

SHAVER SHOP GROUP LIMITED

Appendix 4E

Preliminary Final Report

Results for Announcement to the Market

Year ended 30 June 2018 (Previous corresponding period: Year ended 30 June 2017)

1. Statutory Result Summary

		%		2018 \$'000	2017 \$'000
Revenue from ordinary activities	Up	+8.7	to	154,937	142,568
Profit from ordinary activities after tax attributable to members	Down	-27.0	to	6,566	8,994
Net profit after tax attributable to the members	Down	-27.0	to	6,566	8,994

The figures reported above represent the statutory results of the company. As a result, the results of FY2018 and FY2017 include certain one-time costs. Shaver Shop's normalised results (which exclude the impact of one-time costs) for the year in comparison to the prior year are presented below.

2. Dividends

Dividend	Amount per ordinary share	Franked amount per ordinary share
2018 interim dividend	1.8 cents	1.8 cents
2018 final dividend (resolved – not yet provided for at 30 June 2018)	2.4 cents	2.4 cents
2017 interim dividend	1.6 cents	1.6 cents
2017 final dividend	2.4 cents	2.4 cents

The record date for determining the entitlement to the final dividend is 17 October 2018. The payment date in respect of the final dividend is 31 October 2018.

The company does not have a dividend reinvestment plan.

3. Normalised Results Summary

The Directors' Report includes references to normalised results. The normalisations relate to the year ended 30 June 2018 and arise as a result of significant and unusual expenses incurred in the year. In 1H FY2018, two of Shaver Shop's suppliers (the suppliers were affiliated with each other) appointed liquidators. Provisions totalling \$491,000 were raised against rebates and other receivables owing from these suppliers to Shaver Shop as well as the remaining stock on hand. The nature and magnitude of this loss is extremely unusual and unlike anything Shaver Shop has experienced. In 2H FY2018, Shaver Shop settled a disputed stamp duty assessment relating to the franchises acquired in South Australia prior to 30 June 2015. Whilst Shaver Shop and its tax advisors remain of the view the assessment of the Stamp Duty was inappropriately applied to the related transactions, Shaver Shop took a commercial decision to settle the dispute rather than incur significant legal costs and be subject to protracted litigation. There is to be no further risk of stamp duty re-assessments in relation to SA franchise buy-backs as the stamp duty rules applying to these transactions changed on 30 June 2015. Finally, Shaver Shop was the subject of internal fraud in 2H FY2018, in which one of Shaver Shop's store managers made significant unauthorised transactions to multi-unit reseller customers at prices that were significantly below Shaver Shop's cost of goods. Whilst Shaver Shop's financial controls were in place and

operating effectively, the Manager falsified transactional records to conceal the fraudulent activity. Shaver Shop engaged an external investigator to review circumstances that led to these transactions and in conjunction with this review has implemented additional controls to further reduce the risk of this happening in the future.

The normalised results have been derived from Shaver Shop's statutory accounts and adjusted to a normalised basis to more appropriately reflect the ongoing operations of Shaver Shop. 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.

Calculation of Statutory EBITDA

	2018 \$'000	2017 \$'000
Profit after income tax from continuing operations	6,566	8,994
Add back (subtract):		
Income tax (benefit) / expense	3,112	4,061
Net finance costs	451	407
Depreciation and amortisation expense	2,051	1,408
Earnings before interest, tax, depreciation and amortisation (EBITDA)	12,180	14,870

EBITDA is a measure of financial performance by excluding certain variables that affect operating profits but which may not be directly related to all financial aspects of the operations 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.

Reconciliation of Statutory EBITDA to Normalised EBITDA

The table below reconciles the EBITDA result to the normalised result for FY2018. This shows the FY2018 results from operations on a normalised basis and excludes significant and unusual one-off items incurred in the current financial year. There were no normalisation adjustments to the statutory EBITDA for FY2017.

	2018 \$'000	2017 \$'000
EBITDA	12,180	14,870
Add back (subtract):		
Supplier liquidations	491	-
FY15 SA Stamp Duty Franchise Buyback Assessment	156	-
Internal fraud	327	-
Normalised EBITDA	13,154	14,870

Reconciliation of Statutory NPAT to Normalised NPAT

The table below reconciles the statutory NPAT result to the normalised NPAT result for the 2018 financial year and 2017 financial years. This shows the FY2018 NPAT on a normalised basis and excludes significant and unusual one-off items incurred in the current financial year. The normalised FY2017 NPAT excludes a pro forma adjustment to income tax expense which was not included in the Prospectus forecast for FY2017.

	2018 \$'000	2017 \$'000
Profit after income tax from continuing operations	6,566	8,994
Add back (subtract):		
Supplier liquidations	491	-
FY15 SA Stamp Duty Franchise Buyback Assessment	156	-
Internal fraud	327	-
Tax effect	(292)	-
Tax expense on management IPO incentives		87
Normalised profit after income tax from continuing operations (Normalised NPAT)	7,248	9,081

In FY2017, the Company recognised income tax expense of \$87k in relation to management incentives associated with the Company's IPO and listing on the ASX on 1 July 2017. This income tax expense was not included in the Prospectus Forecast for FY2017.

The table below summarises the normalised results of the business for its 2018 financial year in comparison to the prior corresponding period in 2017.

		%	2018 \$'000	2017 \$'000
Normalised Revenue	Up	+8.7	154,937	142,568
Normalised EBITDA	Down	-11.5	13,154	14,870
Normalised NPAT	Down	-20.2	7,248	9,081
Normalised basic EPS (weighted average shares outstanding)	Down	-19.7	5.83 cents	7.26 cents

For further information please refer to the consolidated financial statements and Investor Presentation accompanying this report.

4. Net tangible assets per security

	30 June 2018	30 June 2017
Net tangible asset backing per ordinary security	13.1 cents	15.2 cents

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

On 24 August 2017, Shaver Shop divested its 100% interest in Rasoirs Pty Ltd, a company that was acquired on 31 May 2017 in conjunction with a franchise store buyback transaction. The entity did not trade under Shaver Shop's ownership.

6. Basis of Preparation

This report is based on the consolidated financial statements which have been audited. The audit report, which was unqualified, is included within the Company's Financial Report which accompanies this Appendix 4E.

7. Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 30 June 2018 Financial Report.