

APPENDIX 4E

Shriro Holdings Limited
ACN 605 279 329

RESULTS FOR ANNOUNCEMENT TO MARKET

| | 12 months to 30 June 2023 \$million | 12 months to 30 June 2022 \$million | Change % |
|----------------------------------|---|---|----------------|
| Results summary | | | |
| Revenue from ordinary activities | 152.4 | 191.8 | (20.5%) |
| Gross margin | 41.8% | 40.3% | 3.7% |
| Operating expenses | 46.1 | 52.6 | (12.4%) |
| EBITDA | 17.6 | 24.6 | (28.5%) |
| Depreciation and amortisation | 5.2 | 5.3 | (1.9%) |
| Interest | 0.4 | 0.7 | (42.9%) |
| Profit before tax | 12.0 | 18.6 | (35.5%) |
| Profit after tax | 8.0 | 13.5 | (40.7%) |

| | Amount per security | Percentage franked |
|---|------------------------|-----------------------|
| Interim dividend paid on 6 April 2023 | 3.5 | 100% |
| Final dividend declared for the year ended 30 June 2023 | 6.5 | 100% |

Subsequent to the year end the Directors have declared a final dividend for the financial year of 6.5 cents per share fully franked with an ex-dividend date of 7 September 2023, record date of 8 September 2023 and payable on 28 September 2023.

Subject to all necessary approvals, Shriro Holdings Limited will return capital of 18.5 cents per share to its shareholders.

| | 30 June 2023 \$ | 30 June 2022 \$ |
|--|--------------------|--------------------|
| Net tangible assets* per share (cents per share) | 67.0 | 64.6 |
| Diluted net tangible assets* per share (cents per share) | 66.2 | 63.8 |

* The net tangible assets include right of use assets and lease liabilities recognised in accordance with AASB 16.

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ANNUAL REPORT 2023

SHRIRO CONTINUES ITS GLOBAL GROWTH STRATEGY

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PERFORMANCE SUMMARY

EBITDA
\$17.6m
down 28.5% PCP

DIVIDENDS
10.0cps
fully franked

CAPITAL RETURN
18.5cps
subject to necessary
approvals

REVENUE
\$152.4m
down 20.5% PCP¹

NET CASH
\$32.8m
up 154.3% PCP

EMPLOYEES
175
full-time equivalent

NETWORK
34
countries traded in

1. Previous corresponding period ('pcp') refers to the 12 months to 30 June 2022.

OUR BRANDS

Shiro is a leading consumer products marketing and distribution business operating in Australia and New Zealand. The Group is also expanding internationally with barbeques, pizza ovens, and cooling products.

Shiro markets and distributes an extensive range of company-owned brands (including Everdure and Everdure by Heston Blumenthal, Robinhood and Omega Altise) and third party owned brands (including Casio, Pioneer, Grohe and American Standard).

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.

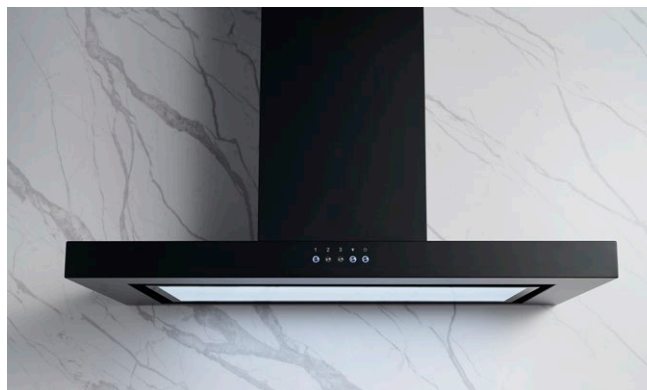


EVERDURE

Everdure has a rich 88-year history with an expertise in designing and developing innovative products. Our range of BBQs, pizza ovens, and cooling products combine clever technology and functionality with stylish, aesthetic 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.



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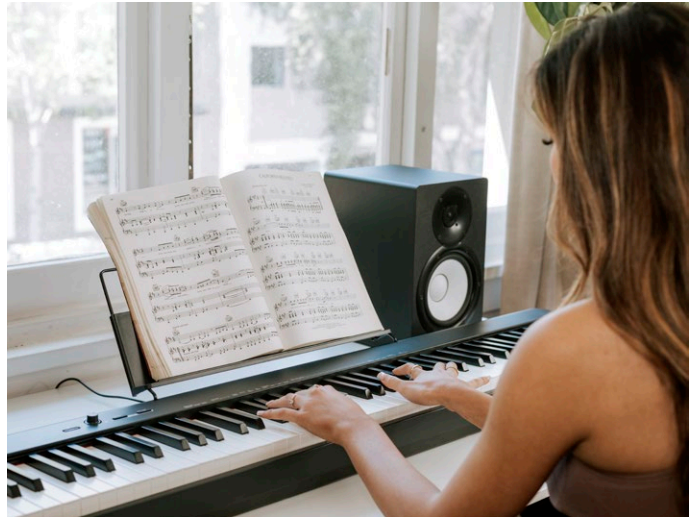


CASIO CALCULATORS

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

CASIO EMI

Casio dominates the digital piano and 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 for over 40 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.

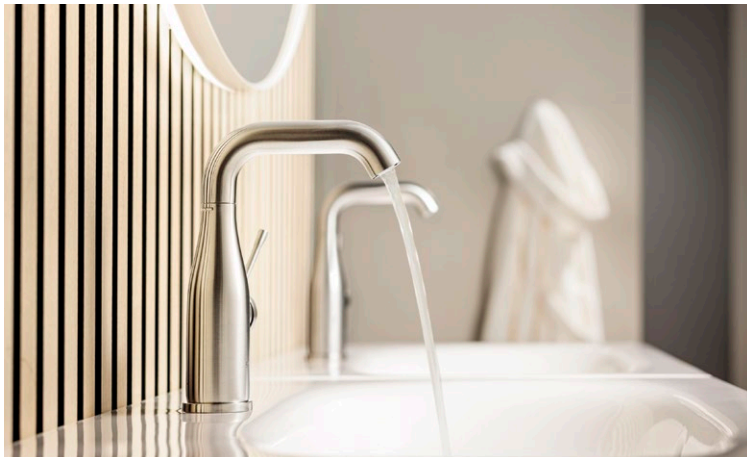


EDIFICE

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.

GROHE

Quality, technology, design and sustainability. Luxury fittings for exceptional bathrooms and kitchens.





AMERICAN STANDARD¹

Making life healthier, safer, and more beautiful at home, at work, around town, and throughout the world.

As one of the most iconic brands in sanitary ware, American Standard has earned the trust of its customers by constantly delivering style, quality and reliability.

PIONEER DJ²

Pioneer DJ has been a by-word for high-calibre DJ equipment for the past two decades. Since the release in 1994 of the world's first flat-top CDJ player, the CDJ-500, Pioneer has truly been at the cutting edge of DJ equipment in the industry.



PIONEER CAR²

Pioneer Car Audio is a leading brand in the car audio industry, known for its innovative designs and high-performance products.

1. Shiro became the exclusive distributor of American Standard and Grohe in New Zealand and the Pacific Islands from 1 July 2023.
2. Shiro is the exclusive distributor of Pioneer in New Zealand.

CHAIR'S REPORT

Dear Shareholders,

It gives me great pleasure to write to you after completing my first full year as Chair. This Board's first full year together has been spent overseeing a significant change within the business, with the exit of the Australian Appliances business and sale of Omega for a profit and the additions of: American Standard and Grohe products to our New Zealand range as well as development, manufacture and sales of our new pizza oven now available for global distribution

FY23 PERFORMANCE

Shriro delivered revenue of \$152.4 million, which was down on the prior corresponding period (pcp) by 20.5% due primarily to the Australian Appliances exit that occurred in the 3rd quarter of the year. Post exit, restructuring was required to reset our cost base for future profitability with improved profit margins.

EBITDA of \$17.6 million was a good result, as it included the cost of the restructure, subdued economic conditions and reducing tailwinds from COVID-19 that saw a decrease in discretionary spend and hence decreased demand for our products as compared to FY22. NPAT was \$8.0 million and earning per share was 8.4 cents per share.

Gross margin increased to 41.8% (pcp: 40.3%), as containers costs alleviated and the mix of products moved away from Appliances, which had a lower gross margin as compared to the remaining product categories.

Operating cashflows were \$19.0 million or 236% of NPAT, which combined with the cash received as a result of the Australian Appliances exit and Omega sale, leaves a cash position of \$32.8 million as at 30 June 2023. Although it is part of the Board's strategy to acquire more distribution assets, there are currently no opportunities confirmed. Given the Company has no short-term requirement for the cash, with all necessary approvals, the Board will return excess cash to shareholders via a capital return equivalent to 18.5 cents per share.

The Directors declared a final dividend of 6.5 cents per share fully franked which brought the full year dividend declared to 10 cents per share fully franked, in line with the prior corresponding period.

I would like to thank the fellow NEDs of the Board, Brian Bunker and John Murphy, assisted by Company Secretaries Hasaka Martin, Shane Booth and Kerry Smith, for their considerable contribution and guidance throughout the year.

Thank you to Tim Hargreaves, Shane Booth, and their staff for their tireless efforts throughout a challenging yet rewarding year. To those staff who left with the exit of the Australian Appliances business and sale of Omega, thank you for your service and best wishes in your future endeavours.

Even in these challenging economic times, through careful management, diversification of products and regular review of our products contributions, the Company remains well positioned for the future.



Abigail Cheadle
Chair

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“Even in these challenging economic times, through careful management, diversification of products and regular review of our products’ contributions, the Company remains well positioned for the future.”

Abigail Cheadle
Chair



MANAGING DIRECTOR'S REPORT



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"Shriro anticipates that calculators and watches, which represent a major part of our business, will be resilient to any downturn in consumer discretionary spending."

Tim Hargreaves
Chief Executive Officer

Dear Shareholders,

FY23 has been a year of transition, with the exit of the Australian Appliances business, sale of the Omega brand and subsequent restructure. The Australian appliances industry was becoming increasingly competitive, with global manufacturers increasing their presence in Australia making this industry increasingly difficult for wholesalers. Thank you to the staff who were involved in this business, for their amazing contribution over many years.

Shriro's exit of the Australian Appliances business and sale of the Omega brand has resulted in a significant inflow of cash leaving a cash balance at 30 June 2023 of \$32.8 million. As there are no acquisitions imminent, the Board with all necessary approvals will return capital of 18.5 cents per share to the shareholders. The Board does not have an acquisition ready, nor other immediate requirements for the cash, as a result, there will be a fully franked final FY23 dividend of 6.5 cents. This will make the total FY23 fully franked dividends equate to 10 cents per share. This level of fully franked dividend has been achieved for the last three financial years.

GROWTH POTENTIAL

The Casio business continues to be a strong contributor to the Australia and New Zealand operations. Shriro has a dominate market share in the school calculator market and growth is expected in Timepiece due to the 40th anniversary of G-Shock, which includes a new range of watches and associated promotions. The reopening of our Auckland airport store and displays in Australia have increased airport floorspace, which will also have a positive impact on Timepiece revenue. Sales of Casio digital pianos and keyboards and Pioneer DJ equipment in New Zealand have been subdued after record musical instruments sales during the COVID-19 lockdowns.

Shriro's New Zealand operations have worked hard in the second half of FY23 to establish the infrastructure required for growth expected from its new distribution of the American Standard and Grohe brands. During the first year of distribution commencing 1 July 2023, the team will be focussed on understanding the products best suited to the New Zealand market and selecting the retailers most suited to the brands. Shriro appreciates the potential of these brands due to their global success and looks forward to continued year on year growth with American Standard and Grohe.

International revenues are anticipated to continue to grow during FY24 predominately due to the new pizza oven product range, however, challenges remain with the downturn in the overall global market demand for BBQ's. Our primary focus for FY24 is to ensure the sell through of BBQs in the local and international retail channels in conjunction with lowering our own inventory levels.

Management is still focused on growing inorganically through new distribution agencies and developing product for sale in new regions and also through strategic acquisitions. Shriro is actively exploring potential acquisition targets and has hired our own a mergers and acquisitions manager to do so. Shriro intends to appoint a strategic advisor to complement our resource and assist in accelerating this process.

OPERATIONS

As a result of the exit of the Australian Appliances business and sale of the Omega brand, Shriro has focused on reducing its warehouse footprint by exiting its warehouse leases early in Hazelmere, Western Australia and Dandenong, Victoria. Almost half of the Chullora warehouse is to be sublet. Shriro will move to a third-party logistics warehousing model in the areas outside of New South Wales in Australia and Auckland in New Zealand.

Shriro made over 50 roles redundant following the Australian appliances exit and sale of the Omega brand. To retain talent and maximise efficiencies, roles have been merged and staff redeployed to other roles or on new products.

OUTLOOK

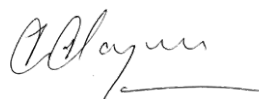
Following the restructure and capital return, Shriro has no debt and anticipates its FY24 EBITDA to be in the range of \$15M-\$17M. The following are expected to occur in FY24:

- Shriro started selling the American Standard and Grohe brands in the New Zealand market from 1 July 2023. Shriro will invest in promoting these world-class brands and expects this to increasingly contribute to profit each year as the business gains traction;
- Shriro anticipates calculators and watches, which represent a major part of our business will be resilient to any downturn in consumer discretionary spending;

- Shriro continues evaluating potential acquisitions of strategically aligned businesses to further enhance its sales channels and diversify its products. As there are no imminent opportunities for acquisition, excess cash will be distributed to shareholders with their approval;
- As a result of the exit of Australian Appliances business and sale of Omega brand, Shriro has significantly restructured its overheads. In the second half of FY24, Shriro plans to sublet up to half of its Chullora facilities, which will reduce costs by a further \$1.1 million annually for each subsequent year;
- Shriro will begin implementation of a new ERP system in FY24, this is expected to cost approximately \$1.6 million in FY24. These costs are included in the above anticipated EBITDA range, with the remainder of the implementation costs falling into FY25;
- In FY24 management is focusing on BBQ sales through Shriro's customers and discounting to clear any overstocked inventory. Most of these costs have been taken-up in FY23;
- G-Shock 40th anniversary promotion and the new range of watches began in May 2023 and are selling well; this is expected to be a positive boost for watch sales in the first half leading up to Christmas; and
- Shriro will focus more resources on increasing its portfolio of brands to distribute in Australia and New Zealand, while continuing its considered approach to acquisitions, to ensure any business or brand acquired will grow our EBITDA and further diversify our portfolio of brands.

Thank you to our Board for their collaborative approach and input. The Chair, Abigail Cheadle, has made a significant, positive contribution to Shriro during her first full year in the role. The Board has a strong focus on shareholder outcomes, which will be helpful in the Company achieving success in the future.

Finally, thank you to the staff for their hard work during a difficult year, particularly the staff who have left Shriro, as their hard work, over many years, has been the reason for Shriro's continued success and resilience. I wish you all the best in your new roles.

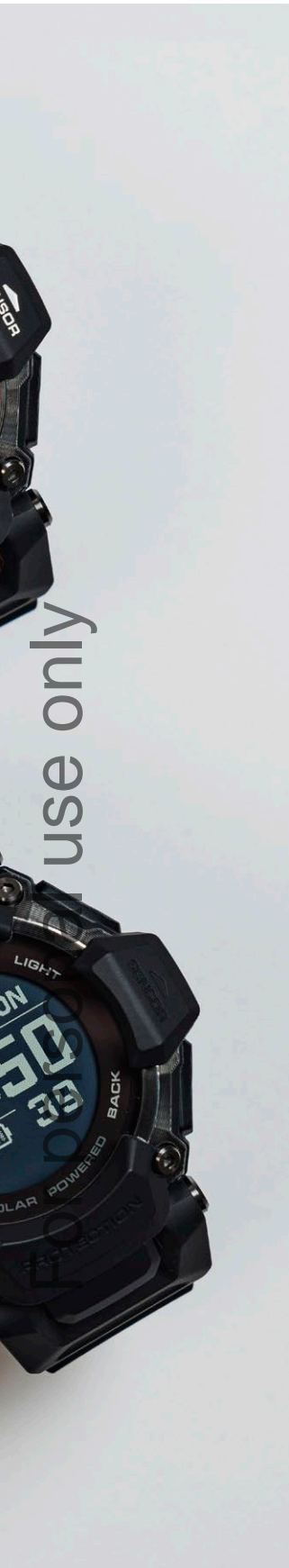


Tim Hargreaves
Chief Executive Officer

SHRIRO HAS A DIVERSE RANGE OF RETAIL CUSTOMERS IN AUSTRALIA AND NEW ZEALAND



BUSINESS REVIEW



AUSTRALIA

- 12-month EBITDA was \$13.7 million
– down 33.9% pcp
- Casio division gross margin dollars increased 4% pcp
- Seasonal sales were down 28%, as outdoor consumer products sales were subdued globally
- Appliances exit finalised during the last quarter of FY23, with just the partial subletting of the New South Wales premises remaining



NEW ZEALAND

- 12-month EBITDA was \$5.4 million
– down 6.1% pcp
- Infrastructure now in place for distribution of new American Standard and Grohe brands
- Casio division gross margin dollars increased 3% pcp
- New Zealand recession has negatively impacted other brand categories revenue: Pioneer (down 28% pcp), Housewares (down 10% pcp) and Kitchen Appliances (down 17% pcp)



REST OF WORLD

- 12-month EBITDA loss was \$1.5 million
– improving 24% pcp
- Sales grew 3.5% pcp, driven mainly by the new pizza oven range
- European market is slow for outdoor consumables, financial assistance was required to reduce stock levels in the market, accounted for in FY23 results
- USA sales were in line with the prior year. Growth is expected in FY24 with the release of the pizza oven in the USA.



BOARD OF DIRECTORS



ABIGAIL CHEADLE
Chair



TIM HARGREAVES
Chief Executive Officer



JOHN MURPHY
Non-Executive Director



BRIAN BUNKER
Non-Executive Director

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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 year 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 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 ('Shriro' or 'the Company') and its subsidiaries (collectively 'the Group') for the year ended 30 June 2023.

DIRECTORS

Directors of Shriro Holdings Limited during the year ended 30 June 2023 were:

Abigail Cheadle – Independent Chair

Brian Bunker – Non-independent Director

John Murphy – Non-independent Director

Tim Hargreaves – Managing Director

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.

Kerry Smith was appointed as joint Company Secretary on 15 December 2022. Ms Smith is a New South Wales solicitor and has predominantly spent her professional legal career working in-house. Ms Smith holds a Bachelor of Laws (LLB), a Graduate Diploma of Legal Practice and is working toward a Graduate Diploma of Applied Corporate Governance and Risk Management.

Masaka Martin held the position of Company Secretary from 4 May 2022 to 16 January 2023.

PRINCIPAL ACTIVITIES

The Group is a leading consumer products marketing and distribution business operating in Australia and New Zealand. The Group is also expanding internationally with barbeques, pizza ovens, and cooling products.

The Group markets and distributes an extensive range of company-owned brands (including Everdure and Everdure by Heston Blumenthal, Robinhood and Omega Altise) and third party owned brands (including Casio and Pioneer). The Group also continued to sell the Omega brand in Australia and the Blanco brand in New Zealand until 31 March 2023.

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 equipment, hi-fi speakers, barbeques, pizza ovens, heaters and cooling products.

REVIEW OF OPERATIONS

| Results summary | 12 months to 30 June 2023 \$million | 12 months to 30 June 2022 \$million | Change % |
|-------------------------------|---|---|----------------|
| Revenue | 152.4 | 191.8 | (20.5%) |
| Gross margin | 41.8% | 40.3% | 3.7% |
| Operating expenses | 46.1 | 52.6 | (12.4%) |
| EBITDA | 17.6 | 24.6 | (28.5%) |
| Depreciation and amortisation | 5.2 | 5.3 | (1.9%) |
| Interest | 0.4 | 0.7 | (42.9%) |
| Profit before tax | 12.0 | 18.6 | (35.5%) |
| Profit after tax | 8.0 | 13.5 | (40.7%) |

Shriro's revenue was \$152.4 million, which was down 20.5% on the previous corresponding period ('pcp') due to the exit of the Australian Appliances business. Revenue from continuing operations was \$125.5 million, which was 8.5% down pcp, as the prior year had strong consumer demand for household items during the Covid-19 lockdown period. The impact of increasing interest rates also negatively impacted consumer demand in FY23, but particularly subdued global sales for outdoor home products such as BBQs.

Shriro completed its exit of its discontinued Australian Appliances operations in the second half of FY23, with its largest Appliances brand Omega being sold effective 31 March 2023. The result including the impact of the discontinued operations was earnings before interest, tax and depreciation ('EBITDA') of \$17.6 million, down 28.5% pcp. NPAT was \$8.0 million (FY22: \$13.5 million).

Casio performed in line with expectations, with the revenue of its main two categories calculators and timepiece growing between 2% and 3%. These categories are consistent performers, particularly calculators which have been resilient to previous market downturns. Casio keyboards has been a challenging category, as abnormally high revenue during Covid-19 lockdowns in the prior period have caused a hangover effect on FY23 demand.

Shriro's international expansion of its Everdure by Heston Blumenthal products, with the assistance of the new pizza oven to the product portfolio has continued to grow, with sales increasing by 3.5% on the prior year. Most of this growth occurred in the second half of FY23 due to the release of the new pizza oven. The supply chain operated as expected in FY23 with negligible production delays and shipping capacity constraints compared to the prior year, however, the global retail market for BBQs was poor in FY23. Shriro has recognised costs in FY23 associated with assisting our customers' sell through of BBQ stock in FY24, to ensure our BBQ resellers and associated retailers have appropriate levels of BBQ stock leading in FY25 and beyond.

Operating expenses reduced to \$46.1 million, down on the prior year by 12.4%. Shriro focused on reducing expenses following the Blanco exit and further following the Australian Appliances exit. The restructure costs were recognised in FY23 which included redundancies, stock clearance, the exit of the Victoria and Western Australia warehouses, and the write-off of associated plant and equipment. There remains the transition to a reduced footprint warehouse at the Chullora site. Part of the area is intended to be sublet. Shriro does not expect this to have a material impact on the FY24 results, as the current rent is below market rates.

Statement of financial position and statement of cashflows

Operating cash flows for the year were \$19.0 million (236% of net profit after tax). Shriro's balance sheet has net cash of \$32.8 million (2022: \$12.9 million) and the balance sheet has strengthened further with \$68.2 million of net assets (2022: \$67.1 million) and tangible assets backing of 67.0 cents per share (2022: 64.6 cents).

Employees

During this financial year, the number of employees ranged between 184 and 228 and was 186 at year end (2022 ranged between 224 and 246; 30 June 2022: 224).

Earnings per share

The basic and diluted earnings per share is calculated using the weighted average number of shares. As at 30 June 2023 the Group had basic earnings per share of 8.4 cents (30 June 2022: 14.2 cents) and diluted earnings per share of 8.3 cents (30 June 2022: 14.0 cents).

DIVIDENDS AND CAPITAL RETURN

The Directors declared a dividend relating to the year ended 30 June 2023 of 6.5 cents per share fully franked with an ex-dividend date of 7 September 2023 and record date of 8 September 2023. The dividend will be paid on 28 September 2023.

On 23 February 2023, the Directors declared an interim dividend of 3.5 cents per share fully franked with an ex-dividend date of 15 March 2023 and record date of 16 March 2023, which was paid on 6 April 2023.

As a result of the Australian Appliances exit, there was a release of cash from the debtors and inventory of \$10 million, plus the proceeds from exiting the Blanco distribution of \$5 million and sale of the Omega brand for \$11 million, totalling \$26 million. Subject to all necessary approvals, Shriro will return capital of 18.5 cents per share in addition to the usual dividend. Together with the dividend declared, the cash return to shareholders is expected to be 25.0 cents per share.

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 | 16 | 16 | 4 | 4 | 7 | 7 |
| Tim Hargreaves | 16 | 16 | – | – | – | – |
| Brian Bunker | 16 | 16 | 4 | 4 | 7 | 7 |
| John Murphy | 16 | 15 | 4 | 4 | 7 | 7 |

The above table reflects attendance of a Director only where he or she is a member of the relevant Committee. The Chief Executive Officer also attends the Committee meetings in an ex officio capacity.

BUSINESS STRATEGY AND RISK

Strategies

Shriro will continue to place a high priority on organic and inorganic growth opportunities, reviewing capital allocation and identifying any potential opportunities for rationalisation and savings to maximise shareholder returns.

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 delisting 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; and
 - cyber incidents.

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 |
|---|--|
| <p>Abigail Cheadle Chair Appointed 9 June 2020 Chair since 18 March 2022</p> | <p>Background and experience: Abigail is a Chartered Accountant with over 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\$29 million to US\$400 million), forensic accounting, data analytics, and risk management consulting.</p> <p>Other roles: Abigail is currently a Non-Executive Director ('NED') and Audit and Risk Committee Chair of LGI Limited (ASX:LGI) and a NED and Remuneration & Nominations Chair of Booktopia Group Ltd (ASX:BKG). Previously she was on the Board of the following ASX listed companies: Novatti Group (ASX:NOV), 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 |
| <p>Brian Bunker Non-Executive Director Appointed 19 April 2022</p> | <p>Background and experience: 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: Brian is an Independent Director of D2A Holdings HK Ltd (the largest shareholder of Shriro Holdings Limited), and a Non-Executive Director of Gelec (HK) Limited and 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 |

Director**Qualifications, Experience and Special Responsibilities****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 Shriro 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 Shriro as General Manager Casio in June 2001. He was appointed Chief Executive Officer of Shriro Holdings Limited on 1 January 2018.

Independence status:

- Non-independent

AUDITED REMUNERATION REPORT

AUDITED REMUNERATION REPORT

The Directors of Shriro present the Remuneration Report, for the Company and its controlled entities for the year ended 30 June 2023. 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 | | |
| Abigail Cheadle | Non-Executive Director and Chair | Full year |
| Brian Bunker | Non-Executive Director | Full year |
| John Murphy | Non-Executive Director | Full year |
| Executive KMPs | | |
| Tim Hargreaves | Managing Director and Chief Executive Officer | Full year |
| Shane Booth | Chief Financial Officer and joint Company Secretary | Full year |

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.

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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.

Shriro did not receive any 'remuneration recommendations' as defined under the *Corporations Act 2001* (Cth) in the year to 30 June 2023.

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 Shriro'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.

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 2023:

| Year ended | 31 Dec 2019 \$'000 | 31 Dec 2020 \$'000 | 6 months to 30 Jun 2021 ¹ \$'000 | 30 Jun 2022 \$'000 | 30 Jun 2023 \$'000 |
|---|-----------------------|-----------------------|---|-----------------------|-----------------------|
| Revenue | 172.1 | 191.3 | 94.3 | 191.8 | 152.4 |
| EBITDA | 18.0 | 32.3 | 12.3 | 24.6 | 17.6 |
| Net profit before tax | 9.4 | 25.2 | 9.7 | 18.6 | 12.0 |
| Net profit after tax | 6.5 | 18.2 | 6.8 | 13.5 | 8.0 |
| | 31 Dec 2019 | 31 Dec 2020 | 30 Jun 2021 | 30 Jun 2022 | 30 Jun 2023 |
| Interim dividend ² (cents per share) | 4.0 | 3.0 | N/A | 6.0 | 3.5 |
| Final dividend ³ (cents per share) | 3.0 | 4.0 | 6.0 | 4.0 | 6.5 |
| Basic earnings per share | 6.8 | 19.1 | 7.1 | 14.2 | 8.4 |
| Diluted earnings per share | 6.7 | 18.9 | 7.0 | 14.0 | 8.3 |

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

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

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

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 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 KPIs 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 the Company determines Executive KMP remuneration policies and structures

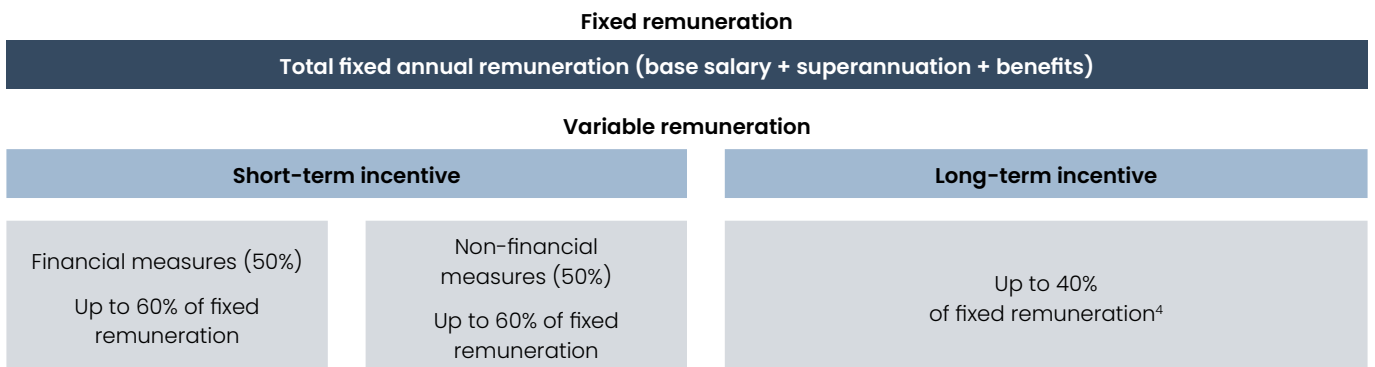
Executive KMP remuneration is based on the following principles:

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

2.2. Our Executive KMP remuneration policies and structures

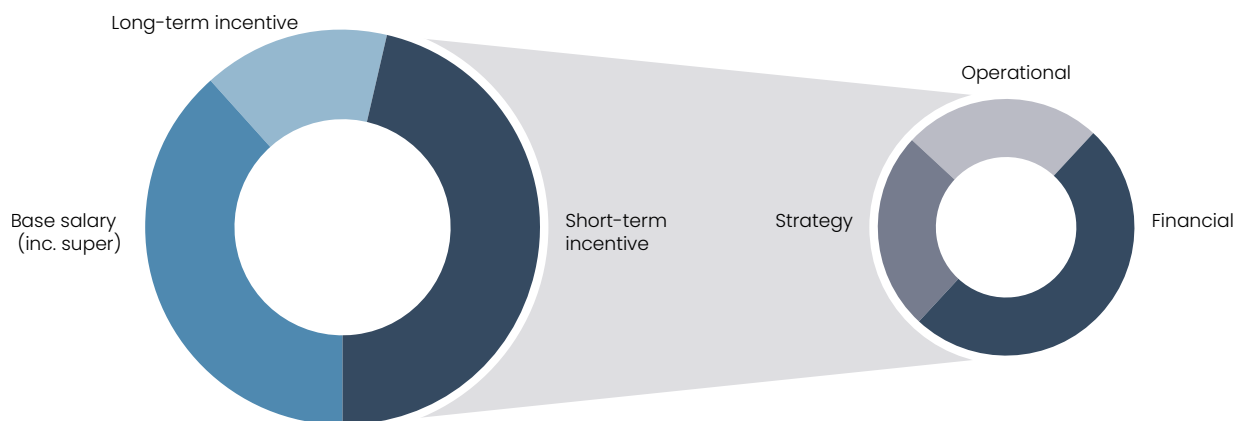
The Company rewards Executive KMPs with a level and mix of remuneration appropriate to their position, responsibilities, and performance, in a way that aligns with the business strategy. Executive KMPs receive fixed remuneration and variable remuneration consisting of long- and short-term incentive opportunities.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

The chart below outlines the structure of Executive KMP remuneration:



4. 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.

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 and golf membership. Total fixed remuneration is designed to reward for:

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

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 KMP 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.

| | 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 (\$374,400) for target performance or up to 120% of his total fixed base salary (\$748,800) for stretch performance | 40% of total fixed annual employment cost (\$162,240) for target performance or up to 80% of his total fixed base salary employment cost (\$324,480) for stretch performance |
| How is performance measured? | The STI is paid on a scale from target performance through to stretch performance and is divided between financial and non-financial measures. The portion related to non-financial measures is only paid if the financial KPI is met. | |
| | Profit after tax at least 95% of the STI target 10% fixed annual employment cost \$62,400 | Profit after tax at least 95% of the STI target 10% fixed annual employment cost \$40,560 |
| | Profit after tax between STI target and stretch target 30% – 60% fixed annual employment cost ⁵ \$187,200 – \$374,400 | Profit after tax between STI target and stretch target 20% – 40% fixed annual employment cost \$81,120 – \$162,240 |

5. Calculated on a straight-line basis.

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| | Chief executive officer | Chief financial officer |
|--------------------------------------|---|--|
| | <p>Satisfaction of the following non-financial KPIs:</p> <ul style="list-style-type: none"> • Company strategy • Operations | <p>Satisfaction of the following non-financial KPIs:</p> <ul style="list-style-type: none"> • Company strategy • Operations |
| | <p>30% – 60% fixed annual employment cost⁶</p> <p>\$187,200 – \$374,400</p> | <p>20% – 40% fixed annual employment cost</p> <p>\$81,120 – \$162,240</p> |
| 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 2023, 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 2023:

| Performance rights series | Grant date | Grant date fair value | Number granted | Term | Vesting test date |
|---------------------------|------------|-----------------------|----------------|---------|-------------------|
| 2022 tranche | 21/12/2021 | \$203,069 | 310,029 | 3 years | 30/06/2024 |
| 2023 tranche | 30/11/2022 | \$292,339 | 471,167 | 3 years | 30/06/2025 |

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 likely settle via the allocation of shares.</p> |
| How much can executives earn? | 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. |
| 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 2023 there are two tranches of LTIP Performance rights outstanding (2022 tranche and 2023 tranche), which each have different performance conditions.</p> <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> |

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

| How is performance measured? continued | <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 border="1"> <thead> <tr> <th>Target EPS over the three-year period</th> <th>% of Rights that vest</th> </tr> </thead> <tbody> <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> </tbody> </table> <p><i>rTSR</i></p> <p>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.</p> <table border="1"> <thead> <tr> <th>Target rTSR over the three-year period</th> <th>% of Rights that vest</th> </tr> </thead> <tbody> <tr> <td>Below 50th percentile</td> <td>Nil</td> </tr> <tr> <td>50th percentile threshold performance</td> <td>50%</td> </tr> <tr> <td>Between threshold and target performance (50th-75th percentile)</td> <td>50-100% on a straight-line pro-rated basis</td> </tr> <tr> <td>75th percentile (maximum performance)</td> <td>100%</td> </tr> </tbody> </table> <p>2023 tranche</p> <p>The vesting of Rights is subject to the achievement of a target of an average 10% earnings per share ('EPS') compound annual growth rate ('CAGR') measured 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 border="1"> <thead> <tr> <th>Target CAGR of the Group's EPS over the three-year period</th> <th>% of Rights that vest</th> </tr> </thead> <tbody> <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> </tbody> </table> | 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 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% | 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 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% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| What is the performance period? | <p>The performance period for LTIP awards is 3 years ('performance period').</p> <p>2021 tranche</p> <p>Management forfeited rights in 2021, to align the new rights issues with the new 30 June financial year end.</p> <p>2022 tranche</p> <p>The grants have a performance period commencing on 1 July 2021 and ending on 30 June 2024.</p> <p>2023 tranche</p> <p>The grants have a performance period commencing on 1 July 2022 and ending on 30 June 2025.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| When is performance measured? | <p>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.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | |
|--|---|
| 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? | <p>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.</p> <p>Where the participant ceases employment in any other circumstances, unless the Board determines otherwise:</p> <ul style="list-style-type: none"> 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. |

Shriro 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 | \$624,000 | \$405,600 |
| 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 Chair'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 Chair 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.

4. REMUNERATION OUTCOMES

4.1. Performance against STI measures

The Board has assessed Executive KMP performance for the year ended 30 June 2023 against financial and non-financial KPIs. Although the financial STI target was not met due to the one-off costs associated with the Australian Appliances exit, the Board approved a discretionary STI in recognition of cash generated during the year.

| KPI | % of STI | CEO | | % of STI | CFO | |
|----------------------|----------|-------------------|------------------|----------|-------------------|-----------------|
| Financial | 50% | KPI not met | – | 50% | KPI not met | – |
| Strategy | 25% | KPI not met | – | 25% | KPI not met | – |
| Operations | 25% | KPI partially met | \$130,499 | 25% | KPI partially met | \$56,549 |
| Total payable | | | \$130,499 | | | \$56,549 |

4.2 Performance against LTIP measures

The 2020 tranche vested during the year ended 30 June 2023. For full details regarding the terms of the 2020 tranche refer to the Remuneration Report in the 30 June 2022 Annual Report.

The performance hurdle for the 2020 tranche of a 10% EPS CAGR was met, with the actual CAGR being 21%. On vesting of the Performance Rights, the Executive KMPs exercised their rights and the CEO and CFO received 359,281 and 175,150 shares respectively in Shriro Holdings Limited.

4.3 New rights issue

During the year the CEO was issued 316,751 Performance Rights in respect of the period ended 30 June 2023 (2022: 208,423).

During the year the CFO was issued 154,416 Performance Rights in respect of the period ended 30 June 2023 (2022: 101,606).

Details of the terms of the 2023 Tranche of LTIP Performance Rights can be found in section 2.3.

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4.4 Key Management Personnel Statutory Remuneration

Details of each of the KMP's remuneration for the year ended 30 June 2023 (calculated in accordance with the applicable Accounting Standards) are set out below.

| 12 months to 30 June 2023 | Cash fees/ salary \$ | Cash bonus \$ | Short-term Benefits | | Post- employment Benefits | Long-term Benefits | | Total \$ | Percentage of remuneration related to performance % |
|------------------------------------|----------------------------|------------------|-------------------------------|--------------------------------|---------------------------------|---------------------------|-----------------------------|------------------|---|
| | | | Termination benefits \$ | Non-monetary benefits \$ | | Super- annuation \$ | Long service leave \$ | | |
| Non-Executive Directors | | | | | | | | | |
| Current directors | | | | | | | | | |
| Abigail Cheadle | 140,000 | - | - | - | - | - | - | 140,000 | - |
| Brian Bunker | 100,000 | - | - | - | - | - | - | 100,000 | - |
| John Murphy | 103,000 | - | - | - | - | - | - | 103,000 | - |
| Total | 343,000 | - | - | - | - | - | - | 343,000 | - |
| Executive Officers | | | | | | | | | |
| Tim Hargreaves | 577,618 | 130,499 | - | 29,535 ⁸ | 27,500 | 19,736 | 82,370 | 867,258 | 24.5% |
| Shane Booth | 355,745 | 56,549 | - | 13,846 ⁹ | 25,292 | 12,175 | 40,156 | 503,763 | 19.2% |
| Total | 933,363 | 187,048 | - | 43,381 | 52,792 | 31,911 | 122,526 | 1,371,021 | 22.6% |

Shiro 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.

7. Performance rights are recognised in accordance with AASB 2 Share Based Payments and vest subject to the satisfaction of performance conditions.

8. Other benefits relate to benefits such as a golf membership and car parking that do not form part of the CEO's salary.

9. Other benefits include car parking provided that does not form part of the CFO's salary.

| 12 months to 30 June 2022 | Cash fees/ salary \$ | Cash bonus \$ | Short-term Benefits | | | Post-employment Benefits | | | Long-term Benefits | Total \$ | Percentage of remuneration related to performance % |
|--------------------------------|----------------------------|------------------|-------------------------------|--------------------------------|---------------------------|-----------------------------|----------------------------------|------------------|--------------------|-------------|---|
| | | | Termination benefits \$ | Non-monetary benefits \$ | Super- annuation \$ | Long service leave \$ | Share rights ¹⁰ \$ | | | | |
| Non-Executive Directors | | | | | | | | | | | |
| Current directors | | | | | | | | | | | |
| Abigail Cheadle | 114,040 | - | - | - | - | - | - | - | 114,040 | - | |
| Brian Bunker ¹¹ | 20,806 | - | - | - | - | - | - | - | 20,806 | - | |
| John Murphy ¹² | 10,941 | - | - | - | - | - | - | - | 10,941 | - | |
| Former directors | | | | | | | | | | | |
| Stephen Heath ¹³ | 47,197 | - | - | - | - | - | - | - | 47,197 | - | |
| Cornelia Meyer ¹⁴ | 84,079 | - | - | - | - | - | - | - | 84,079 | - | |
| Cheryl Hayman ¹⁵ | 68,493 | - | - | - | 6,849 | - | - | - | 75,342 | - | |
| Kim Slater ¹⁶ | 64,894 | - | - | - | - | - | - | - | 64,894 | - | |
| Total | 410,450 | - | - | - | 6,849 | - | - | - | 417,299 | - | |
| Executive Officers | | | | | | | | | | | |
| Tim Hargreaves | 610,770 | 391,496 | - | 42,453 ¹⁷ | 25,000 | 22,732 | 45,034 | 1,137,485 | 38.4% | | |
| Shane Booth | 399,215 | 169,648 | - | 13,277 ¹⁸ | 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% | | |

10. Performance rights are recognised in accordance with AASB 2 Share Based Payments and vest subject to the satisfaction of performance conditions.

11. Appointed 19 April 2022

12. Appointed 23 May 2022

13. Resigned 2 November 2021

14. Appointed 13 September 2021; resigned 19 April 2022

15. Resigned 23 March 2022

16. Appointed 1 October 2021; resigned 23 May 2022

17. 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.

18. Other benefits include car parking benefits provided that does not form part of the CFO's salary.

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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 ¹⁹ \$ |
|---------------------------------|----------------|--------------------------|------------|------------------------------------|-------------------------------|-------------------------------|---|-----------------------------|--|
| Tim Hargreaves | 2020 | 359,281 | 01/01/2020 | 31/12/2022 | 100% | 0% | 2023 | 161,175 | 276,646 |
| Shane Booth | 2020 | 175,150 | 01/01/2020 | 31/12/2022 | 100% | 0% | 2023 | 78,573 | 134,866 |
| Total vested rights | | 534,431 | | | | | | 239,748 | 411,512 |
| 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 |
| Tim Hargreaves | 2023 | 316,751 | 01/07/2022 | 30/06/2025 | 0% | 0% | 2026 | 196,530 | N/A |
| Shane Booth | 2023 | 154,416 | 01/07/2022 | 30/06/2025 | 0% | 0% | 2026 | 95,809 | N/A |
| Total outstanding rights | | 781,196 | | | | | | 495,408 | |

There were no rights granted in 2021 as the KMP forfeit 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 2022 | Number of Rights granted as remuneration | Number of rights exercised | Number of rights lapsed | Balance at 30 June 2023 | Rights vested but not exercised |
|----------------|------------------------|--|----------------------------|-------------------------|-------------------------|---------------------------------|
| Tim Hargreaves | 567,704 | 316,751 | (359,281) | - | 525,174 | - |
| Shane Booth | 276,756 | 154,416 | (175,150) | - | 256,022 | - |
| Total | 844,460 | 471,167 | (534,431) | - | 781,196 | - |

¹⁹ Mr Hargreaves and Mr Booth exercised their rights on 24 February 2023 with the value of the rights being the closing Company share price on that day of \$0.77.

Shareholding of KMPs

Fully paid ordinary shares held in Shriro Holdings Limited:

| KMP | Balance at 1 July 2022 | Number of shares received on exercise of rights | Number of shares purchased | Number of shares sold | Other movements | Balance at 30 June 2023 |
|--------------------------------|---------------------------|--|----------------------------------|--------------------------|--------------------|----------------------------|
| Non-executive directors | | | | | | |
| Abigail Cheadle | – | – | – | – | – | – |
| Brian Bunker ¹ | 18,915,987 | – | – | – | – | 18,915,987 |
| John Murphy ² | 4,960,195 | – | – | – | – | 4,960,195 |
| Executive KMPs | | | | | | |
| Tim Hargreaves | 278,312 | 359,281 | – | – | – | 637,593 |
| Shane Booth | 2,505,547 | 175,150 | – | – | – | 2,680,697 |
| Total | 26,660,031 | 534,431 | – | – | – | 27,194,462 |

1. Mr Bunker is a director of a registered shareholder, D2A Holdings HK Ltd.

2. Mr Murphy is a director of a registered shareholder, Ariadne Australia Limited.

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

Subject to all necessary approvals, the Group will return capital of 18.5 cents per share to its shareholders.

Other than the matters disclosed in Note 4.3 of the Financial Report, there has been no other matter or circumstance occurring subsequent to the end of the financial year 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.

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 this report.

ROUNDING OFF OF AMOUNTS

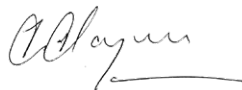
The Company has applied the relief available under ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191. Accordingly, amounts in the Directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

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
Chair

24 August 2023



Tim Hargreaves
Chief Executive Officer and Managing Director

24 August 2023

AUDITOR'S INDEPENDENCE DECLARATION



SHRIRO HOLDINGS LIMITED
ABN 29 605 279 329
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF 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. As the lead audit partner for the audit of the financial report of Shriro Holdings Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 24 August 2023

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| ADELAIDE | BRISBANE | DARWIN | MELBOURNE | PERTH | SYDNEY | PrimeGlobal |
|---|--|--|--|--|--|--|
| Suite 201 Level 2 147 Pirie Street Adelaide SA 5000 | Level 4 240 Queen Street Brisbane QLD 4000 | Paspalis Business Centre Level 1 Suite 11 48-50 Smith Street Darwin NT 0800 | Level 14 440 Collins Street Melbourne VIC 3000 | Allendale Square Level 11 77 St Georges Terrace Perth WA 6000 | Level 40 2 Park Street Sydney NSW 2000 | <small>As a member of Independent Accounting, Tax, & Business Advisory Services Liability limited by a scheme approved under Professional Standards Legislation Hall Chadwick (NSW) Pty Ltd ABN 32 103 221 302</small> |
| T: +61 8 8545 8422 | T: +61 7 21 11 7000 | T: +61 8 8943 0645 | T: +61 3 9820 6400 | T: +61 8 8943 0645 | T: +61 2 9263 2600 | |

hallchadwick.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 30 June 2023

| | Note | 12 months to 30 June 2023 \$'000 | 12 months to 30 June 2022 \$'000 |
|---|------|--|--|
| Revenue from ordinary activities | 1.1 | 125,506 | 137,154 |
| Raw materials and consumables used | | (72,166) | (77,741) |
| Employee benefits expense | 1.2 | (20,173) | (22,617) |
| Advertising and promotion expenses | | (3,683) | (5,007) |
| Freight and delivery expenses | | (4,986) | (6,257) |
| Depreciation and amortisation expenses | 1.2 | (4,189) | (3,928) |
| Occupancy and storage costs | | (1,428) | (1,518) |
| Foreign exchange gain/(loss) | | 315 | 404 |
| Other expenses | | (5,194) | (4,889) |
| Other income | 1.2 | 916 | 2,292 |
| Finance costs | 1.2 | (361) | (418) |
| Profit before tax from continuing operations | | 14,557 | 17,475 |
| Income tax expense | 1.6 | (4,740) | (4,776) |
| Profit after tax from continuing operations | | 9,817 | 12,699 |
| Profit/(loss) after tax from discontinued operations | 1.7 | (1,770) | 798 |
| Profit for the year | | 8,047 | 13,497 |
| Earnings per share from continuing and discontinued operations | | | |
| Basic (cents per share) | 4.2 | 8.4 | 14.2 |
| Diluted (cents per share) | 4.2 | 8.3 | 14.0 |
| Earnings per share from continuing operations | | | |
| Basic (cents per share) | 4.2 | 10.2 | 13.4 |
| Diluted (cents per share) | 4.2 | 10.1 | 13.2 |
| Earnings per share from discontinued operations | | | |
| Basic (cents per share) | 4.2 | (1.8) | 0.8 |
| Diluted (cents per share) | 4.2 | (1.8) | 0.8 |

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

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2023

| | 12 months to 30 June 2023 \$'000 | 12 months to 30 June 2022 \$'000 |
|--|--|--|
| Profit for the year | 8,047 | 13,497 |
| <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 | (195) | (86) |
| Exchange differences on translation of foreign operations | 241 | (691) |
| Other comprehensive income/(loss) for the year, net of tax | 46 | (777) |
| Total comprehensive income for the year attributable to the owners of Shriro Holdings Limited | 8,093 | 12,720 |

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2023

| | Note | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
|--------------------------------------|------|------------------------|------------------------|
| Current assets | | | |
| Cash and cash equivalents | 1.5 | 32,777 | 12,869 |
| Trade and other receivables | 2.1 | 15,888 | 33,667 |
| Inventories | 2.2 | 27,057 | 41,216 |
| Other assets | 2.3 | 1,433 | 1,156 |
| Current tax receivable | | 1,516 | 156 |
| Derivative receivable | | 164 | 692 |
| Total current assets | | 78,835 | 89,756 |
| Non-current assets | | | |
| Right of use assets | 3.2 | 11,381 | 5,575 |
| Plant and equipment | 3.1 | 3,672 | 4,999 |
| Deferred tax assets | 1.6 | 3,982 | 5,597 |
| Total non-current assets | | 19,035 | 16,171 |
| Total assets | | 97,870 | 105,927 |
| Current liabilities | | | |
| Trade and other payables | 2.4 | 10,421 | 22,523 |
| Lease liability | 3.2 | 2,761 | 3,313 |
| Current tax liabilities | | 79 | 371 |
| Provisions | 2.5 | 5,230 | 5,613 |
| Derivative payable | | 801 | 1,042 |
| Total current liabilities | | 19,292 | 32,862 |
| Non-current liabilities | | | |
| Lease liability | 3.2 | 9,516 | 4,221 |
| Provisions | 2.5 | 863 | 1,710 |
| Total non-current liabilities | | 10,379 | 5,931 |
| Total liabilities | | 29,671 | 38,793 |
| Net assets | | 68,199 | 67,134 |
| Equity | | | |
| Issued capital | 4.1 | 95,789 | 95,178 |
| Retained earnings | 4.4 | 50,023 | 50,730 |
| Reserves | 4.5 | (77,613) | (78,774) |
| Total equity | | 68,199 | 67,134 |

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 2023

| | 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 July 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 (net of tax) | 561 | - | - | - | (887) | - | (326) |
| Balance at 30 June 2022 | 95,178 | (78,585) | (234) | 1,007 | (962) | 50,730 | 67,134 |
| Profit for the year | - | - | - | - | - | 8,047 | 8,047 |
| Other comprehensive income for the year | - | - | (195) | 241 | - | - | 46 |
| Total comprehensive income/(loss) | - | - | (195) | 241 | - | 8,047 | 8,093 |
| Dividends paid | - | - | - | - | - | (7,199) | (7,199) |
| Transfer from reserve to retained earnings | - | - | - | - | 1,555 | (1,555) | - |
| Share-based payments reserve (net of tax) | 611 | - | - | - | (440) | - | 171 |
| Balance at 30 June 2023 | 95,789 | (78,585) | (429) | 1,248 | 153 | 50,023 | 68,199 |

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 2023

| | Note | 12 months to 30 June 2023 \$'000 | 12 months to 30 June 2022 \$'000 |
|---|-------|--|--|
| Cash flows from operating activities | | | |
| Receipts from customers | | 173,686 | 204,916 |
| Receipts from other income | | – | 14 |
| Payments to suppliers and employees | | (150,172) | (194,128) |
| Government subsidies received | | – | 1,145 |
| Finance costs paid | | (496) | (653) |
| Income taxes paid | | (4,017) | (3,726) |
| Net cash provided by operating activities | 1.5.2 | 19,001 | 7,568 |
| Cash flows from investing activities | | | |
| Proceeds from sale of plant and equipment | | 395 | 127 |
| Payment for plant and equipment | | (1,760) | (1,911) |
| Proceeds from sale of Omega brand | | 10,812 | – |
| Proceeds from termination of Blanco distribution agreement | | 1,841 | 4,086 |
| Net cash provided in investing activities | | 11,288 | 2,302 |
| Cash flows from financing activities | | | |
| Payments for the principal portion of lease liabilities | | (3,715) | (3,459) |
| Issue of capital | | 611 | 561 |
| Payment of dividends | | (7,199) | (11,443) |
| Net cash used in financing activities | | (10,303) | (14,341) |
| Net increase/(decrease) in cash and cash equivalents | | 19,986 | (4,471) |
| Cash and cash equivalents at the beginning of the financial year | | | |
| Effects of exchange rate changes on cash | | (78) | 27 |
| Cash and cash equivalents at the end of the financial year | 1.5.1 | 32,777 | 12,869 |

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

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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 24 August 2023 in accordance with a resolution of the directors. Shriro 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 the Group are to market and distribute 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

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 2023. 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 2023 \$'000 | 12 months to 30 June 2022 \$'000 |
|-----------------------------|--|--|
| Continued operations | | |
| Sales of goods | 125,506 | 137,154 |
| | 125,506 | 137,154 |

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.

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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 year

| | 12 months to 30 June 2023 \$'000 | 12 months to 30 June 2022 \$'000 |
|--|--|--|
| Profit before tax from continuing operations has been arrived at after charging the following expenses and receiving the following income: | | |
| Depreciation of plant and equipment | 1,627 | 1,610 |
| Depreciation of right of use assets | 2,562 | 2,318 |
| Employee benefits expense: | | |
| LTIP share based payments | 171 | 94 |
| Termination benefits expense/(accrual reversal) | – | (131) |
| Other employee benefits | 20,002 | 22,654 |
| Impairment/(write-back) of trade receivables | (561) | 458 |
| Finance costs | | |
| Interest expenses | 17 | 79 |
| Bank charges | 75 | 193 |
| Interest expense/(income) on lease liabilities | 212 | 139 |
| Unwinding of make-good provision discount rate | 57 | 7 |
| Other income | | |
| Gain on sale of plant and equipment | (39) | (66) |
| Government grants ¹ | – | (905) |
| Insurance proceeds ² | (12) | (677) |

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.

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.

1.3 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 net 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**

Cooling products, barbeques, pizza ovens and accessories

No single customer represents greater than 10% of the Group's revenue (2022: 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.

| 12 months to 30 June 2023 | Australia \$'000 | New Zealand \$'000 | Rest of the world \$'000 | Total \$'000 | Less: discontinued operations \$'000 | Continuing operations \$'000 |
|--|---------------------|-----------------------|--------------------------------|-----------------|---|------------------------------------|
| Revenue from ordinary activities | 94,911 | 43,152 | 14,385 | 152,448 | 26,942 | 125,506 |
| Earnings before interest, tax, depreciation and amortisation | 13,713 | 5,452 | (1,495) | 17,670 | (1,362) | 19,032 |
| Depreciation and amortisation expense | (3,979) | (1,156) | (86) | (5,221) | (1,032) | (4,189) |
| Profit before interest and income tax | 9,734 | 4,296 | (1,581) | 12,449 | (2,394) | 14,843 |
| Interest expense | | | | (421) | (135) | (286) |
| Profit before income tax | | | | 12,028 | (2,529) | 14,557 |
| Income tax expense | | | | (3,981) | 759 | (4,740) |
| Net profit after income tax | | | | 8,047 | (1,770) | 9,817 |
| Segment assets | 68,334 | 25,966 | 3,570 | 97,870 | | |
| Segment liabilities | 22,510 | 6,525 | 637 | 29,672 | | |

| 12 months to 30 June 2022 | Australia \$'000 | New Zealand \$'000 | Rest of the world \$'000 | Total \$'000 | Less: discontinued operations \$'000 | Continuing operations \$'000 |
|--|---------------------|-----------------------|--------------------------------|-----------------|---|------------------------------------|
| Revenue from ordinary activities | 129,067 | 48,828 | 13,897 | 191,792 | 54,638 | 137,154 |
| Earnings before interest, tax, depreciation and amortisation | 20,749 | 5,808 | (1,968) | 24,589 | 2,768 | 21,821 |
| Depreciation and amortisation expense | (4,169) | (1,101) | (45) | (5,315) | (1,387) | (3,928) |
| Profit before interest and income tax | 16,580 | 4,707 | (2,013) | 19,274 | 1,381 | 17,893 |
| Interest expense | | | | (659) | (241) | (418) |
| Profit before income tax | | | | 18,615 | 1,140 | 17,475 |
| Income tax expense | | | | (5,118) | (342) | (4,776) |
| Net profit after income tax | | | | 13,497 | 798 | 12,699 |
| Segment assets | 72,095 | 29,947 | 3,885 | 105,927 | | |
| Segment liabilities | 25,668 | 12,043 | 1,082 | 38,793 | | |

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 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).

1.5 Notes to the Statement of Cash Flows

1.5.1 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 2023 \$'000 | 30 June 2022 \$'000 |
|------------------------|------------------------|------------------------|
| Cash and bank balances | 32,777 | 12,869 |

Cash and cash equivalents at the end of the reporting year 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:

1.5.2 Reconciliation of profit for the year to net cash flows from operating activities

| | 12 months to 30 June 2023 \$'000 | 12 months to 30 June 2022 \$'000 |
|---|--|--|
| Profit for the year from continuing and discontinued operations | 8,047 | 13,497 |
| Add non-cash and non-operating cash items: | | |
| Depreciation and amortisation | 5,221 | 5,315 |
| Net (gain)/loss on disposal of assets | 9 | (30) |
| LTIP rights share based payments expense | 171 | (326) |
| Changes in assets and liabilities: | | |
| (Decrease)/increase in trade and other payables | (13,167) | 981 |
| Increase/(decrease) in provisions | (1,229) | (564) |
| Decrease/(increase) in inventory | 4,118 | (6,654) |
| Decrease/(increase) in trade receivables | 15,858 | (6,356) |
| (Increase)/decrease in other current and financial assets | 10 | 313 |
| (Decrease)/increase in tax assets/liabilities | (37) | 1,392 |
| Net cash provided by operating activities | 19,001 | 7,568 |

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.

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1.6 Income tax

1.6.1 Income tax recognised in profit or loss

| | 12 months to 30 June 2023 \$'000 | 12 months to 30 June 2022 \$'000 |
|--|--|--|
| Current tax | | |
| In respect of the current year | 2,358 | 4,878 |
| In respect of prior years | (37) | (128) |
| | 2,321 | 4,750 |
| Deferred tax | | |
| In respect of the current year | 987 | 411 |
| In respect of prior years | 6 | (43) |
| Write-down of deferred tax assets | 667 | - |
| Total income tax expense recognised in the current year | 3,981 | 5,118 |

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 2023 \$'000 | 12 months to 30 June 2022 \$'000 |
|--|--|--|
| Profit before tax | 12,028 | 18,615 |
| Prima facie income tax expense calculated at the Parent Entity's tax rate of 30% (2022: 30%) | 3,608 | 5,584 |
| Tax effect of: | | |
| Non-deductible expenditure | 248 | 275 |
| R&D tax incentive | (254) | (195) |
| Foreign tax rate adjustment due to differences in tax rates | (84) | (91) |
| Cash payments to employee share trust | (183) | (294) |
| Other | 10 | 10 |
| Total tax expense | 3,345 | 5,289 |
| Adjustments recognised in the current year in relation to the tax of prior years | (31) | (171) |
| Write-down of deferred tax assets | 667 | - |
| Income tax attributable to profit | 3,981 | 5,118 |
| Income tax expense is attributable to: | | |
| Profit from continuing operations | 4,740 | 4,776 |
| Loss/(profit) from discontinued operations | (759) | 342 |
| Income tax attributable to profit | 3,981 | 5,118 |

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 year 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.

1.6.2 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 2023 | | | |
| Deferred tax assets | | | |
| Plant and equipment | (5) | 33 | 28 |
| Prepayments | (1) | – | (1) |
| Superannuation payable | 49 | 1 | 50 |
| Provisions | 5,253 | (1,530) | 3,723 |
| Credit loss allowance | 200 | (168) | 32 |
| Sub-total | 5,496 | (1,664) | 3,832 |
| Cash flow hedges ³ | 101 | 49 | 150 |
| Net deferred tax asset | 5,597 | (1,615) | 3,982 |
| | | | |
| | 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.

1.7 Assets held for sale and discontinued operations

On 24 March 2023, the Group announced its decision to exit the kitchen appliances businesses in Australia only, thereby discontinuing its operations in this division. The kitchen appliances division includes the following brands: Omega, Neil Perry Kitchen by Omega, Everdure Kitchen, Eurolux, Blanco, and some Robinhood product lines.

Subsequently, the Omega brand in Australia was sold on 31 March 2023. The purchaser acquired Omega inventory, including spare parts, display assets, intellectual property, and assumed warranty obligations, whilst Shiro retained and collected debtors. Inventory was acquired by the purchaser at cost or an otherwise agreed value. The net gain on sale of the brand arises from a gain on the sale of the intellectual property and the transfer of Australian Omega warranty obligations.

Financial information relating to the discontinued operation is set out below.

The financial performance of the discontinued operation, which is included in profit/(loss) from discontinued operations per the statement of comprehensive income, is as follows:

| | 12 months to 30 June 2023 \$'000 | 12 months to 30 June 2022 \$'000 |
|---|--|--|
| Revenue | 25,732 | 54,638 |
| Cost of goods sold | (16,550) | (36,880) |
| Expenses | (12,920) | (16,618) |
| Profit before income tax | (3,738) | 1,140 |
| Income tax expense/(benefit) | 1,122 | (342) |
| Profit/(loss) attributable to owners of the group | (2,616) | 798 |
| Profit on sale of Omega before income tax | 1,209 | – |
| Income tax expense | (363) | – |
| Profit on sale of Omega after income tax | 846 | – |
| Total profit/(loss) after tax attributable to the discontinued operation | (1,770) | 798 |
| The net cash flows of the discontinued division, which have been incorporated into the statement of cash flows, are as follows: | | |
| Net cash inflow/(outflow) from operating activities | 247 | 506 |
| Net cash inflow from investing activities | 12,492 | 3,148 |
| Net cash (outflow)/inflow from financing activities | (939) | (751) |
| Net increase in cash generated by the discontinued division | 11,800 | 2,903 |

Details on the sale of the Omega business are as follows:

| | \$'000 |
|---|--------------|
| Total consideration | 9,829 |
| Carrying amount of net assets sold | (8,620) |
| Profit on sale before income tax | 1,209 |
| Income tax expense | (363) |
| Profit on sale after income tax | 846 |

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| | 31 March 2023 \$'000 |
|---|-------------------------|
| The carrying amounts of assets and liabilities as at the date of sale (31 March 2023) were: | |
| Inventories | 7,333 |
| Inventory in transit | 1,893 |
| Plant and equipment | 654 |
| Total assets | 9,880 |
| Provisions | 1,260 |
| Total liabilities | 1,260 |
| Net assets | 8,620 |

Accounting policy

Non-current assets and disposal groups are classified as held for sale and generally measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

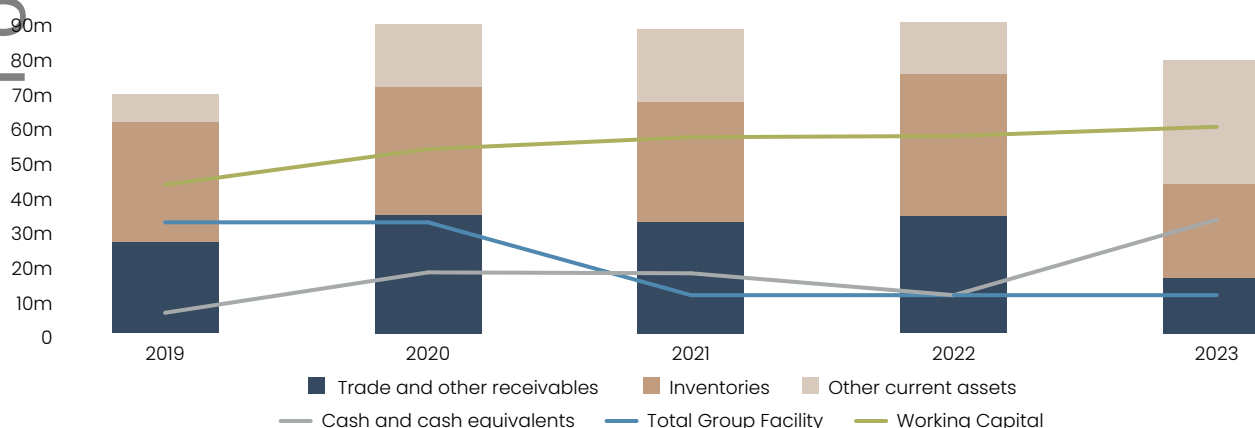
Classification as 'held for sale' occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash generating units), that either has been disposed of, or is classified as held for sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

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 2023 \$'000 | 30 June 2022 \$'000 |
|--|------------------------|------------------------|
| Trade receivables (net of discounts and rebates) | 15,818 | 31,561 |
| Credit loss allowance | (81) | (646) |
| | 15,737 | 30,915 |
| Other debtors | 151 | 2,752 |
| Trade and other receivables | 15,888 | 33,667 |
| Age of receivables that are past due: | | |
| 60-90 days | 117 | 26 |
| 90+ days | 336 | 446 |
| Total | 453 | 472 |

Movement in the allowance for credit loss

| | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
|---------------------------------------|------------------------|------------------------|
| Balance at beginning of the year | (646) | (184) |
| Impairment loss recognised | – | (472) |
| Impairment loss reversed | 566 | 9 |
| Foreign exchange movement | (1) | 1 |
| Balance at the end of the year | (81) | (646) |

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 2023 is as follows:

| | Receivables \$'000 | Allowance based on historic credit losses | Adjustment for expected changes in credit risk | Credit loss allowance \$'000 |
|--------------------------|-----------------------|--|---|------------------------------------|
| Current | 994 | 0.00% | 0.91% | 10 |
| 0 – 30 days | 7,373 | 0.00% | 0.54% | 40 |
| 31 – 60 days | 6,443 | 0.01% | 0.39% | 26 |
| 61 – 90 days | 583 | 0.06% | 0.48% | 3 |
| 90+ days | 425 | 0.18% | 0.31% | 2 |
| Total receivables | 15,818 | | | 81 |

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 |

2.2 Inventories

| | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
|--------------------------------------|------------------------|------------------------|
| Finished goods | 28,022 | 33,352 |
| Stock in transit | 1,638 | 10,135 |
| Allowance for inventory obsolescence | (2,603) | (2,271) |
| Total inventories | 27,057 | 41,216 |

The cost of inventories recognised as an expense during the year in respect of continuing operations was \$72,166,000 (2022: \$77,741,000).

Stock aged over 3 years amounts to 1.1% (2022: 2.8%) 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 2023 \$'000 | 30 June 2022 \$'000 |
|-------------|------------------------|------------------------|
| Prepayments | 1,433 | 1,156 |

2.4 Trade and other payables

| | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
|---------------------------|------------------------|------------------------|
| Trade payables | 4,907 | 12,874 |
| Accrued liabilities | 3,762 | 6,956 |
| Employee related payables | 741 | 1,288 |
| GST payable | 1,011 | 1,405 |
| | 10,421 | 22,523 |

The majority of trade payables relate to purchases of inventory from Asia where the average credit period on purchases from is 45 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 2023 \$'000 | 30 June 2022 \$'000 |
|-------------------|------------------------|------------------------|
| Employee benefits | 3,789 | 4,185 |
| Other provisions | 2,304 | 3,138 |
| | 6,093 | 7,323 |
| Current | 5,230 | 5,613 |
| Non-current | 863 | 1,710 |
| | 6,093 | 7,323 |

| Other Provisions | Provision for warranty \$'000 | Make good \$'000 | Restructuring costs \$'000 | Total \$'000 |
|-------------------------------------|-------------------------------------|---------------------|----------------------------------|-----------------|
| Balance at 1 July 2022 | 2,213 | 925 | – | 3,138 |
| Additional/(reduction) in provision | (1,430) | (346) | 927 | (849) |
| Foreign exchange movement | 10 | 5 | – | 15 |
| Closing balance | 793 | 584 | 927 | 2,304 |

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.

Restructuring costs

The provision for restructuring costs represents management's best estimate of the remaining outflows of economic benefits related to the exit of the Appliances business in Australia. This includes costs related to the closure of the Dandenong and Hazelmere warehouses, personnel reduction, and other direct costs. The outflows of economic benefits are expected to occur during the first half of the following financial year.

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.

Provision for restructuring costs

A provision for restructuring costs is recognised when the Group has adopted both a detailed formal plan for the restructuring and has either started to implement the plan or communicated its main features to those affected by the restructuring.

The provision represents the expected costs to be incurred as a consequence of the Group's decision to exit the Appliances division in Australia as outlined above. The amounts are based on management's best estimates and are adjusted when changes to these estimates are known.

2.6 Financial risk management

The Group has five 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. The maximum exposure under this policy is 10% of the irrecoverable amount.

c. Bank guarantees and letters of credit

The Group uses bank guarantees 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 2023 \$'000 | 30 June 2022 \$'000 |
|---------------------------------------|------------------------|------------------------|
| Financial assets | | |
| Cash and cash equivalents | 32,777 | 12,869 |
| Trade and other receivables | 15,888 | 33,667 |
| Forward exchange contracts receivable | 164 | 692 |
| Financial liabilities | | |
| Trade and other payables | 10,421 | 22,523 |
| Forward exchange contracts payable | 801 | 1,042 |

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%) | 218 | 2.7% |
| Gross profit margin (+/- 1%) | 1,012 | 12.6% |
| Other operating costs (+/- 1%) | 301 | 3.7% |
| AUD/NZD (+/- 5%) | 150 | 1.9% |

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 2023 \$'000 | 30 June 2022 \$'000 |
|-----------------------|------------------------|------------------------|
| Buy Currency: | | |
| Less than 3 months | 5,595 | 5,489 |
| 3 to 6 months | 6,775 | 15,162 |
| Greater than 6 months | 8,871 | 8,294 |
| Sell Currency: | | |
| Less than 3 months | 1,672 | 2,614 |
| 3 to 6 months | 126 | – |
| 6 to 9 months | – | – |
| Buy Currency: | | |
| AUD | 268 | 1,181 |
| EUR ⁴ | 75 | 5,633 |
| JPY | 15,069 | 11,951 |
| USD | 5,830 | 10,180 |
| Sell Currency: | | |
| USD | 1,798 | 2,614 |

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 (2022: 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.

4. The requirement for EUR forward contract foreign currency hedges has reduced following the exit of the Appliances division in Australia.

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 | Greater than 5 years \$'000 | Total \$'000 |
|--------------------------|--|---------------------------|-----------------------|---------------------|-----------------------------|--------------|
| 2023 | | | | | | |
| Trade and other payables | 0.0% | 9,918 | 503 | – | – | 10,421 |
| Lease liabilities | 5.43% | 810 | 2,452 | 10,342 | – | 13,604 |
| 2022 | | | | | | |
| Trade and other payables | 0.0% | 19,311 | 1,806 | – | – | 21,117 |
| Lease liabilities | 5.45% | 875 | 2,448 | 4,181 | – | 7,504 |

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 increase or decrease by \$81,000 (2022: nil).

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.

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 90% 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 depreciate 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 2023 | | | | | | | |
| Cost | 1,376 | 4,014 | 378 | 2,601 | 853 | 2,297 | 11,519 |
| Accumulated depreciation and impairment | (732) | (2,488) | (331) | (2,182) | (509) | (1,882) | (8,124) |
| Plant and equipment | 644 | 1,526 | 47 | 419 | 344 | 415 | 3,395 |
| Capital work in progress | - | - | - | - | - | - | 277 |
| | | | | | | | 3,672 |
| Movement in cost: | | | | | | | |
| At 30 June 2022 | 1,902 | 4,527 | 381 | 4,809 | 1,348 | 9,433 | 22,400 |
| Additions | 212 | 830 | 15 | 113 | 137 | 452 | 1,759 |
| Disposals | (752) | (1,352) | (23) | (2,337) | (646) | (7,610) | (12,720) |
| Foreign exchange movement | 14 | 9 | 5 | 16 | 14 | 22 | 80 |
| At 30 June 2023 | 1,376 | 4,014 | 378 | 2,601 | 853 | 2,297 | 11,519 |
| Movement in accumulated depreciation: | | | | | | | |
| At 30 June 2022 | (1,189) | (3,136) | (239) | (4,160) | (845) | (8,204) | (17,773) |
| Depreciation | (250) | (578) | (32) | (316) | (193) | (664) | (2,033) |
| Disposals | 716 | 1,232 | 23 | 2,307 | 536 | 6,926 | 11,740 |
| Foreign exchange movement | (9) | (6) | (6) | (13) | (7) | (17) | (58) |
| At 30 June 2023 | (732) | (2,488) | (254) | (2,182) | (509) | (1,959) | (8,124) |

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| | 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) |

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 exist. 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.

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

| | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
|---|------------------------|------------------------|
| Right of use asset | 17,482 | 17,683 |
| Accumulated depreciation | (6,101) | (12,108) |
| | 11,381 | 5,575 |
| Movement in the cost of the right of use asset: | | |
| Opening balance | 17,683 | 22,710 |
| Additions | 9,121 | 2,263 |
| Disposals | (9,302) | (5,592) |
| Lease modification | (152) | (1,484) |
| Foreign exchange movement | 132 | (214) |
| Closing balance | 17,482 | 17,683 |
| Movement in accumulated depreciation and impairment: | | |
| Opening balance | (12,108) | (13,632) |
| Depreciation | (3,229) | (3,076) |
| Disposals | 9,324 | 4,451 |
| Foreign exchange movement | (88) | 149 |
| Closing balance | (6,101) | (12,108) |

Payments related to leases recognised as expenses

| | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
|---|------------------------|------------------------|
| Depreciation charge for right of use assets | 3,229 | 3,076 |
| Interest expense on lease liabilities | 347 | 381 |

Lease commitments

| Maturity profile of lease liability | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
|-------------------------------------|------------------------|------------------------|
| Less than 1 year | 2,761 | 3,313 |
| 1 – 2 years | 2,975 | 2,049 |
| 2 – 5 years | 6,541 | 2,172 |
| 5 – 10 years | – | – |
| Greater than 10 years | – | – |

As part of the restructure following the exit of the Appliances business in Australia, the leases for warehouses located in Dandenong, Victoria and Hazelmere, Western Australia were surrendered effective 30 June 2023. The Company also entered a new five-year lease for its existing premises in Chullora, New South Wales, commencing 1 April 2023. 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.

3.3 Borrowings

During the financial year ended 30 June 2023, 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 2023 the Group did not have a cash facility in place (2022: 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 2023 \$'000 | 30 June 2022 \$'000 |
|--|------------------------|------------------------|
| Borrowing facility | | |
| Non-cash guarantees facility | 11,000 | 11,000 |
| Total Group facility | 11,000 | 11,000 |
| | | |
| | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
| Utilisation of non-cash guarantees facility | | |
| Utilised – non-cash | 6,535 | 6,042 |
| Unutilised limit available for use | 4,465 | 4,958 |
| 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 2023 \$'000 | 30 June 2022 \$'000 |
|--|------------------------|------------------------|
| 96,415,670 fully paid ordinary shares (2022: 95,622,139) | 95,789 | 95,178 |

| Date | Details | Value of Shares \$'000 | Number of Shares |
|------------------|--------------------------|---------------------------|---------------------|
| 1 July 2022 | Opening balance | 95,178 | 95,622,139 |
| 24 February 2023 | Issue of shares for LTIP | 611 | 793,531 |
| 30 June 2023 | Closing Balance | 95,789 | 96,415,670 |

4.2 Earnings per share

| | 12 months to 30 June 2023 Cents per share | 12 months to 30 June 2022 Cents per share |
|--|---|---|
| From continuing and discontinued operations: | | |
| Basic earnings per share | 8.4 | 14.2 |
| Diluted earnings per share | 8.3 | 14.0 |
| From continuing operations: | | |
| Basic earnings per share | 10.2 | 13.4 |
| Diluted earnings per share | 10.1 | 13.2 |
| From discontinued operations: | | |
| Basic earnings per share | (1.8) | 0.8 |
| Diluted earnings per share | (1.8) | 0.8 |

Reconciliation of input used to calculate earnings per share

| | 12 months to 30 June 2023 \$'000 | 12 months to 30 June 2022 \$'000 |
|---|--|--|
| Net profit (\$'000) from continuing operations | 9,817 | 12,699 |
| Net profit (\$'000) from discontinued operations | (1,770) | 798 |
| Net profit/(loss) from continuing and discontinued operations | 8,047 | 13,497 |
| Opening balance of shares for the financial year | 95,622,139 | 95,087,500 |
| Closing balance of shares for the financial year | 96,415,670 | 95,622,139 |
| Weighted average number of ordinary shares used in the calculation of basic earnings per share | 95,896,070 | 95,255,948 |
| Shares deemed to be issued for no consideration in respect of: | | |
| Employee performance rights | 1,043,991 | 1,209,873 |
| Closing number of shares deemed to be issued for the financial year | 96,940,061 | 96,465,821 |

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 year.

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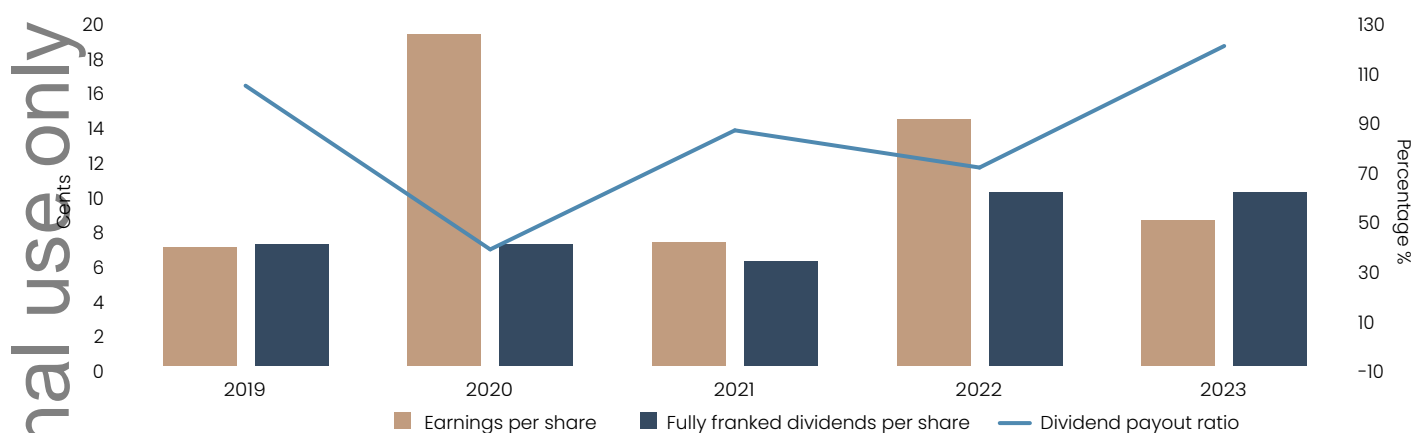
4.3 Dividends

On 23 February 2023, the Directors declared an interim dividend of 3.5 cents per share fully franked with an ex-dividend date of 15 March 2023 and record date of 16 March 2023, which was paid on 6 April 2023.

On 24 August 2023, the Directors declared a final dividend of 6.5 cents per share fully franked with an ex-dividend date of 7 September 2023, record date of 8 September 2023 and payable on 28 September 2023.

| | 12 months to 30 June 2023 \$'000 | 12 months to 30 June 2022 \$'000 |
|--------------------------|--|--|
| Franking account balance | 2,060 | 4,164 |

Shareholder returns



Dividend payout ratio is calculated as dividend paid divided by basic earnings per share. The years 2019 to 2020 and 2022 to 2023 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

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Balance at beginning of the financial year | 50,730 | 48,676 |
| Profit for the year | 8,047 | 13,497 |
| Transfer from equity settled benefits reserve to retained earnings | (1,555) | - |
| Dividends paid | (7,199) | (11,443) |
| Balance at end of financial year | 50,023 | 50,730 |

4.5 Reserves

| | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
|--|------------------------|------------------------|
| Cash flow hedging reserve | (429) | (234) |
| Foreign currency translation reserve | 1,248 | 1,007 |
| Equity settled employee benefits reserve | 153 | (962) |
| Group reorganisation reserve | (78,585) | (78,585) |
| Balance at end of financial year | (77,613) | (78,774) |

4.5.1 Cash flow hedging reserve

| | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
|--|------------------------|------------------------|
| Balance at the beginning of the financial year | (234) | (148) |
| Forward exchange contracts | (195) | (86) |
| Balance at end of financial year | (429) | (234) |

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 2023 \$'000 | 30 June 2022 \$'000 |
|---|------------------------|------------------------|
| Balance at the beginning of the financial year | 1,007 | 1,698 |
| Exchange differences arising on translation of foreign operations | 241 | (691) |
| Balance at end of financial year | 1,248 | 1,007 |

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 2023 \$'000 | 30 June 2022 \$'000 |
|--|------------------------|------------------------|
| Balance at the beginning of the financial year | (962) | (75) |
| Relating to share-based payments | (440) | (887) |
| Transfer from equity settled benefits reserve to retained earnings | 1,555 | - |
| Balance at end of financial year | 153 | (962) |

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. Refer to Note 5.6 for the methodology of calculating fair value at grant date.

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 2023 \$'000 | 30 June 2022 \$'000 |
|---|------------------------|------------------------|
| Balance at beginning of financial year | (78,585) | (78,585) |
| Balance at end of financial year | (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 (2022: 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 ^{5,6} | Australia |
| Monaco Corporation Limited | New Zealand |
| Shriro USA, INC | USA |

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.

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.

6. Shriro Australia Pty Limited is in the process of acquiring 100% of the equity holdings in Shriro (Guangzhou) Company Ltd, a company incorporated and operated in China. This is currently pending regulatory approval.

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 2023 \$'000 | 12 months to 30 June 2022 \$'000 |
|--|--|--|
| Statement of Profit or Loss and Other Comprehensive Income | | |
| Revenue from ordinary activities | 81,834 | 84,609 |
| Raw materials and consumables used | (42,595) | (45,156) |
| Employee benefits expense | (15,245) | (17,371) |
| Advertising and promotion expenses | (2,603) | (3,631) |
| Freight and delivery expenses | (2,058) | (2,634) |
| Depreciation and amortisation expenses | (3,025) | (2,788) |
| Occupancy and storage costs | (437) | 130 |
| Foreign exchange gain/(loss) | 80 | 90 |
| Finance costs | (239) | (233) |
| Other expenses | (2,985) | (1,831) |
| Other income | 651 | 2,229 |
| Profit before tax | 13,378 | 13,414 |
| Income tax expense | (3,337) | (3,649) |
| Profit for the year from continuing operations | 10,041 | 9,765 |
| Profit/(loss) for the year from discontinued operations | (1,770) | 630 |
| Profit for the year | 8,271 | 10,395 |
| 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 | (115) | (123) |
| Exchange differences on translation of foreign operations | - | - |
| Other comprehensive income for the year, net of tax | (115) | (123) |
| Total comprehensive income for the year attributable to the owners of Shriro Holdings Limited | 8,156 | 10,272 |

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| Consolidated Statement of Financial Position | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
|--|------------------------|------------------------|
| Current assets | | |
| Cash and cash equivalents | 25,276 | 8,190 |
| Trade and other receivables | 10,825 | 25,661 |
| Inventories | 18,151 | 28,966 |
| Loan to related entities | 706 | 504 |
| Other current assets | 1,163 | 1,025 |
| Current tax receivable | 1,516 | 165 |
| Derivative receivable | 42 | 495 |
| Total current assets | 57,679 | 65,006 |
| Non-current assets | | |
| Right of use assets | 9,475 | 3,245 |
| Property, plant and equipment | 2,483 | 3,772 |
| Deferred tax assets | 2,974 | 4,470 |
| Investments | 12,553 | 12,553 |
| Total non-current assets | 27,485 | 24,040 |
| Total assets | 85,164 | 89,046 |
| Current liabilities | | |
| Trade and other payables | 8,067 | 15,550 |
| Lease liabilities | 1,824 | 2,487 |
| Provisions | 4,433 | 4,749 |
| Derivative payable | 601 | 864 |
| Total current liabilities | 14,925 | 23,650 |
| Non-current liabilities | | |
| Lease liabilities | 7,776 | 1,755 |
| Provisions | 446 | 1,354 |
| Total non-current liabilities | 8,222 | 3,109 |
| Total liabilities | 23,147 | 26,759 |
| Net assets | 62,017 | 62,287 |
| Equity | | |
| Issued capital | 95,789 | 95,178 |
| Reserves | (78,888) | (79,810) |
| Retained earnings | 45,116 | 46,919 |
| Total equity | 62,017 | 62,287 |

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 year included:

- Purchases and sales of goods and services; and
- Provisions of accounting and administrative assistance.

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 year, the Chief Financial Officer's son Jack Booth was employed by Shriro Australia Pty Limited to undertake administrative activities. The role did not report to, and he was not instructed by, the Chief Financial Officer and salaries and wages paid were calculated in accordance with Australian minimum wages. The total wages paid during the year totalled \$1,478.

During the year the Group made sales to an entity wholly owned by a close family member of the CEO. Total sales for the year were \$906 (2022: \$20,339) with a credit balance owing to the customer at year end of \$1,176 (2022: \$2,533 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 2023 \$'000 | 30 June 2022 \$'000 |
|-----------------------------------|--|--|
| Financial Position | | |
| Current assets | 1,516 | 165 |
| Total assets | 90,101 | 88,750 |
| Current liabilities | 1,214 | 927 |
| Total liabilities | 1,214 | 927 |
| Equity | | |
| Issued capital | 95,789 | 95,178 |
| Reserves | 153 | (962) |
| Accumulated losses | (7,055) | (6,393) |
| Total equity | 88,887 | 87,823 |
| | | |
| | 12 months to 30 June 2023 \$'000 | 12 months to 30 June 2022 \$'000 |
| Financial Performance | | |
| Profit for the year | 8,092 | 11,563 |
| Total comprehensive income | 8,092 | 11,563 |

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 2023 (2022: 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 2023 \$'000 | 30 June 2022 \$'000 |
|------------------------------|------------------------|------------------------|
| Short-term employee benefits | 1,507 | 2,037 |
| Long-term employee benefits | 154 | 103 |
| Post-employment benefits | 53 | 55 |
| | 1,714 | 2,195 |

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 2023 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 2023, the Company had two tranches of performance rights on issue, one granted in 2021 and one granted in 2022. The tranche of performance rights issued in 2020 vested during the year ended 30 June 2023.

The 2022 tranche will vest based on a combination of a target EPS and a relative total shareholder return (rTSR) (50:50 weighting to each measure). The 2023 tranche will vest based on an average earnings per share (EPS) CAGR performance hurdle.

The table below summarises the terms of the tranches:

| Performance rights series | Grant date | Grant date fair value | Number granted | Term | Vesting test date |
|---------------------------|------------|-----------------------|----------------|---------|-------------------|
| 2022 tranche | 21/12/2021 | \$256,503 | 391,607 | 3 years | 30/06/2024 |
| 2023 tranche | 30/11/2022 | \$404,776 | 652,384 | 3 years | 30/06/2025 |

In the year ended 30 June 2023, the CEO was issued with 316,751 performance rights (2022: 208,423), the CFO was issued 154,416 performance rights (2022: 101,606) and other senior management were issued with 181,217 performance rights (2022: 81,578) in accordance with LTIPs.

The amortised LTIP performance rights recognised in consolidated statement of profit or loss for the year ended 30 June 2023 was \$171,000 (2022: \$94,000).

The 2020 tranche vested on Board approval in February 2023 based on the performance period 1 January 2020 to 31 December 2022. At this time the Chief Executive Officer and Chief Financial Officer exercised their rights and received 359,281 and 175,150 shares in the Company respectively. Other senior management exercised their rights and collectively received 259,100 shares in the Company. The Company issued 793,531 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 |
|---------------------------|------------------|-----------------------|---------|------------|----------------|
| 2022 tranche | Target EPS | \$0.77 | 3 years | N/A | 9.53% |
| 2022 tranche | rTSR | \$0.54 | 3 years | 40% | 9.53% |
| 2023 tranche | Average EPS CAGR | \$0.62 | 3 years | N/A | 12.74% |

5.6.3 Performance rights outstanding at the end of the year

The performance rights outstanding at the end of the year had no exercise price and a weighted average remaining contractual life of 1.61 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.

2022 tranche

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 risk-free interest rate applied for the Black Scholes and Monte Carlo models was 0.93%.

2023 tranche

The fair value at grant date is calculated using the market price of shares at grant date less the present value of expected dividends foregone prior to vesting.

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.

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6. OTHER NOTES

6.1 Remuneration of auditors

| | 12 months to 30 June 2023 \$'000 | 12 months to 30 June 2022 \$'000 |
|---|--|--|
| Amounts received or receivable by Hall Chadwick for: | | |
| Audit and review of the Group's financial statements | 140 | – |
| Non-audit services | – | – |
| Amounts received or receivable by Deloitte Touche Tohmatsu for: | | |
| Audit and review of the Group's prior year financial statements | 34 | 424 |
| Non-audit services | – | – |
| Total auditor remuneration | 174 | 424 |

The Group may engage Hall Chadwick 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. During the year ended 30 June 2023, Deloitte and Hall Chadwick were not engaged to undertake non-audit services.

6.2 Commitments and contingencies

There were no capital commitments, contingent liabilities or contingent assets in the Group as at 30 June 2023 (2022: nil).

6.3 Events after the reporting date

Subject to all necessary approvals, the Group will return capital of 18.5 cents per share to its shareholders.

Other than the matters disclosed in Note 4.3 of the Financial Report, there has been no other matter or circumstance, occurring subsequent to the end of the financial year 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 tax 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.

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.

The principle accounting policies adopted are consistent with those of the previous financial year and corresponding current reporting year 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 2020-3 Amendments to AASs – Annual Improvements 2018-2020 and Other Amendments

AASB 2021-7: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

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 2021-2 Amendments to AASs – Disclosure of Accounting Policies and Definition of Accounting Estimates: <ul style="list-style-type: none">• Amendments to AASB 7, AASB 101, AASB 134 and AASB Practice Statement 2• Amendments to AASB 108 | 1 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> | 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 |

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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.

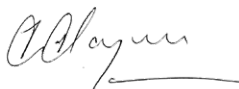
Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the Directors



Abigail Cheadle
Chair

24 August 2023



Tim Hargreaves
Chief Executive Officer and Managing Director

24 August 2023

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Independent Auditor's Report



SHRIRO HOLDINGS LIMITED
ABN 29 605 279 329
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHRIRO HOLDINGS LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Shriro Holdings Limited and controlled entities (the group), which comprises the consolidated statement of financial position as at 30 June 2023, the 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 consolidated 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 2023 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 and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants 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 group, 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 year ended 30 June 2023. 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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SHRIRO HOLDINGS LIMITED
 ABN 29 605 279 329
 AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
 SHRIRO HOLDINGS LIMITED

| Key Audit Matter | How Our Audit Addressed the Key Audit Matter |
|---|---|
| Inventories and allowance for inventory obsolescence and slow-moving stock | |
| <i>Refer to Note 2.2 Inventories</i> | |
| <p>As at 30 June 2023, inventories including stock in transit amounted to \$29.7 million and the allowance for inventory obsolescence amounted to \$2.6 million.</p> <p>Significant judgement is involved in determining the appropriate level for the provisioning 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 audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> • We attended physical stock counts and observed controls over existence and valuation of inventory. • We obtained and reviewed management's process and policy relating to inventory valuation, including for the recording of the provision for inventory obsolescence. • We held discussions with management and analysed the assumptions applied in determining the provisioning policy of inventory obsolescence and considered the reasonableness of those assumptions based on our understanding of the business, current market conditions and management's strategy to sell various brands and products. • We performed recalculation of provision for inventory obsolescence in accordance with management's policy. • We reviewed management's procedures applied to control cut-off and movements of inventories. This included our review of management's cut-off assessment of inventory movements before and after balance date to ensure inventories and revenue have been recorded in the correct reporting period. • Reviewed the consistency of the inventory valuation method applied to the cost of inventories. • Reviewed gross profit margins of major brands and products to ensure the carrying value of inventories are recorded at lower of cost and net realisable value. • Reviewed stock in transit balances and items against goods receipts subsequent to period end. |

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SHRIRO HOLDINGS LIMITED
 ABN 29 605 279 329
 AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
 SHRIRO HOLDINGS LIMITED

| Key Audit Matter | How Our Audit Addressed the Key Audit Matter |
|--|--|
| Discontinued operations | |
| <i>Refer to Note 1.7 Assets held for sale and discontinued operations and Note 2.5 Provisions</i> | |
| <p>On 24 March 2023, the group announced its decision to exit the kitchen appliances business in Australia, thereby discontinuing its operations in this division.</p> <p>Subsequently, the Omega brand in Australia was sold on 31 March 2023. The purchaser acquired Omega inventory, including spare parts, display assets, intellectual property, and it also assumed warranty obligations, whilst the group retained and collected debtors. Inventory was acquired by the purchaser at cost or an otherwise agreed value. The net gain on sale of the brand arises from a gain on the sale of the intellectual property and the transfer of Australian Omega warranty obligations.</p> <p>As at 30 June 2023, provision for restructuring costs amounted to \$0.9 million. This represents management's best estimate of the remaining outflows of economic benefits related to the divestment process in Australia.</p> <p>We focussed on this area as a key audit matter due to the significant effect of the transaction to the group's financial position and performance and the significant judgement required in determining the appropriate level of provision during the year.</p> | <p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> • We obtained an understanding of the conditions and timetables of the restructuring plans. • We evaluated terms and conditions with respect to the business sale and related agreements. • We agreed consideration to cash received in bank and tested the disposal balance sheet to the trial balance to assess completeness and recalculated the gain on sale. • We reviewed the assumptions used by management to determine the required provisions and tested the accuracy of the calculations by comparison with internal and external information available i.e. annual salaries of employees. • Reviewing the formal approved plans and other information to ensure the recognition of contractual provision as at balance date is consistent with AASB 137: Provisions, Contingent Liabilities and Contingent Assets. • Assessing the adequacy of disclosures relating to discontinued operations and restructuring provision in the financial statements. |

Information Other than the Financial Report and Auditor's Report Thereon

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 2023, 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 accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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.

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SHRIRO HOLDINGS LIMITED
 ABN 29 605 279 329
 AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
 SHRIRO HOLDINGS LIMITED

Responsibilities of the Directors for the Financial Report

The directors of the group 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.

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 have 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 scepticism 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 audit. We remain solely responsible for our audit opinion.

SHRIRO HOLDINGS LIMITED
ABN 29 605 279 329
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SHRIRO HOLDINGS LIMITED

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, related safeguards.

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

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of the group for the year ended 30 June 2023 complies with s 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the remuneration report in accordance with s 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.



HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 24 August 2023

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 96,415,670 fully paid ordinary shares held by 1,888 individual shareholders, as at 2 August 2023.

SUBSTANTIAL SHAREHOLDERS

The following organisations have a substantial shareholding in Shriro Holdings Limited based on substantial shareholder notice on or before 2 August 2023.

| | Notice Date | Shares held | Percentage |
|--|-----------------|-------------|------------|
| D2A Holdings HK Ltd | 25 June 2021 | 18,915,987 | 19.62 |
| Australian Ethical Investment Ltd. | 4 December 2019 | 13,308,788 | 13.80 |
| Greig & Harrison Pty Ltd | 28 March 2022 | 5,811,600 | 6.03 |
| Ariadne Australia Limited (and related entities) | 23 August 2018 | 4,960,185 | 5.14 |

TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

| | Fully Paid Ordinary Shares | |
|---|----------------------------|---------------|
| | Shares held | Percentage |
| National Nominees Limited | 17,535,024 | 18.19 |
| Citicorp Nominees Pty Limited | 15,462,381 | 16.04 |
| Shriro Pacific | 5,695,547 | 5.91 |
| Portfolio Services Pty Ltd | 4,587,779 | 4.76 |
| HSBC Custody Nominees (Australia) Limited – A/C 2 | 4,175,114 | 4.33 |
| Miss Amanda Bernadette De Angelis | 2,505,547 | 2.60 |
| Horrie Pty Ltd | 1,780,000 | 1.85 |
| J P Morgan Nominees Australia Pty Limited | 1,635,542 | 1.70 |
| NewEconomy Com Au Nominees Pty Limited | 1,030,293 | 1.07 |
| HSBC Custody Nominees (Australia) Limited | 921,454 | 0.96 |
| Vanward Investments Limited | 805,640 | 0.84 |
| Morgan Stanley Australia Securities (Nominee) Pty Limited | 797,778 | 0.83 |
| Mr Damien Heffron | 770,000 | 0.80 |
| Hillmorton Custodians Pty Ltd | 747,000 | 0.77 |
| Mr Tim Hargreaves | 637,593 | 0.66 |
| BNP Paribas Noms Pty Ltd | 582,925 | 0.60 |
| DMX Capital Partners Limited | 575,000 | 0.60 |
| BNP Paribas Nominees Pty Ltd | 569,651 | 0.59 |
| Mr Dermot Francis McGarry & Mrs Christine McGarry | 500,000 | 0.52 |
| Keatech Services Pty Ltd | 426,907 | 0.44 |
| Total top 20 shareholders | 61,741,175 | 64.04 |
| Balance of register | 34,674,495 | 35.96 |
| Total | 96,415,670 | 100.00 |

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| Category – Number of shares | Shares held | Percentage | Number of holders | Distribution of shares |
|-----------------------------|-------------------|---------------|-------------------|------------------------|
| 100,001 and over | 73,455,492 | 76.19 | 82 | 4.34 |
| 10,001 – 100,000 | 18,809,215 | 19.51 | 562 | 29.77 |
| 5,001 – 10,000 | 2,259,705 | 2.34 | 277 | 14.67 |
| 1,001 – 5,000 | 1,558,587 | 1.62 | 521 | 27.60 |
| 1 – 1000 | 332,671 | 0.35 | 446 | 23.62 |
| Total | 96,415,670 | 100.00 | 1,888 | 100.00 |

VOTING RIGHTS

Holders of ordinary shares are entitled to vote as follows:

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

UNQUOTED EQUITY SECURITIES

As at 2 August 2023, there were 1,043,991 performance rights over unissued ordinary shares, held by five individuals. There were no unquoted options over unissued ordinary shares.

SHAREHOLDERS WITH LESS THAN A MARKETABLE PARCEL

As at 2 August 2023, there were 125 shareholders holding less than a marketable parcel of \$500 in the Company totalling 31,976 ordinary shares.

DIVIDENDS AND CAPITAL RETURN

On 24 August 2023, the Directors declared a dividend relating to the year ending 30 June 2023 of 6.5 cents per share fully franked with an ex-dividend date of 7 September 2023, record date of 8 September 2023. The dividend will be paid on 28 September 2023.

Subject to all necessary approvals, Shriro Holdings Limited will return capital of 18.5 cents per share to its shareholders.

CORPORATE GOVERNANCE STATEMENT

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

Corporate Directory

DIRECTORS

Abigail Cheadle

Independent Non-Executive Chair

Tim Hargreaves

Chief Executive Officer and Managing Director

Brian Bunker

Non-Independent Non-Executive Director

John Murphy

Non-Independent Non-Executive Director

JOINT COMPANY SECRETARIES

Shane Booth

Kerry Smith (appointed 15 December 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

Hall Chadwick

Level 40, 2 Park Street
Sydney NSW 2000

BANKERS

Australia and New Zealand Banking Group Limited

2023 ANNUAL GENERAL MEETING

Notice is given that Shriro Holding Limited's 2023 Annual General Meeting (AGM) will be held on Level 40, 2 Park Street, Sydney, on Thursday, 26 October 2023 at 2pm (AEST).

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