



ANNUAL REPORT

2019



2019

PROGRESS



CONTENTS

4	Chairman's and CEO's Letter to Shareholders
7	Directors' Report
36	Auditor's Independence Declaration
37	Consolidated Statement of Comprehensive Income
38	Consolidated Statement of Financial Position
39	Consolidated Statement of Comprehensive Income
40	Consolidated Statement of Cash Flows
41	Notes to the Financial Statements
75	Directors' Declaration
76	Independent Audit Report
82	Shareholder Information
85	Corporate Information

Shaver Shop is a leading specialty retailer of personal grooming and beauty appliances with more than 120 stores across Australia and New Zealand. We offer a differentiated customer proposition by being experts in the products we sell and providing customer service excellence through our store network and online.

4.8%

underlying*
like for like
sales growth

2019 HIGHLIGHTS

30%

online sales
growth



* Excludes estimated Daigou reseller channel sales.

HÄVER SHOP

TRANSFORM YOURSELF

\$12.5m

normalised operating cashflow

\$167.4m

sales up 8.0%



\$13.5m

normalised EBITDA
in FY19

CHAIRMAN'S AND CEO'S LETTER TO SHAREHOLDERS

DEAR SHAREHOLDER,

On behalf of our fellow directors, it is our pleasure to present Shaver Shop Group Limited's 2019 Annual Report.

The strength and resilience of Shaver Shop's business model was evident in 2019 in what was a turbulent environment for many retailers in Australia and New Zealand. The business performed strongly over the financial year as the investments in, and improvements to, our omni channel approach drove total sales growth of 8.0% and annual underlying (excluding Daigou reseller sales) like for like sales growth of 4.8%. The strong top line growth as well as improved gross profit margins and enabled the business to deliver growth in normalised earnings before interest, tax, depreciation and amortisation (EBITDA) to \$13.5 million. End of year stock levels were slightly below our internal targets and contributed to the robust normalised operating cashflow of \$12.5 million. This result together with Shaver Shop's conservatively geared balance sheet provided the Board with confidence to increase FY2019 dividends to 4.5 cents per share (80% franked) an increase of 7.6% on the prior year payout of 4.2 cents (fully franked). This is a payout of approximately 62% of Shaver Shop's cash net profit after tax. This is at the lower end of Shaver Shop's dividend policy to payout approximately 60-80% of cash net profit after tax and is considered prudent having regard to the company's current franking credit balance, growth opportunities and continuing investments in new technology.

With more than 30 years of heritage as a specialty retailer solely focused on this sector, the product knowledge and insight we have gained in these categories, has enabled Shaver Shop to build strong brand awareness and reputation with consumers.



UNIQUELY POSITIONED IN PERSONAL CARE CATEGORIES

Shaver Shop remains well positioned to drive incremental returns for shareholders in the years to come.

Our business operates in the broader health and beauty industry which is buoyed by consumers' increasing desire to look and feel good. The industry tailwinds that we are experiencing in Australia and New Zealand in this sector over recent years are already well established in the northern hemisphere. One of these trends is the increasing acceptance, particularly for the millennial generation, for men to have health and beauty regimes that are similar to those that have existed for women over many years. Not only does this apply to hair cutting, hair trimming and hair removal solutions for the head and body, but also increasingly relates to skin care and overall health and beauty.

This, in turn, is leading to increased demand for salon quality beauty and personal care products that can be used in the home and substantial investment in new innovation by major global suppliers in both male as well as female categories.

With more than 30 years of heritage as a specialty retailer solely focused on this sector, the product knowledge and insight we have gained in these categories, has enabled Shaver Shop to build strong brand awareness and reputation with consumers. We have also developed broad and deep relationships with our supplier partners. These relationships help facilitate Shaver Shop gaining exclusive access to many new product innovations that come to the market each year. The combination of all of these factors means Shaver Shop, in our view, is uniquely positioned to gain an increasing share of this sectoral growth.

BECOMING THE LEADING OMNI CHANNEL RETAILER IN OUR CATEGORIES

Retail remains a dynamic and exciting industry in which technological change is leading to adaptations in the way we approach, educate and service customers. Shaver Shop's goal over the coming years is to be the leading omni channel retailer in our categories. We are pleased to report that significant progress has been made in realising this objective over the last 12 months.

Importantly however, Shaver Shop remains focused on the key attributes that have made the business highly successful in the past: exceptional customer service and product knowledge, exclusive access to the latest innovative products, and finally, fiercely competitive pricing.

The products Shaver Shop sells tend to be quite personal and technical in nature. This means customers often need or want to speak to an expert about how to achieve their desired look. As a result, our store teams and store locations are our greatest asset and provide us with a distinct competitive advantage versus our "online-only" competitors. Our challenge is now to replicate this exceptional in-store customer experience in the online environment.

To this end, in 2019 we made significant investments in our digital platform and capabilities. We improved the look, feel and usability of our website enabling customers to more easily find and buy the products they are seeking. We also made improvements in our search engine and affiliate marketing methods and increased our use of social media advertising. These refinements have delivered increased traffic to our website and greater website conversion. We have also increased our use of marketplaces, as we have found these sites tend to attract a different customer segment to those that visit our Shaver Shop website.

All of these omni retail changes led to online sales growing 30% in FY2019 to now represent 12.6% of total network (corporate store and franchise) sales.

CHAIRMAN'S AND CEO'S LETTER TO SHAREHOLDERS (CONTINUED)

STRONG OPPORTUNITIES FOR GROWTH

While the strong online and bricks and mortar sales growth recorded in FY2019 was pleasing, there is much more we have in our program over work that we expect drive growth in FY20 and beyond.

We see the opportunity to grow online sales to 18-20% of total sales over the next three to five years while still recording growth in our bricks and mortar stores. We are in the final stages of launching our customer relationship management platform, a solution that is integral to Shaver Shop understanding how each of our customers prefers to shop so that we can best meet their needs – whether online, in-store or on the phone.

In addition to the improvements we are making online, we are updating the look and feel of many of our key doors through a store refit program. The new store design incorporates a more contemporary entrance with large, high visibility television screens that inspire customers to enter our stores to look at the latest innovative personal care products on offer. We have installed touch and feel display cabinets so that customers have a more engaging shopping experience. We have also improved category segmentation and increased the linear wall space available for key growth segments like hair styling and female beauty. The results of these changes have driven incremental sales growth in the newly refit stores compared to the overall network. We still feel there are merchandising improvements to be made in-store that will further enrich customer experience so you can expect further refinements in the stores being refit in the coming years.

We have also continued to execute our strategy to open new stores and buy-back the remaining franchises at attractive earnings multiples. To this end, in early FY2020, Shaver Shop acquired two franchises in the established Hornsby (NSW) and Doncaster (VIC) shopping centres. We have also committed to one new store opening in the recently refurbished Newmarket, New Zealand shopping centre so far this year. We are excited by the potential of this store in central Auckland and when combined with the online growth plans we have for New Zealand, we think our trans tasman business is in its best position since we launched in 2014.

ENCOURAGING START TO FY2020

The start to FY2020 has been encouraging with the momentum achieved in the second half of FY2019 continuing into the first two months of the new financial year. While the strong start has been pleasing, Shaver Shop remains a seasonal business with a significant proportion of its annual operating profit being generated through the key Christmas and Boxing Day trading period. The business is well progressed in locking down its promotional campaigns for this period with product and sales training for our store teams coming over the next few months. As a result, we feel we are in a good position to continue to grow sales and EBITDA (on a consistent accounting basis) in FY2020.

Finally, on behalf of our fellow directors, we would like to thank all the people that have supported Shaver Shop, most specifically our store teams, national support office staff as well as our customers. We remain focused on delivering a unique and engaging shopping experience that empowers our customers to transform themselves into whatever look they desire. It is this razor sharp focus that has made the company differentiated and highly successful in the past and we believe places us in a very good position to continue growing for many years to come.



Brodie Arnhold
Chairman



Cameron Fox
Chief Executive Officer & Managing Director

DIRECTORS' REPORT

30 June 2019



DIRECTORS' REPORT

30 June 2019

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 year ended 30 June 2019. Throughout the report, the consolidated entity is referred to as the "Group", the "Company" or "Shaver Shop".

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year was the retailing of specialist personal grooming products both through Shaver Shop's corporate owned stores and franchise store networks as well as online through its websites. No significant change in the nature of these activities occurred during the year.

DIRECTORS

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

Broderick Arnhold
Cameron Fox
Craig Mathieson
Trent Peterson
Brian Singer
Melanie Wilson

COMPANY SECRETARY

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

DIRECTORS AND DIRECTORS INTERESTS

The following information is current as at the date of this report:

Brodie Arnhold	<i>Independent Chair, Non-Executive Director</i>
Expertise and Experience	Brodie has over 15 years domestic and international experience in private equity, investment banking and corporate finance. Prior to his current role as CEO of iSelect Limited, he was CEO of Melbourne Racing Club for four years. He has worked for Investec Bank from 2010-2013 where he was responsible for building a high-net-worth private client business. Prior to this, Brodie worked for Westpac Banking Corporation where he grew the institutional bank's presence in Victoria, South Australia and Western Australia, and from 2006-2010 held the role of Investment Director at Westpac's private equity fund.

Other Current Directorships	Non-Executive Director, Endota Group Holdings Pty Ltd Executive Director, iSelect Limited Non-Executive Director, Industry Beans Pty Ltd	
Former Listed Directorships in last 3 years	None	
Special responsibilities	Chair of the Board Member of the Audit and Risk Committee	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited	2,907,000
<hr/>		
Cameron Fox	<i>Chief Executive Officer and Managing Director</i>	
Expertise and Experience	Cameron has over 20 years' experience working across the personal care & grooming industry. Cameron joined Shaver Shop as General Manager in 2006 before being promoted to the position of Chief Executive Officer in July 2008. Cameron previously worked for Gillette Australia for a period of 10 years. During his time at Gillette Australia, Cameron held various roles, including Associate Product Manager, Business Analyst, National Account Manager and National Sales Manager.	
Other Current Directorships	None	
Former Listed Directorships in last 3 years	None	
Special responsibilities	Managing Director Chief Executive Officer	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited Unvested LTI Shares	2,391,435 1,618,223
<hr/>		
Craig Mathieson	<i>Non-Executive Director</i>	
Expertise and Experience	Craig became a director of Shaver Shop Pty Ltd in June 2011. Craig is the Chief Executive Officer of the Mathieson Group which has very diverse business interests from company investment to property development. From 2001 to 2007 Craig was the Managing Director of DMS Glass Pty Ltd which was the largest privately-owned glass manufacturer in Australia.	
Other Current Directorships	Carlton Football Club Ltd Endota Group Holdings Pty Ltd	
Former Listed Directorships in last 3 years	Abilene Oil & Gas Ltd	
Special responsibilities	Chair of the Audit and Risk Committee	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited	4,660,004

DIRECTORS' REPORT (continued)

Brian Singer	<i>Non-Executive Director</i>	
Expertise and Experience	Brian became a director of Shaver Shop in June 2011. Brian founded the Rip Curl business with a business partner in 1969 after a career as a high school teacher. He became Chief Executive Officer for Rip Curl Group Pty Ltd in Australia and grew the business into a major manufacturer and distributor of clothing and surfing related products in Australia and internationally.	
Other Current Directorships	Rip Curl Group Pty Ltd – Chairman Endota Group Holdings Pty Ltd	
Former Listed Directorships in last 3 years	None	
Special responsibilities	Member of the Remuneration and Nomination Committee	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited	6,258,004
Trent Peterson	<i>Non-Executive Director</i>	
Expertise and Experience	Trent is a managing director and partner at Catalyst Investment Managers, and has over 15 years' experience as a company director and private equity investor. He is currently a Director of Adairs Limited, Cirrus Media Pty Ltd, Universal Store, Australian Pure Health, and Dusk Retail Group. He was a former director of Just Group Limited, Global Television, EziBuy, Max Fashions, Power Farming, Metro GlasTech, Moraitis Group, Taverner Hotel Group, and Australian Discount Retail.	
Other Current Directorships	Adairs Limited APH Holdco Pty Ltd (trading as Mr Vitamins) dusk Retail Holdings (trading as dusk) Universal Store Catalyst Investment Managers Pty Ltd (and associated fund entities) Catalyst Direct Capital Management Pty Ltd	
Former Listed Directorships in last 3 years	None	
Special responsibilities	Chair of the Remuneration and Nomination Committee Member of the Audit and Risk Committee	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited	347,619

Melanie Wilson	<i>Non-Executive Director</i>	
Expertise and Experience	Melanie has more than 15 years' experience in Senior Management roles across a number of global retail brands including Limited Brands (Victoria's Secret, Bath & Bodyworks – New York), Starwood Hotels (New York), Woolworths Ltd and Diva/Lovisa. Her experience extends across all facets of retail operations, including store operations, merchandise systems, online/e-commerce, marketing, brand development and logistics/fulfilment.	
Other Current Directorships	iSelect Limited Baby Bunting Limited EML Payments Limited	
Former Directorships in last 3 years	Nil	
Special responsibilities	Member of the Remuneration and Nomination Committee	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited	47,619
Lawrence Hamson	<i>Chief Financial Officer and Company Secretary</i>	
Expertise and Experience	Lawrence joined Shaver Shop in April 2016 immediately prior to the Company's listing on the ASX. He is a Chartered Accountant (Canada) and Chartered Financial Analyst with more than 20 years experience in both public practice and within industry. For the 9 years prior to joining Shaver Shop, Lawrence acted as Chief Financial Officer for both private and public companies, most recently with Dun & Bradstreet as its CFO for the Asia Pacific region. He has experience across venture capital with Rothschild as well as corporate communications having been Mayne Group Limited's General Manager Corporate Relations through its demerger into two ASX listed entities – Symbion Healthcare Limited and Mayne Pharma Limited.	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited Unvested LTI Shares	609,071 537,767

MEETINGS OF DIRECTORS

During the financial year, 14 meetings of directors were held, 6 meetings of the Audit & Risk Committee were held and 3 meetings of the Nomination and Remuneration Committee were held. Attendances by each director who was a member of the Board and relevant subcommittee during the year were as follows:

	Board of Directors Meetings		Audit & Risk Committee Meetings		Nom & Rem Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Broderick Arnhold	14	14	6	6	–	–
Cameron Fox	14	14	–	–	–	–
Craig Mathieson	14	12	6	6	–	–
Trent Peterson	14	13	6	6	3	3
Brian Singer	14	12	–	–	3	3
Melanie Wilson	14	14	–	–	3	3

DIRECTORS' REPORT (continued)

DIVIDENDS PAID OR RECOMMENDED

The Directors declared an interim dividend of 2.0 cents per share franked to 80% (\$2.5 million) in February 2019 (2018: 1.8 cents per share fully franked or \$2.2 million). The Directors have declared a final dividend of 2.5 cents per share (\$3.1 million) franked to the extent of 80% to be paid on 23 October 2019 (2018: 2.4 cents per share fully franked or \$3.0 million). The combined dividend payments represent the payout of approximately 83% of the Company's FY2019 reported net profit after tax.

2019 OPERATING AND FINANCIAL REVIEW

The statutory profit after income tax amounted to \$6.7 million (FY2018: \$6.6 million) after subtracting income tax expense of \$3.0 million (FY2018: \$3.1 million). The increase in net profit after income tax is primarily due to like for like sales growth in FY2019 of 1.1% (FY2018 – down 3.4%) together with improved gross profit margins (up approximately 130 bps to 42.6%) being partially offset by a lower sales and earnings contribution from the Daigou reseller channel in FY2019. Shaver Shop was subject to a number of unusual expenses which reduced both its FY2019 and FY2018 profitability. As these items are not considered to be reflective of the ongoing operations of the Company they have been treated as a normalisation adjustment. These normalised items are discussed in more detail in the report that follows together with a full reconciliation between the statutory result and the normalised result.

NON-IFRS MEASURES

The Directors' Report includes references to normalised results. The normalisations relate to both the year ended 30 June 2019 and 30 June 2018 and arise as a result of significant and unusual expenses incurred in the respective year and that are not considered to be reflective of the ongoing operations of the business.

NORMALISING ADJUSTMENTS

In 1H FY2019, Shaver Shop undertook significant due diligence in relation to a potential acquisition opportunity that was strategically aligned to Shaver Shop's business. The acquisition did not proceed, however at the time negotiations ceased, due diligence was near completion resulting in transaction related costs of \$0.99 million being expensed in FY2019. The impact of this normalisation is shown in the table on the following page that reconciles Shaver Shop's FY2019 statutory results to its normalised results.

In 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 (\$337,000) owing from these suppliers to Shaver Shop as well as the remaining stock on hand (\$154,000). 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 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 employees made significant unauthorised transactions to Daigou 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 employee falsified transactional records to conceal the fraudulent activity. The impact of these normalisations is shown in the table below that reconciles Shaver Shop's FY2018 statutory results to its normalised results.

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.

The Statutory Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") of the Group for FY2019 was \$12.5 million (FY2018: \$12.2 million).

	Statutory Consolidated	
	2019 \$000	2018 \$000
Profit after income tax from continuing operations (NPAT)	6,670	6,555
Add back:		
Net finance costs	591	451
Income tax expense/(benefit)	2,952	3,112
Depreciation and amortisation expense	2,317	2,051
EBITDA ⁽¹⁾	12,530	12,170

(1) 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. These measures have been taken from the audited financial report.

The normalised EBITDA of the Group for FY2019 was \$13.5 million (FY2018: \$13.2 million). The following table sets out the impact of the normalisation adjustments (explained in detail on the previous page) on the results for FY2019 and FY2018:

	Statutory 2019 \$000	Normalisation \$000	Normalised 2019 \$000	Statutory 2018 \$000	Normalisation \$000	Normalised 2018 \$000
Sales	167,437		167,437	155,004		155,004
Cost of goods sold	(96,078)		(96,078)	(90,940)	154	(90,786)
Gross profit	71,359		71,359	64,064	154	64,218
Gross margin %	42.6%		42.6%	41.3%		41.4%
Franchise and other revenue	1,623		1,623	2,025		2,025
Employee benefits expense	(27,182)		(27,182)	(22,695)		(22,695)
Occupancy expenses	(15,497)		(15,497)	(14,211)		(14,211)
Marketing and advertising expenses	(7,014)		(7,014)	(7,809)		(7,809)
Other expenses	(10,759)	985	(9,774)	(9,204)	820	(8,384)
Overhead expenses	(60,452)	985	(59,467)	(53,919)	820	(53,098)
EBITDA	12,530	985	13,515	12,170	974	13,144
EBITDA margin	7.5%		8.1%	7.8%		8.5%
Depreciation and amortisation	(2,317)		(2,317)	(2,051)		(2,051)
EBIT	10,213	985	11,198	10,119	974	11,093
Net finance costs	(591)		(591)	(451)		(451)
Profit before income tax	9,622	985	10,607	9,668	974	10,642
Income tax expense	(2,952)	(296)	(3,248)	(3,112)	(292)	(3,404)
NPAT	6,670	689	7,359	6,555	682	7,238

DIRECTORS' REPORT (continued)

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 is recorded as an adjustment to goodwill and therefore leads to income tax payable being lower than income tax expense for the five year tax period following each buy-back. Based on the franchise buy-backs completed to 30 June 2019, the reduction in cash tax payable for FY2019 and each subsequent financial year arising as a result of the franchise buy-back tax deduction, is set out in the table below.

(at 30 June 2019)	FY2019 \$000	FY2020 \$000	FY2021 \$000	FY2022 \$000	FY2023 \$000
Reduction in income tax payable	1,599	1,071	735	274	33

Subsequent to 30 June 2019, Shaver Shop completed the buy-back of two additional franchises leaving one franchisee holding six franchised stores as at the date of this report. The tax deductions related to these franchise buy-backs are not reflected in the table above.

The table below compares the normalised operating performance of Shaver Shop for FY2019 against the normalised results for FY2018.

	Normalised FY19 Actual \$000	Normalised FY18 Actual \$000	% Change
Revenue	167,437	155,004	8.0%
Gross Profit	71,359	64,218	11.1%
<i>Gross Margin</i>	42.6%	41.4%	2.9%
EBITDA	13,515	13,144	2.8%
<i>EBITDA Margin</i>	8.1%	8.5%	(4.7%)
NPAT	7,359	7,238	1.7%
Tax benefit associated with franchise buybacks	1,599	1,788	(10.6%)
NPAT – adjusted for franchise buyback tax benefit (“Cash NPAT”)	8,958	9,026	(0.7%)
Basic weighted average shares (000s)	121,797	124,189	(1.9%)
Basic earnings per share – cents	6.04	5.83	3.7%
Cash earnings per share – cents (Cash NPAT/basic weighted avg. shares)	7.35	7.26	1.3%

RESULTS SUMMARY

In FY2019, the Company grew consolidated revenue by 8.0% to \$167.4 million (FY2018 – \$155.0 million). The top-line growth was primarily due to the increase in the number of corporate stores in the network (growing from 106 at 30 June 2018 to 113 at 30 June 2019) together with like for like sales growth of 1.1% (FY2018 – down 3.4%).

The increase in corporate store numbers was the result of the acquisition of one franchise store (Eastland, VIC) in late October 2018 as well as the launch of six new greenfield sites in FY2019. At 30 June 2019, Shaver Shop's store network consisted of 113 corporate-owned stores (FY2018 – 106) and eight franchises (FY2018 – 9) or 121 stores in total of which, 115 outlets are located in Australia and six in New Zealand.

Total like for like sales for the Corporate Store network increased 1.1% in FY2019 (FY2018 down –3.4%). Shaver Shop's second half same store sales performance was particularly strong which more than offset the \$5.2 million decline in sales through the Daigou reseller channel over the course of the year, from approximately \$5.5 million in FY2018 to approximately \$0.3 million in FY2019. If the estimated sales impact of these high volume, lower margin Daigou reseller channel sales are excluded from both years, the estimated underlying like for like sales growth of the Company was +4.8% in FY2019 (FY2018 up +1.6%).

Contributing to the growth in like for like sales for Corporate Stores was continued growth in Shaver Shop's online sales channels. Total network online sales increased 30.0% in FY2019 over the prior year (FY2018 – up 47.4%). Total websales represented 12.4% of total network sales in FY2019 (FY2018 – 10.0%). This follows significant investments in Shaver Shop's e-commerce systems as well as increased focus on digital marketing capabilities during the year in comparison to prior years. These investments together with the appointment of key marketing roles in FY2019 led to online sales growing 62.3% in 2H FY2019 up from 9.9% in 1H FY2019.

Gross profit increased 11.1% to \$71.4 million on a normalised basis (FY2018 – \$64.2 million) and 11.4% to \$71.4 million before normalisation (FY2018 – \$64.1 million). Normalised gross profit margins increased approximately 120 basis points to 42.6% (FY2018 – 41.4%). FY2018 gross profit margins were negatively impacted by lower margin Daigou reseller channel sales as well as deliberate decisions to realise stock in the Hair Styling category to make way for the launch of new brands such as ghd.

Shaver Shop's cost of doing business (CODB%) (operating expenses divided by total revenue) increased 120 basis points on a normalised basis to 35.5% (FY2018 – 34.3%) and 130bps to 36.1% before normalisation (FY2018 – 34.8%). The increase in normalised CODB% was primarily driven by the impact of the reduced Daigou reseller channel sales in FY2019. These sales primarily related to high volume sales of a limited number of product lines that could no longer be sourced effectively from 1Q FY2018. If the estimated impact of these Daigou reseller are removed, CODB% increased 0.1% in FY2019 to 35.6% (from 35.5% in FY2018) reflecting deliberate investments in the Company's omni-retail capabilities.

The dollar increase in employee benefits expense, occupancy costs, and other expenses was primarily associated with the increase in the average number of corporate stores operated by Shaver Shop across FY2019 in comparison to the prior financial year as well as the appointment of key national support office roles such as the Chief Marketing Officer and Head of Digital and e-Commerce.

Consolidated normalised EBITDA increased 2.8% to \$13.5 million (FY2018 – \$13.1 million) driven by the strong underlying (i.e ex Daigou channel) sales growth of the business together with improved gross profit margins.

Normalised NPAT increased 1.7% to \$7.4 million (FY2018 – \$7.2 million) leading to basic normalised earnings per share of 6.0 cents (FY2018 – 5.8 cents). After adjusting for the tax benefit associated with franchise buybacks, Shaver Shop's normalised Cash NPAT was 7.4 cents per share (FY2018 – 7.3 cents), an increase of 1.3% over the prior corresponding year.

LIQUIDITY AND CAPITAL MANAGEMENT

In July 2018, Shaver Shop refinanced its existing bank facilities and established a new \$20.0 million multi-option debt facility with a \$1.0 million facility to support bank guarantees. The new facility has a term of two years, expiring on 31 July 2020.

At 30 June 2019, Shaver Shop had gross debt of \$10.3 million (FY2018 – \$11.3 million). Net debt (gross debt less cash on hand) was \$6.4 million at 30 June 2019 (FY2018 – \$8.4 million) providing a leverage ratio (Net Debt/Normalised EBITDA) of 0.47x (FY2018 – 0.64x).

The Company's debt facility has three key covenants: the leverage ratio (Gross Debt / EBITDA); the fixed coverage ratio ((Occupancy Costs + EBITDA) / (Occupancy Costs + Interest expense)); and the net worth ratio ((Total assets – Total liabilities) / Total assets). All banking covenants were well within the bank's thresholds for FY2019.

Shaver Shop announced an on-market buy-back of its shares on 26 October 2017. During the financial year to 30 June 2019, Shaver Shop acquired 55,000 ordinary shares for consideration of \$25,174 (FY2018 – 3,234,348 shares bought back for consideration of \$1.49 million). The on-market buy-back ceased on 13 November 2018.

STRATEGY

Shaver Shop offers customers a wide range of quality brands, at competitive prices, supported by excellent staff product knowledge and customer service. Shaver Shop seeks to identify consumer trends and works closely with major manufacturers and suppliers to source products to cater for these changing personal grooming and beauty trends.

DIRECTORS' REPORT (continued)

With more than 30 years of dedicated experience in its core hair removal product categories, Shaver Shop believes it is the only significant pure-play retailer in these categories in Australia and New Zealand. Shaver Shop invests heavily in staff training to ensure that its store managers and customer facing staff are equipped to recommend the best product that meets customer needs. This strong expertise, segment focus and customer experience has enabled Shaver Shop to negotiate exclusive supply arrangements for the majority of its top 50 products by sales. Shaver Shop believes it is this unique customer experience and access to exclusive products at competitive prices that differentiates its business from other retailers that sell personal grooming products in the market.

Key drivers of Shaver Shop's growth are expected to be:

Continued product innovation

Shaver Shop benefits as consumer trends evolve and require new and changing products to facilitate this. Shaver Shop seeks to work with manufacturers and suppliers to source products that cater to the emerging demands of consumers within the hair removal and personal care categories. In some cases, Shaver Shop seeks and obtains exclusive rights to sell personal grooming and beauty products in the Australian and New Zealand markets which assists with product and range differentiation.

Organic growth both online and in-store (omni retail growth)

Shaver Shop will continue to implement a strategic marketing plan and other initiatives to attract new customers to the business and encourage repeat business. Important components of this aspect of the Company's strategy include continued investment in its omni-retail capabilities (across both online channels and in-store) which continue to grow strongly as well as establishing a customer experience program to attract and support returning customers. Shaver Shop is also undertaking a deliberate store refit strategy to refresh the look and feel of several of its key doors. The initial incremental returns from completing five full store refits in early 2H FY2019 have been compelling leading to Shaver Shop committing to additional full store refits in FY2020 and beyond.

Store rollout

Shaver Shop aims to grow total store network numbers across Australia and New Zealand to approximately 140 within the next three years. While six new stores were rolled out in FY2019, Shaver Shop continues to apply prudence to new store openings given the variability in foot traffic at shopping centres experienced over the last 24 months as well as consumer trends to continue purchasing through online sites. Subject to the forecast financial returns meeting appropriate hurdle rates, the Company expects to open these additional stores.

Franchise store buy backs

Shaver Shop also plans to continue its disciplined approach to buying back franchise stores, with transactions to be assessed as they become available. As at 30 June 2019, there were eight (FY2018 – 9) franchise stores within the Shaver Shop network. Subsequent to 30 June 2019, Shaver Shop acquired two franchises leaving six franchises at the date of this report.

KEY BUSINESS RISKS

There are a number of factors that could have an effect on the financial performance of Shaver Shop Group Limited. They include:

Competition may increase

Shaver Shop faces competition from specialty retailers, department stores, discount department stores, grocery chains as well as online only retailers and professional salons. Shaver Shop's competitive position may deteriorate as a result of actions by existing competitors, the entry of new competitors (including manufacturers and suppliers of products who decide to sell direct to end consumers) or a failure by Shaver Shop to successfully respond to changes in the market.

Retail environment and general economic conditions may deteriorate

Shaver Shop's performance is sensitive to the current state of and future changes in the retail environment and general economic conditions in Australia. Australian economic conditions may worsen including as a result of Australia's economy entering into a recession or another cause of a reduction in consumer spending. This could cause the retail environment to deteriorate as consumers reduce their level of consumption of discretionary items.

Changes in international pricing or supply may change local demand for Shaver Shop products

Many of the products which Shaver Shop sells are available in many overseas markets. With the increasing propensity for consumers in Australia and overseas to purchase products over the internet, should the comparative price of Shaver Shop's products be significantly lower than Shaver Shop in overseas markets, this could have an influence on local demand for Shaver Shop's products. Conversely, if the price for Shaver Shop's products is significantly lower than the comparable price for the same product overseas, this could increase demand and sales of Shaver Shop products. Should suppliers increase (decrease) prices to create global wholesale price parity, this could materially decrease (increase) local demand for Shaver Shop's products. This is particularly true in relation to bulk sales of products to customers in Australia.

Seasonality of trading patterns

Shaver Shop's sales are subject to seasonal patterns. In FY2019, the contribution of sales for the first half to total sales for the full year was approximately 57.6% (FY2018 – 60%) driven in part by higher multi-unit reseller channel sales in the first half of the financial year. The seasonality of Shaver Shop's sales towards the first half of the financial year is largely due to the pre Christmas trading period and Father's Day (being, the first Sunday in September).

An unexpected decrease in sales over traditionally high volume trading periods for Shaver Shop could have a material adverse effect on the overall profitability and financial performance of Shaver Shop. In addition, an unexpected decrease in sales over traditionally high volume trading periods could also result in abnormally large amounts of surplus inventory, which Shaver Shop may seek to sell through abnormally high and broad based price discounting to minimise the risk of product becoming aged or obsolete. If Shaver Shop were to sell a significant volume of its products at deep discounts, this would reduce the business' revenue and would have an adverse impact on the Company's financial performance.

Customer buying habits/trends may change

Any adverse change in personal grooming trends and a failure of Shaver Shop to correctly judge the change in consumer preferences or poor quantification of purchase orders for related product may have an adverse impact in the demand for Shaver Shop's products or the gross margins achieved on these products.

Product innovation and exclusivity arrangements

Product innovation by suppliers has been a key driver in Shaver Shop's sales growth. Shaver Shop relies on its suppliers to continue to drive R&D and product innovation in the product category. A material reduction in the frequency or appeal of new product innovations by suppliers may have an adverse impact on sales, performance rebates received and gross margin levels achieved. In addition, a key driver in Shaver Shop's sales growth has been the ability to secure new innovative products on an exclusive basis. If Shaver Shop is unable to secure new product innovations on an exclusive basis, or if the appeal of an existing product sold by Shaver Shop on an exclusive basis is weakened by a new innovative product made widely available to retailers or on an exclusive basis to one of Shaver Shop's competitors, Shaver Shop's sales and gross margin levels may be adversely affected.

Product sourcing may be disrupted

Shaver Shop's products are sourced from third party suppliers of major hair removal, hair care, personal care and other shaving brands. In FY2019, approximately 92% (FY2018 – 89%) of Shaver Shop's total network sales came from products sourced from its top ten suppliers. Shaver Shop's largest supplier constitutes approximately 28% (FY2018 – 29%) of all sales, with the next two largest suppliers contributing approximately 20% (FY2018 – 19%) and 20% (FY2018 – 15%) of total sales. While Shaver Shop has a diversified supplier base, Shaver Shop is exposed to potential increases in the cost of materials and the cost of manufacturing and foreign exchange rates applicable to its products. There may also be delays in delivery or failure by a supplier to deliver goods. Such increases, delays and failure could significantly increase Shaver Shop's cost of operations, or lead to a reduction in the available range of products, which may affect Shaver Shop's operating and financial performance.

DIRECTORS' REPORT (continued)

Supplier relationships and ability to source products exclusively

The Company's relationships with suppliers are often governed by individual purchase orders and invoices. Under those arrangements, suppliers may seek to alter the terms on which products are supplied as well as the range of products available for supply. This may result in changes of pricing levels and a reduction in the range of products made available to Shaver Shop, both of which could adversely impact the Company's ability to successfully provide customers with a wide range of products at competitive prices. This could reduce Shaver Shop's overall profitability and adversely impact its financial performance. In addition, Shaver Shop receives income from suppliers in the form of volume rebates and supplier contributions to specific marketing and advertising campaigns. Supplier rebates and contributions are negotiated on a periodic basis. Shaver Shop has a limited number of fixed contracts in place with suppliers relating to rebates and contribution income. Most suppliers who provide Shaver Shop with rebates or marketing contributions may elect to cease such payments at any point in time. Any such action could adversely impact Shaver Shop's income which would reduce Shaver Shop's overall profitability and impact its financial performance. Finally, through good relationships with some suppliers, Shaver Shop has been able to secure arrangements with third party distributors and brands for the supply of products to Shaver Shop on an exclusive basis. These arrangements are for specific products and for varying time periods. There is a risk that Shaver Shop may not be able to renew exclusive distribution agreements with the suppliers or that suppliers may enter into exclusive distribution arrangements with Shaver Shop's competitors. If this occurs, it will have a material adverse impact on the Company's business and reputation, operational performance as well as its financial results.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Except as otherwise described in this report, there have been no significant changes in the state of affairs of entities in the Group during the year.

MATTERS OR CIRCUMSTANCES ARISING AFTER THE END OF THE YEAR

Subsequent to year end, the Directors declared a final dividend of 2.5 cents per share (80% franked) to shareholders of record on 9 October 2019. The dividend payment date is 23 October 2019.

Subsequent to year end, Shaver Shop acquired two franchises.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

FUTURE DEVELOPMENTS AND OUTLOOK

The key indicators for Shaver Shop's business remain robust with strong in-store customer service and sales conversion metrics, strong online growth and in-store sales growth. Shaver Shop is continuing to invest in its marketing and omni-retail strategies in FY2020 as this is considered critical for long term growth. Despite these incremental investments, the Group expects to grow sales and EBITDA (on a constant accounting policy basis with FY2019) in FY2020.

ENVIRONMENTAL ISSUES

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the audit committee, are satisfied that the provision of non-audit services during the year are compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- > all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- > the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Details of the amounts paid to PricewaterhouseCoopers for audit and non-audit services during the year are set out in note 27 to the audited financial statements.

AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 36 of the consolidated financial report.

SHARES UNDER OPTION

There have been no unissued shares or interests under option in the Company or a controlled entity during or since reporting date.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the financial year, the Company paid an insurance premium to insure the directors and senior management of the Company and its subsidiaries.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

The terms of the insurance policies prohibit disclosure of the details of the premium paid.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court under Section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED)

The Board of Directors of Shaver Shop Group Limited present the Remuneration Report for the Company for the reporting period of 1 July 2018 to 30 June 2019. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

(A) KEY MANAGEMENT PERSONNEL COVERED IN THIS REPORT

This report sets out the remuneration arrangements for Shaver Shop's key management personnel (KMP) (listed in the table below) who have been KMP during the reporting period. For the remainder of this Remuneration Report, the KMP are referred to as either Non-Executive Directors or Senior Executives.

All Non-Executive Directors and Senior Executives have held their positions for the duration of the reporting period unless indicated otherwise.

Non-Executive Directors	Position
Broderick Arnhold	Independent, Non-Executive Chairman
Craig Mathieson	Independent, Non-Executive Director
Trent Peterson	Independent, Non-Executive Director
Brian Singer	Independent, Non-Executive Director
Melanie Wilson	Independent, Non-Executive Director

Senior Executives	
Cameron Fox	Chief Executive Officer (CEO) and Managing Director
Lawrence Hamson	Chief Financial Officer (CFO) and Company Secretary
Philip Tine	Retail Director

(B) REMUNERATION OVERVIEW

The Board recognises that the performance of the Group depends to a large extent on the quality and motivation of the Shaver Shop team, including the Senior Executives and our 743 team members (2018: 733) employed by the Group across Australia and New Zealand. Shaver Shop's remuneration strategy therefore seeks to appropriately attract, reward and retain team members at all levels in the organisation but in particular aligning and motivating key senior executives to create shareholder wealth. By aligning various remuneration mechanisms, the Board seeks to have a structure that incentivises sustainable growth, risk management as well as driving a positive culture across the business.

In FY2019, the primary performance mechanism for determining whether Senior Executives Short Term Incentives (STI) are paid was the Company's normalised EBITDA versus internal targets that were set at the start of FY2019. In FY2019, the Company's financial performance exceeded internal expectations leading to a percentage of the maximum available STI being paid to each Senior Executive. The Board believes the STI outcomes were fair and appropriate and reflect the alignment between shareholders interests and the Company's remuneration practices and policies.

In terms of its Long Term Incentive Plan (LTIP), consistent with the terms outlined in the Company's prospectus, on 22 June 2017 Shaver Shop issued 1,300,000 shares to certain executives within the business. In FY2018, Shaver Shop extended the LTIP to more members of the Company's leadership and operations teams and issued 1,910,000 shares. In FY2019, Shaver Shop issued 1,990,000 shares to participants in the LTIP. LTIP share allocations are subject to Service, Total Shareholder Return (TSR) and Earnings Per Share (EPS) vesting conditions which are outlined in further detail below. The Company also offered offsetting limited recourse loans to assist with the purchase of the LTIP shares.

The Nomination and Remuneration Committee will continue to review the remuneration arrangements for Non-Executive Directors and Senior Executives to ensure that they are relevant, competitive and appropriate for a listed company.

(C) RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

The performance criteria and targets for Executives to realise benefits under both the Company's STIP and LTIP are aligned to company performance and enhancing shareholder value. The nomination and remuneration committee considers both the statutory and normalised results for the business in evaluating performance against key metrics. A summary of the normalised results for Shaver Shop is included in the Directors Report.

The following table provides a summary of the Company's statutory financial performance from FY2016 to FY2019. The results for FY2016 were prior the Shaver Shop's Initial Public Offering on 1 July 2016.

	Statutory FY2019 Result \$000	Statutory FY2018 Result \$000	Statutory FY2017 Result \$000	Statutory FY2016 Result \$000
Revenue	167,437	155,004	142,568	106,711
EBITDA	12,530	12,170	14,870	7,461
Net profit after tax (NPAT)	6,670	6,555	8,994	3,854
Basic earnings per share (cents)	5.5	5.3	7.2	4.6
Dividends paid	5,399	5,252	2,001	18,175
Dividends per share declared (cents)	4.5	4.2	1.6	21.6
Year end share price (\$)	\$0.42	\$0.45	\$0.64	N/A

For the financial year ended 30 June 2019, the Company's reported EBITDA increased by 2.7% and exceeded the Company's internal targets for FY2019 (on a normalised basis).

(D) REMUNERATION OBJECTIVES

One of Shaver Shop's core beliefs is that the success of the business is driven in large part by the skills, motivation and the performance of all of its team members – from Senior Executives to Store Managers to retail assistants on the shop floor. Creating an environment that fosters a high performance culture and aligns the team behind a common set of values and behaviours is core to the Company's continuing success.

Shaver Shop's commitment to driving high performance is evidenced by its investment in a national training facility at its support office location as well as year round training provided across the country. Shaver Shop believes that the knowledge and expertise of its sales staff is a critical differentiating factor for the business and an important factor in its success. As a result, the Company takes pride in promoting high performing staff through the business from the retail shop floor through to national office positions.

In addition to building the appropriate culture, Shaver Shop's philosophy is to provide competitive remuneration arrangements that reward team members for the underlying performance of the company as well as building shareholder value over the short and long term.

As such, remuneration for team members can include fixed pay, superannuation, short term incentives, long term incentives as well as support for training and education, relocation assistance, and dues and membership fees that are aligned with Shaver Shop's needs and objectives. The components of total remuneration for a team member will vary depending on the role, his or her seniority, the team member's experience as well as their performance. The Remuneration Committee also considers the importance of equity ownership for Senior Executives when setting remuneration packages.

Shaver Shop's key principles underpinning its remuneration plans are set out below:

1. *Simplicity*: We seek to ensure remuneration arrangements are simple, and can be easily understood by both the Senior Executives and other key stakeholders.
2. *Alignment*: We seek to ensure material components of the Senior Executive's remuneration arrangements (including their shareholding as appropriate) contribute to alignment of the interests of the Senior Executives with those of the shareholders.
3. *Best practice*: We seek to ensure the material aspects of an employee's remuneration arrangements are sustainable and could withstand tests of precedent and transparency within the organisation and market place.

DIRECTORS' REPORT (continued)

4. *Competitive*: We seek to ensure our Senior Executives are remunerated such that (when taken as a whole, and having regard to their particular circumstances, including any risks and opportunities) their individual remuneration arrangements are competitive with relevant comparable positions.
5. *Risk Conscious*: In considering remuneration arrangements, the Company seeks to manage certain key risk exposures, including the risk of loss of an individual, retention of intellectual property and skills, issues associated with replacement of the individuals, risk of poaching, and the presence and quality of our succession planning.
6. *Company First*: The Company develops systems, policies, processes and team depth to manage its reliance on any given individual within its leadership team. This extends to remuneration, where we seek to ensure the remuneration architecture and individual arrangements are orderly and deliberate in line with our Core Competencies.
7. *Rewards tied to outcome and performance*: We back ourselves to identify the outcomes that drive sustainable value creation (or value protection), and seek to reward executives who influence those outcomes most significantly and directly pursuant to business strategy.

(E) ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE

The primary objective of the Nomination and Remuneration Committee is to assist the Board to fulfil its corporate governance and oversight responsibilities in relation to the Company's people strategy including remuneration components, performance measurements and accountability frameworks, recruitment, engagement, retention, talent management and succession planning.

The Committee also works with the CEO in considering the specific situations pertaining to employment terms for individuals or groups of individuals as needed.

The Committee undertakes an annual review of the Company's remuneration strategy and remuneration policy to facilitate understanding of the overall approach to remuneration and to confirm alignment with the Company's business strategy, high standards of governance and compliance with regulatory standards.

The Committee reviews and recommends to the Board for approval, remuneration arrangements for the CEO and other Senior Executives having regard to external remuneration practices, market expectations and regulatory standards. The Committee also establishes the policy for the remuneration arrangements for Non-Executive Directors.

Where appropriate the Nomination and Remuneration Committee will seek the advice of independent external remuneration consultants.

(F) SENIOR EXECUTIVE REMUNERATION STRUCTURE

The remuneration framework for Senior Executives is based on a structure that includes:

1. Fixed remuneration – salary and superannuation and non-monetary benefits
2. Short Term Incentives – tied to in-year performance against metrics
3. Long Term Incentives – tied to multi-year performance against value creation metrics

The proportion of remuneration between fixed and variable (i.e. at risk) for a Senior Executive is determined after consideration of the seniority of the role, the responsibilities of the role for driving business performance and responsibilities for developing and implementing business strategy.

Element	Purpose	Metrics	Potential Value
Fixed Remuneration	Provide competitive market salary including super	NIL	Based on market competitive rates
STI (Cash bonus)	Reward superior performance in year	EBITDA growth over the prior year and internal targets	\$400,000
LTI (Loan Share Plan)	Reward superior long term value creation	TSR – 70% EPS growth – 30%	Dependent on NPAT, dividends paid and share price performance

The mix of fixed and at risk components of each of the Senior Executives as a percentage of total target remuneration for FY2019 was as follows:

Senior Executive	Fixed Remuneration	At Risk STI Maximum Opportunity	At Risk LTI Maximum Opportunity
Cameron Fox	68%	23%	9%
Larry Hamson	78%	19%	3%
Philip Tine	75%	23%	2%

Fixed Remuneration

Senior Executive base salaries include a fixed component of base salary together with employer superannuation contributions that are in line with statutory obligations. The fixed remuneration component also includes car allowances and other benefits.

The fixed remuneration component for Senior Executives is based on market data for comparative companies of the same size and complexity as well as having regard to the experience and expertise of the Senior Executive.

Fixed remuneration for executives is reviewed annually to provide competitiveness with the market, whilst also taking into account capability, experience value to the organisation and performance of the individual. There is no guaranteed salary increase in any Senior Executive service contract.

Short Term Incentives (STI)

FY2019 was an investment year for the Company as it enhanced its omni retail capabilities and filled key support office positions that are critical to its long-term growth ambitions. As a result, FY2019 STIs for Senior Executives are dependent on the growth in normalised EBITDA over internal targets. If the normalised EBITDA achieved is below the internal target, Senior Executives are not eligible to receive their STI. STIs are contracted with the Senior Executive and capped to a maximum amount relative to their Fixed Remuneration.

The Board of Directors may decide to pay Senior Executives discretionary bonuses depending on individual and Company performance. The Remuneration Committee and Board of Directors chose a normalised EBITDA target as the performance measure because the Company believes this is one of the key business drivers that is understood by stakeholders and is a balanced indicator of the relative performance of the business.

Senior Executive	Target STI (\$)	Actual STI Awarded (\$)	Awarded STI as % of Maximum STI	% of Maximum STI Award Forfeited
Cameron Fox	\$200,000	\$40,000	20%	80%
Larry Hamson	\$100,000	\$40,000	40%	60%
Philip Tine	\$100,000	\$75,000	75%	25%

Long Term Incentives (LTI)

Shaver Shop established an LTIP to assist in the motivation, retention and reward of Shaver Shop executives. The LTIP is designed to align the interests of executives more closely with the interests of Shareholders by providing an opportunity for eligible executives to acquire Shares subject to the conditions of the LTIP (Plan Shares).

The Plan Shares are issued or transferred to participants in the LTIP at market value based on the volume weighted average price of the shares in the five days up to and including the date of grant. Under the terms of the LTIP, the Company, or one of its subsidiaries, may provide a limited recourse loan to executives who are invited to participate in the LTIP to assist them to purchase Plan Shares (Loan). Each Loan will be limited recourse such that a participant's obligation to repay the Loan will be the lesser of the Loan balance or the relevant Plan Share's market value. Under the LTIP rules, the Company will retain discretion to waive repayment of all, or part of, any Loan. The after-tax value of any dividends paid on the Plan Shares acquired under a Loan will be applied to repay the relevant Loan. The grant of Plan shares is accounted for as an option with the loan value representing the strike price of the instrument.

DIRECTORS' REPORT (continued)

Each Plan Share will be issued as a fully paid ordinary share in the Company subject to certain vesting conditions. The holder of a Plan Share must not dispose of the Plan Share until the Plan Share vests and any Loan relating to that Plan Share has been repaid.

At Shaver Shop's 2018 Annual General Meeting, shareholders approved amendments to the LTIP that simplified the processes available for administering the LTIP; including the ability to buy-back shares from Participants using an employee share scheme buy-back mechanism under section 257B of the Corporations Act. Further details of the approved changes to the LTIP, together with the reasons for those amendments, are available in the 2018 Notice of Annual General Meeting dated 19 October 2018.

2019 LTI Plan Details

In November 2018, the Company offered certain members of the leadership and operations team the right to acquire up to 1,990,000 Plan Shares. The Plan Shares are divided into three equal tranches and will have vesting conditions based on a performance condition and a service condition. The three tranches apply to the following performance periods:

- > *Tranche 1* – 1 July 2018 to 30 June 2019
- > *Tranche 2* – 1 July 2018 to 30 June 2020
- > *Tranche 3* – 1 July 2018 to 30 June 2021.

Unless as determined otherwise by the Board of Shaver Shop, the performance and service conditions specified for each tranche must be met in order for the relevant Plan Shares to vest.

The table on the next page under "FY2019 LTIP Allocation" sets out the number of Plan Shares to be offered to the relevant Senior Executive, including details of the number of Plan Shares per tranche for each Senior Executive.

Performance conditions

The performance conditions are to be measured 70% by an absolute total shareholder return (TSR) performance hurdle and 30% by an earnings per share (EPS) performance hurdle. The hurdles will be mutually exclusive such that performance is measured independently of the other hurdle. Where both targets are met, 100% of the Plan Shares which a participant holds for the relevant performance period will vest, subject to the service condition being met. Where only a portion of the EPS and TSR targets are met, the total number of Shares which will vest under the LTIP will be apportioned.

Both of the performance hurdles will be expressed as a Compound Annual Growth Rate (CAGR) percentage.

TSR Performance Conditions

The TSR performance hurdle will be structured as an absolute TSR growth target and will be determined by the Board. TSR is a measure of the performance of the Company's shares over a period of time. It combines share appreciation and dividends paid to show the total return to Shareholders expressed as an annualised percentage. It is the rate of return of all cash flows to an investor during the holding period of an investment.

The starting point for the TSR performance hurdle is the 5 day volume weighted average price (VWAP) per share immediately prior to the grant date – \$0.3969). Each TSR performance period concludes based on the 5 day VWAP of the Company's shares following the relevant period's full year results announcement.

The following table outlines the TSR performance hurdles which must be met in order for Plan Shares to vest:

TSR CAGR across the relevant performance period	Proportion of the relevant Plan Shares that satisfy the TSR Vesting Condition
TSR CAGR is less than 10%	Nil
TSR CAGR is greater than 10% and less than or equal to 25%	Progressive pro-rata vesting from 20% to 100% (i.e. on a straight line basis)
TSR CAGR is equal to or greater than 25%	100%

EPS Performance Conditions

The EPS performance hurdle is a measure of the compound annual growth rate in the Company's EPS measure over the relevant performance period. The EPS CAGR will be determined by the Board and is the compound annual growth rate (expressed as a percentage) of the Company's EPS, which is measured by reference to the Group's underlying net profit for the performance period divided by the weighted average number of shares on issue across the relevant performance period. The Board may from time to time adjust the EPS CAGR to exclude the effects of material business acquisitions or divestments and for certain one-off costs.

The following table outlines the EPS performance hurdles which must be met in order for Plan Shares to vest:

EPS CAGR across the relevant performance period	Proportion of the relevant Plan Shares that satisfy the EPS Vesting Condition
EPS CAGR is less than 5%	Nil
EPS CAGR is greater than 5% and less than or equal to 20%	Progressive pro-rata vesting from 25% to 100% (i.e. on a straight line basis)
EPS CAGR is greater than 20%	100%

Service condition

In addition to the performance condition, each tranche of Plan Shares is subject to specific service conditions, meaning that if a participant in the LTIP ends their employment with Shaver Shop before the specified service periods the Plan Shares issued to the participant will not vest regardless of whether the performance conditions have been met.

The Service conditions attaching to the three tranches of Plan Shares are as follows:

- > *Tranche 1* – a participant must remain a Shaver Shop employee at all times up to (and including) 30 June 2021 before performance qualified number of Plan Shares will vest.
- > *Tranche 2* – a participant must remain a Shaver Shop employee at all times up to (and including) 30 June 2021 before performance qualified number of Plan Shares will vest.
- > *Tranche 3* – a participant must remain a Shaver Shop employee at all times up to (and including) 30 June 2022 before performance qualified number of Plan Shares will vest.

FY2019 LTIP Allocation

Shaver Shop offered management the right to acquire up to 1,990,000 Shares under the LTIP (Plan Shares). Specifically, Senior Executives set out in the table below were granted Plan Shares under the LTIP on 21 November 2018.

Management	Number of Tranche 1 Shares to be issued under LTI Plan	Number of Tranche 2 Shares to be issued under LTI Plan	Number of Tranche 3 Shares to be issued under LTI Plan	Total Number of Shares to be issues under FY2019 LTI Plan
Cameron Fox <i>Managing Director and CEO</i>	250,000	250,000	250,000	750,000
Lawrence Hamson <i>CFO & Company Secretary</i>	100,000	100,000	100,000	300,000
Philip Tine, <i>Retail Director</i>	66,666	66,667	66,667	200,000

DIRECTORS' REPORT (continued)

The following table sets out the terms and conditions of the share based payment arrangements to Senior Executives.

Terms and conditions of share based payments arrangements	The terms and conditions of the LTIP are discussed in detail under section (f) (i) of the Remuneration Report: "FY 2019 Remuneration and Incentive Structure"
Grant date	The Grant Date for the FY 2019 LTIP Shares is 21 November 2018.
Vesting date	The LTIP Shares vest on the satisfaction of the applicable performance, service or other vesting conditions specified at the time of grant.
Expiry date	There is no expiry date of the LTIP Shares, however the latest loan repayment date is 7 years after the grant date.
Exercise price at grant date	\$0.3969
Performance achieved	Subject to the service conditions being met for the relevant LTIP tranche, the Total Shareholder Return CAGR and the EPS CAGR over the relevant period will determine the number of LTIP Shares that vest for the relevant LTIP tranche.
Vested	At the date of this report, none of the LTIP Shares have vested.

Shaver Shop obtains an independent valuation of the LTI Shares at the date of grant. The following table summarises the valuation of each tranche:

	Tranche 1	Tranche 2	Tranche 3
TSR LTI Shares (70%)	\$0.093	\$0.100	\$0.104
EPS LTI Shares (30%)	\$0.166	\$0.166	\$0.174

2018 LTI Plan Details

The Company has offered certain members of the leadership and operations team the right to acquire up to 1,910,000 Plan Shares (representing approximately 1.5% of the Company's issued share capital). The Plan Shares are divided into three equal tranches and will have vesting conditions based on a performance condition and a service condition. The three tranches apply to the following performance periods:

- > *Tranche 1* – 1 July 2017 to 30 June 2018
- > *Tranche 2* – 1 July 2017 to 30 June 2019
- > *Tranche 3* – 1 July 2017 to 30 June 2020.

Unless determined otherwise by the Board of Shaver Shop, the performance and service conditions specified for each tranche must be met in order for the relevant Plan Shares to vest.

The table on the next page under "FY2018 LTIP Allocation" sets out the number of Plan Shares to be offered to the relevant Senior Executive, including details of the number of Plan Shares per tranche for each Senior Executive.

Performance conditions

The performance conditions are to be measured 70% by an absolute total shareholder return (TSR) performance hurdle and 30% by an earnings per share (EPS) performance hurdle. The hurdles will be mutually exclusive such that performance is measured independently of the other hurdle. Where both targets are met, 100% of the Plan Shares which a participant holds for the relevant performance period will vest, subject to the service condition being met. Where only a portion of the EPS and TSR targets are met, the total number of Shares which will vest under the LTIP will be apportioned.

Both of the performance hurdles will be expressed as a Compound Annual Growth Rate (CAGR) percentage.

TSR Performance Conditions

The TSR performance hurdle will be structured as an absolute TSR growth target and will be determined by the Board. TSR is a measure of the performance of the Company's shares over a period of time. It combines share appreciation and dividends paid to show the total return to Shareholders expressed as an annualised percentage. It is the rate of return of all cash flows to an investor during the holding period of an investment.

The starting point for the TSR performance hurdle is the 5 day volume weighted average price (VWAP) per share following the release of the Company's FY2017 financial results – \$0.6829). Each TSR performance period concludes based on the 5 day VWAP of the Company's shares following the relevant period's full year results announcement.

The following table outlines the TSR performance hurdles which must be met in order for Plan Shares to vest:

TSR CAGR across the relevant performance period	Proportion of the relevant Plan Shares that satisfy the TSR Vesting Condition
TSR CAGR is less than 10%	Nil
TSR CAGR is greater than 10% and less than or equal to 25%	Progressive pro-rata vesting from 20% to 100% (i.e. on a straight line basis)
TSR CAGR is equal to or greater than 25%	100%

The minimum TSR thresholds for Tranche 1 of the 2018 LTIP were not met and accordingly the respective Plan Shares in relation to Tranche 1 were forfeited and cancelled in December 2018.

EPS Performance Conditions

The EPS performance hurdle is a measure of the compound annual growth rate in the Company's EPS measure over the relevant performance period. The EPS CAGR will be determined by the Board and is the compound annual growth rate (expressed as a percentage) of the Company's EPS, which is measured by reference to the Group's underlying net profit for the performance period divided by the weighted average number of shares on issue across the relevant performance period. The Board may from time to time adjust the EPS CAGR to exclude the effects of material business acquisitions or divestments and for certain one-off costs.

The following table outlines the EPS performance hurdles which must be met in order for Plan Shares to vest:

EPS CAGR across the relevant performance period	Proportion of the relevant Plan Shares that satisfy the EPS Vesting Condition
EPS CAGR is less than 5%	Nil
EPS CAGR is greater than 5% and less than or equal to 20%	Progressive pro-rata vesting from 25% to 100% (i.e. on a straight line basis)
EPS CAGR is greater than 20%	100%

The minimum EPS thresholds for Tranche 1 of the 2018 LTIP were not met and accordingly the respective Plan Shares in relation to Tranche 1 were forfeited and cancelled in December 2018.

Service condition

In addition to the performance condition, each tranche of Plan Shares is subject to specific service conditions, meaning that if a participant in the LTIP ends their employment with Shaver Shop before the specified service periods the Plan Shares issued to the participant will not vest regardless of whether the performance conditions have been met.

The Service conditions attaching to the three tranches of Plan Shares are as follows:

- > *Tranche 1* – a participant must remain a Shaver Shop employee at all times up to (and including) 30 June 2020 before performance qualified number of Plan Shares will vest.
- > *Tranche 2* – a participant must remain a Shaver Shop employee at all times up to (and including) 30 June 2020 before performance qualified number of Plan Shares will vest.
- > *Tranche 3* – a participant must remain a Shaver Shop employee at all times up to (and including) 30 June 2021 before performance qualified number of Plan Shares will vest.

DIRECTORS' REPORT (continued)

FY2018 LTIP Allocation

Shaver Shop offered management the right to acquire up to 1,910,000 Shares under the LTIP (Plan Shares) (representing approximately 1.5% of the Company's issued share capital excluding unvested LTIP shares). Specifically, Senior Executives set out in the table below were granted Plan Shares under the LTIP on 26 October 2017.

Management	Number of Tranche 1 Shares to be issued under LTIP Plan	Number of Tranche 2 Shares to be issued under LTIP Plan	Number of Tranche 3 Shares to be issued under LTIP Plan	Total Number of Shares to be issued under FY2018 LTIP Plan
Cameron Fox <i>Managing Director and CEO</i>	250,000	250,000	250,000	750,000
Lawrence Hamson <i>CFO & Company Secretary</i>	100,000	100,000	100,000	300,000
Philip Tine, <i>Retail Director</i>	33,333	33,333	33,334	100,000

The following table sets out the terms and conditions of the share based payment arrangements to Senior Executives.

Terms and conditions of share based payments arrangements	The terms and conditions of the LTIP are discussed in detail under section (f) (i) of the Remuneration Report: "FY 2018 Remuneration and Incentive Structure"
Grant date	The Grant Date for the FY 2018 LTIP Shares is 26 October 2017.
Vesting date	The LTIP Shares vest on the satisfaction of the applicable performance, service or other vesting conditions specified at the time of grant.
Expiry date	There is no expiry date of the LTIP Shares, however the latest loan repayment date is 7 years after the grant date.
Exercise price	\$0.6829
Performance achieved	Subject to the service conditions being met for the relevant LTIP tranche, the Total Shareholder Return CAGR and the EPS CAGR over the relevant period will determine the number of LTIP Shares that vest for the relevant LTIP tranche.
Vested	At the date of this report, none of the LTIP Shares have vested.

Shaver Shop obtains an independent valuation of the LTI Shares at the date of grant. The following table summarises the valuation of each tranche:

	Tranche 1	Tranche 2	Tranche 3
TSR LTI Shares (70%)	\$0.03	\$0.06	\$0.08
EPS LTI Shares (30%)	\$0.14	\$0.14	\$0.15

2017 LTI Plan Details

1,300,000 Plan Shares were issued under the FY2017 LTIP Allocation. The Plan Shares are divided into three equal tranches and will have vesting conditions based on a performance condition and a service condition. The three tranches apply to the following performance periods:

- > *Tranche 1* – 1 July 2016 to 30 June 2017
- > *Tranche 2* – 1 July 2016 to 30 June 2018
- > *Tranche 3* – 1 July 2016 to 30 June 2019.

Unless as determined otherwise by the Board of Directors of Shaver Shop, the performance and service conditions specified for each tranche must be met in order for the relevant Plan Shares to vest.

The table on the next page under “FY2017 LTIP Allocation” sets out the number of Plan Shares to be offered to the relevant Senior Executive, including details of the number of Plan Shares per tranche for each Senior Executive.

Performance condition

The performance conditions will be measured 70% by an absolute total shareholder return (TSR) performance hurdle and 30% by an earnings per share (EPS) performance hurdle. The hurdles will be mutually exclusive such that performance is measured independently of the other hurdle. Where both targets are met, 100% of the Plan Shares which a participant holds for the relevant performance period will vest, subject to the service condition being met. Where only a portion of the EPS and TSR targets are met, the total number of Shares which will vest under the LTIP will be apportioned.

Both of the performance hurdles will be expressed as a Compound Annual Growth Rate (CAGR) percentage.

The TSR performance hurdle will be structured as an absolute TSR growth target and will be determined by the Board. TSR is a measure of the performance of the Company’s shares over a period of time. It combines share appreciation and dividends paid to show the total return to Shareholders expressed as an annualised percentage. It is the rate of return of all cash flows to an investor during the holding period of an investment.

The following table outlines the TSR performance hurdles which must be met in order for Plan Shares to vest:

TSR CAGR across the relevant performance period	Proportion of the relevant Plan Shares that satisfy the TSR Vesting Condition
TSR CAGR is less than 15%	Nil
TSR CAGR is equal to 15%	20%
TSR CAGR is greater than 15% and less than or equal to 20%	Progressive pro-rata vesting from 20% to 40% (i.e. on a straight line basis)
TSR CAGR is greater than 20% and less than or equal to 25%	Progressive pro-rata vesting from 40% to 70% (i.e. on a straight line basis)
TSR CAGR is greater than 25% and less than 30%	Progressive pro-rata vesting from 70% to 100% (i.e. on a straight line basis)
TSR CAGR is equal to or greater than 30%	100%

The EPS performance hurdle is a measure of the compound annual growth rate in the Company’s EPS measure over the relevant performance period. The EPS CAGR will be determined by the Board and is the compound annual growth rate (expressed as a percentage) of the Company’s EPS, which is measured by reference to the Group’s underlying net profit for the performance divided by the weighted average number of shares on issue across the relevant performance period. The Board may from time to time adjust the EPS CAGR to exclude the effects of material business acquisitions or divestments and for certain one-off costs.

For the purposes of calculating the FY2016 base year EPS from which the EPS growth rates will be calculated, the Board has agreed that EPS will be calculated using the total number of shares outstanding at 30 June 2016.

DIRECTORS' REPORT (continued)

The following table outlines the EPS performance hurdles which must be met in order for Plan Shares to vest:

EPS CAGR across the relevant performance period	Proportion of the relevant Plan Shares that satisfy the EPS Vesting Condition
EPS CAGR is less than 15%	Nil
EPS CAGR is equal to 15%	20%
EPS CAGR is greater than 15% and less than or equal to 20%	Progressive pro-rata vesting from 20% to 40% (i.e. on a straight line basis)
EPS CAGR is greater than 20% and less than or equal to 25%	Progressive pro-rata vesting from 40% to 70% (i.e. on a straight line basis)
EPS CAGR is greater than 25% and less than or equal to 30%	Progressive pro-rata vesting from 70% to 100% (i.e. on a straight line basis)
EPS CAGR is equal to or greater than 30%	100%

Service condition

In addition to the performance condition, each tranche of Plan Shares is subject to specific service conditions, meaning that if a participant in the LTIP ends their employment with Shaver Shop before the specified service periods the Plan Shares issued to the participant will not vest regardless of whether the performance conditions have been met.

The Service conditions attaching to the three tranches of Plan Shares are as follows:

- > *Tranche 1* – a participant must remain a Shaver Shop employee at all times up to (and including) 30 June 2019 before performance qualified number of Plan Shares will vest.
- > *Tranche 2* – a participant must remain a Shaver Shop employee at all times up to (and including) 30 June 2019 before performance qualified number of Plan Shares will vest.
- > *Tranche 3* – a participant must remain a Shaver Shop employee at all times up to (and including) 30 June 2020 before performance qualified number of Plan Shares will vest.

FY2017 LTIP Allocation

Consistent with the Company's Prospectus, Shaver Shop offered management the right to acquire up to 1,300,000 Shares under the LTIP (Plan Shares) (representing approximately 1.0% of the Company's issued share capital at Listing) within 12 months after Listing. Specifically, Senior Executives set out in the table below were granted Plan Shares under the LTIP on 22 June 2017.

Management	Number of Tranche 1 Shares to be issued under LTI Plan	Number of Tranche 2 Shares to be issued under LTI Plan	Number of Tranche 3 Shares to be issued under LTI Plan	Total Number of Shares to be issued under LTI Plan
Cameron Fox <i>Managing Director and CEO</i>	325,000	325,000	325,000	975,000
Lawrence Hamson <i>CFO</i>	33,333	33,333	33,334	100,000

The following table sets out the terms and conditions of the share based payment arrangements:

Terms and conditions of share based payments arrangements	The terms and conditions of the LTIP are discussed in detail under section (f) (i) of the Remuneration Report: "FY2017 Remuneration and Incentive Structure"
Grant date	The Grant Date for the FY2017 LTIP Shares is 22 June 2017. As noted in the Company's prospectus, the LTIP Shares were issued to the eligible participants within the first 12 months after the Company's listing on the Australian Stock Exchange (1 July 2016).
Vesting date	The LTIP Shares vest on the satisfaction of the applicable performance, service or other vesting conditions specified at the time of grant. See additional detail under section (f)(i) of the Remuneration Report for the specific metrics that govern vesting for the 2017 LTIP Shares.
Expiry date	There is no expiry date of the LTIP Shares, however the latest loan repayment date is 7 years after the grant date.
Exercise price at grant date	\$0.5899
Performance achieved	Subject to the service conditions being met for the relevant LTIP tranche, the Total Shareholder Return CAGR and the EPS CAGR over the relevant period will determine the number of LTIP Shares that vest for the relevant LTIP tranche.
Vested	At the date of this report, none of the FY2017 LTIP Shares have vested.

Shaver Shop obtains an independent valuation of the LTI Shares at the date of grant. The following table summarises the valuation of each tranche:

	Tranche 1	Tranche 2	Tranche 3
TSR LTI Shares (70%)	\$NIL	\$0.061	\$0.086
EPS LTI Shares (30%)	\$0.233	\$0.233	\$0.246

(G) NON-EXECUTIVE DIRECTOR REMUNERATION

Under the Constitution, the Board may decide the remuneration from the Company to which each non-executive Director is entitled for their services as a Director. However, the total amount of fees paid to all Non-Executive Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by the Company in the annual general meeting. As disclosed in the Company's prospectus, the pre-IPO Shareholders approved \$440,000 per annum for this purpose.

For FY2019, the annual base non-executive Director fees currently agreed to be paid by the Company are \$140,000 (FY2018 – \$140,000) to the Chairman of the Board (Brodie Arnhold), \$80,000 (FY2018 – \$80,000) to each of Craig Mathieson (Chair of the Audit and Risk Committee) and Trent Peterson (Chair of the Nomination and Remuneration Committee), and \$70,000 (FY2018 – \$70,000) to each of Melanie Wilson and Brian Singer. These amounts comprise fees paid in cash. In subsequent years, these figures may vary.

The director's fees for Trent Peterson are paid to Catalyst Direct Capital Management Pty Ltd. The director's fees for Melanie Wilson are paid to Peandel Pty Limited.

Directors may also be reimbursed for travel and other expenses incurred in attending to the Company's affairs. Directors may be paid additional or special remuneration where a Director performs services outside the ordinary duties of a Non-executive Director.

DIRECTORS' REPORT (continued)

The following tables illustrate LTI performance based remuneration granted and forfeited related to FY2019 and FY2018:

LTI Granted in Relation to FY2019 LTIP Allocation

Senior Executives	Grant Date	LTI granted (shares)	Limited-Recourse Loan Value at Grant Date \$	% Paid/ vested in the period	% Forfeited in period	# LTIP Shares Forfeited in Period	Value Expensed in FY19 \$
Cameron Fox	21 November 18	750,000	297,675	0%	0%	–	18,883
Lawrence Hamson	21 November 18	300,000	119,070	0%	0%	–	7,553
Philip Tine	21 November 18	200,000	79,380	0%	0%	–	5,035

The EPS performance condition for Tranche 1 of the FY2019 LTIP allocation was not met. The determination of the TSR performance condition for Tranche 1 is based on the 5 day VWAP of the Company's shares following the release of Shaver Shop's FY2019 results and therefore it can not be determined whether this vesting condition will be met at the date of this report.

LTI Granted in Relation to FY2018 LTIP Allocation

Senior Executives	Grant Date	LTI granted (shares)	Limited-Recourse Loan Value at Grant Date \$	% Paid/ vested in the period	% Forfeited in period	# LTIP Shares Forfeited in Period	Value Expensed in FY19 \$
Cameron Fox	26 October 17	750,000	512,175	0%	33.3%	250,000	10,526
Lawrence Hamson	26 October 17	300,000	204,870	0%	33.3%	100,000	4,210
Philip Tine	26 October 17	100,000	68,290	0%	33.3%	33,333	1,403

Neither the EPS, nor the TSR performance conditions for Tranche 1 of the FY2018 LTIP allocation was met and accordingly these shares were forfeited in FY2019. The EPS performance condition for Tranche 2 of the FY2018 LTIP allocation was not met and accordingly these shares will be forfeited in FY2020. The determination of the TSR performance condition for Tranche 2 is based on the 5 day VWAP of the Company's shares following the release of Shaver Shop's FY2019 results and therefore it can not be determined whether this vesting condition will be met at the date of this report.

LTI Granted in Relation to FY2017 LTIP Allocation

Senior Executives	Grant Date	LTI granted (shares)	Limited-Recourse Loan Value at Grant Date \$	% Paid/ vested in the period	% Forfeited in period	# LTIP Shares Forfeited in Period	Value Expensed in FY19 \$
Cameron Fox	22 June 2017	975,000	575,152	0.0%	62.2%	606,777	(9,468)
Lawrence Hamson	22 June 2017	100,000	58,990	0.0%	62.2%	62,233	(971)

The TSR performance hurdle for Tranche 1 was not met. The EPS hurdle for Tranche 1 was met with EPS growth of 21% recorded over FY2016. The performance conditions for Tranche 2 of the FY2017 LTIPs have not been met and accordingly all Tranche 2 LTIP shares have been forfeited. The performance conditions for Tranche 3 of the FY2017 LTIPs have not been met. Accordingly, all Tranche 3 FY2017 LTIP shares will be forfeited in FY2020.

(H) STATUTORY REMUNERATION DETAILS AND OTHER STATUTORY DISCLOSURES

The following tables in respect to the FY2018 and FY2019 financial years detail the components of remuneration for each Non-Executive Director and Senior Executive of the Group.

FY2019 table of benefits and payments

	Cash salary/ Director's fees \$	STI/Bonus \$	Annual leave and long service leave \$	Post- employment benefits \$	Share based payments ⁽³⁾ \$	Total \$
Non-Executive Directors						
Brodie Arnhold	140,000	–	–	–	–	140,000
Trent Peterson ⁽¹⁾	80,000	–	–	–	–	80,000
Craig Mathieson	80,000	–	–	–	–	80,000
Brian Singer	70,000	–	–	–	–	70,000
Melanie Wilson ⁽²⁾	70,000	–	–	–	–	70,000
Senior Executives						
Cameron Fox	550,000	40,000	36,994	30,000	19,941	676,935
Lawrence Hamson	386,250	40,000	23,670	25,000	10,792	485,712
Philip Tine	310,500	75,000	8,396	20,531	6,438	420,865
TOTAL	1,686,750	155,000	69,060	75,531	37,171	2,023,512

(1) The directors fees paid to Trent Peterson are paid to Catalyst Direct Capital Management Pty Ltd.

(2) The directors fees paid to Melanie Wilson are paid to Peandel Pty Ltd.

(3) Share based payments refer to LTI Shares only.

FY2018 table of benefits and payments

	Cash salary/ Director's fees \$	STI/Bonus \$	Annual leave and long service leave \$	Post- employment benefits \$	Share based payments ⁽⁴⁾ \$	Total \$
Non-Executive Directors						
Brodie Arnhold	140,000	–	–	–	–	140,000
Trent Peterson ⁽¹⁾	80,000	–	–	–	–	80,000
Craig Mathieson	80,000	–	–	–	–	80,000
Brian Singer	70,000	–	–	–	–	70,000
Melanie Wilson ⁽²⁾	70,000	–	–	–	–	70,000
Senior Executives						
Cameron Fox	550,000	–	(15,598)	30,000	27,899	592,301
Lawrence Hamson ⁽³⁾	375,000	14,062	(11,318)	25,000	6,179	408,923
Philip Tine ⁽³⁾	300,000	14,250	1,091	19,616	1,487	336,444
TOTAL	1,665,000	28,312	(25,825)	74,616	35,565	1,777,668

(1) The directors fees paid to Trent Peterson are paid to Catalyst Direct Capital Management Pty Ltd.

(2) The directors fees paid to Melanie Wilson are paid to Peandel Pty Ltd.

(3) During the year, the Board approved discretionary bonuses to Lawrence Hamson and Philip Tine.

(4) Share based payments refer to LTI Shares only.

DIRECTORS' REPORT (continued)

(I) ADDITIONAL STATUTORY INFORMATION

The Board may decide to pay Senior Executives discretionary bonus amounts in addition to their maximum STI amount under the STIP outlined above. The Board rarely exercises this discretion and only does so in exceptional circumstances.

(J) KMP SHAREHOLDINGS

The number of ordinary shares (excluding unvested LTIP shares) in Shaver Shop Group Limited held by each KMP of the Group during the financial year is as follows:

30 June 2019	Balance at Beginning of Year	On Market Sale of Shares	On Market Purchase of Shares	Shares Vested as Remuneration	Balance at End of Year
Directors					
Broderick Arnhold	2,907,000	–	–	–	2,907,000
Cameron Fox	2,180,024	–	211,411	–	2,391,435
Craig Mathieson	4,660,004	–	–	–	4,660,004
Brian Singer	6,258,004	–	–	–	6,258,004
Trent Peterson	347,619	–	–	–	347,619
Melanie Wilson	47,619	–	–	–	47,619
Senior Executives					
Lawrence Hamson	581,171	–	27,900	–	609,071
Philip Tine	–	–	–	–	–
TOTAL	16,981,441	–	239,311	–	17,220,752

LTIP holdings of KMP

The following table details the LTIP holding and the movements in the LTIP shares for KMP during FY2019.

Senior Executives	Balance at 30 June 2018	LTI Shares Granted as Remuneration	Vested/ Exercisable	Forfeited	Unvested Balance at 30 June 2019	Exercisable/ Vested at 30 June 2019
Cameron Fox	1,725,000	750,000	–	(856,777)	1,618,223	–
Lawrence Hamson	400,000	300,000	–	(162,233)	537,767	–
Philip Tine	100,000	200,000	–	(33,333)	266,667	–

During FY2019 750,000 LTIP shares with a fair value of \$0.3969 per share were granted to Cameron Fox with a grant date of 21 November 2018. The shares vest upon the satisfaction of the performance and service conditions noted earlier in this remuneration report.

During FY2019, 300,000 LTIP shares with a fair value of \$0.3969 per share were granted to Lawrence Hamson with a grant date of 21 November 2018. The shares vest upon the satisfaction of the performance and service conditions noted earlier in this remuneration report.

During FY2019, 200,000 LTIP shares with a fair value of \$0.3969 per share were granted to Philip Tine with a grant date of 21 November 2018. The shares vest upon the satisfaction of the performance and service conditions noted earlier in this remuneration report.

(K) CONTRACTUAL ARRANGEMENTS WITH SENIOR EXECUTIVES

The remuneration and other terms of employment for the CEO and senior executives are set out in formal service agreements as summarised below.

In FY2019 the CEO was entitled to fixed remuneration of \$580,000 (FY2018: \$580,000) whilst the fixed remuneration for other Senior Executives was in the range of \$330,000 to \$415,000.

All service agreements are for an unlimited duration. The Chief Executive Officer's contract may be terminated by giving six months' notice (except in the case of serious or wilful misconduct). The Chief Financial Officer's contract may be terminated by giving eight weeks' notice.

No contracted retirement benefits are in place with any of the Company's Senior Executives.

(L) LOANS MADE TO KMP

The following information relates to KMP loans made, guaranteed or secured during the reporting period on an aggregate basis.

	Balance at beginning of the year \$	Balance at the end of the year \$	Provision for bad debts expense \$	KMP No.
Employee Share Plan Loans	56,189	56,189	–	1

Loans to KMP arise as a result of the early Shaver Shop long-term incentive plans. The above KMP loans related to incentive plans established prior to the Company's IPO and are repayable after a maximum period of six years or upon disposal of the shares.

(M) TRANSACTIONS WITH KMP (EXCLUDING LOANS)

There were no other material transactions or contracts with KMP except as disclosed elsewhere in the remuneration report.

Signed in accordance with a resolution of the Board of Directors:



Broderick Arnhold

Director

Melbourne

26 August 2019

AUDITOR'S INDEPENDENCE DECLARATION

under Section 307C of the Corporations Act 2001 to the Directors of Shaver Shop Group Limited and Controlled Entities



Auditor's Independence Declaration

As lead auditor for the audit of Shaver Shop Group Limited for the year ended 30 June 2019, 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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
26 August 2019

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Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2019

		Consolidated	
	Note	2019 \$	2018 \$
Revenue from continuing operations	5(a)	167,437,468	155,003,645
Cost of goods sold		(96,078,433)	(90,940,076)
Gross profit from corporate owned retail stores		71,359,035	64,063,569
Franchise and other revenue	5(b)	1,623,087	2,024,092
Employee benefits expense		(27,182,090)	(22,694,562)
Depreciation and amortisation expense	6	(2,316,528)	(2,051,702)
Marketing and advertising expenses		(7,013,769)	(7,808,791)
Occupancy expenses		(15,497,371)	(14,210,565)
Other expenses		(10,759,156)	(9,203,742)
Finance costs (net)	6	(591,331)	(450,798)
Profit before income tax		9,621,877	9,667,501
Income tax expense	7	(2,952,273)	(3,112,061)
Profit for the year		6,669,604	6,555,440
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations	21(a)	(41,179)	35,382
Other comprehensive income for the year		(41,179)	35,382
Total comprehensive income for the year		6,628,425	6,590,822
Profit attributable to:			
Members of the parent entity		6,669,604	6,555,440
Total comprehensive income attributable to:			
Members of the parent entity		6,628,425	6,590,822
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company			
Basic earnings per share (weighted average shares)	22	5.5	5.3
Diluted earnings per share (weighted average shares)	22	5.4	5.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	3,942,085	2,926,951
Trade and other receivables	11	2,127,566	2,658,826
Inventories	12	25,649,085	23,894,168
Current tax receivable	26	1,314,734	1,627,119
TOTAL CURRENT ASSETS		33,033,470	31,107,064
NON-CURRENT ASSETS			
Property, plant and equipment	13	12,383,833	10,279,854
Deferred tax assets	26	4,408,630	5,850,250
Intangible assets	14	42,969,846	42,655,014
TOTAL NON-CURRENT ASSETS		59,762,309	58,785,118
TOTAL ASSETS		92,795,779	89,892,182
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	17,157,974	14,736,313
Borrowings	17	–	11,324,267
Employee benefits	16	1,410,857	1,162,671
Other liabilities	18	663,796	602,012
TOTAL CURRENT LIABILITIES		19,232,627	27,825,263
NON-CURRENT LIABILITIES			
Borrowings	17	10,324,099	–
Other liabilities	18	3,002,611	3,098,700
TOTAL NON-CURRENT LIABILITIES		13,326,710	3,098,700
TOTAL LIABILITIES		32,559,337	30,923,963
NET ASSETS		60,236,442	58,968,219
EQUITY			
Issued capital	19	48,872,261	48,897,435
Reserves	21	400,080	376,974
Retained earnings	23	10,964,101	9,693,810
TOTAL EQUITY		60,236,442	58,968,219

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2019

2019

	Note	Ordinary Shares \$	Retained Earnings \$	Other reserves \$	Total \$
Balance at 1 July 2018		48,897,435	9,693,810	376,974	58,968,219
Profit for the period		–	6,669,604	–	6,669,604
Other comprehensive income		–	–	(41,179)	(41,179)
Total comprehensive income		–	6,669,604	(41,179)	6,628,425
Transactions with owners in their capacity as owners					
Share buybacks	19	(25,174)	–	–	(25,174)
Dividends provided for or paid	20	–	(5,399,313)	–	(5,399,313)
Employee share schemes – value of employee services	33	–	–	64,285	64,285
Balance at 30 June 2019		48,872,261	10,964,101	400,080	60,236,442

2018

	Note	Ordinary Shares \$	Retained Earnings \$	Other reserves \$	Total \$
Balance at 1 July 2017		50,385,497	8,390,630	290,942	59,056,622
Profit for the period		–	6,555,440	–	6,555,440
Other comprehensive income		–	–	35,382	35,382
Total comprehensive income		–	6,555,440	35,382	6,590,822
Transactions with owners in their capacity as owners					
Share buybacks	19	(1,488,062)	–	–	(1,488,062)
Dividends provided for or paid	20	–	(5,252,260)	–	(5,252,260)
Employee share schemes – value of employee services	33	–	–	50,650	50,650
Balance at 30 June 2018		48,897,435	9,693,810	376,974	58,968,219

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of GST)		184,712,475	169,794,010
Payments to suppliers and employees (inclusive of GST)		(170,390,080)	(150,871,676)
		14,322,395	18,922,335
Interest received		54,330	42,526
Interest paid		(645,660)	(493,324)
Income taxes paid		(1,057,026)	(2,926,657)
Payments for due diligence costs		(985,000)	–
Net cash inflow from operating activities	32	11,689,039	15,544,880
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property, plant and equipment		(4,448,772)	(3,072,293)
Landlord contributions for new premises fitouts		575,000	–
Payments for acquisition of corporate stores	8	(335,478)	(4,694,585)
Net cash outflows from investing activities		(4,249,250)	(7,766,878)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		7,500,000	10,000,000
Repayment of borrowings		(8,500,168)	(10,500,000)
Payments for share buy-backs	19	(25,174)	(1,488,062)
Dividends paid	20	(5,399,313)	(5,252,260)
Net cash inflows from financing activities		(6,424,655)	(7,240,322)
Net increase/(decrease) in cash and cash equivalents held		1,015,134	537,680
Cash and cash equivalents at beginning of financial year		2,926,951	2,389,271
Cash and cash equivalents at end of financial year	10	3,942,085	2,926,951

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

1 BASIS OF PREPARATION

The consolidated financial report covers Shaver Shop Group Limited and its controlled entities ('the Group'). Shaver Shop Group Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.

COMPLIANCE WITH IFRS

These financial statements and associated notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 26 August 2019. Comparatives are consistent with prior years, unless otherwise stated.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 of goodwill impairment, refer to Note 14, and recoverable amount of inventory, refer to Note 12.

3 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

As a result of the changes in the entity's accounting policies, prior year financial statements had to be restated. As explained in note 3 a) and b) below, AASB 9 was adopted without restating comparative information and AASB 15 was adopted by restating comparative information as a result of a customer's right to return a product.

(A) AASB 9 FINANCIAL INSTRUMENTS – IMPACT OF ADOPTION

The only significant impact to the Group in the adoption of AASB 9 is in relation to the impairment methodology used for valuing financial assets.

Impairment of financial assets

The Group has three types of financial assets that are subject to AASB 9's new expected credit loss model:

- > trade receivables for rebates from suppliers;
- > trade receivables from sales of inventory to franchisees; and
- > trade receivables from franchisee royalties.

Each of these classes of receivables have observed very low historical default rates given:

- a) Amounts owed from franchisees are usually direct debited on a monthly basis; and
- b) Rebates from suppliers are generally confirmed with suppliers before the related invoice is raised and Shaver Shop's largest suppliers are leading global brands in the personal care category.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 CHANGES IN ACCOUNTING POLICIES continued

The Group was required to revise its impairment methodology under AASB 9 for each of these classes of assets and apply a lifetime expected loss allowance. The impact of the change in impairment methodology did not have a material impact on the Group's provisions and accordingly no adjustment to retained earnings and equity was made. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

(B) AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group has adopted AASB 15 *Revenue from Contracts with Customers* from 1 July 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in AASB 15, the Group has adopted the new rules retrospectively and has restated comparatives for the 2018 financial year.

In summary, the following adjustments were made to amounts recognised in the balance sheet at the date of initial application (1 July 2018):

	AASB 118 carrying amount 30 June 2018 \$	Remeasure- ments \$	AASB 15 carrying amount 1 July 2018 \$
Trade & other receivables	2,532,398	126,428	2,658,826
Trade & other payables	14,583,933	152,386	14,736,313
Retained earnings	9,719,768	(25,958)	9,693,810

The impact on the Group's retained earnings as at 1 July 2017 and 1 July 2018 is as follows:

	2018 \$	2017 \$
Retained earnings – prior to AASB 15 restatement	9,719,768	8,406,142
Accounting for refunds	(25,958)	(15,512)
Opening retained earnings 1 July – after AASB 15 restatement	9,693,810	8,390,630

Accounting for refunds to customers

The Group operates a national chain of retail stores selling personal grooming solutions and health and beauty appliances for men and women.

Revenue from the sale of goods is recognised when a Group entity sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the goods. It is the Group's policy to sell its products to the end customer with a 21 day period to return the product for either a refund or exchange, subject to original proof of purchase being provided and the item being in original condition (including packaging) and not used.

When the customer has a right to return the product within a given period, the Group is obliged to refund the purchase price. Shaver Shop offers customers the right to return products for some product categories (primarily long term hair reduction appliances).

The Group previously did not recognise a provision for returns as the value of returns was immaterial for goods that were sold with a right of return. Under AASB 15, a refund liability for the expected refunds to customers is recognised as an adjustment to revenue of \$152,386 at 1 July 2018 in trade and other payables. At the same time, Shaver Shop has a right to recover the product from the customer where the customer exercises their right of return and recognises an asset and a corresponding adjustment to cost of sales of \$126,428 at 1 July 2018. The asset is measured by reference to the former carrying amount of the product. The costs to recover the products are not material because the customer usually returns the product in a saleable condition at the store. To reflect this change in policy, the group has recognised other payables of \$152,386 and other current assets of \$126,428 on 1 July 2018.

Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been relatively steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS FOR CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Shaver Shop Group Limited ('Company' or 'Parent entity') as at 30 June 2019 and the results of all subsidiaries for the period then ended. Shaver Shop Group Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of controlled entities is contained in Note 28 to the financial statements.

(B) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 16 Leases

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The possible exceptions are short-term and low-value leases.

AASB 16 Leases is effective for the Group from 1 July 2019 and will have a significant impact on the Group's consolidated financial statements for the year ended 30 June 2020. The Group has identified the arrangements that will be subject to the new standard, which are primarily the leases for the Group's retail stores as well as its support office.

The Group will apply the standard from its mandatory adoption date of 1 July 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The Group has substantially completed its implementation of the new standard, however certain technical judgemental aspects remain open, including the determination of lease terms for certain leases with options and leases in holdover which could have a material impact on the outcomes under the new standard. An indicative range of the financial impacts from adoption is set out below and allowing for these uncertainties. The actual financial impacts on the results of the Group will be dependent on any new leases or lease renewal arrangements entered into during the financial period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Estimated impact on the balance sheet as at 1 July 2019

	Estimated impact \$ millions
Recognition of lease receivable	3.1 – 3.3
Recognition of right of use asset	28.5 – 29.5
Recognition of lease liability	37.5 – 38.5
De-recognition of lease incentive/liability	3.6 – 3.7
Reduction in net assets	1.5 – 2.5

Estimated impact on the income statement for the year ending 30 June 2020

	Estimated impact \$ millions
Decrease in occupancy expenses	10.5 – 13.0
Increase in depreciation expense	8.1 – 11.0
Increase in finance cost (net)	1.1 – 2.2

There will be no net effect to the consolidated statement of cashflows as a result of adopting the new standard, however operating cashflow will increase and financing cashflow will decrease by a corresponding amount.

The Group holds the head lease for stores operated by franchisees under a franchise agreement. There were 8 stores operated by franchisees at 30 June 2019. For these leases the Group will establish a lease liability together with an equivalent lease receivable on its balance sheet on 1 July 2019. Interest income recognised from the lease receivable will be offset by interest expense recognised from the lease liability.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(C) BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(D) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group operates within one operating segment, being retail store sales of a variety of specialist personal grooming products through their corporate stores, and royalty income from franchise stores.

(E) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Shaver Shop Group Limited's functional and presentation currency.

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit and loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(F) REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are presented net of returns, trade allowances, discounts, rebates and amounts collected on behalf of third parties. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. This is generally in store when the customer purchases the goods or services or on delivery in the case of online sales.

Revenue is recognised for the major business activities using the methods outlined below:

Sale of goods

The Group operates a chain of retail stores selling personal grooming products. Revenue from the sale of goods is recognised at a point in time when a Group entity sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the product and takes delivery in store. It is the Group's policy to sell its products to the end customer with a right of return within 21 days. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been relatively steady for a number of years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

Interest income

Interest is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Franchise royalty fee income

Franchise royalty fee income includes advertising contributions and is recognised at a point in time when a franchisee sells a product to a customer. It is based upon a percentage of franchisee sales, and is recognised on an accrual basis.

(G) INCOME TAX

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. However, deferred tax liabilities are recognised in respect of any adjustments to goodwill subsequent to initial recognition. On that basis, deferred tax liabilities have been recognised in the year in respect of additions to goodwill in respect of franchise buyback activities, to the extent that they are deductible in calculating current tax expense in the year. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount of tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive or directly in equity, respectively.

(H) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(I) LEASES

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

As disclosed in Note 4(b), the Company will apply the new Lease accounting standard from 1 July 2019 using the simplified transition approach and accordingly, will not restate comparative amounts for the year prior to adoption.

(J) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter of the lease term and the assets' useful life as follows:

Fixed asset class	
Plant and Equipment	2-12 years
Computer Equipment	1-7 years
Leasehold Improvements	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying value. These are included in profit or loss.

(K) IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(L) INTANGIBLE ASSETS

Goodwill

Goodwill is measured as described in note 2(b). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, are identified according to operating segments.

Brand names

Brand names have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of the brand names over their useful life of 20 years.

(M) CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(N) FINANCIAL ASSETS

The Group has adopted AASB 9 *Financial Instruments* from 1 July 2018 which replaces AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, a new model for calculating the provision for doubtful debts (now termed the credit loss allowance) and new hedge accounting requirements.

Credit losses on trade receivables

The Group has elected to apply the simplified approach to measuring expected credit losses, using the lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. A provision matrix is then determined based on the historic credit loss rate for each group, adjusted for any material expected changes to the future credit risk for that group. The difference between the credit loss allowances calculated under AASB 9 compared to the incurred loss calculated under AASB 139 is not material to the Group.

(O) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of purchases and direct shipping costs to bring the inventories into their current location. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(P) TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(Q) EMPLOYEE BENEFITS

Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period. These are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables. Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Other long term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related services are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high-quality corporate bond rates with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Share based payments

Share based compensation benefits are provided to employees via the LTI Plan.

LTI Plan

The fair value of shares granted under the Shaver Shop Group Limited Long Term Incentive Plan (LTIP) is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- > Including any market performance conditions (for example the entity's share price)
- > Excluding the impact for any service and non-market performance vesting conditions (for example, sales growth targets, profitability and an employee remaining an employee of the entity over a specified time period), and
- > Including the impact of non-vesting conditions (for example the requirement for employees to hold shares for a specified period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specific vesting conditions are to be satisfied. At the end of each period, the entity revises estimates of the number of shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(R) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(S) BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

(T) PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(U) EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares (including performance rights) and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(V) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- > AASB 9 *Financial Instruments*, and
- > AASB 15 *Revenue from Contracts with Customers*.

The impact of the adoption of these standards and the new accounting policies are disclosed in note 3 above.

5 REVENUE AND OTHER INCOME

(A) REVENUE FROM CONTINUING OPERATIONS

	2019 \$	2018 \$
Sales revenue		
Retail sales	167,437,468	155,003,645
Total Revenue	167,437,468	155,003,645

(B) FRANCHISE AND OTHER REVENUE AND OTHER GAINS / (LOSSES)

	2019 \$	2018 \$
Franchise revenue		
Franchise royalties	1,594,126	1,976,915
Franchise fees	13,902	–
	1,608,028	1,976,915
Other revenue		
Other revenue	15,059	47,295
Other gains / (losses)		
(Loss) on disposal of Property, Plant & Equipment	–	(118)
	15,059	47,177
Total franchise and other revenue	1,623,087	2,024,092

6 EXPENSES

The result for the year includes the following specific expenses:

	2019 \$	2018 \$
Finance Costs (net)		
Interest and finance charges	645,661	493,324
Interest income	(54,330)	(42,526)
Finance Costs (net)	591,331	450,798
Amortisation		
Brand names	72,584	72,488
Depreciation		
Property, plant & equipment	2,243,944	1,979,214
Depreciation and amortisation expense	2,316,528	2,051,702
Rental expense relating to operating leases		
Minimum lease payments	12,317,981	11,361,076

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 INCOME TAX EXPENSE

(A) THE MAJOR COMPONENTS OF TAX EXPENSE (INCOME) COMPRISE:

	2019 \$	2018 \$
Current tax expense		
Current tax on profits for the year	1,318,602	1,065,725
Deferred tax expense		
Movement in deferred tax assets	1,660,065	2,085,098
Movement in deferred tax liabilities	(26,394)	(38,762)
Income tax expense relating to continuing operations	2,952,273	3,112,061

(B) RECONCILIATION OF INCOME TAX TO ACCOUNTING PROFIT:

	2019 \$	2018 \$
Profit from continuing operations before income tax expense	9,621,877	9,677,948
Tax at the Australian tax rate of 30% (2018: 30%)	2,886,563	2,903,387
Add:		
Tax effect of:		
> Non-deductible depreciation and amortisation	20,038	20,038
> Other non-deductible items	19,286	29,608
	2,925,887	2,953,033
Less/(Add):		
Tax effect of:		
> Other	26,386	159,028
Income tax attributable to parent entity	2,952,273	3,112,061
Income tax expense	2,952,273	3,112,061

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 five years is recognised as a deferred tax asset and included in the calculation of goodwill. 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.

8 BUSINESS COMBINATIONS

The Company acquired one franchise store on 30 October 2018 for a total purchase consideration of \$335,478.

The acquisition is expected to increase the Group's retail sales and synergies are expected to arise after the Company's acquisition of the store.

Details of the purchase consideration, the net assets acquired and the resulting goodwill are as follows:

	Total \$
Purchase consideration:	
> Cash	335,478
Total purchase consideration	335,478
Assets or liabilities acquired:	
Inventories	82,319
Payables	(296,841)
Deferred tax assets	165,000
Total net identifiable assets acquired and liabilities assumed	(49,522)
Goodwill	385,000

The goodwill is attributable to the retail store bought back, strong profitability in trading personal grooming products and synergies expected to arise after the Company's acquisition of the store. The goodwill is not expected to be deductible for tax purposes.

Revenue of the acquired franchise store included in the consolidated revenue of the Group since the acquisition date amounted to \$1.3 million.

Had the results of the acquired franchise store been consolidated from 1 July 2018, additional revenue of the Group would have been \$0.36 million for the year ended 30 June 2019.

Acquisition related costs for the franchise buyback were not material and are included in other expenses in the profit and loss statement.

9 OPERATING SEGMENTS

SEGMENT INFORMATION

The Group operates within one operating segment, being retail 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 Company is the Chief Executive Officer. Total 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. At 30 June 2019, the Group operated 107 Corporate Stores in Australia (2018: 100) and 6 Corporate Stores in New Zealand (2018: 6).

10 CASH AND CASH EQUIVALENTS

	2019 \$	2018 \$
Cash at bank and on hand	3,942,085	2,926,951

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 TRADE AND OTHER RECEIVABLES

	Note	2019 \$	2018 \$
CURRENT			
Trade receivables		1,379,898	1,689,732
Prepayments		332,228	481,447
Accrued income		250,000	243,592
Related party receivables	31(c)	81,377	81,377
Other receivables		84,063	162,678
Total current trade and other receivables		2,127,566	2,658,826

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

12 INVENTORIES

	2019 \$	2018 \$
Finished goods	25,649,085	23,894,168

AMOUNTS RECOGNISED IN PROFIT AND LOSS

Inventories recognised as an expense during the year ended 30 June 2019 amounted to \$96,078,433 (2018: \$90,920,438). These were recognised in cost of goods sold. The Company has created a provision for slow moving inventories. At 30 June 2019, this amounted to \$738,412 (2018: \$688,412). Any movement in the slow moving stock provision for the year is recognised in cost of goods sold.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – RECOVERABLE AMOUNT OF INVENTORY

Management has assessed the value of inventory that requires a provision due to the inventory being slow moving, using past experience and judgement on the likely sell through rates of various items of inventory. To the extent that these judgements and assumptions prove incorrect, the Group may be exposed to potential additional inventory write-downs or write-backs in future periods.

13 PROPERTY, PLANT AND EQUIPMENT

	2019 \$	2018 \$
Capital works in progress		
At cost	2,100,992	1,508,131
Plant and equipment		
At cost	13,969,285	12,104,009
Accumulated depreciation	(4,929,956)	(4,232,959)
Total plant and equipment	9,039,329	7,871,050
Computer equipment		
At cost	2,089,131	1,503,801
Accumulated depreciation	(855,427)	(614,416)
Total computer equipment	1,233,704	889,385
Improvements		
At cost	14,798	14,798
Accumulated depreciation	(4,990)	(3,510)
Total improvements	9,808	11,288
Total property, plant and equipment	12,383,833	10,279,854

MOVEMENTS IN CARRYING AMOUNTS OF PROPERTY, PLANT AND EQUIPMENT

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

Consolidated	Leasehold Improvements in Progress \$	Plant and Equipment \$	Computer Equipment \$	Improvements \$	Total \$
Year ended 30 June 2019					
Balance at the beginning of the year	1,508,131	7,871,050	889,385	11,288	10,279,854
Additions	4,437,247	-	51,525	-	4,488,772
Disposals	-	(153,013)	(230)	-	(153,243)
Transfers	(3,844,386)	3,098,245	746,141	-	-
Depreciation expense	-	(1,789,352)	(453,112)	(1,480)	(2,243,944)
Foreign exchange movements	-	12,399	(5)	-	12,394
Balance at the end of the year	2,100,992	9,039,329	1,233,704	9,808	12,383,833

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 PROPERTY, PLANT AND EQUIPMENT continued

Consolidated	Leasehold Improvements in Progress \$	Plant and Equipment \$	Computer Equipment \$	Improvements \$	Total \$
Year ended 30 June 2018					
Balance at the beginning of the year	380,759	6,809,871	797,951	12,767	8,001,348
Additions	4,280,483	2,308	–	1	4,282,792
Disposals	–	(118)	–	–	(118)
Transfers	(3,153,111)	2,720,134	432,977	–	–
Depreciation expense	–	(1,636,577)	(341,156)	(1,480)	(1,979,213)
Foreign exchange movements	–	(24,568)	(387)	–	(24,955)
Balance at the end of the year	1,508,131	7,871,050	889,385	11,288	10,279,854

14 INTANGIBLE ASSETS

MOVEMENTS IN CARRYING AMOUNTS OF INTANGIBLE ASSETS

	Brand names \$	Goodwill \$	Total \$
Year ended 30 June 2019			
Opening net book value	965,750	41,689,264	42,655,014
Additions through business combinations	–	385,000	385,000
Amortisation	(72,584)	–	(72,584)
Foreign exchange movements	2,416	–	2,416
Closing value at 30 June 2019	895,582	42,074,264	42,969,846
Year ended 30 June 2018			
Opening net book value	1,041,612	38,806,927	39,848,539
Additions through business combinations	–	2,882,337	2,882,337
Amortisation	(72,488)	–	(72,488)
Foreign exchange movements	(3,374)	–	(3,374)
Closing value at 30 June 2018	965,750	41,689,264	42,655,014

For the purpose of impairment testing, goodwill is monitored as one operating segment.

Significant estimate: key assumptions used for value-in-use calculations

The Group performed its annual impairment testing as at 30 June 2019. The Group considers the relationship between its market capitalisation and its carrying value, among other factors, when reviewing for indicators of impairment. The recoverable amount of the relevant CGUs has been determined based on the value in use calculation using cash flow projections from budgets approved by senior management and presented to the Board of Directors covering a five year period. Cash flows beyond the five year period are extrapolated using estimated growth rates of 2.5% (2018: 2.5%).

The pre-tax discount rate applied to cash flow projected is 13.1% (2018: 12.9%).

The value in use calculation is most sensitive to the following key assumptions:

- > Gross margin
- > Growth rate
- > Discount rate

Gross margin: Gross margin is based on average values achieved in the past. Margins are not increased over the forecast timeline. The gross margin used in the forecast period is 42.9% (2018: 42.3%) based on average gross margins achieved historically together with expectations of the future.

Growth rate: Sales growth rates are based on management's best estimates of anticipated growth (based on industry and company considerations) in the short to medium term and consider the historical average like for like sales growth achieved in the past. The growth rate in the terminal year is 2.5% (2018: 2.5%) and the same store sales growth rate used for the five year forecast period is 3.0% (2018: 3%).

Discount rate: The discount rate is specific to the Group's circumstances and is derived from its weighted average cost of capital (WACC). The WACC takes into account the cost of both debt and equity. The cost of equity is determined by the expected return on investment by the Group's shareholders. The cost of debt is based on the risk free interest rate as well as a margin that takes into consideration both industry and company specific risk factors.

Sensitivity analysis: Management recognises that the recoverable amount of goodwill is sensitive to the assumptions used in the model. Using the assumption outlined above, the surplus of the recoverable amount over the carrying value of goodwill at 30 June 2019 is \$51.5 million. If all of the following scenarios happen together, the recoverable amount of the CGU would equal its carrying amount: the five year forecasted growth rate decreased from 3.0% to 1.1%, the growth rate in the terminal year decreased from 2.5% to 2.0% and the discount rate increased to a post-tax discount rate of 10.5% from 9.9%

15 TRADE AND OTHER PAYABLES

	2019 \$	2018 \$
CURRENT		
Unsecured liabilities		
Trade payables	14,723,881	12,971,973
GST payable	711,652	490,568
Sundry payables and accrued expenses	1,722,441	1,273,772
	17,157,974	14,736,313

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

16 EMPLOYEE BENEFITS

	2019 \$	2018 \$
CURRENT LIABILITIES		
Provision for employee benefits	1,410,857	1,162,671

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 EMPLOYEE BENEFITS continued

The provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro rata payments in certain circumstances. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	2019 \$	2018 \$
Leave obligations expected to be settled after 12 months	296,869	228,809

17 BORROWINGS

	2019 \$	2018 \$
CURRENT		
Secured liabilities:		
Bank loans	–	11,324,267
Total current borrowings	–	11,324,267
NON-CURRENT		
Secured liabilities:		
Bank loans	10,324,099	–
Total non-current borrowings	10,324,099	–
Total borrowings	10,324,099	11,324,267

In July 2018, Shaver Shop refinanced its existing bank facilities and established a new \$20.0 million multi-option debt facility with a \$1.0 million facility to support bank guarantees. The facility has a term of two years, expiring on 31 July 2020.

(A) COLLATERAL

The carrying amounts of current and non-current assets pledged as collateral for liabilities are:

	2019 \$	2018 \$
Fixed and Floating charge:		
– cash and cash equivalents	3,942,085	2,926,951
– trade receivables	1,379,898	1,689,732
– inventories	25,649,085	23,894,168
– plant and equipment	12,383,833	10,279,854

Under the terms of the major borrowing facilities, as at 30 June 2019, the Group was required to comply with the following primary financial covenants:

- a) the ratio of debt to EBITDA must be less than or equal to 2.0;
- b) the ratio of EBITDA plus occupancy costs to occupancy cost plus interest expense must be greater than 1.5; and
- c) the ratio of total assets less total liabilities to total assets must be greater than 0.5.

During the current and prior year, there were no defaults on borrowings or breaches of debt covenants.

18 OTHER LIABILITIES

	2019 \$	2018 \$
CURRENT		
Deferred lease incentive liabilities	663,796	602,012
NON-CURRENT		
Deferred lease incentive liability	1,787,096	1,979,481
Deferred rent liability	1,215,515	1,119,219
Total non-current other liabilities	3,002,611	3,098,700
Total	3,666,407	3,700,712

19 ISSUED CAPITAL

	2019 \$	2018 \$
125,531,498 (2018: 125,062,692) Ordinary shares	48,872,261	48,897,435

Shaver Shop has issued 3,734,306 (FY2018: 3,210,000) shares (LTI Plan Shares) under its Long Term Incentive Plan (LTI Plan). The LTI Plan Shares have vesting criteria and are therefore only included, if appropriate, in diluted share calculations and are not included in the calculation of basic weighted average shares outstanding.

(A) MOVEMENTS IN SHARE CAPITAL

	2019 \$	2018 \$
At the beginning of the reporting period	48,897,435	50,385,497
Shares bought back through on market buy-back	(25,174)	(1,488,062)
At the end of the reporting period	48,872,261	48,897,435

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 ISSUED CAPITAL continued

Number of shares outstanding	2019 No.	2018 No.
At the beginning of the reporting period	125,062,692	126,387,040
Unvested LTIP shares issued in period	1,990,000	1,910,000
Unvested LTIP shares cancelled in period	(1,465,694)	–
Shares bought back through on market buy-back	(55,500)	(3,234,348)
At the end of the reporting period	125,531,498	125,062,692

Share buy-back

On 26 October 2017, the Company announced an on-market share buy-back of up to 12.5 million shares, which commenced in November 2017. During the year ended 30 June 2019, the Company bought back and cancelled 55,500 (2018: 3,234,348) shares, under the on-market share buyback mechanism, at an average price per share of \$0.45 (2018: \$0.46). The share buy-back program is now complete.

Calculation of weighted average number of diluted shares

	2019 No.	2018 No.
Weighted average number of ordinary shares used for calculating basic earnings per share	121,797,192	124,189,119
Adjustment for weighted average number of LTI Plan Shares issued (unvested shares)	1,046,795	–
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	122,843,987	124,189,119

The LTI Plan Shares are included in the calculation of the weighted average number of fully diluted shares outstanding when the average market price of the Company's shares is above the exercise price of the LTI Plan Shares for the year ended 30 June 2019. Additional LTI Plan Shares could potentially be included in the number of fully diluted shares outstanding in the future.

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(B) CAPITAL MANAGEMENT

Capital of the Group is managed in order to safeguard the ability of the Group to continue as a going concern, to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure.

The Group monitors capital through the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is defined as equity per the consolidated statement of financial position plus net debt.

There are no externally imposed capital requirements.

20 DIVIDENDS

	2019 \$	2018 \$
The following dividends were declared and paid:		
Fully franked FY2018 final dividend of 2.4 cents per share (2017: 2.4 cents per share, fully franked)	2,941,843	3,009,666
80% franked FY2019 interim dividend of 2.0 cents per share (2018: 1.8 cents per share, fully franked)	2,457,470	2,242,594
	2019 \$	2018 \$
Total dividends per share declared and paid	0.044	0.042

FRANKING ACCOUNT

	2019 \$	2018 \$
The franking credits available for subsequent financial years at a tax rate of 30%	1,109,120	2,222,615

The above available balance is based on the dividend franking account at year-end adjusted for:

- (a) Franking credits that will arise from the payment/(receipt) of the current tax liabilities/(receivable);
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.

21 RESERVES

	2019 \$	2018 \$
Foreign currency translation reserve		
Opening balance	6,696	(28,686)
Currency translation differences arising during the year	(41,179)	35,382
Balance at 30 June	(34,483)	6,696
Share based payments reserve		
Opening balance	370,278	319,628
Transfers in	64,285	50,650
Balance at 30 June	434,563	370,278
Total	400,080	376,974

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 RESERVES continued

(A) FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(B) SHARE BASED PAYMENTS RESERVE

This reserve records the cumulative value of employee service received for the issue of share options. When the option is exercised the amount in the share option reserve is transferred to share capital.

22 EARNINGS PER SHARE

	2019 \$	2018 \$
Profit from continuing operations	6,669,604	6,555,440
Earnings used to calculate basic EPS from continuing operations	6,669,604	6,555,440

Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS and diluted EPS:

	2019 No.	2018 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	121,797,192	124,189,119
Weighted average number of ordinary shares outstanding during the year used in calculating fully diluted EPS	122,843,987	124,189,119

INFORMATION CONCERNING CLASSIFICATION OF SECURITIES

LTI Plan shares granted to participants are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required TSR and EPS hurdle would have been met based on the company's performance up to the reporting date, and to the extent to which they are dilutive.

23 RETAINED EARNINGS

	2019 \$	2018 \$
Retained earnings at beginning of the financial year	9,693,810	8,390,624
Net profit for the year	6,669,604	6,555,440
Dividends paid	(5,399,313)	(5,252,254)
Retained earnings at end of the financial year	10,964,101	9,693,810

24 CAPITAL AND LEASING COMMITMENTS

(A) OPERATING LEASES

	2019 \$	2018 \$
Minimum lease payments under non-cancellable operating leases:		
> not later than one year	11,164,794	9,934,870
> between one year and five years	22,447,805	21,001,659
> later than five years	1,143,381	1,530,834
	34,755,980	32,467,363

Operating leases have been taken out for retail stores and head office. Lease payments are increased on an annual basis to reflect market rentals. The Company has Bank Guarantees in place as security for rental payments on several of its locations. As at 30 June 2019, \$630,927 was drawn under the Company's bank guarantee facility.

The AASB has issued a new standard to govern accounting for leases. This will replace AASB 117 which previously governed the accounting and disclosure of leases. Further detail on the impact of the adoption of AASB 16 is outlined in Note 4(b).

25 FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The Group does not speculate in derivative financial instruments.

The most significant financial risks to which the Group is exposed to are described below:

Risk	Exposure arising from
Liquidity risk	Borrowings, bank overdrafts and other liabilities
Credit risk	Cash at bank and trade receivables
Market risk – currency risk	Recognised assets and liabilities not denominated in Australian dollars
Market risk – interest rate risk	Borrowings at variable rates

OBJECTIVES, POLICIES AND PROCESSES

Risk management is carried out by the Group's senior management and the Board of Directors. The Chief Financial Officer has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Group, these policies and procedures are then approved by the risk management committee and tabled at the Board meeting following their approval. Reports are presented to the Board regarding the implementation of these policies and any risk exposure which the Risk Management Committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

LIQUIDITY RISK

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

NOTES TO THE FINANCIAL STATEMENTS (continued)

25 FINANCIAL RISK MANAGEMENT continued

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling six-week projection. Long-term liquidity needs for an 180-day and a 360-day period are identified monthly.

(i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2019 \$	2018 \$
Commercial advance facilities	9,675,901	11,675,733
Bank guarantee facility	369,073	1,278,084
Total	10,044,974	12,953,817

The multi-option facility has a limit of \$20.0 million and was drawn to \$10.3 million as at 30 June 2019. In addition, Shaver Shop has access to a bank guarantee facility with a limit of \$1.0 million was drawn to \$0.63 million as at 30 June 2019. The multi-option facility has interest rates varying from BBSY +1.10% to BBSY +1.55% depending on the sub facility being utilised.

(ii) Maturities of financial liabilities

The Group's liabilities have contractual maturities which are summarised below:

	Not later than 1 month		1 month to 1 year		1 to 2 years	
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$
Bank loans	–	11,324,267	–	–	10,678,943	–
Trade payables	14,506,275	12,971,973	–	–	–	–
Total	14,506,275	24,296,240	–	–	10,678,943	–

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the consolidated statement of financial position due to the effect of discounting.

The timing of expected outflows is not expected to be materially different from contracted cashflows.

CREDIT RISK

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to certain customers, including outstanding receivables and committed transactions.

The Group has adopted a policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. In addition, sales to retail customers are required to be settled in cash or through the use of major credit cards, reducing credit risk associated with sales.

Trade receivables consist mainly of supplier rebates and franchise royalty income owing to the Group. Ongoing credit evaluation is performed on the financial condition of accounts receivable. No material impairment exists within trade receivables at year end.

CREDIT QUALITY

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	2019 \$	2018 \$
Cash at bank		
AA-(Standard & Poors)	3,942,085	2,926,951
Accounts receivable		
Counter parties with no external credit rating		
Group 1*	1,162,293	1,689,732

* Group 1: Existing counter parties (more than 12 months) with no defaults in the past.

MARKET RISK

(i) Foreign currency risk

Most of the Group transactions are carried out in Australian Dollars. Exposures to currency exchange rates arise from the Group's New Zealand operations which are denominated in New Zealand Dollars.

Whilst the Group's exposure to foreign currency is not considered to be material, the Group's exposure to non-Australian Dollar cash flows is monitored in accordance with the Group's risk management policies.

Shaver Shop Pty Ltd has an inter-company receivable of \$5.0 million at 30 June 2019 (30 June 2018: \$3.9 million). This balance represents the initial and ongoing investment in Shaver Shop's New Zealand operations.

Based on the year end balance, a 1% appreciation in the NZ dollar has approximately a \$35,000 impact on the company's pre-tax profit.

(ii) Interest rate risk

The Group is exposed to interest rate risk arising from both short-term and long-term variable rate borrowings. The Group does not hedge against interest rate movements and monitors the exposure to interest rate risk in accordance with the Group's risk management policy. All of the Group's borrowings are denominated in Australian Dollars.

As at the end of the reporting period, the Group had the following variable rate borrowings outstanding:

	Weighted average interest rate %	2019 \$	Weighted average interest rate %	2018 \$
Floating rate instruments				
Bank loans	3.50	10,324,099	3.92	11,324,267
Total	3.50	10,324,099	3.92	11,324,267

NOTES TO THE FINANCIAL STATEMENTS (continued)

Management considers that interests rates could reasonably increase by 1% or decrease by 0.5% (2018: increase of 1%, decrease of 0.5%). As these movements would not have a material impact on either the net result for the year or equity, no sensitivity analysis has been performed.

26 TAX ASSETS AND LIABILITIES

(A) CURRENT TAX ASSETS AND LIABILITIES

	2019 \$	2018 \$
Income tax receivable	1,314,734	1,627,119

(B) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	2019 \$	2018 \$
Deferred tax assets	4,408,630	5,850,250

	Note	Opening Balance \$	Charged to Income \$	Charged directly to Equity \$	Acquisition of Franchise Stores \$	Closing Balance \$
Deferred tax assets						
Provisions employee benefits		386,821	11,790	-	-	398,611
Accruals		457,732	(62,290)	-	-	395,442
Lease incentive liability		548,630	200,046	-	-	748,676
Cancellation of franchise licence on acquisition		4,143,600	(1,766,115)	-	1,170,000	3,547,485
IPO costs		1,142,468	(380,822)	-	-	761,646
Other		373,672	(87,707)	-	-	285,965
Set off Deferred Tax Liability		(326,337)	38,762	-	-	(287,575)
Balance at 30 June 2018		6,726,586	(2,046,336)	-	1,170,000	5,850,250

	Note	Opening Balance \$	Charged to Income \$	Charged directly to Equity \$	Acquisition of Franchise Stores \$	Closing Balance \$
Provisions employee benefits		398,611	62,970	–	–	461,581
Accruals		395,442	114,646	–	–	510,088
Lease incentive liability		748,676	(31,294)	–	–	717,382
Cancellation of franchise licence on acquisition	7	3,547,485	(1,599,446)	–	165,000	2,113,039
IPO costs		761,646	(380,823)	–	–	380,823
Other		285,965	200,933	–	–	486,898
Set off Deferred Tax Liability		(287,575)	26,394	–	–	(261,181)
Balance at 30 June 2019		5,850,250	(1,606,620)	–	165,000	4,408,630

27 AUDITORS' REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(A) PRICEWATERHOUSECOOPERS AUSTRALIA

	2019 \$	2018 \$
(i) Audit and other assurance services		
Audit of financial statements	189,000	170,000
Total remuneration for audit and other assurance services	189,000	170,000
(ii) Taxation services		
Tax services	50,062	100,089
Total remuneration for taxation services	50,062	100,089
(iii) Other Services		
Other consulting services	341,700	54,192
Total remuneration for other services	341,700	54,192
Total remuneration of PricewaterhouseCoopers Australia	580,762	324,281

NOTES TO THE FINANCIAL STATEMENTS (continued)

28 INTERESTS IN SUBSIDIARIES

The Group's subsidiaries as at 30 June 2019 are set out below.

	Principal place of business/ Country of Incorporation	Percentage Owned (%)* 2019	Percentage Owned (%)* 2018
Subsidiaries:			
Lavomer Riah Pty Ltd	Australia	100	100
Shaver Shop Pty Ltd	Australia	100	100
Shaver Shop (New Zealand) Limited	New Zealand	100	100

* The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

29 DEED OF CROSS-GUARANTTEE

Shaver Shop Group Limited, Lavomer Riah Pty Ltd and Shaver Shop Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. Under ASIC class order 98/1418 there is no requirement for these subsidiaries to prepare or lodge a consolidated financial report and directors' report as a result of entering into the deed.

These companies represent a closed Group for the purposes of the class order.

The consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position, comprising the closed group, after eliminating all transactions between parties to the deed of cross guarantee are shown below:

	2019 \$	2018 \$
Consolidated Statement of Comprehensive Income		
Revenue	161,950,170	150,069,329
Cost of Sales	(92,537,396)	(87,738,740)
Gross Profit	69,412,774	62,330,589
Other revenue	1,623,087	2,023,488
Operating expenses	(60,618,996)	(53,876,714)
Finance costs (net)	(591,301)	(450,821)
Profit before income tax	9,825,564	10,026,542
Income tax (expense)/credit	(2,952,273)	(3,112,061)
Profit after income tax	6,873,291	6,914,481
Profit attributable to members of the parent entity	6,873,291	6,914,481
Retained earnings:		
Retained earnings at the beginning of the year	11,200,864	9,536,643
Profit after income tax	6,873,291	6,914,481
Dividends recognised	(5,399,313)	(5,252,260)
Retained earnings at the end of the year	12,674,842	11,200,864
Attributable to:		
Equity holders of the company	12,674,842	11,200,864

	2019 \$	2018 \$
Consolidated Statement of Financial Position		
Current Assets		
Cash and cash equivalents	2,725,816	2,379,234
Trade and other receivables	2,112,866	2,560,753
Inventories	24,041,372	22,560,555
Current tax receivables	1,314,734	1,627,119
Total Current Assets	30,194,788	29,127,661
Non-Current Assets		
Property, plant and equipment	11,968,565	9,709,811
Intangible Assets	42,875,971	42,557,765
Deferred Tax Assets	4,408,630	5,850,250
Total Non-Current Assets	59,253,166	58,117,826
Total Assets	89,447,954	87,245,487
Current Liabilities		
Trade and other payables	14,222,864	12,474,444
Borrowings	-	11,324,267
Total Current Liabilities	14,222,864	23,798,711
Non-Current Liabilities		
Long term borrowings	10,324,099	-
Other liabilities	2,919,326	2,978,200
Total Non-Current Liabilities	13,243,425	2,978,200
Total Liabilities	27,466,289	26,776,911
Net Assets	61,981,665	60,468,576
Equity		
Issued Capital	48,872,261	48,897,435
Reserves	434,563	370,278
Retained Earnings	12,674,841	11,200,864
Total Equity	61,981,665	60,468,576

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 CONTINGENCIES

Contingent Liabilities

There are no contingent liabilities recognised by the Group.

31 RELATED PARTIES

(A) SUBSIDIARIES

Interests in subsidiaries are set out in Note 28.

(B) KEY MANAGEMENT PERSONNEL

Key management personnel remuneration (excluding Directors Fees) included within employee expenses for the year is shown below:

	2019 \$	2018 \$
Short-term employee benefits	1,470,810	1,227,487
Post-employment benefits	75,531	74,616
Share-based payments	37,171	35,565
	1,583,512	1,337,668

Detailed remuneration disclosures are provided in the Remuneration Report.

(C) LOANS TO/FROM RELATED PARTIES

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Opening balance \$	Closing balance \$	Interest not charged \$	Interest paid/ payable \$	Impairment \$
Loans to KMP and related parties					
2019	81,377	81,377	–	–	–
2018	81,377	81,377	–	–	–

The loans to KMP resulted from a share incentive scheme implemented prior to the Shaver Shop Employee Share Plan (refer Note 33). Interest is payable on the KMP loans based on the Australian Taxation Office benchmark rate from time to time. KMP loans are repayable after a maximum period of six years or upon disposal of the shares.

32 CASH FLOW INFORMATION

(A) RECONCILIATION OF RESULT FOR THE YEAR TO CASHFLOWS FROM OPERATING ACTIVITIES

Reconciliation of net income to net cash provided by operating activities:

	2019 \$	2018 \$
Profit for the year	6,669,604	6,555,440
Cash flows excluded from profit attributable to operating activities	–	–
Non cash flow items included in profit:		
> Depreciation and amortisation	2,316,528	2,051,702
> Net loss on disposal of property, plant & equipment	154,243	126
> Share based payments expense	64,285	50,650
> Net exchange differences	(55,989)	63,711
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
> (increase)/decrease in trade and other receivables	531,260	(616,616)
> (increase)/decrease in inventories	(1,672,598)	6,280,550
> (increase)/decrease in deferred tax assets	1,606,620	2,046,336
> increase/(decrease) in trade and other payables	1,763,701	871,707
> increase/(decrease) in income taxes payable	312,385	(1,758,725)
Cashflow from operations	11,689,039	15,544,880

(B) RECONCILIATION OF NET DEBT

	2019 \$	2018 \$
Cash and cash equivalents	3,942,085	2,926,951
Borrowings – repayable after one year (variable interest rate)	(10,324,099)	(11,324,267)
Net debt	(6,382,014)	(8,397,316)

33 SHARE-BASED PAYMENTS

In FY2017, the Company established a Long Term Incentive Plan (LTI Plan) to assist in the motivation, retention and reward of senior executives. The LTIP is designed to align the interests of senior executives more closely with the interests of Shareholders by providing an opportunity for eligible Shaver Shop managers and executives to acquire shares (Plan Shares) in the Company subject to the conditions of the LTIP. Plan Shares that are granted under the plan may be funded by a limited recourse loan to the eligible participant from the Company or one of its subsidiaries. The Plan Shares rank pari passu in all respects with the ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

33 SHARE-BASED PAYMENTS continued

Under the terms of the LTIP and relevant offer letters, vesting of the LTIP shares is subject to the achievement of performance conditions as well as service conditions. Vesting of 70% of the LTIP shares is subject to the achievement of a minimum Total Shareholder Return (TSR) and 30% of the LTIP shares is subject to the achievement of EPS conditions. If the minimum TSR and EPS performance conditions are achieved, then the relevant service condition attaching to the shares must also be met. In the event the participant leaves the Company prior to the vesting date, the options will generally lapse.

In FY2017, the Company issued 1,300,000 Plan Shares to eligible participants. In FY2018, the Company broadened the eligible participant base with 1,910,000 shares issued to eligible participants. In FY2019, the Company issued a further 1,990,000 shares to eligible participants. The Plan Shares have been treated as equity-settled share-based payment transactions in the Company's financial accounts.

Details of the number of Plan Shares granted and the fair value of the Plan Shares at on the relevant Grant Date is set out below.

	Financial Year			
	2019	2018	2018	2017
Grant Date	21 Nov 18	10 Nov 17	26 Oct 17	22 June 17
Number of Plan Shares Granted	1,990,000	210,000	1,700,000	1,300,000
Issue Price of Plan Shares	\$0.3969	\$0.6829	\$0.6829	\$0.5899
Limited recourse loan value	\$789,831	\$143,409	\$1,160,930	\$766,870

The number of LTIP shares outstanding and the relative exercise price of the LTIP shares is set out below.

	FY17 LTIP (Shares)	FY18 LTIP (Shares)	FY19 LTIP (Shares)	Total (Shares)
Outstanding at the beginning of the year	1,300,000	1,910,000	–	3,210,000
Granted during the year	–	–	1,990,000	1,990,000
Vested during the year	–	–	–	–
Forfeited during the year	(809,034)	(656,660)	–	(1,465,694)
Outstanding at the end of the year	490,966	1,253,340	1,990,000	3,734,306
Average exercise price	\$0.5899	\$0.6829	\$0.3969	\$0.5183

The fair value at grant date of the LTIP shares is independently determined using an adjusted form of Monte Carlo model for TSR LTIP Shares and a Black-Scholes model for EPS based shares. The model takes into account the vesting criteria, the current share price, the expected dividend yield, the risk free interest rate, the expected volatility of the shares and the correlations and volatilities of peer group companies. The assessed fair value at grant date of Plan Shares granted during the year ended 30 June 2019 varied from \$0.093 per Plan Share to \$0.174 per Plan Share depending on the Grant Date and the relevant vesting criteria (FY18 – \$0.03 to \$0.16).

The key assumptions used in the valuation models are:

	Financial Year			
	2019	2018	2018	2017
Grant Date	21 Nov 18	10 Nov 17	26 Oct 17	22 June 17
Closing share price on Grant Date	\$0.40	\$0.50	\$0.465	\$0.59
Exercise price	\$0.3969	\$0.6829	\$0.6829	\$0.5899
Volatility	45%	45%	45%	45%
Dividend yield (Nil as used to pay off loan value)	Nil	Nil	Nil	Nil
Risk free rate	2.33%	2.19%	2.30%	2.00%

Total expenses arising from share based payment transactions recognised during the period as part of Employment Benefits Expense were as follows:

	Financial Year	
	2019 \$	2018 \$
Plan Shares issued under LTI Plan	64,285	50,650

34 EVENTS OCCURRING AFTER THE REPORTING DATE

The consolidated financial report was authorised for issue on 26 August 2019 by the board of directors.

Subsequent to year end, the Directors declared a final dividend of 2.5 cents per share (80% franked) to shareholders of record on 9 October 2019. The dividend payment date is 23 October 2019.

Subsequent to year end, Shaver Shop acquired two franchises.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 PARENT ENTITY

The following information has been extracted from the books and records of the parent, Shaver Shop Group Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Shaver Shop Group Limited has been prepared on the same basis as the consolidated financial statements.

	2019 \$	2018 \$
Summary financial information		
Assets		
Current assets	16,544,578	16,544,578
Non-current assets	29,095,621	29,476,444
Total Assets	45,640,199	46,021,022
Liabilities		
Current liabilities	-	-
Total Liabilities	-	-
Equity		
Contributed equity	48,872,260	48,897,434
Reserves	434,562	370,277
Retained losses	(3,666,623)	(3,246,689)
Total Equity	45,640,199	46,021,022
Profit for the period	4,979,379	6,287,234
Total comprehensive income	4,979,379	6,287,234
Opening retained losses	(3,246,689)	(4,303,279)
Profit for the period	4,979,379	6,308,850
Dividends paid or provided for	(5,399,313)	(5,252,260)
Closing retained losses	(3,666,623)	(3,246,689)

CONTINGENT LIABILITIES

The parent entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018.

CONTRACTUAL COMMITMENTS

The parent entity did not have any commitments as at 30 June 2019 or 30 June 2018.

36 COMPANY DETAILS

The registered office of and principal place of business of the Company is:

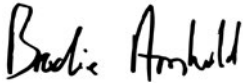
Shaver Shop Group Limited
 Level 1, Chadstone Tower One
 1341 Dandenong Road
 CHADSTONE VIC 3148

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the consolidated financial statements and notes for the year ended 30 June 2019 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the consolidated financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the consolidated Group;
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Broderick Arnhold

Director

Melbourne

26 August 2019

INDEPENDENT AUDIT REPORT



Independent auditor's report

To the members of Shaver Shop Group Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Shaver Shop Group Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2019
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if

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individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
<ul style="list-style-type: none"> For the purpose of our audit we used overall Group materiality of \$478,500, which represents approximately 5% of the Group's profit before tax. We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds. 	<ul style="list-style-type: none"> Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. The Group sells personal grooming and beauty appliances to customers across Australia and New Zealand, through retail stores and the Group's website. The products are predominately held in the Group's warehouse in Melbourne, and across the retail stores. The accounting processes are structured around a group finance function located at the head office in Melbourne where the majority of our audit procedures were performed. 	<ul style="list-style-type: none"> Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: <ul style="list-style-type: none"> Carrying value of goodwill Carrying value of inventory Accounting for supplier rebates These are further described in the <i>Key audit matters</i> section of our report.

INDEPENDENT AUDIT REPORT



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
<p>Carrying value of goodwill <i>(Refer to note 14) [\$42.1m]</i></p> <p>At 30 June 2019 the Group recognised a balance of \$42.1m of goodwill in the financial report.</p> <p>Australian Accounting Standards require the Group to assess the carrying value of goodwill each year for impairment at the Cash Generating Unit (CGU) level.</p> <p>We focussed on the impairment assessment due to the size of the goodwill balance and the significant judgements and assumptions required in estimating the future performance of the Group in the Group's discounted cashflow impairment model (the impairment model).</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none">• Making an assessment of whether the CGU identified by the Group was consistent with our knowledge of the Group's operations and internal reporting.• Assessing whether the CGU appropriately included all directly attributable assets, liabilities, corporate overheads and cash flows.• Testing that forecast cash flows used in the impairment model were consistent with the most up-to-date budgets and business plans approved by the Board.• Evaluating the Group's track record of forecasting future results within impairment models based on a comparison of budgets with reported actual results for the previous seven years.• Considered the Group's sensitivity analysis on the key assumptions used in the impairment model. We assessed the assumptions with our view on other reasonably possible outcomes in light of the industry the Group operates in and past performance.• Evaluated the appropriateness of the discount rate by assessing the reasonableness of the relevant inputs to the calculation against industry and market factors.• Testing of the mathematical accuracy of the impairment model's calculations.



Key audit matter	How our audit addressed the key audit matter
<p>Carrying value of inventory <i>(Refer to note 12) [\$25.6m]</i></p> <p>At 30 June 2019 the Group recognised inventory of \$25.6 million in the financial report.</p> <p>The Group also recognised a provision for obsolete inventory of \$738 thousand. The Group estimate the required provision using past experience and judgement to determine the likely sales volumes and expected future selling prices and associated costs.</p> <p>We have focused on this matter because of the significant judgement and estimation involved in determining the net realisable value of inventory and the potentially material impact on the financial report.</p>	<ul style="list-style-type: none"> • Evaluation of the adequacy and accuracy of disclosures in note 14, including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards. <p>Our procedures included the following:</p> <ul style="list-style-type: none"> • Testing to verify that all inventory balances were included in the provision calculation. • An evaluation of whether the methodology applied to calculate the provision was consistent with that applied in the prior year. • Assessing the Group's historical ability to make estimates by testing a sample of products included in the prior year inventory provision, including comparing the estimated recoverable amount to the actual gain or loss earned on those products sold in the financial year. • Testing of the mathematical accuracy of the provision calculation. • Evaluating whether the provision for inventory was adequate by assessing: <ul style="list-style-type: none"> - the gross margins recognised by the Group; and - the inventory turnover ratio, including a comparison to the prior year.
<p>Accounting for supplier rebates <i>(Refer to note 2 (o)) [\$1.6m]</i></p> <p>The Group has entered into a number of arrangements with various suppliers under which they receive rebates for purchasing goods. These rebates are known as supplier volume rebates and vary dependent on the specific terms agreed with each supplier in relation to</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • For rebates receivable we obtained confirmations from a sample of suppliers of the balance receivable at 30 June 2019, the rebate terms and rebates received during the year and compared them to the Group's records.

INDEPENDENT AUDIT REPORT



Key audit matter

the rebate rate(s) and the range of products included.

We have focused on this matter because of the magnitude of rebates received during the year, and the different terms applicable to each rebate agreement.

How our audit addressed the key audit matter

- For a sample of rebates not subject to confirmation procedures we have obtained evidence of settlement and a valid arrangement.
- Tested the mathematical accuracy of the Group's rebate calculations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 12 to 28 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Shaver Shop Group Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Daniel Rosenberg', written in a cursive style.

Daniel Rosenberg
Partner

Melbourne
26 August 2019

SHAREHOLDER INFORMATION

For the Year Ended 30 June 2019

The Shareholder information set out below is based on information in the Company's share register as at 5 September 2019.

DISTRIBUTION OF HOLDINGS OF FULLY PAID ORDINARY SHARES

Range	Securities	%	No. of holders	%
100,001 and over	102,437,352	81.69	97	7.70
10,001 to 100,000	20,308,509	16.20	574	45.56
5,001 to 10,000	1,760,550	1.40	203	16.11
1,001 to 5,000	851,094	0.68	301	23.89
1 to 1,000	33,992	0.03	85	6.75
Total	125,391,497	100.00	1,260	100.00

As at 5 September 2019, there were 65 holders of an unmarketable parcel of shares.

SUBSTANTIAL SHAREHOLDERS

The following is a summary of the substantial shareholder in Shaver Shop Group Limited (the Company) pursuant to notices lodged with the ASX in accordance with Section 671B of the Corporations Act as at 5 September 2019.

Name of Shareholder	No. of Shares	% of Issued Capital ⁽¹⁾
Perpetual Limited	16,676,769	13.28
Alsop Pty Limited ATF the Johnston Trust	14,277,125	11.00
Microequities Asset Management Pty Ltd	7,972,594	6.31
Brian Singer	6,258,040	5.00

(1) % of issued capital specified in the relevant notice.

TOP 20 SHAREHOLDERS

Rank	Name	5 Sep 2019	%IC
1	HSBC Custody Nominees (Australia) Limited	19,459,016	15.52
2	Alsop Pty Ltd	14,277,125	11.39
3	J P Morgan Nominees Australia Pty Limited	9,197,471	7.34
4	National Nominees Limited	7,727,705	6.16
5	Katani Pty Ltd	5,408,004	4.31
6	Anacacia Pty Limited	5,298,746	4.23
7	Zara Holdings Pty Ltd	4,160,004	3.32
8	Pacific Custodians Pty Limited	3,594,305	2.87
9	Mr Brodie Ernst Arnhold	2,907,000	2.32
10	Dovali Pty Ltd	2,773,336	2.21
11	Mr Cameron Fox	1,800,024	1.44
12	Mr Tony Gandel & Mrs Helen Gandel	1,585,000	1.26
13	Neweconomy Com Au Nominees Pty Limited	1,276,007	1.02
14	Claydon Super Pty Ltd	1,100,000	0.88
15	Arkindale Pty Ltd	850,000	0.68
16	Rosherville Pty Ltd	750,000	0.60
16	Mr Damian Mario Cifonelli	750,000	0.60
17	Ms Andrea Atamian	716,342	0.57
18	Morgan Stanley Australia Securities (Nominee) Pty Limited	628,069	0.50
19	Moska Holdings Pty Limited	603,333	0.48
20	JE & FJ Cunningham Superannuation Pty Ltd	600,000	0.48
20	Endeavour River Pty Ltd	600,000	0.48
	Total	86,061,487	68.63
	Balance of register	39,330,010	31.37
	Grand total	125,391,497	100.00

UNQUOTED EQUITY SECURITIES

There are currently no unquoted equity securities of the Company.

SHAVER SHOP WEBSITE

www.shavershop.com.au

SHAREHOLDER INFORMATION (continued)

CORPORATE GOVERNANCE INFORMATION

Copies of the Company's Policies and Charters, including its Corporate Governance Statement are available at the Corporate Governance section of Shaver Shop's Investor Relations website: investors.shavershop.com.au

VOTING RIGHTS FOR FULLY PAID ORDINARY SHARES

The Constitution provides for votes to be cast at a meeting of members:

- (1) on a show of hands, each member has 1 vote; and
- (2) on a poll:
 - (a) for each fully paid share held by a member, 1 vote; and
 - (b) for each partly paid share, a fraction of a vote equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

ON-MARKET BUY-BACK

There is no current on-market buy-back of the Company's shares.

INVESTOR RELATIONS INFORMATION

Larry Hamson
CFO and Company Secretary
+61 3 9840 5900
investors.shavershop.com.au

CORPORATE INFORMATION

ABN 78 150 747 649

DIRECTORS

Broderick Arnhold
Cameron Fox
Craig Mathieson
Trent Peterson
Brian Singer
Melanie Wilson

SHARE REGISTRY

Link Market Services Limited
Tower 4
727 Collins Street
Melbourne, Victoria, 3008
Phone: 1300 554 474

COMPANY SECRETARY

Lawrence Hamson

AUDITORS

PricewaterhouseCoopers

REGISTERED OFFICE

Level 1, Chadstone Tower One
1341 Dandenong Road,
Chadstone, Victoria, 3148
Australia

SOLICITORS

Norton Rose Fulbright

PRINCIPAL PLACE OF BUSINESS

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BANKERS

Bankwest



 
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