

14 November 2024

ASX ANNOUNCEMENT

Chairman's Remarks

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

Financial year 2024 marked a year of significant change for the Prestal business on multiple fronts. On 8 November 2024 we completed the sale of the Consumer Products business to DuluxGroup (Australia) Pte Ltd for a price of \$60 million, subject to agreed and customary adjustments. As flagged at the time of the sale, the Board returned approximately \$54.5m of the sale proceeds to shareholders via two special fully-franked dividends and a capital return, totaling \$0.13 cents per share and \$0.18 cents per share respectively. Cumulatively, the Company returned \$0.31 cents per share to shareholders.

As a result of the Consumer Products sale, the business appropriately downsized key personnel positions. This included the retirement of Ms. Kerrie Parker and Mr. Jeff Miciulis from the Board, the retirement of Neil Godara as Chief Financial Officer, and the transition of Charlie McLeish from Managing Director and Chief Executive Officer to a non-executive director. On behalf of the Board, I would like to once again thank all of them for their contribution and service to the Company.

Operationally, 2024 continued to prove challenging. As interest rates and inflation lingered, a decrease in consumer sentiment and discretionary spending saw our total sales decline by 18.6% compared to financial year 2023. This consumer sentiment shift was exemplified in December where our (traditionally) strongest month was adversely affected as consumers flocked to heavily discounted Black Friday sales to help combat the cost of living. Pleasingly, this decline was somewhat offset by our November sales which were up 50.2% on FY23.

As a result of the current macroeconomic environment, management continues to be proactive in putting forward measures to combat rising costs, including freight which placed increasing pressure on margins throughout the year. Introducing cost-saving measures, which resulted in a 12% overall reduction in our operating cost base, helped mitigate the impact to our bottom line and helped improve underlying EBITDA margin and underlying EBIT margin by 2.0% and 2.1% respectively.

Despite tough operating conditions, the business continued to invest for the future and has made considerable achievements throughout the year to ensure we are well positioned to capitalise when consumer sentiment shifts. Key milestones achieved include:

- Roll out of our new custom build eCommerce website – delivering a significant improvement in corporate lead conversion;

- Introduction of three new All Year Round hamper ranges targeting synergies between B2C and B2B markets, 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;
- Implementation of new CRM helping drive 13.4% database growth via increased sales insights and lead data capturing.

Looking forward to financial year 2025, the Board remains cautious on the outlook for the business whilst market conditions remain tough. Our focus remains on executing our key strategic objectives as outlined in our FY24 Results Release, which we believe will help build long-term value for all our stakeholders.

During the past 6 months the board has completed a strategic review of the business with key decisions being to consolidate company office and warehouse into one location and accelerate the implementation of the company's new enterprise software system. We anticipate major gains being achieved through these important initiatives.

To finish, I would like to thank all of our employees, customers, and suppliers for their continued loyalty throughout the year and their contribution to the business. To all our shareholders – on behalf of the Board, thank you for your ongoing support throughout what was a tough year. We look forward to trade during the upcoming Christmas period and will update shareholders at the first half results.

For more information, please contact:

Investor & media queries:

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Authorised for disclosure by the Board of Prestal Holdings Limited

