

# SHAVER SHOP GROUP LIMITED

## Appendix 4D

### Half Year Report for the six months ended 31 December 2022

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

Current period:	1 July 2022 to 31 December 2022
Prior corresponding period:	1 July 2021 to 31 December 2021

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

		%	H1 FY 2023 \$'000	H1 FY 2022 \$'000
Revenue from ordinary activities	Up	3.8%	131,916	127,146
Profit from ordinary activities after tax attributable to members	Up	4.5%	13,652	13,066
Net profit after tax attributable to the members	Up	4.5%	13,652	13,066

#### 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
Interim dividend – half year ended 31 Dec 2021	4.5 cents	4.5 cents
Final dividend – year ended 30 June 2022	5.5 cents	5.5 cents
Interim dividend – half year ended 31 Dec 2022	4.7 cents	4.7 cents

On 21 February 2023, the Directors declared a 100% franked interim dividend of 4.7 cents per share in respect of the half year ended 31 December 2022. Accordingly, this dividend is not provided for in the balance sheet at 31 December 2022. The record date and payment date in relation to the FY2023 interim dividend are as follows:

Record date for determining entitlement to the dividend (ordinary shares):	2 March 2023
Payment date of the interim dividend (ordinary shares):	16 March 2023

The company does not have a dividend reinvestment plan.

#### 4. Net tangible assets per security

	31 Dec 22	31 Dec 21
Net tangible asset backing per ordinary share	24.7 cents <sup>(1)</sup>	19.7 cents <sup>(1)</sup>

<sup>(1)</sup> Net tangible asset backing per ordinary share of 24.7 cents above is inclusive of right of use assets. The net tangible asset backing per ordinary share at 31 December 2022 would reduce to 8.5 cents (31 December 2021: 1.4 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 2022 and ASX market releases made during the period.

# SHAVER SHOP GROUP LIMITED

ABN: 78 150 747 649

## **INTERIM FINANCIAL REPORT**

**For the Half-Year Ended 31 December 2022**

**SHAVER SHOP GROUP LIMITED**  
**31 DECEMBER 2022**

## **CONTENTS**

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	Page
<b>Condensed consolidated Financial Statements</b>	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	5
Interim financial report	
Condensed consolidated statement of profit or loss and other comprehensive income	6
Condensed consolidated balance sheet	7
Condensed consolidated statement of changes in equity	8
Condensed consolidated statement of cash flows	9
Notes to the condensed consolidated financial statements	10
Directors' declaration	16
Independent auditor's review report to the members	17

## **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 2022. 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  
Trent Peterson  
Brian Singer  
Debra Singh

### **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 across Australia and New Zealand, through 122 store locations (as at 31 December 2022), its websites and various online marketplaces. 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 2022 increased 3.8% to \$131.9 million (H1 FY2022: \$127.1 million). The increase in total sales was due to growth in in-store sales (up 33.5%) largely due to the prior year losing almost 6,200 in-store trading days due to government mandated lockdowns associated with COVID-19, offset by lower online sales (down 39.8%) as customers increasingly reverted to traditional shopping habits in-store. Online sales were 23.5% of total sales in H1 FY2023 (H1 FY2022 - 40.6%).

Shaver Shop's net profit after income tax (NPAT) increased 4.5% (or \$0.6 million) to \$13.7 million (H1 FY2022: \$13.1 million) after subtracting income tax expense of \$6.3 million (H1 FY2022: \$5.6 million).

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

1. Increased total sales;
2. Higher gross profit margins (up 50 basis points to 44.3%) as Shaver Shop focused on maximising profitability, particularly for exclusive products in its core hair removal categories;
3. Lower operating expenses as customers reverted to traditional in-store shopping habits, resulting in lower transactional expenses (largely postage and merchant fees) as a percentage of sales; and
4. Ongoing cost management initiatives to minimise operating expenditure growth and mitigate the impact of inflation in the Company's cost base by ensuring that rosters, marketing expenditure and other operating expenses were adjusted to reflect changes in demand patterns.

Consistent with FY2022, Shaver Shop did not receive any COVID-19 related support payments from the Australian government or any Wage Subsidy from the New Zealand government during H1 FY2023.

## DIRECTORS' REPORT

### 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-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 FY2023 was \$28.1 million (H1 FY2022: \$26.7 million).

	Statutory Consolidated	
	H1 FY2023 \$000	H1 FY2022 \$000
<b>Profit after income tax from continuing operations (NPAT)</b>	<b>13,652</b>	<b>13,066</b>
Add back:		
Net finance costs related to bank debt	89	128
Net finance costs related to leases (AASB 16)	654	766
Income tax expense	6,300	5,572
<b>EBIT</b>	<b>20,695</b>	<b>19,532</b>
Depreciation and amortisation – property, plant & equipment and intangibles	954	941
Depreciation expense – leased right of use assets (AASB 16)	6,492	6,215
<b>EBITDA<sup>1</sup></b>	<b>28,141</b>	<b>26,688</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.

The table below compares the operating performance of Shaver Shop for H1 FY2023 against its result for H1 FY2022. The percentage change values shown in the table below are based on the Company's results to the nearest dollar.

	Consolidated		
	H1 FY2023 \$000	H1 FY2022 \$000	Change %
<b>Revenue</b>	<b>131,916</b>	<b>127,146</b>	<b>3.8%</b>
Gross Profit	58,459	55,744	4.9%
Gross Margin	44.3%	43.8%	1.1%
Franchise & other revenue	-	-	-
Operating expenses	(30,318)	(29,056)	4.3%
<b>EBITDA</b>	<b>28,141</b>	<b>26,688</b>	<b>5.4%</b>
EBITDA Margin	21.3%	21.0%	1.6%
<b>EBIT</b>	<b>20,695</b>	<b>19,532</b>	<b>6.0%</b>
EBIT Margin	15.7%	15.4%	2.1%
<b>NPAT</b>	<b>13,652</b>	<b>13,066</b>	<b>4.5%</b>
Tax benefit associated with franchise buybacks	487	607	-20.8%
<b>NPAT – adjusted for franchise buyback tax benefit ("Cash NPAT")</b>	<b>14,139</b>	<b>13,673</b>	<b>3.4%</b>
Weighted average shares – basic (millions)	127.0	123.5	2.8%
<b>Basic earnings per share – cents</b>	<b>10.8</b>	<b>10.6</b>	<b>1.9%</b>
<b>Cash earnings per share – cents (Cash NPAT/weighted avg. shares)</b>	<b>11.1</b>	<b>11.1</b>	<b>0.5%</b>

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. Following completion of Shaver Shop's franchise buyback strategy in FY2021, the Company's store network is fully corporate owned. Based on the franchise buy-backs completed, the expected reduction in cash tax payable for H1 FY2023, FY2023 and each subsequent financial year related to the franchises acquired is set out in the table below.

	H1 FY2023 \$000	FY2023 \$000	FY2024 \$000	FY2025 \$000
Reduction in income tax payable	487	973	940	780

## **DIRECTORS' REPORT**

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### **Results Summary**

In H1 FY2023, Shaver Shop increased sales by 3.8% to \$131.9 million. The increase in total sales was due to growth in in-store sales (up 33.5%) as customers increasingly returned to stores following the pandemic as well as due to the prior year losing almost 6,200 in-store trading days due to government mandated lockdowns associated with COVID-19. The growth of in-store sales was offset by lower online sales (down 39.8%) as customers switched back to traditional shopping habits in-store. Online sales were 23.5% of total sales in H1 FY2023 (H1 FY2022 - 40.6%).

Gross profit margins increased 50 basis points to 44.3% (H1 FY2022 - 43.8%) as Shaver Shop continued to focus on maximising gross profit dollars and reducing the levels of promotional discounting in its largely exclusive hair removal categories.

Total operating expenses increased \$1.3 million (or 4.3%) to \$30.3 million. The increase in operating expenses was driven by:

1. Higher employment costs given Shaver Shop's store network remained open throughout H1 FY2023 in contrast to the extended government mandated lockdowns in H1 FY2022 resulting in Shaver Shop having to stand down store team members. In addition, wages under the General Retail Industry Award increased 4.6% from 1 July 2022;
2. An increase in rental expenses, as Shaver Shop did not receive material rent abatements from landlords in H1 FY2023. In H1 FY2022, a significant proportion of the Company's store network was closed due to government mandated trading restrictions associated with COVID-19, and accordingly, through negotiations with landlords, Shaver Shop recognised approximately \$0.5 million in rent abatements in that period;

These incremental operating expenses were offset by:

1. Lower marketing and advertising costs as Shaver Shop reduced digital marketing expenditure in line with reduced online sales; and
2. Lower postage costs and merchant fees as customers increasingly chose to return to traditional in-store shopping habits following the spike in online sales in the prior corresponding half during lockdown periods.

Shaver Shop's NPAT increased 4.5% to \$13.7 million (H1 FY2022: \$13.1 million). Basic earnings per share increased 0.2 cents per share to 10.8 cents (H1 FY2022: 10.6 cents) and cash earnings per share was flat at 11.1 cents (H1 FY2022: 11.1 cents).

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

In H1 FY2023, Shaver Shop generated operating cash flow of \$39.0 million (H1 FY2022 - \$42.7 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. Supplier payments for Christmas stock purchases are generally made in January and February leading to a significant operating cash outflow in the second half of the financial year.

Shaver Shop's net cash position (Cash less Bank Borrowings) at 31 December 2022 was \$34.1 million, a \$24.7 million increase from the 30 June 2022 balance of \$9.4 million and a decrease of \$2.2 million in comparison to the 31 December 2021 net cash position of \$36.3 million. The Company has an undrawn debt facility that provides up to \$29.5 million in available funding capacity. The debt facility matures on 31 July 2024.

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 + interest and depreciation associated with right of use assets + rent expense for operating leases)/(interest expense + depreciation and amortisation for right of use assets + rent expense for operating leases)). All banking covenants were within required thresholds in H1 FY2023 and are calculated using the previous lease accounting standard (AASB 117).

## **DIRECTORS' REPORT**

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### **Dividends paid or recommended**

On 20 September 2022, the Company paid a final dividend in respect of the FY2022 financial year totaling \$6.9 million, which represented a dividend of 5.5 cents per share, fully franked.

On 21 February 2023, the directors of the Company approved an interim dividend of 4.7 cents per ordinary share fully franked, up 4.4% on the prior corresponding period (FY2022 - 4.5 cents per share fully franked). The total amount of the dividend is \$6.2 million based on the total number of ordinary shares outstanding and is due to be paid on 16 March 2023 to shareholders of record on 2 March 2023. The dividend has not been provided for in the half-year financial statements.

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

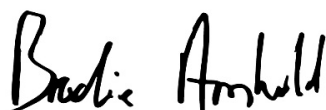
Subsequent to the end of the financial half, the directors approved a fully franked dividend of 4.7 cents per share to shareholders of record on 2 March 2023. The dividend payment date is 16 March 2023.

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.

### **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  
21 February 2023





## Auditor's Independence Declaration

As lead auditor for the review of Shaver Shop Group Limited for the half-year ended 31 December 2022, 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 'Brad Peake'.

Brad Peake  
Partner  
PricewaterhouseCoopers

Melbourne  
21 February 2023

**SHAVER SHOP GROUP LIMITED**  
**31 DECEMBER 2022**

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

		<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Revenue from continuing operations		<b>131,915,970</b>	127,146,834
Cost of goods sold		<b>(73,457,351)</b>	(71,402,392)
<b>Gross profit from corporate owned retail stores</b>		<b>58,458,619</b>	55,744,442
Employee benefits expense		<b>(17,912,458)</b>	(14,621,917)
Depreciation and amortisation expense	10	<b>(7,445,834)</b>	(7,156,045)
Marketing and advertising expenses		<b>(4,365,871)</b>	(4,729,366)
Occupancy expenses		<b>(1,635,226)</b>	(1,220,334)
Operational expenses		<b>(4,925,883)</b>	(6,762,667)
Other expenses		<b>(1,478,133)</b>	(1,722,050)
Finance costs (net)	10	<b>(743,203)</b>	(893,916)
<b>Profit before income tax</b>		<b>19,952,011</b>	18,638,147
Income tax expense		<b>(6,299,848)</b>	(5,572,303)
<b>Profit for the half-year</b>		<b>13,652,163</b>	13,065,844
<b>Items that may be reclassified to profit or loss when specific conditions are met</b>			
Exchange differences on translating foreign operations		<b>53,896</b>	(11,865)
<b>Other comprehensive income for the year</b>		<b>53,896</b>	(11,865)
<b>Total comprehensive income for the half-year</b>		<b>13,706,059</b>	13,053,979
Profit attributable to:			
Members of the parent entity		<b>13,652,163</b>	13,065,844
Total comprehensive income attributable to:			
Members of the parent entity		<b>13,706,059</b>	13,053,979
		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	<b>10.8</b>	10.6
Diluted earnings per share (weighted average shares)	11	<b>10.4</b>	10.1

The accompanying notes form part of these financial statements

**SHAVER SHOP GROUP LIMITED**  
**31 DECEMBER 2022**

**CONDENSED CONSOLIDATED BALANCE SHEET**

	Note	31 December 2022 \$	30 June 2022 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		34,133,813	9,395,910
Trade and other receivables		4,631,954	3,075,883
Inventories		24,447,422	22,175,081
<b>TOTAL CURRENT ASSETS</b>		<b>63,213,189</b>	<b>34,646,874</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	10,912,862	10,387,939
Right-of-use assets		21,250,788	22,340,317
Deferred tax assets		5,057,775	6,036,319
Intangible assets	6	54,238,368	54,304,560
<b>TOTAL NON-CURRENT ASSETS</b>		<b>91,459,793</b>	<b>93,069,135</b>
<b>TOTAL ASSETS</b>		<b>154,672,982</b>	<b>127,716,009</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		36,217,965	17,708,190
Lease liabilities	7	7,737,230	10,849,286
Employee benefits		2,844,202	2,610,385
Current tax payable		3,130,246	1,837,762
Other liabilities		27,902	25,667
<b>TOTAL CURRENT LIABILITIES</b>		<b>49,957,545</b>	<b>33,031,290</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	7	17,970,798	15,974,064
Other liabilities		77,145	77,145
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>18,047,943</b>	<b>16,051,209</b>
<b>TOTAL LIABILITIES</b>		<b>68,005,488</b>	<b>49,082,499</b>
<b>NET ASSETS</b>		<b>86,667,494</b>	<b>78,633,510</b>
<b>EQUITY</b>			
Issued capital	9	50,275,510	49,492,703
Reserves		1,998,230	1,551,477
Retained earnings		34,393,754	27,589,330
<b>TOTAL EQUITY</b>		<b>86,667,494</b>	<b>78,633,510</b>

The accompanying notes form part of these financial statements

**SHAVER SHOP GROUP LIMITED**  
**31 DECEMBER 2022**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Note	Ordinary Shares \$	Retained Earnings \$	Other Reserves \$	Total \$
<b>Balance at 1 July 2022</b>		<b>49,492,703</b>	<b>27,589,330</b>	<b>1,551,477</b>	<b>78,633,510</b>
<b>Profit for the period</b>		-	<b>13,652,163</b>	-	<b>13,652,163</b>
Other comprehensive income		-	-	<b>53,896</b>	<b>53,896</b>
<b>Total comprehensive income for the half-year</b>		-	<b>13,652,163</b>	<b>53,896</b>	<b>13,706,059</b>
<b>Transactions with owners in their capacity as owners:</b>					
Dividends provided for or paid		-	<b>(6,847,739)</b>	-	<b>(6,847,739)</b>
Employee share schemes – value of employee services		<b>782,807</b>	-	<b>392,857</b>	<b>1,175,664</b>
<b>Balance at 31 December 2022</b>		<b>50,275,510</b>	<b>34,393,754</b>	<b>1,998,230</b>	<b>86,667,494</b>

	Note	Ordinary Shares \$	Retained Earnings \$	Other Reserves \$	Total \$
Balance at 1 July 2021		48,872,261	22,690,867	1,014,616	72,577,744
Profit for the period		-	13,065,844	-	13,065,844
Other comprehensive income		-	-	(11,865)	(11,865)
Total comprehensive income for the half-year		-	13,065,844	(11,865)	13,053,979
Transactions with owners in their capacity as owners:					
Dividends provided for or paid		-	(6,195,538)	-	(6,195,538)
Employee share schemes – value of employee services		217,573	-	441,535	659,108
Balance at 31 December 2021		49,089,834	29,561,173	1,444,286	80,095,292

The accompanying notes form part of these financial statements

**SHAVER SHOP GROUP LIMITED**  
**31 DECEMBER 2022**

**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS**

	Note	31 December 2022 \$	31 December 2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers (inclusive of GST)		143,842,057	138,203,657
Payments to suppliers and employees (inclusive of GST)		(99,931,333)	(91,222,293)
		<b>43,910,724</b>	46,981,364
Interest paid – borrowings		(162,799)	(127,849)
Interest paid – leases		(653,657)	(766,259)
Income taxes paid		(4,055,275)	(3,340,374)
Net cash inflows from operating activities		<b>39,038,994</b>	42,746,882
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment and intangible assets	5	(1,679,686)	(1,067,082)
Contributions to new premises fitouts		580,000	325,000
Net cash outflows from investing activities		<b>(1,099,686)</b>	(742,082)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Principal elements of lease payments		(7,136,473)	(6,834,866)
Dividends paid		(6,847,739)	(6,195,538)
Proceeds from sale of shares		782,807	-
Net cash (outflows) from financing activities		<b>(13,201,405)</b>	(13,030,404)
Net increase in cash and cash equivalents held		<b>24,737,903</b>	28,974,396
Cash and cash equivalents at beginning of the half-year		<b>9,395,910</b>	7,374,965
Cash and cash equivalents at end of the half-year		<b>34,133,813</b>	36,349,361

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 2022 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 2022 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.

Except as outlined in the Notes that follow, 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 net realisable value 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 2022 is 31.6%, compared to 29.9% for the six months ended 31 December 2021.

#### *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 buy-back 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. 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 2022, the Group operated 115 Corporate Stores in Australia (2021: 114) and 7 Corporate Stores in New Zealand (2021: 7) for a total of 122 Corporate Stores.

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

### **5 Property, plant and equipment**

	31 December 2022 \$	30 June 2022 \$
<b>PLANT AND EQUIPMENT</b>		
Capital works in progress		
At cost	526,738	492,528
Plant and equipment		
At cost	20,271,604	19,576,602
Accumulated depreciation	(10,265,905)	(9,897,379)
Total plant and equipment	<u>10,005,699</u>	<u>9,679,223</u>
Computer equipment		
At cost	1,164,587	917,833
Accumulated depreciation	(822,435)	(748,623)
Total computer equipment	<u>342,152</u>	<u>169,210</u>
Improvements		
At cost	48,443	56,409
Accumulated depreciation	(10,170)	(9,430)
Total leasehold improvements	<u>38,273</u>	<u>46,979</u>
<b>Total property, plant and equipment</b>	<u><u>10,912,862</u></u>	<u><u>10,387,939</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 2022</b>					
Opening net book amount	492,528	9,679,223	169,210	46,979	10,387,939
Additions	232,624	955,993	245,339	-	1,433,956
Disposals	-	(46,635)	-	-	(46,635)
Transfers	(207,166)	207,166	-	-	-
Depreciation expense	-	(803,369)	(72,713)	(8,706)	(884,788)
Foreign exchange movements	8,752	13,321	316	-	22,389
<b>Closing net book amount</b>	<u>526,738</u>	<u>10,005,699</u>	<u>342,152</u>	<u>38,273</u>	<u>10,912,862</u>

\* Reclassed to Intangible Assets

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

### **6 Intangible Assets**

	<b>31 December 2022 \$</b>	<b>30 June 2022 \$</b>
Goodwill		
Cost	<b>53,309,577</b>	53,309,577
Brand Names		
Cost	<b>1,452,199</b>	1,447,680
Accumulated amortisation and impairment	<b>(811,626)</b>	(773,737)
Net carrying value	<b>640,573</b>	673,944
Software		
Cost	<b>328,214</b>	328,214
Accumulated amortisation and impairment	<b>(39,996)</b>	(7,175)
Net carrying value	<b>288,218</b>	321,039
Total Intangibles	<b>54,238,368</b>	54,304,560

#### *Movements in carrying amounts of intangible assets*

	<b>Software \$</b>	<b>Brand names \$</b>	<b>Goodwill \$</b>	<b>Total \$</b>
<b>Half-Year ended 31 December 2022</b>				
Opening net book amount	<b>321,039</b>	<b>673,944</b>	<b>53,309,577</b>	<b>54,304,560</b>
Additions	-	-	-	-
Amortisation	<b>(32,821)</b>	<b>(36,203)</b>	-	<b>(69,024)</b>
Foreign exchange movements	-	<b>2,832</b>	-	<b>2,832</b>
<b>Closing net book amount</b>	<b>288,218</b>	<b>640,573</b>	<b>53,309,577</b>	<b>54,238,368</b>

### **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.



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

	<b>31 December 2022</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Financial assets</i>		
Cash and cash equivalents	<b>34,133,813</b>	9,395,910
Trade receivables	<b>4,631,954</b>	3,075,883
	<b>38,765,767</b>	12,471,793

	<b>31 December 2022</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Financial liabilities</i>		
Trade and other payables	<b>36,217,965</b>	17,708,190
Lease liabilities – current	<b>7,737,230</b>	10,849,286
Income tax payable - current	<b>3,130,246</b>	1,837,762
Lease liabilities – non-current	<b>17,970,798</b>	15,974,064
Other liabilities – non-current	<b>77,145</b>	77,145
	<b>65,133,384</b>	46,446,447

In H1 FY2023, Shaver Shop renegotiated its bank facilities that were due on 31 July 2022. Shaver Shop has access to total debt of \$29.5 million through a trade finance facility of \$10 million and a term debt facility of \$19.5 million. The term debt and trade finance facilities have a maturity date of 31 July 2024. Shaver Shop also has a \$0.5 million bank guarantee facility.

The Company's debt facilities have 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 + interest and depreciation associated with right of use assets + rent expense for operating leases)/(interest expense + depreciation and amortisation for right of use assets + rent expense for operating leases)). All banking covenants were within the bank's thresholds in H1 FY2023.

### **8 Dividends**

	<b>31 December 2022</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Final 2022 fully franked ordinary dividend of 5.5 cents per share (2021: 5.0 cents fully franked)	<b>6,847,739</b>	6,193,847
Proposed interim 2023 fully franked ordinary dividend of 4.7 cents per share (2022: 4.5 cents fully franked)	<b>6,157,587</b>	5,600,166

The proposed interim dividend for 2023 was declared after the end of the reporting period and therefore has not been provided for in the condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 9 Issued Capital

	31 December 2022 \$	30 June 2022 \$
131,012,494 (30 June 2022: 131,012,494) Ordinary shares	50,275,510	49,492,703

#### Movements in share capital

	31 December 2022 \$	30 June 2022 \$
At the beginning of the reporting period	49,492,703	48,872,261
On-market sale of unvested LTI shares	782,807	620,442
At the end of the reporting period	50,275,510	49,492,703

	31 December 2022 No.	30 June 2022 No.
Number of shares outstanding		
At the beginning of the reporting period	131,012,494	128,812,494
Unvested LTIP shares issued in period	-	2,200,000
At the end of the reporting period	131,012,494	131,012,494

At the Company's Annual General Meeting on 10 November 2022, shareholders approved a new Executive Long Term Incentive (LTI) Plan (the "Plan"). Under this new Plan, the Company issued 1,280,000 Performance Share Rights to participants on 9 December 2022. In accordance with the Plan, executives are awarded rights to ordinary shares that will vest after a period of three years subject to the achievement of specific performance hurdles for earnings per share (EPS). There is no exercise price for the shares. These were the first rights issued by the Company. The previous Loan Share Long Term Incentive Plan will remain in place until all shares issued to participants under that plan have either vested with the participants or compulsorily divested in accordance with the terms of that plan.

### 10 Expenses

	31 December 2022 \$	31 December 2021 \$
<i>Depreciation and amortisation</i>		
Property, plant and equipment	884,788	904,456
Right-of-use assets	6,492,022	6,215,242
Intangible assets	69,024	36,347
Total depreciation and amortisation	7,445,834	7,156,045

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

### *Finance costs (net)*

Interest expense on borrowings and trade finance facilities	<b>145,524</b>	127,657
Interest expense on lease liabilities	<b>653,657</b>	766,259
Interest income on term deposits	<b>(55,978)</b>	-
Interest income on lease receivables	-	-
Total finance costs (net)	<b>743,203</b>	893,916

### **11 Earnings per Share**

	<b>31 December 2022 \$</b>	<b>31 December 2021 \$</b>
Profit from continuing operations	<b>13,652,163</b>	13,065,844
Earnings used to calculate basic EPS from continuing operations	<b>13,652,163</b>	13,065,844

As at 31 December 2022, there are 4,025,522 (2022: 7,480,002) unvested shares issued under the Company's Loan Share Long Term Incentive Plan. These have vesting criteria and therefore are only included in diluted share calculations. In addition at 31 December 2022, the Company had 1,280,000 Performance Share Rights that were issued under the Company's new Executive Long Term Incentive Plan on 9 December 2022. These Performance Share Rights also have vesting conditions and therefore are only included in diluted share calculations.

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

	<b>31 December 2022 No.</b>	<b>30 June 2022 No.</b>
Weighted average number of ordinary shares used for calculating basic earnings per share	<b>126,986,972</b>	126,244,152
Adjustment for weighted average number of LTI Plan shares issued (unvested shares)	<b>4,102,673</b>	3,797,931
<b>Weighted average number of ordinary shares issued and potential ordinary shares used in calculating diluted earnings per share</b>	<b>131,089,645</b>	130,042,083

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. The average market price of the Company's shares for the six months ending 31 December 2022 was above the issue price of the FY2020, FY2021 and FY2022 LTI Plan shares. Accordingly, these shares have been included in the calculation of diluted earnings per share. The weighted average impact of the FY2023 Performance Share Rights issued in December 2022 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 4.7 cents per share fully franked to shareholders of record on 2 March 2023. The dividend payment date is 16 March 2023.

**SHAVER SHOP GROUP LIMITED**  
**31 DECEMBER 2022**

**DIRECTORS' DECLARATION**

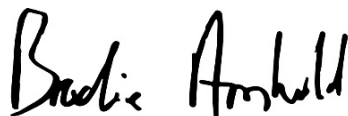
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In the directors' opinion:

- 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 2022 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  
21 February 2023



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

### **Report on the half-year financial report**

#### ***Conclusion***

We have reviewed the half-year financial report of Shaver Shop Group Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the Condensed consolidated balance sheet as at 31 December 2022, 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 half-year 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 half-year 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 2022 and of its performance for the half-year 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 half-year 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### ***Responsibilities of the directors for the half-year financial report***

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

#### ***Auditor's responsibilities for the review of the half-year financial report***

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true



and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Brad Peake*

Brad Peake  
Partner

Melbourne  
21 February 2023

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