

22 November 2023

Scott Technology Annual Meeting 2023

Chairman's Address

[Stuart McLauchlan, Chairman and Independent Director]

It gives me great pleasure to report on our results for the 2023 financial year.

The success we have achieved as a business across the 2023 financial year is thanks to the combined efforts of our 650 employees across our worldwide facilities.

The diversified nature of our portfolio of businesses has provided us stability in the current dynamic macro-economic environment. Demand for our products and services continues to demonstrate resilience to economic conditions. However, with the current inflationary environment, we have experienced increases in key cost items, including labour, material costs and freight to varying degrees across our business. Importantly, each business has had an increased focus on various strategies to mitigate these increases and preserve margins.

The business environment has changed and the new reality in global markets for at least the next decade, will include:

- Higher interest rates
- Inflation is likely to persist above 2% in the medium term.
- Economic growth is likely to be desynchronized and more choppy.
- Rising geopolitical tensions will result in what is being called nearshoring.

With these new dynamics, Scott is well positioned with our geographic spread in Asia, Europe, the US, and of course, Australasia.

The FY23 result was underpinned by sales growth with revenues of \$267.5m, along with strong earnings before interest, taxes, depreciation, and amortization (EBITDA) growth of 27%. This continues to reflect the focus on driving customer outcomes and the further delivery of the Scott 2025 strategy. The focus on the next phase of the strategy is for accelerated growth in our key markets due to the successful development of new products, which brings scale to our offerings.

The Board has recently signed off on a number of important capex investments that will assist our talented staff to continue their market-leading developments.

Dividend

The Directors have recommended a final dividend of 4.0 cents which has been paid, on top of

the interim 4.0 cents dividend paid earlier in the year. The Dividend Reinvestment Plan did not apply to this payment.

Governance

As advised in June, the company commenced a strategic review of its ownership structure with a view to exploring options to maximise value for all shareholders. As part of this process, the company engaged with a group of potentially interested parties in relation to transactions involving an offer to all shareholders for their shares in Scott.

These discussions will not progress further as no offers were received at price ranges which reflect the independent Directors' view of value for all of the company. The review has highlighted a range of other initiatives which the Directors will task management to continue to work on.

The Board remains committed to the Scott 2025 strategy and believes the ongoing implementation of the strategy will continue to drive shareholder value.

We value our people by supporting them to lead healthy, balanced lives. Investment in learning and development provides employees with opportunities for advancement while ensuring our business attracts and develops the skills and capabilities we need to deliver for our stakeholders. We recognise and reward performance in a fair and equitable way to encourage all members of our team to strive for excellence in everything we do.

I would also like to acknowledge the guidance, support and wisdom of the Board.

The Board is committed to, and continues to invest in, the development of our Environmental, Social and Governance (ESG) Programme. Some of the key projects include safety and wellbeing, carbon scoping and sustainable procurement.

As noted in the Notice of Meeting, I am up for re-election at this meeting. If I am successful in being reappointed for a further term I wish to signal that this will be my last. I have been a Director and Chairman of Scott Technology now for 16 years.

Outlook

The Board is pleased with the strong earnings growth in FY23, driven by organic growth. Our team is still receiving a high level of enquiries, with our order book showing a very high level of forward work, which bodes well for the coming year.

On behalf of the Board, I would like to thank shareholders for your continued interest in, and support of, our company, the Board and Management.

- END -