

SHRIRO HOLDINGS LIMITED (“Shriro” or “the Company”) (ASX: SHM)

AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2023

Shriro is pleased to announce:

- Revenue of \$152.4M was down 20.5% on the previous corresponding period (“pcp”) and EBITDA was \$17.6M for FY23, a good result as it was earned despite depressed consumer demand due to an economic downturn, cost base restructuring for the exit of the Australian Appliances business and the sale of the Omega brand.
- NPAT was \$8.0M, down 40.7% pcp, in part due to one-off costs from the Australian Appliances exit.
- Cash on hand at 30 June 2023 was \$32.8M (FY22: \$12.9M) due primarily to the exit of the Australian Appliances business and sale of the Omega brand. There was a release of cash from the debtors and inventory of \$10 million, plus the proceeds from exiting the Blanco distribution of \$5 million and the sale of the Omega brand of \$11 million, totalling \$26 million over FY22 and FY23. Shriro will return excess cash to all shareholders via a capital return of an amount equivalent to 18.5 cents per share. This is subject to necessary approvals.
- Shriro declared a final fully franked dividend of 6.5 cents per share, bringing total dividends for FY23 to 10 cents per share fully franked (FY22 and FY21: 10 cents per share fully franked).
- A combination of dividends and capital return of 25 cents per share to be returned to shareholders.
- Export revenue continued to grow due to the addition of the new pizza oven to the BBQ division’s product range, increasing to \$14.4M (up 3.6% pcp).

	RESULTS SUMMARY			RESULTS SUMMARY Continuing Operations ¹		
	FY23 ² Reported \$M	FY22 ³ Reported \$M	Change	FY23 Reported \$M	FY22 Reported \$M	Change
Revenue	152.4	191.8	(20.5%)	125.5	137.2	(8.5%)
Gross Margin	41.8%	40.3%		42.5%	43.4%	
Operating Expenses	(46.1)	(52.6)	(12.4%)	(34.3)	(37.6)	(8.8%)
EBITDA	17.6	24.6	(28.5%)	19.1	21.9	(12.8%)
Depreciation	(5.2)	(5.3)	(1.3%)	(4.2)	(3.9)	7.7%
Interest	(0.4)	(0.7)	(42.9%)	(0.3)	(0.5)	(40.0%)
Profit Before Tax	12.0	18.6	(35.5%)	14.6	17.5	(16.6%)
Profit After Tax	8.0	13.5	(40.7%)	9.8	12.5	(21.6%)

1 Continuing operations excludes the Australian Appliances business which was discontinued during the second half of FY23.

2 FY23 included the Australian Appliances business up to 31 March 2023

3 FY22 included the Blanco division up to 31 May 2022

GROUP PERFORMANCE

Shiro's revenue was \$152.4M, which was down 20.5% pcp due to the exit of the Australian Appliances business. Revenue from continuing operations was \$125.5M, which was 8.5% down pcp, as the prior year had strong consumer demand for household items during the Covid-19 lockdown period. The impact of increasing interest rates also negatively impacted consumer demand in FY23, particularly subdued were global sales for outdoor home products such as BBQs.

Shiro completed its exit of its discontinued Australian Appliances operations in the second half of FY23, with its largest Appliances brand Omega being sold effective 31 March 2023. The result, including the impact of the discontinued operations, was EBITDA of \$17.6M, down 20.5% pcp. NPAT was \$8.0M (FY22: \$13.5M).

Casio performed in line with expectations, with the revenue of its main two categories calculators and watches growing between 2% and 3%. These categories are consistent performers, particularly calculators which have been resilient to previous market downturns. Casio keyboards has been a challenging category, as abnormally high revenue during Covid-19 lockdowns in the prior period have caused a hangover effect on FY23 demand.

Shiro's international expansion of its Everdure by Heston Blumenthal products, with the assistance of the new pizza oven to the product portfolio has continued to grow, with revenue increasing by 3.5% on the prior year. Most of this growth occurred in the second half of FY23 due to the release of the new pizza oven. The supply chain operated as expected in FY23 with negligible production delays and shipping capacity constraints compared to the prior year. However, the global retail market for BBQs was poor in FY23. Shiro has recognised costs in FY23 associated with assisting our customers' sell through of BBQ stock in FY24, to ensure our BBQ resellers and associated retailers have appropriate levels of BBQ stock leading in FY25 and beyond.

Operating expenses were reduced to \$46.1M, down on the prior year by 12.4%. Shiro focused on reducing expenses following the Blanco exit and further following the Australian Appliances exit. The restructure costs were recognised in FY23 which included redundancies, stock clearance, the exit of the Victoria and Western Australia warehouses, and the write-off of associated plant and equipment. There remains the transition to a reduced footprint warehouse at the Chullora site. Part of the area is intended to be sublet. Shiro does not expect this to have a material impact on the FY24 results, as the current rent is below market rates.

OUTLOOK

Following the restructuring and capital return, Shriro has no debt and anticipates its FY24 EBITDA to be in the range of \$15M to \$17M.

The following are expected to occur in FY24:

- Shriro started selling the American Standard and Grohe brands in the New Zealand market from 1 July 2023. Shriro will invest in promoting these world-class brands and expects this to increasingly contribute to profit each year as the business gains traction.
- Shriro anticipates calculators and watches, which represent a major part of our business will be resilient to any downturn in consumer discretionary spending.
- Shriro continues evaluating potential acquisitions of strategically aligned businesses to further enhance its sales channels and diversify its products. As there are no imminent opportunities for acquisition, excess cash will be distributed to shareholders with their approval.
- As a result of the exit of the Australian appliances business and sale of Omega brand, Shriro has significantly restructured its overheads. In the second half of FY24 Shriro plans to sublet up to half of its Chullora facilities, which will reduce costs by a further \$1.1M annually for each subsequent year.
- Included in the above EBITDA guidance is the implementation cost of the new ERP system of \$1.6M in FY24. The ERP system will be implemented over FY24 and FY25, with the remaining cost in FY25.
- In FY24 management is focusing on BBQ sales through Shriro's customers and discounting to clear any overstocked inventory. Most of these costs have been taken-up in FY23.
- G-Shock 40th anniversary promotion and the new range of watches started in May 2023 and are selling well; this is expected to be a positive boost for watch sales in the first half leading up to Christmas; and
- Shriro will focus more resources on increasing its portfolio of brands to distribute in Australia and New Zealand, while continuing its considered approach to acquisitions, to ensure any business or brand acquired will grow our EBITDA and further diversify our portfolio of brands.

For more information, contact:

Tim Hargreaves

(02) 9415 5000

timh@shriro.com.au

Shane Booth

(02) 9415 5000

shaneb@shriro.com.au

ABOUT SHRIRO

The Group is a leading consumer products marketing and distribution group operating in Australia, New Zealand, USA and exporting to globally to 34 countries.

The Group markets and distributes an extensive range of Company-owned brands (including Omega, Robinhood, Everdure by Heston and Omega Altise) and third party owned brands (such as Casio, American Standard, Grohe and Pioneer). Products include calculators, watches, musical instruments, bathtubs, sanitary wear, taps, shower fittings, audio products, kitchen Appliances, laundry products, consumer electronics, car audio, amplifiers, professional DJ, Hi-Fi/speakers, gas heaters, gas barbeques, charcoal barbeques, electric heaters and cooling products.