



SHRIRO HOLDINGS (SHM)

6 MONTHS TO 31 December 2021

RESULTS PRESENTATION

25th February 2022

Presented by Tim Hargreaves - CEO



6 Months to 31st December 2021 – Executive Summary



- Revenue down 14.8% pcp, with Government mandated lock-downs impacting Australian and New Zealand sales and BBQ supply chain disruptions moving sales to 2nd half CY22.
- International revenue continued to grow up 29.4% pcp, however timing differences relating to supply chain resulted in some revenue falling in to the second half. US revenue continued to grow by 115.0%.
- Gross profit margin + 2.5% points pcp due to increased selling prices, which more than offset increased shipping and factory costs.
- Strong balance sheet with \$69.5M net assets, zero debt, cash of \$7.2M. Shriro intends investigating deployment of this capital to fund its future strategic initiatives.
- Business continuity plans and management planning assisted to ensure Shriro could work through the various COVID-19 operational challenges & the previously reported Cyber incident in July.
- Staff have continued to work mostly from home, with the ongoing support of an Employee Assistance Program.
- EBITDA decreased by \$7.3M due to the revenue reduction and as the prior comparative period contained one-off property and government subsidy benefits.

6 Months to 31st December 2021 – Results

	31 December 2021	CHANGE	31 December 2020
REVENUE	\$95.9M	-14.8%	\$112.6M
EBITDA	\$14.5M	-33.5%	\$21.8M
NPAT	\$8.2M	-37.6%	\$13.5M
CASH POSITION	\$7.2M	-59.1%	\$17.6M
DIVIDEND	6 Cents (Fully Franked)		4 Cents (Fully Franked)

12 Months to 31st December 2021 – Results

	31 December 2021*	CHANGE	31 December 2020
REVENUE	\$190.2M	-0.6%	\$191.3M
EBITDA	\$26.8M	-17.0%	\$32.3M
NPAT	\$15.0M	-17.6%	\$18.2M
CASH POSITION	\$7.2M	-59.1%	\$17.6M
DIVIDEND DECLARED AUG	6 Cents (Fully Franked)		3 Cents (Fully Franked)
DIVIDEND DECLARED FEB	6 Cents (Fully Franked)		4 Cents (Fully Franked)

*Note: Reviewed only

6 Months to 31st December 2021 – Australasian Market



- Revenue was down 19.3% pcp as Shriro's portfolio of brands was negatively impacted by Australian and New Zealand retail lock-downs during July – September 2021.
- The Everdure by Heston BBQ business continues to grow in both Australia and New Zealand, with revenue +26.2% pcp. Premium product quality / technology combined with the accelerated investment in consumer marketing continues to drive growth.
- G-Shock watch business rebounded strongly as stores reopened, with retailers reporting increased sell through supported by new ranges and higher ASP (Avg Sell Price).
- The Appliance business also rebounded with stores re-opening, however this was offset by home building delays that are anticipated to improve in the 3rd Qtr.

6 Months to 31st December 2021 – International Market

- Revenue was up 29.4% pcp.
- Summer 2022 - Northern hemisphere export orders received from distributors have increased. However, as a result of factory capacity constraints, revenues forecasted in 1H are expected to be shipped in early 2H in time for the European summer.
- Factory and shipping costs pressures have continued. Anticipating this, Shiro increased sell prices resulting in gross margins being maintained.
- USA BBQs continues to grow, with sales up 115.0% pcp.
- Shiro has engaged in BBQ consumer market research and is investigating new products to broaden its range of BBQ products.

Expanded product range being investigated to drive revenue growth

International Distribution Network of 33 Countries

FY22 – Company – Key Initiatives

International Business

Technology

Infrastructure (EXPORT - BBQs)

Product

Human Resources

- Accelerated digital marketing investment in both Europe and North America to continue to build on the growing consumer awareness of the Everdure By Heston Brand.
- New ERP system "Infor M3" has been selected for Shriro. Roll out anticipated by July 2023.
- Further Investment in IT security systems and procedures to mitigate risk from potential future cyber attacks.
- Upgrade E-commerce capabilities - Offer a wider product range to complement the retail partner network.
- USA - Expand distribution capability via the establishment of a second 3PL warehouse partner (covering both East and West Coast). Europe – Establish the first 3PL warehouse partner. The additional infrastructure will assist in speed to market and provide further security over supply chain lead times.
- New product development planning underway for BBQ & Air movement categories.
- "Project Sunrise" focus continues, to expand into new 3rd party distribution brands.
- Roll out of an expanded EAP support program to ensure staff remain safe and healthy.
- Corporate Culture & Values statement is being developed in consultation with the Board and Staff.
- Learning and development program expanded to further upskill staff and provide professional development.

FY22 – Business Update



- International BBQ sales continue to be a growth category for Shriro.
- Working from home (WFH) reinstated during recent Covid-19 Australia & New Zealand lockdowns, which has continued until the Omicron virus cases subside.
- January revenue was up 3.8% pcp as the retailers begin to operate business as usual.
- Shriro expects to receive Cyber related insurance relief of \$1M in 2H22. This additional reimbursement is not included in 1H22, however the associated costs have been included in the 1H profit.
- The Company continues to be in a strong financial position with a strategy to continue to reshape and grow the business. This includes adding 3rd party distribution brands, accelerating investment in new products and inventory as well as the export supply chain to support global sales in BBQs.
- Working collaboratively with the appointed financial advisor to focus on considering and evaluating additional growth opportunities in markets where the Company has core competencies and/or market adjacencies.

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