

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

RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2023

Shriro announces the following:

- Revenue for 1H FY24 is \$64.2M, down 23.9% on the previous corresponding period (“pcp”) and EBITDA was \$10.4M for 1H FY24. The revenue reduction was expected by management and caused mainly by the exit of the Australian Appliances business. The gross profit margin increased to 47.0% from 43.1% pcp.
- NPAT was \$5.8M, down 7.9% pcp, partly due to \$0.5M of one-off costs from the ERP implementation and \$0.5M of excess warehouse capacity. The excess warehouse capacity has been filled from 1 January 2024 by a third-party under a service agreement, not yet executed, which will offset Shriro’s costs in FY25 by \$1.1M per year.
- Cash on hand at 31 December 2023 was \$28.3M (1H23: \$6.4M) due primarily to the exit of the Australian Appliances business and sale of the Omega brand. Shriro returned \$17.8M surplus cash to all shareholders in January 2024 via a capital return equivalent to 18.5 cents per share.
- Shriro declared an interim fully franked dividend of 2.0 cents per share which will utilise the majority of Shriro’s remaining franking credits balance (1H23: 3.5 cents per share fully franked). The dividend has an ex-dividend date of 14 March 2024, a record date of 15 March 2024 and is payable 5 April 2024.
- Export revenue was \$3.3M down on the pcp by 18.2% due to weak global demand for outdoor products.

	RESULTS SUMMARY			RESULTS SUMMARY Continuing Operations ¹		
	1H24 Reported \$M	1H23 ² Reported \$M	Change	1H24 Reported \$M	1H23 ² Reported \$M	Change
Revenue	64.2	84.4	(23.9%)	64.1	65.9	(2.7%)
Gross Margin	47.0%	43.1%		46.8%	45.0%	
Operating Expenses	(19.8)	(24.0)	(17.5%)	(19.6)	(17.7)	10.7%
EBITDA	10.4	12.4	(16.1%)	10.4	12.0	(13.3%)
Depreciation	(2.2)	(2.6)	(15.4%)	(1.8)	(1.8)	0%
Interest	0.3	(0.3)	(200.0%)	0.3	(0.2)	(250.0%)
Profit Before Tax	8.5	9.5	(10.5%)	8.9	10.0	(11.0%)
Profit After Tax	5.8	6.3	(7.9%)	6.1	6.6	(7.6%)

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

GROUP PERFORMANCE

Shriro's revenue for 1H FY24 was \$64.2M down 23.9% pcp, due mainly to the exit of the Australian Appliances business and sale of the Australian Omega brand. Revenue from continuing operations was 2.7% down on pcp, as consumer demand in New Zealand was subdued and there was excess BBQ inventory globally which slowed Shriro's export product sales to retailers. However, sell through of products out of retailers to end consumers remained strong for Shriro's products, despite the cost-of-living pressure created from rising interest rates and supply constraints.

Shriro exited its Australian Appliances operations in FY23, although there remained excess warehouse capacity in the 1H FY24, from 1 January 2024 this capacity has been utilised via a third-party under a service agreement, not yet executed, which will offset Shriro's costs in FY25 by \$1.1M per year.

EBITDA was \$10.4M, down 16.1% pcp. NPAT was \$5.8M (1H23: \$6.3M). Shriro's ERP implementation commenced September 2023 and is progressing as expected, with \$0.5M of costs being directly incurred in the first half.

Casio Australia's sales grew by 9%, with calculators and watches continuing to be the best performing products. Shriro strategically discounted its BBQ products and as a result, continued to sell well in an overstocked retailer environment, with Australian BBQ sales increasing 10% pcp.

New Zealand sales were down 10% overall, due primarily to subdued consumer spending as interest rate increases have occurred at a faster rate than Australia.

Shriro's Everdure BBQ revenue was down 4% due to decreased global consumer demand for outdoor products. Shriro's international BBQ sales usually improve in the second half, as a portion of expected first half orders have moved into the second half. In Australia, Shriro has sold out of its newly developed Everdure Kiln pizza oven and has presold the majority of the its Q3 shipments. Shriro is confident the new Everdure Kiln will continue to be well received by consumers globally. Shriro has now reduced its excess BBQ inventory for the Australian market. Sales for the USA market grew by 42% for the half.

Operating expenses were reduced to \$19.8M, down on the prior period by 17.5%. Shriro reduced expenses following the Australian Appliances exit and the Australian Omega brand sale, with the targeted cost reduction project finalised.

OUTLOOK

- The restructuring, post the Australian Appliances business exit, was completed as expected and the excess capital returned to shareholders on 4 January 2024. Shriro continues to have no debt and reaffirms its guidance for FY24 EBITDA anticipated to be in the range of \$15M to \$17M.

- Shriro's sales of the American Standard and Grohe brands in the New Zealand market are progressing well, and although sales have been slower than forecast, new retail opportunities exist that will contribute to establishing a strong footprint in future years.
- Shriro anticipates calculators and watches will continue to be resilient to any downturn in consumer discretionary spending, as they have strong market positions.
- Shriro continues evaluating potential acquisitions of strategically aligned businesses to further enhance its sales channels and diversify its products.
- Included in the above EBITDA guidance is the implementation cost of the new ERP system of \$1.6M in FY24, which is progressing as expected. The ERP system will be implemented over FY24 and FY25, with the remaining cost in FY25; and
- Shriro is currently evaluating further brands to distribute in Australia and New Zealand.

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ABOUT SHRIRO

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

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