

SHRIRO HOLDINGS LIMITED

ACN 605 279 329

Condensed Half Year Financial Report

for the half year ended

31 December 2021

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Shriro Holdings Limited

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Appendix 4D

Results for announcement to the market

Shriro Holdings Limited ("Shriro") changed its year end from 31 December to 30 June and therefore the previous financial period did not include a half year reporting period. The prior corresponding comparative period has been included below as the half year to 31 December 2021, with movement percentages calculated between the half year to 31 December 2021 and the half year to 31 December 2020.

	Half year to 31 December 2021 \$million	Half year to 31 December 2020 \$million	Movement %	6 months to 30 June 2021 \$million
Revenue from ordinary activities	95.9	112.6	(14.8)	94.3
EBITDA ¹	14.5	21.8	(33.5)	12.3
Profit from ordinary activities before tax	11.6	18.6	(37.6)	9.8
Profit from ordinary activities after tax attributable to members	8.2	13.5	(38.3)	6.8
Basic earnings per share (cents per share)	8.6	14.1	(39.0)	7.1
Diluted earnings per share (cents per share)	8.5	14.0	(39.3)	7.0
	Amount per security	Percentage franked		
Interim dividend	6.0	100%		
	31 December 2021	31 December 2020		
Net tangible assets per share (cents per share)	67.0	57.8		
Diluted net tangible assets per share (cents per share)	65.8	57.0		

On 25 February 2022, the Directors declared an interim dividend for the half-year 31 December 2021 of 6.0 cents per share fully franked with an ex-dividend date of 16 March 2022, a record of 17 March 2022 and payable on 07 April 2022.

¹ EBITDA for the half-year ended 31 December 2021 includes \$1,144,968 of New South Wales Government JobSaver subsidies (Commonwealth Government JobKeeper, 31 December 2020: \$1,399,500)

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 prepared a statement which set out the corporate governance practices for lodgement with the Company's 2021 Annual Report, these practices continued to be in operation through-out the half year (Corporate Governance Statement).

The Corporate Governance Statement approved by the Board was lodged with the Company's 2021 Annual Report on 31 October 2021 with the ASX and can also be found on the Company's website at https://www.shriro.com.au/investor/corporate_governance.

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Directors' Report

The Directors present their report in compliance with the provisions of the *Corporations Act 2001* for Shriro Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the half year ended 31 December 2021.

DIRECTORS AND OFFICERS

Directors of Shriro Holdings Limited during the half year ended 31 December 2021 were:

Cornelia Meyer – Independent Chairman (appointed 13 September 2021)

Cheryl Hayman – Independent non-executive Director

Abigail Cheadle – Independent non-executive Director

Kim Slater – Independent non-executive Director (appointed 01 October 2021)

Tim Hargreaves – Non-independent Managing Director

Stephen Heath – Independent Chairman (Resigned 01 November 2021)

The Company Secretary during the half year ended 31 December 2021 was Lisa Jones.

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 focusing on BBQs and BBQ accessories.

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).

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

RESULTS AND REVIEW OF OPERATIONS

Results summary	Half year to 31 December 2021 \$million	Half year to 31 December 2020 \$million	Movement %	6 months to 30 June 2021 \$million
Revenue from ordinary activities	95.9	112.6	(14.8)	94.3
Gross Margin	42.7%	40.2%	2.5pp	41.0%
Other income ¹	1.1	-	-	-
Operating Expenses	27.6	23.5	17.4	26.4
EBITDA	14.5	21.8	(33.5)	12.4
Depreciation and amortisation	2.6	2.6	-	2.4
Interest	0.3	0.6	(50.0)	0.1
Profit Before Tax	11.6	18.6	(37.6)	9.8
Profit After Tax	8.2	13.5	(39.3)	6.8

During the six months to 31 December 2021 the Group faced both a cyber incident and on-going lockdowns in regions which contribute significantly to the Group's performance (being New South Wales, Victoria and New Zealand).

The cyber incident coincided with the commencement of lock downs and therefore the impact of each element is difficult to decipher. While operations were affected in July due to the cyber incident it appears that much of the impact was timing of sales. The lockdowns, which continued until October, did have an impact on sales, with Q2 making up some of the shortfall. The lockdowns which occurred during the period were more regionalised (New South Wales, Victoria and Auckland) than those implemented in the pcp, which were more widespread. Given the more limited impact of lockdowns, the significant federal government subsidies paid to companies, and to individuals directly, were not in place and as such the current year result did not benefit from the increased consumer spend which was seen in the second half of 2020.

In addition, the Group's international expansion of its Everdure by Heston Blumenthal products continues to grow, which is evident in the six months to 31 December 2021 with revenue in the 'rest of the world' segment increasing by 31.6% on the prior comparative period ('pcp') to \$2.2 million.

¹ Government COVID support was provided by the New South Wales Government in the six months to 31 December 2021, Australian Commonwealth Government and New Zealand Government subsidies have been included in operating expenses in the six months to 31 December 2020

Shriro Holdings Limited

During the period, Shriro continued to invest in infrastructure technology, marketing and human resources to support its strategic initiatives. Operating expenses increased compared with the pcp by 17.9%, however pcp expenses were abnormally impacted as a result of the receipt of Government subsidies and beneficial property impacts (reduced rent due to the office move and consolidation of warehousing).

Statement of financial position and statement of cashflows

Operating cash flows for the six months to 31 December 2021 were an outflow of \$0.2 million which was primarily driven by the Group purchasing extra inventory as a result of global supply chain uncertainty, coupled with decreased sales due to ongoing COVID-19 lock downs resulting in retail closures. The cash position as at 31 December 2021 (\$7.2 million) was lower than the pcp (\$17.3 million). The Group's balance sheet continues to strengthen with \$69.5 million of net assets.

Outlook

The outlook for the business continues to be 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 the remainder of FY22:

- While international borders are open, there remains traveller uncertainty in relation to testing, isolation and quarantine requirements, and as such travel remains stunted. If this continues, domestic consumer household products demand should remain high which will benefit the Group's performance.
- The Group has mutually agreed to transfer its Blanco division to Blanco Australia Pty Ltd on 01 May 2022. Blanco represents approximately 10% of the Group's revenue and consequently the Group will focus its future growth strategy on BBQs and pursuing new high margin, non-competitive products for distribution in our existing markets and seeking EBITDA accretive acquisitions which enhance our value.
- The Group continues to be in strong financial position with a strategy to continue to reshape and grow the business. This includes adding 3rd party distribution brands, holding BBQ stock in Europe, accelerating investment in new products and our supply chain to support Export sales. The Group is also working collaboratively with a financial advisory team to focus on additional growth opportunities in markets where the Group has core competencies and/or market adjacencies.
- International BBQ revenue is expected to continue to grow with greater marketing investment to drive consumer awareness and a focus on the retail expansion of the Everdure by Heston Blumenthal (EHB) brand.

EARNINGS PER SHARE AND DIVIDENDS

The basic and diluted earnings per share are calculated using the weighted average number of shares. The Group has basic earnings per share of 8.6 cents (six months to 31 December 2020: 14.1 cents) and diluted earnings per share of 8.5 cents (six months to 31 December 2020: 14.0 cents).

On 25 February, the Directors declared an interim dividend relating to the period ending 31 December 2021 of 6.0 cents per share fully franked with an ex-dividend date of 16 March 2022, record date of 17 March 2022 and a payment date of 07 April 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.

As part of the Company's terms of engagement with its auditors, Deloitte Touche Tohmatsu, the Company has agreed to indemnify Deloitte to the extent permitted by law and professional regulations, against any losses, liabilities, costs or expenses incurred by Deloitte Touche Tohmatsu in connection with any claim by a third party arising from the Company's use of Deloitte Touche Tohmatsu's work and reports in breach of its audit agreement. No payment has been made pursuant to this indemnity, either during or since the end of the financial year.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration (which forms part of the Directors' report) has been received and is included on page 6 of this 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.

27 February 2022

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

Dear Board Members,

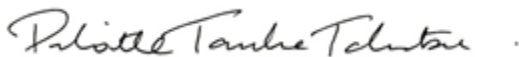
Auditor's Independence Declaration to Shriro Holdings Limited

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

As lead audit partner for the review of the half-year financial report of Shriro Holdings Limited for the half-year ended 31 December 2021, 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 review; and
- Any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James
Partner
Chartered Accountants


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This Directors' report is signed in accordance with a resolution of Directors made pursuant to s306(3)(a) of the *Corporations Act 2001*.



Cornelia Meyer
Chairman

27 February 2022



Tim Hargreaves
Chief Executive Officer and Managing Director

27 February 2022

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Condensed Consolidated Statement of Profit or Loss

for the half year ended 31 December 2021

Note	Half year to 31 December 2021 \$'000	6 months to 30 June 2021 \$'000	Half year to 31 December 2020 \$'000
Revenue from ordinary activities	95,949	94,303	112,638
Raw materials and consumables used	(54,962)	(55,653)	(67,356)
Other income ¹	1,145	-	-
Employee benefits expense ¹	(14,462)	(13,165)	(11,526)
Advertising and promotion expenses	(1,637)	(3,310)	(2,913)
Freight and delivery expenses	(4,726)	(4,148)	(4,934)
Depreciation and amortisation expenses	(2,546)	(2,391)	(2,579)
Other expenses	(6,043)	(5,193)	(6,341)
Net gain from lease exit	-	-	2,304
Occupancy costs	(871)	(395)	(50)
Other gains and losses	120	(176)	-
Finance costs	(342)	(121)	(622)
Profit before tax	11,625	9,751	18,621
Income tax expense	(3,441)	(2,983)	(5,148)
Profit after tax for the period	8,184	6,768	13,473
Earnings per share			
Basic (cents per share)	4.2	8.6	14.1
Diluted (cents per share)	4.2	8.5	14.0

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

¹ Other income for the half year ended 31 December 2021 is represented by \$1,144,968 of New South Wales Government JobSaver subsidies (Commonwealth Government JobKeeper, 31 December 2020: \$1,792,500 are offset from employee expenses)

Condensed Consolidated Statement of Other Comprehensive Income

for the half year ended 31 December 2021

Note	Half year to 31 December 2021 \$'000	6 months to 30 June 2021 \$'000	Half year to 31 December 2020 \$'000
	8,184	6,768	13,473
<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	740	1,810	(260)
Exchange differences on translation of foreign operations	100	(84)	80
Other comprehensive income for the year, net of tax	840	1,726	(180)
Total comprehensive income for the period attributable to the owners of Shriro Holdings Limited	9,024	8,494	13,293

The condensed consolidated statement of other comprehensive income should be read in conjunction with the notes to the financial statements.

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Condensed Consolidated Statement of Financial Position

As at 31 December 2021

	Note	31 December 2021 \$'000	30 June 2021 \$'000
Current assets			
Cash and cash equivalents		7,184	17,313
Trade and other receivables		35,469	32,052
Inventories		45,442	34,563
Other assets		531	979
Assets held for sale	3.2	519	-
Current tax receivable		1,090	2,094
Derivative receivable		933	527
Total current assets		91,168	87,528
Non-current assets			
Right of use assets		7,671	9,078
Plant and equipment		5,147	5,619
Deferred tax assets		5,810	5,928
Total non-current assets		18,628	20,625
Total assets		109,796	108,153
Current liabilities			
Trade and other payables		18,991	20,177
Lease liability		3,307	3,643
Current tax liabilities		1,857	1,247
Provisions		6,358	5,530
Derivative payable		236	388
Total current liabilities		30,749	30,985
Non-current liabilities			
Lease liability		7,164	8,629
Provisions		2,362	2,356
Total non-current liabilities		9,526	10,985
Total liabilities		40,275	41,970
Net assets		69,521	66,183
Equity			
Issued capital	4.1	94,617	94,617
Retained earnings		51,155	48,676
Reserves		(76,251)	(77,110)
Total equity		69,521	66,183

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

Condensed Consolidated Statement of Changes in Equity

for the half year ended 31 December 2021

	Issued capital \$'000	Group Reorganisation Reserve \$'000	Cash Flow Hedging Reserve \$'000	Foreign Currency Translation Reserve \$'000	Equity Settled Benefits Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 1 July 2020	94,617	(78,585)	(1,698)	1,702	(142)	35,092	50,986
Profit for the year	-	-	-	-	-	13,473	13,473
Other comprehensive income for the year	-	-	(260)	80	-	-	(180)
Total comprehensive income	-	-	(260)	80	-	13,473	13,293
Dividends paid	-	-	-	-	-	(2,853)	(2,853)
Share-based payments reserve (net of tax)	-	-	-	-	(186)	-	(186)
Balance as at 31 December 2020	94,617	(78,585)	(1,958)	1,782	(328)	45,712	61,240
Balance as at 01 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	-	-	1,810	(84)	-	6,768	8,494
Dividends paid	-	-	-	-	-	(3,804)	(3,804)
Share-based payments reserve (net of tax)	-	-	-	-	253	-	253
Balance as at 30 June 2021	94,617	(78,585)	(148)	1,698	(75)	48,676	66,183
Balance as at 01 July 2021	94,617	(78,585)	(148)	1,698	(75)	48,676	66,183
Profit for the period	-	-	-	-	-	8,184	8,184
Other comprehensive income for the period	-	-	740	100	-	-	840
Total comprehensive income	-	-	740	100	-	8,184	9,024
Dividends paid	-	-	-	-	-	(5,705)	(5,705)
Share-based payments reserve (net of tax)	-	-	-	-	19	-	19
Balance as at 31 December 2021	94,617	(78,585)	592	1,798	(56)	51,155	69,521

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

Shriro Holdings Limited

Condensed Consolidated Statement of Cash Flows

for the half year ended 31 December 2021

Note	Half year to 31 December 2021 \$'000	6 months to 30 June 2021 \$'000	Half year to 31 December 2020 \$'000
Cash flows from operating activities			
Receipts from customers	101,342	108,139	114,572
Payments to suppliers and employees	(101,819)	(95,538)	(107,406)
Government subsidy ¹	1,145	-	-
Finance costs paid	(342)	(428)	(591)
Income taxes paid	(1,708)	(4,898)	(3,340)
Net cash (used in) / provided by operating activities	(1,382)	7,275	3,235
Cash flows from investing activities			
Proceeds from sale of plant and equipment	-	23	266
Payment for plant and equipment	(1,192)	(2,037)	(1,518)
Net cash inflow from sale of brand	-		378
Net cash used in investing activities	(1,192)	(2,014)	(874)
Cash flows from financing activities			
Payments for the principal portion of lease liabilities	(1,832)	(1,720)	(1,736)
Dividends paid	(5,705)	(3,804)	(2,853)
Net cash used in financing activities	(7,537)	(5,524)	(4,589)
Net (decrease) / increase in cash and cash equivalents	(10,111)	(263)	(2,228)
Cash and cash equivalents at the beginning of the financial period	17,313	17,569	19,734
Effects of exchange rate changes on cash	(18)	7	63
Cash and cash equivalents at the end of the financial period	7,184	17,313	17,569

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

¹ Government subsidy for the half year ended 31 December 2021 is represented by \$1,144,968 of New South Wales Government subsidies (Commonwealth Government JobKeeper, 31 December 2020: \$1,792,500 is included in payments to suppliers and employees)

Basis of preparation

Corporate information

The Condensed Half Year Financial Report was authorised for issue by the Directors on 25 February 2022 in accordance with a resolution of the directors. Shriro Holdings Limited (the Company) is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The nature of operations and principal activities of Shriro Holdings Limited and its subsidiaries (the "Group") are to market and distribute kitchen appliances and consumer goods to Australian, New Zealand and international customers.

Basis of preparation

The Condensed Half Year Financial Report comprises the Directors' Report and the half year consolidated financial statements. The half year consolidated financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The half year consolidated financial statements comprise the financial statements of Shriro Holdings Limited and its subsidiaries as at 31 December 2021.

The Condensed Half Year Financial Report does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's Annual Report as at 30 June 2021.

The accounting policies adopted in the preparation of the half year consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the period ended 30 June 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in financial year 2022, but do not have an impact on the condensed half year consolidated financial statements of the Group.

The half year 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*.

On 27 August 2020, the Directors notified the Australian Securities Exchange that the Company's financial year end would be changed from 31 December to 30 June.

For the Condensed Consolidated Statement of Profit or Loss and Comprehensive Income and Condensed Consolidated Statement of Cashflows, the Group has disclosed two comparative columns in the half year consolidated financial statements as the previous financial year was for a six-month period and therefore there was no half year report for that year.

The comparative financial information included in the half year consolidated financial statements is for the six months ended 30 June 2021 and the six months ended 31 December 2020. The six-month period ended 31 December 2020 and has been calculated by deducting the reviewed six-month results for the period ended 30 June 2020 from the audited twelve-month results ended 31 December 2020. This excludes the Condensed Consolidated Statement of Financial Position which is as at 30 June 2021.

1. Trading Operations

1.1 Segment information

1.1.1 Primary operating segments

Operating segments are reported in a manner which is consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the Board of Directors of the Company. The internal reports reviewed by the Board, which are used to make strategic decisions, are separated into the Group's primary operating segments. 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 (six months to 30 June 2021 and 31 December 2020: nil).

1.1.2 Segment result

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

Half year ended 31 December 2021

	Australia \$'000	New Zealand \$'000	Rest of the world \$'000	Total \$'000
Revenue from ordinary activities	66,839	26,866	2,244	95,949
Earnings before interest, tax, depreciation and amortisation	10,279	4,610	(376)	14,513
Depreciation and amortisation expense	(1,983)	(541)	(22)	(2,546)
Profit before interest and income tax	8,296	4,069	(398)	11,967
Interest expense				(342)
Profit before income tax				11,625
Income tax expense				(3,441)
Net profit after income tax				8,184

6 months to 30 June 2021

	Australia \$'000	New Zealand \$'000	Rest of the world \$'000	Total \$'000
Revenue from ordinary activities	62,426	22,681	9,196	94,303
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

Half year ended 31 December 2020	Australia \$'000	New Zealand \$'000	Rest of the world \$'000	Total \$'000
Revenue from ordinary activities	82,841	28,092	1,705	112,638
Earnings before interest, tax, depreciation and amortisation	16,030	6,227	(504)	21,753
Depreciation and amortisation expense	(2,019)	(539)	(21)	(2,579)
Profit before interest and income tax	14,011	5,688	(525)	19,174
Interest expense				(553)
Profit before income tax				18,621
Income tax expense				(5,148)
Net profit after income tax				13,473

1.1.3 Segment assets and liabilities

31 December 2021	Australia \$'000	New Zealand \$'000	Rest of the world \$'000	Total \$'000
Segment assets	75,553	30,320	3,923	109,796
Segment liabilities	29,392	10,139	744	40,275

30 June 2021	Australia \$'000	New Zealand \$'000	Rest of the world \$'000	Total \$'000
Segment assets	81,813	24,591	1,749	108,153
Segment liabilities	31,703	9,376	891	41,970

1.2 COVID-19 impact on operations

The COVID-19 pandemic continues to cause uncertainty, with disrupted operations in Australia and New Zealand, which make up most of the Group's operations. The impact of the prevalence of the Omicron variant, which emerged at the end of the period, remains unknown.

The Group has evaluated the carrying value of assets, with no impairment noted.

Australia

- In June 2021 several COVID-19 Delta cases were identified in New South Wales, which eventually extended to Victoria. These outbreaks resulted in lockdowns which were introduced in phases. By the end of July 2021 Greater Sydney and some areas of regional New South Wales were in lock down, and by the beginning of August 2021 Victoria was in lock down with restrictions on movement and closure of retail stores (with the exception of essential services).
- The NSW and Victoria lock downs began to lift in October 2021.
- The lock down affected sales with reduced sell through because of shut retail operations.
- There was no reduction of staff hours during this first lock down, and all staff continued to be remunerated as normal throughout the period.
- The New South Wales government introduced support in the form of JobSaver to help maintain headcount, of which Shriro Australia Pty Ltd received \$1,144,968.
- In late 2021 the COVID-19 Omicron variant was identified in Australia. Lockdown was not re-introduced, and retail stores remained open, however several cases and exposures resulted in disruption to warehouses and logistics due to isolation and quarantine measures required for positive cases, casual and close contacts. Contingency measures were activated to mitigate disruptions.

New Zealand

- In August 2021, after a report of a new community case presumed to be infected with the COVID-19 Delta variant, New Zealand moved to a nationwide lockdown.
- In September 2021, Auckland and the Northland region remained in lockdown while restrictions were slightly eased for the rest of the country. The lockdown in Auckland and Northland was lifted in November 2021, at which point New Zealand transitioned to a Traffic Light System. Under this system, restrictions are imposed based on vaccination and community transmission rates within regions.

- The lockdown affected sales with reduced sell through because of shut retail operations.
- There was no reduction of staff hours during the lockdown, and all staff continued to be remunerated as normal throughout the period.
- The government introduced a COVID-19 wage subsidy scheme. The decline in revenue in New Zealand did not meet the threshold and therefore was not eligible for any subsidies.

Rest of the world

- While Australia and New Zealand continued to introduce lock downs to manage the pandemic, most other countries around the world had limited, and less widespread, lock downs in the six months to 31 December 2021.
- The COVID-19 pandemic continues to affect supply chains across the globe, with constrained access to containers, increasing prices and delays in processing through ports. This affects the ability of Shriro to export goods to customers around the world and has shifted sales expected to be made in December 2021 into the second half of the financial year.

2. Assets and Liabilities

2.1 Fair value measurement of financial instruments

	31 December 2021 \$'000	30 June 2021 \$'000
Assets at fair value:		
Forward exchange contracts receivable	933	527
Liabilities at fair value:		
Forward exchange contracts payable	236	388

All assets and liabilities for which fair value is recognised or disclosed 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.

Forward foreign exchange contract derivatives are carried on the balance sheet at fair value and are included in level two of the fair value hierarchy. The fair value has been determined by reference to the relevant spot rate at period end, the fair value of forward exchange contracts is determined using forward exchange market rates at the end of the period. There have been no transfers between the levels in the fair value hierarchy (30 June 2021: none).

2.2 Assets held for sale

	31 December 2021 \$'000	30 June 2021 \$'000
Assets held for sale	519	-

Assets held for sale include cars and display assets associated with the discontinuation of the distribution of Blanco products. The assets are included in the Australian segment (\$444,438) and the New Zealand segment (\$74,875).

Accounting policy

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

3. Investment and Financing

3.1 Borrowings

During the half year ended 31 December 2021, the Group had the following banking facilities:

- (i) 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.

As at 31 December 2021 the Group did not have a cash facility in place (30 June 2021: none). A trade finance facility available to meet working capital requirements which was in place during the prior corresponding period was cancelled on 25 June 2021. The facility limit was \$16,000,000 which increased to \$21,000,000 between 01 September and 31 December to account for seasonality in working capital requirements.

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 ANZ.

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.

	31 December 2021 \$'000	30 June 2021 \$'000
Banking facility		
Non-cash guarantee facility	11,000	11,000
Total Group facility	11,000	11,000

	31 December 2021 \$'000	31 June 2021 \$'000
Utilisation of non-cash guarantees facility		
Utilised – non-cash	6,575	6,677
Unutilised limit available for use	4,425	4,323
Total non-cash guarantees facility	11,000	11,000

4. Shareholder Equity

4.1 Issued capital

	31 December 2021 \$'000	30 June 2021 \$'000
95,087,500 fully paid ordinary shares (30 June 2021: 95,087,500)	94,617	94,617

Date	Details	Value of Shares \$'000	Number of Shares
1 July 2021	Opening balance	94,617	95,087,500
31 December 2021	Closing Balance	94,617	95,087,500

4.2 Earnings per share

	Half year to 31 December 2021 Cents per share	6 months to 30 June 2021 Cents per share	Half year to 31 December 2020 Cents per share
Basic earnings per share	8.6	7.1	14.1
Diluted earnings per share	8.5	7.0	14.0

Reconciliation of input used to calculate earnings per share

	Half year to 31 December 2021	6 months to 30 June 2021	Half year to 31 December 2020
Net profit (\$'000)	8,184	6,768	13,473
Opening balance of shares for the financial period	95,087,500	95,087,500	95,087,500
Closing balance of shares for the financial period	95,087,500	95,087,500	95,087,500
Weighted average number of ordinary shares used in the calculation of basic earnings per share	95,087,500	95,087,500	95,087,500
Shares deemed to be issued for no consideration in respect of:			
Employee performance rights ¹	1,744,512	1,352,905	1,352,905
Closing number of shares deemed to be issued for the financial period	96,832,012	96,440,405	96,440,405

¹Tim Hargreaves performance rights for 2019 do not meet the definition of dilutive shares, as they are only able to be settled, at the Board's discretion, in cash or by an on-market purchase of the relevant number of shares and not by way of an issuance of new shares.

4.2.1 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 2021 and payable on 07 April 2022.

On 30 September 2021, the Group paid the final dividend for the period 01 January 2021 to 30 June 2021 of 6.0 cents per share fully franked.

5. Group Structure and Key Management

5.1 Key management personnel compensation

The remuneration of key management personnel is disclosed in the audited remuneration report which is included in the 2021 Annual Report.

During the half year ended 31 December 2021, Tim Hargreaves was issued with 208,423 performance rights and Shane Booth was granted 101,606 performance rights. The fair value of these rights is \$198,419. No performance rights were issued in the pcpr.

Each performance right is a right to receive one fully paid ordinary share in the capital of the Company subject to the satisfaction of performance conditions, for nil consideration. The performance conditions are measured over a three-year period from 01 July 2021 to 30 June 2024.

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

6. Other Notes

6.1 Events after the reporting date

On 21 February 2022 the Board of Directors approved the vesting of the 2019 tranche of Performance Rights. This will result in the issuance of 534,639 shares in accordance with the Shriro Holdings Limited Long Term Incentive Plan Rules. 415,225 shares will be purchased on market to settle the Performance Rights of the CEO. The Annual Report for the period ended 30 June 2021 includes relevant detail of the 2019 tranche of Performance Rights.

There has been no other any 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.

6.2 Standards and interpretations in issue not yet effective

Standard / Interpretation	Effective for Annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2020-3 Amendments to AASs – Annual Improvements 2018–2020 and Other Amendments		
<ul style="list-style-type: none">Amendment to AASB 1 <i>Subsidiary as a First-time Adopter</i>Amendments to AASB 3 <i>Reference to the Conceptual Framework</i>Amendment to AASB 9 <i>Fees in the '10 per cent' Test for Derecognition of Financial Liabilities</i>Amendments to AASB 116 <i>Property, Plant and Equipment: Proceeds before Intended Use</i>Amendments to AASB 137 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	01 January 2022	30 June 2023
AASB 2020-1 Amendments to AASs – <i>Classification of Liabilities as Current or Non-current</i>	01 January 2023	30 June 2024
AASB 2021-2 Amendments to AASs – <i>Disclosure of Accounting Policies and Definition of Accounting Estimates</i>		
<ul style="list-style-type: none">Amendments to AASB 7, AASB 101, AASB 134 and AASB Practice Statement 2Amendments to AASB 108	01 January 2023	30 June 2024
AASB 2021-5 Amendments to AASs – <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	01 January 2023	30 June 2024

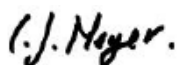
Directors' Declaration

The Directors declare that:

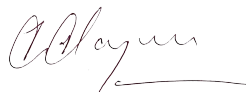
- (a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable,
- (b) in the Directors' opinion, the attached financial statements, and notes thereto, have been prepared in accordance with the *Corporations 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

Signed in accordance with a resolution of the Directors made pursuant to s303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Cornelia Meyer
Chairman
Sydney, 27 February 2022



Tim Hargreaves
Chief Executive Officer and Managing
Director Sydney, 27 February 2022

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Independent Auditor's Review Report to the Members of Shriro Holdings Limited

Conclusion

We have reviewed the half-year financial report of Shriro Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated statement of profit or loss, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and 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 annual 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 review report.

Directors Responsibilities for the Half-year Financial Report

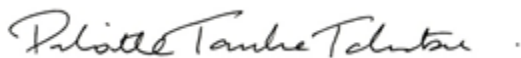
The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation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

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James
Partner
Chartered Accountants
Paramatta, 27 February 2022

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Company Information

Directors

Cornelia Meyer
Independent Non-Executive Director (appointed 13 September 2021)

Tim Hargreaves
Chief Executive Officer and Managing Director

Abigail Cheadle
Independent Non-Executive Director

Cheryl Hayman
Independent Non-Executive Director

Kim Slater
Independent Non-Executive Director (appointed 01 October 2021)

Company Secretary

Lisa Jones

Registered office and principal place of business

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Tel: +61 2 9415 5000
Website: shriro.com.au

ABN

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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

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