

GODFREYS GROUP LIMITED (ASX: GFY)

ASX/Media Release

23 April 2018

SENIOR DEBT FACILITY UPDATE AND TRADING UPDATE

Godfreys Group Limited (**Godfreys** or the **Company**) provides the following update in relation to the senior debt facility (the **Facility**), provided by 1918 Finance Pty Ltd (**Lender**) under the terms of the Facility Agreement between Godfreys and the Lender dated 29 May 2017 (**Facility Agreement**).

In February 2018, the Company approached the Lender and sought a waiver of the leverage ratio covenant as at the end of the financial year ended 29 June 2018, contained in the Facility Agreement. The waiver was sought and granted by the Lender to provide Godfreys with greater flexibility as to the steps it could potentially implement in pursuit of its turnaround strategy.

At the time the waiver was obtained, Godfreys believed that it would still be able to satisfy the leverage ratio covenant at the testing date of 29 June 2018 and would not need to rely on the waiver.

While good progress has been made on the five key focus areas of the turnaround strategy described in the half year results and CEO update on 20 February 2018, trading conditions have remained subdued resulting in underlying EBITDA, prior to any restructuring and one-off costs, now expected to be around the lower end of the \$5-6 million range previously advised and net debt higher than previously forecast.

In light of the above, the Company believes that it will need to rely on the waiver granted by the Lender.

Godfreys also notes that the Lender has advised that it does not intend to vary any of the covenants applicable to the Company under the Facility Agreement nor does the Lender intend to grant to the Company any further waiver with respect to the Company's compliance with those covenants. However, the Company currently believes that it will be able to satisfy the Facility Agreement's covenant requirements as at 28 December 2018, the next covenant testing date following 29 June 2018, and that no such further waiver or relief will be required from the Lender.

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For further information, please contact:

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About Godfreys

Godfreys Group (ASX: GFY) listed on the ASX in 2014 and is Australia's largest speciality retailer of domestic and commercial floorcare and associated cleaning products, offering an extensive range of company-owned brands, an exclusively licensed brand (Hoover) and a number of third party brands. Godfreys is regarded by Australians as the 'experts' in vacuum cleaners and cleaning products, accommodating consumers at all price points. Godfreys has its head office and a company-operated warehouse located in Victoria. Godfreys' multichannel offering is distributed via over 200 branded retail stores located across Australia and New Zealand in standalone 'superstores', and shopping centres and retail shopping strips.