



SHRIRO

ANNUAL
REPORT
2022

SHRIRO CONTINUES ITS GLOBAL GROWTH STRATEGY



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HIGHLIGHTS

REVENUE

\$191.8m

down 7.3% PCP¹

NETWORK

33

Countries traded in

EBITDA

\$24.6m

down 27.9% PCP

NET CASH

\$12.9m

down 26%

DIVIDENDS

4.0cps

Fully franked

EMPLOYEES

214

Full time equivalent

1. Prior corresponding period ("PCP") refers to the twelve months to 30 June 2021. Net cash has been compared to 30 June 2021.



OUR BRANDS

SHRIRO IS A LEADING KITCHEN APPLIANCES AND CONSUMER PRODUCTS MARKETING AND DISTRIBUTION GROUP OPERATING OUT OF AUSTRALIA AND NEW ZEALAND, AND EXPANDING GLOBALLY. SHRIRO MARKETS AND DISTRIBUTES AN EXTENSIVE RANGE OF PRODUCTS UNDER COMPANY-OWNED BRANDS (INCLUDING OMEGA, ROBINHOOD, EVERDURE AND OMEGA ALTISE), AND THIRD-PARTY BRANDS (CASIO, BLANCO AND PIONEER).



EVERDURE BY HESTON BLUMENTHAL

Whether you love the convenience of cooking on gas, or want to reconnect with the primal beauty of cooking on charcoal – home, or away – Everdure by Heston Blumenthal will help you unleash your creativity and bring out the best in BBQ food.



BLANCO

Since 1925 we've had only one goal, and that's to deliver a premium experience by approaching all that we create with impeccable style and intelligence.



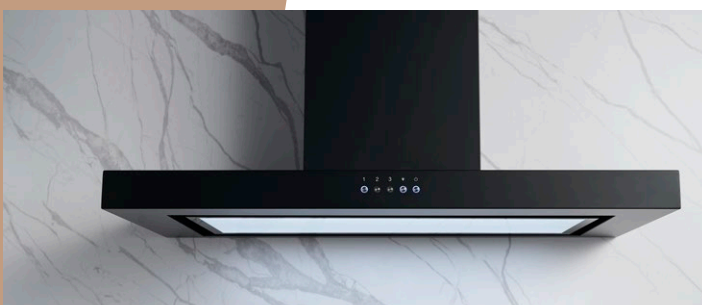
EDIFICE

A dynamic and high performing men's watch that is ever evolving in design and technology. Unchained from restraints, Casio Edifice is built so that time knows no limits.



EVERDURE KITCHENS

Cooking up great ideas since 1935. Proudly Australian owned, Everdure Appliances continues to combine clever technology and functionality with stylish design.

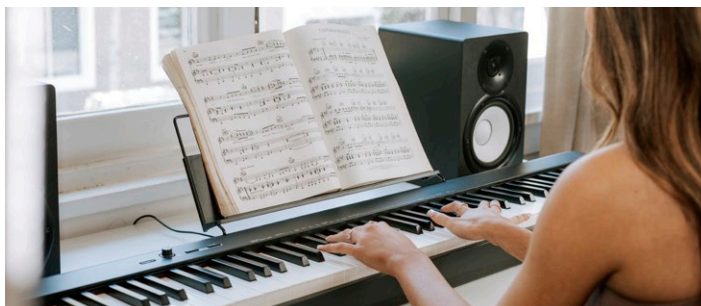


ROBINHOOD

Robinhood is a leading Australasian brand of kitchen and laundry products. The range includes rangehoods and ducting solutions, laundry tubs, ironing centres, waste disposers, and related accessories.

CASIO EMI

Casio dominates the digital piano and portable keyboard markets in Australia, with innovative products such as the Grand Hybrid Piano range, a collaborative effort between Casio and European manufacturer, C.Bechstein.



G-SHOCK

Born from the pursuit to create an unbreakable watch, G-SHOCK have been providing Absolute Toughness to men who need the most from their watches, for over 35 years!



BABY-G

25 years ago BABY-G became known for its 'Pretty Tough' watches. Today they are as practical as it is pretty, embracing all shapes, colours and sizes for all women and lifestyles.



CASIO CALCULATORS

Casio produces a wide selection of products including school calculators, desktop calculators and printer calculators.



OMEGA

At Omega, we're driven by balance. The perfect balance between beautiful design and brilliant capability. Our products are designed to enhance your life by transforming your kitchen into a stylish and simple environment to delight and satisfy.



OMEGA ALTISE

Bringing the ease and convenience of comfortable living into Australian homes for over 25 years. Designed to seamlessly satisfy a range of decors and requirements.



CHAIRMAN'S REPORT

THE NEWLY ALIGNED BOARD PROVIDES SHRIRO WITH THE OPPORTUNITY TO FLOURISH UNDER AN EXPERIENCED STABLE LEADERSHIP GROUP.

Dear Shareholders,

On behalf of the Board of Directors, I present the Shriro Holdings Limited accounts for the year ended June 30 2022, which is the first twelve-month period since changing year end from 31 December to 30 June.

Shriro has had its third best financial year on record, delivering earnings before interest, tax and depreciation (EBITDA) of \$24.6 million, although down on the prior corresponding period ('pcp') by 27.9%. A strong result despite a cyber incident, global supply chain disruptions, operating cost increases and Covid-related store lockdowns. Revenue was \$191.8 million, net profit after tax (NPAT) was \$13.5 million and earnings per share was 14.2 cents per share.

International sales of the Everdure by Heston Blumenthal range of barbeques continued to grow in Europe and the US with revenue increasing by 27% pcp.

Consumer demand for discretionary goods categories such as keyboards and DJ equipment decreased. Sales of these product exceeded expectations during the Covid lockdown period in FY21.

Gross margin decreased by just thirty basis points to 40.3%, despite increased container costs and unfavourable forex movements.

Operating cashflows were \$12.2 million or 90.5% of NPAT, which resulted in a cash position of \$12.9 million at 30 June 2022. The Balance Sheet has no debt and is well placed to pursue organic and non-organic strategic growth initiatives.

For the second year in a row, ten cents per share of fully franked dividends were paid.

Since 30 June, European orders have slowed due to a slowdown in outdoor consumer products demand, however demand in the USA is expected to continue to grow.

The Board has been renewed with Kim Slater, Cornelia Meyer, Stephen Heath, and Cheryl Hayman resigning during the period.

With great pleasure, I welcome Brian Bunker and John Murphy, who represent two of our largest shareholders, D2A Holdings and Ariadne, to the Board. The newly aligned Board provides Shriro with the opportunity to flourish under an experienced stable leadership group.

I thank the executive and staff who remain focussed on the business during uncertain times and have produced another sound result.



Abigail Cheadle
Chairman



"I thank the executive and staff who remain focussed on the business during uncertain times and have produced another sound result."

ABIGAIL CHEADLE
Chairman





MANAGING DIRECTOR'S REPORT

I am very pleased to report the business has continued to trade well.

The Group has seen significant change over the past year with Blanco exiting Shriro's suite of brands and welcoming our new Board.

The past year was impacted by Covid-related retailer lockdowns, global supply chain issues and a cyber incident. The Board and management's focus has been on minimising the impacts and securing our business for the future. Shriro has no debt and where possible continues to manage cost inflation through price adjustments and efficiencies where plausible.

GROWTH POTENTIAL

International BBQ sales showed revenue growth of 27% in the twelve months to 30 June 2022 primarily in the USA market with online retailers such as Amazon. New products have been added to the BBQ ranges, with the pizza ovens already receiving orders. Growth is expected to continue for the BBQ ranges in the USA, however market conditions in Europe are expected to slow. The USA represents the world's largest BBQ market (some 50% of global BBQ sales of US\$5 billion per annum) and the Everdure brand continues to gain traction as the business focuses on establishing solid foundations to put the business in the best possible position to achieve long term and sustainable growth.

Shriro has identified brands for distribution through its established channels in Australia and New Zealand. Successful negotiations will result in new brands being added to our portfolio in CY23.

Shriro is adding a new business development role to increase its capacity to find appropriate acquisition targets and brands for distribution in Australia or New Zealand. Management has a supportive Board focussed on potential growth opportunities.

DISTRIBUTION

Shriro has a long-standing relationship with Casio and has been its exclusive distributor for 40 years. It is a strong partnership which has resulted in Shriro being a market leader in school calculators, G-Shock ruggedised watches, digital pianos, and portable keyboards. Shriro continues to work closely with Casio Japan, to facilitate their goals and align our brand marketing, distribution, and sales strategy. Management visited both Casio and Pioneer in Japan for the first time in three years, with the relationship and results continuing to remain very strong.

Shriro has also been the Pioneer distributor in New Zealand for more than 15 years which has resulted in Shriro today holding the leading market position in DJ equipment and car audio products in New Zealand.

OPERATIONS

Shriro has experienced increasing costs pressures. Container and freight costs have started to abate in the second half of FY23, whilst wages, fuel and local freight costs pressures continue. We have reduced costs and enhanced efficiencies where possible.

Shriro's hybrid working environment and employee assistance programme continues to receive praise and positive feedback from staff.

OUTLOOK

Shriro expects market conditions to remain challenging in the second half of FY23 as interest rates and inflation may negatively impact consumer demand, as a result Shriro forecasts FY23 EBITDA to be down 25% on FY22.

Management is focussed on:

- Costs rationalisation to ensure the impact of the Blanco exit and inflationary pressures do not heavily impact profit; and
- Organic and inorganic growth opportunities to leverage Shriro's excess infrastructure capacity

Shriro is nearing full completion of its comprehensive cyber security programme investment to significantly reduce its cyber incident risk.



Preferring to focus on strategic opportunities during the current economic environment, Shriro has temporarily delayed its ERP implementation. The implementation phase is expected to recommence in FY24.

BOARD RENEWAL

Thanks to our Board for their continued support, hard work and commitment during this past year. Shriro experienced several challenges and held a record number of Board meetings in FY22. Farewell to Stephen Heath, Cornelia Meyer, Cheryl Hayman, and Kim Slater. I wish them all well in their future endeavours. I welcome John Murphy and Brian Bunker to the Board, who have extensive experience and will enhance the board, particularly in pursuing its strategy and maximising shareholder returns.

Finally, special thanks to Abigail for her resilience, entrepreneurial spirit, governance and work ethic in leading the Shriro Board. I congratulate her on being appointed Chairman during the year and look forward to learning from her and continuing to work with her into the future.

Lastly, I thank all the staff, who take great pride in Shriro and are the reason for its success.

Tim Hargreaves
Chief Executive Officer

BUSINESS REVIEW



*SHRIRO'S CUSTOMERS
INCLUDE MOST RETAILERS
IN AUSTRALIA AND
NEW ZEALAND*

AUSTRALIA

- 12-month EBITDA was \$20.7 million – down 16.2% from the PCP¹
- Seasonal products produced revenue growth, with BBQs up 18.3% from the PCP
- The Australian products were generally down on the prior year as the Government stimulus subsided
- Head office hybrid working environment has created a staff friendly efficient business operation

NEW ZEALAND

- 12-month EBITDA was \$5.8 million – down 38.9% from the PCP¹
- Growth in barbeques revenue of 25.7% from the PCP
- Auckland airport G-shock store continued to be closed during the period, however will be opened in the first half of FY23
- Profit was negatively impacted by supply chain constraints and one-off higher storage fees and other related charges

REST OF WORLD

- 12-month EBITDA loss was \$2.0 million, down on prior year's breakeven result
- Sales grew 27.5% with the USA and Europe continuing to lead the growth
- Shipping direct to Amazon USA in FY23 will result in costs savings
- Expanded products range expected to facilitate growth, however the outlook for the European market for outdoor homewares is subdued



1. Prior corresponding period ('PCP') refers to the twelve months to 30 June 2021. The PCP has not been audited, the results have been calculated by combining the audited six-month period to 30 June 2021 to the half year results for the period 1 July 2020 to 31 December 2020.

BOARD OF DIRECTORS



ABIGAIL CHEADLE
Chairman



TIM HARGREAVES
Chief Executive Officer



JOHN MURPHY
Non-Executive Director



BRIAN BUNKER
Non-Executive Director



SHRIRO HOLDINGS LIMITED

ACN 605 279 329

FINANCIAL REPORT

for the year ended 30 June 2022

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CORPORATE GOVERNANCE STATEMENT

The Board and management of the Company are committed to effective corporate governance in order to ensure accountability and transparency to shareholders and other stakeholders, including customers, employees, staff and regulatory bodies. The Company has adopted, and has substantially complied with, the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('the Recommendations') to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation through the financial period for the Company (Corporate Governance Statement).

The Corporate Governance Statement approved by the Board will be lodged together with the Company's Financial Report with the ASX and can also be found on the Company's website at https://www.shiro.com.au/investor/corporate_governance.

DIRECTORS' REPORT

The Directors present their report in compliance with the provisions of the *Corporations Act 2001* for Shriro Holdings Limited and its subsidiaries ('the Group') for the period ended 30 June 2022. Shriro Holdings Limited ('Shriro' or 'the Company') changed its year end from 31 December to 30 June in the prior statutory reporting period, so these financial statements have been prepared for the period 1 July 2021 to 30 June 2022.

DIRECTORS

Directors of Shriro Holdings Limited during the period ended 30 June 2022 were:

Abigail Cheadle – Independent non-executive Director, Chairman (appointed Chairman 18 March 2022)

Brian Bunker – Non-independent non-executive Director (appointed 19 April 2022)

John Murphy – Non-independent non-executive Director (appointed 23 May 2022)

Tim Hargreaves – Non-independent Managing Director

Stephen Heath – Independent Chairman (resigned 2 November 2021)

Cheryl Hayman – Independent non-executive Director (resigned 23 March 2022)

Cornelia Meyer – Independent non-executive Director, Chairman (appointed 13 September 2021 and resigned 19 April 2022)

Kim Slater – Independent non-executive Director (appointed 1 October 2021 and resigned 23 May 2022)

COMPANY SECRETARY

Shane Booth held the position of Company Secretary from 14 April 2015 to 27 January 2021 and was reappointed on 24 March 2022. Mr Booth is a Chartered Accountant who has previously held senior finance roles at Objective Corporation Limited and AMA Group Limited. He continues to serve as Chief Financial Officer. Hasaka Martin was appointed as joint Company Secretary on 4 May 2022. Mr Martin has over 15 years' experience working with listed companies both internally and through corporate service providers and has worked across a number of industries.

Mr Martin is an appointed company secretary for a number of listed and unlisted companies. He is a Chartered Secretary and Fellow of the Governance Institute of Australia. Mr Martin holds a Graduate Diploma in Applied Corporate Governance and postgraduate qualifications in corporate and securities law.

Lisa Jones held the position of Company Secretary from 27 January 2021 to 23 March 2022.

PRINCIPAL ACTIVITIES

The Group is a leading kitchen appliances and consumer products marketing and distribution business operating in Australia and New Zealand. The Group is also expanding internationally with barbecues and cooling products.

The Group markets and distributes an extensive range of company-owned brands (including Omega, Everdure including Everdure by Heston Blumenthal, Robinhood and Omega Altise) and third party owned brands (including Casio, Blanco and Pioneer). Shriro no longer sells the Blanco brand from 1 May 2022 in Australia and from 1 April 2023 in New Zealand.

Products marketed and distributed by the Group include calculators, watches, musical instruments, audio products, kitchen appliances, laundry products, consumer electronics, car audio, amplifiers, professional DJ, hi-fi speakers, barbecues, and heating and cooling products.

REVIEW OF OPERATIONS

	12 months to 30 June 2022 ¹ \$million	6 months to 30 June 2021 ² \$million	Change ³ %	12 months to 30 June 2021 \$million ⁴
Results summary				
Revenue from ordinary activities	191.8	94.0	(7.3%)	207.0
Gross margin	40.3%	41.0%	(0.3%)	40.6%
Operating expenses	52.6	26.4	5.4%	49.9
EBITDA	24.6	12.3	(27.9%)	34.1
Depreciation and amortisation	5.3	2.4	6.0%	5.0
Interest	0.7	0.1	16.7%	0.6
Profit before tax	18.6	9.8	(34.7%)	28.5
Profit after tax	13.5	6.8	(33.5%)	20.3

Shiro's revenue for the year ended 30 June 2022 was \$191.8 million (prior comparable period 'pcp': \$207.0 million) which was down 7.3% on the pcp. The COVID-19 tailwinds slowed trading in Shiro markets as the lifting of travel restrictions meant consumers spent more on travel and entertainment, resulting in less expenditure on household related goods. Despite this, performance in the current year was a pleasing result as Shiro was impacted by lockdowns in Australia and New Zealand and a cyber incident during the first half of the financial year.

Shiro's revenue during the second half of the financial year grew by 1.7% and profit after tax for the full year was \$13.5 million (pcp: \$20.3 million). Earnings before interest, tax, depreciation, and amortisation for the year was \$24.6 million (pcp: \$34.1 million).

Shiro's international expansion of its Everdure by Heston Blumenthal products continued its strong growth with sales increasing by 27.5% on the pcp. Most of this growth occurred in the second half of the financial year, irrespective of supply chain constraints that resulted in delaying the delivery of some orders into FY2023.

Operating expenses increased compared with the pcp by 5.4% to \$52.6 million. Shiro incurred increased supply chain costs and non-reoccurring costs, including scoping an ERP system, cyber incident remediation and IT security related costs. These costs were partially offset by cyber insurance proceeds and the receipt of Government subsidies.

Shiro declared a fully franked final dividend of 4.0 cents per share, with a record date of 9 September 2022 and payable on 30 September 2022.

Statement of financial position and statement of cash flows

Operating cash flows for the year were \$12.2 million (90.5% of net profit after tax), as the Group increased its barbeque inventory to \$8.4 million to facilitate growth in this product category and to mitigate risk of supply chain delays. The Group's financial position strengthened further with \$67.1 million of net assets (2021: \$66.2 million) and tangible asset backing of 64.6 cents per share (2021: 63.4).

Employees

During this financial year, the number of employees ranged between 223 and 245 and was 224 at year end (30 June 2021: 246).

Earnings per share

The basic and diluted earnings per share is calculated using the weighted average number of shares. As at 30 June 2022 the Group had basic earnings per share of 14.2 cents (6 months to 30 June 2021: 7.1 cents) and diluted earnings per share of 14.0 cents (6 months to 30 June 2021: 7.0 cents).

1. The results for the year ended 30 June 2022 have been audited.

2. The results for the six-month period ended 30 June 2021 have been audited.

3. The movement percentages have been calculated between the 12-month period to 30 June 2022 and the 12-month period to 30 June 2021.

4. The results for the 12 months to 30 June 2021 have not been audited. The results have been calculated by combining the audited six-month period to 30 June 2021 to the half year results for the period 1 July 2020 to 31 December 2020.

Directors' Report continued

DIVIDENDS

The Directors declared a dividend relating to the period ended 30 June 2022 of 4.0 cents per share fully franked with an ex-dividend date of 8 September 2022, record date of 9 September 2022. The dividend will be paid on 30 September 2022.

DIRECTORS' ATTENDANCE AT MEETINGS

Attendance at Meetings

The following table sets out the number of meetings held during the financial year whilst the individual was a director and the number of meetings attended by each director.

	Directors' Meetings		Audit, Risk and Compliance Committee Meetings		Remuneration and Nomination Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
Abigail Cheadle	31	30	4	4	5	5
Tim Hargreaves	31	31	N/A	N/A	N/A	N/A
Stephen Heath ⁵	15	14	1	1	4	4
Cheryl Hayman ⁶	21	21	3	3	4	4
Cornelia Meyer ⁷	14	13	N/A	N/A	N/A	N/A
Kim Slater ⁸	15	15	2	2	0	0
Brian Bunker ⁹	7	7	1	1	1	1
John Murphy ¹⁰	3	3	1	1	1	1

BUSINESS STRATEGY AND RISK

Strategies

The Group's investment in brands, supply chain and distribution capabilities has positioned the Group for potential growth.

The Group aims to continue to grow through:

- continual product development and range extensions;
- geographic expansion;
- channel diversification;
- mergers and acquisitions; and
- adding new third-party brands to the portfolio.

Risks

The key risks for the business are:

- change in consumer spending patterns throughout the year;
- customers deranging products;
- supply chain disruptions;
- deterioration in economic conditions;
- loss of brand distribution rights;
- loss of key personnel
- changing tax and tariff rates;
- foreign exchange movements;
- cyber incidents;
- any further COVID-19 effects; and
- reduced housing construction.

5. Stephen Heath resigned as a director on 2 November 2021.

6. Cheryl Hayman resigned as a director on 23 March 2022.

7. Cornelia Meyer was appointed as a director on 13 September 2021 and resigned as a director on 19 April 2022.

8. Kim Slater was appointed as a director on 1 October 2021 and resigned as a director on 23 May 2022.

9. Brian Bunker was appointed as a director on 19 April 2022.

10. John Murphy was appointed as a director on 23 May 2022.

INFORMATION ON DIRECTORS

Information on the Directors who held office during, or since the end of the financial year, is as follows:

Director	Qualifications, Experience and Special Responsibilities
Abigail Cheadle <i>Chairman</i> Appointed 9 June 2020 Chairman since 18 March 2022	<p>Background and experience:</p> <p>Abigail is a Chartered Accountant with nearly 30 years' experience working in Australia, South East Asia, Jordan and Russia. Prior to her non-executive career, she was Chief Executive Officer of a technology platform and grew practices for KROLL, KordaMentha, Deloitte and Ernst & Young working in the areas of restructuring, (most notably growing a listed Indonesian finance company from US\$29m to US\$400m), forensic accounting, data analytics, and risk management consulting.</p> <p>Other roles:</p> <p>Abigail is currently a Non-Executive Director ('NED') and Audit and Risk Committee Chair of LGI Limited and Novatti Group (ASX:NOV). Previously she was a NED of the following ASX listed companies: Isentia Group Limited (ASX:ISD), QANTM Intellectual Property Limited (ASX:QIP) and SurfStitch Group Limited (ASX:SRF).</p> <p>Committee memberships:</p> <ul style="list-style-type: none"> • Audit, Risk and Compliance Committee • Remuneration and Nomination Committee <p>Independence status:</p> <ul style="list-style-type: none"> • Independent
Brian Bunker <i>Non-Executive Director</i> Appointed 19 April 2022	<p>Background and experience:</p> <p>Brian is currently Managing Director of Riverside Company, Asia and joined in 2008. He established the Asia Strategy Group in Hong Kong which helps portfolio companies penetrate Asian markets. He also sits on a number of portfolio company boards. Prior to joining Riverside Company, Brian held senior executive positions at a number of leading multinational corporations including Fortune Brands, Diageo and Matra-Hachette. Prior to his business career Brian was a professional officer in the British Army serving in the Brigade of Gurkhas.</p> <p>Brian earned a BA (Hons) in Modern Languages, from King's College, University of London and speaks Chinese, French, Italian, Nepali and Spanish. He was commissioned from the Royal Military Academy, Sandhurst and is a U.K. Chartered Director.</p> <p>Other roles:</p> <p>Brian is an Independent Director of D2A Holdings Pte Ltd (the largest shareholder of Shriro Holdings Limited), Non-Executive Director of Be Green Packaging China and Non-Executive Director of the Supervisory Boards of Reima Beijing and Reima Shanghai.</p> <p>Committee memberships:</p> <ul style="list-style-type: none"> • Audit, Risk and Compliance Committee • Remuneration and Nomination Committee (Chair) <p>Independence status:</p> <ul style="list-style-type: none"> • Non-independent

Directors' Report continued

John Murphy

Non-Executive Director

Appointed 23 May 2022

Background and experience:

John was a partner at international accounting firm Arthur Andersen where he specialised in mergers and acquisitions, and insolvency and reconstruction. He held management positions in that firm at the Australian, regional and global levels. John also spent twenty years as the founder and managing director of various private equity funds including Investec Wentworth Private Equity Limited and Adexum Capital Limited. He was a Director of Investec Bank Australia Limited from 2004 until 2013.

John has extensive public company experience having been a Director of listed companies Southcorp Limited, Specialty Fashion Group Limited (ASX:CCX), Vocus Communications Limited (ASX:VOC), Gale Pacific Limited (ASX:GAP), Redflex Holdings Limited (ASX:RDF), and Australian Pharmaceutical Industries Limited (ASX:API).

Other roles:

John is a Director of Ariadne Australia Ltd, Chair of Alloggio Limited, Managing Director of Adexum Capital Limited and Non-Executive Director of Enviropacific Services Limited.

Committee memberships:

- Audit, Risk and Compliance Committee (Chair)
- Remuneration and Nomination Committee

Independence status:

- Non-independent

Tim Hargreaves

Managing Director

Appointed 14 February 2019

Background and experience:

Tim joined Shiro in 1990 as the Manager of Casio Australia. After eight years he briefly left the Group to join Canon Australasia as Head of Retail Operations before re-joining Shiro as General Manager Casio in June 2001. He was appointed Chief Executive Officer of Shiro Holdings Limited on 1 January 2018.

Independence status:

- Non-independent

Stephen Heath

Chairman

Appointed 24 October 2019
(resigned 2 November 2021)

Background and experience:

Stephen is a specialist in consumer goods brand management with over 25 years of manufacturing/wholesale distribution and retail experience. He spent 16 years as CEO of some of Australia's best known consumer brands including Rebel Sport, Godfrey's and Fantastic Holdings with operations experience in Australia, New Zealand, and Asia.

Other roles:

Stephen is the Chair of Temple & Webster Limited Group (ASX:TPW), a Non-Executive Director of Best & Less Group Holdings Ltd (ASX:BST), Glasshouse Fragrances and previously Redhill Education Limited (ASX:RDH).

Committee memberships:

- Audit, Risk and Compliance Committee
- Remuneration and Nomination Committee

Independence status:

- Independent

Cornelia Meyer*Non-Executive Director*Appointed 13 September 2021
(resigned 19 April 2022)**Background and experience:**

Cornelia has extensive international experience, including government advisory and senior executive roles in energy, development and investment banking covering Asia, Russia, Eastern Europe and the Middle East. She held non-executive board roles in asset management, energy, food and the not-for-profit sectors. Cornelia has particular expertise in emerging markets and is fluent in six European and Asian languages.

Other roles:

Cornelia is Chair and CEO of MRL Corporation and Chair and Chief Economist of LBV Asset Management.

Independence status:

- Independent

Cheryl Hayman*Non-Executive Director*Appointed 24 October 2019
(resigned 23 March 2022)**Background and experience:**

Cheryl had a successful global executive career in fast moving consumer goods multinational organisations Unilever, Yum Restaurants, Time Warner and George Weston Foods prior to becoming a company director.

She brings a focus on brand building, communications and digital transformation gained across manufacturing and supply chain consumer businesses in local and global markets.

Other roles:

Cheryl is a Non-Executive Director of Beston Global Foods Limited (ASX:BFC) and HGL Limited (ASX:HNG), a director of Chartered Accountants Australia and New Zealand, Peer Support Australia and The Darlinghurst Theatre Company. Cheryl is a member of the Department of the Prime Minister and Cabinet's Digital Experts Advisory Committee and an elected HCF Councillor. Previously she was a director of Clover Corporation Ltd (ASX:CLV).

Committee memberships:

- Remuneration and Nomination Committee (Chair)
- Audit, Risk and Compliance Committee

Independence status:

- Independent

Kim Slater*Non-Executive Director*Appointed 1 October 2021
(resigned 23 May 2022)**Background and experience:**

Kim has had a successful career as a senior executive in banking and finance roles, including at Country Natwest, Deutsche Bank and Salomon Smith Barney. He has over 25 years' experience providing specialist advice on structured products as well as hybrid and equity derivative products.

Other roles:

Kim is a former non-executive director of Silver Mines NL and Mobilesoft Ltd.

Committee memberships:

- Audit, Risk and Compliance Committee
- Remuneration and Nomination Committee (Chair)

Independence status:

- Independent

AUDITED REMUNERATION REPORT

The Directors of Shriro present the Remuneration Report, for the Company and its controlled entities for the year ended 30 June 2022. This Report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*. The Report details the remuneration arrangements for Shriro's key management personnel ('KMP'):

- Non-executive directors ('NEDs')
- Executive KMPs

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and the Group. The table below outlines the KMP of the Group and their movements during the year.

Name	Position	Term
Non-executive directors		
Current directors		
Abigail Cheadle	Non-Executive Director/Chairman	Full period ¹
Brian Bunker	Non-Executive Director	Appointed 19 April 2022
John Murphy	Non-Executive Director	Appointed 23 May 2022
Former directors		
Stephen Heath	Chairman	Resigned 2 November 2021
Cornelia Meyer	Chairman/Non-Executive Director ²	Appointed 13 September 2021 ³ Resigned 19 April 2022
Cheryl Hayman	Non-Executive Director	Resigned 23 March 2022
Kim Slater	Non-Executive Director	Appointed 1 October 2021 Resigned 23 May 2022
Executive KMPs		
Tim Hargreaves	Managing Director and Chief Executive Officer	Full period
Shane Booth	Chief Financial Officer and Company Secretary	Appointed Company Secretary 4 May 2022, CFO full period

1. Abigail Cheadle was a Non-Executive Director up to 18 March 2022 at which point, she was appointed as Chairman.
 2. Cornelia Meyer acted as Chairman up to 18 March 2022, after which point she continued as a Non-Executive Director.
 3. Cornelia Meyer was a non-executive director for the period 13 September 2021 to 2 November 2021, and was appointed as Chairman upon Stephen Heath's resignation.

1. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Company's remuneration framework is to reward for performance whilst maintaining competitiveness with the market and appropriateness for results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders.

1.1. Our remuneration governance

The Board has overall responsibility for satisfying itself that the Group's remuneration framework is aligned with the Group's purpose, values, strategic objectives and risk appetite. The Board also:

- considers matters relating to remuneration of the Chief Executive Officer ('CEO'), his direct reports, and the Chief Financial Officer ('CFO') including reviewing performance targets and determining remuneration outcomes;
- approves the establishment of or amendment to employee incentive plans; and
- considers matters related to Executive KMP succession planning.

To assist the Board in its oversight of the remuneration framework, a Remuneration and Nomination Committee has been established as a standing committee of the Board. The primary responsibilities of this committee, in relation to remuneration, include:

- Reviewing and recommending to the Board employment and remuneration arrangements for the CEO, his direct reports and the CFO;
- Reviewing Non-Executive Director fees; and
- Regularly reviewing the remuneration framework to confirm that it encourages a culture aligned with the Group's values, supports the Group's strategic objectives and long-term interests and is aligned with the Company's risk management framework and appetite.

The Remuneration and Nomination Committee, on behalf of the Board, may engage remuneration consultants to review the remuneration framework to ensure it remains relevant and in accordance with industry norms.

Shiro did not receive any 'remuneration recommendations' as defined under the *Corporations Act 2001* (Cth) in period to 30 June 2022.

1.2. Our remuneration policy

The Company designs its remuneration packages to attract, motivate and retain highly talented team members who are passionate about growing Shiro's leadership position in its market sector. The Company's remuneration framework is designed to:

- encourage and sustain a culture aligned with the Company's values;
- support the Company's strategic objectives and long-term financial soundness; and
- align with the Company's risk management framework and risk appetite.

The Company's culture of success and performance constitutes remuneration that:

- provides a competitive base remuneration; and
- rewards performance through the accomplishment of the Company's business plan measured by predetermined Key Performance Indicators ('KPIs').

The Company ensures that fixed components of salary packages are reasonable and fair taking into consideration expectations of the individual, the Company's obligations under Australian laws, the scale of the business and market conditions. The Board will, from time to time, ensure the market competitiveness of the remuneration and are at liberty to use an external remuneration consultant as required.

Audited Remuneration Report continued

1.3. The relationship between remuneration policy and Group performance

Company Performance

The table below sets out summary information about the Group's earnings and movements in shareholder wealth for the five years to 30 June 2022:

Year/period ended	31 Dec 2018 \$'000	31 Dec 2019 \$'000	31 Dec 2020 \$'000	30 Jun 2021 ⁴ \$'000	30 Jun 2022 \$'000
Revenue	181.1	172.1	191.3	94.3	191.8
Net profit before tax	10.0	9.4	25.2	9.7	18.6
Net profit after tax	7.7	6.5	18.2	6.8	13.5
	31 Dec 2018	31 Dec 2019	31 Dec 2020	30 Jun 2021	30 Jun 2022
Interim dividend ⁵ (cents per share)	4.0	4.0	3.0	N/A	6.0
Final dividend ⁶ (cents per share)	3.0	3.0	4.0	6.0	4.0
Basic earnings per share	8.1	6.8	19.1	7.1	14.2
Diluted earnings per share	8.0	6.7	18.9	7.0	14.0

Performance incentives

Executive KMPs participate in an incentive program, comprising long- and short-term incentives. This supports the Company's success and performance culture, while aligning Executive KMPs performance with shareholder value, the business plan and Company performance.

Incentives can include either cash or equity-based incentives that reward accomplishment of long- and short-term KPIs which are set in conjunction with the Board and are based on the annual budgeted profit and revenue as well as strategic imperatives of the Company.

Key Performance Indicators

The Board and Executive KMPs set a number of major strategic objectives that, when accomplished, provide the pathway to achieve the Company's vision and deliver value to Shareholders.

The success of the strategies that go into achieving the objectives can be measured through a number of financial and non-financial KPI's. These measures determine the quantum of incentive payment.

The KPI's for each individual are ultimately aligned to the achievement of the Board approved objectives. Business unit and other department head incentives cascade from the KMP objectives.

2. OVERVIEW OF EXECUTIVE KMP REMUNERATION

2.1. How we determine Executive KMP remuneration policies and structures

Executive KMP remuneration is based on the following principles:

- fairness and transparency in remuneration; and
- alignment between, individual, Company and shareholder expectations.

2.2. Our Executive KMP remuneration policies and structures

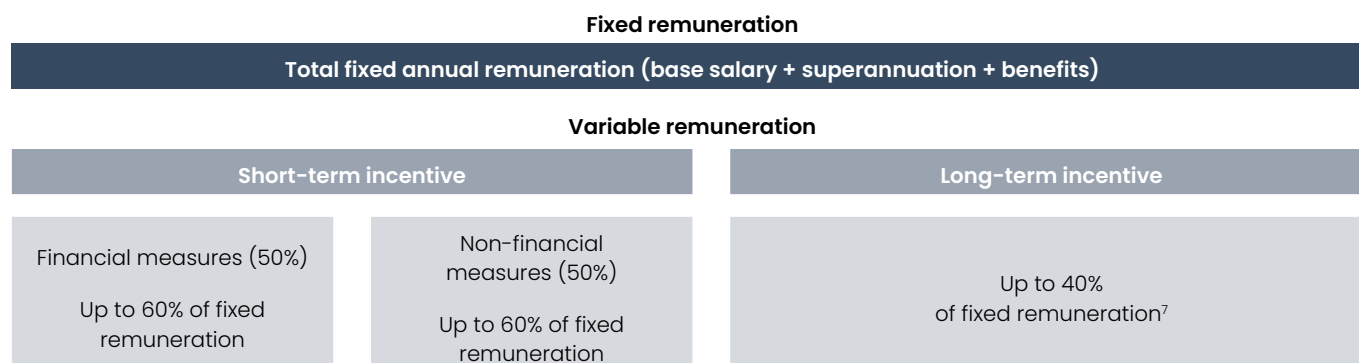
We reward Executive KMPs with a level and mix of remuneration appropriate to their position, responsibilities, and performance, in a way that aligns with the business strategy. Executive KMPs receive fixed remuneration and variable remuneration consisting of short- and long-term incentive opportunities. Executive KMP remuneration levels are reviewed annually by the Remuneration Committee with reference to the remuneration guiding principles and market movements.

4. For the six-month period to 30 June 2021.

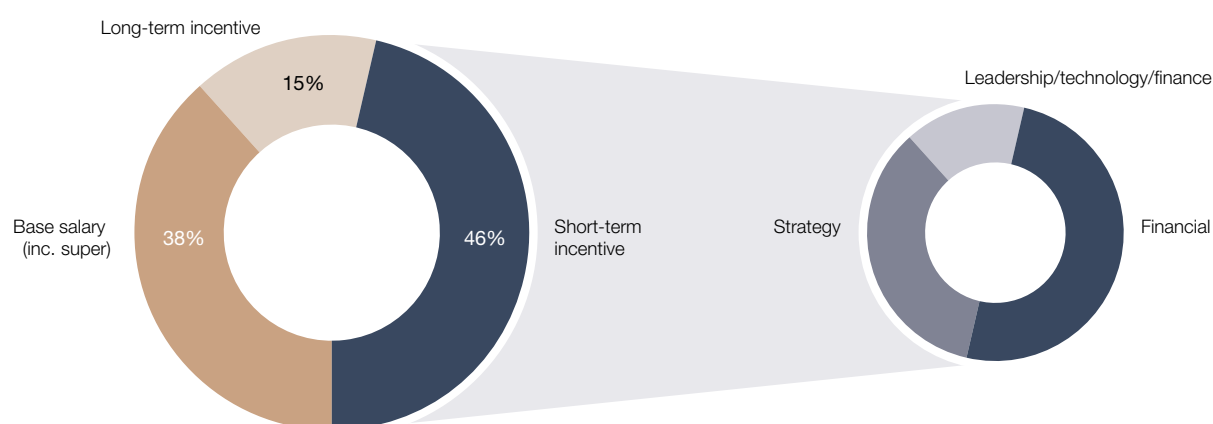
5. Franked to 100% at 30% corporate tax rate.

6. Declared after the end of the reporting period and not reflected in the financial statements.

The chart below outlines the structure of Executive KMP remuneration:



The graph below shows the mix of Executive KMP remuneration based on maximum incentives:



2.3. Elements of remuneration

Total fixed annual remuneration

Total fixed annual remuneration consists of base salary, superannuation, and non-monetary benefits such as car parking, golf membership and Company long service awards. Total fixed remuneration is designed to reward for:

- The scope of the executive's role; and
- The executive's skills, experience, and qualification.

Short-term incentive

All executives can earn an annual incentive award which is delivered in cash. The short-term incentive ('STI') recognises and rewards annual performance. The STI performance measures were chosen as they reflect short-term performance as well as providing a framework for delivering sustainable value to the Group, its shareholders, and customers.

The STIs for executive are weighted 50:50 between financial and non-financial measures. The portion of the STI related to non-financial measure is only paid when the financial measure has been met.

7. Executive KMPs may be issued with a number of equity instruments under the Company's Long Term Incentive Plan. The number of equity instruments to be granted is calculated based on twenty-trading day value weighted average price of the Company's shares immediately prior to the start of the performance period.

Audited Remuneration Report continued

	Chief executive officer	Chief financial officer
How is the STI paid?	100% of the STI is paid in cash	
How much can the executive earn?	60% of total fixed annual employment cost (\$360,000) for target performance or up to 120% of his total fixed base salary (\$720,000) for stretch performance	40% of total fixed annual employment cost (\$156,000) for target performance or up to 80% of his total fixed base salary employment cost (\$312,000) for stretch performance
How is performance measured?	<p>The STI is paid on a scale from target performance through to stretch performance and is divided between financial and non-financial measures.</p> <p>The portion related to non-financial measures is only paid if the financial KPI is met.</p>	
	Profit after tax at least 95% of the STI target 10% fixed base salary \$60,000	Profit after tax at least 95% of the STI target 10% fixed base salary \$39,000
	Profit after tax between STI target and stretch target 30% – 60% fixed base salary ⁸ \$180,000 – \$360,000	Profit after tax between STI target and stretch target 20% – 40% fixed base salary ⁸ \$78,000 – \$156,000
	Satisfaction of the following non-financial KPIs: 30% – 60% fixed base salary ⁹ \$180,000 – \$360,000 • Company strategy • Leadership • Technology	Satisfaction of the following non-financial KPIs 20% – 40% fixed base salary ⁹ \$78,000 – \$156,000 • Company strategy • Finance
When is the STI paid?	The STI award is determined after the end of the financial year following a review of performance over the year against the STI performance measured by the Remuneration and Nomination Committee. The Board approves the final STI award based on this assessment of performance.	
What happens if an executive leaves?	The Board may, at its discretion, decide that the STI lapses, is forfeited, is retained with a view to testing for achievement at the end of the relevant financial year, is achieved, or is only achieved for a prescribed period and will otherwise lapse on cessation of employment.	

Long-term incentive

A Long-Term Incentive Plan ('LTIP') has been implemented in accordance with Shriro's Equity Incentive Plan Rules. As it stands at 30 June 2022, the LTIP allows participants to be issued with Performance Rights ('Rights') which have associated performance hurdles that are tested at the end of the vesting period (three years for outstanding offers) from the effective issue date to determine vesting.

The Company established the LTIP to assist in the motivation, retention, and reward of its employees, including Executive KMPs. The LTIP is designed to align the interests of employees with the interests of shareholders by providing an opportunity for employees to receive an equity interest in the Company. From time to time the Board will approve invitations to certain employees to participate in the LTIP on conditions and performance hurdles determined by the Board.

The table below summarises the terms of the tranches outstanding at 30 June 2022:

Performance rights series	Grant date	Grant date fair value	Number granted	Term	Vesting testing
2020 tranche	15/06/2020	\$239,748	534,431	3 years	31/12/2022
2022 tranche	21/12/2021	\$203,069	310,029	3 years	30/06/2024

8. Calculated on a straight-line basis.

9. Calculated on a straight-line basis in accordance with achievement of financial portion of STI.

The following table outlines the details of LTIPs:

How is it paid?	<p>Executives are eligible to receive Rights, being a right to an ordinary share in Shriro Holdings Limited upon satisfaction of performance hurdles.</p> <p>The Board, at its discretion, will decide whether to settle the exercised Rights via the allocation of shares, or by a cash payment. Share issues will be managed via Shriro's trust and transferred to the employee once the right is exercised. The Board will use its discretion and likely settle via the allocation of shares.</p>																				
How much can executives earn?	<p>The Executive KMP LTIP opportunity is up to 40% of fixed remuneration. The number of Performance Rights granted is determined using the value weighted average price of Shriro shares over a twenty-day period prior to the start of the performance period.</p>																				
How is performance measured?	<p>Rights will vest subject to the satisfaction of performance conditions.</p> <p>Rights that have not met the vesting conditions, as described below, at the end of the performance period will immediately lapse.</p> <p>At 30 June 2022 there are two tranches of LTIP Performance rights outstanding (2020 tranche and 2022 tranche), which each have different performance conditions.</p> <p>2020 tranche</p> <p>The vesting of Rights is subject to the achievement of a target of 10% earnings per share ('EPS') compound annual growth rate ('CAGR') over three years from the effective date of the performance review ('performance hurdle').</p> <p>The percentage of Rights that vest, if any, will be determined by reference to the following vesting schedule, subject to any adjustments for abnormal or unusual profit items considered appropriate by the Board:</p> <table> <tr> <th>Target CAGR of the Group's EPS over the three-year period</th><th>% of Rights that vest</th></tr> <tr> <td>Less than threshold performance (less than 5%)</td><td>Nil</td></tr> <tr> <td>Threshold performance (5%)</td><td>50%</td></tr> <tr> <td>Between threshold and target performance (5%-10%)</td><td>50-100% on a straight-line pro-rated basis</td></tr> <tr> <td>Target performance (10% or above)</td><td>100%</td></tr> </table> <p>2022 tranche</p> <p>The vesting of Rights is subject to the achievement of two performance hurdles, an EPS target and a relative total shareholder return ('rTSR').</p> <p><i>EPS</i></p> <p>50% of the Rights vest subject to the achievement of a target EPS three years from the effective date of the performance review (performance hurdle).</p> <p>The percentage of Rights that vest, if any, will be determined by reference to the following vesting schedule, subject to any adjustments for abnormal or unusual profit items considered appropriate by the Board:</p> <table> <tr> <th>Target EPS over the three-year period</th><th>% of Rights that vest</th></tr> <tr> <td>Less than threshold performance (less than 13.36 cents per share)</td><td>Nil</td></tr> <tr> <td>Threshold performance (13.36 cents per share)</td><td>50%</td></tr> <tr> <td>Between threshold and target performance (13.36 to 16.03 cents per share)</td><td>50-100% on a straight-line pro-rated basis</td></tr> <tr> <td>Target performance (16.03 cents per share)</td><td>100%</td></tr> </table>	Target CAGR of the Group's EPS over the three-year period	% of Rights that vest	Less than threshold performance (less than 5%)	Nil	Threshold performance (5%)	50%	Between threshold and target performance (5%-10%)	50-100% on a straight-line pro-rated basis	Target performance (10% or above)	100%	Target EPS over the three-year period	% of Rights that vest	Less than threshold performance (less than 13.36 cents per share)	Nil	Threshold performance (13.36 cents per share)	50%	Between threshold and target performance (13.36 to 16.03 cents per share)	50-100% on a straight-line pro-rated basis	Target performance (16.03 cents per share)	100%
Target CAGR of the Group's EPS over the three-year period	% of Rights that vest																				
Less than threshold performance (less than 5%)	Nil																				
Threshold performance (5%)	50%																				
Between threshold and target performance (5%-10%)	50-100% on a straight-line pro-rated basis																				
Target performance (10% or above)	100%																				
Target EPS over the three-year period	% of Rights that vest																				
Less than threshold performance (less than 13.36 cents per share)	Nil																				
Threshold performance (13.36 cents per share)	50%																				
Between threshold and target performance (13.36 to 16.03 cents per share)	50-100% on a straight-line pro-rated basis																				
Target performance (16.03 cents per share)	100%																				

Audited Remuneration Report continued

rTSR

50% of the Rights will vest on achievement of a rTSR return relative to the ASX Small Ordinaries Index. rTSR will be calculated by an external provider based on the 45-trading day value weighted average price preceding the measurement dates at the start and end of the performance period.

Target rTSR over the three-year period	% of Rights that vest
--	-----------------------

Below 50th percentile	Nil
50th percentile threshold performance)	50%
Between threshold and target performance (50th-75th percentile)	50-100% on a straight-line pro-rated basis
75th percentile (maximum performance)	100%

What is the performance period?

The performance period for LTIP awards is 3 years ('performance period').

2020 tranche

The grants have a performance period commencing on 1 January 2020 and ending on 31 December 2022.

2021 tranche

Management forwent rights in 2021, to align the new rights issues with the new 30 June financial year end.

2022 tranche

The grants have a performance period commencing on 1 July 2021 and ending on 30 June 2024.

When is performance measured?

Testing of the performance hurdle to determine the number of Rights which will vest, will occur shortly after the end of the Performance Period and release of the Company's audited consolidated financial statements for the period relating to the Performance Period.

Due to the change in the Company's year-end outstanding performance rights related to the 2020 tranche will be tested against a combination of audited financial statements and reviewed interim financial statements at the end of the performance period.

Are executives eligible for dividends?

The performance rights do not carry dividends or voting rights prior to vesting.

Are there any restrictions?

The participant must not sell, transfer, encumber, hedge, or otherwise deal with performance rights.

What happens on termination of employment?

If the participant's employment is terminated for cause or the participant resigns, unless the Board determines otherwise, any unvested performance rights will automatically lapse.

Where the participant ceases employment in any other circumstances, unless the Board determines otherwise:

- a pro-rated portion of the performance rights (calculated by reference to the portion of the performance period that has elapsed up to the date of cessation) will remain on foot and will vest or lapse in due course, as though the participant had not ceased employment; and
- the remaining portion of the performance rights will automatically lapse.

Shiro has not issued any options.

Sign on payments

The Group has not used sign on payments in the past to attract Executive KMP or NEDs, however the need for these payments will be assessed on a case-by-case basis. No Director or Executive KMP appointed during the year received a payment as part of their remuneration for agreeing to hold the position.

2.4. Executive Employment Agreements

The CEO and CFO are remunerated on a salary package basis which is a component of a formal employment contract. In line with best remuneration practice, the Board continues to ensure remuneration is competitive with comparable companies and may undertake external evaluations, from time to time, to ensure market competitiveness with a view to ensuring it attracts and retains the best people. The details of the Executives employment contracts are below:

	CEO	CFO
Effective date	1 January 2018	23 June 2015
Term	No fixed term	No fixed term
Fixed annual remuneration	\$600,000	\$390,000
Short-term incentive	0% – 120% of fixed annual remuneration	0% – 80% of fixed annual remuneration
Long-term incentive	Eligible to participate in LTIP 0% – 40% of fixed annual remuneration	Eligible to participate in LTIP 0% – 30% of fixed annual remuneration
Notice period	Twelve months' notice by either party	Six months' notice by either party

3. NON-EXECUTIVE DIRECTOR REMUNERATION

NEDs are paid an annual fee which is reviewed annually by the Remuneration and Nomination Committee and the Board. The Board uses the advice of independent remuneration consultants, as appropriate, to ensure non-executive director fees are appropriate and in line with the market. NED fees include, where applicable, compulsory superannuation contributions.

NEDs receive fees only and do not participate in any performance-related incentive awards.

Total aggregate remuneration for all NEDs, in accordance with the Prospectus dated 27 May 2015, is not to exceed \$600,000. NEDs' base fees are presently \$90,000 per annum. The Chairman's fee is presently \$140,000 per annum.

Committee fees are outlined in the table below.

Role and committee	Fee per annum (\$)
Chair of Audit, Risk and Compliance Committee	10,000
Chair of Remuneration and Nomination Committee	5,000
Member of Audit, Risk and Compliance Committee	5,000
Member of Remuneration and Nomination Committee	3,000

The Chairman does not receive Committee fees.

NEDs may be reimbursed for expenses reasonably incurred in attending to the Group's affairs. They do not receive retirement benefits unless they elect to be paid through the Group's payroll function, in which case the NED fee is divided between fees paid to the NED, and superannuation paid into a recognised superannuation fund.

NEDs have no entitlement to a cash bonus or non-monetary benefits.

Audited Remuneration Report continued

4. REMUNERATION OUTCOMES

4.1. Performance against STI measures

The Board has assessed Executive KMP performance for the year ended 30 June 2022 against financial and non-financial KPIs. The Board determined that the following KPIs were fully, or partially, met:

KPI	% of STI	CEO		% of STI	CFO	
Financial	50%	KPI partially met and achieved stretch target	\$195,748	50%	KPI partially met and achieved stretch target	\$84,824
Strategy	35%	KPI partially met	\$137,024	35%	KPI partially met	\$59,377
Leadership	7.5%	KPI partially met	\$29,362	–	Not applicable	–
Finance/ Technology	7.5%	KPI partially met	\$29,362	15%	KPI partially met	\$25,447
Total payable			\$391,496	\$169,648		

4.2 Performance against LTIP measures

Due to the change in year end from 31 December to 30 June, the Executive KMPs elected to forgo their LTIP Rights so there are no LTIPs Rights due for testing at 30 June 2022.

The 2019 tranche vested during the year ended 30 June 2022. For full details regarding the terms of the 2019 tranche refer to the Remuneration Report in the 30 June 2021 Annual Report.

The performance hurdle for the 2019 tranche of a 10% EPS CAGR was met, with the actual CAGR being 22.5%. The result for the half year ended 31 December 2021 included NSW government subsidies of \$1.1m, which the Remuneration and Nomination Committee elected to exclude from the EPS CAGR calculation.

On vesting of the Performance Rights, the Executive KMPs exercised their right and the CFO received 202,422 shares in Shiro Holdings Limited. The CEO was able to take cash payment in lieu of an on-market share purchase and received \$419,377. The value of the cash payment was calculated as a twenty-day volume weighted average price of \$1.01 per share (being the five trading days prior and the five trading days following the release of the Company's Half Year Financial report).

4.3 New rights issue

During the period the CEO was issued with 208,423 Performance Rights in respect of the period ended 30 June 2022 (2021: nil).

During the period the CFO was issued with 101,606 Performance Rights in respect of the period ended 30 June 2022 (2021: nil).

Details of the terms of the 2022 Tranche of LTIP Performance Rights can be found in section 2.3.

4.4 Key Management Personnel Statutory Remuneration

Details of each of the KMP's remuneration for the period ended 30 June 2022 (calculated in accordance with the applicable Accounting Standards) are set out below.

12 months to 30 June 2022	Cash Fees/ Salary \$	Cash Bonus \$	Short-term Benefits			Post-employment Benefits		Long-term Benefits			Percentage of remuneration related to performance %
			Termination benefits \$	Non-monetary benefits \$	Super- annuation \$	Long service leave \$	Share rights ¹⁰ \$	Total \$			
Non-Executive Directors											
Current directors											
Abigail Cheadle	114,040	—	—	—	—	—	—	—	—	114,040	—
Brian Bunker	20,806	—	—	—	—	—	—	—	—	20,806	—
John Murphy	10,941	—	—	—	—	—	—	—	—	10,941	—
Former directors											
Stephen Heath	47,197	—	—	—	—	—	—	—	—	47,197	—
Cornelia Meyer	84,079	—	—	—	—	—	—	—	—	84,079	—
Cheryl Hayman	68,493	—	—	—	—	6,849	—	—	—	75,342	—
Kim Slater	64,894	—	—	—	—	—	—	—	—	64,894	—
Total	410,450	—	—	—	—	6,849	—	—	—	417,299	—
Executive Officers											
Tim Hargreaves	610,770	391,496	—	42,453 ¹¹	25,000	22,732	45,034	1,137,485	38.4%		
Shane Booth	399,215	169,648	—	13,277 ¹²	23,100	13,474	21,954	640,669	29.9%		
Total	1,009,985	561,144	—	55,730	48,100	36,206	66,988	1,778,154	35.3%		

Shriro offers all employees the option to purchase products at a discounted rate. Employees are charged cost plus a fixed mark-up percentage and employees incur all freight and handling charges. KMP, including Non-Executive Directors, have access to this program.

10. Performance rights are recognised in accordance with AASB 2 Share Based Payments and vest subject to the satisfaction of performance conditions.
 11. Other benefits relate to benefits such as a golf membership, car parking and a 20-year long service award that do not form part of the CEO's salary.
 12. Other benefits include car parking benefits provided that does not form part of the CFO's salary.

Audited Remuneration Report continued

6 months to 30 June 2021	Cash Fees/ Salary \$	Cash Bonus \$	Termination benefits \$	Non-monetary benefits ¹³ \$	Super- annuation \$	Long service leave \$	Share rights ¹⁴ \$	Total \$	Percentage of remuneration related to performance %
Non-Executive Directors									
Stephen Heath	70,000	—	—	—	—	—	—	70,000	—
Cheryl Hayman	45,662	—	—	—	4,338	—	—	50,000	—
Abigail Cheadle	51,500	—	—	—	—	—	—	51,500	—
Vasco Fung	11,559	—	—	—	—	—	—	11,559	—
Total	178,721	—	—	—	4,338	—	—	183,059	—
Executive Officers									
Tim Hargreaves	286,407	360,000	—	12,359	12,500	5,529	53,131	729,926	56.6%
Shane Booth	194,989	156,000	—	3,064	10,847	3,570	25,901	394,371	46.1%
Total	481,396	516,000	—	15,423	23,347	9,099	79,032	1,124,297	52.9%

13. Non-monetary benefits relate to benefits such as car parking that do not form part of the KMP's cash salary for the purpose of calculating incentives.

14. No performance rights were awarded in respect of the period ended 30 June 2021. Performance rights issued in respect of previous financial years are recognised in accordance with AASB 2 Share Based Payments and vest subject to the satisfaction of performance conditions.

4.5 Equity holdings of KMP

Outstanding Rights granted as compensation

The table below discloses the number of outstanding performance rights and rights granted, vested or lapsed during the year.

Performance rights do not carry any voting or dividend rights and can only be exercised once vesting conditions have been met.

KMP	Financial year	Number of Rights granted	Award date	Testing date of vesting conditions	Number vested during the year	Number lapsed during the year	Financial year that grant will be payable	Fair value at grant date \$	Value of Rights exercised during the year \$ ¹⁵
Tim Hargreaves ¹⁶	2019	415,225	01/01/2019	31/12/2021	100%	0%	2022	157,612	419,377
Shane Booth	2019	202,422	01/01/2019	31/12/2021	100%	0%	2022	76,836	212,543
Total vested rights		617,647						234,448	631,920
Tim Hargreaves	2020	359,281	01/01/2020	31/12/2022	0%	0%	2023	161,175	N/A
Shane Booth	2020	175,150	01/01/2020	31/12/2022	0%	0%	2023	78,573	N/A
Tim Hargreaves	2022	208,423	01/07/2021	30/06/2024	0%	0%	2025	136,517	N/A
Shane Booth	2022	101,606	01/07/2021	30/06/2024	0%	0%	2025	66,552	N/A
Total outstanding rights		844,460						442,817	

There were no rights granted in 2021 as the KMP forwent their entitlement in order to align the rights issued with the new financial year end of 30 June.

Rights holdings of Executive KMP

KMP	Balance at 1 July 2021	Number of Rights granted as remuneration	Number of rights exercised	Number of rights lapsed	Balance at 30 June 2022	Rights vested but not exercised
Tim Hargreaves	774,506	208,423	(415,225)	-	567,704	-
Shane Booth	377,572	101,606	(202,422)	-	276,756	-
Total	1,152,078	310,029	(617,647)	-	844,460	-

Shareholding of KMPs

Fully paid ordinary shares held in Shriro Holdings Limited:

15. Mr Hargreaves elected to take a cash payout with the value of the rights at exercise being \$1.01 calculated as the value weighted average price of the Company's shares for a 5-day period prior to, and a 5-day period subsequent to the release of the Company's Half Year Financial Report.

Mr Booth exercised his rights on 11 March 2022 with the value of the rights being the closing Company share price on that day of \$1.05

16. If the performance conditions are satisfied and at the Board's discretion, rights will either be settled in cash or by shares.

Audited Remuneration Report continued

KMP	Balance at 1 July 2021	Commenced as KMP	Number of shares received on exercise of rights	Number of shares purchased	Number of shares sold	Other movements	Balance at 30 June 2022
Non-executive directors							
Current directors							
Abigail Cheadle	–	–	–	–	–	–	–
Brian Bunker	–	–	–	–	–	–	–
John Murphy	–	–	–	–	–	–	–
Former directors							
Stephen Heath	–	–	–	–	–	–	–
Cornelia Meyer	–	–	–	–	–	–	–
Cheryl Hayman	–	–	–	–	–	–	–
Kim Slater ¹⁷	–	181,903	–	10,000	–	(191,903)	–
Executive KMPs							
Tim Hargreaves	278,312	–	–	–	–	–	278,312
Shane Booth	2,303,125	–	202,422	–	–	–	2,505,547
Total	2,581,437	181,903	202,422	10,000	–	(191,903)	2,783,859

This concludes the remuneration report, which has been audited.

CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group that occurred during the year that have not otherwise been disclosed in this report or the consolidated financial statements.

SUBSEQUENT EVENTS

During the reporting period on 1 May 2022, the Group completed the exit of the Blanco Distribution business whereby the displays, vehicles, inventory, and associated obligations such as warranty obligations were handed over to Blanco Australia Pty Ltd ('Blanco') as part of the Deed of Transition and Termination.

The consideration for these assets and assumed liabilities amount to \$6.4 million. At present the majority has been settled by Blanco whilst a portion remains unsettled and under dispute by Blanco. Subsequent to year end management has continued to discuss and evaluate the positions put forward by Blanco. Legal advice has been sought and utilised to evaluate the position of both entities.

There has been no other matter or circumstance, occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

FUTURE DEVELOPMENTS

Disclosure of other information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

17. Kim Slater commenced as a KMP on 1 October 2021 and ceased to be a KMP on 23 May 2022.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The Directors and Officers of the Company are indemnified by the Company against losses or liabilities which they may sustain or incur in their role or in the proper performance of their duties. During the financial year, the Company paid premiums in respect of contracts to insure the Directors and the officers against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premiums.

The Group has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group against a liability incurred as the auditor.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services in the current year are outlined in note 6.1 to the financial statements.

In accordance with the recommendation from the Audit, Risk and Compliance Committee of the Company and the Directors are satisfied that the provision of non-audit services by the auditor (or by another person or firm on the auditor's behalf) during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Also in accordance with the recommendation from the Audit, Risk and Compliance Committee, the Directors are satisfied that the nature and scope of each type of non-audit services provided means that the auditor independence was not compromised. The auditors have also provided the Audit, Risk and Compliance Committee with a report confirming that, in their professional judgment, they have maintained their independence in accordance with the firm's requirements, the provisions of APES 110 *Code of Ethics for Professional Accountants* and applicable provisions of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration (which forms part of the Directors' report) has been received and is included on page 34 of the financial report.

ROUNDING OFF OF AMOUNTS

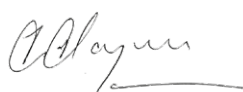
The Company has applied the relief available under ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191. Accordingly, amounts in the Directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

This Directors' report (including the Remuneration report) is signed in accordance with a resolution of Directors made pursuant to s298(2) of the *Corporations Act 2001*.



Abigail Cheadle
Chairman

29 August 2022



Tim Hargreaves
Chief Executive Officer and Managing Director

29 August 2022

AUDITOR'S INDEPENDENCE DECLARATION



Deloitte Touche Tohmatsu
ABN: 74 490 121 060
Eclipse Tower
60 Station Street
Parramatta
Sydney, NSW, 2150
Australia

Phone: +61 2 9840 7000
www.deloitte.com.au

29 August 2022

The Board of Directors
Shriro Holdings Limited
Level 7/67 Albert Avenue
Chatswood NSW 2067

Dear Board Members

Auditor's Independence Declaration to Shriro Holdings Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Shriro Holdings Limited and its subsidiaries.

As lead audit partner for the audit of the financial report of Shriro Holdings Limited and its subsidiaries for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to be "Annalisa Amiradakis".

Annalisa Amiradakis
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 30 June 2022

	Note	12 months to 30 June 2022 \$'000	6 months to 30 June 2021 \$'000
Revenue from ordinary activities	1.1	191,792	94,045
Raw materials and consumables used		(114,621)	(55,653)
Employee benefits expense	1.2	(26,270)	(13,165)
Advertising and promotion expenses		(5,874)	(3,310)
Freight and delivery expenses		(9,912)	(4,148)
Depreciation and amortisation expenses	1.2	(5,315)	(2,391)
Occupancy and storage costs ¹		(1,218)	(395)
Foreign exchange gain/(loss)		404	(186)
Other gains and losses		30	–
Other expenses		(12,931)	(5,193)
Other income	1.2	3,183	268
Finance costs	1.2	(653)	(121)
Profit before tax		18,615	9,751
Income tax expense	1.7	(5,118)	(2,983)
Profit for the year		13,497	6,768
Earnings per share			
Basic (cents per share)	4.2	14.2	7.1
Diluted (cents per share)	4.2	14.0	7.0

The consolidated statement of profit or loss should be read in conjunction with the notes to the financial statements.

1. Includes additional storage costs arising from supply chain constraints.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2022

	12 months to 30 June 2022 \$'000	6 months to 30 June 2021 \$'000
Profit for the year/period	13,497	6,768
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net change in the fair value of cash flow hedges taken to equity	(86)	1,810
Exchange differences on translation of foreign operations	(691)	(84)
Other comprehensive income/(loss) for the year/period, net of tax	(777)	1,726
Total comprehensive income for the year/period attributable to the owners of Shriro Holdings Limited	12,720	8,494

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

	Note	30 June 2022 \$'000	30 June 2021 \$'000
Current assets			
Cash and cash equivalents	1.6	12,869	17,313
Trade and other receivables	2.1	33,667	32,052
Inventories	2.2	41,216	34,563
Other assets	2.3	1,156	979
Current tax receivable		156	2,094
Derivative receivable		692	527
Total current assets		89,756	87,528
Non-current assets			
Right-of-use assets	3.2	5,575	9,078
Plant and equipment	3.1	4,999	5,619
Deferred tax assets	1.7	5,597	5,928
Total non-current assets		16,171	20,625
Total assets		105,927	108,153
Current liabilities			
Trade and other payables	2.4	22,523	20,177
Lease liability	3.2	3,313	3,643
Current tax liabilities		371	1,247
Provisions	2.5	5,613	5,530
Derivative payable		1,042	388
Total current liabilities		32,862	30,985
Non-current liabilities			
Lease liability	3.2	4,221	8,629
Provisions	2.5	1,710	2,356
Total non-current liabilities		5,931	10,985
Total liabilities		38,793	41,970
Net assets		67,134	66,183
Equity			
Issued capital	4.1	95,178	94,617
Retained earnings	4.4	50,730	48,676
Reserves	4.5	(78,774)	(77,110)
Total equity		67,134	66,183

The consolidated statement of financial position should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

	Issued capital \$'000	Group Reorgan- isation Reserve \$'000	Cash Flow Hedging Reserve \$'000	Foreign Currency Translation Reserve \$'000	Equity Settled Benefits Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 January 2021	94,617	(78,585)	(1,958)	1,782	(328)	45,712	61,240
Profit for the period	–	–	–	–	–	6,768	6,768
Other comprehensive income for the period	–	–	1,810	(84)	–	–	1,726
Total comprehensive income/(loss)	–	–	1,810	(84)	–	6,768	8,494
Dividends paid	–	–	–	–	–	(3,804)	(3,804)
Share-based payments reserve	–	–	–	–	253	–	253
Balance at 30 June 2021	94,617	(78,585)	(148)	1,698	(75)	48,676	66,183
Profit for the year	–	–	–	–	–	13,497	13,497
Other comprehensive income for the year	–	–	(86)	(691)	–	–	(777)
Total comprehensive income/(loss)	–	–	(86)	(691)	–	13,497	12,720
Dividends paid	–	–	–	–	–	(11,443)	(11,443)
Share-based payments reserve	561	–	–	–	(887)	–	(326)
Balance at 30 June 2022	95,178	(78,585)	(234)	1,007	(962)	50,730	67,134

The consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

	Note	12 months to 30 June 2022 \$'000	6 months to 30 June 2021 \$'000
Cash flows from operating activities			
Receipts from customers		209,002	108,139
Receipts from other income		14	–
Payments to suppliers and employees		(193,567)	(95,538)
Government subsidies received		1,145	
Finance costs paid		(653)	(428)
Income taxes paid		(3,726)	(4,898)
Net cash provided by operating activities	1.6.2	12,215	7,275
Cash flows from investing activities			
Proceeds from sale of plant and equipment		127	23
Payment for plant and equipment		(1,911)	(2,037)
Net cash used in investing activities		(1,784)	(2,014)
Cash flows from financing activities			
Payments for the principal portion of lease liabilities		(3,459)	(1,720)
Dividends paid		(11,443)	(3,804)
Net cash used in financing activities		(14,902)	(5,524)
Net decrease in cash and cash equivalents		(4,471)	(263)
Cash and cash equivalents at the beginning of the financial year/period		17,313	17,569
Effects of exchange rate changes on cash		27	7
Cash and cash equivalents at the end of the financial year/period	1.6.1	12,869	17,313

The consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

BASIS OF PREPARATION

Statement of compliance

The financial statements comprise the consolidated financial statements of the Group and were authorised for issue by the Directors on 29 August 2022 in accordance with a resolution of the directors. Shriro is a for-profit company limited by shares incorporated in Australia whose share are publicly traded on the Australian Securities Exchange (ASX). The nature of operations and principal activities of the Group are to market and distribute kitchen appliances and consumer goods to Australian, New Zealand and international customers.

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by the IASB.

Basis of preparation

On 27 August 2020, the Directors notified the Australian Securities Exchange that the Company's financial year end will be changed from 31 December to 30 June. These financial statements have been prepared for the twelve-month period ('year') 1 July 2021 to 30 June 2022 and as the 30 June 2021 Statement of Profit or Loss relates to a transitional six-month period ('period'), comparison cannot be performed.

The consolidated financial statements have been prepared on the basis of historical cost, except for the measurement of derivative financial instruments and share based payment transactions, which have been measured at fair value. The financial statements are presented in Australian dollars with all values rounded to the nearest thousand dollars unless otherwise stated in accordance with ASIC *Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*.

Fair value measurement

The Group measures financial instruments such as derivatives, at fair value at each balance sheet date. Transactions within the scope of AASB 2 *Share Based Payments* are measured at fair value in accordance with the guidance in that standard.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Shriro Holdings Limited and its subsidiaries ('the Group') at, and for the year ended, 30 June 2022 (2021: six-month period ended 30 June 2021). Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and can use its power to affect those returns through its power over the investee.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial information of the subsidiaries is prepared for the same reporting period as the parent, using consistent accounting policies. Intra-group balances and transactions arising from intra-group transactions are eliminated.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

1. TRADING OPERATIONS

1.1 Revenue

	12 months to 30 June 2022 \$'000	6 months to 30 June 2021 \$'000
Revenue from continuing operations consisted of the following items:		
Sale of goods	191,792	94,045
	191,792	94,045

Accounting policy

Sale of goods

Revenue is measured based on the consideration specified in a contract with a customer and is recognised when performance obligations are satisfied.

The Group identifies a contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration; allocates the transaction price to the separate performance obligations and recognises revenue when or as each performance obligation is satisfied.

The Group's contracts generally include one performance obligation, and revenue from the sale of products is recognised at the point in time when the product is delivered to a customer, or when control of the product delivery passes to a customer. Revenue is recognised in a manner which depicts transfer of control to a customer at the amount that reflects consideration the business expects to be entitled to in exchange for those goods. Sales to local (Australian or New Zealand) customers are usually recognised when goods are delivered and sales to international customers are recognised based on the international commercial terms products are shipped under, which tends to be when goods are loaded onto a ship, thus the sale is recognised at bill of lading date.

Revenue is recognised net of discounts, rebates, customer returns and other customer allowances. Revenue is recognised net of the amount of goods and services tax.

Notes to the Financial Statements continued

Key estimates and judgments

The Group provides volume rebates and other discounts to certain customers. Revenue is recorded based on the consideration specified in the sales contracts or terms, net of the estimated discount or rebate at the time of sale. These rebates and discounts are considered in determining the transaction price of a contract and are considered variable consideration. The Group estimates discounts and rebates to be the most likely amount a customer will claim based on the terms and conditions in the contract. Historical data (last payment and sales history), forecast sales and customer experience is used to estimate and provide for the discounts and rebates based on anticipated purchases.

In recognising revenue from the sale of goods, the Group also considers its historical experience with sales returns and applies judgement to determine if its 'highly probable' that a reversal of revenue will arise in the future.

1.2 Profit for the period

	12 months to 30 June 2022 \$'000	6 months to 30 June 2021 \$'000
Profit before tax has been arrived at after charging the following expenses and receiving the following income:		
Depreciation of plant and equipment	2,239	949
Depreciation of right-of-use assets	3,076	1,442
Employee benefits expense:		
LTIP share based payments	94	253
Termination benefits expense/(accrual reversal)	(195)	298
Other employee benefits	26,371	12,614
Impairment/(write-back) of trade receivables	458	(36)
Finance costs		
Interest expenses	79	64
Bank charges	193	60
Interest expense/(income) on lease liabilities	381	(3)
Other income		
Government grants ¹	(1,145)	–
Insurance proceeds ²	(677)	–

Accounting policy

Government grants

Government grants are not recognised until there is reasonable assurance the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

1. New South Wales Government JobSaver subsidies.

2. This includes proceeds from a cyber insurance claim with respect to the cyber incident in July 2021. The total claim was \$975,000 whereby \$662,617 was received by Shriro and the balance of \$312,383 paid directly to other parties.

1.3 Segment information

1.3.1 Primary operating segments

Operating segments are reported in a manner which is consistent with the internal reporting provided to the chief operating decision makers ('CODM'). The CODM has been identified as the Board of Directors of the Company. The internal reports reviewed by the CODM, which are used to evaluate the financial performance of the Group and make strategic decisions on at least a monthly basis, are separated into the Group's primary operating segments. Segment results are evaluated on a profit after tax and earnings before interest, tax and depreciation and amortisation basis. Geographical operating segments are based on the location of the customer.

- **Australia**
Home appliances, watches, calculators, electronic musical instruments, and barbeques
- **New Zealand**
Home appliances, watches, calculators, electronic musical instruments, barbeques, and audio equipment
- **Rest of the world**
Heaters, fans, barbeques, and accessories

No single customer represents greater than 10% of the Group's revenue (2021: nil).

The information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

	Australia \$'000	New Zealand \$'000	Rest of the world \$'000	Total \$'000
12 months to 30 June 2022				
Revenue from ordinary activities	129,067	48,828	13,897	191,792
Earnings before interest, tax, depreciation and amortisation	20,742	5,808	(1,968)	24,582
Depreciation and amortisation expense	(4,169)	(1,101)	(45)	(5,315)
Profit before interest and income tax	16,574	4,707	(2,013)	19,268
Interest expense				(653)
Profit before income tax				18,615
Income tax expense				(5,118)
Net profit after income tax				13,497
Segment assets	72,095	29,947	3,885	105,927
Segment liabilities	25,668	12,043	1,082	38,793
	Australia \$'000	New Zealand \$'000	Rest of the world \$'000	Total \$'000
6 months to 30 June 2021				
Revenue from ordinary activities	62,168	22,681	9,196	94,045
Earnings before interest, tax, depreciation, and amortisation	8,689	3,332	242	12,263
Depreciation and amortisation expense	(1,853)	(518)	(20)	(2,391)
Profit before interest and income tax	6,836	2,814	222	9,872
Interest expense				(121)
Profit before income tax				9,751
Income tax expense				(2,983)
Net profit after income tax				6,768
Segment assets	81,813	24,591	1,749	108,153
Segment liabilities	31,703	9,376	891	41,970

Notes to the Financial Statements continued

Accounting policy

Segment assets and liabilities

Segment assets and liabilities represent those working capital and non-current assets and liabilities which are located in the respective segments. If items of revenue and expense are not allocated to operating segments, then any associated assets and liabilities are not allocated to segments either.

Intersegment transactions

The price of an intersegment transaction is determined on an arm's length basis. These transactions are eliminated on consolidation and are not material to individual segments, so have not been excluded from the segment revenue and profit before income tax.

Corporate charges

Corporate charges are reported in the Australian segment. Net finance costs are not allocated to segments as the Group's financing function is centralised through its Group finance function.

1.4 Key impacts on operations

Government mandated lockdowns impacted the Group's results for the first half of the financial year. During this period the majority of Shriro's customers were impacted by lockdowns in Australia and New Zealand. The impact on profits is subjective, hence is not quantified. Shriro government grants of \$1.1m which offset staff costs who remained fully employed during the period of these lockdowns.

Supply chain constraints also impacted the Group's operations with product, container and freight costs increasing during the period. The Group has strategically increased its inventory holdings to circumvent these constraints. This resulted in excess stock and additional storage costs temporarily during the Government mandated lockdowns in New Zealand during the first half of the financial year.

The Group has considered internal and external indicators of impairment, including COVID-19, and determined an analysis of impairment was not required given the Group is cash generative and profitable. However, the outcome and impact of any future COVID-19 wave on results is uncertain.

1.5 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements and use estimates in applying accounting policy and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue, and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities the next financial year are outlined in their respective notes. Key items include the recognition of variable consideration with respect to revenue recognition (note 1.1), inventory obsolescence (note 2.2) and other provisions (note 2.5). Other judgements, estimates and assumptions associated with specific events that arose during the current period are discussed below.

Gain or loss on exit of Blanco distribution

During the reporting period on 1 May 2022, the Group completed the exit of the Blanco distribution business whereby the displays, vehicles, inventory, and associated obligations such as warranty obligations were handed over to Blanco Australia Pty Ltd ('Blanco') as part of the Deed of Transition and Termination.

The consideration for these assets and assumed liabilities amount to \$6.4 million. At present the majority has been settled by Blanco Australia Pty Ltd whilst a portion remains unsettled and is under dispute by Blanco Australia Pty Ltd. Subsequent to year end management has continued to discuss and evaluate the positions put forward by Blanco Australia Pty Ltd. Legal advice has been sought and utilised to evaluate the position of both entities.

Notwithstanding the strength of the contract and position taken by the Company in line with the agreed contract, the Group has been prudent and accounted for this accordingly.

A discontinued operation is a component of the Group that represents a separate major line of business that is part of a disposal plan. The result of the exit of this distribution agreement is not considered a discontinued operation, and therefore there is no requirement to separately present the effects of the sale in the Consolidated statement of profit and loss. At the half year on 31 December 2021, the non-current assets were presented as assets and liabilities held for sale and classified accordingly.

In the current year, management has applied judgement over the recoverability over the contractual amount billed at year end but not yet recovered as a result of the dispute that has arisen in relation to certain assets sold and the warranty obligations to be assumed by Blanco Australia Pty Ltd.

Given the finalisation of the matter is yet to be determined and the final contract proceeds remain challenged and uncertain, any changes to the position associated with this transaction will impact the Group's future profit or loss. Furthermore, the calculation of the associated tax impact of the transaction for the current financial year will include similar uncertainty. The calculations include the use of estimation and judgement.

1.6 Notes to the Statement of Cash Flows

1.6.1 Cash and cash equivalents

Accounting policy

Cash and cash equivalents consist of cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are considered to be financing activities as they are used interchangeably to fund the operations and are not repayable on demand.

	30 June 2022 \$'000	30 June 2021 \$'000
Cash and bank balances	12,869	17,313

Cash and cash equivalents at the end of the reporting year/period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

1.6.2 Reconciliation of profit for the year/period to net cash flows from operating activities

	12 months to 30 June 2022 \$'000	6 months to 30 June 2021 \$'000
Profit for the year/period	13,497	6,768
Add non-cash and non-operating cash items:		
Depreciation and amortisation	5,315	2,391
Impairment of right-of-use asset	–	–
Net (gain)/loss on disposal of assets	(30)	(10)
LTIP rights share based payments expense	(887)	253
Equity-settled share based payments	561	–
Other	–	(61)
Changes in assets and liabilities:		
(Decrease)/Increase in trade and other payables	1,542	(1,628)
Increase/(decrease) in provisions	(564)	185
Decrease/(increase) in inventory	(6,654)	2,305
Decrease/(increase) in trade receivables	(2,270)	2,027
(Increase)/decrease in other current and financial assets	313	(3,041)
(Decrease)/Increase in tax assets/liabilities	1,392	(1,914)
Net cash provided by operating activities	12,215	7,275

Overdraft facilities and working capital facilities are considered to be financing activities as they are used interchangeably to fund the operations and are not repayable on demand.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

Notes to the Financial Statements continued

1.7 Income tax

1.7.1 Income tax recognised in profit or loss

Income taxes relating to continuing operations:

	12 months to 30 June 2022 \$'000	6 months to 30 June 2021 \$'000
Current tax		
In respect of the current year/period	4,878	2,807
In respect of prior years/period	(128)	–
	4,750	2,807
Deferred tax		
In respect of the current year/period	411	176
In respect of prior years/period	(43)	–
Total deferred tax expense	368	176
Total income tax expense recognised in the current period relating to continuing operations	5,118	2,983

The total income tax expense as shown in the consolidated statement of profit or loss and other comprehensive income differs from the prima facie income tax attributable to earnings.

The differences are reconciled to the accounting profit as follows:

	12 months to 30 June 2022 \$'000	6 months to 30 June 2021 \$'000
Profit before tax from continuing operations	18,615	9,751
Prima facie income tax expense calculated at the Parent Entity's tax rate of 30% (2021: 30%)	5,584	2,925
Tax effect of:		
Non-deductible expenditure	275	116
R&D tax incentive	(195)	–
Foreign tax rate adjustment due to differences in tax rates	(91)	(55)
Cash payments to employee share trust	(294)	–
Other	10	(3)
Total tax expense	5,289	2,983
Adjustments recognised in the current period in relation to the tax of prior years	(171)	–
Income tax attributable to profit	5,118	2,983

Accounting policy

Current Tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the consolidated statement of profit and loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using rates that have been enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilised. Management is required to make an estimate about the availability of future taxable profits. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Offsetting tax balances

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities. The deferred tax assets and liabilities must relate to the same taxable entity, relate to income taxes levied by the same taxation authority and the Group must intend to settle its current tax assets and liabilities on a net basis.

1.7.2 Deferred Tax Balances

The deferred tax expense above is itemised as follows:

	Opening balance \$'000	Recognised in total comprehensive income \$'000	Closing balance \$'000
30 June 2022			
Deferred tax assets			
Plant and equipment	(87)	82	(5)
Prepayments	12	(13)	(1)
Superannuation payable	57	(8)	49
Provisions	5,846	(593)	5,253
Credit loss allowance	52	148	200
Sub-total	5,880	(384)	5,496
Cash flow hedges ³	48	53	101
Net deferred tax asset	5,928	(331)	5,597

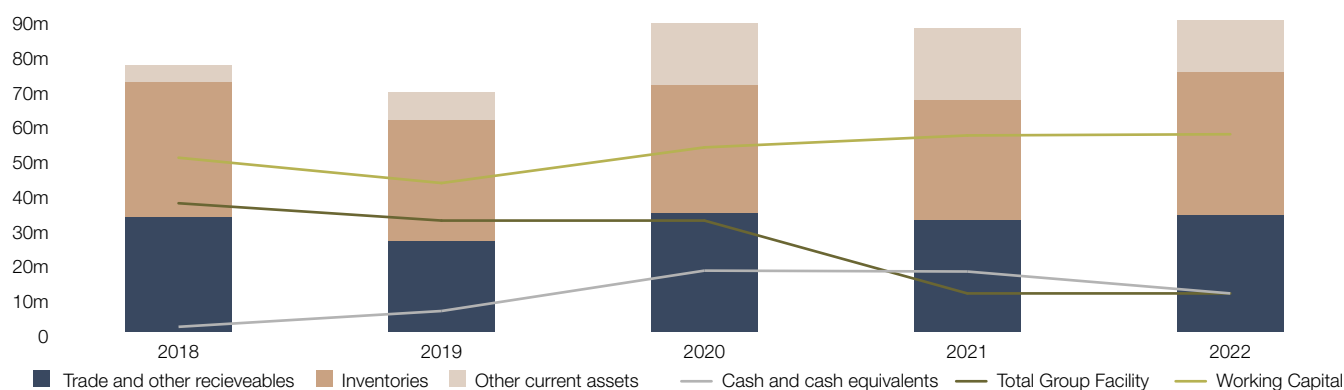
3. Australian cash flow hedges tax movement was recognised in other comprehensive income.

Notes to the Financial Statements continued

	Opening balance \$'000	Recognised in total comprehensive income \$'000	Closing balance \$'000
30 June 2021			
Deferred tax assets			
Plant and equipment	277	(364)	(87)
Prepayments	(11)	23	12
Superannuation payable	62	(5)	57
Provisions	5,562	284	5,846
Credit loss allowance	63	(11)	52
Sub-total	5,953	(73)	5,880
Cash flow hedges ⁴	319	(271)	48
Net deferred tax asset	6,272	(344)	5,928

2. WORKING CAPITAL

Working Capital: Total current assets versus total current liabilities



*Working capital is calculated as total current assets less total current liabilities.

2.1 Trade and other receivables

	30 June 2022 \$'000	30 June 2021 \$'000
Trade receivables (net of discounts and rebates)	31,561	29,807
Credit loss allowance	(646)	(184)
	30,915	29,623
Other debtors	2,752	51
Trade receivables	33,667	29,674
GST receivable	–	2,378
Trade and other receivables	33,667	32,052
Age of receivables that are past due:		
60–90 days	26	55
90+ days	446	113
Total	472	168

4. Australian cash flow hedges tax movement was recognised in other comprehensive income.

Movement in the allowance for credit loss

	30 June 2022 \$'000	30 June 2021 \$'000
Balance at beginning of the year/period	(184)	(220)
Impairment loss recognised	(472)	–
Impairment loss reversed	9	36
Foreign exchange movement	1	–
Balance at the end of the year/period	(646)	(184)

Accounting policy

Trade receivables are initially recognised at invoice value (fair value) and subsequently measured at amortised cost, less allowance for expected credit losses. Trade receivables are reduced by a provision for rebates not yet paid to customers, which forms part of the trade and other receivables balance. The rebate provision is reviewed at the end of each period based on historical data and analysis.

The average credit period on sales of goods is 45 days. No interest is charged on trade receivables. The Group has applied the expected credit loss model whereby expected lifetime losses are recognised from initial recognition of the receivables.

A provision matrix is calculated based on historic credit losses, adjusted for any material expected changes to the future credit risk. The adjustment for expected changes in credit risk is determined based on management's knowledge of the Group's customers and analysis of the market risk, specifically the ageing of debtors and history of losses.

The matrix used to calculate the allowance for credit loss at 30 June 2022 is as follows:

	Receivables \$'000	Allowance based on historic credit losses	Adjustment for expected changes in credit risk	Credit loss allowance \$'000
Current	4,182	0.02%	0.36%	26
0 – 30 days	16,258	0.02%	3.03%	497
31 – 60 days	9,050	0.04%	0.50%	49
61 – 90 days	865	0.18%	0.71%	8
90+ days	1,206	2.77%	2.81%	66
Total receivables	31,561			646

The matrix used to calculate the allowance for credit loss at 30 June 2021 is as follows:

	Receivables \$'000	Allowance based on historic credit losses	Adjustment for expected changes in credit risk	Credit loss allowance \$'000
Current	1,781	0.03%	0.67%	12
Sum of 0 – 30 days	13,672	0.03%	0.34%	51
Sum of 31 – 60 days	10,638	0.07%	0.34%	44
Sum of 61 – 90 days	2,779	0.64%	0.41%	29
Sum of 90+	804	4.13%	1.42%	48
Total receivables	29,674			184

Notes to the Financial Statements continued

2.2 Inventories

	30 June 2022 \$'000	30 June 2021 \$'000
Finished goods	33,352	29,912
Stock in transit	10,135	7,075
Allowance for inventory obsolescence	(2,271)	(2,424)
Total inventories	41,216	34,563

The cost of inventories recognised as an expense during the period in respect of continuing operations was \$114,621,000 (2021: \$55,653,000).

Stock aged over 3 years amounts to 2.8% (2021: 3.2%) of the inventory balance.

Accounting policies

Inventory on hand is valued at the lower of cost and net realisable value using the weighted average cost method and includes all costs associated with its acquisition. Inventory in transit is valued at the lower of cost and net realisable value.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Key estimates and judgments

Determining the net realisable value of inventory and allowance for inventory obsolescence requires an estimate of a future sale price of inventory. In making this estimate, judgements using recent sales experience, the aging of inventories and assessment of the salability of products are made to estimate the value of the inventory.

2.3 Other assets

	30 June 2022 \$'000	30 June 2021 \$'000
Prepayments	1,156	979

2.4 Trade and other payables

	30 June 2022 \$'000	30 June 2021 \$'000
Trade payables	12,874	13,912
Accrued liabilities	6,956	3,870
Employee related payables	1,288	1,908
GST Payable	1,405	487
	22,523	20,177

The majority of trade payables relate to purchases of inventory from Asia and Europe. The average credit period on purchases from Asia is 45 days and for Europe, 90 days. The Group has financial risk management policies in place to ensure that all payables are paid as and when they fall due.

Accounting policy

Trade and other payables, including accruals, are recorded when the Group is required to make future payments as a result of purchases of goods or services. Trade and other payables are carried at amortised cost.

2.5 Provisions

	30 June 2022 \$'000	30 June 2021 \$'000
Employee benefits	4,185	3,607
Other provisions	3,138	4,279
	7,323	7,886
Current	5,613	5,530
Non-current	1,710	2,356
	7,323	7,886

	Provision for warranty \$'000	Make good \$'000	Total \$'000
Other Provisions			
Balance at 1 July 2021	2,973	1,306	4,279
Additional provision recognised	(750)	(372)	(1,122)
Foreign exchange movement	(10)	(9)	(19)
Closing balance	2,213	925	3,138

Accounting policies

Provisions are recognised for present obligations (legal, equitable or constructive) to make future payments (or other transfer of value) to other entities due to past transactions or events. They are recognised only when it is probable the liability will arise and when a reliable estimate can be made of the amount. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax risk-free rate plus, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee benefits

A liability is recognised for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date. The discount rate adopted is the high-quality corporate bond rate.

Warranty

The provision for warranty claims represents the present value of the best estimate of the future sacrifice of economic benefits that will be required under the Group's warranty program. The estimate has been made based on historical warranty trends and other events affecting product quality discounted to present value with the exclusion of net margin on spares sold.

The Group sells goods or services to a client and provides a formal warranty or guarantee that any defects will be repaired or rectified and provides assurance that the product complies with agreed-upon specifications. A provision is recorded for the related liability to an amount of the expected costs to be incurred for repair and rectification.

The Group provides warranties ranging from two to five years.

Make good

The provision for make-good represents management's best estimate of future cash outlays required to refit leased premises in line with the requirements of each lease agreement.

Notes to the Financial Statements continued

Key estimates and judgments

Warranty provision

In determining the level of provision required for warranties, the Group has made judgments in respect of the products, the number of customers who will make a warranty claim and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

2.6 Financial risk management

The Group has four significant categories of financial instruments which are described below together with the accounting policies and risk management processes which are utilised:

a. Cash and cash equivalents

The Group deposits its cash and cash equivalents with Australian, New Zealand and US banks. Funds can be deposited in cheque accounts and cash management accounts. On call cash accounts are the only allowable investment instruments authorised for use.

b. Trade and other receivables

The Group has a credit risk policy to protect against the risk of debtor default. The majority of the Group's debtors are long-term customers and are large Australian corporations where credit risk is generally lower. New customers are assessed for credit risk using credit references and reports from credit agencies.

The Group holds an active credit insurance policy which, at the reporting date, provided coverage for 90% of the balance for insured debtors with a balance equal to or greater than \$30,000 and above. The maximum exposure under this policy is 10% of the irrecoverable amount.

c. Bank guarantees and letters of credit

The Group uses bank guarantees to customers, and letters of credit to suppliers in lieu of cash retention.

d. Trade and other payables

Trade and other payables are denominated in Australian, US and New Zealand dollars, Euro and Yen. Exposure to exchange rate fluctuations is hedged through foreign currency forward contracts.

e. Foreign currency forward contracts

The Group hedges its cash flows by using forward exchange contracts to minimise the impacts of currency movements. Foreign currency forward contracts, which are used in the normal course of day-to-day business to hedge exposure to fluctuations in foreign exchange.

Foreign currency forward contracts are measured and recognised at fair value in accordance with level 2 of the fair value measurement hierarchy.

Categories of financial instruments

	30 June 2022 \$'000	30 June 2021 \$'000
Financial assets		
Cash and cash equivalents	12,869	17,313
Trade and other receivables	33,667	32,052
Forward exchange contracts receivable	692	527
Financial liabilities		
Trade and other payables	22,523	20,177
Forward exchange contracts payable	1,042	388

The fair value of the financial assets and financial liabilities are considered to approximate their carrying amounts.

Loans and receivables

Trade receivables, loans, and other receivables that are held within a business model whose objective is to hold financial assets to collect contractual cash flows; and have contractual terms which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are classified as 'loans and receivables'. Loans and receivables are recognised and derecognised on a trade date basis.

All loans and receivables are measured subsequently in their entirety at amortised cost. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

Financial risk management objectives

The Group's exposure to market risk is mainly arising from interest rate risk, foreign currency risk, operating expenditure risk and price risk (sales and margin).

Key sensitivities

	Impact on NPAT \$'000	Impact on NPAT %
Sales (+/- 1%)	283	2.1%
Gross profit margin (+/- 1%)	1,391	10.3%
Other operating costs (+/- 1%)	435	3.2%
AUD/NZD (+/- 5%)	226	1.7%

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

It is the policy of the Group to enter into forward foreign exchange contracts to manage the risk associated with anticipated purchase transactions out to 9 months with 80% of the expected exposure hedged and to increase this to 100% where there are specific foreign currency payments and receipts.

Forward foreign exchange contracts

The Group's exposure through forward contract foreign currency hedges fair valued at the reporting date was as follows:

Outstanding contracts maturity profile

	30 June 2022 \$'000	30 June 2021 \$'000
Buy Currency:		
Less than 3 months	5,489	22,010
3 to 6 months	15,162	16,168
Greater than 6 months	8,294	13,056
Sell Currency:		
Less than 3 months	2,614	804
3 to 6 months	—	—
6 to 9 months	—	1,944

Notes to the Financial Statements continued

	30 June 2022 \$'000	30 June 2021 \$'000
Buy Currency:		
AUD	1,181	1,812
EURO	5,633	13,101
JPY	11,951	18,776
USD	10,180	17,546
Sell Currency:		
USD	2,614	804
NZD	–	1,944

Forward foreign exchange contract derivatives are carried on the balance sheet at fair value and are included in level 2 of the fair value hierarchy (refer to basis of preparation notes). There have been no transfers between the levels in the fair value hierarchy (2021: none).

Liquidity risk management

The Group is exposed to liquidity risk primarily from its core operating activities and the subsequent ability to meet its obligations to repay financial liabilities when they fall due. The Group's objective is to maintain liquidity within the outputs of core operations, without relying on external debt. The Group manages liquidity risk by continually monitoring cash balances and maintaining access uncommitted banking facilities.

The following table details the Group's remaining contractual maturity of its non-derivative financial liabilities. The table summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and the earliest date at which the Group can be required to pay and includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	> 5 years \$'000	Total \$'000
2022						
Trade and other payables	0.0%	19,311	1,806	–	–	21,117
Lease liabilities	5.45%	875	2,448	4,181	–	7,504
2021						
Trade and other payables	0.0%	17,682	2,008	–	–	19,690
Lease liabilities	3.8%	1,015	3,050	8,712	443	13,220

Interest rate sensitivity analysis

The sensitivity analysis has been determined based on exposure to interest rates for cash and cash equivalents that were subject to interest rate fluctuations at the reporting date. At reporting date, if interest rates had been 1% higher or lower and all other variables were held constant, the Group's profit or loss before tax would not change as the group did not have any debt and would be unlikely to receive much interest should rates increase by 1% (2021: \$167,000).

Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2017. The capital structure of the Group consists of cash at bank, a borrowing facility (borrowings as detailed in note 3.3) and equity of the Group (comprising issued capital, reserves, retained earnings as detailed in notes 4.1, 4.4 and 4.5).

The Group is not subject to any externally imposed capital requirements.

Accounting policy

Financial assets and financial liabilities are recognised when a Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.6.1 Financial assets

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Loans and receivables

All loans and receivables are measured subsequently in their entirety at either amortised cost. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Trade receivables are regularly reviewed, and the Group applies the simplified expected credit loss model as per AASB 9.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Notes to the Financial Statements continued

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

2.6.2 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss ('FVTPL') or 'other financial liabilities'.

Derivative financial instruments

The Group enters a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including forward foreign exchange contracts. Shriro will agree on a price with a customer then hedge its currency exposure on the cost of goods sold to ensure it has certainty on its gross margin.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives are classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months after the reporting period and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months after the reporting period.

Hedge accounting

Hedges of foreign exchange risk on firm commitments are designated as cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other expenses or other income.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the income statement as the recognised hedge item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. However, if all or a portion of a loss recognised directly in equity is not expected to be recovered in one or more future periods, the amount that is not expected to be recovered is recognised immediately in the profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Hedge Strategy

Shriro reports internally on all outstanding foreign purchase orders already placed with suppliers. Shriro hedges all confirmed purchase orders and will also cover up to 80% of the remaining outstanding forecast purchases not yet ordered for between 3 months to 9 months. Shriro also holds between 4 to 6 months stock which acts like a natural hedge. The hedging of currency gives Shriro time to react should the Australian dollar depreciation against the USD, YEN, NZD, or EUR.

3. INVESTMENT AND FINANCING

3.1 Plant and equipment

	Leasehold improve- ment \$'000	Plant and equipment \$'000	Fixtures and fittings \$'000	Office equipment \$'000	Motor vehicles \$'000	Display assets \$'000	Total \$'000
30 June 2022							
Cost	1,902	4,527	381	4,809	1,348	9,433	22,400
Accumulated depreciation and impairment	(1,189)	(3,136)	(239)	(4,160)	(845)	(8,204)	(17,773)
Plant and equipment	713	1,391	142	649	503	1,229	4,627
Capital work in progress	–	–	–	–	–	–	372
							4,999
Movement cost:							
At 30 June 2021	1,963	4,152	377	4,338	1,443	10,050	22,323
Additions	–	389	12	492	237	780	1,910
Disposals	(40)	–	–	–	(311)	(1,378)	(1,729)
Foreign exchange movement	(21)	(14)	(8)	(21)	(21)	(19)	(104)
At 30 June 2022	1,902	4,527	381	4,809	1,348	9,433	22,400
Movement in accumulated depreciation:							
At 30 June 2021	(934)	(2,723)	(211)	(3,876)	(907)	(8,351)	(17,002)
Depreciation	(273)	(422)	(37)	(305)	(225)	(977)	(2,239)
Disposals	4	–	–	–	269	1,109	1,382
Foreign exchange movement	14	9	9	21	18	15	86
At 30 June 2022	(1,189)	(3,136)	(239)	(4,160)	(845)	(8,204)	(17,773)

Notes to the Financial Statements continued

	Leasehold improve- ment \$'000	Plant and equipment \$'000	Fixtures and fittings \$'000	Office equipment \$'000	Motor vehicles \$'000	Display assets \$'000	Total \$'000
30 June 2021							
Cost	1,963	4,152	377	4,338	1,443	10,050	22,323
Accumulated depreciation and impairment	(934)	(2,723)	(288)	(3,876)	(907)	(8,274)	(17,002)
Plant and equipment	1,029	1,429	89	462	536	1,776	5,321
Capital work in progress							298
							5,619
Movement cost:							
At 31 December 2020	1,003	4,110	291	4,099	1,403	9,452	20,358
Additions	962	44	131	242	78	747	2,204
Disposals	–	–	(43)		(34)	(146)	(223)
Foreign exchange movement	(2)	(2)	(2)	(3)	(4)	(3)	(16)
At 30 June 2021	1,963	4,152	377	4,338	1,443	10,050	22,323
Movement in accumulated depreciation:							
At 31 December 2020	(861)	(2,527)	(240)	(3,769)	(817)	(8,061)	(16,275)
Depreciation	(75)	(197)	(14)	(110)	(118)	(435)	(949)
Disposals	–	–	41	–	26	143	210
Foreign exchange movement	2	1	2	3	2	2	12
At 30 June 2021	(934)	(2,723)	(211)	(3,876)	(907)	(8,351)	(17,002)

Accounting policy

Each class of plant and equipment is initially recorded at cost and subsequently reduced by accumulated depreciation and impairment losses.

Cost of plant and equipment includes the fair value of consideration paid, incidental costs directly attributable to bringing the asset to the location and condition necessary for operation, and an estimate of the cost to dismantle the asset.

The residual values, useful lives and depreciation methods of plant and equipment are reviewed, and adjusted if appropriate, at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation

Plant and equipment is depreciated on a straight-line basis over the estimated useful life of the asset, commencing from the time the asset is held and ready for use.

Depreciation is recognised to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:

Asset class	Useful life
Leasehold improvements	Over the lease period
Plant and equipment	2 – 14 years
Fixtures and fittings*	2 – 14 years
Office equipment	2 – 13 years
Motor vehicles	5 – 8 years
Display assets	3 years

* The Group holds a limited number of artworks which are depreciated over 100 years.

Impairment

At the end of each reporting period, the Group reviews the carrying amounts of plant and equipment to determine whether there is an indication an asset is impaired. If an indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

At the end of each reporting period an assessment is made as to whether a previously recognised impairment may no longer exit. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

3.2 Lease arrangements

The Group enters into leases for the use of warehouse and office space in Australia and New Zealand with lease terms of between 1 and 10 years. No lease includes the option to purchase the leased land or buildings at the expiry of the lease term. The Group does not have any short-term leases of less than 1 year.

Notes to the Financial Statements continued

The right-of-use assets and corresponding lease liabilities recognised by the Group are as follows:

	30 June 2022 \$'000	30 June 2021 \$'000
Right-of-use asset	17,683	22,710
Accumulated depreciation	(12,108)	(13,632)
	5,575	9,078
Movement in the cost of the right-of-use asset:		
Opening balance	22,710	20,969
Additions	2,263	1,478
Disposals	(5,592)	–
Lease modification	(1,484)	302
Foreign exchange movement	(214)	(39)
Closing balance	17,683	22,710
Movement in accumulated depreciation and impairment:		
Opening balance	(13,632)	(12,211)
Depreciation	(3,076)	(1,442)
Disposals	4,451	–
Foreign exchange movement	149	21
Closing balance	(12,108)	(13,632)

Payments related to leases recognised as expenses

	30 June 2022 \$'000	30 June 2021 \$'000
Depreciation charge for right-of-use assets	3,076	1,442
Interest expense on lease liabilities	381	3

Lease commitments

Maturity profile of lease liability	30 June 2022 \$'000	30 June 2021 \$'000
Less than 1 year	3,313	3,643
1 – 2 years	2,049	2,682
2 – 5 years	2,172	5,506
5 – 10 years	–	441
Greater than 10 years	–	–

The leases for the warehouses in Chullora, Sydney and Hazelmere, Perth were renegotiated during the year ended 30 June 2022. The changes to the leases are reflected in the additions, disposals, and lease modification items above.

Accounting policy

When the Group enters into a new contract an assessment is undertaken to determine if the contract is, or contains, a lease. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Where a lease includes the option to extend the lease term, the Group considers an option to extend a lease to be reasonably certain when there is a clear economic incentive for extension, such as favourable contractual terms and conditions in the option period compared to market rates or the existence of significant termination costs. Determining the lease term is a key judgement. After the lease commencement, the lease term is reassessed upon the occurrence of a significant event or change in circumstance.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate for a similar asset over a similar term. The incremental borrowing rate requires estimation when it needs to be adjusted to reflect the terms and conditions of the lease.

Lease payments included in the measurement of the Group's lease liabilities compose:

- Fixed lease payments less lease incentives
- Variable lease payments

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liabilities is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised leased payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the lease liability, lease payments made at or before the commencement, initial direct costs, and an estimate of the costs to return the asset to the condition as required by the lease contract (make good costs). Where a lease includes make good costs a provision is also recognised and measured in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the plant and equipment accounting policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line occupancy costs in the statement of profit or loss.

The Group has elected not to use the practical expedient included in AASB 16 *Leases* where a lessee may choose not to separate non-lease components and to account for leases as a single arrangement.

Notes to the Financial Statements continued

3.3 Borrowings

During the financial period ended 30 June 2022, the Group had a non-cash guarantee facility of \$11,000,000. Under the terms of this facility, financial institutions provide guarantees to the Group's suppliers and property owners in the form of Letters of Credit and Bank Guarantees. These Letters of Credit and Bank Guarantees act like insurance and provide assurance to suppliers and property owners that payment up to the amount of the guarantees will be made if certain documentary conditions are met. The Group has no obligation to make any payments under this non-cash facility.

At 30 June 2022 the Group did not have a cash facility in place (2021: nil).

The Group's facilities are denominated in Australian dollars and variable interest rates apply. All assets of the Group have been pledged to secure the borrowings of the Group with one of the Big Four banks.

The facilities have financial covenants relating to fixed charge cover ratio, borrowing base cover ratio and leverage ratio. The Group is compliant with all financial covenants.

	30 June 2022 \$'000	30 June 2021 \$'000
Borrowing facility		
Non-cash guarantees facility	11,000	11,000
Total Group facility	11,000	11,000

	30 June 2022 \$'000	30 June 2021 \$'000
Utilisation of non-cash guarantees facility		
Utilised – non-cash	6,042	6,677
Unutilised limit available for use	4,958	4,323
Total non-cash guarantees facility	11,000	11,000

Accounting policy

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are expensed in the period in which they occur unless they are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, they are capitalised as part of the cost of the asset.

4. SHAREHOLDER EQUITY

4.1 Issued capital

	30 June 2022 \$'000	30 June 2021 \$'000
95,622,139 fully paid ordinary shares (2021: 95,087,500)	95,178	94,617

Date	Details	Value of Shares \$'000	Number of Shares
1 July 2021	Opening balance	94,617	95,087,500
7 March 2022	Issue of shares for LTIP	561	534,639
30 June 2022	Closing Balance	95,178	95,622,139

4.2 Earnings per share

	12 months to 30 June 2022 Cents per share	6 months to 30 June 2021 Cents per share
Basic earnings per share	14.2	7.1
Diluted earnings per share	14.0	7.0

Reconciliation of input used to calculate earnings per share

	12 months to 30 June 2022 Cents per share	6 months to 30 June 2021 Cents per share
Net profit (\$'000)	13,497	6,768
Opening balance of shares for the financial period	95,087,500	95,087,500
Closing balance of shares for the financial period	95,622,139	95,087,500
Weighted average number of ordinary shares used in the calculation of basic earnings per share	95,255,948	95,087,500
Shares deemed to be issued for no consideration in respect of:		
Employee performance rights	1,209,873	1,352,905
Closing number of shares deemed to be issued for the financial period	96,465,821	96,440,405

Accounting policy

Basic and diluted earnings per share is calculated on profit after taxation attributable to members of Shriro and the weighted average number of shares on issue during the period.

4.3 Dividends

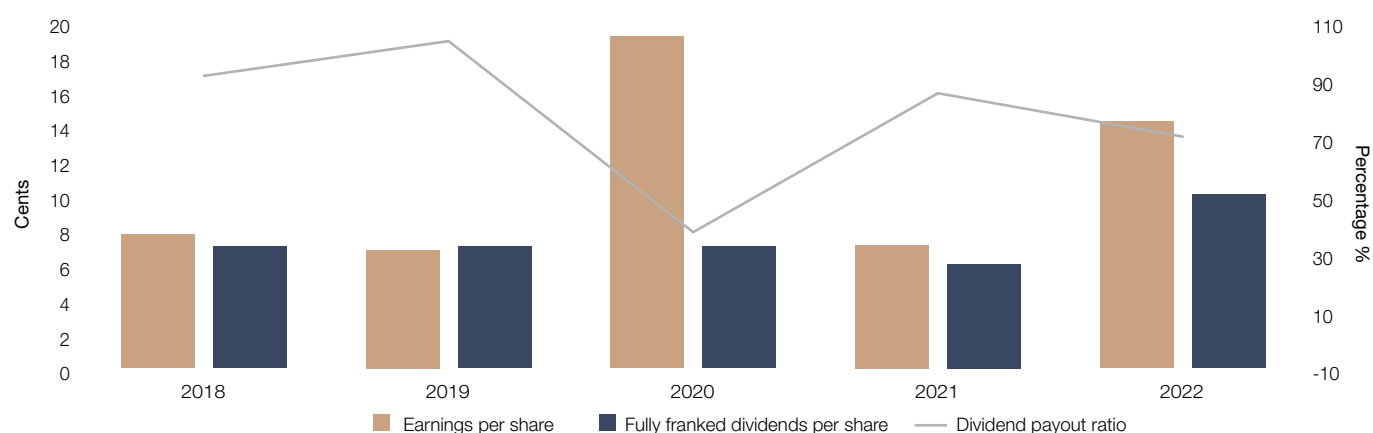
On 25 February 2022, the Directors declared an interim dividend of 6.0 cents per share fully franked with an ex-dividend date of 16 March 2022, record date of 17 March 2022 and payable on 7 April 2022.

On 29 August 2022, the Directors declared a final dividend of 4.0 cents per share fully franked with an ex-dividend date of 8 September 2022, record date of 9 September 2022 and payable on 30 September 2022.

	30 June 2022 \$'000	30 June 2021 \$'000
Franking account balance	4,164	5,896

Notes to the Financial Statements continued

Shareholder returns



Dividend payout ratio is calculated as dividend paid divided by basic earnings per share. The years 2018 to 2020 and 2022 have been calculated based on an earnings per share over a twelve-month period while the 2021 balances have been calculated on a six-month period due to Shriro's change in financial year end.

4.4 Retained earnings

	2022 \$'000	2021 \$'000
Balance at beginning of the financial period	48,676	45,712
Profit for the period	13,497	6,768
Dividends paid	(11,443)	(3,804)
Balance at end of financial period	50,730	48,676

4.5 Reserves

	30 June 2022 \$'000	30 June 2021 \$'000
Cash flow hedging reserve	(234)	(148)
Foreign currency translation reserve	1,007	1,698
Equity settled employee benefits reserve	(962)	(75)
Group reorganisation reserve	(78,585)	(78,585)
Balance at end of financial period	(78,774)	(77,110)

4.5.1 Cash flow hedging reserve

	30 June 2022 \$'000	30 June 2021 \$'000
Balance at the beginning of the financial period	(148)	(1,958)
Forward exchange contracts	(86)	1,810
Balance at end of financial period	(234)	(148)

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of financial instruments entered for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss or is included as a basis adjustment to the nonfinancial hedged item, consistent with the relevant accounting policy.

4.5.2 Foreign currency translation reserve

	30 June 2022 \$'000	30 June 2021 \$'000
Balance at the beginning of the financial period	1,698	1,782
Exchange differences arising on translation of foreign operations	(691)	(84)
Balance at end of financial period	1,007	1,698

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

4.5.3 Equity settled employee benefits reserve

	30 June 2022 \$'000	30 June 2021 \$'000
Balance at the beginning of the financial period	(75)	(328)
Relating to share-based payments	(887)	253
Balance at end of financial period	(962)	(75)

Accounting policy

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Director's estimate of equity instruments that will eventually vest with a corresponding adjustment to reserves.

4.5.4 Group re-organisation reserve

	30 June 2022 \$'000	30 June 2021 \$'000
Balance at beginning of financial period	(78,585)	(78,585)
Balance at end of financial period	(78,585)	(78,585)

The Group re-organisation reserve arose from re-organisation of the Group structure at the time of the Initial Public Offering.

5. GROUP STRUCTURE AND KEY MANAGEMENT

5.1 Subsidiaries

The Group owns 100% of the equity holding in the following entities (2021:100%) whose principal activities are as wholesalers of consumer goods and appliances. Along with the Company, they form the assets, liabilities, and results of the consolidated financial statements.

	Country of incorporation and operation
Shriro Australia Pty Limited ⁵	Australia
Monaco Corporation Limited	New Zealand
Shriro USA, INC ⁵	USA

5. This subsidiary is a member of the tax-consolidated group and has entered into a deed of cross guarantee with Shriro Holdings Limited pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785 and are relieved from the requirement to prepare and lodge an audited financial report.

Notes to the Financial Statements continued

5.2 Deed of Cross Guarantee

Under the terms of *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*, certain wholly owned controlled entities have been granted relief from the requirement to prepare audited financial reports. It is a condition of the class order that the Company and each of the relevant subsidiaries enter into a Deed of Cross Guarantee whereby each company guarantees the debts of the companies party to the Deed. The member companies of the Deed of Cross Guarantee are regarded as the 'Closed Group' and identified in note 5.1.

The consolidated statement of profit or loss and other comprehensive income, retained earnings reconciliation and a consolidated statement of financial position, comprising the Company and those controlled entities which are a party to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed are set out below.

	12 months to 30 June 2022 \$'000	6 months to 30 June 2021 \$'000
Statement of Profit or Loss and Other Comprehensive Income		
Revenue from ordinary activities	143,059	71,821
Raw materials and consumables used	(84,067)	(41,913)
Employee benefits expense	(21,041)	(10,378)
Advertising and promotion expenses	(5,107)	(2,886)
Freight and delivery expenses	(7,552)	(3,106)
Depreciation and amortisation expenses	(4,213)	(1,874)
Occupancy and storage costs	431	(160)
Foreign exchange gain/(loss)	378	(186)
Finance costs	(471)	(40)
Other expenses	(10,242)	(4,344)
Other income	2,915	10
Profit before tax	14,090	6,944
Income tax expense	(3,917)	(2,185)
Profit for the year/period	10,173	4,759
Other comprehensive income, net of income tax		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net change in the fair value of cash flow hedges taken to equity	(123)	706
Exchange differences on translation of foreign operations	(88)	(14)
Other comprehensive income for the year/period, net of tax	(211)	692
Total comprehensive income for the year/period attributable to the owners of Shriro Holdings Limited	9,962	5,451

Consolidated Statement of Financial Position	30 June 2022 \$'000	30 June 2021 \$'000
Current assets		
Cash and bank balances	8,190	13,357
Trade and other receivables	25,661	23,212
Inventories	28,966	25,794
Loan to related entities	504	573
Other current assets	1,025	935
Current tax receivable	165	2,094
Derivative receivable	495	401
Total current assets	65,006	66,366
Non-current assets		
Right-of-use assets	3,245	6,301
Property, plant and equipment	3,772	4,316
Deferred tax assets	4,470	4,773
Investments	12,553	12,553
Total non-current assets	24,040	27,943
Total assets	89,046	94,309
Current liabilities		
Trade and other payables	15,550	15,073
Lease liabilities	2,487	3,643
Provisions	4,749	4,731
Derivative payable	864	210
Total current liabilities	23,650	23,657
Non-current liabilities		
Lease liabilities	1,755	4,575
Provisions	1,354	1,983
Total non-current liabilities	3,109	6,558
Total liabilities	26,759	30,215
Net assets	62,287	64,094
Equity		
Issued capital	95,178	94,617
Reserves	(79,810)	(78,712)
Retained earnings	46,919	48,189
Total equity	62,287	64,094

Notes to the Financial Statements continued

5.3 Related party transactions

The ultimate parent entity is Shriro Holdings Limited which is domiciled and incorporated in Australia, and all subsidiaries of the Company are disclosed in note 5.1.

Transactions between companies within the Group during the current and prior period included:

- Purchases and sales of goods and services

Transactions with controlled entities are made on normal commercial terms and conditions and have been eliminated on consolidation and not disclosed in this note.

Compensation and remuneration of KMPs has been disclosed in note 5.5.

During the period the Group made sales to an entity wholly owned by a close family member of the CEO. Total sales for the period were \$20,339 (2021: \$8,956) with a balance owing by the customer at period end of \$2,533 (2021: \$433 owed to the Group). Customer terms and conditions are consistent with other customers of a similar size.

5.4 Parent entity information

The individual financial statements show the following aggregate amounts:

	30 June 2022 \$'000	30 June 2021 \$'000
Financial Position		
Current Assets	165	2,092
Total assets	88,750	90,677
Current liabilities	927	2,648
Total liabilities	927	2,648
Equity		
Issued capital	95,178	94,617
Reserves	(962)	(75)
Accumulated losses	(6,393)	(6,513)
Total equity	87,823	88,029
	12 months to 30 June 2022 \$'000	6 months to 30 June 2021 \$'000
Financial Performance		
Profit for the year/period	11,563	3,615
Total comprehensive income	11,563	3,615

Financial guarantees

Refer to note 3.3 for financial guarantees to banks, financiers, and other persons.

Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities in the Company at 30 June 2022 (2021: nil).

5.5 Directors and key management personnel compensation

The Board of Directors approves on an annual basis the amounts of compensation for Directors (up to the shareholder approved limit) and the CEO and CFO with reference to the Group's performance and general compensation levels in equivalent companies and industries.

Remuneration of Directors and Key Management Personnel

	30 June 2022 \$'000	30 June 2021 \$'000
Short-term employee benefits	2,037	1,192
Long-term employee benefits	103	88
Post-employment benefits	55	28
	2,195	1,308

Accounting policy

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date. The discount rate adopted at 30 June 2022 is the high quality corporate bond rate.

5.6 Share-based payments

5.6.1 LTI Plan

The Company established a Long-Term Incentive Plan ('LTIP') to assist in the motivation, retention, and reward of senior management. The LTIP is designed to align the interests of the executive and senior management with the interests of Shareholders by providing an opportunity for them to receive an equity interest in the Company. Long-term incentives are established under the LTIP.

The LTIP Rules provide flexibility for the Company to grant performance rights, options and/or restricted shares, subject to the terms of individual offers.

Performance rights have been granted to the Chief Executive Officer, Chief Financial Officer and other senior management.

No non-executive director holds any performance rights over the shares in Shriro Holdings Limited.

At 30 June 2022, the Company had two tranches of performance rights on issue, one granted in 2020 and one granted in 2022. The tranche of performance rights issued in 2019 vested during the year ended 30 June 2022.

The 2020 and 2022 tranches vest based on a performance hurdle, the 2020 tranche being an earnings per share (EPS) CAGR and the 2022 tranche being a combination of a target EPS and a relative total shareholder return (rTSR) (50:50 weighting to each measure).

The table below summarises the terms of the tranches:

Performance rights series	Grant date	Grant date fair value	Number granted	Term	Vesting testing
2020 tranche	15/06/2020	\$367,078	818,266	3 years	31/12/2022
2022 tranche	21/12/2021	\$256,503	391,607	3 years	30/06/2024

In the year ended 30 June 2022, the CEO was issued with 208,423 performance rights (2021: nil), the CFO was granted 101,606 performance rights (2021: nil) and other senior management were issued with 81,578 performance rights (2021: nil) in accordance with LTIPs.

The amortised LTIP performance rights recognised in consolidated statement of profit or loss for the period ended 30 June 2022 was \$94,000 (2021: \$253,000).

Notes to the Financial Statements continued

The 2019 tranche vested on Board approval in February 2022 based on the performance period 1 January 2019 to 31 December 2021. At this time the Chief Executive Officer exercised his right and received \$419,377 as a cash payment. The Chief Financial Officer exercised his right and received 202,422 shares in the Company. Other senior management exercised their rights and collectively received 332,217 shares in the Company, of which 66,679 were exercised and received after year end. The Company issued 534,639 shares to settle the obligation.

No director has received any performance rights in the current year, or in previous years.

5.6.2 Fair value of performance rights granted

Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, performance hurdles (including the probability of meeting market conditions attached to the rights), and behavioural considerations.

Performance rights series	Testing hurdle	Grant date fair value	Term	Volatility	Dividend yield	Risk-free interest rate
2020 tranche	EPS CAGR	\$0.45	3 years	N/A	11.97%	3.44%
2022 tranche	Target EPS	\$0.77	3 years	N/A	9.53%	0.93%
2022 tranche	rTSR	\$0.54	3 years	40%	9.53%	0.93%

5.6.3 Performance rights outstanding at the end of the period

The performance rights outstanding at the end of the period had no exercise price and a weighted average remaining contractual life of 1.04 years.

Accounting policy

Equity-settled share-based payments issued to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The approach to value the performance rights is based on the terms and conditions included for each tranche. Where performance rights vest based on a non-market condition the Black Scholes model is used to determine fair value. The Black Scholes model assumes the price of heavily traded assets follows a geometric Brownian motion with constant drift and volatility. When applied to a Performance Right, the model incorporates the constant price variation of the stock, the time value of money, and the time to expiry. Where a Performance Right includes a market condition a Monte Carlo simulation is used to determine the fair value. The Monte Carlo pricing model is a market standard model used to price hurdled schemes, which uses the same underlying option pricing mathematics as the Black Scholes model.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

6. OTHER NOTES

6.1 Remuneration of auditor

	12 months to 30 June 2022 \$'000	6 months to 30 June 2021 \$'000
Amounts received or receivable by Deloitte Touche Tohmatsu for:		
Audit and review of the Group's financial statements	424	150
Non-audit services	—	—
Total auditor remuneration	424	150

The Group engages Deloitte when stringent independence requirements are satisfied to provide other non-audit services where their expertise and experience best qualifies them to provide the appropriate service. In the period ended 30 June 2022, Deloitte was not engaged to undertake non-audit services during the period.

6.2 Commitments and contingencies

There were no capital commitments, contingent liabilities or contingent assets in the Group as at 30 June 2022 (2021: nil).

6.3 Events after the reporting date

During the reporting period on 1 May 2022, the Group completed the exit of the Blanco Distribution business whereby the displays, vehicles, inventory, and associated obligations such as warranty obligations were handed over to Blanco Australia Pty Ltd ('Blanco') as part of the Deed of Transition and Termination.

The consideration for these assets and assumed liabilities amount to \$6.4 million. At present the majority has been settled by Blanco whilst a portion remains unsettled and under dispute by Blanco. Subsequent to year end management has continued to discuss and evaluate the positions put forward by Blanco. Legal advice has been sought and utilised to evaluate the position of both entities.

There has been no other matter or circumstance, occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

6.4 Other accounting policies

Tax consolidation

The Company and its wholly owned Australian resident entities have formed a tax-consolidated group with effect from 23 June 2015 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Shriro Holdings Limited. The members of the tax-consolidated group are Shriro Australia Pty Limited and Shriro USA, Inc.

Tax expenses/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, the Company and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

Under the terms of the tax funding arrangement, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

Foreign exchange

The results and financial position of the Group are expressed in Australian dollars, which is the functional currency and the presentation currency for the consolidated financial statements.

In preparing the financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions hedging certain foreign currency risks (see note 2.6 for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Notes to the Financial Statements continued

For the purpose of presenting the consolidated financial statements, the assets and liabilities of foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average monthly exchange rates during the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Changes to comparative information

Where management has considered appropriate to achieve more relevant and reliable presentation of the Group's financial performance, the presentation of certain items in the financial statements has changed since the prior year. Where this re-presentation of results requires reclassification of comparative amounts, the comparatives have been re-presented to achieve more relevant and reliable presentation of comparability.

In the current period, other income was disclosed under note 1.2 rather than note 1.1.

The principle accounting policies adopted are consistent with those of the previous financial year and corresponding current reporting period, except for the policies stated below.

Changes in accounting policies and disclosures

In the current period, the Group has applied several new and revised AASBs issued by the Australian Accounting Standards Board (AASB). These are:

- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2
- AASB 2021-3 Amendments to AASs – Covid-19-Related Rent Concessions beyond 30 June 2021

The application of these new and revised standards has had no material effect on the Group's consolidated financial statements.

Standards and interpretations in issue not yet effective

The Group is in the process of assessing the impact of these new and revised standards, and interpretations, and has not yet reached a determination as to the impact on the accounting policies detailed below.

Standard/Interpretation	Effective for Annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2020-1 Amendments to Australian Accounting Standards (AASs) – <i>Classification of Liabilities as Current or Non-Current</i> and AASB 2020-6 Amendments to AASs – <i>Classification of Liabilities as Current or Non-current</i> – <i>Deferral of Effective Date</i>	1 January 2022 ⁶	30 June 2023
AASB 2020-3 Amendments to AASs – Annual Improvements 2018-2020 and Other Amendments	1 January 2022	30 June 2023
AASB 2021-2 Amendments to AASs – Disclosure of Accounting Policies and Definition of Accounting Estimates:	1 January 2023	30 June 2024
<ul style="list-style-type: none"> • Amendments to AASB 7, AASB 101, AASB 134 and AASB Practice Statement 2 • Amendments to AASB 108 		
AASB 2021-5 Amendments to AASs – <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023	30 June 2024
AASB 2022-1 Amendments to AASs – <i>Initial Application of AASB 17 and AASB 9 – Comparative Information</i>	1 January 2023	30 June 2024
AASB 2014-10 Amendments to AASs – <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> , AASB 2015-10 Amendments to AASs – <i>Effective Date of Amendments to AASB 10 and AASB 128</i> , AASB 2017-5 Amendments to AASs – <i>Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i> , AASB 2021-7 Amendments to AASs – <i>Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i>	1 January 2025	30 June 2026

6. IAASB 2020-6, although itself effective for annual reporting periods beginning on or after 1 January 2022 (the original effective date of AASB 2020-1), has the effect of deferring the mandatory application of those amendments to annual reporting periods beginning on or after 1 January 2023.

DIRECTORS' DECLARATION

The Directors declare that:

- a. in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- b. in the Directors' opinion the attached financial statements are in compliance with International Financial Reporting Standards, as stated in the notes to the financial statements;
- c. in the Directors' opinion, the attached financial statements, and notes thereto, have been prepared in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated Group; and
- d. the Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

At the date of this declaration, the company is within the class of companies affected by ASIC Corporations (Wholly owned Companies) Instrument 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee. In the Directors' opinion, there are reasonable grounds to believe that the company and the companies to which *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* applies, as detailed in note 5.1 to the financial statements will, as a Group, be able to meet any obligations or liabilities to which they are, or may become, subject because of the deed of cross guarantee.

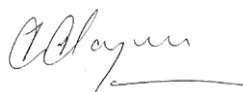
Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Abigail Cheadle
Chairman

29 August 2022



Tim Hargreaves
Chief Executive Officer and Managing Director

29 August 2022

INDEPENDENT AUDITOR'S REPORT



Deloitte Touche Tohmatsu
ABN 74 490 121 060
Eclipse Tower
60 Station Street
Parramatta
Sydney, NSW, 2150
Australia

Phone: +61 2 9840 7000
www.deloitte.com.au

Independent Auditor's Report to the members of Shriro Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Shriro Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Allowance for inventory obsolescence and slow-moving stock</p> <p>As at 30 June 2022 the allowance for inventory obsolescence is \$2.3 million as disclosed in note 2.2.</p> <p>Increased judgement is involved in determining the appropriate level for the provision for inventory obsolescence and slow-moving stock. This is estimated by reference to inventory ageing and consideration of historical inventory losses, recent sales experience, and other factors that affect inventory obsolescence.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding of management's policy on inventory relevant to the recording of the allowance for inventory obsolescence; • Evaluating the design and implementation of controls over the existence and valuation of inventory; • Recalculating the mathematical accuracy of the inventory obsolescence and net realisable value allowances; • Assessing the adequacy of the inventory obsolescence allowance as a proportion of stock on hand; • Challenging management's methods, assumptions, and judgements regarding the slow-moving inventory allowance including making inquiries with product planners to validate the assumptions applied in estimating the allowances and to understand the current market conditions that impacts the inventory on hand available to sell; • Performing a retrospective review of the allowance balance from FY20 to FY22 to assess the historical accuracy of management's ability to determine the inventory obsolescence allowance with reference to inventory write-offs during the year and negative margin analysis; • Assessing whether inventory items with specific recoverability concerns have been provided for appropriately based on recent sales information; • Obtaining a sample of inventory purchase invoices for testing and understanding the completeness and accuracy of management's inventory age schedule that underpins the obsolescence allowance calculation. • Assessing the appropriateness of the disclosures in note 2.2 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Independent Auditor's Report continued

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In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because

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the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report


Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 32 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Shriro Holdings Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



DELOITTE TOUCHE TOHMATSU



Annalisa Amiradakis

Partner

Chartered Accountants

Parramatta, 29 August 2022

SHAREHOLDER INFORMATION

LISTING INFORMATION

Shriro Holdings Limited's shares are quoted on the Australian Securities Exchange ("ASX") under the code SHM.

NUMBER OF HOLDERS OF EQUITY SECURITIES

There are 95,622,139 fully paid ordinary shares held by 1,961 individual shareholders, as at 4 October 2022.

SUBSTANTIAL SHAREHOLDERS

The following organisations have a substantial shareholding in Shriro Holdings Limited based on substantial shareholder notice on or before 4 October 2022.

	Notice Date	Shares held	Percentage
D2A Holdings Pte Ltd	25 June 2021	18,915,987	19.78
Australian Ethical Investment Ltd.	4 December 2019	13,308,788	13.92
Greig & Harrison Pty Ltd	28 March 2022	5,811,600	6.08
Ariadne Australia Limited (and related entities)	23 August 2018	4,960,185	5.19

TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

	Fully Paid Ordinary Shares	
	Shares held	Percentage
National Nominees Limited	17,685,024	18.49
Citicorp Nominees Pty Limited	14,500,981	15.16
Shriro Pacific	5,695,547	5.96
Portfolio Services Pty Ltd	4,587,779	4.80
HSBC Custody Nominees (Australia) Limited - A/C 2	4,160,640	4.35
Miss Amanda Bernadette De Angelis	2,303,125	2.41
Horrie Pty Ltd	1,780,000	1.86
J P Morgan Nominees Australia Pty Limited	1,101,709	1.15
NewEconomy Com Au Nominees Pty Limited	1,053,871	1.10
HSBC Custody Nominees (Australia) Limited	878,622	0.92
Morgan Stanley Australia Securities (Nominee) Pty Limited	839,710	0.88
Vanward Investments Limited	805,640	0.84
Mr Damien Heffron	747,500	0.78
Hillmorton Custodians Pty Ltd	747,000	0.78
BNP Paribas Noms Pty Ltd	693,507	0.73
Moat Investments Pty Ltd	600,000	0.63
BNP Paribas Nominees Pty Ltd	589,898	0.62
DMX Capital Partners Limited	575,000	0.60
Mr Dermot Francis McGarry & Mrs Christine McGarry	500,000	0.52
Mast Financial Pty Ltd	451,460	0.47
Total top 20 shareholders	60,297,013	63.05
Balance of register	35,325,126	36.95
Total	95,622,139	100.00

Category – Number of shares	Shares held	Percentage	Number of holders	Distribution of shares
100,001 and over	72,682,027	76.01	83	4.23
10,001 – 100,000	18,630,071	19.48	569	29.02
5,001 – 10,000	2,337,702	2.44	289	14.74
1,001 – 5,000	1,612,366	1.69	539	27.49
1 – 1000	359,973	0.38	481	24.52
Total	95,622,139	100.00	1,961	100.00

VOTING RIGHTS

Holders of ordinary shares are entitled to vote as follows:

- a. Every shareholder may vote;
- b. On a show of hands every shareholder has one vote; and
- c. On a poll every shareholder has one vote for each fully paid share.

UNQUOTED EQUITY SECURITIES

As at 4 October 2022 there were 1,209,873 performance rights over unissued ordinary shares, held by six individuals. There were no unquoted options over unissued ordinary shares.

SHAREHOLDERS WITH LESS THAN A MARKETABLE PARCEL

As at 4 October 2022, there were 179 shareholders holding less than a marketable parcel of 500 ordinary shares in the Company totalling 66,716 ordinary shares.

DIVIDEND

On 29 August 2022, the Directors declared a dividend relating to the period ending 30 June 2022 of 4.0 cents per share fully franked with an ex-dividend date of 8 September 2022, record date of 9 September 2022. The dividend was paid on 30 September 2022.

CORPORATE GOVERNANCE STATEMENT

A copy of the Corporate Governance Statement can be found on our website at https://www.shriro.com.au/investor/corporate_governance.

CORPORATE DIRECTORY

DIRECTORS

Abigail Cheadle
Independent Non-Executive Chairman

Tim Hargreaves
Chief Executive Officer and Managing Director

Brian Bunker
*Non-Independent Non-Executive Director
(appointed 19 April 2022)*

John Murphy
*Non-Independent Non-Executive Director
(appointed 4 May 2022)*

JOINT COMPANY SECRETARIES

Shane Booth
(appointed 24 March 2022)

Hasaka Martin
(appointed 4 May 2022)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 7, 67 Albert Avenue
Chatswood NSW 2067

Tel: +61 2 9415 5000

Website: shriro.com.au

ABN

Shriro Holdings Limited 29 605 279 329

SHARE REGISTRY

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

AUDITORS

Deloitte Touche Tohmatsu
Level 19 Eclipse Tower
60 Station Street
Parramatta NSW 2150

BANKERS

Australia and New Zealand Banking Group Limited

