



## **ASX ANNOUNCEMENT FOR IMMEDIATE RELEASE**

### **SHAVER SHOP 2023 ANNUAL GENERAL MEETING**

**Melbourne**, 9 November 2023

Shaver Shop Group Limited (ASX: SSG) the Australia and New Zealand specialty retailer of male and female personal grooming products, will today address shareholders at its 2023 Annual General Meeting to be held at Norton Rose Fulbright's offices at Level 38, 477 Collins Street, Melbourne, VIC, 3000.

Attached is a copy of the address to be delivered by the Chairman, Mr. Brodie Arnhold as well as the speech for the Chief Executive Officer and Managing Director, Mr. Cameron Fox.

Voting results from the meeting will be lodged with the ASX later today.

Approved by the Board.

-ENDS-

**For Further Media Information:**

Cameron Fox, CEO and Managing Director  
+61 3 9840 5900

**For Investor Relations Information:**

Larry Hamson, CFO and Company Secretary  
+61 3 9840 5900



## **2023 Annual General Meeting Chairman's Address – Mr. Brodie Arnhold**

### **Introduction**

Good morning ladies and gentlemen. It's a pleasure to welcome you to Shaver Shop's 2023 Annual General Meeting. My name is Brodie Arnhold and I am the Chairman of Shaver Shop Group Limited. On behalf of my fellow directors, welcome to today's proceedings. Our AGM is an important part of our calendar of events each year and we welcome your participation today and look forward to responding to any questions you may have about our business.

### **Forward looking statements**

I draw your attention to Slide 2 regarding forward looking statements contained in this presentation.

### **Housekeeping Items and Agenda**

It is now 11am Melbourne time, the appointed time for holding our 2023 Annual General Meeting. Notice of this Meeting was duly given and the meeting has been properly convened. I am advised that we have a quorum and I therefore have the pleasure in declaring this meeting open. Thank you to all those in attendance today.

We will turn to the items of business and voting later in the meeting. Please note that only shareholders, proxy holders or shareholder company representatives may vote. Voting on all resolutions will be conducted by way of a poll.

Questions regarding each item of business will be discussed prior to disclosing the Proxy votes received on each item. Given we are meeting in person this year, we will be taking all questions from the floor as well as responding to any questions that were sent in advance of the meeting.

Following our review of each item of business, general business questions will be taken.

### **Agenda**

With that, let's now move onto the Agenda for today.

Following my address, Cameron Fox, Shaver Shop's CEO and Managing Director will provide an overview of the group's results for FY2023 as well as outline the results of our trading for the first four months of the year so far.

After that, we will move into the formal part of the meeting and the items of business that were outlined in the Notice of Annual General Meeting.

I would now like to introduce you to your directors.



## **Your Board**

For those of you that have been shareholders for some time now, your Board needs no introduction.

Craig Mathieson, CEO of the Mathieson Group, Brian Singer, co-founder of global retailer Ripcurl, and I have been with the business since 2011 when, as part of a high-net-worth consortium Shaver Shop was acquired from the original founders. Trent Peterson, a highly experienced investment professional with considerable experience in the retail sector joined us at the time of the IPO in 2016 and we were very fortunate for Debra Singh to join the board in 2020. Together we have a diverse set of skillsets that complement those of Shaver Shop's long-time CEO and Managing Director, Mr Cameron Fox.

Larry Hamson, our company secretary and chief financial officer is also here.

Brad Peake is our audit partner from PwC and is available to answer any questions on our financial accounts at the appropriate time in the meeting.

Also in attendance is Tuanh Nguyen from Norton Rose Fulbright, who will assist if there are any technical questions for which we require legal advice during the meeting.

We also welcome the team from Link Market Services Limited, our share registry, who are managing the voting process on all items of business.

With that, let's now move onto slide 6 and the more formal part of my address today. A copy of Cameron's and my speech together with these slides is available on the ASX and from our investor relations website should you wish to revisit any items in the future.

## **Our Unique Business Model**

I am very pleased to report that Shaver Shop delivered another strong financial performance in FY2023.

The strength of our results reflects our unique offering in the retail market across Australia and New Zealand as well as our ability to adapt Shaver Shop's business model and approach to the changing retail environment.

There are several key factors that have made the Shaver Shop enterprise so successful and which we believe will continue to underpin the group's performance going forward.

The first is that we are the only pure-play retailer of any material size that focusses all their attention and effort on servicing the large and growing DIY personal care and grooming solutions market. These categories address the mass market, regardless of demography or income threshold. They are also particularly relevant in today's budget conscious consumer environment because they offer cost-effective alternatives to going to a professional salon, laser hair removal clinic or barber.

The products in these categories are also highly technical despite looking very similar in many cases and so you need highly trained staff both in our stores as well as within the supporting functions to ensure we clearly articulate the features and benefits of each product that best suit the customer's personal needs. It is this customer focus and product knowledge that sets us apart from many other retailers

**Shaver Shop Group Limited (ACN 150 747 649)**

Level 1, Chadstone Tower One, 1341 Dandenong Road, Chadstone, VIC, 3148



who may offer similar products to the ones we do, but may be unable to clearly educate the customer about each device and how to achieve the best results from them. This is one of the reasons why our NPS scores are now consistently 88-89 out of 100 and why we believe we are now seen as the destination of choice in Australia for personal care and grooming product.

Our specialist focus and high unprompted brand awareness in our core hair removal categories has also enabled Shaver Shop to negotiate exclusive access to many of the latest innovations from key global suppliers like Bruan, Philips, Oral B and Panasonic to name a few. These exclusive lines now generate almost 50% of our sales and 60% of our gross profit and tend to be in our core men's and women's hair removal ranges and are a key differentiator for Shaver Shop. They also mean Shaver Shop offers the broadest and deepest ranges in these core categories.

Our passionate and dedicated team members know that the customer comes first, whether they purchase online or in-store and throughout each stage within the purchasing life cycle. Our objective is to deliver customers value for money regardless of price point, ensure they have an enjoyable shopping experience as well as being completely satisfied with the end-results from using the product at home.

So while some of our competitors may try to gain market share at various times, our model is unlike any other, and would require significant time and investment to replicate and it would not be without risk.

### **Key milestones since IPO**

Since our IPO on 30 June 2016, the business has gone from strength to strength. At that time, we had 100 stores across ANZ with 20 of those being owned and operated by franchisees. We were approximately half-way through our franchise buy-back program. Over the pre-IPO years, we had proven that under a corporate model with consistent brand and service standards, high stock availability of key lines and compliance with promotional priorities, we could increase the profitability of all stores.

In the seven financial years since our IPO, we have more than doubled our sales from \$107 million in 2016 to almost \$225 million today. In addition to acquiring the last 20 franchises, we opened 27 new stores whilst also closing 5 stores to optimise network profitability. To be clear, all 5 stores that were closed were profitable in their own right, but as a destination store for our categories, our analysis concluded that a significant proportion of the sales could be retained within a lower cost base if we chose to shut these locations.

Our focus on profitable growth has also enabled net profit after tax (NPAT) to more than double to \$16.8 million last year compared to the \$7.5 million normalised net profit we generated in 2016.

Another highlight is Shaver Shop's ability to generate significant operating cashflows and high returns on capital employed. In FY23, our combined interim and final dividends amounted to 10.2 cents per share delivering shareholders an impressive capital return and dividend yield. Since our IPO, we have returned almost 46 cents per share back to shareholders, mostly by way of fully franked dividends. We have also increased our dividend payout in each financial year since we listed.

### **Share Price since IPO**

**Shaver Shop Group Limited (ACN 150 747 649)**

Level 1, Chadstone Tower One, 1341 Dandenong Road, Chadstone, VIC, 3148



Our board will always be focussed on maximising long-term returns for shareholders and despite the strong financial and operational performance of the business over the last 7 years that I just outlined, we are conscious that Shaver Shop's share price is at a similar level to when we listed.

Ultimately, the vagaries of the stock market are not something we can control, so our attention, as a Board, is to provide the guidance, governance and support to management to ensure the business continues to be successful over the medium to long term.

This includes being more prudent in the current trading environment by retaining a stronger balance sheet with higher net cash balances that we might otherwise consider optimal. This ensures we are well placed to manage through this economic cycle, continue investing in our business to stay a step ahead of the competition, and also means we can consider accretive growth opportunities that may present themselves in the coming year. That said, we will maintain our conservative approach to any such investments because we will not put at risk Shaver Shop's core business.

At the end of the day, Shaver Shop has a strong, proven and resilient business model that has delivered attractive shareholder returns for many years and we are confident it is well placed to continue to do so. We have an experienced leadership team with long tenures and I would like to take this opportunity to acknowledge and thank them as well as the entire Shaver Shop team for their efforts in the last 12 months. It goes without saying that our success is due to these efforts and is the reason why I believe we are the best personal care and grooming retailer in Australia and New Zealand and possibly the world.

That concludes my report for this year. I will now hand you over to Cameron Fox, our Managing Director and CEO.

Thank you.



## **MD and CEO Presentation – Mr. Cameron Fox**

Thanks Brodie.

I'd like to welcome everyone in attendance today and thank all shareholders for their ongoing support of the business.

Despite the more difficult retail environment we are currently experiencing, we have a robust business model that has proven highly successful over many years and I am extremely confident this will continue into the future.

### **Financial Highlights**

I am pleased to advise that Shaver Shop delivered another impressive set of financial results in 2023.

Sales increased 0.8% to almost \$225 million and were up more than 34% compared to the pre-pandemic levels of FY19. The year started strongly in Q1, however the compounding impacts of higher interest rates and rising costs of living saw our growth slow in the next three quarters. We also saw our customers revert to more traditional in-store shopping habits with approximately 23% of our sales, or \$51 million in total being generated online.

Our core hair removal categories as a group grew again versus the prior year which helped support our strong gross profit result as these tend to be our higher margin categories with a large proportion of exclusive lines. All of these factors, together with a considered decision to adapt our pricing strategies to reflect the changes we were seeing in demand, led to record gross profit margins for FY23 of 44.5%, up 60 basis points on FY22.

We have gained considerable insight into the way we price our products over the last three to four years and while category and product mix will always have an influence in any given period, we are confident these learnings can be applied successfully to optimise gross margins in the months and years to come.

Our costs were once again well controlled with our total operating expenses (or what we call our costs of doing business) increasing to 26.2% of sales, up 40 basis points. Considering the fact that we were cycling a COVID impacted year when we were forced to stand down a significant number of team members during those lockdown periods, we consider our ability to have controlled operating expense growth to be a very credible result.

This led to net profit of \$16.8 million, the second highest result in our 37-year history and up 117% on the pre-pandemic levels of FY19.

As Brodie mentioned, our balance sheet remains in exceptional shape. We had \$13.5 million of net cash at 30 June 2023, up \$4.1 million on the prior year. Our stock position is also very clean leading to our ability to turn our stock investment into cash between 5 and 6 times per year. This is also significantly improved on pre-COVID levels, and something that has enabled us to release millions of dollars of working capital back into the business.

**Shaver Shop Group Limited (ACN 150 747 649)**

Level 1, Chadstone Tower One, 1341 Dandenong Road, Chadstone, VIC, 3148



Our strong earnings and operating cashflow also supported the payment of 10.2 cents per share in fully franked dividends to shareholders last year.

### **Operational Highlights**

As Brodie indicated, we are a specialist retailer but are relevant to the mass market because we all have personal care and grooming needs regardless of age or income level.

Last year, we fulfilled more than 2.5 million customer orders. We take pride in each customer we serve, whether they buy from Shaver Shop or not, which led to our in-store net promoter score being almost 89 out of 100. This is another world class result this year that I am extremely proud of. Of the customers that entered our stores across the year almost 44% purchased something during that visit. That is the highest level achieved since we starting to track this important measure back in FY18.

Pleasingly the percentage of customers choosing click and collect for their online orders increased to 13.4% last year. Offering click and collect helps us create an in-store connection with these customers as well as improves the contribution margin from these sales.

We continue to take strides to improve our social media presence as we try to replicate the magic of our knowledgeable and passionate in-store teams through digital media. We will continue to invest in this area as one of our key objectives is making our brand resonate with the younger demographic that increasingly use these channels to communicate and shop.

We now have 122 stores across our network, having rolled out three new stores last year. We also closed our Melbourne Spencer Street location in early July 2023. Whilst we continue to evaluate new store openings, we are conscious not to cannibalise existing stores to the overall detriment of the group. As a result, we are investing more in refitting and relocating stores where we feel there are attractive commercial returns in doing so. This will continue into the coming year.

Finally on this slide, our 700 or so team members remain our most important assets and we are continuing to invest in training programs to ensure they have the product, sales and customer service capability to live up to the Shaver Shop brand.

### **Trading Update & Outlook**

This brings me to our trading update for the first four months of FY24:

Total sales have declined 5.3% so far this year noting that we are cycling a period of elevated sales last year when sales growth was 14.2% over the comparative period. In comparison to pre-COVID levels (FY20) our sales remain considerably higher, up 23.8%.

Like for like sales declined 5.4% over the first four months of FY24 and online sales have represented 22% of total sales year to date.

**Shaver Shop Group Limited (ACN 150 747 649)**

Level 1, Chadstone Tower One, 1341 Dandenong Road, Chadstone, VIC, 3148



With our ongoing focus on maximising profitability gross margins are broadly consistent with the comparative period last year.

We have already undertaken two full store refits in July and are looking forward to transitioning from our temporary store within Chadstone back to our normal location at the end of November. This store will be in the wing which is undergoing a complete refurbishment by centre management and when opened will reflect our latest engaging store concepts.

We will also be looking to refit or relocate between 8 and 10 stores in the current year and continue to invest in our IT security stack as well as our core operating systems to take advantage of the improvement these systems can deliver in terms of efficiency and customer experience. We expect this will lead to CAPEX in the order of \$3.5 to \$4.0 million in FY24.

While the current retail environment is uncertain, Shaver Shop remains extremely well positioned with a unique, value and service-oriented offering for our customers.

As with prior years, given Shaver Shop's first half and full year results are highly dependent on trading results across November and December, it is not appropriate to provide sales or profit guidance at this time.

Overall, the fundamentals underpinning Shaver Shop remain solid and I look forward to another successful year for the business in FY2024.

That concludes my presentation. Thank you for your ongoing support and for attending our AGM today. I will now hand you back to Brodie.