SHRIRO HOLDINGS LIMITED

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

OVERVIEW

- Revenue up 11.2% on the prior year (second half increase of 22.4% pcp)
- NPBT increased to $25.2M, up 168.1% on the prior year
- Government Subsides $3.7M and Head Office Lease exit of $2.3M were one-off benefits before tax
- Operating structure streamlined with increased e-commerce capability
- $22.2M of operating cash flows (pcp $23.5M)
- No borrowings, with $17.6M of cash on hand as at 31 December 2020 (pcp $6.0M)
- Final dividend declared of 4.0 cents per share, fully franked

RESULTS SUMMARY			
	CY20 Reported $m	**CY19 Reported $m**	**Change**
Revenue	191.3	172.1	11.2%
Gross Margin	39.6%	39.1%	
Operating Expenses	(43.5)	(49.3)	(11.8%)
EBITDA	**32.3**	**18.0**	**79.4%**
Depreciation	(5.6)	(6.3)	(11.1%)
Interest	(1.5)	(2.3)	(34.8%)
Profit Before Tax	25.2	9.4	168.1%
Statutory Profit After Tax	**18.2**	**6.5**	**180.0%**

GROUP PERFORMANCE

Shriro Holdings Limited ("Shriro") (ASX: SHM) today announced its results for the calendar year ended 31 December 2020. Net Profit after Tax for the year ended 31 December 2020 increased 180.0% to $18.2 million. Net profit before tax increased 168.1% to $25.2 million, compared with the previous year (pcp), of $9.4 million.

Group revenue performance was subdued in the first half due to lock-downs in Australia and New Zealand, however it rebounded strongly in the second half with growth of 22.4% compared with the previous corresponding period. The majority of the Group's Divisions performed well as the Covid-19 travel restrictions resulted in consumers spending more on household items and the Company's international expansion of its Everdure by Heston Blumenthal products grew successfully in CY20 by 65.2% pcp.

2020 was the final year where the Company was primarily focused on reducing its operating cost structure. Operating expenses reduced from the prior year by 11.8% (or decreased by 2.8% if the Government subsidies of $3.7 million are excluded). The continued efficiencies, combined with revenue growth (which excluded Government subsidies) have resulted in EBITDA of $32.3 million, up 79.4% pcp.

Shriro will continue to conserve cash until the uncertainty created by Covid-19 has passed. Shriro has no debt apart from lease liabilities and as at 31 December 2020 had $17.6 million cash on hand.

As a result of the COVID-19 related shutdowns, all staff were impacted by either partial or full stand downs and although the Australian and New Zealand Government's subsides assisted, many employees remained significantly impacted by reduced income. The Board wishes to recognise the personal sacrifices that the employees made during a time of tremendous uncertainty and as a result of the improved trading conditions is happy to be in a position to fully reimburse all previously sacrificed salary payments for current staff (excluding Directors and KMPs). The staff had their hours reduced in April-May 2020, the reimbursement of these forgone staff wages included in the second half result was $1.1M including on-costs. Shriro has continued to pay staff during Covid-19 related lock-downs post the JobKeeper subsidy ending in September 2020.

Shriro has excluded all Government subsidies received in calculating bonuses for staff. This has resulted in the Long Term Incentive entitlements not being granted to executives.

BALANCE SHEET AND CASH FLOWS

Operating cash flows for the year were $22.2 million (122.0% of NPAT), lower than the prior year, as the increased sales required additional inventory purchasing and resulted in a larger debtor balance. As a result of Shriro's management focussing on conserving capital during CY20 the balance sheet has strengthened to a position of a no borrowings balance, $17.6 million cash on hand and $61.4 million of net tangible assets. A stronger balance sheet provides Management the chance to develop new products in growth sectors and to explore further growth opportunities from a strategic perspective.

OUTLOOK

The outlook for the business is influenced by the uncertainty associated with Covid-19 as well as global trade, geopolitical and economic factors and the manner in which developments in any of these areas may affect business and investment confidence.

Notwithstanding these external influences, the following factors are expected to have a bearing on FY21 outlook for the Group:

- Shriro is performing well across most of its product categories and this is expected to continue into the first quarter of 2021 unless disrupted by further Covid-19 related lockdowns. Shriro intends to reinstate its marketing expenditure in line with previous years to support growth.

- Notwithstanding the property development market, management will be adding additional resources to this Division in order to capture market share, assisted by the continuing success of the new Omega range rolled out to retailers in the first quarter of CY20.

- The Covid-19 impact and timing of the vaccine is still uncertain and the impact on the next financial period cannot be accurately quantified or determined. Management will update the market should it foresee any material impact on business operations.

- International BBQ revenue is expected to continue to grow significantly as consumer awareness of the Everdure brand grows

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ABOUT SHRIRO

The Group is a leading kitchen Appliances and consumer products marketing and distribution group operating in Australia and New Zealand.

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