

SHRIRO HOLDINGS (SHM)

6 MONTHS TO 31 DECEMBER 2022
Half Year Results Presentation

This announcement was authorised for release by the Board of Directors of Shriro Holdings Ltd.

Tim Hargreaves, Chief Executive Officer | 23 February 2023

omega
altise

CASIO

EVERDURE.

everdure
by heston blumenthal

Pioneer

 Robinhood

omega

6 months to 31 December 2022

Executive Summary

- Revenue of \$84.4M (-11.7% pcp) and EBITDA of \$12.4M (-14.5% pcp), however EBITDA margin remains strong at 14.7% and gross profit margin at 43.1%.
- The reduction in revenue was largely as a result of the exit of the Blanco brand, slower seasonal goods sales with a cooler than anticipated Australian summer, and lower commercial appliances sales impacted by home building delays.
- International revenue continues to track upwards with growth of +82% pcp.
- Higher gross profit margins as a result of the exit of Blanco, currency tailwinds and higher sell prices.
- Operating costs have been rationalised in line with lower revenue, despite higher wage and domestic freight costs.
- The balance sheet has further strengthened with \$70.6M of net assets, no intangibles, zero debt and cash of \$6.4M.



6 months to 31 December 2022

Results

	July - December 2022	Change	July – December 2021
Revenue	\$84.4M	-11.7%	\$95.6M
EBITDA	\$12.4M	-14.5%	\$14.5M
NPAT	\$6.3M	-23.2%	\$8.2M
Cash Position	\$6.4M	-11.1%	\$7.2M
Dividend Declared August	4 Cents (Fully Franked)		6 Cents (Fully Franked)
Dividend Declared February	3.5 Cents (Fully Franked)		6 Cents (Fully Franked)

6 months to 31 December 2022

Australasian Market

- Revenue was down 13.9% pcp with the exit of Blanco sink and tap products and Blanco Appliance products in Australia (Appliances exit in New Zealand to occur in Q3 FY23).
- The Everdure by Heston BBQ revenues were negatively impacted in Australia by a cooler and wet start to summer, however revenue grew strongly in New Zealand with more favourable weather conditions.
- The Casio business continues to perform well, led by school calculators, G-Shock and the continued growth of e-commerce in both of these markets.
- The Appliance business was down, predominately as a result of weather and labour constraint challenges impacting the completion of commercial building projects. In its anticipated that margins will remain under pressure with increased market stock supply, labour shortages and competition.



6 months to 31 December 2022

International Market

- Revenue was up 82%, continuing strong growth in the international business despite the challenging macroeconomic conditions. Outdoor retailers have reported that the channel remains well stocked for BBQs, consequently this may impact short-term growth for Everdure BBQs for the 2023 summer.
- Newly developed pizza ovens with market-first innovation were only released in Europe and have been well received. H2 FY23 export orders of this product have exceeded management's expectations.
- Factory capacity pressures have eased which are expected to assist in meeting delivery dates of Pizza Oven and BBQ products in H2 FY23.
- Despite the challenging market, it is anticipated that international sales will continue to grow for FY23 year, albeit at a slower rate.
- The new product pipeline is on on-track to deliver the new products planned for release in FY24.



Everdure KILN with Rotating Pizza Stone

Expanded product range
being developed to drive
revenue growth

International Distribution
Network of 33 Countries

Growth Strategies

ORGANIC

- New product releases
- New distribution brand opportunities
- Dedicated executive tasked with bringing new distribution brands.

IN-ORGANIC

- Strong balance sheet
- Dedicated executive tasked with finding acquisition opportunities
- EBITDA accretive acquisitions – with a focus on consumer related goods
- Proven track history - 4 acquisitions before the ASX float
- Experienced Board

CORE FOUNDATIONS

- Long term approach to manage growth
- New product development plan
- Investment in advanced “e-commerce” capability
- ERP upgrade FY24/25
- Infrastructure strategy using 3PL in USA and China
- Staff development

FY23 Outlook

- The previously reported guidance for FY23 remains unchanged. EBITDA is expected to be \$18.5m.
- Uncertainty remains, related to consumer spending and the broader macroeconomic conditions. Shriro is well placed with world class brands and has market leadership in key categories such as school education.
- Cost pressures such as salaries and local logistics distribution may be somewhat offset by reducing import container rates and weakening Japanese yen.
- International BBQ sales are anticipated to continue to grow, albeit at a slower rate with challenging economic conditions, particularly in Europe. Focus is now on the USA market and the newly developed pizza oven category.
- Shriro will continue to place a high priority on organic and inorganic growth opportunities, reviewing capital allocation & identify any potential opportunities for rationalisation and savings to maximise shareholder returns.



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