<br>Super-annuation<br>$ | Termination benefits<br>Lump Sum<br>$ | Share-based payments<br>Rights[(iv)]<br>$ | Total<br>$ |
|---|---|---|---|---|---|---|---|
| **Non Executive Directors** | | | | | | | |
| Mark Hardgrave | 118,003 | – | – | 12,980 | – | – | 130,983 |
| Fred Harrison | 71,231 | – | – | 3,435 | – | – | 74,666 |
| Jeff Miciulis | 30,166 | – | – | 3,318 | – | – | 33,484 |
| Kerrie Parker | 33,334 | – | – | – | – | – | 33,334 |
| **Total Directors** | **252,734** | **–** | **–** | **19,733** | **–** | **–** | **272,467** |
| **Executives** | | | | | | | |
| Charlie McLeish | 363,311 | 4,619 | (105,934) | 29,614 | 1,319,710 | (235,270) | 1,376,050 |
| Neil Godara | 170,908 | 4,572 | (46,628) | 26,454 | 416,052 | (70,698) | 500,660 |
| **Total Executives** | **534,219** | **9,191** | **(152,562)** | **56,068** | **1,735,762** | **(305,968)** | **1,876,710** |
| **Total Remuneration** | **786,953** | **9,191** | **(152,562)** | **75,801** | **1,735,762** | **(305,968)** | **2,149,177** |

(i) Salary & fees includes movements in the annual leave provision relating to the executives.
(ii) Non-monetary benefits include car parking & motor vehicle toll tags.
(iii) Long service leave benefit represents movements in the long service leave provision relating to the executives.
(iv) Performance rights previously issued to the executives were forfeited effective 30 November 2023.

# Remuneration Report – Audited (Continued)

The compensation of each member of the key management personnel of the Group for the prior year is set out below:

| 2023 | Short-term employee benefits<br>Salary & fees[(i)]<br>$ | <br>Bonus<br>$ | <br>Non-Monetary[(ii)]<br>$ | Long-term employee benefits<br>Long service leave[(iii)]<br>$ | Post-employment benefits<br>Super-annuation<br>$ | Share-based payments<br>Rights<br>$ | <br>Total<br>$ |
|---|---|---|---|---|---|---|---|
| **Non Executive Directors** | | | | | | | |
| Mark Hardgrave | 126,697 | – | – | – | 13,303 | – | 140,000 |
| Jeff Miciulis | 72,398 | – | – | – | 7,602 | – | 80,000 |
| Fred Harrison | 80,000 | – | – | – | – | – | 80,000 |
| Kerrie Parker | 78,100 | – | – | – | 1,900 | – | 80,000 |
| **Total Directors** | **357,195** | **–** | **–** | **–** | **22,805** | **–** | **380,000** |
| **Executives** | | | | | | | |
| Charlie McLeish | 522,482 | – | 6,776 | 8,702 | 27,500 | 73,553 | 639,013 |
| Neil Godara | 272,499 | – | 6,695 | 6,862 | 27,500 | 22,226 | 335,782 |
| **Total Executives** | **794,981** | **–** | **13,471** | **15,564** | **55,000** | **95,779** | **974,795** |
| **Total Remuneration** | **1,152,176** | **–** | **13,471** | **15,564** | **77,805** | **95,779** | **1,354,795** |

(i) Salary & fees includes movements in the annual leave provision relating to the executives.
(ii) Non-monetary benefits include car parking & motor vehicle toll tags.
(iii) Long service leave benefit represents movements in the long service leave provision relating to the executives.

## Transactions with key management personnel

As disclosed in information about the Directors, Mr Fred Harrison is the CEO of Ritchies. Mr Harrison's employer, Ritchies Stores Pty Ltd invoiced the Group a total of $48,823 inclusive of GST (2023: $62,767 inclusive of GST) relating to the Group's participation in various promotional activities and supplier trading terms during the financial year. All transactions were conducted at arm's length. As at the reporting date, the Group did not owe Ritchies Stores Pty Ltd any amounts (2023: $7,771) in relation to abovementioned promotional activities and supplier trading terms.

## Executive Variable Incentive Plan (EVIP)

Under Prestal Holdings Limited EVIP, executives and selected senior management employees are eligible for both a cash and equity incentive upon the achievement of certain Group level KPI's and personal KPIs set at the commencement of each financial year, weighted as follows:

- 50% of both the cash and equity incentive KPIs relate to the achievement of a target EBIT for the financial year.
- The remaining 50% are based on specific KPIs relevant to the participant's particular responsibilities.

## Variable Incentive – cash

Variable cash incentive under EVIP is paid shortly after the release of audited full year results. The maximum amount of remuneration under the variable cash incentive plan ranges from 20 to 35% of the individual executive/senior management employee's total fixed remuneration.

## Variable Incentive – equity

The variable equity incentive is designed to reward achievement of annual KPIs, assist the retention of key high performing executives and align the rewards to the Company's share price. The maximum amount of remuneration under the variable equity incentive plan varies from 30 to 40% of the individual executive/senior management employee's total fixed remuneration. The variable equity incentive is delivered as Performance Rights (Rights), which are granted under the Executive Performance Rights Plan (Rights Plan) to enable the subsequent acquisition of the share component. The Rights will convert to exercisable Options at NIL exercise price after three years from the end of financial year of the grant date. Rights will be granted on a face value basis using the last ten business days of the previous financial year Volume Weighted Average Price (VWAP). The variable equity incentive is based upon an assessment of performance against respective KPIs in the year in which it is granted. If the performance criteria are not met within the financial year, the Rights are forfeited at the end of the same financial year.

The vesting of the Rights is conditional on:

(a) The executive satisfying Group level and personal performance criteria;

(b) the executive being employed by the Group on the vesting date; and

(c) Prestal Holdings Limited VWAP share price for the last ten business days preceding the vesting date being equal to or greater than the VWAP for the preceding ten business days from the grant date.

In total, the Rights are held for four years from the grant date. The value to the executive therefore is not at the grant date, rather at the vesting date which is three years from the end of financial year of the grant date.

Dividends are not payable on the Rights. Dividends are payable on ordinary shares after conversion of the Rights to ordinary shares.

Under the EVIP, the executives can receive the following annualised remuneration from the vesting of the Rights:

| | Percentage of total fixed remuneration: |
|---|---|
| Charlie McLeish | Up to 40% |
| Neil Godara | Up to 30% |

In the event the Group fails to meet its annual financial performance criteria, the Board retains the discretion to award up to 50% of EVIP entitlements to recognise and reward executives for extraordinary efforts and achievements during the financial year.

The Board retains the discretion to cancel Rights on issue in extra ordinary circumstances such as sale of business.

## EVIP – FY24 Performance

The executives, Mr McLeish and Mr Godara were not issued any rights in relation to FY24 due to the sale of the consumer products business.

In the previous financial year, the executives, Mr McLeish and Mr Godara were issued 560,000 and 214,000 rights, respectively on 1st July 2022. The executives forfeited all EVIP entitlements for 2023 financial year due to not meeting financial performance conditions.

Remuneration Report – Audited (Continued)

## Share-based payments (Rights Plan)

All performance rights under the EVIP are issued pursuant to the Executive Performance Rights Plan (Rights Plan). Under the conditions of Rights Plan, performance Rights are convertible to ordinary shares (with no exercise price) as at the vesting date which is four years from the grant date (or three years from the end of the financial year).

All Rights issued are convertible to ordinary shares at no consideration, subject to achieving performance or other vesting conditions.

The following table discloses changes in the performance rights holdings of management personnel:

| | Grant Date | Vesting Date | Balance at 2/7/2023 No. | Rights granted No. | Rights Vested(i) No. | Rights forfeited(ii) No. | Rights lapsed No. | Balance at 30/6/2024 No. |
|---|---|---|---|---|---|---|---|---|
| Charlie McLeish | 19/11/2020 | 1/7/2024 | 636,000 | – | – | 636,000 | – | – |
| Neil Godara | 1/7/2020 | 1/7/2024 | 217,000 | – | – | 217,000 | – | – |
| Charlie McLeish | 18/11/2021 | 1/7/2025 | 267,000 | – | – | 267,000 | – | – |
| Neil Godara | 1/7/2021 | 1/7/2025 | 102,000 | – | – | 102,000 | – | – |

(i) Mr McLeish and Mr Godara held 685,000 and 223,000 rights that had vested as at 1 July 2023 which were not converted to shares. These rights were subsequently lapsed effective 30 November 2023 by mutual agreement between the Group and the Executives.

(ii) All unvested Rights on issue were forfeited effective 30 November 2023.

## Key management personnel equity holdings

Fully paid ordinary shares of Prestal Holdings Limited held by key management personnel including a close member of family or an entity that is controlled or significantly influenced are as per below:

| | Balance at 26/6/2022 | Net change other(ii) | Balance at 2/7/2023 | Net change other(i) | Balance(iii) at 30/6/2024 |
|---|---|---|---|---|---|
| **Non-Executive Directors** | | | | | |
| Mark Hardgrave | 363,158 | – | 363,158 | – | 363,158 |
| Fred Harrison | 447,368 | – | 447,368 | – | 447,368 |
| Kerrie Parker | 77,000 | – | 77,000 | (77,000) | – |
| Jeff Miciulis | 1,000,000 | – | 1,000,000 | (1,000,000) | – |
| **Executives** | – | | – | | – |
| Charlie McLeish | 84,595 | – | 84,595 | – | 84,595 |
| Neil Godara | – | – | – | – | – |

(i) Net change other includes shares traded during the financial year.

(ii) Ms Parker and Mr Miciulis retired effective 30 November 2023.

(iii) There has been no change in shareholdings from the end of the financial year to the date of this report.

## Key management personnel share option holdings

There are no options on issue that can be exercised to convert to shares at nil cost by the option holders as at the date of this report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298 (2) of the *Corporations Act 2001*.

On behalf of the Directors

**Mark Hardgrave**
Chairman

Melbourne
4 October 2024

# Corporate Governance Statement

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (Best Practice Recommendations).

The Group's website (www.prestal.com.au) contains an Investor Section, which details the Group's corporate governance policies and procedures. This provides public access to all the information relevant to the Group meeting its corporate governance obligations.

| | BEST PRACTICE RECOMMENDATION | COMMENT |
|---|---|---|
| **1.** | **Lay solid foundations for management and oversight** | |
| 1.1 | A listed entity should disclose:<br>(a) the respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management. | The Corporate Governance Policies include a Board Charter, which discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Managing Director and Chief Executive Officer.<br>The responsibilities of the Board, which are reserved for the Board and not delegated to management, include:<br>• Oversight of the business and affairs of the Company;<br>• Establishment of control and accountability systems;<br>• Establishment with management of a strategic direction, supporting strategies and operating performance objectives;<br>• Appointing the Managing Director and any other Executive Director; and<br>• Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance.<br>The Board Charter is available on the Company's website. |
| 1.2 | A listed entity should:<br>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and<br>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. | The Board has not established a Nominations Committee given the size of the Board and the Company's operations. The Board as a whole performs the role of selection of potential new directors, and appropriate checks are made before an appointment occurs.<br>The Group provides security holders with all material information in its possession concerning the appointment or re-appointment of a director in the Notice of Shareholder Meeting concerning that appointment or re-appointment. A recommendation of the Directors concerning that appointment or re-appointment is also given. |
| 1.3 | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. | The Group has a written agreement with each director and senior executive setting out the terms of their appointment. |

# Corporate Governance Statement (Continued)

| | BEST PRACTICE RECOMMENDATION | COMMENT |
|---|---|---|
| 1.4 | The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. | The company secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. The current company secretary is a long-standing appointee and has direct contact with all directors as and when required. |
| 1.5 | A listed entity should:<br>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and to assess annually both the objectives and the entity's progress in achieving them;<br>(b) disclose that policy or a summary of it; and<br>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:<br>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or<br>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. | The Group does not have a specific policy or measurable objectives for achieving gender diversity. The Board believes the existing Code of Conduct anti-discrimination provisions provides for this. The Group does not believe it is appropriate to establish a quota system for measuring gender diversity, and indeed such a quota system could itself lead to discrimination.<br>As a "relevant employer" under the Workplace Gender Equality Act, the Company is compliant with the minimum requirements of the act and intends to take appropriate action should it be of the view that there is insufficient gender diversity within the business.<br>As at 27 August 2024, there were 21 (2 July 2023, 62) women employed representing 72% (2 July 2023, 38.5%) of total employees. There were no female senior executives as at the reporting date (30 June 2023: None).<br>There was one female on the Board of Directors (30 June 2023, one), who resigned during the period.<br>The Group's Corporate Governance Section on its website includes the Group's 2023 Workplace Gender Equality public report. |
| 1.6 | A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and<br>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | The Group does not have a formal policy for the periodic evaluation of its Board. The Board does not consider that a formal policy is necessary given the size of the Board and operations of the Group. |
| 1.7 | A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and<br>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | The Board is responsible for assessing the performance of the Managing Director. The Managing Director is responsible for assessing the performance of all executives within the Group, in conjunction with the Board.<br>Key performance indicators are set annually, and appraisals are conducted at least biannually for all Pental employees.<br>A performance evaluation for all executives has taken place during the year under the process disclosed. No process has taken place for the Managing Director during the period. |

# Corporate Governance Statement (Continued)

| | BEST PRACTICE RECOMMENDATION | COMMENT |
|---|---|---|
| **2.** | **Structure the board to add value** | |
| 2.1 | The board of a listed entity should:<br>(a) have a nomination committee which:<br>(1) has at least three members, a majority of whom are independent directors; and<br>(2) is chaired by an independent director,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the members of the committee; and<br>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. | The Board has not established a Nominations Committee. The Board as a whole carries out the functions of a Nominations Committee, and the Group believes this is appropriate for a company of its size and business. The Board seeks to ensure that it has an appropriate mix of skills necessary to fulfil its obligations. There was a significant reduction in the Board size to three directors during the period given the major changes to the business with the disposal of the Pental business to Dulux. |
| 2.2 | A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership. | The names and details of Directors in office at the date of this Annual Report, including skills, experience, term of office and expertise, are included in the Directors' Report Section of this Annual Report. The Board considers that it generally has directors with appropriate skills, experience and expertise for a business such as Pental's, and will address skills requirements on an ongoing basis. |

# Corporate Governance Statement (Continued)

| | BEST PRACTICE RECOMMENDATION | COMMENT |
|---|---|---|
| 2.3 | A listed entity should disclose:<br>(a) the names of the directors considered by the board to be independent directors;<br>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and<br>(c) the length of service of each director. | Directors of Prestal are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. The following Directors are considered to be Independent: Mr Mark Hardgrave and Mr Fred Harrison.<br>Mr Charlie McLeish was Managing Director during the period until he ceased and was not considered independent.<br>Mr Fred Harrison is the CEO of Ritchies. Mr Harrison's employer, Ritchies Stores Pty Ltd invoiced the Group a total of $48,823 inclusive of GST (2023: $62,767 inclusive of GST) relating to the Group's participation in various promotional activities and supplier trading terms during the financial year. All transactions were conducted at arm's length. As at the reporting date, the Group did not owe Ritchies Stores Pty Ltd any amounts (2023: $7,771) in relation to abovementioned promotional activities and supplier trading terms.<br>The date of appointment and resignation of each Director is set out in the Directors' Report Section of this Annual Report. |
| 2.4 | A majority of the board of a listed entity should be independent directors. | At the date of this report and during the period a majority of directors were independent directors. |
| 2.5 | The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. | The Chairman is an independent director. The Managing Director was not the Chairman during the period. |
| 2.6 | A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively. | The Group has an induction program for new directors.<br>The Group does not provide professional development opportunities for Directors. Given the current skill sets of each Director the Board considers that this is unnecessary. |
| **3.** | **Instil a culture of acting lawfully, ethically and responsibly** | |
| 3.1 | A listed entity should articulate and disclose its values. | The Group is dedicated to delivering quality, expertise and value in everything we make. Our products are designed to help families live better. Ours are trusted and loved brands that have been a part of Australians' lives for generations. We always act with dignity and respect. |
| 3.2 | A listed entity should:<br>(a) have a code of conduct for its directors, senior executives and employees; and<br>(b) disclose that code or a summary of it. | The Group has a formal Code of Conduct, which applies to all Prestal directors, employees, and contractors. A summary of this policy is available on the Group's website within the Corporate Governance Section.<br>The Group's corporate governance section includes the Securities Trading Policy, which regulates dealings by directors, officers and employees in securities issued by the Company. |

# Corporate Governance Statement (Continued)

| | BEST PRACTICE RECOMMENDATION | COMMENT |
|---|---|---|
| 3.3 | A listed entity should:<br>(a) have and disclose a whistleblower policy; and<br>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy. | The Group has a Whistleblower Policy. The Policy, which encourages reporting of unethical, corrupt and illegal practices, and any breach of Group's Code of Conduct, particularly concerning compliance concerns around the Competition and Consumer Act; the Australian Consumer Law, is also available on the Company website within the Corporate Governance Section.<br>The Group's corporate Governance section on its website includes a whistleblower policy.<br>Any material incidents are encouraged to be reported to the company secretary who reports to the board in a timely manner. |
| 3.4 | A listed entity should:<br>(a) have and disclose an anti-bribery and corruption policy; and<br>(b) ensure that the board or a committee of the board is informed of any material breaches of that policy. | The Group's corporate governance section on its website includes an anti-bribery and corruption policy.<br>Any material incidents are encouraged to be reported to the company secretary who reports to the board in a timely manner. |
| **4.** | **Safeguard integrity in financial reporting** | |
| 4.1 | The board of a listed entity should:<br>(a) have an audit committee which:<br>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and<br>(2) is chaired by an independent director, who is not the chair of the board,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the relevant qualifications and experience of the members of the committee; and<br>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. | The Board had an Audit and Risk Committee during the period. The Audit and Risk Committee consisted of three members, all of whom were independent directors.<br>The Chair of the Committee was not the Chair of the Board during the period.<br>The names of the members of the Committee, details of their qualifications and experience and details of the number of meetings held during the period, are contained in the Directors' Report section of this Annual Report.<br>The Audit and Risk Committee operated under a Charter which is available on the Company website within the corporate governance section.<br>Given the major changes to the business with the disposal of the Pental business to Dulux and resulting downsizing the Board the Audit and Risk Committee was discontinued during the period and its functions are carried out by the Board. |

# Corporate Governance Statement (Continued)

| | BEST PRACTICE RECOMMENDATION | COMMENT |
|---|---|---|
| 4.2 | The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | The Board has obtained the relevant assurances and declarations from the management. |
| 4.3 | A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor. | The Group currently does not release any periodic corporate report that is not audited or reviewed by an external auditor. |
| **5.** | **Make timely and balanced disclosure** | |
| 5.1 | A listed entity should:<br>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>(b) disclose that policy or a summary of it. | The Group has in place a Continuous Disclosure Policy, which has been implemented across the Company. The Policy is available on the corporate governance section of the Group's website. |
| 5.2 | A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made. | The Directors are notified of all material announcements promptly. |
| 5.3 | A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation. | The Group is compliant with this recommendation. |
| **6.** | **Respect the rights of shareholders** | |
| 6.1 | A listed entity should provide information about itself and its governance to investors via its website. | The Group provides information about itself and its governance on its website. All policies and charters concerning governance issues are located within a dedicated section headed Corporate Governance. |
| 6.2 | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors. | The Group has in place a Shareholder Communication Policy, which promotes effective communication with shareholders. The Policy is available on the corporate governance section of the Group's website. |
| 6.3 | A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders. | The Group has in place a Shareholder Communication Policy, which promotes effective communication with shareholders. The Policy is available on the corporate governance section of the Group's website. |
| 6.4 | A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands. | The Group is compliant with this recommendation. |
| 6.5 | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | The Group gives security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. |

# Corporate Governance Statement (Continued)

| | BEST PRACTICE RECOMMENDATION | COMMENT |
|---|---|---|
| **7.** | **Recognise and manage risk** | |
| 7.1 | The board of a listed entity should:<br>(a) have a committee or committees to oversee risk, each of which:<br>(1) has at least three members, a majority of whom are independent directors; and<br>(2) is chaired by an independent director,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the members of the committee; and<br>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. | The Audit and Risk Committee referred to in section 4 also oversaw risk as part of its Charter. This function is now carried out by the Board. |
| 7.2 | The board or a committee of the board should:<br>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and<br>(b) disclose, in relation to each reporting period, whether such a review has taken place. | The Audit and Risk Committee reviewed the Group's risk management framework annually and specific risks at each meeting. Key risks were referred to the Board periodically, and management reports on whether risk is being effectively managed. |
| 7.3 | A listed entity should disclose:<br>(a) if it has an internal audit function, how the function is structured and what role it performs; or<br>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. | The Group does not have an internal audit function. The Board considers that this is unnecessary given the size of the Group's operations.<br>The Audit and Risk Committee reviewed the Group's risk management framework and risks generally. Where necessary the Group has requested external advisors to review particular operations to ensure internal controls are effective. |
| 7.4 | A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. | The Group does not have any economic, environmental and social sustainability risks over and above those of every commercial organisation, and not already disclosed to security holders. |

# Corporate Governance Statement (Continued)

| | BEST PRACTICE RECOMMENDATION | COMMENT |
|---|---|---|
| **8.** | **Remunerate fairly and responsibly** | |
| 8.1 | The board of a listed entity should:<br>(a) have a remuneration committee which:<br>(1) has at least three members, a majority of whom are independent directors; and<br>(2) is chaired by an independent director,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the members of the committee; and<br>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. | The Board had established a Remuneration Committee during the period. The Remuneration Committee operates under a Charter, which is available on the Group;s website.<br>Memberships of the Committee, and details of meetings held during the period, are contained in the Directors' Report section. The Remuneration Committee consisted of four members, all of whom are independent directors.<br>Given the major changes to the business with the disposal of the Pental business to Dulux and downsizing of the Board, this Committee was discontinued during the period and its functions are carried out by the Board. |
| 8.2 | A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives. | Remuneration policies are set out in the Remuneration Report section of this Annual Report.<br>When thought desirable the Board utilises specialist third parties to benchmark executive and non-executive director remuneration. |
| 8.3 | A listed entity which has an equity-based remuneration scheme should:<br>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and<br>(b) disclose that policy or a summary of it. | The Group has established an Executive Variable Incentive Plan that may result in the issue of securities to executives. As those securities will be ordinary shares there is no policy on permitting participants to enter into transactions limiting the risk of participation in the scheme. |

# Auditor’s Independence Declaration

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## Auditor’s Independence Declaration

### To the Directors of Prestal Holdings Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Prestal Holdings Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M J Climpson
Partner – Audit & Assurance

Melbourne, 4 October 2024

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**ACN-130 913 594**

# Independent Auditor's Report

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## Independent Auditor's Report

### To the Members of Prestal Holdings Limited

#### Report on the audit of the financial report

**Opinion**

We have audited the financial report of Prestal Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# Independent Auditor's Report (Continued)

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Carrying value of brand names – Note 17** | |
| As at 30 June 2024, the Group carries an indefinite life brand name of $5.74 million. AASB 136 *Impairment of Assets* (AASB 136) requires indefinite life intangibles to be assessed for impairment at least annually, or where external or internal impairment indicators are identified.<br><br>An impairment is recorded when the recoverable amount of an asset exceeds its carrying value. The recoverable amounts of the brand name have been determined using a value in use approach, which incorporates significant judgement, in particular, the estimation of future maintainable revenue and applying an appropriate discount rate and long-term growth rate, which inherently involves a high degree of estimation and judgement by management.<br><br>This area was determined to be a key audit matter due to the judgments in preparing a value in use model for determining the recoverable amount in management's impairment assessments. | Our procedures included, amongst others:<br>• Documenting and assessing the processes and controls in place for management to prepare the value in use model;<br>• Assessing and challenging management's valuation methodology and the key assumptions applied, including the discount rate and growth rate;<br>• Assessing the sensitivity analysis performed by management on key assumptions and performing independent sensitivity analysis;<br>• Assessing the reasonableness of the Board approved cash flow projections used in the value in use model, as well as the Group's historical ability to forecast accurately; and<br>• Assessing the appropriateness of disclosures within the financial report. |
| **Discontinued operations – Note 8, Note 2(h)** | |
| On the 13th of September 2023, Pental Limited announced to the ASX it was divesting its consumer products business, Pental Products, in an agreement with DuluxGroup (Australia) Pty Ltd. The deal was finalised on the 8th of November 2023 and the purchase price of $60m was allocated across two areas of the business.<br><br>Accounting for a business disposal is a complex transaction, and therefore there is a risk that the disposal has not been accounted for in accordance with Accounting Standard AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* (AASB 5).<br><br>This area was determined to be a key audit matter due to the judgements involved in preparing the disclosure requirements of AASB 5. | Our procedures included, amongst others:<br>• Obtaining and reviewing the executed Sale Agreement prepared;<br>• Reviewing ASX announcements related to the disposal;<br>• Obtaining management's internal disposal workings and obtained support for key balances;<br>• Determining whether management's accounting treatment is in accordance with AASB 5; and<br>• Assessing the appropriateness of the disclosures within the financial report regarding the disposal. |

### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

# Independent Auditor's Report (Continued)

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 (other than the consolidated entity disclosure statement); and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf.This description forms part of our auditor's report.

### Report on the remuneration report

#### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 14 to 18 of the Directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Prestal Holdings Limited, for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

# Independent Auditor's Report (Continued)

Grant Thornton Audit Pty Ltd
Chartered Accountants

M J Climpson
Partner – Audit & Assurance

Melbourne, 4 October 2024

Grant Thornton Audit Pty Ltd

# Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- at the date of this declaration, there are reasonable grounds to believe that the members of the Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The nature of the deed of cross guarantee is such that each company which is a party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

The Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

M W Hardgrave

**Mark Hardgrave**
Chairman

Melbourne
4 October 2024

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2024

| | Note | 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| **Continuing Operations** | | | |
| Revenue from the sale of goods | 4 | 19,631 | 24,104 |
| Other revenue and income | | 1,287 | (442) |
| Changes in inventory of finished goods and work in progress | | (1,110) | 915 |
| Raw materials, consumables used and utilities | | (5,389) | (8,898) |
| Employee benefits expense | 7 | (4,323) | (4,886) |
| Freight out and distribution expense | | (3,378) | (3,398) |
| Marketing expenses | | (2,819) | (3,472) |
| Occupancy expenses | | (355) | (291) |
| Other expenses | | (870) | (834) |
| Impairment of brand names | 17 | (4,500) | – |
| Impairment of goodwill | 17 | (18,903) | – |
| **(Loss)/earnings before finance costs, income tax, depreciation and amortisation (EBITDA)** | | **(20,729)** | **2,774** |
| Depreciation and amortisation expense | 7 | (335) | (429) |
| **(Loss)/earnings before finance costs and income tax (EBIT)** | | **(21,064)** | **2,345** |
| Finance costs | 5 | (117) | (367) |
| **(Loss)/profit before income tax expense from continuing operations** | | **(21,181)** | **1,978** |
| Income tax expense | 6 | 311 | (720) |
| (Loss)/profit after income tax expense from continuing operations | | (20,870) | 1,258 |
| Profit after income tax expense from discontinued operations | 8 | 18,884 | 3,632 |
| **(Loss)/profit for the year** | | **(1,986)** | **4,890** |
| **(Loss)/profit attributable to Members of the Parent Entity** | | **(1,986)** | **4,890** |
| **Other comprehensive income** | | | |
| Items that may be classified subsequently to profit or loss: | | | |
| Loss on cash flow hedges taken to equity | | (200) | (140) |
| Income tax relating to components of other comprehensive income | | 60 | 42 |
| Other comprehensive (loss)/income for the year (net of tax) | | (140) | (98) |
| **Total comprehensive (loss)/income for the year** | | **(2,126)** | **4,792** |
| Total comprehensive (loss)/income for the year is attributable to: | | | |
| Continuing operations | | (20,870) | 1,258 |
| Discontinued operations | | 18,744 | 3,534 |
| **Equity holders of the Parent Entity** | | **(2,126)** | **4,792** |

| | Note | 2024 Cents | 2023 Cents |
|---|---|---|---|
| **Earnings per share for profit from continuing operations attributable to the owners of the Parent Entity** | | | |
| Basic (cents per share) | 34 | (12.24) | 0.74 |
| Diluted (cents per share) | 34 | (12.24) | 0.71 |
| **Earnings per share for profit from discontinued operations attributable to the owners of the Parent Entity** | | | |
| Basic (cents per share) | 34 | 11.08 | 2.13 |
| Diluted (cents per share) | 34 | 11.08 | 2.06 |
| **Earnings per share for profit attributable to the owners of the Parent Entity** | | | |
| Basic (cents per share) | 34 | (1.17) | 2.87 |
| Diluted (cents per share) | 34 | (1.17) | 2.77 |

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

# Consolidated Statement of Financial Position

as at 30 June 2024

| | Note | 30 June 2024 $'000 | 2 July 2023 $'000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 9 | 21,796 | 1,784 |
| Trade and other receivables | 10 | 287 | 15,469 |
| Inventories | 11 | 1,965 | 18,647 |
| Other financial assets | 12 | – | 201 |
| Current tax receivable | 6 | – | 523 |
| Other assets | 13 | 163 | 940 |
| **Total current assets** | | **24,211** | **37,564** |
| **Non-current assets** | | | |
| Property, plant and equipment | 15 | 203 | 17,451 |
| Right-of-use assets | 16 | 32 | 2,105 |
| Intangible assets | 17 | 5,817 | 41,350 |
| **Total non-current assets** | | **6,052** | **60,906** |
| **Total assets** | | **30,263** | **98,470** |
| **Current liabilities** | | | |
| Trade and other payables | 18 | 1,698 | 13,132 |
| Other financial liabilities | 19 | – | 54 |
| Borrowings | 20 | – | 1,700 |
| Lease liabilities | 21 | 25 | 751 |
| Provisions | 22 | 208 | 2,730 |
| **Total current liabilities** | | **1,931** | **18,367** |
| **Non-current liabilities** | | | |
| Borrowings | 20 | – | 425 |
| Deferred tax liabilities | 6 | 1,478 | 6,347 |
| Lease liabilities | 21 | – | 1,368 |
| Provisions | 22 | – | 84 |
| **Total non-current liabilities** | | **1,478** | **8,224** |
| **Total liabilities** | | **3,409** | **26,591** |
| **Net assets** | | **26,854** | **71,879** |
| **Equity** | | | |
| Issued capital | 23 | 73,147 | 103,830 |
| Reserves | | – | 681 |
| Accumulated losses | | (46,293) | (32,632) |
| **Total equity** | | **26,854** | **71,879** |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

for the year ended 30 June 2024

| | Note | Issued capital $'000 | Hedging reserve $'000 | Equity settled employee benefits reserve $'000 | Accumulated losses $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| Balance at 26 June 2022 | | 103,830 | 16 | 374 | (32,408) | 71,812 |
| Profit for the year | | – | – | – | 4,890 | 4,890 |
| Gain on cash flow hedges | | – | 178 | – | – | 178 |
| Deferred tax arising on hedges | | – | (54) | – | – | (54) |
| Total comprehensive income for the year | | – | 124 | – | 4,890 | 5,014 |
| **Transactions with shareholders** | | | | | | |
| Recognition of share-based payments | | – | – | 167 | – | 167 |
| Dividend payment | 24 | – | – | – | (5,114) | (5,114) |
| **Total transactions with shareholders** | | – | – | 167 | (5,114) | (4,947) |
| **Balance at 2 July 2023** | | **103,830** | **140** | **541** | **(32,632)** | **71,879** |
| Balance at 2 July 2023 | | 103,830 | 140 | 541 | (32,632) | 71,879 |
| Loss for the year | | – | – | – | (1,986) | (1,986) |
| Loss on cash flow hedges | | – | (200) | – | – | (200) |
| Deferred tax arising on hedges | | – | 60 | – | – | 60 |
| Total comprehensive income for the year | | – | (140) | – | (1,986) | (2,126) |
| **Transactions with shareholders** | | | | | | |
| Capital return | 23 | (30,683) | – | – | – | (30,683) |
| Recognition of share-based payments | | – | – | (541) | 257 | (284) |
| Dividend payment | 24 | – | – | – | (11,932) | (11,932) |
| **Total transactions with shareholders** | | (30,683) | – | (541) | (11,675) | (42,899) |
| **Balance at 30 June 2024** | | **73,147** | **–** | **–** | **(46,293)** | **26,854** |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

for the year ended 30 June 2024

| | Note | 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 82,529 | 131,240 |
| Payments to suppliers and employees | | (71,010) | (122,435) |
| Income tax refund | | 691 | – |
| Interest on lease liabilities | | (90) | (48) |
| Interest and other costs of finance paid | | (26) | (319) |
| Income tax paid | | (1,345) | (2,057) |
| Interest received | | 1,339 | – |
| **Net cash provided by operating activities** | **33** | **12,088** | **6,381** |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of business | 8 | 53,385 | – |
| Payments for plant and equipment | | (237) | (1,387) |
| Payment for acquisitions (net of cash acquired) | | – | (3,537) |
| Payments for intangible assets | | (41) | (96) |
| **Net cash provided by/(used in) investing activities** | | **53,107** | **(5,020)** |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | 20 | (2,125) | (1,700) |
| Repayment of lease liabilities | | (389) | (860) |
| Utilisation/(repayment) of supplier payment facility | | (54) | (35) |
| Capital return paid | | (30,683) | |
| Dividends paid | 24 | (11,932) | (5,114) |
| **Net cash used in financing activities** | | **(45,183)** | **(7,709)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **20,012** | **(6,348)** |
| Cash and cash equivalents at the beginning of the financial year | | 1,784 | 8,132 |
| **Cash and cash equivalents at the end of the financial year** | **9** | **21,796** | **1,784** |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

## 1. General Information

Prestal Holdings Limited, incorporated and domiciled in Australia, is a publicly listed company on the Australian Stock Exchange, limited by shares.

**Company Secretary**

Mr Oliver Carton

**Principal Registered office**

Prestal Holdings Limited
55 Victoria Street
Fitzroy VIC 3065

Telephone: (03) 9251 2311
Facsimile: (03) 9645 3001

www.prestal.com.au

**Share Registry**

Automic Group
Suite 5, Level 12
530 Collins Street
Melbourne VIC 3000

Telephone: 1300 288 664

www.automicgroup.com.au

## 2. Material accounting policies

### Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise consolidated financial statements of the consolidated entity (the "Group"). For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include International Financial Reporting Standards as adopted in Australia ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the group comply with *International Financial Reporting Standards* ('IFRS').

The financial statements were authorised for issue by the directors on 4 October 2024.

### Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the Directors' Report and Annual Report are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.

### Adoption of new and revised Accounting Standards

In the current year, the Group has not adopted any new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) as in the Group's judgement they are not relevant to its operations.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## Accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

### (a) Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries (referred to as "the Group" in these financial statements) as defined in Accounting Standard AASB 10 *'Consolidated Financial Statements'*. A list of subsidiaries appears in note 14 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the Group are eliminated in full.

### (b) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

# Notes to the Financial Statements (Continued)

## (c) Foreign currency

The presentation and functional currency of the Group is Australian dollars.

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

## (d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

## (e) Revenue

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue is recognised when it is received or when the right to receive payment is established.

## (f) Share based payment transactions

The Executive Variable Incentive Plan (EVIP) granted performance rights over shares in the Company to certain employees. The fair value of the performance rights granted under the EVIP was recognised as an employee expense with a corresponding increase in equity. The fair value was measured at grant date and was recognised from grant date to vesting date. The fair value of the performance rights granted was measured using the Monte-Carlo method, taking into account the terms and conditions upon which the performance rights were granted.

## (g) Income tax

### *Current tax*

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

### *Deferred tax*

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

## Notes to the Financial Statements (Continued)

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

*Current and deferred tax for the period*

Current and deferred tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

*Tax consolidation*

The Company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Prestal Holdings Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

### (h) Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

# Notes to the Financial Statements (Continued)

## (i) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

## (j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

## (k) Financial assets

*Trade receivables*

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Trade receivables are disclosed net of rebates payable where the Group has the legal right to offset such balances as they are with the same customers and it is the Group's intention to net settle.

*Allowance for Expected Credit Loss*

The Group applies the simplified approach to the measurement of expected credit losses, using the lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are group based on credit risk characteristics and the days past due. A provision matrix is then determined based on historical credit loss rate for each group, adjusted for any material expected changes to the future credit risk for that group.

## (l) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost includes direct materials, direct labour, other direct variable costs and allocated production overheads necessary to bring inventories to their present location and condition, based on normal operating capacity of the production facilities.

*Manufacturing activities*

The cost of manufacturing inventories and work-in-progress are assigned on a standard cost approach. Costs arising from exceptional wastage are expensed as incurred.

*Net realisable value*

Net realisable value represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale. Net realisable value is determined on the basis of each inventory line's normal selling pattern.

# Notes to the Financial Statements (Continued)

## (m) Property, plant and equipment

The carrying amount of property, plant and equipment is valued on the cost basis.

Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. Plant and equipment estimated useful life used in the calculation of depreciation is three to 20 years. Buildings are depreciated over a period of up to 30 years on a straight line basis. Land is not depreciated.

## (n) Finance costs

Finance costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, including trade creditors and lease finance charges.

## (o) Intangible assets

*Brand names*

Brand names are not amortised as the Directors believe the brands have an indefinite useful life. Brand names with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired. Brand names are recorded at fair value at the time of acquisition, less any impairment subsequently recorded.

*Computer Software*

All costs directly incurred in the purchase or development of major computer software or subsequent upgrades and material enhancements, which can be reliably measured and are not integral to a related asset, are capitalised as intangible assets. Costs capitalised include external direct costs of materials, services and travel. Costs incurred on computer maintenance or during planning phase are expensed as incurred. Computer software is amortised over the period of time during which the benefits are expected to arise being three to five years.

## (p) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately. An impairment loss for goodwill is never reversed.

# Notes to the Financial Statements (Continued)

## (q) Employee benefits

*Short-term and long-term employee benefits*

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits are measured as the present value of estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

## (r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### Dividends

A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

## (s) Financial instruments issued by the Company

*Debt and equity instruments*

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

*Transaction costs on the issue of equity instruments*

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

*Interest and dividends*

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

## (t) Financial year

As allowed under Section 323D of the *Corporations Act 2001*, the Directors had previously determined the financial year to be a fixed period of 52 calendar or 53 calendar weeks. For the period to 30 June 2024, the Directors determined the group would revert to a 365-day year. For the period ended 30 June 2024, the Group is reporting on the 51-week and 6-day period that began 3 July 2023 and ended 30 June 2024. For the period to 2 July 2023, the Group is reporting on the 53-week period that began 27 June 2022 and ended 2 July 2023.

## Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

### Impairment of goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2 above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

### Impairment of brand names

Determining whether brand names are impaired requires an estimation of recoverable amount, representing the higher of the fair value less costs to sell and the value-in-use. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

The carrying amount of brand names at 30 June 2024 was $5.740 million (2 July 2023: $22.246 million). Details of movements and impairment testing are set out in note 17.

### Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Monte-Carlo model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 35 for further information.

### Net realisable value of inventories

The net realisable value of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

# 3. Segment information

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group is viewed as being a single reporting segment which is consistent with the Group's internal reporting provided to the chief operating decision maker, being the Managing Director and Chief Executive Officer after the divestment of the Consumer Goods business (which consisted of previously reported Owned Brands and Contracted Brands segments.

## 4. Revenue

The Group generates revenue from the sale of goods on a point in time basis as follows:

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Revenue from the sale of goods | 19,631 | 24,104 |
| | **19,631** | **24,104** |

All revenue from the sale of goods is derived from customers in Australia.

## 5. Finance costs

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Interest on borrowings | 91 | 280 |
| Interest on leases | 26 | 48 |
| Other borrowing costs | – | 39 |
| | **117** | **367** |

## 6. Income taxes

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| *Income tax expense* | | |
| Current tax | – | 1,221 |
| Deferred tax – origination and reversal of temporary differences | (4,471) | 953 |
| Adjustment recognised for prior periods | 168 | (18) |
| **Aggregate income tax expense/(benefit)** | **(4,303)** | **2,156** |
| Income tax expense is attributable to: | | |
| Profit/(loss) from continuing operations | (311) | 720 |
| Profit/(loss) from discontinued operations | (3,992) | 1,436 |
| **Aggregate income tax expense/(benefit)** | **(4,303)** | **2,156** |
| *Numerical reconciliation of income tax expense and tax at the statutory rate:* | | |
| Profit/(loss) before income tax expense from continuing operations | (21,544) | 1,978 |
| Profit/(loss) before income tax expense from discontinued operations | 15,254 | 5,068 |
| | **(6,290)** | **7,046** |
| Tax at the statutory rate of 30% | (1,887) | 2,114 |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Non-assessable profit on sale of business | (4,573) | – |
| Reversal of deferred taxes on sale of business | (3,545) | – |
| Non-deductible impairment of goodwill | 5,671 | – |
| Other | (137) | 60 |
| | (4,471) | 2,174 |
| Adjustment recognised for prior periods | 168 | (18) |
| **Income tax (benefit)/expense** | **(4,303)** | **2,156** |

Notes to the Financial Statements (Continued)

## Deferred tax

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| *Deferred tax assets comprise temporary differences attributable to:* | | |
| Amounts recognised in profit and loss: | | |
| Allowance for expected credit losses | 125 | 76 |
| Provisions | 62 | 847 |
| Share-based payments | – | 162 |
| Leases | 14 | 57 |
| Accrued expenses | 47 | 50 |
| Inventory obsolescence | – | 370 |
| Other | 58 | 84 |
| Deferred tax assets | 306 | 1,646 |
| *Deferred tax liabilities comprise temporary differences attributable to:* | | |
| Amounts recognised in profit and loss: | | |
| Property, plant and equipment | (62) | (1,293) |
| Brand names | (1,722) | (6,674) |
| | (1,784) | (7,967) |
| Amounts recognised in equity: | | |
| Changes in the fair value of cash flow hedges | – | (26) |
| | – | (26) |
| Deferred tax liabilities | (1,784) | (7,993) |
| **Net deferred tax asset/(liability)** | **(1,478)** | **(6,347)** |

## Current tax assets

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Income tax refund receivable | – | 523 |
| | – | 523 |

## Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group, and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Prestal Holdings Limited. The members of the tax-consolidated group are identified at note 14.

## Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, Prestal Holdings Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group. The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

## Unrecognised taxable temporary differences associated with investments and interests

In accordance with AASB112.81, there are no taxable temporary differences in relation to investments in subsidiaries for which deferred tax assets or liabilities have not been recognised.

## Notes to the Financial Statements (Continued)

# 7. Profit for the year

(a) Profit for the year has been arrived at after charging the following expenses:

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| **Expenses** | | |
| Cost of goods sold | 7,911 | 9,780 |
| **Depreciation and amortisation expense** | | |
| Depreciation: Property, plant and equipment | 67 | 67 |
| Depreciation: Right-of-use assets | 268 | 362 |
| | 335 | 429 |
| **Employee benefits expense** | | |
| Post-employment benefits – defined contribution plans | 351 | 386 |
| Other employee benefits | 3,972 | 4,500 |
| | 4,323 | 4,886 |

Cost of goods sold includes cost of products or raw materials, including inbound freight, direct labour costs for production and factory overhead expenses where applicable.

# 8. Discontinued operations

On 13 September 2023, the Group announced divestment of its consumer products business through sale of assets to DuluxGroup (Australia) Pty Ltd for a total purchase consideration of $60,000,000 subject to customary and agreed adjustments. The Group completed the sale of consumer products business on 8 November 2023.

Details of the proceeds of the sale, net identifiable assets and liabilities disposed are as follows:

| Consideration | $'000 |
|---|---|
| Cash received for land and buildings | 15,000 |
| Add: cash received for business assets and liabilities | 45,000 |
| Less: agreed adjustment for growth capital expenditure | (3,000) |
| Less: completion adjustment in relation to working capital and leave liabilities | (3,007) |
| **Gross proceeds from the sale of assets** | **53,993** |
| Less: costs attributable to sale of assets | (1,178) |
| **Net proceeds from sale of assets** | **52,815** |

# Notes to the Financial Statements (Continued)

The disposed identifiable assets and liabilities recognised as a result of the divestment are as follows:

| Assets and liabilities disposed | $'000 |
|---|---|
| Inventories | 10,047 |
| Plant & equipment | 10,411 |
| Right-of-use assets | 1,629 |
| Land and buildings | 6,167 |
| Intangibles – software | 152 |
| Prepayments | 247 |
| Intangibles – brand names | 12,006 |
| Leave liabilities | (2,071) |
| Provisions | (30) |
| Lease liabilities | (1,705) |
| Other | 53 |
| **Gain on sale of assets before tax** | **15,909** |
| Net taxes | 2,753 |
| **Gain on sale of assets after tax** | **18,662** |

Financial performance information:

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| **Discontinued Operations** | | |
| Revenue from the sale of goods | 38,103 | 91,156 |
| Other revenue and income | 16,895 | 665 |
| Other gains and losses | 114 | (90) |
| Changes in inventory of finished goods and work in progress | (15,602) | (66) |
| Raw materials, consumables used and utilities | (8,612) | (53,996) |
| Employee benefits expense | (7,865) | (13,279) |
| Freight out and distribution expense | (2,802) | (8,671) |
| Marketing expenses | (447) | (1,189) |
| Occupancy expenses | (462) | (1,141) |
| Selling expenses | (471) | (1,245) |
| Repairs and maintenance expense | (445) | (1,039) |
| Other expenses | (2,484) | (2,659) |
| **Profit before finance costs, income tax, depreciation and amortisation (EBITDA)** | **15,922** | **8,446** |
| Depreciation and amortisation expense | (1,031) | (3,378) |
| **Profit before finance costs and income tax (EBIT)** | **14,891** | **5,068** |
| Finance costs | – | – |
| **Profit before tax** | **14,891** | **5,068** |
| Income tax benefit/(expense) | 3,993 | (1,436) |
| **Profit after income tax from discontinued operations** | **18,884** | **3,632** |

## 9. Current assets – Cash and cash equivalents

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Cash on hand and at bank | 21,796 | 4,836 |
| Overdraft/trade advance facility utilised | – | (3,052) |
| | **21,796** | **1,784** |

## 10. Current assets – Trade and other receivables

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Trade and other receivables | 703 | 15,723 |
| Allowance for expected credit losses | (416) | (254) |
| | **287** | **15,469** |

The ageing of the receivables are as follows:

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Overdue 31 to 60 days | 5 | 132 |
| Overdue 61 to 90 days | – | 33 |
| Overdue 91 days and beyond | 258 | 399 |
| | **263** | **564** |

Movements in the allowance for expected credit losses are as follows:

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Balance at the beginning of the year | 254 | 240 |
| Re-measurement of loss allowance | 162 | 14 |
| **Balance at the end of the year** | **416** | **254** |

## 11. Current assets – Inventories

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Raw materials | 1,838 | 5,310 |
| Work in progress | – | 7 |
| Goods in transit | 75 | 1,196 |
| Finished goods | 52 | 12,134 |
| | **1,965** | **18,647** |

Notes to the Financial Statements
(Continued)

## 12. Current assets – Other financial assets

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Foreign currency forward contracts | – | 201 |
| | **–** | **201** |

## 13. Current assets – Other assets

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Prepayments | 163 | 940 |
| | **163** | **940** |

## 14. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the accounting policy described in note 2.

| | | Ownership interest | |
|---|---|---|---|
| Name of subsidiary | Country of incorporation | 2024 % | 2023 % |
| **Parent Entity** | | | |
| Prestal Holdings Limited[(i)] | Australia | | |
| **Controlled Entities** | | | |
| Prestal Products Pty Ltd[(ii) (iii)] | Australia | 100% | 100% |
| Hampers with Bite Pty Ltd[(ii) (iii)] | Australia | 100% | 100% |

(i) Prestal Holdings Limited is the head entity within the tax-consolidated group.
(ii) These companies are members of the tax-consolidated group.
(iii) The wholly-owned subsidiaries have entered a deed of cross guarantee with Prestal Holdings Limited and it is relieved from the requirement to prepare and lodge an audited financial report.

## 15. Non-current assets – Property, plant and equipment

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Land | – | 1,732 |
| | – | 1,732 |
| Buildings – at cost | – | 5,628 |
| Less: Accumulated depreciation | – | (1,127) |
| | – | 4,501 |
| Plant and equipment – at cost | 343 | 40,315 |
| Less: Accumulated depreciation | (140) | (29,327) |
| | 203 | 10,988 |
| Construction in progress – at cost | – | 230 |
| Less: Accumulated depreciation | – | – |
| | – | 230 |
| **Total property, plant and equipment** | **203** | **17,451** |

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Land $'000 | Buildings $'000 | Plant and equipment $'000 | Construction in progress $'000 | Total $'000 |
|---|---|---|---|---|---|
| Balance at 26 June 2022 | 1,732 | 4,692 | 10,677 | 1,787 | 18,888 |
| Additions | – | – | 1,157 | 230 | 1,387 |
| Transfer from/(to) capital works | – | – | 1,787 | (1,787) | – |
| Depreciation expense | – | (191) | (2,633) | – | (2,824) |
| | | | | | |
| Balance at 2 July 2023 | 1,732 | 4,501 | 10,988 | 230 | 17,451 |
| Additions | – | – | 46 | 287 | 333 |
| Depreciation expense | – | – | (67) | – | (67) |
| Depreciation expense – discontinued operations | (66) | (870) | – | (936) | |
| Disposals | (1,732) | (4,435) | (9,894) | (517) | (16,578) |
| **Balance at 30 June 2024** | **–** | **–** | **203** | **–** | **203** |

Refer to note 8 for further information on assets disposed as part of discontinued operations.

Notes to the Financial Statements (Continued)

## 16. Right-of-use assets

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Property – right-of-use | 271 | 2,799 |
| Less: Accumulated depreciation | (239) | (1,339) |
| | 32 | 1,460 |
| Plant and equipment – right-of-use | – | 1,273 |
| Less: Accumulated depreciation | – | (628) |
| | – | 645 |
| | 32 | 2,105 |

Refer to note 8 for further information on assets disposed as part of discontinued operations.

## 17. Non-current assets – Intangible assets

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Goodwill | 93,681 | 93,681 |
| Less: Impairment | (93,681) | (74,778) |
| | – | 18,903 |
| Brand names – at cost | 10,240 | 22,246 |
| Less: Accumulated impairment | (4,500) | – |
| | 5,740 | 22,246 |
| Software – at cost | 78 | 1,630 |
| Less: Accumulated amortisation | (1) | (1,429) |
| | 77 | 201 |
| **Total intangible assets** | **5,817** | **41,350** |

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Goodwill $'000 | Brand names $'000 | Software $'000 | Total $'000 |
|---|---|---|---|---|
| Balance at 26 June 2022 | 18,903 | 22,246 | 217 | 41,366 |
| Additions | – | – | 96 | 96 |
| Amortisation expense | – | – | (112) | (112) |
| | | | | |
| Balance at 2 July 2023 | 18,903 | 22,246 | 201 | 41,350 |
| Additions | – | – | 70 | 70 |
| Impairment of assets | (18,903) | (4,500) | – | (23,403) |
| Amortisation expense | – | – | (42) | (42) |
| Disposal through divestment | – | (12,006) | (152) | (12,158) |
| **Balance at 30 June 2024** | **–** | **5,740** | **77** | **5,817** |

## Allocation of goodwill to cash-generating units and key assumptions

The carrying amount of goodwill as at 2 July 2023 was allocated to the Hampers with Bite Cash Generating Unit (CGU) for impairment testing purposes.

As originally announced to the market in the June 2023 annual report, the Group experienced challenging market conditions in the current financial year, which have impacted its financial performance.

The Directors concluded at 31 December 2023, as a result of the sustained change in the consumer market environment, the goodwill associated with the Hampers with Bite CGU of $18.903 million was impaired. This conclusion was reached with reference to management's best estimate of the discounted future cash flows for the Group (value in use), taking into account the risks and uncertainties present in the market. As a result, the Group has recognised a non-cash impairment of $18.903 million in the statement of profit or loss, which represents the carrying value of goodwill allocated to the Hampers with Bite CGU.

The recoverable amount of the Hampers with Bite CGU is determined based on a value in use calculation, which uses cash flow projections based on a financial budget (Target EBITDA) approved by the Board, covering a five-year period. A pre-tax cash flow effect has been taken using a post-tax discount rate (WACC) of 14.5% (2023 13.5%). The cash flow has been extrapolated using a 3% (2023: 3%) growth rate and a terminal value.

## Brand names – Useful life assessment

The Group assesses its brand names as having indefinite useful lives. This assessment has reflected management's intention to continue to utilise the brand names within its portfolio for the foreseeable future.

Each period, the useful lives of the Group's brand names are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the assets.

The Group continue to believe that its remaining brand names have indefinite useful lives, as there is no foreseeable limit to the period over which they intend to utilise the brand names.

## Allocation of brand names to cash generating units

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| **Gross carrying amount of brand names** | | |
| Allocated to consumer products CGU | – | 19,000 |
| Allocated to Hampers with bite CGU | 10,240 | 10,240 |
| Balance at end of financial year | 10,240 | 29,240 |
| **Accumulated Impairment on brand names** | | |
| Allocated to consumer products CGU | – | (6,994) |
| Allocated to Hampers with bite CGU | (4,500) | – |
| Balance at end of financial year | (4,500) | (6,994) |
| **Carrying value of brand names at end of financial year** | | |
| Allocated to consumer products CGU | – | 12,006 |
| Allocated to Hampers with bite CGU | 5,740 | 10,240 |
| Balance at end of financial year | 5,740 | 22,246 |

## Impairment testing – Indefinite life brand names

Indefinite life brand names are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's value in use and fair value less costs to sell. Brand names that have incurred an impairment in previous periods are reviewed for possible reversal of the impairment at the end of each reporting period.

The Group used 'relief from royalty' method for the purposes of estimating the fair value less costs to sell as at 30 June 2024.

The key assumptions used were as follows:

- An estimate of maintainable revenue with reference to the FY25 budget and historic financial performance.
- Royalty rate of 5% (2023: 5%).
- Discount rate of 14.5% post-tax (2023: 10%).
- Long term growth rates of 2.5% (2023: 2.5%).
- An estimate of costs to sell equivalent to 2% of the estimated recoverable amount for each brand name.

The Directors concluded at 31 December 2023 that, as a result of the sustained change in the consumer market environment, the Hampers with Bite brand name impaired by $4.500 million. This conclusion was reached with reference to management's best estimate of the discounted future cash flows for the Group (value in use), taking into account the risks and uncertainties present in the market.

The Directors concluded at 30 June 2024, the brand names do not have indicators of a reversal of impairment. This conclusion was reached with reference to management's assessment of the fair value less costs of disposal.

The Group believes that the assumptions adopted in the 'relief from royalty' calculations reflect an appropriate balance between the Group's experience to date and expected future performance for each brand, as discussed in the Directors Report.

## 18. Current liabilities – Trade and other payables

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Trade payables | 373 | 9,855 |
| Trade spend liabilities | – | 84 |
| Sundry payables and accruals | 1,325 | 3,193 |
| | **1,698** | **13,132** |

The average credit period on the purchases of goods ranges from seven to 60 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that, as often as possible, all payables are paid within a reasonable timeframe.

## 19. Current liabilities – Other financial liabilities

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Current | | |
| Supplier payment facility | – | 54 |
| | – | 54 |

Refer to note 25 for further information on financial instruments.

# 20. Current and non-current liabilities – Borrowings

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| **Current** | | |
| Loan facility | – | 1,700 |
| | – | 1,700 |
| **Non-current** | | |
| Loan facility | – | 425 |
| | – | 425 |
| | – | 2,125 |

Refer to note 25 for further information on financial instruments.

## Market rate loan facility

As at the reporting date, the Group does not have any banking facility given its strong cash holdings following the sale of Consumer Products business.

In the previous reporting period, the Group had a three-year market rate loan facility with CBA which was established to facilitate the acquisition of Hampers with Bite. At the reporting date, the loan has been repaid in full after the group made principal repayments of $2,125,000 during the reported period.

## Unsecured supplier payment facility

As at the reporting date, the Group has alternative unsecured financing facilities with a limit of $3 million to draw upon through American Express, if and when required. There are no restrictions of use associated with the supplier finance facility.

## Financing arrangements

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| **Facilities utilised at reporting date:** | | |
| Multi option loan facility | | |
| – Bank guarantee | – | 326 |
| – Trade advance facility | – | 3,052 |
| – Market rate loan | – | 2,125 |
| | – | 5,503 |
| **Facilities not utilised at reporting date:** | | |
| Multi option loan facility | | |
| – Bank overdraft | – | 4,500 |
| – Trade advance facility | – | 122 |
| | – | 4,622 |
| | **–** | **10,125** |

## 21. Current liabilities – Lease liabilities

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| **Current** | | |
| Lease liability | 25 | 751 |
| | 25 | 751 |
| **Non-current** | | |
| Lease liability | – | 1,368 |
| | – | 1,368 |
| | **25** | **2,119** |

Refer to note 25 for further information on financial instruments.

## 22. Current and non-current liabilities – Provisions

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| **Current** | | |
| Employee benefits | 158 | 2,553 |
| Make good provision on leases | 50 | 177 |
| | 208 | 2,730 |
| **Non-current** | | |
| Employee benefits | – | 84 |
| | – | 84 |
| | **208** | **2,841** |

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

### Lease make good

The provision represents the estimated costs to make good the premises leased by the Group at the end of the respective lease term.

### Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

| | Lease make good $'000 |
|---|---|
| Carrying amount at the start of the year | 177 |
| Additional provisions recognised | 3 |
| Amounts derecognised | (100) |
| Amounts derecognised on disposal of Pental Products business | (30) |
| Carrying amount at the end of the year | 50 |

Notes to the Financial Statements (Continued)

# 23. Equity – Issued capital

## (a) Fully paid ordinary shares

| Date | Share Capital | Number of shares | Issue price | $'000 |
|---|---|---|---|---|
| 27 June 2022 | Opening balance of ordinary shares, fully paid | 170,459,500 | – | 103,830 |
| **2 July 2023** | **Balance at end of reporting period** | **170,459,500** | **–** | **103,830** |
| 24 May 2024 | Capital return | – | $0.18 | (30,683) |
| **30 June 2024** | **Balance at end of reporting period** | **170,459,500** | | **73,147** |

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On 24 May 2024, the Company paid a capital return to shareholders of $0.18 per ordinary share. The capital return was approved by at the 2023 Annual General Meeting.

## (b) Options

As at 2 July 2023, the Company had 1,625,000 Options on issue as a result of Performance Rights issued on 1 July 2019 vesting on 1 July 2023, exercisable on a 1:1 basis for entitled ordinary shareholders at nil exercise price. These Options were cancelled effective 30 November 2023 by mutual agreement between the Group and the executives.

The Company had no other outstanding Options as at the end of the current reporting period.

# 24. Equity – Dividends

| | 2024 | | 2023 | |
|---|---|---|---|---|
| (a) Recognised Amounts | Cents per Share | Total $'000 | Cents per Share | Total $'000 |
| Fully paid ordinary shares | | | | |
| Final dividend: Fully franked at 30% tax rate | 1.00 | 1,705 | 1.70 | 2,898 |
| Interim dividend: Fully franked at 30% tax rate | – | – | 1.30 | 2,216 |
| Special dividend: Fully franked at 30% tax rate | 6.00 | 10,227 | – | – |
| | 7.00 | 11,932 | 3.00 | 5,114 |

| | 2024 | | 2023 | |
|---|---|---|---|---|
| (a) Recognised Amounts | Cents per Share | Total $'000 | Cents per Share | Total $'000 |
| Fully paid ordinary shares | | | | |
| Final dividend: Fully franked at 30% tax rate | – | – | 1.00 | 1,705 |
| Special dividend: Fully franked at 30% tax rate | 7.00 | 11,932 | – | – |
| | 7.00 | 11,932 | 1.00 | 1,705 |

## Franking credits

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Franking credits available for subsequent financial years based on a tax rate of 30% | 16,090 | 22,498 |

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date.
- Franking debits that will arise from the payment of the unrecognised amounts above.

# 25. Financial instruments

## (a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash, occasional short term deposits, and equity attributable to equity holders of the parent, comprising issued capital (as disclosed in note 23), reserves and retained earnings/(accumulated losses).

Operating cash flows are used to maintain and expand the Group's assets, as well as to make the routine outflows of payables, tax, dividends and pay for other financial instruments.

### Gearing ratio

The Board of Directors reviews the capital structure on an ongoing basis. As a part of this review the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Group will balance its overall capital structure through the payment of dividends, new share issues, and the issue or repayment of debt to execute its strategic plans. The Group was effectively debt free, in a net cash position (cash net of borrowings, overdrafts and other financial liabilities) in both the current and prior financial year.

## (b) Categories of financial instruments

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 21,796 | 4,836 |
| Trade and other receivables (amortised cost) | 287 | 15,469 |
| Derivative instruments in designated hedge accounting relationships | – | 201 |
| **Financial liabilities** | | |
| Trade and other payables (amortised cost) | 1,698 | 13,132 |
| **Multi-option banking facility utilised:** | | |
| – Trade advance facility | – | 3,052 |
| – Market rate loan facility | – | 2,125 |
| American Express supplier payment facility | – | 54 |

The carrying amount reflected in the statement of financial position represents the Group's maximum exposure to credit risk for financial assets.

## (c) Financial risk management objectives

The Group's continuing activities expose it to a variety of financial risks including credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group's finance function provides services to the business by monitoring and managing the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risk under policies approved by the Board of Directors.

## (d) Credit risk management

Credit risk management refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate values of transactions concluded are spread amongst approved counterparties. The Group measures credit risk on a fair value basis.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking accounts of the value of any collateral obtained.

## (e) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the 2024 year, all payables are expected to be settled within three months.

## (f) Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

# 26. Key management personnel compensation

The aggregate compensation of the key management personnel of the Group is set out below:

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Short-term employee benefits | 796,144 | 1,165,647 |
| Long-term employee benefits | (152,562) | 15,564 |
| Share-based payments | (305,968) | 95,779 |
| Termination benefits | 1,735,762 | – |
| Post-employment benefits | 75,801 | 77,805 |
| | 2,149,177 | 1,354,795 |

## 27. Related party transactions

As disclosed in information about the Directors, Mr Fred Harrison is the CEO of Ritchies. Mr Harrison's employer, Ritchies Stores Pty Ltd invoiced the Group a total of $48,823 inclusive of GST (2023: $62,767 inclusive of GST) relating to the Group's participation in various promotional activities and supplier trading terms during the financial year. All transactions were conducted at arm's length. As at the reporting date, the Group did not owe Ritchies Stores Pty Ltd any amounts (2023: $7,771) in relation to abovementioned promotional activities and supplier trading terms.

### Equity interests in subsidiaries

Details of interests in subsidiaries are set out in note 14.

Sales to and purchases from related parties in the normal course of business are made in arm's length transactions on normal terms and conditions.

## 28. Capital expenditure commitment

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Plant and equipment | 222 | 66 |
| | 222 | 66 |

In April 2024, the Group entered into a contract to purchase pallet racking for the new facility located in Altona North.

In the prior financial year, the Group entered various contracts to purchase equipment for the upgrade and modernisation of Shepparton manufacturing facility.

## 29. Contingent liabilities

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Bank guarantees | – | 326 |
| | – | 326 |

The bank guarantees are in respect to third parties in respect of property lease obligations. The bank guarantees are held by the parent entity, Prestal Holdings Limited. As at the date of this report, no bank guarantees were on issue.

To the best knowledge of the Directors aside from the bank guarantees disclosed, no other contingent liabilities exist for the reporting period ending 30 June 2024.

## 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the Company.

| | 2024 $ | 2023 $ |
|---|---|---|
| **Audit services – Grant Thornton** | | |
| Audit or review of the financial report | 208,432 | 188,096 |
| **Other services – Grant Thornton** | | |
| Tax consulting | 39,529 | 79,857 |
| | 247,961 | 267,953 |

# 31. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 2 for a summary of the significant accounting policies relating to the Group.

| Financial position | 2024 $'000 | 2023 $'000 |
|---|---|---|
| **Assets** | | |
| Current assets | 10,420 | 499 |
| Non-current assets | 12,885 | 68,291 |
| Total assets | 23,305 | 68,790 |
| **Liabilities** | | |
| Current liabilities | 7 | 1,700 |
| Non-current liabilities | 10,343 | 425 |
| Total liabilities | 10,350 | 2,125 |
| Net Assets | 12,955 | 66,665 |
| **Equity** | | |
| Issued capital | 73,147 | 103,830 |
| Accumulated losses | (60,192) | (37,165) |
| Total equity | 12,955 | 66,665 |

| Financial performance | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Profit/(loss) for the year | (11,095) | 5,114 |
| Other comprehensive income | – | – |
| Total comprehensive income/(loss) | (11,095) | 5,114 |

# 32. Subsequent events

## Dividends

On 8 July 2024, the Company announced the payment of a fully franked special dividend of $0.07 per share to shareholders at the record date in completion of the previously announced capital return following divestment of the Prestal Holdings Limited Consumer Products business. Payment of the special dividend occurred on 22 July 2024.

Other than the above disclosures, there has not been any matter or circumstance occurring after the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

Notes to the Financial Statements (Continued)

## 33. Reconciliation of Profit for the year to net cash flows from operating activities

| Financial position | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Profit/(Loss) for the year | (1,986) | 4,890 |
| Depreciation and amortisation expense | 335 | 3,807 |
| Impairment of intangibles | 23,403 | – |
| Gain on sale of business | (18,662) | |
| Equity settled employee benefits expense | (541) | 167 |
| Changes in operating assets and liabilities: | | |
| – (Increase)/Decrease in trade and other receivables | 15,182 | 1,926 |
| – (Increase)/Decrease in inventories | 6,635 | (830) |
| – (Increase)/Decrease in current and deferred tax assets | 523 | (523) |
| – (Increase)/Decrease in other assets | 731 | (472) |
| – Increase/(decrease) in trade and other payables | (7,985) | (3,174) |
| – Increase/(decrease) in provisions and hedging reserve | (678) | (122) |
| – Increase/(decrease) in current and deferred tax liabilities | (4,869) | 665 |
| – Increase/(decrease) in other liabilities | – | 47 |
| | **12,088** | **6,381** |

## 34. Earnings per share

| Earnings per share for profit/(loss) from continuing operations | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Profit/(loss) after income tax attributable to the owners of Prestal Holdings Limited used for basic and diluted earnings per share | (20,870) | 1,258 |

| | Cents | Cents |
|---|---|---|
| Basic earnings/(loss) per share | (12.24) | 0.74 |
| Diluted earnings/(loss) per share | (12.24) | 0.71 |

| Earnings per share for profit from discontinued operations | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Profit after income tax attributable to the owners of Prestal Holdings Limited used for basic and diluted earnings per share | 18,884 | 3,632 |

| | Cents | Cents |
|---|---|---|
| Basic earnings per share | 11.08 | 2.13 |
| Diluted earnings per share | 11.08 | 2.06 |

## Notes to the Financial Statements (Continued)

| Earnings per share for profit/(loss) | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Profit/(loss) after income tax attributable to the owners of Prestal Holdings Limited used for basic and diluted earnings per share | (1,986) | 4,890 |
| | **Cents** | **Cents** |
| Basic earnings per share | (1.17) | 2.87 |
| Diluted earnings per share | (1.17) | 2.77 |

| Weighted average number of ordinary shares | 2024 Number | 2023 Number |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 170,459,499 | 170,459,499 |
| Adjustments for calculation of diluted earnings per share: | | |
| – performance rights and unexercised options over ordinary shares | – | 5,828,288 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 170,459,499 | 176,287,787 |

### Classification of securities as potential ordinary shares

Performance rights have been considered non-dilutive for the purposes of calculating diluted loss per share for the reported period due to it being a loss-making period.

Performance rights over ordinary shares in the Group granted under Executive Variable Incentive Plan (EVIP) were deemed to be eligible to vest and treated as dilutive for the purposes of calculating diluted earnings per share in the prior period.

## 35. Share-based payments

### Executive Variable Incentive Plan (EVIP)

Under Prestal Holdings Limited EVIP, executives and selected senior management employees are eligible for both a cash and equity incentive upon the achievement of certain Group level KPI's and personal KPIs set at the commencement of each financial year, weighted as follows:

(a) 50% of both the cash and equity incentive KPIs relate to the achievement of a target EBIT for the financial year.

(b) The remaining 50% are based on specific KPIs relevant to the participants particular specialisation.

(c) In the event the Group fails to meet its annual financial performance criteria, the Board retains the discretion to award up to 50% of EVIP entitlements to recognise and reward executives for extraordinary efforts and achievements during the financial year.

### Variable Incentive – cash

Variable cash incentive under EVIP is paid shortly after the release of audited full year results. The maximum amount of remuneration under the variable cash incentive plan ranges from 20 to 35% of the individual executive/senior management employee's total fixed remuneration.

### Variable Incentive – equity

The variable equity incentive is designed to reward achievement of annual KPIs, assist the retention of key high performing executives and align the rewards to the Company's share price. The maximum amount of remuneration under the variable equity incentive plan varies from 30 to 40% of the individual executive/senior management employee's total fixed remuneration.

The variable equity incentive is delivered as Performance Rights (Rights), which are granted under the existing Executive Performance Rights Plan (Rights Plan) to enable the subsequent acquisition of the share component. The Rights will convert to ordinary shares after three years from the end of financial year of the grant date. Rights will be granted on a face value basis using the last ten business days of the previous financial year Volume Weighted Average Price (VWAP). The variable equity incentive is based upon an assessment of performance against respective KPIs in the variable equity incentive is designed to reward achievement of annual KPIs, assist the retention of key high performing year in which it is granted. If the performance criteria is not met within the financial year, the Rights are forfeited at the end of the same financial year.

The vesting of the Rights is conditional on:

(a) The executive satisfying Group level and personal performance criteria;

(b) the executive being employed by the Group on the vesting date; and

(c) Prestal Holdings Limited VWAP share price for the last ten business days preceding the vesting date being equal to or greater than the VWAP for the preceding ten business days from the grant date.

In total, the Rights are held for four years from the grant date. The value to the executive/senior manager therefore is not at the grant date, rather at the vesting date which is three years from the end of financial year of the grant date.

Dividends are not payable on the Rights. Dividends are payable on ordinary shares after conversion of the Rights to ordinary shares.

In the event the Group fails to meet its annual financial performance criteria, the Board retains the discretion to award up to 50% of EVIP entitlements to recognise and reward executives for extraordinary efforts and achievements during the financial year.

## EVIP – FY24 Performance

The Company did not issue any rights in relation to FY24 due to the sale of the consumer products business.

In the previous financial year, the executives, Mr McLeish and Mr Godara and senior managers were issued a total of 2,150,000 rights on 1st July 2022. All participants forfeited all EVIP entitlements for 2023 financial year due to not meeting financial performance conditions.

## Share-based payments (Rights Plan)

All performance rights under the EVIP are issued pursuant to the Executive Performance Rights Plan (Rights Plan). Under the conditions of Rights Plan, Performance Rights are convertible to ordinary shares (with no exercise price) as at the vesting date which is four years from the grant date (or three years from the end of the financial year)

All Rights issued are convertible to ordinary shares at no consideration, subject to achieving any performance or other vesting conditions.

During the reported period, all rights on issue were forfeited by the right holders due to sale of Consumer products business.

The following table discloses changes in the Rights holdings of management personnel:

| | Vesting Date | Balance at 2/7/2023 No. | Rights granted No. | Rights vested No. | Rights forfeited No. | Rights lapsed No. | Balance at 30/6/2024 No. |
|---|---|---|---|---|---|---|---|
| EVIP 2021 | 1/7/2024 | 1,613,000 | – | – | 1,613,000 | – | – |
| EVIP 2022 | 1/7/2025 | 696,000 | – | – | 696,000 | – | – |

# Consolidated Entity Disclosure Statement

| Entity name | Entity type | Trustee, partner, or participant in joint venture | % of share capital held | Country of incorporation | Australian resident or foreign resident (for tax purposes)* | Foreign tax jurisdiction(s) of foreign residents |
|---|---|---|---|---|---|---|
| Prestal Holdings Limited | Body corporate | n/a | – | Australia | Australian | n/a |
| Prestal Products Pty Ltd | Body corporate | n/a | 100 | Australia | Australian | n/a |
| Hampers with Bite Pty Ltd | Body corporate | n/a | 100 | Australia | Australian | n/a |

* Prestal Holdings Limited (the 'head entity') and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

## Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

## Determination of tax residency

Section 295 (A)(vi) of the *Corporation Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are different interpretations that could be adopted and which could give rise to a different conclusion on residency. In determining tax residency, the Group has applied the following interpretations:

- Australian tax residency: The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.
- Foreign tax residency: Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the *Corporations Act 2001*).

# Additional Stock Exchange Information

as at 7 August 2024

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

## Ordinary share capital

170,459,499 fully paid ordinary shares are held by 1,803 individual shareholders.

The voting rights attaching to the fully paid ordinary share, set out in clause 43 of the Company's Constitution are: "Subject to any rights or restrictions attaching to any class of shares:

(a) every member may vote;

(b) on a show of hands every member has one vote;

(c) on a poll every member has:

(i) for each fully paid share held by the member, one vote; and

(ii) for each partly paid share held by the member, a fraction of a vote equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited to) on the share."

## Performance rights

There are no voting rights attached to performance rights.

## On-market buy-back

There is no current on-market buy-back.

| Distribution of holders of equity securities | Fully paid ordinary shares |
|---|---|
| 1 – 1,000 | 208 |
| 1,001 – 5,000 | 490 |
| 5,001 – 10,000 | 264 |
| 10,001 – 100,000 | 663 |
| 100,001 and over | 178 |
| Holding less than a marketable parcel | 714 |

## Additional Stock Exchange Information (Continued)

# Substantial shareholders

| | Fully paid ordinary shares | |
|---|---|---|
| Ordinary shareholders | Number of shares for voting power | Percentage |
| Alan Johnstone[i] | 31,603,617 | 18.54% |
| John Rostyn Homewood | 30,000,000 | 17.60% |
| | 61,603,617 | 36.14% |

(i) Alan Johnstone has a relevant interest in Prestal shares held by Johnos Holdings Pty Ltd, Joy Johnstone and PMSF Company Pty Ltd <Penfold Motors Burwood Super Fund>.

# Twenty largest holders of quoted equity securities

| | | Fully paid ordinary shares | |
|---|---|---|---|
| Ordinary shareholders | | Number | Percentage |
| 1 | JOHNOS HOLDINGS PTY LTD <JOHNOS HOLDINGS A/C> | 31,603,617 | 18.54% |
| 2 | MR JOHN ROSTYN HOMEWOOD | 30,000,000 | 17.60% |
| 3 | MR GARRY GEORGE JOHNSON | 6,670,739 | 3.91% |
| 4 | SKYLEVI PTY LTD <SUPERFUN SUPER FUND A/C> | 3,381,229 | 1.98% |
| 5 | P M S F COMPANY PTY LIMITED <PENFOLD MTR BURWOOD S/F A/C> | 3,197,431 | 1.88% |
| 6 | DALLMOUNT PTY LTD <LABELMAKERS SUPER FUND A/C> | 2,666,668 | 1.56% |
| 7 | DALLMOUNT PTY LTD <LABELMAKERS S/F A/C> | 2,504,761 | 1.47% |
| 8 | RATHVALE PTY LIMITED | 2,452,093 | 1.44% |
| 9 | SUNSTAR AUSTRALIA PTY LTD | 2,180,824 | 1.28% |
| 10 | MR PARAMDEEP SINGH GHUMMAN | 2,000,000 | 1.17% |
| 11 | W A PEATT PTY LTD <THE PEATT SUPER FUND A/C> | 1,970,046 | 1.16% |
| 12 | MR AMARJIT SINGH & MRS JASWANT KAUR | 1,965,000 | 1.15% |
| 13 | BUDUVA PTY LTD | 1,650,000 | 0.97% |
| 14 | DALLMOUNT CUSTODIANS PTY LTD | 1,500,000 | 0.88% |
| 15 | MR INACIO DA SILVA & MRS SILVANA DA SILVA <DA SILVA SUPER FUND A/C> | 1,400,000 | 0.82% |
| 16 | MR CLAYTON DESMOND TUFFIN | 1,390,899 | 0.82% |
| 17 | MR SIE JUNG JOSEPH ONG | 1,320,000 | 0.77% |
| 18 | MS ELICIA ROWLANDS | 1,217,211 | 0.71% |
| 19 | BUDUVA PTY LTD <BASKERVILLE S/F NO 2 A/C> | 1,137,755 | 0.67% |
| 20 | BARKING DOG PTY LTD <NETTLEFOLD SUPER FUND A/C> | 1,000,000 | 0.59% |
| | | **101,208,273** | **59.37%** |

# Corporate Directory

## Directors

Mark Hardgrave

Charlie McLeish

Fred Harrison

## Company Secretary

Oliver Carton

## Registered Office

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## Shareholder enquiries:

### Share Register

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### Auditors

Grant Thornton

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## Securities Exchange Listing

Prestal Holdings Limited (PTL) shares are
listed on the Australian Securities Exchange (ASX)

## Website

www.prestal.com.au

**colliercreative.com.au** #PHL0001


SALT & RIVER
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Wafer Crackers
- BLACK PEPPER -
100g
MUSTARD
THE VALLEY FOODS
60g