

# SHAVER SHOP GROUP LIMITED

## Appendix 4D

### Half Year Report for the six months ended 31 December 2020

#### 1. Details of the reporting period and the prior corresponding period

Current period:	1 July 2020 to 31 December 2020
Prior corresponding period:	1 July 2019 to 31 December 2019

#### 2. Results for announcement to the market

		%	H1 FY 2021 \$'000	H1 FY 2020 \$'000
Revenue from ordinary activities	Up	15.0	123,629	107,492
Profit from ordinary activities after tax attributable to members	Up	85.5	14,173	7,642
Net profit after tax attributable to the members	Up	85.5	14,173	7,642

#### Brief explanation of basis of results

An explanation of the Company's reported and normalised results are contained in the Review of Operations in the Directors' Report accompanying the company's financial statements.

#### 3. Dividends

	Amount per ordinary share	Franked amount per ordinary share
Special dividend (in lieu of cancelled FY2020 interim dividend)	2.1 cents	1.68 cents
Final dividend – year ended 30 June 2020	2.7 cents	2.7 cents
Interim dividend – half year ended 31 Dec 2020	3.2 cents	3.2 cents

On 19 February 2021, the Directors declared a 100% franked interim dividend of 3.2 cents per share in respect of the half year ended 31 December 2020. Accordingly, this dividend is not provided for in the balance sheet at 31 December 2020. The record date and payment date in relation to the FY2021 interim dividend are as follows:

Record date for determining entitlement to the dividend (ordinary shares): 11 March 2021

Payment date of the interim dividend (ordinary shares): 25 March 2021

The company does not have a dividend reinvestment plan.

#### 4. Net tangible assets per security

	31 Dec 20	31 Dec 19
Net tangible asset backing per ordinary security	21.5 cents <sup>(1)</sup>	12.5 cents <sup>(1)</sup>

<sup>(1)</sup> Net tangible asset backing per ordinary share of 21.5 cents above is inclusive of right of use assets. The net tangible asset backing per ordinary share at 31 December 2020 would reduce to 3.3 cents (31 December 2019: -10.2 cents) if right of use assets were excluded, and right-of-use lease liabilities were included, in the calculation.

## **5. Entities over which control has been gained or lost during the period**

Not applicable.

## **6. Details of associates**

Not applicable.

## **7. Details of independent auditor's report**

In the Independent's Auditors Report attached to the Financial Report, there is no modified opinion, emphasis of matter or other matter paragraph.

## **8. Further information**

Additional Appendix 4D disclosure requirements can be found in the notes to the half year Financial Report as well as the half year Directors' Report. The information above should be read in conjunction with the accompanying Interim Financial Report of the Group for the half year ended 31 December 2020 and ASX market releases made during the period.

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# SHAYER SHOP GROUP LIMITED

ABN: 78 150 747 649

## INTERIM FINANCIAL REPORT

For the Half Year Ended 31 December 2020

**SHAYER SHOP GROUP LIMITED**  
**31 DECEMBER 2020**

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## **DIRECTORS' REPORT**

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Your directors present their report on the consolidated entity consisting of Shaver Shop Group Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2020. Throughout the report, the consolidated entity is referred to as the "Group", the "Company" or "Shaver Shop".

### **Directors**

The following persons were directors of Shaver Shop Group Limited during the whole of the half-year and up to the date of this report:

Broderick Arnhold  
Cameron Fox  
Craig Mathieson  
Brian Singer  
Trent Peterson

Debra Singh was appointed a director of the Company on 2 September 2020, and continued to be a director up to the date of this report.

### **Company Secretary**

Lawrence Hamson held the position of Company Secretary during the whole of the half-year and up to the date of this report.

### **Principal activities**

During the period, the principal activities of the Group consisted of the retailing of specialist personal care and grooming products both through Shaver Shop's corporate owned stores and franchise stores, as well as online through its websites. There were no significant changes in the nature of the Group's principal activities during the financial half-year.

### **Rounding of amounts**

The Company is of a kind referred to in Class Order 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

### **Review of operations and financial results summary**

Sales for the first half ended 31 December 2020 increased 15.0% to \$123.6 million (H1 FY2020: \$107.5 million). The increase in sales was primarily due to like for like store sales growth of 17.3% (H1 FY2020 – 9.3%) with a key driver of the like for like sales growth being an increase in online sales of approximately 102% in H1 FY2021. The growth in sales was despite approximately 25 stores being closed to customers in Victoria for most of Q1 FY2021 due to government imposed restrictions related to the COVID-19 pandemic.

Shaver Shop's net profit after income tax increased 85.5% (or \$6.6 million) to \$14.2 million (H1 FY2020: \$7.6 million) after subtracting income tax expense of \$5.8 million (H1 FY2020: \$3.3 million).

The increase in reported net profit after income tax was primarily due to:

1. Like for like store sales growth of 17.3% which was underpinned by online sales growth of 102%;
2. Gross profit margins increasing 340 basis points to 44.7% (H1 FY2020: 41.3%); and
3. Operating leverage across the business which led to total operating expenses growing at a slower rate than sales and gross profit.

Shaver Shop did not receive any JobKeeper payments from the Australian government or any Wage Subsidy from the New Zealand government during H1 FY2021.

### **Non-IFRS measures**

The Directors believe the presentation of non-IFRS financial measures are useful for the users of this financial report as they provide additional and relevant information that reflect the underlying financial performance of the business. Non-

## DIRECTORS' REPORT

IFRS measures contained within this report are not subject to audit or review.

The Company's Statutory Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") of the Group for H1 FY2021 was \$28.0 million (H1 FY2020: \$19.2 million).

	H1 FY2021 \$000	H1 FY2020 \$000
<b>Profit after income tax from continuing operations (NPAT)</b>	<b>14,173</b>	<b>7,641</b>
Add back:		
Net finance costs related to bank debt	62	211
Net finance costs related to leases (AASB 16)	754	879
Income tax expense	5,754	3,301
<b>EBIT</b>	<b>20,742</b>	<b>12,032</b>
Depreciation and amortisation – property, plant & equipment and intangibles	1,472	1,391
Depreciation expense – leased right of use assets (AASB 16)	5,780	5,816
<b>EBITDA<sup>1</sup></b>	<b>27,994</b>	<b>19,239</b>

<sup>1</sup> Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) is used as a measure of financial performance by excluding certain variables that affect operating profits but which may not be directly related to the underlying performance of the Group. EBITDA is not a measure of operating income, operating performance or liquidity under A-IFRS. Other companies may calculate EBITDA in a different manner to Shaver Shop. The above EBITDA reconciliation has not been audited.

Shaver Shop receives a tax deduction over five years for the cost of franchise right terminations that occur through its franchise buy-back program. This improves operating cash flow for the Group by reducing income tax payable for the five year tax period following each buy-back. In February 2021, Shaver Shop acquired the remaining six franchises in the network for \$13.0 million plus stock on hand. The expected reduction in annual income tax payable related to the expected tax deduction related to the franchise licence termination for these stores is expected to be approximately \$780,000 per annum over the five financial years ending 30 June 2025. Based on the franchise buy-backs completed to date (including the final six franchises that were acquired in early February 2021), the expected reduction in cash tax payable for H1 FY2021, FY2021 and each subsequent financial year related to the franchises acquired is set out in the table below.

	H1 FY2021 \$000	FY2021 \$000	FY2022 \$000	FY2023 \$000	FY2024 \$000	FY2025 \$000
Reduction in income tax payable	448	1,675	1,215	973	940	780

The table below compares the operating performance of Shaver Shop for H1 FY2021 against its result for H1 FY2020.

	H1 FY2021 \$000	Consolidated H1 FY2020 \$000	Change %
<b>Revenue</b>	<b>123,629</b>	<b>107,492</b>	<b>+15.0%</b>
Gross Profit	55,271	44,365	+24.6%
Gross Margin	44.7%	41.3%	+8.2%
Franchise & other revenue	786	803	-2.1%
Operating expenses	(28,063)	(25,928)	-8.2%
<b>EBITDA</b>	<b>27,994</b>	<b>19,239</b>	<b>+45.5%</b>
EBITDA Margin	22.6%	17.9%	+26.3%
<b>EBIT</b>	<b>20,742</b>	<b>12,033</b>	<b>72.4%</b>
EBIT Margin	16.8%	11.2%	50.0%
<b>NPAT</b>	<b>14,173</b>	<b>7,642</b>	<b>+85.5%</b>
Tax benefit associated with franchise buybacks	448	615	-27.2%
<b>NPAT – adjusted for franchise buyback tax benefit ("Cash NPAT")</b>	<b>14,621</b>	<b>8,257</b>	<b>+77.1%</b>
Weighted average shares – basic (millions)	121.9	121.7	+0.2%
<b>Basic earnings per share – cents</b>	<b>11.6</b>	<b>6.3</b>	<b>+84.1%</b>
<b>Cash earnings per share – cents (Cash NPAT/weighted avg. shares)</b>	<b>12.0</b>	<b>6.8</b>	<b>+76.5%</b>

### Results Summary

In H1 FY2021, Shaver Shop increased sales by 15.0% to \$123.6 million. The growth in sales was driven primarily by like for like store sales growth of 17.3%. This like for like sales growth was largely driven by online sales growth of 102% over the prior corresponding period.

## **DIRECTORS' REPORT**

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Gross profit margins were 44.7% in H1 FY2021, up approximately 340 basis points (H1 FY2020: 41.3%) on the prior corresponding period due to changes in category mix as well as decisions taken to reduce the level of promotional activity over the key Christmas and Boxing Day trading periods.

Franchise and other income decreased 2.1% (or \$17,000) to \$786,000. As at 31 December 2020, six (6) franchise stores operated across the store network (31 December 2019: 6). Shaver Shop acquired these remaining six franchise stores on 3 February 2021 with their results from operation to be included in the Company's consolidated results from that date.

Shaver Shop generated operating leverage in H1 FY2021 with operating expense growth of 8.2% being significantly lower than total sales growth of 15.0%. The largest contributor to the increase in operating expenses was higher postage and transactional costs associated with the increase in sales volumes over the prior corresponding period. Occupancy expenses include approximately \$0.5 million in rent abatements from landlords associated with the impact of lower foot traffic in stores caused by COVID-19 restrictions. Shaver Shop did not receive any JobKeeper payments from the Australian government or any Wage Subsidy from the New Zealand government during H1 FY2021.

Shaver Shop's EBIT increased 72.4% to \$20.7 million (H1 FY2020: \$12.0 million) and NPAT increased 85.5% to \$14.2 million (H1 FY2020: \$7.6 million). Basic earnings per share increased 84.1% to 11.6 cents (H1 FY2020: 6.3 cents) and cash earnings per share increased 76.5% to 12.0 cents (H1 FY2020: 6.8 cents).

### **Cash Flow and Net Debt**

In H1 FY2021, Shaver Shop generated operating cash flow of \$41.5 million (H1 FY2020 - \$29.3 million). Shaver Shop is a seasonal business with the first half of the financial year traditionally being stronger from an operating cash flow perspective due to the impact of Christmas and Boxing Day sales as well as deferred payment terms received from suppliers in relation to stock purchases for this period.

Shaver Shop's net cash position (Cash less Bank Borrowings) at 31 December 2020 was \$41.1 million, an increase of \$32.7 million in comparison to the 31 December 2019 net cash position of \$8.4 million. The Group had a net cash position of \$12.6 million at 30 June 2020. The Company has an undrawn \$30.0 million multi-option debt facility. The Company's multi-option debt facility matures on 30 June 2022.

The Company's debt facility has three key covenants: the leverage ratio (Debt/EBITDA); the net worth ratio ((total assets – total liabilities) / total assets) and the fixed charge cover ratio (EBITDA + Real property lease expenses) / (Real property lease expenses + Interest expense). All banking covenants were within required thresholds in H1 FY2021 and are calculated using the previous lease accounting standard (AASB 117).

### **Dividends paid or recommended**

On 16 July 2020, the Company paid a special dividend totaling \$2.6 million (in lieu of the previously cancelled FY2020 interim dividend), which represented a dividend of 2.1 cents per share, 80% franked.

On 24 September 2020, the Company paid a final dividend in respect of the FY2020 financial year totaling \$3.3 million, which represented a dividend of 2.7 cents per share, fully franked.

On 19 February 2021, the directors of the Company declared an interim dividend of 3.2 cents per ordinary share fully franked. The total amount of the dividend is \$4.1 million based on the total number of ordinary shares outstanding. The dividend has not been provided for in the half year financial statements.

### **Events after the reporting date**

Subsequent to the end of the financial half, the directors declared a fully franked dividend of 3.2 cents per share to shareholders of record on 11 March 2021. The dividend payment date is 25 March 2021.

On 3 February 2021, Shaver Shop acquired the last six franchise stores (Blacktown, Burwood, Castle Towers, Chatswood, Galleries and Parramatta) for total consideration of \$13.0 million plus the value of stock on hand.

No other matters or circumstances have arisen since the end of the financial half which significantly affected or could significantly affect the operations of the Group.


## DIRECTORS' REPORT

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### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the directors.



Broderick Arnhold  
Director

Melbourne  
19 February 2021





## *Auditor's Independence Declaration*

As lead auditor for the review of Shaver Shop Group Limited for the interim ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Shaver Shop Group Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'D Rosenberg', with a long horizontal flourish extending to the right.

Daniel Rosenberg  
Partner  
PricewaterhouseCoopers

Melbourne  
19 February 2021

**SHAVER SHOP GROUP LIMITED**  
**31 DECEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

		31 December 2020	31 December 2019
	Note	\$	\$
Revenue from continuing operations		123,628,860	107,491,907
Cost of goods sold		(68,357,693)	(63,127,313)
<b>Gross profit from corporate owned retail stores</b>		<b>55,271,167</b>	<b>44,364,594</b>
Franchise and other revenue		785,799	802,503
Employee benefits expense		(15,611,796)	(15,331,761)
Depreciation and amortisation expense	10	(7,252,139)	(7,206,581)
Marketing and advertising expenses		(4,346,491)	(3,827,266)
Occupancy expenses		(1,220,774)	(1,637,879)
Operational expenses		(5,396,240)	(4,094,826)
Other expenses		(1,487,221)	(1,036,097)
Finance costs (net)	10	(815,356)	(1,090,314)
<b>Profit before income tax</b>		<b>19,926,949</b>	<b>10,942,373</b>
Income tax expense		(5,754,213)	(3,300,796)
<b>Profit for the half-year</b>		<b>14,172,736</b>	<b>7,641,577</b>
<b>Items that may be reclassified to profit or loss when specific conditions are met</b>			
Exchange differences on translating foreign operations		(2,265)	(15,716)
<b>Other comprehensive income for the year</b>		<b>(2,265)</b>	<b>(15,716)</b>
<b>Total comprehensive income for the half-year</b>		<b>14,170,471</b>	<b>7,625,861</b>
Profit attributable to:			
Members of the parent entity		14,172,736	7,641,577
Total comprehensive income attributable to:			
Members of the parent entity		14,170,471	7,625,861
		Cents	Cents
<b>Earnings per share for profit attributable to the ordinary equity holders of the company</b>			
Basic earnings per share (weighted average shares)	11	11.6	6.3
Diluted earnings per share (weighted average shares)	11	11.2	6.2

The accompanying notes form part of these financial statements

**SHAVER SHOP GROUP LIMITED**  
**31 DECEMBER 2020**

**CONDENSED CONSOLIDATED BALANCE SHEET**

	Note	31 December 2020 \$	30 June 2020 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		41,065,019	12,628,517
Lease receivables	7	784,472	847,615
Trade and other receivables	7	905,060	1,688,864
Inventories		23,489,042	15,097,228
<b>TOTAL CURRENT ASSETS</b>		<b>66,243,593</b>	<b>30,262,224</b>
<b>NON-CURRENT ASSETS</b>			
Lease receivables	7	987,776	1,379,919
Property, plant and equipment	5	10,226,880	10,796,983
Right-of-use assets		23,377,987	26,632,491
Deferred tax assets		4,146,724	4,647,818
Intangible assets	6	48,032,711	47,955,604
<b>TOTAL NON-CURRENT ASSETS</b>		<b>86,772,078</b>	<b>91,412,815</b>
<b>TOTAL ASSETS</b>		<b>153,015,671</b>	<b>121,675,039</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		41,249,070	17,968,119
Lease liabilities	7	10,324,127	13,047,029
Employee benefits		2,351,710	1,853,567
Current tax payable		3,829,689	617,441
Other liabilities		18,962	16,727
<b>TOTAL CURRENT LIABILITIES</b>		<b>57,773,558</b>	<b>33,502,883</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	7	19,941,656	23,931,704
Other liabilities		77,145	77,145
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>20,018,801</b>	<b>24,008,849</b>
<b>TOTAL LIABILITIES</b>		<b>77,792,359</b>	<b>57,511,732</b>
<b>NET ASSETS</b>		<b>75,223,312</b>	<b>64,163,307</b>
<b>EQUITY</b>			
Issued capital	9	48,872,261	48,872,261
Reserves		795,332	597,597
Retained earnings		25,555,719	14,693,449
<b>TOTAL EQUITY</b>		<b>75,223,312</b>	<b>64,163,307</b>

The accompanying notes form part of these financial statements

**SHAVER SHOP GROUP LIMITED**  
**31 DECEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Note	Ordinary Shares \$	Retained Earnings \$	Other Reserves \$	Total \$
<b>Balance at 1 July 2020</b>		<b>48,872,261</b>	<b>14,693,449</b>	<b>597,597</b>	<b>64,163,307</b>
<b>Profit for the period</b>		-	<b>14,172,736</b>	-	<b>14,172,736</b>
Other comprehensive income		-	-	(2,265)	(2,265)
<b>Total comprehensive income for the half-year</b>		-	<b>14,172,736</b>	<b>(2,265)</b>	<b>14,170,471</b>
<b>Transactions with owners in their capacity as owners:</b>					
Dividends provided for or paid		-	(3,310,466)	-	(3,310,466)
Employee share schemes – value of employee services		-	-	200,000	200,000
<b>Balance at 31 December 2020</b>		<b>48,872,261</b>	<b>25,555,719</b>	<b>795,332</b>	<b>75,223,312</b>

	Note	Ordinary Shares \$	Retained Earnings \$	Other Reserves \$	Total \$
<b>Balance at 1 July 2019</b>		<b>48,872,261</b>	<b>9,748,970</b>	<b>400,080</b>	<b>59,021,311</b>
<b>Profit for the period</b>		-	<b>7,641,577</b>	-	<b>7,641,577</b>
Other comprehensive income		-	-	(15,716)	(15,716)
<b>Total comprehensive income for the half-year</b>		-	<b>7,641,577</b>	<b>(15,716)</b>	<b>7,625,861</b>
<b>Transactions with owners in their capacity as owners:</b>					
Share buybacks		-	-	-	-
Dividends provided for or paid		-	(3,062,742)	-	(3,062,742)
Employee share schemes – value of employee services		-	-	92,181	92,181
<b>Balance at 31 December 2019</b>		<b>48,872,261</b>	<b>14,327,805</b>	<b>476,545</b>	<b>63,676,611</b>

The accompanying notes form part of these financial statements

**SHAYER SHOP GROUP LIMITED**  
**31 DECEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS**

	Note	31 December 2020 \$	31 December 2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers (inclusive of GST)		136,775,550	115,277,108
Payments to suppliers and employees (inclusive of GST)		(92,391,640)	(83,530,945)
		44,383,910	31,746,163
Interest received		-	7,218
Interest paid – borrowings		(87,904)	(216,060)
Interest paid – leases		(753,702)	(879,238)
Income taxes paid		(2,040,776)	(1,370,705)
Net cash inflows from operating activities		41,501,528	29,287,378
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment and intangible assets	5	(1,346,065)	(3,164,558)
Landlord contributions to new premises fitouts		-	230,000
Purchase of corporate stores		-	(2,912,707)
Net cash outflows from investing activities		(1,346,065)	(5,847,265)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from (repayment of) borrowings		-	694,423
Principal elements of lease payments		(5,813,868)	(5,609,356)
Dividends paid		(5,905,093)	(3,062,742)
Net cash (outflows) from financing activities		(11,718,961)	(7,977,675)
Net increase in cash and cash equivalents held		28,436,502	15,462,438
Cash and cash equivalents at beginning of the half year		12,628,517	3,942,085
Cash and cash equivalents at end of the half year		41,065,019	19,404,523

The accompanying notes form part of these financial statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 1 Basis of Preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Shaver Shop Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Where necessary, and as a result of a change in the classification of certain expenses during the current year, comparative amounts in the statement of profit and loss have been reclassified for consistency with current year presentation.

### 2 Critical Accounting Estimates and Judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving significant estimates or judgements are estimates surrounding indicators of impairment and recoverable amount of inventory.

### 3 Profit and loss information

#### *Income tax*

Income tax expense is recognised based on management's estimate of the weighted average effective annual tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 31 December 2020 is 28.9%, compared to 30.1% for the six months ended 31 December 2019.

#### *Franchise Buy Backs*

Shaver Shop has received a private ruling from the Australian Tax Office in respect of deductions for the amount relating to the termination of the franchise licence forming part of the purchase consideration paid for the buyback of franchise stores. The tax ruling confirms that this amount is to be deducted in equal portions over a five year period following the date of purchase.

For each franchise store, a portion of the purchase consideration equal to the total tax benefit to be received over the five years is recorded as a deferred tax asset. The deferred tax asset is then released over five years in accordance with the deduction schedule for each acquired franchise store with the effect of reducing income tax payable for each period.

### 4 Segment reporting

The Group operates within one reportable segment, being retail store sales of specialist personal grooming products through their corporate and online stores and royalty income from franchise stores. The chief operating decision maker for the Group is the Chief Executive Officer. The revenue disclosed in the consolidated statement of comprehensive profit and loss all relates to this one operating segment. The Group is not reliant on any single customer. As at 31 December 2020, the Group operated 108 Corporate Stores in Australia (2019: 109) and 7 Corporate Stores in New Zealand (2019: 7) for a total of 115 Corporate Stores. In addition to this, at

**SHAVER SHOP GROUP LIMITED**  
**31 DECEMBER 2020**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2020 there were 6 franchised stores (2019: 6).

**Property, plant and equipment**

	31 December 2020 \$	30 June 2020 \$
<b>PLANT AND EQUIPMENT</b>		
Capital works in progress		
At cost	28,230	605,758
Plant and equipment		
At cost	17,649,654	16,783,499
Accumulated depreciation	(7,790,982)	(6,880,600)
Total plant and equipment	<u>9,858,672</u>	<u>9,902,899</u>
Computer equipment		
At cost	794,735	706,011
Accumulated depreciation	(527,852)	(499,485)
Total computer equipment	<u>266,883</u>	<u>206,526</u>
Improvements		
At cost	80,305	104,200
Accumulated depreciation	(7,210)	(22,400)
Total leasehold improvements	<u>73,095</u>	<u>81,800</u>
<b>Total property, plant and equipment</b>	<u><u>10,226,880</u></u>	<u><u>10,796,983</u></u>

*Movements in Carrying Amounts*

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial half year:

	Capital Works in Progress \$	Plant and Equipment \$	Computer Equipment \$	Improvements \$	Total \$
<b>Half-Year ended 31 December 2020</b>					
Opening net book amount	605,758	9,902,899	206,526	81,800	10,796,983
Additions	494,995	-	16,587	-	511,582
Disposals	-	(16,826)	-	-	(16,826)
Transfers	(1,072,523)	955,000	117,523	-	-
Depreciation expense	-	(985,388)	(73,767)	(8,705)	(1,067,860)
Foreign exchange movements	-	2,987	14	-	3,001
<b>Closing net book amount</b>	<u><u>28,230</u></u>	<u><u>9,858,672</u></u>	<u><u>266,883</u></u>	<u><u>73,095</u></u>	<u><u>10,226,880</u></u>

\* Reclassed to Intangible Assets

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 6 Intangible Assets

	31 December 2020 \$	30 June 2020 \$
Goodwill		
Cost	43,943,264	43,943,264
Brand Names		
Cost	1,452,199	1,451,439
Accumulated amortisation and impairment	(666,414)	(628,024)
Net carrying value	785,785	823,415
Software		
Cost	4,160,202	4,160,202
Accumulated amortisation and impairment	(1,520,120)	(1,154,257)
Net carrying value	2,640,082	3,005,945
Software development in progress		
Cost	663,580	182,980
Accumulated amortisation and impairment	-	-
Net carrying value	663,580	182,980
Total Intangibles	48,032,711	47,955,604

#### Movements in carrying amounts of intangible assets

	Software* \$	Software* development in progress \$	Brand names \$	Goodwill \$	Total \$
<b>Half-Year ended 31 December 2020</b>					
Opening net book amount	3,005,945	182,980	823,415	43,943,264	47,955,604
Additions	-	480,600	-	-	480,600
Amortisation	(365,863)	-	(38,249)	-	(404,112)
Foreign exchange movements	-	-	619	-	619
<b>Closing net book amount</b>	<b>2,640,082</b>	<b>663,580</b>	<b>785,785</b>	<b>43,943,264</b>	<b>48,032,711</b>

\* Reclassified to Intangible Assets

Shaver Shop closed two stores in H1 FY2021. Plenty Valley (Victoria) and Belrose (NSW). Shaver Shop recognises one cash generating unit (CGU) to which goodwill is allocated. Based on the financial and operational performance of the stores that were closed and that Shaver Shop expects a significant proportion of the customers that attended the closed stores will now visit alternative Shaver Shop stores in the area, the closed stores had little to no relative value compared to the overall CGU and accordingly, no adjustment to goodwill has been made based on their closure.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 7 Financial assets and liabilities

This table provides a summary of the Group's financial instruments, how they are classified and measured and reference to relevant disclosures in the financial statements. The Group holds the following financial instruments at the end of the financial reporting period.

	31 December 2020 \$	30 June 2020 \$
<i>Financial assets</i>		
Cash and cash equivalents	41,065,019	12,628,517
Trade and other receivables	905,060	1,688,864
Lease receivable – current	784,472	847,615
Lease receivable – non-current	987,776	1,379,919
	<b>43,742,327</b>	<b>16,544,915</b>

	31 December 2020 \$	30 June 2020 \$
<i>Financial liabilities</i>		
Trade and other payables	41,249,070	17,968,119
Lease liabilities – current	10,324,127	13,047,029
Income tax payable	3,829,689	-
Lease liabilities – non-current	19,941,656	23,931,704
	<b>75,344,542</b>	<b>54,946,852</b>

The Group holds the head lease for all corporate and franchise stores. For franchise stores, it sub licences the location to the franchisee under the same terms as the head lease. In accordance with the new AASB 16 Leases accounting standard the Group has recognised a lease liability together with an offsetting lease receivable for leases associated with franchise stores. Right-of-use assets associated with lease liabilities are not considered a financial asset.

The Group holds a \$30.0 million multi-option facility with a \$1.0 million facility to support its bank guarantees. The facilities have an expiry date of 30 June 2022. Interest is payable on the commercial advance facility at the rate of BBSY +1.2%, and on the trade-finance facility at a rate of BBSY +0.75%. The facilities also carry a line fee whether the facilities are drawn or not.

As at 31 December 2020, there was no debt drawn under the multi-option facility, leaving \$30.0 million in available capacity.

The Company's debt facility has three key covenants: the leverage ratio (Debt/EBITDA); the net worth ratio ((total assets – total liabilities) / total assets) and the Fixed Charge Cover ratio ((EBITDA + real property lease expenses)/(interest expense + real property lease expenses)). All banking covenants are calculated using the previous lease accounting standard (AASB 117). All banking covenants were within the bank's thresholds in H1 FY2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 8 Dividends

	31 December 2020 \$	30 June 2020 \$
80% franked FY2020 special dividend of 2.1 cents per share (2019: nil)	-	2,594,627
Final 2020 fully franked ordinary dividend of 2.7 cents per share (2019: 2.5 cents 80% franked)	3,310,466	3,062,742
Proposed interim 2021 fully franked ordinary dividend of 3.2 cents per share (2020: 2.1 cents 80% franked)	4,122,000	-

The proposed interim dividend for 2021 was declared after the end of the reporting period and therefore has not been provided for in the condensed consolidated financial statements. The interim dividend for 2020 was cancelled in March 2020 due to concerns around the impact of Covid-19. A special dividend of equivalent value was declared in June 2020 and paid in July 2020 in lieu of the cancelled 2020 interim dividend.

### 9 Issued Capital

	31 December 2020 \$	30 June 2020 \$
128,812,494 (30 June 2020: 126,462,494) Ordinary shares	48,872,261	48,872,261

#### Movements in share capital

	31 December 2020 \$	30 June 2020 \$
At the beginning of the reporting period	48,872,261	48,872,261
At the end of the reporting period	48,872,261	48,872,261

	31 December 2020 No.	30 June 2020 No.
Number of shares outstanding		
At the beginning of the reporting period	126,462,494	125,531,498
Unvested LTIP shares issued in period	2,350,000	2,300,000
Unvested LTI Plan shares forfeited and cancelled in the period	-	(1,369,004)
Shares bought back through on market buy-back	-	-
At the end of the reporting period	128,812,494	126,462,494

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 10 Expenses

	31 December 2020 \$	31 December 2019 \$
<i>Depreciation and amortisation</i>		
Property, plant and equipment	1,067,861	1,083,259
Right-of-use assets	5,780,247	5,815,877
Intangible assets	404,031	307,445
Total depreciation and amortisation	7,252,139	7,206,581
<i>Finance costs (net)</i>		
Interest expense on borrowings and trade finance facilities	61,654	216,059
Interest income on deposits	-	(7,218)
Interest expense on lease liabilities	801,499	952,089
Interest income on lease receivables	(47,797)	(70,616)
Total finance costs (net)	815,356	1,090,314

### 11 Earnings per Share

	31 December 2020 \$	31 December 2019 \$
Profit from continuing operations	14,172,736	7,641,577
Earnings used to calculate basic EPS from continuing operations	14,172,736	7,641,577

As at 31 December 2020, there are 6,957,672 (2019: 4,665,302) unvested shares issued under the Company's Long Term Incentive Plan. These have vesting criteria and therefore are only included in diluted share calculations.

#### *Calculation of weighted average number of diluted shares*

	31 December 2020 No.	31 December 2019 No.
Weighted average number of ordinary shares used for calculating basic earnings per share	121,854,822	121,797,192
Adjustment for weighted average number of LTI Plan shares issued (unvested shares)	4,826,576	1,979,178
<b>Weighted average number of ordinary shares issued and potential ordinary shares used in calculating diluted earnings per share</b>	<b>126,681,398</b>	<b>123,776,370</b>

The LTI Plan Shares are only included in the calculation of the weighted average number of fully diluted shares outstanding when their exercise is below the average market price of the shares in the period.

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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The average market price of the Company's shares for the six months ending 31 December 2020 was above the exercise price of the FY2018, FY2019 and FY2020 LTI Plan shares. Accordingly, these shares have been included in the calculation of diluted earnings per share. The weighted average impact of the FY2021 LTI Plan shares issued in late November 2020 have also been included in the calculation of diluted earnings per share.

### **12 Events After Reporting Date**

Subsequent to the end of the financial half, the directors declared a dividend of 3.2 cents per share fully franked to shareholders of record on 11 March 2021. The dividend payment date is 25 March 2021.

On 3 February 2021, Shaver Shop acquired the last six franchise stores (Blacktown, Burwood, Castle Towers, Chatswood, Galeries and Parramatta) for total consideration of \$13.0 million plus the value of stock on hand.

## DIRECTORS' DECLARATION


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In the directors' opinion:

- a) the financial statements and notes, as set out on pages 6 to 16 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date and
- b) there are reasonable grounds to believe that Shaver Shop Group Limited will be able to pay its debts as and when they become due and payable.

In the Directors' opinion, there are reasonable grounds to believe that the Company and its subsidiaries which have entered into a Deed of Cross Guarantee will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

This declaration is made in accordance with a resolution of the directors.



Broderick Arnhold  
Director

Melbourne  
19 February 2021



## **Independent auditor's review report to the members of Shaver Shop Group Limited**

### ***Report on the interim financial report***

#### ***Conclusion***

We have reviewed the interim financial report of Shaver Shop Group Limited (the Company) and the entities it controlled during the interim (together the Group), which comprises the Condensed consolidated balance sheet as at 31 December 2020, the Condensed consolidated statement of changes in equity, Condensed consolidated statement of cash flows and Condensed consolidated statement of profit or loss and other comprehensive income for the interim ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial report of Shaver Shop Group Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the interim ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### ***Basis for conclusion***

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### ***Responsibility of the directors for the interim financial report***

The directors of the Company are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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### *Auditor's responsibility for the review of the interim financial report*

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the interim ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A stylized, handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A stylized, handwritten signature in black ink, appearing to read 'Daniel Rosenberg'.

Daniel Rosenberg  
Partner

Melbourne  
19 February 2021