

ASX ANNOUNCEMENT

SHAVER SHOP SECURES BUYBACK OF FINAL 6 FRANCHISE STORES AND PROVIDES BUSINESS UPDATE

Melbourne, 3 December 2020 – Shaver Shop Group Limited (ASX: SSG), the Australian specialty retailer of male and female personal grooming and beauty products, is pleased to announce that it has entered a definitive agreement to acquire the six remaining franchise stores in NSW for \$13 million plus stock on hand. The transaction is expected to complete on 1 February 2021.

Speaking about the acquisition, Shaver Shop's Managing Director and CEO, Mr Cameron Fox said, "We are very excited to be acquiring the last six franchised stores and turning Shaver Shop into a fully owned corporate network. These are powerhouse locations across metro-Sydney that have proven to outperform in online sales growth as well as deliver strong in-store sales results. This completes our franchise buyback strategy, simplifies our business processes and reporting, and in doing so will lead to better outcomes for our customers."

Shaver Shop had approximately \$20.6 million net cash (no debt) at 30 November 20 and expects to fund the transaction using available cash and debt facilities (if required). The acquisition is expected to complete in early February 2021.

Mr Fox continued, "Given we are funding the acquisition with available cash, we expect the acquisition will be immediately accretive to earnings per share with approximately \$1.5 million to \$1.6 million being added to net profit after tax in the first full year of ownership."

Shaver Shop estimates the acquisition of these stores will add \$16 million to \$17 million in sales in the first full year of ownership. The six stores are located in the following A grade shopping centers in metro Sydney: Blacktown, Burwood, Castle Towers, Chatswood, Galleries (CBD), and Parramatta.

Shaver Shop has previously received an ATO Private Ruling that confirms the Company may deduct the cost of terminating the franchise license from its taxable income on a straight line basis over 5 years. Having regard to the tax benefit of this ruling as it would apply to this acquisition, Shaver Shop expects the annual cash contribution to 'cash NPAT' will be approximately \$2.2 - \$2.4 million in the first full year of ownership.

Business Update

The sales trends Shaver Shop experienced in Q1 FY21 have continued through October and November. After the easing of Government restrictions due to COVID-19, all Victorian stores have now re-opened with the exception of two locations in Melbourne's CBD – Melbourne Central and Spencer Street Outlet Centre. The Melbourne Central store is scheduled to re-open in early December with no scheduled re-opening date for the Spencer Street location at this time.

Total sales (including online sales) for the five months ended 30 November 2020 were up 19.1% to \$88.4 million based on unaudited management accounts. This growth was underpinned by 137% growth in online sales. Online sales represented 33.2% of total sales for the first five months of FY21. Gross profit margins have also remained healthy across the five-month period.

Shaver Shop's unaudited sales results across the first quarter and financial year to date (30 November 20) are reflected below.

Sales growth	Q1 FY21 (1 Jul 20 to 30 Sep 20)	FY21 YTD (1 Jul 20 to 30 Nov 20)
Total sales	19.8%	19.1%
Total sales (excluding Victoria)	31.2%	27.4%
Like for like ¹ sales (inc. online sales)	23.0%	22.7%
Online sales	192%	137%

Commenting on the strong start to the financial year, Mr Fox said, "Our progress over the first five months has been very pleasing. This was capped off by a strong performance through our Black Friday and Cyber Monday promotional period. Our absolute focus now is continuing this sales trajectory through the month of December to lock away another record first half financial performance for Shaver Shop.

Authorised for release by the Board of Shaver Shop Group Limited.

-ENDS-

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¹ Like for like stores are those stores that were owned and operated by Shaver Shop on or before 1 July 2019 and that traded in the normal course (i.e. not affected by store closures, refits or center redevelopment activities) in the current and/or prior period. Like for like sales include online sales fulfilled through a like for like classified store. Victorian stores that only generated online sales during Stage 4 Government restrictions have been classified as like for like for the days they fulfilled online sales.

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