SHAVER SHOP

TRANSFORM YOURSELF™

2017 ANNUAL REPORT

FOCUS ON GROWTH

2017 PROGRESS

Shaver Shop is a leading specialty retailer of personal grooming and beauty appliances with more than 110 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.

$142.6m

Sales up 33.6%

6.2%

Like for like sales growth

EBITDA up

18.0%

to $14.9m

$9.1m

Pro forma net profit up 20.7%

CONTENTS

OPERATIONAL

HIGHLIGHTS

FY17 dividends

4.0

cents per share fully franked

Launched new e-commerce platform leading to

9.4%

online sales growth

7

franchise buy backs

Successful expansion into female beauty category

8

new store openings in Australia

24

stores in maturity phase

Continued investments in talent, brand, training and e-commerce capabilities

CHAIRMAN'S AND CEO'S REPORT

Dear Shareholder,

The Directors of Shaver Shop Group Limited ("Shaver Shop" or the "Company") are pleased to present the Company's annual report for the year ended 30 June 2017.

The 2017 financial year was a dynamic one for retailers in general, including Shaver Shop. There are widespread factors influencing the retail industry driven by digital disruption and social media, globalisation and changing consumer preferences. That said, our business is resilient and primarily driven by people's desire to look and feel good. So we are pleased to advise that despite some headwinds in key categories in the first half of the financial year, our management team was agile and responsive to market opportunities that arose, and in doing so was able to achieve or exceed the financial targets outlined in our Prospectus for the 2017 financial year. This entrepreneurial spirit has been a hallmark of the Shaver Shop business over a number of years and we believe is one of the key reasons for its success.

STRONG FINANCIAL PERFORMANCE

Total sales increased 33.6% to $142.6 million and earnings before interest, tax, depreciation and amortisation increased 18.0% to $14.9 million. Top line growth was driven by a combination strong same store sales growth of 6.2%, together with the addition of 15 stores into the corporate store network during the year.

Whilst franchise royalties decreased by 11.4% resulting from the acquisition of franchise stores, over the last two years our costs of doing business decreased as a percentage of sales decreased by approximately 90 basis points to 33.8%.

As a result, Shaver Shop's consolidated pro forma profit after tax (NPAT) increased 20.7% to $9.1 million.

This strong bottom line performance was achieved whilst keeping low gearing levels. We ended the year with net debt of $9.4 million. It is this strong financial position and earnings performance that has led to Shaver Shop's Board to recommend a final fully franked dividend of 2.4 cents per share bringing the total dividend payment to 4.0 cents per share for the 2017 financial year. As a result of strong cash generation within the business, Shaver Shop's Board decided to change its dividend policy to be a payout of approximately 50% of cash NPAT. Cash NPAT takes into account the tax benefit Shaver Shop receives for the deduction of the consideration paid for franchise licence terminations resulting from its franchise buyback program. In 2017, this represented a cash tax benefit of approximately $1.6 million.

Consolidated pro forma net profit

$9.1m

Up 20.7%

EXECUTING OUR STRATEGY

With access to product information now readily available over the internet, we are increasingly seeing a more educated consumer, that wants a seamless, value-driven and engaging shopping experience whether they come into one of our shops or decide to transact through our e-commerce websites.

Shaver Shop's obsession with being the unequivocal experts in the products we sell, and delivering a highly tailored customer experience based on individual's personal grooming and beauty needs is fundamentally differentiated in the market. We do this whilst being fiercely competitive on pricing. These are the hallmarks that have led to our business not having closed a store in over 30 years of trading.

Our obsession with the retail experience at Shaver Shop is the same whether our customers come into our store network or choose to shop online. It means that our front line staff and e-commerce touchpoints are critical to our brand proposition and explains why we have continued to make significant incremental investments in talent, systems and training capability in these key areas in the past year. We will also continue to do this in the future as it is a, if not the, critical pillar to our continued success.

Last year, we also made significant investments in building brand awareness and recognition, so that we are equally seen as the go to destination for hair removal, hair styling and beauty products for him *as well as for her*. This is an important focus for our business, and changes to the look and feel of our website and marketing collateral were made to reinforce this.

Our specialty retail focus in the personal grooming and beauty market segments is recognised by our supplier partners who continue to offer exclusive distribution rights to Shaver Shop in Australia and New Zealand for some of their newest and most innovative product launches. Shaver Shop's recognition as a key player in female beauty appliances is no better exemplified by our partnership with the Scholl and Veet brands in 2017 as well as with Dyson and the sale of its Supersonic hair dryer in the coming financial year. This is a major win for our business and one we expect will perform well leading into our critical Christmas trading period.

In addition to the investments in talent, capability and our brand, we also continued our strategy to expand our store footprint across Australia and New Zealand with the additional of eight stores during the year. This was slightly less than our target of 10 to 15 new stores, but we will continue to remain true to our return on capital principles and in doing so, evaluate each opportunity on its own merits using the latest data available to us.

CHAIRMAN'S AND CEO'S REPORT

We also acquired seven franchise stores during the year bringing the corporate store network to 95 stores at 30 June 2017 with 13 franchise operated outlets. Whilst Shaver Shop's plans are to acquire all franchise outlets at some point in the future, we will apply the same, prudent discipline going forward ensuring that these investments will deliver appropriate returns for shareholders.

Finally, we are pleased to advise that same store sales growth for the corporate store network was 6.2% for the 2017 financial year. This performance was primarily driven by Shaver Shop's access to a new, multi-unit reseller channel that first emerged in the third quarter across a limited range of products. Thanks to our corporate and franchise store managers' entrepreneurship and customer focus, we were able to quickly realise some significant sales through this channel and deliver strong growth for the business. Shaver Shop's Board and Management team are still learning about this channel and recognise that it is unpredictable and may be volatile in nature. So we will continue to focus on our base retail business in Australia and New Zealand while at the same time working hard to develop the multi-unit reseller channel into a sustainable business. Preliminary signs are encouraging in this regard.

OUR TEAM

Shaver Shop's performance is directly linked to the passion and talent of its team. On behalf of our Directors and the senior executive team, we would like to thank all our 550 team members for their contribution to the growth and development of the business.

We recognise that our people remain the key factor that underpins our success, both now and in the future, and we are fortunate to have such a capable and motivated team at Shaver Shop. That said, as our business continues to mature and evolve, we will continue develop our team and add further senior talent to strengthen its competitive position. A good example of this is the addition of a new retail director as well as the appointment of a national training manager late in the year.

OUTLOOK AND FUTURE GROWTH

The retail environment over the last 12 months was one of the most challenging and dynamic the business has experienced in its 30 year history. That said, we expect that the pace of change and the dynamic, highly competitive and increasingly global nature of the retail landscape will only continue. As a result, only those businesses that can be nimble, adapt and accept these new realities will succeed.

Shaver Shop has a long track record of adapting and delivering growth, driven by its differentiated business model and the entrepreneurial spirit within its team. This was no more evident in 2017.

Looking forward to 2018, Shaver Shop will continue to invest in new systems and technologies that help us better understand our customers and their preferences, and in doing so drive an improved customer experience. We will also look to invest in measures that will increase the efficiency and effectiveness of our team. This is fundamental to ensuring we remain differentiated, relevant, competitively priced and valued by our customers.

Shaver Shop's financial position remains robust, which means we are well positioned to continue our disciplined expansion of the store network in Australia and New Zealand and consider franchise buyback opportunities where the financial return is within acceptable tolerances. It also means we can begin trialling alternative store formats, product categories and concepts that complement and enhance the tried and true Shaver Shop business model.

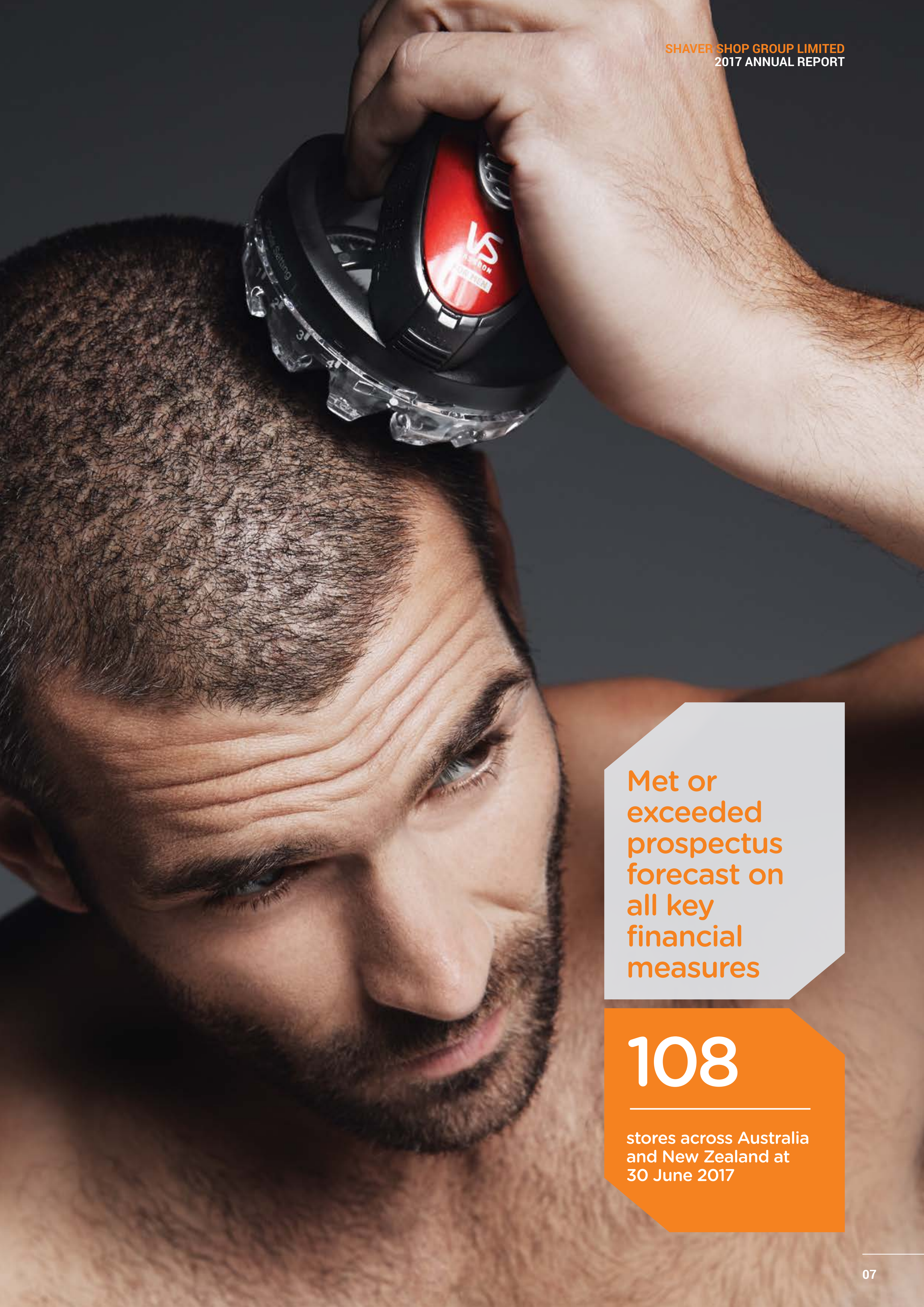
We remain at an exciting stage in Shaver Shop's evolution with clear visibility to further growth in Australia and New Zealand as well as opportunities to take the Company's differentiated approach to international markets over time. As a result, your Directors believe Shaver Shop is well positioned to continue growing shareholder value.

We thank all team members for their commitment and contribution during the year and we are grateful to our shareholders for your continued support.

Brodie Arnhold

Brodie Arnhold
Chairman

Cameron Fox
Chief Executive Officer and Managing Director



Met or exceeded prospectus forecast on all key financial measures

108

stores across Australia and New Zealand at 30 June 2017

DIRECTORS' REPORT

30 June 2017

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 2017. 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 online through its websites and through Shaver Shop's corporate owned store and franchise store networks. 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	*Independent Chair Non-Executive*
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 Melbourne Racing Club, Brodie 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 Non-Executive Director, iSelect Limited Director, Racing.com Director, RSN Director, MRC Foundation Limited and other Melbourne Racing Club affiliated entities	
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	2,407,000

Cameron Fox	*Chief Executive Officer and Managing Director*	
Expertise and experience	Cameron joined Shaver Shop as General Manager before being promoted to the position of Chief Executive Officer in July 2008. Cameron previously worked for Gillette Australia in various roles, including Associate Product Manager, Territory 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	1,980,024

Craig Mathieson	*Non-Executive Director*	
Expertise and experience	Craig became a director of Shaver Shop Pty Ltd in June 2011. For the last 10 years, Craig has been 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	Abiliene Oil & Gas Ltd Carlton Football Club Ltd Endota Group Holdings Pty Ltd	
Former listed directorships in last 3 years	Funtastic Ltd	
Special responsibilities	Chair of the Audit and Risk Committee	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited	4,660,004

Brian Singer	*Non-Executive Director*	
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	*Non-Executive Director*	
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, Max Fashions (New Zealand), Power Farming Group (New Zealand), SkyBus, Dusk Retail Group. He was a former director of Just Group Limited, Global Television Limited, EziBuy, Metro GlassTech, Moraitis, 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) AATS Holdings Pty Ltd (trading as Skybus) 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	247,619

Melanie Wilson	*Non-Executive Director*	
Expertise and experience	Melanie has more than 12 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	
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

MEETINGS OF DIRECTORS

During the financial year, 15 meetings of directors were held, six meetings of the Audit & Risk Committee were held and five meetings of the Nomination and Remuneration Committee were held. Attendances by each director 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	15	15	6	6	–	–
Cameron Fox	15	15	–	–	–	–
Craig Mathieson	15	14	6	6	–	–
Trent Peterson	15	15	6	6	5	5
Brian Singer	15	14	–	–	5	5
Melanie Wilson	15	15	–	–	5	5

DIVIDENDS PAID OR RECOMMENDED

The Directors declared Shaver Shop's maiden interim dividend of 1.6 cents per share fully franked ($2.001 million) in February 2017 (2016: Nil). The Directors have declared a fully franked final dividend of 2.4 cents per share ($3.002 million) to be paid in October 2017. The combined dividend payments represent the payout of approximately 56% of the Company's FY2017 reported net profit after tax.

2017 OPERATING AND FINANCIAL REVIEW

The statutory profit after income tax amounted to $8,993,956 (FY2016: $3,854,027) after subtracting income tax expense of $4,061,112 (FY2016: $1,627,859). The increase in profit after income tax was due to improvements in business performance in FY2017 as well as due to costs associated with the Company's initial public offering being included in FY2016. This is more fully explained in the pro forma results summary that follows.

NON-IFRS MEASURES

The Directors' Report includes references to pro-forma results. The pro forma adjustments primarily relate to the 2016 Financial Year (FY2016) and when Shaver Shop went through the Initial Public Offering process. The pro-forma results have been derived from Shaver Shop's statutory accounts and adjusted on a pro forma basis to more appropriately reflect the ongoing operations of Shaver Shop as a listed public company. Shaver Shop's historical debt structure has not been pro forma adjusted as it is closely related to the effects of the franchise store buy back activity. This is consistent with the presentation as disclosed in the Company's prospectus dated 7 June 2016. 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 and can be directly compared to the forecasts given in the prospectus. Non-IFRS financial 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 FY2017 was $14.9 million (FY2016: $7.5 million).

	Statutory Consolidated	
	2017 $000	**2016 $000**
Profit after income tax from continuing operations (NPAT)	**8,994**	3,854
Add back:		
Net finance costs	**407**	1,043
Income tax expense/(benefit)	**4,061**	1,628
Depreciation and amortisation expense	**1,408**	936
EBITDA[1]	**14,870**	7,461

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 AIFRS. Other companies may calculate EBITDA in a different manner to Shaver Shop. The above EBITDA reconciliation has not been audited.

At the end of FY2016, through the IPO of the business on the ASX, the Group restructured its balance sheet by issuing new shares and using the proceeds to repay debt and pay a pre-IPO dividend. As a result of the listing process, the Group incurred significant one-off transaction costs.

The table below reconciles the EBITDA result to the pro forma result for FY2016. This shows the full year 2016 results from operations on a pro forma basis. There are no pro forma adjustments to the statutory EBITDA for 2017.

	Consolidated	
	2017 $000	**2016 $000**
EBITDA	**14,870**	7,461
Add back:		
IPO transaction costs expensed	**–**	4,438
Management IPO incentives	**–**	901
Incremental costs as a public company	**–**	(521)
Accounting for rebates in stock	**–**	285
One-off advisory costs	**–**	40
Pro Forma EBITDA	**14,870**	12,604

The table below reconciles the statutory NPAT result to the pro forma result for FY2017 and FY2016. This shows the full year results on a pro forma basis.

	Consolidated	
	2017 $000	**2016 $000**
Reported NPAT	**8,994**	3,854
Add back:		
IPO transaction costs expensed	**–**	4,438
Management IPO incentives	**–**	901
Incremental costs as a public company	**–**	(423)
Accounting for rebates in stock	**–**	285
One-off advisory costs	**–**	40
Income tax effect	**–**	(1,572)
Tax on management IPO incentives	**87**	–
Pro Forma NPAT	**9,081**	7,523

The pro forma adjustment to FY2017 tax expense was not in the Prospectus forecast for FY2017.

The table below compares the pro forma operating performance of Shaver Shop for FY2017 against the Prospectus forecast for FY2017 as well as against FY2016.

					Consolidated
	Pro forma FY17 Actual $000	**Pro forma Prospectus $000**	**% Change**	**Pro forma FY16 Actual $000**	**% Change**
Revenue	**142,568**	**127,119**	**+12.2%**	106,711	+33.6%
Gross Profit	**59,472**	**54,379**	**+9.4%**	45,622	+30.4%
Gross Margin	**41.7%**	**42.8%**	**–2.6%**	42.8%	–2.6%
EBITDA	**14,870**	**14,738**	**+0.9%**	12,604	+18.0%
EBITDA Margin	**10.4%**	**11.6%**	**–10.0%**	11.8%	–11.7%
NPAT	**9,081**	**9,110**	**–0.3%**	7,523	+20.7%
Weighted average shares (000s)	**125,087**			84,211	48.6%
Earnings per share – cents (weighted average shares)	**7.3**			8.9	–18.0%
Fully diluted shares outstanding at period end (000s)	**126,387**			125,087	1.0%
Fully diluted earnings per share (shares at period end)	**7.2**			6.0	+20.0%

PRO FORMA RESULTS SUMMARY

In FY2017, the Company grew pro forma EBITDA by $2.3 million (or 18.0%) to $14.9 million.

The increase in EBITDA was due to strong consolidated sales growth, up 33.6% to $142.6 million driven by: strong like for like store sales growth (+6.2%) supported by access to a new multi-unit reseller channel; the continuation of Shaver Shop's franchise buyback program (seven franchise stores acquired in FY2017); as well as the launch of eight new greenfield stores during the year. At 30 June 2017, Shaver Shop's store network consisted of 95 corporate-owned stores and 13 franchisees (108 stores in total) with 102 outlets in Australia and 6 in New Zealand.

In the third quarter of FY2017, a new sales channel to Australian-based customers who purchase in higher quantities for resale emerged which facilitated sales of certain product lines in high volume and lower average gross margins through its corporate and franchise store network. Whilst this channel was a material contributor to revenue growth and earnings in FY2017, it is new to Shaver Shop and is dynamic in nature. Accordingly, Shaver Shop remains cautious about its ability to forecast the timing and quantum of revenue and earnings contribution from this channel in the future.

Shaver Shop also experienced growth in online revenues following the launch of a new e-commerce platform in February 2017 that is mobile phone and tablet friendly. Since launch, online sales have experienced double digit growth. Further improvements to, and investments in the website are expected to be made in FY2018.

Consistent with Shaver Shop's sales growth, gross profit increased 30.4% to $59.5 million in FY2017 (FY2016 – $45.6 million). Gross profit margins declined 110 basis points to 41.7% (FY2016 – 42.8%) due primarily to a change in product mix and sales through the bulk channel which generally generate a lower average gross margin.

In FY2017, Shaver Shop continued its strategy to buy back franchises over time and roll out new store locations. Following the successful execution of these plans, Shaver Shop's EBITDA margins naturally declined in FY17 to 10.4% (FY16 – 11.8%). Shaver Shop generates advertising contributions and royalties from franchise stores at a rate of 4.4% of franchise sales, respectively (total 8.8%). As franchise buybacks occur, Shaver Shop no longer recognises the royalties only, but consolidates the full revenue and costs of operating the store leading to increased EBITDA in dollar terms but a lower EBITDA margin percentage.

Pro forma NPAT increased 20.7% to $9.1 million leading to fully diluted earnings per share of 7.2 cents (FY2016 – 6.0 cents). Shaver Shop had a pro forma income tax rate of 30.4% of earnings before tax in FY2017. Shaver Shop receives a tax deduction over five years for the cost of franchise right terminations that occur through its franchise buyback program. This leads to income tax payable being lower than income tax expense for the five year tax period following each buyback. The reduction in cash tax payable for FY2017 associated with the franchise buybacks undertaken since FY2012, amounts to $1,564,500 (FY2016: $1,130,700).

CAPITAL MANAGEMENT

In August 2016, Shaver Shop established a new $23.0 million commercial advance debt facility with a $2.0 million facility to support bank guarantees.

At 30 June 2017, Shaver Shop had gross debt of $11.8 million up from $5.1 million at 30 June 2016. The increase in gross debt was primarily used to fund the franchise buybacks undertaken during the year. Net debt (gross debt less cash on hand) was $9.4 million at 30 June 2017 providing a leverage ratio (Net Debt/EBITDA) of 0.63X.

The Company's debt facility has three key covenants: the leverage ratio; the interest coverage ratio (EBIT/Interest expense); and the net worth ratio ((Total assets – Total liabilities) / Total assets). All banking covenants were well within the bank's thresholds for FY2017.

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.

DIFFERENTIATION IN THE MARKET

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
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 the e-commerce websites and eBay digital store which continue to grow strongly as well as establishing a loyalty program to attract and support returning customers.

Store rollout
Shaver Shop aims to grow total store network numbers across Australia and New Zealand to approximately 145 within the next three years. This will be achieved through Greenfield store rollouts. Subject to the forecast financial returns meeting appropriate hurdle rates, the Company expects to open these additional stores. In FY2017, Shaver Shop opened 8 new stores and has identified 7 additional stores it intends to open in the first six months of FY18.

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 2017, there were 13 franchise stores (30 June 2016 – 20) within the Shaver Shop network. Shaver Shop has entered into an agreement to acquire one additional franchise store in Victoria (The Glen) in FY18.

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 the multi-unit reseller channel in Australia.

Seasonality of trading patterns

Shaver Shop's sales are subject to seasonal patterns. In FY15 to FY17, the contribution of sales for the first half of each FY to total sales for the full FY was within the range of 53.3% to 58.3%. The seasonality of Shaver Shop's sales towards the first half of the FY 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 FY2017, approximately 89% of Shaver Shop's total network sales came from products sourced from its top 10 suppliers. Shaver Shop's largest supplier constitutes approximately 24% of all supply purchases, with the next two largest suppliers contributing approximately 17% and 15% of total supply purchases. 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.

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. There are no fixed contracts in place with suppliers relating to rebates and contribution income. Any supplier who provides 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 fully franked final dividend of 2.4 cents per share to shareholders of record on 10 October 2017. The dividend payment date is 24 October 2017.

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

As noted in the Strategy section of this Directors Report, Shaver Shop intends to grow revenue and EBITDA over the long term through organic growth both online and in-store, incremental contributions from new store openings, as well as continuing its disciplined approach to undertaking franchise buybacks.

In regards to FY2018, Shaver Shop has experienced a solid start to the year recording like for like sales growth of approximately 15% over the first seven weeks. This growth rate is expected to moderate in the coming months due to supply interruptions for key products sold through the multi-unit reseller channel. Shaver Shop has continued to execute its corporate store expansion plans by identifying and committing to seven new store locations and one franchise buyback. Consistent with prior years, Shaver Shop's FY2018 performance is expected to be seasonal, relying heavily on Christmas and Boxing Day trade. The new multi-unit reseller channel may assist in reducing this seasonality, however, this channel is new to Shaver Shop very dynamic and therefore difficult to forecast with certainty.

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, is satisfied that the provision of non-audit services during the year is 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 26 to the audited financial statements.

AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 27 of this 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.

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 2016 to 30 June 2017. 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 (appointed 29 May 2017)

(B) REMUNERATION OVERVIEW

The Board recognises that the performance of the Group depends to a large extend on the quality and motivation of the Shaver Shop team, including the Senior Executives and our 555 team members (2016: 448) 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.

As outlined in the Company's prospectus, for FY2017 the Board implemented new short and long term incentive mechanisms that are more consistent with a publicly listed entity. The FY2017 Short Term Incentive Plan (STIP) adopted by the Company is based on achieving pre-determined performance conditions. The primary measure for award of the FY2017 STI is the normalised EBITDA of the business.

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. The shares are subject to various vesting conditions which are outlined in further detail below. The Company also offered an offsetting limited recourse loan 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 following table provides a summary of the Company's reported financial performance for FY2017 and FY2016.

	Statutory FY2017 Result $000	Statutory FY2016 Result $000
Revenue	**142,568**	106,711
EBITDA	**14,870**	7,461
Net Profit After Tax	**8,994**	3,854
Dividends Paid (FY2016 – Pre-IPO dividend)	**2,001**	18,175
Earnings per share (cents)	**7.2**	4.6
Year End Share Price ($)	**$0.64**	N/A

For the financial year ended 30 June 2017, the Company exceeded its budget. As a result, under the terms of the FY2017 STI plan, eligible Senior Executives were granted 100% of their maximum STI entitlement.

(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 new head office location. 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 head 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.
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 deliberately 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) KMP REMUNERATION STRUCTURE

(i) FY17 Remuneration and Incentive 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

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	Budget EBITDA	$300,000
LTI (Loan Share Plan)	Reward superior long term value creation	TSR – 70% EPS growth – 30%	Dependent on NPAT and share performance

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)
STIs for Senior Executives are based on the Company exceeding its budgeted normalised EBITDA target for the year. STIs are contracted with the Senior Executive and capped to a maximum amount relative to their Fixed Remuneration. STIs are funded from the outperformance of the Company at a normalised EBITDA level. The Board of Directors may decide to pay Senior Executives discretionary bonuses depending on individual and Company performance.

Long Term Incentives (LTI)
As outlined in the Company's prospectus, Shaver Shop has 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.

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.

As noted in the Shaver Shop prospectus, the Company has offered certain members of Management the right to acquire up to 1,300,000 Plan Shares (representing approximately 1.0% 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 2016 to 30 June 2017

> *Tranche 2* – 1 July 2016 to 30 June 2018

> *Tranche 3* – 1 July 2016 to 30 June 2019.

The performance and service conditions specified for each tranche must be met in order for the relevant Plan Shares to vest.

The table below under "FY17 LTI 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 FY16 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.

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
Cameron Fox *Managing Director and CEO*	325,000	325,000	325,000
Larwrence Hamson *CFO*	33,333	33,333	33,334

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: "FY17 Remuneration and Incentive Structure".
Grant date	The Grant Date for the FY17 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.
Exercise price	Not applicable.
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.

(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 FY17, the annual base non-executive Director fees currently agreed to be paid by the Company are $140,000 to the Chairman of the Board (Brodie Arnhold), $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 to each of Melanie Wilson and Brian Singer. These amounts comprise fees paid in cash. In subsequent years, these figures may vary.

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.

(H) REMUNERATION DETAILS FOR THE YEAR ENDED 30 JUNE 2017

The following table of benefits and payment details, in respect to the FY2017 financial year, the components of remuneration for each Non-Executive Director and Senior Executive of the Group.

Table of benefits and payments

2017	Cash salary/ fees $	Bonus $	Annual leave and long service leave $	Post employment benefits $	Share based payments $	$
Non-Executive Directors						
Brodie Arnhold	140,000	–	–	–	–	140,000
Trent Peterson	80,000	–	–	–	–	80,000
Craig Mathieson	80,000	–	–	–	–	80,000
Brian Singer	70,000	–	–	–	–	70,000
Melanie Wilson	70,000	–	–	–	–	70,000
Senior Executives						
Cameron Fox	549,613	200,000	77,705	30,000	36,236	893,554
Lawrence Hamson	365,296	100,000	12,589	34,703	3,716	516,304
Philip Tine*	26,538	–	1,960	2,521	–	31,019
TOTAL	**1,381,447**	**300,000**	**92,254**	**67,224**	**39,952**	**1,880,877**

* Appointed 29 May 2017.

(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. No additional discretionary cash bonuses have been awarded to Senior Executives or Non-Executive Directors in relation to FY2017.

The following tables illustrate performance based remuneration granted and forfeited related to FY2017.

STI Paid or Granted in Relation to FY2017

KMP	Grant date	Eligible maximum STI $	STI granted $	% paid/ vested in the period	% forfeited in period
Directors					
Cameron Fox	23 August 2017	$200,000	$200,000	100%	0%
Senior Executive					
Lawrence Hamson	23 August 2017	$100,000	$100,000	100%	0%

LTI Paid or Granted in Relation to FY2017

KMP	Grant Date	LTI granted (shares)	Value at grant date $	Loan value at 30 June 2017	% paid/ vested in the period	% forfeited in period	Value expensed in FY17 $
Directors							
Cameron Fox	22 June 2017	975,000	575,152	575,172	0%	0%	36,236
Senior Executives							
Lawrence Hamson	22 June 2017	100,000	58,990	58,990	0%	0%	3,716

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 following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in section (g) of this remuneration report.

	Fixed remuneration %	At risk – STI %	At Risk – LTI %
Directors			
Cameron Fox	74	22	4
Senior Executives			
Lawrence Hamson	80	19	1

(J) KMP SHAREHOLDINGS

The number of ordinary shares in Shaver Shop Group Limited held by each key management person of the Group during the financial year is as follows:

30 June 2017	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	**1,600,000**	**–**	**807,000**	**–**	**2,407,000**
Cameron Fox	**1,800,024**	**–**	**180,000**	**–**	**1,980,024**
Craig Mathieson	**4,160,004**	**–**	**500,000**	**–**	**4,660,004**
Brian Singer	**5,408,004**	**–**	**850,000**	**–**	**6,258,004**
Trent Peterson	**47,619**	**–**	**200,000**	**–**	**247,619**
Melanie Wilson	**47,619**	**–**	**190,000**	**–**	**237,619**
Senior Executives					
Lawrence Hamson	**428,571**	**–**	**152,600**	**–**	**581,171**
Philip Tine	**–**	**–**	**–**	**–**	**–**
TOTAL	**13,491,841**	**–**	**2,879,600**	**–**	**16,371,441**

(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 FY17 the CEO was entitled to fixed remuneration of $580,000 (FY16: $494,062) whilst the fixed remuneration for other senior executives was in the range of $200,000 to $400,000.

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 four weeks' notice where continuous employment has been less than 18 months or eight weeks' notice thereafter.

(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. KMP loans 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 transactions with Senior Executives and Non-Executive Directors except as disclosed elsewhere in the remuneration report.

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

Brodie Arnhold

Broderick Arnhold
Director

Melbourne
24 August 2017

AUDITOR'S INDEPENDENCE DECLARATION

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

Shaver Shop Group Limited
Directors' Report (continued)
30 June 2017

Auditor's Independence Declaration

As lead auditor for the audit of Shaver Shop Group Limited for the year ended 30 June 2017, 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.

Daniel Rosenberg
Partner
PricewaterhouseCoopers

Melbourne
24 August 2017

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2017

	Note	Consolidated 2017 $	 2016 $
Revenue from continuing operations	4	**142,567,549**	106,711,001
Cost of goods sold		**(83,095,092)**	(61,373,595)
Gross profit from corporate owned retail stores		**59,472,457**	45,337,406
Franchise and other revenue	4(b)	**3,569,733**	4,027,815
Employee benefits expense		**(20,905,725)**	(16,639,205)
Depreciation and amortisation expense	5	**(1,407,599)**	(935,630)
Marketing and advertising expenses		**(7,672,767)**	(5,360,564)
Occupancy expenses		**(12,508,996)**	(9,792,404)
Other expenses		**(7,085,316)**	(10,112,158)
Finance costs	5	**(406,719)**	(1,043,374)
Profit before income tax		**13,055,068**	5,481,886
Income tax (expense)/credit	6	**(4,061,112)**	(1,627,859)
Profit for the year		**8,993,956**	3,854,027
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations	20(a)	**(3,469)**	(49,058)
Other comprehensive income for the year		**(3,469)**	(49,058)
Total comprehensive income for the year		**8,990,487**	3,804,969
Profit attributable to:			
Members of the parent entity		**8,993,956**	3,854,027
Total comprehensive income attributable to:			
Members of the parent entity		**8,990,487**	3,804,969

		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share (weighted average shares)	21	**7.2**	4.6
Diluted earnings per share (weighted average shares)	21	**7.2**	4.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	**2,389,271**	4,333,943
Trade and other receivables	10	**1,896,146**	2,031,710
Inventories	11	**29,122,762**	18,114,692
Current tax receivable	25	**–**	880,717
TOTAL CURRENT ASSETS		**33,408,179**	25,361,062
NON-CURRENT ASSETS			
Property, plant and equipment	12	**8,001,348**	6,318,078
Deferred tax assets	25	**6,726,586**	5,681,049
Intangible assets	13	**39,848,539**	34,410,324
TOTAL NON-CURRENT ASSETS		**54,576,473**	46,409,451
TOTAL ASSETS		**87,984,652**	71,770,513
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	**13,014,382**	11,681,187
Employee benefits	15	**1,130,040**	949,573
Current tax payable	25	**131,606**	–
Other liabilities	17	**344,330**	394,277
TOTAL CURRENT LIABILITIES		**14,620,358**	13,025,037
NON-CURRENT LIABILITIES			
Borrowings	16	**11,824,267**	5,124,267
Other liabilities	17	**2,457,455**	1,576,046
TOTAL NON-CURRENT LIABILITIES		**14,281,722**	6,700,313
TOTAL LIABILITIES		**28,902,080**	19,725,350
NET ASSETS		**59,082,572**	52,045,163
EQUITY			
Issued capital	18	**50,385,497**	50,385,497
Reserves	20	**290,942**	246,096
Retained earnings	22	**8,406,133**	1,413,570
TOTAL EQUITY		**59,082,572**	52,045,163

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2017

2017

	Note	Ordinary Shares $	Retained Earnings $	Other reserves $	Total $
Balance at 1 July 2016		**50,385,497**	**1,413,570**	**246,096**	**52,045,163**
Profit for the period		**–**	**8,993,956**	**–**	**8,993,956**
Other comprehensive income		**–**	**–**	**(3,469)**	**(3,469)**
Total comprehensive income		**–**	**8,993,956**	**(3,469)**	**8,990,487**
Transactions with owners in their capacity as owners					
Share based payments		**–**	**–**	**48,315**	**48,315**
Dividends paid or provided for	19	**–**	**(2,001,393)**	**–**	**(2,001,393)**
Balance at 30 June 2017		**50,385,497**	**8,406,133**	**290,942**	**59,082,572**

2016

	Note	Ordinary Shares $	Retained Earnings $	Other reserves $	Total $
Balance at 1 July 2015		10,539,383	15,734,959	23,841	26,298,183
Profit for the period		–	3,854,027	–	3,854,027
Other comprehensive income		–	–	(49,058)	(49,058)
Total comprehensive income		–	3,854,027	(49,058)	3,804,969
Transactions with owners in their capacity as owners					
Shares issued during the year		41,767,750	–	–	41,767,750
Transaction costs on share issue		(2,298,206)	–	–	(2,298,206)
Deferred tax asset arising on share issue		551,570	–	–	551,570
Shares bought back during the year		(175,000)	–	–	(175,000)
Share based payments		–	–	271,313	271,313
Dividends paid or provided for	19	–	(18,175,416)	–	(18,175,416)
Balance at 30 June 2016		50,385,497	1,413,570	246,096	52,045,163

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of GST)		**156,959,868**	116,955,998
Payments to suppliers and employees (inclusive of GST)		**(149,559,487)**	(104,307,466)
		7,400,381	12,648,532
Interest received		**36,996**	33,093
Interest paid		**(443,715)**	(1,076,467)
Income taxes paid		**(1,773,573)**	(2,490,396)
Payments for IPO transaction costs		**(1,804,469)**	(4,438,108)
Net cash inflow from operating activities	31	**3,415,620**	4,676,654
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property, plant and equipment (net)		**(2,039,734)**	(3,181,957)
Payments for acquisition of corporate stores	7	**(8,019,165)**	(7,317,840)
Net cash outflows from investing activities		**(10,058,899)**	(10,499,797)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**–**	41,767,750
Share issue transaction costs		**–**	(2,298,207)
Payment for shares bought back		**–**	(175,000)
Proceeds from (repayment of) borrowings		**6,700,000**	(10,775,000)
Dividends paid		**(2,001,393)**	(18,175,416)
Net cash inflows from financing activities		**4,698,607**	10,344,127
Net increase/(decrease) in cash and cash equivalents held		**(1,944,672)**	4,520,984
Cash and cash equivalents at beginning of financial year		**4,333,943**	(187,041)
Cash and cash equivalents at end of financial year	9	**2,389,271**	4,333,943

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2017

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 24 August 2017.

Comparatives are consistent with prior years, unless otherwise stated.

2 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 2017 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 27 to the financial statements.

(B) 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.

(C) 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 reportable segment, being retail store sales of a variety of specialist personal grooming products through their corporate stores, and royalty income from franchise stores.

(D) 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.

(E) 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.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

Sale of goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all involvement in those goods.

Interest income

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

Franchise royalty fee income

Franchise royalty fee income includes advertising contributions, which is generally earned based upon a percentage of sales, is recognised on an accrual basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(F) 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.

(G) 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.

(H) 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.

(I) 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.

(J) 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.

(K) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

(L) 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.

(M) TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision of impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(N) 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.

(O) 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.

(P) 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 and 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 service is 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 Share Plan and LTI Plan.

Share Plan

The fair value of shares granted under the Share Plan is recognised as an employee benefit expense with a corresponding increase in equity. The design of the Share Plan results in it being treated as an in substance option for the purposes of fair valuing share awards under the Share Based Payment accounting standards. 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.

Information on the Share Plan

The establishment of the Shaver Shop Group Limited Employee Performance Share Plan (Share Plan) was approved by the shareholders in August 2014. The Share Plan is designed to provide long-term incentives for senior managers and above to deliver long-term shareholder returns. Under the plan, participants are granted shares which only vest if an exit event occurs, except for Class A shares in which no vesting conditions exist. Shares granted under the plan are funded by an employee loan contract provided by the Company, the loan will be paid back upon vesting of the shares. The loan amount of the shares is based on market value of the Company shares at grant date. Class A shares are entitled to a discretionary dividend at the Board's discretion. There are no voting rights of the shares granted. On vesting each special class of loan funded share is convertible into one ordinary share. All shares under the Share Plan converted to ordinary shares prior to the Company's IPO on 1 July 2016. The Share Plan was replaced with the LTI Plan to provide long-term incentives for senior management and above.

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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

(Q) 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 probably 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.

(R) BORROWING COSTS

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

(S) 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.

(T) 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.

(U) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2016:

> AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*

> AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*

The adoption of these standards does not have a material affect the Group's accounting policies or disclosures.

(V) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these standards. The following table summarises those future requirements, and their impact on the Group where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9: *Financial Instruments*	1 July 2018	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	The Group will undertake a more detailed assessment of the impact over the next twelve months.
AASB 15: *Revenue from Contracts with Customers*	1 July 2018	The AASB has issued a new standard for the recognition of revenue. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.	The Group will undertake a more detailed assessment of the impact over the next twelve months.
AASB 16: *Leases*	1 July 2019	AASB 16 will require lessees to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will measure right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has operating lease commitments of $30.1 million. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

3 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 13, and recoverable amount of inventory, refer to Note 11.

4 REVENUE AND OTHER INCOME

(A) REVENUE FROM CONTINUING OPERATIONS

	2017 $	2016 $
Sales revenue		
Retail sales	**142,567,549**	106,711,001
Total Revenue	**142,567,549**	106,711,001

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

	2017 $	2016 $
Franchise revenue		
Franchise royalties	**3,310,061**	3,819,964
Other revenue		
Advertising contributions	**222,315**	213,650
Other revenue	**37,357**	30,866
Other gains/(losses)		
Loss on disposal of Property, Plant & Equipment	–	(36,665)
	259,672	207,851
Total franchise and other revenue	**3,569,733**	4,027,815

5 EXPENSES

The result for the year includes the following specific expenses:

	2017 $	2016 $
Finance Costs (net)		
Interest and finance charges	**443,715**	1,076,467
Interest income	**(36,996)**	(33,093)
Finance Costs (net)	**406,719**	1,043,374
Amortisation		
Brand names	**72,628**	72,488
Depreciation		
Property, plant & equipment	**1,334,971**	863,142
Depreciation and amortisation expense	**1,407,599**	935,630
Rental expense relating to operating leases		
Minimum lease payments	**10,174,805**	8,041,196
Other expenses		
Initial Public Offering related transaction costs	–	4,438,108

6 INCOME TAX EXPENSE

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

	2017 $	2016 $
Current tax expense		
Current tax on profits for the year	**2,792,149**	1,962,576
Deferred tax expense		
Movement in deferred tax assets	**1,288,272**	(271,311)
Movement in deferred tax liabilities	**(19,309)**	(63,406)
Income tax expense relating to continuing operations	**4,061,112**	1,627,859

(B) RECONCILIATION OF INCOME TAX TO ACCOUNTING PROFIT:

	2017 $	2016 $
Profit from continuing operations before income tax expense	**13,055,069**	5,481,886
Tax at the Australian tax rate of 30% (2016 – 30%)	**3,916,521**	1,644,566
Add:		
Tax effect of:		
– non-deductible depreciation and amortisation	**21,059**	20,038
— non-deductible IPO exit incentives expense	**87,588**	
– other non-deductible items	**34,006**	12,641
	4,059,174	1,677,245
Less/(Add):		
Tax effect of:		
– Other	**1,938**	(49,386)
Income tax attributable to parent entity	**4,061,112**	1,627,859
Income tax expense	**4,061,112**	1,627,859

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. 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.

Prior to 2015, the Company had assessed that the deduction was not probable. In 2015, a private ruling from the Australian Tax Office was obtained and the deductions were recognised through income tax benefit.

6 INCOME TAX EXPENSE CONTINUED

(C) AMOUNTS RECOGNISED DIRECTLY IN EQUITY

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity.

	2017 $	2016 $
Deferred tax: share issue costs	–	551,570

7 BUSINESS COMBINATIONS

The Company acquired one franchise store on 5 July 2016, three franchise stores on 8 August 2016, one franchise on 2 November 2016 and two franchises on 31 May 2017, for a total purchase consideration $8,069,165.

The acquisitions are expected to increase the Group's retail sales and synergies are expected to arise after the Company's acquisition of these stores.

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

	Total $
Purchase consideration:	
– Cash	8,019,165
– Deferred consideration	50,000
Total purchase consideration	**8,069,165**
Assets or liabilities acquired:	
Inventories	1,048,654
Payables	(808,119)
Deferred tax assets	2,317,500
Total net identifiable assets acquired and liabilities assumed	**2,558,035**
Purchase consideration	8,069,165
Less: Identifiable assets acquired	2,558,035
Goodwill	**5,511,130**

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

Revenue of the acquired franchise stores included in the consolidated revenue of the Group since the respective acquisition dates amounted to $7.2 million.

Had the results of the acquired franchise stores been consolidated from 1 July 2016, additional revenue of the Group would have been $6.6 million for the year ended 30 June 2017.

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

8 OPERATING SEGMENTS

Segment information

The Group operates within one reportable 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. The retail stores and franchise royalty income has been aggregated into one reportable segment, as they have similar growth rates. Total revenue disclosed in the consolidated statement of comprehensive profit and loss all relates to this one reportable segment. The Group is not reliant on any single customer. At 30 June 2017, the Group operated 89 Corporate stores in Australia (2016: 74) and 6 Corporate Stores in New Zealand (2016: 6). Sales and profit derived from outside Australia are not material to disclose.

9 CASH AND CASH EQUIVALENTS

	2017 $	2016 $
Cash at bank and on hand	**2,389,271**	4,333,943

10 TRADE AND OTHER RECEIVABLES

	Note	2017 $	2016 $
CURRENT			
Trade receivables		**1,171,011**	1,721,547
Prepayments		**482,480**	179,056
Related party receivables	30(c)	**81,377**	81,377
Other receivables		**161,278**	49,730
Total current trade and other receivables		**1,896,146**	2,031,710

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.

11 INVENTORIES

	2017 $	2016 $
Finished goods	**29,122,762**	18,114,692

Amounts recognised in profit and loss

Inventories recognised as an expense during the year ended 30 June 2017 amounted to $83,095,092 (2016: $61,373,595). These were recognised in cost of goods sold. The Company has created a provision for slow moving inventories. At 30 June 2017, this amounted to $594,352 (2016: $158,687). Any movement in the slow moving stock provision for the year is recognised in cost of goods sold.

11 INVENTORIES CONTINUED

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.

12 PROPERTY, PLANT AND EQUIPMENT

	2017 $	2016 $
Capital works in progress		
At cost	**380,759**	949,392
Plant and equipment		
At cost	**9,785,512**	6,868,984
Accumulated depreciation	**(2,975,641)**	(1,785,566)
Total plant and equipment	**6,809,871**	5,083,418
Computer equipment		
At cost	**1,137,419**	465,494
Accumulated depreciation	**(339,468)**	(194,412)
Total computer equipment	**797,951**	271,082
Improvements		
At cost	**14,798**	14,798
Accumulated depreciation	**(2,031)**	(612)
Total improvements	**12,767**	14,186
Total property, plant and equipment	**8,001,348**	6,318,078

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 2017					
Balance at the beginning of the year	949,392	5,083,418	271,082	14,186	6,318,078
Additions	2,952,631	28,787	40,366	–	3,021,784
Transfers	(3,521,294)	2,889,687	631,607	–	–
Depreciation expense	–	(1,188,665)	(144,964)	(1,419)	(1,335,048)
Foreign exchange movements	30	(3,356)	(140)	–	(3,466)
Balance at the end of the year	**380,759**	**6,809,871**	**797,951**	**12,767**	**8,001,348**

Consolidated	Leasehold Improvements in Progress $	Plant and Equipment $	Computer Equipment $	Improvements $	Total $
Year ended 30 June 2016					
Balance at the beginning of the year	166,181	2,697,958	250,955	35,694	3,150,788
Additions	3,409,376	537,282	88,424	–	4,035,082
Disposals – written down value	–	(20,275)	(222)	(16,168)	(36,665)
Transfers	(2,626,545)	2,592,779	33,766	–	–
Depreciation expense	–	(755,396)	(102,406)	(5,340)	(863,142)
Foreign exchange movements	380	31,070	565	–	32,015
Balance at the end of the year	949,392	5,083,418	271,082	14,186	6,318,078

13 INTANGIBLE ASSETS

Movements in carrying amounts of intangible assets

	Brand names $	Goodwill $	Total $
Year ended 30 June 2017			
Opening net book value	**1,114,527**	**33,295,797**	**34,410,324**
Additions through business combinations	**–**	**5,511,130**	**5,511,130**
Amortisation	**(72,628)**	**–**	**(72,628)**
Foreign exchange movements	**(287)**	**–**	**(287)**
Closing value at 30 June 2017	**1,041,612**	**38,806,927**	**39,848,539**

	Brand names $	Goodwill $	Total $
Year ended 30 June 2016			
Opening net book amount	1,178,289	29,325,797	30,504,086
Additions through business combinations	–	3,970,000	3,970,000
Amortisation	(72,711)	–	(72,711)
Foreign exchange movements	8,949	–	8,949
Closing value at 30 June 2016	**1,114,527**	**33,295,797**	**34,410,324**

Impairment testing for goodwill

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 2017. 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 covering a five year period. Cash flows beyond the five year period are extrapolated using estimated growth rates of 3.0%. The pre tax discount rate applied to cash flow projected is 12.9%.

13 INTANGIBLE ASSETS CONTINUED

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 budget timeline.

Growth rate: Rates are based on management's best estimates of anticipated growth in the short to medium term and are not significantly different to rates applied across the retail industry. The growth rate in the terminal year is 3%.

Discount rate: The discount rate is specific to the Group's circumstances and is derived from its average 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 average cost of interest bearing debt that the Group is committed to service.

Sensitivity analysis: Management recognises that the future growth rates may differ from what has been estimated, however management have assessed there are no changes in estimates that are probable that would result in an impairment charge.

14 TRADE AND OTHER PAYABLES

	2017 $	2016 $
CURRENT		
Unsecured liabilities		
Trade payables	**10,294,280**	10,252,467
Deferred consideration	**50,000**	–
GST payable	**371,267**	35,863
Sundry payables and accrued expenses	**2,298,835**	1,392,857
	13,014,382	11,681,187

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

15 EMPLOYEE BENEFITS

	2017 $	2016 $
Current liabilities		
Provision for employee benefits	**1,130,040**	949,573

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.

	2017 $	2016 $
Leave obligations expected to be settled after 12 months	**141,345**	97,406

16 BORROWINGS

	2017 $	2016 $
NON-CURRENT		
Secured liabilities:		
Bank loans	**11,824,267**	5,124,267
Total non-current borrowings	**11,824,267**	5,124,267
Total borrowings	**11,824,267**	5,124,267

(A) COLLATERAL

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

	2017 $	2016 $
Fixed and Floating charge:		
– cash and cash equivalents	**2,389,271**	4,333,943
– trade receivables	**1,171,011**	1,721,547
– Inventories	**29,122,762**	18,146,692
– plant and equipment	**8,001,348**	6,318,078

(B) DEBT COVENANTS

Under the terms of the major borrowing facilities, as at year end, the Group is required to comply with the following financial covenants:

(a) the ratio of debt to EBITDA must be less than or equal to 2.0;

(b) the ratio of interest expense to EBIT must be greater than 3.0; 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.

17 OTHER LIABILITIES

	2017 $	2016 $
CURRENT		
Deferred lease incentive liabilities	**344,330**	394,277
NON-CURRENT		
Deferred lease incentive liability	**1,475,813**	965,782
Deferred rent liability	**981,642**	610,264
Total non-current other liabilities	**2,457,455**	1,576,046
Total	**2,801,785**	1,970,323

18 ISSUED CAPITAL

	2017 $	2016 $
126,387,040 (2016: 125,087,040) Ordinary shares	**50,385,497**	50,385,497

The 1,300,000 shares issued under the Long Term Incentive Plan have vesting criteria and are therefore only included in diluted share calculations.

(A) MOVEMENTS IN SHARE CAPITAL

	2017 $	2016 $
At the beginning of the reporting period	**50,385,497**	10,539,383
Shares bought back	–	(175,000)
Shares issued in Initial Public Offering	–	41,767,750
Transaction costs on share issue	–	(2,298,206)
Deferred tax asset arising on transaction costs	–	551,570
At the end of the reporting period	**50,385,497**	50,385,497

	Ordinary Shares No.	A Class Shares No.	B Class Shares No.	C Class Shares No.	D Class Shares No.	E Class Shares No.
2017						
Shares on issue at beginning and end of the financial year	**125,087,040**					
Unvested shares issued under Long Term Incentive Plan	**1,300,000**					
Diluted shares on issue at end of the financial year	**126,387,040**					

All A, B, C, D and E Class Shares were either cancelled or converted to ordinary shares immediately prior to the Company's IPO in June 2016.

	Ordinary Shares No.	A Class Shares No.	B Class Shares No.	C Class Shares No.	D Class Shares No.	E Class Shares No.
2016						
Shares on issue at beginning of the financial year	**10,489,378**	**75,004**	**255,264**	**30,631**	**30,631**	**36,330**
Shares bought back	(50,000)	–	–	–	–	–
Share cancellation	–	–	–	(30,631)	–	–
Shares issued in share split	73,075,646	734,933	1,786,848	–	214,417	254,310
Share consolidation	–	–	(540,861)	–	(64,898)	(79,175)
Conversion to ordinary shares	2,702,803	(809,937)	(1,501,251)	–	(180,150)	(211,465)
Shares issued in IPO	38,869,213	–	–	–	–	–
Shares on issue at end of the financial year	125,087,040	–	–	–	–	–

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.

A dividend may be payable on A Class shares at the discretion of the board. All A Class, B Class, D Class and E Class shares vested and were converted to ordinary shares immediately prior to the Company's Initial Public Offering in June 2016.

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.

19 DIVIDENDS

	2017 $	2016 $
The following dividends were declared and paid:		
Fully franked dividend of 1.6 cents per share	**2,001,393**	–
Pre-IPO dividend of 21.608 cents per share	**–**	18,175,416

	2017 $	2016 $
Total dividends per share declared and paid	**0.016**	0.22

19 DIVIDENDS CONTINUED

Franking account

	2017 $	2016 $
The franking credits available for subsequent financial years at a tax rate of 30%	**1,664,459**	746,302

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 of the current tax liabilities;

(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.

20 RESERVES

	2017 $	2016 $
Foreign currency translation reserve		
Opening balance	**(25,217)**	23,841
Currency translation differences arising during the year	**(3,469)**	(49,058)
Balance at 30 June	**(28,686)**	(25,217)
Share based payments reserve		
Opening balance	**271,313**	–
Transfers in	**48,315**	271,313
Balance at 30 June	**319,628**	271,313
Total	**290,942**	246,096

(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.

21 EARNINGS PER SHARE

	2017 $	2016 $
Profit from continuing operations	**8,993,956**	3,854,027
Earnings used to calculate basic EPS from continuing operations	**8,993,956**	3,854,027

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

	2017 No.	2016 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**125,087,040**	84,210,684
Weighted average number of ordinary shares outstanding during the year used in calculating fully diluted basic EPS	**125,115,533**	84,210,684

22 RETAINED EARNINGS

	2017 $	2016 $
Retained earnings at beginning of the financial year	**1,413,570**	15,734,959
Net profit for the year	**8,993,956**	3,854,027
Dividends paid	**(2,001,393)**	(18,175,416)
Retained earnings at end of the financial year	**8,406,133**	1,413,570

23 CAPITAL AND LEASING COMMITMENTS

(A) OPERATING LEASES

	2017 $	2016 $
Minimum lease payments under non-cancellable operating leases:		
– not later than one year	**8,854,729**	7,053,945
– between one year and five years	**19,557,383**	16,454,902
– later than five years	**1,751,926**	1,334,315
	30,164,038	24,843,162

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 2017, $811,363 was drawn under the Company's bank guarantee facility.

24 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.

24 FINANCIAL RISK MANAGEMENT CONTINUED

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.

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:

	2017 $	2016 $
Commercial advance facilities	**11,175,733**	8,375,733
Bank guarantee facility	**1,188,637**	–
Total	**12,364,370**	8,375,733

The commercial advance facility has a limit of $23,000,000 and was drawn to $11,824,267 as at 30 June 2017. In addition, Shaver Shop has access to a bank guarantee facility with a limit of $2,000,000 was drawn to $811,363 as at 30 June 2017. The commercial advance facility bears an interest rate of BBSY +1.65%. Both facilities mature in July 2018.

(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	
	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $
Bank loans	–	19,237	–	211,611	**11,824,267**	5,335,115
Trade payables	**10,344,280**	10,252,456	–	–	–	–
Total	**10,344,280**	10,271,693	–	211,611	**11,824,267**	5,355,115

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 impairment exists within trade receivables at year end. There are no balances within trade receivables that contain assets that are overdue but not impaired. It is expected that these balances will be received when due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counter parties are reputable banks with high quality external credit ratings.

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.

	2017 $	2016 $
Cash at bank		
AA– (Standard & Poors)	**2,389,271**	4,333,943
Accounts receivable		
Counter-parties with no external credit rating		
Group 1*	**1,171,011**	1,721,547

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

24 FINANCIAL RISK MANAGEMENT CONTINUED

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.

There are no material foreign currency denominated financial assets or liabilities at year end.

Market volatility in the New Zealand Dollar is unlikely to have a material impact on the Group's pre-tax profit or equity. Therefore a sensitivity analysis has not been performed.

(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 %	2017 $	Weighted average interest rate %	2016 $
Floating rate instruments				
Bank loans	**3.43**	**11,824,267**	3.51	5,124,267
Total	**3.43**	**11,824,267**	3.51	5,124,267

Management considers that interests rates could reasonably increase by 1% or decrease by 0.5% (2016: 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.

25 TAX ASSETS AND LIABILITIES

(A) CURRENT TAX ASSETS AND LIABILITIES

	2017 $	2016 $
Income tax receivable	**–**	880,717
Income tax payable	**131,606**	–

(B) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	2017 $	2016 $
Deferred tax assets	**6,726,586**	5,681,049

	Opening Balance $	Charged to Income $	Charged directly to Equity $	Acquisition of Franchise Stores $	Closing Balance $
Deferred tax assets					
Provisions – employee benefits	207,399	115,808	–	–	323,207
Accruals	155,340	146,268	–	–	301,608
Lease incentive liability	202,740	179,537	–	–	382,277
Cancellation of franchise fee on acquisition	2,858,716	(1,148,116)	–	1,680,000	3,390,600
IPO costs	–	978,062	551,570	–	1,529,632
Other	99,619	(248)	–	–	99,371
Set off Deferred Tax Liability	(409,052)	63,406	–	–	(345,646)
Balance at 30 June 2016	3,114,762	334,717	551,570	1,680,000	5,681,049
Provisions – employee benefits	**323,207**	**63,614**	**–**	**–**	**386,821**
Accruals	**301,608**	**156,124**	**–**	**–**	**457,732**
Lease incentive liability	**382,277**	**166,353**	**–**	**–**	**548,630**
Cancellation of franchise fee on acquisition	**3,390,600**	**(1,564,500)**	**–**	**2,317,500**	**4,143,600**
IPO costs	**1,529,632**	**(387,164)**	**–**	**–**	**1,142,468**
Other	**99,371**	**(274,301)**	**–**	**–**	**376,672**
Set off Deferred Tax Liability	**(345,646)**	**19,309**	**–**	**–**	**(326,337)**
Balance at 30 June 2017	**5,681,049**	**(1,268,963)**	**–**	**2,317,500**	**6,726,586**

26 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:

PwC Australia

	2017 $	2016 $
(a) PricewaterhouseCoopers Australia		
(i) Audit of financial statements		
Audit of financial statements	**206,000**	230,000
Total remuneration for audit and other assurance services	**206,000**	230,000
(ii) Taxation services		
Tax compliance services	**48,552**	21,930
Tax consulting services	**10,200**	–
Total remuneration for taxation services	**58,752**	21,930
(iii) Other Services		
Initial Public Offering Advice	**–**	595,975
Other consulting services	**49,100**	–
Total remuneration for other services	**49,100**	595,975
Total remuneration of PricewaterhouseCoopers Australia	**313,852**	847,905
(b) Network firms of PricewaterhouseCoopers Australia		
(i) Taxation services		
Tax compliance services	**3,155**	–
Total remuneration for taxation services	**3,155**	–
Total remuneration of network firms of PricewaterhouseCoopers Australia	**3,155**	–

27 INTERESTS IN SUBSIDIARIES

The Group's subsidiaries as at 30 June 2017 are set out below.

	Principal place of business/ Country of Incorporation	Percentage Owned (%)* 2017	Percentage Owned (%)* 2016
Subsidiaries:			
Lavomer Riah Pty Ltd	Australia	**100**	100
Shaver Shop Pty Ltd	Australia	**100**	100
Shaver Shop (New Zealand) Limited	New Zealand	**100**	100
Rasoirs Pty Ltd	Australia	**100**	–

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

28 DEED OF CROSS-GUARANTEE

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:

	2017 $	2016 $
Consolidated Statement of Comprehensive Income		
Revenue	**138,174,651**	103,375,651
Cost of Sales	**(80,241,920)**	(59,341,632)
Gross Profit	**57,932,731**	44,004,019
Other revenue	**3,606,286**	4,027,462
Operating expenses	**(47,641,876)**	(41,293,245)
Finance costs	**(443,715)**	(1,043,374)
Profit before income tax	**13,453,426**	5,724,862
Income tax (expense)/credit	**(4,061,112)**	(1,627,859)
Profit after income tax	**9,392,314**	4,097,003
Profit attributable to members of the parent entity	**9,392,314**	4,097,003

	2017 $	2016 $
Retained earnings:		
Retained earnings at the beginning of the year	**2,163,227**	16,241,640
Profit after income tax	**9,392,314**	4,097,003
Dividends recognised	**(2,001,393)**	(18,175,416)
Retained earnings at the end of the year	**9,554,148**	2,163,227
Attributable to:		
Equity holders of the Company	**9,554,148**	2,163,227

28 DEED OF CROSS-GUARANTEE CONTINUED

	2017 $	2016 $
Consolidated Statement of Financial Position		
Current Assets		
Cash and cash equivalents	**1,870,811**	3,988,044
Trade and other receivables	**1,890,216**	3,491,810
Inventories	**27,471,643**	16,732,815
Current tax receivables	**–**	880,717
Total Current Assets	**31,232,670**	25,093,386
Non-Current Assets		
Property, plant and equipment	**7,234,274**	5,446,350
Intangible Assets	**39,742,222**	33,963,528
Deferred Tax Assets	**6,726,586**	6,015,407
Total Non-Current Assets	**53,703,082**	45,425,285
Total Assets	**84,935,752**	70,518,671
Current Liabilities		
Trade and other payables	**10,096,562**	11,300,111
Current tax payables	**131,606**	–
Total Current Liabilities	**10,228,168**	11,300,111
Non-Current Liabilities		
Long-term borrowings	**11,824,267**	5,124,267
Other liabilities	**2,624,044**	1,274,256
Total Non-Current Liabilities	**14,448,311**	6,398,523
Total Liabilities	**24,676,479**	17,698,634
Net Assets	**60,259,273**	52,820,037
Equity		
Issued Capital	**50,385,497**	50,385,497
Reserves	**319,628**	271,313
Retained Earnings	**9,554,148**	2,163,227
Total Equity	**60,259,273**	52,820,037

29 CONTINGENCIES

Contingent Liabilities
There are no contingent liabilities recognised by the Group.

30 RELATED PARTIES

(A) SUBSIDIARIES

Interests in subsidiaries are set out in Note 27.

(B) KEY MANAGEMENT PERSONNEL

Key management personnel remuneration included within employee expenses for the year is shown below:

	2017 $	2016 $
Short-term employee benefits	**1,333,701**	1,380,098
Post-employment benefits	**67,224**	34,827
Share-based payments	**39,952**	209,428
	1,440,877	1,624,353

(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					
2017	**81,377**	**81,377**	**–**	**–**	**–**
2016	81,377	81,377	–	4,435	–

The loans to KMP resulted from a share incentive scheme implemented prior to the Shaver Shop Employee Share Plan (refer Note 32). 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.

31 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:

	2017 $	2016 $
Profit for the year	**8,993,956**	3,854,027
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
Depreciation and amortisation	**1,407,599**	935,630
Net loss on disposal of property, plant & equipment	**–**	36,665
Share based payments expense	**48,315**	271,313
Net exchange differences	**48,676**	(89,799)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
– (increase)/decrease in trade and other receivables	**135,564**	(426,103)
– (increase)/decrease in inventories	**(9,954,101)**	(3,071,821)
– (increase)/decrease in deferred tax assets	**1,606,321**	(334,716)
– increase/(decrease) in trade and other payables	**116,967**	4,028,017
– increase/(decrease) in income taxes payable	**1,012,323**	(526,559)
Cashflow from operations	**3,415,620**	4,676,654

32 SHARE-BASED PAYMENTS

Consistent with the disclosures in the Company's Prospectus, in the year ended 30 June 2017 Shaver Shop established a long term incentive plan (LTIP) to assist in the motivation, retention and reward of Shaver Shop 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 senior executives to acquire shares subject to the conditions of the LTIP.

Under the plan, eligible participants were granted 1,300,000 plan shares which will only vest if certain criteria are met. The number of Plan Shares which will vest under the LTI Plan will be dependent on time based (years of service) and performance based criteria. Plan Shares are granted under the plan and funded by a limited recourse loan to the eligible senior executive. The Plan Shares rank pari passu in all respects with the ordinary shares of the Company.

KMP	Grant Date	LTI granted (shares)	Value at Grant Date $	Loan Value at 30 June 2017	% paid / vested in the period	% forfeited in period	Value Expensed in FY17$
Directors							
Cameron Fox	22 June 2017	975,000	575,152	575,172	0%	0%	36,236
Senior Executive							
Lawrence Hamson	22 June 2017	100,000	58,990	58,990	0%	0%	3,716

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 shares were granted to eligible participants on 22 June 2017. Based on the volume weighted price of shares traded in the five days up to and included the grant date, each share was worth $0.5899. Accordingly, limited recourse loans with an aggregated value of $766,870 were provided by the Company to the participants. The fair value at grant date of the LTIP shares is independently determined using an adjusted form of Black Scholes Model. 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 key assumptions used in the valuation model are:

> Share price (at Grant Date) – $0.59
> Exercise price (5 day VWAP to Grant Date) – $0.59
> Volatility – 45%
> Dividend Yield – Nil (as dividend used to pay off loan value)
> Risk free rate – 2%

In the year ended 30 June 2016, the Company maintained an Employee Performance Share Plan. The plan was approved by shareholders in August 2014 and designed to provide long term incentives for senior managers to deliver long term shareholder returns. Prior to the Company's initial public offering (IPO), these shares were converted to ordinary shares that were either sold or retained by the relevant participants at the time of the IPO. As a result, the Employee Performance Share Plan is no longer maintained by the Company.

Total expenses arising during the year ended 30 June 2017 as a result of share based transactions were $48,315 (2016: $271,313).

33 EVENTS OCCURRING AFTER THE REPORTING DATE

The consolidated financial report was authorised for issue on 24 August 2017 by the board of directors.

Subsequent to year end, the Directors declared a fully franked final dividend of 2.4 cents per share to shareholders of record on 10 October 2017. The dividend payment date is 24 October 2017.

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.

34 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.

34 PARENT ENTITY CONTINUED

	2017 $	2016 $
Summary financial information		
ASSETS		
Current assets	**16,544,578**	16,544,578
Non-current assets	**29,857,267**	30,290,290
Total Assets	**46,401,845**	46,834,868
LIABILITIES		
Current liabilities	**–**	–
Total Liabilities	**–**	–
EQUITY		
Contributed equity	**50,385,496**	50,385,496
Reserves	**319,628**	271,313
Retained losses	**(4,303,279)**	(3,821,941)
Total Equity	**46,401,845**	46,834,868
Profit for the period	**1,520,055**	14,935,320
Total comprehensive income	**1,520,055**	14,935,320
Opening retained losses	**(3,821,941)**	(581,845)
Profit for the period	**1,520,055**	14,935,320
Dividends paid or provided for	**(2,001,393)**	(18,175,416)
Closing retained losses	**(4,303,279)**	(3,821,941)

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016.

Contractual commitments

The parent entity did not have any commitments as at 30 June 2017 or 30 June 2016.

35 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 2017 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.

Brodie Arnhold

Broderick Arnhold
Director

Melbourne
24 August 2017

Independent auditor's report

To the shareholders 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 2017 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 2017
- 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 consolidated 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.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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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 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

- For the purpose of our audit we used overall Group materiality of $652,000 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 accepted thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgments; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group sells personal grooming products 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 at the head office in Melbourne where the majority of our audit procedures were performed.

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. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	*How our audit addressed the key audit matter*
Carrying value of goodwill *(Refer to note 13) $38.8 million* At 30 June 2017 the Group had a balance of $38.8m of goodwill in the financial report. Australian Accounting Standards require the Group to assess the carrying value of goodwill each year for impairment at the Cash Generating Unit (CGU) level. 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).	Our audit procedures included: • Making an assessment of whether the CGUs identified by the Group were consistent with our knowledge of the Group's operations and internal reporting. • Assessing whether the CGUs appropriately included all assets, liabilities and cash flows directly attributable to each CGU and a reasonable allocation of corporate overheads. • Testing that forecast cash flows used in the impairment model were consistent with the most up-to-date budgets and business plans presented to and discussed with the board of directors. • 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 year. • Performing a sensitivity analysis on key assumptions. Calculations were most sensitive to changes in sales and EBITDA growth rate assumptions. We adjusted the impairment model for our view of other foreseeable outcomes to consider their impact. • With the assistance of our valuation experts, evaluating 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. • Evaluation of the adequacy and accuracy of disclosures in note 13, including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements

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<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td></td><td>of Australian Accounting Standards.</td></tr>
<tr><td>Carrying value of inventory
(Refer to note 11) $29.1 million

At 30 June 2017 the Group recognised inventory of $29.1 million in the financial report.

The Group also recognised a provision for obsolete inventory of $594k. 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.

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.</td><td>Our procedures included the following:
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 gross margin earned on those products sold in the financial year, and considering the clearance rate.
Testing of the mathematical accuracy of the provision calculation.
Evaluating whether the provision for inventory was adequate by assessing:
- the gross margins recognised by the Group; and
- the inventory turnover ratio and ageing, including a comparison to the prior year.</td></tr>
<tr><td>Accounting for supplier rebates
(Refer to note 2 (n))

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

We have focused on this matter because of the magnitude and number of rebates received during the year, and the different terms applicable to</td><td>Our audit procedures included the following:
Obtained confirmations from a sample of suppliers of the quantity of relevant inventory purchased and the terms of rebate and compared these to the information used in the Group's calculations.
Tested the mathematical accuracy of the Group's rebate calculations.</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
each rebate agreement.	

Other information

The directors are responsible for the other information. The other information included in the Group's annual report for the year ended 30 June 2017 comprises the Directors report (but does not include the financial report and our auditor's report thereon), which we obtained prior to the date of this auditor's report. We also expect other information to be made available to us after the date of this auditor's report, including the Chairman's and CEO's report and Corporate Information.

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 identified above 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 as identified above, 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

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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: 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 11 to 19 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Shaver Shop Group Limited for the year ended 30 June 2017 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.

PricewaterhouseCoopers

Daniel Rosenberg
Partner

Melbourne
24 August 2017

SHAREHOLDER INFORMATION

for the year ended 30 June 2017

The Shareholder information set out below is based on information in the Company's share register as at 11 September 2017.

DISTRIBUTION OF HOLDINGS OF FULLY PAID ORDINARY SHARES

Range	Securities	%	No. of holders	%
100,001 and Over	106,367,976	84.16	71	6.67
10,001 to 100,000	17,643,477	13.96	550	51.69
5,001 to 10,000	1,768,522	1.40	198	18.61
1,001 to 5,000	562,326	0.44	161	15.13
1 to 1,000	44,739	0.04	84	7.89
Total	**126,387,040**	**100.00**	**1,064**	**100.00**

As at 11 September 2017, there were 54 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 11 September 2017.

Name of Shareholder	No. of Shares	% of Issued Capital(1)
Shaver Shop Group Limited	31,718,485	25.36%
Perpetual Limited	19,199,155	15.35%
Brian Singer	6,258,040	5.00%

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

TOP 20 SHAREHOLDERS

Rank	Name of Shareholder	No. of Shares	% of Issued Capital
1	HSBC Custody Nominees (Australia) Limited	21,030,654	16.64
2	Alsop Pty Limited	14,277,125	11.30
3	J.P. Morgan Nominees Australia Limited	11,185,899	8.85
4	National Nominees Limited	9,329,233	7.38
5	Anacacia Pty Limited	5,552,270	4.39
6	Katani Pty Ltd	5,408,004	4.28
7	Zara Holdings Pty Ltd	4,160,004	3.29
8	UBS Nominees Pty Ltd	3,463,360	2.74
9	BNP Paribas Noms Pty Ltd	3,102,670	2.45
10	Dovali Pty Ltd	2,773,336	2.19
11	RBC Investor Services Australia Nominees Pty Ltd	2,500,000	1.98
12	Mr Cameron Fox	1,800,024	1.42
13	Citicorp Nominees Pty Limited	1,627,780	1.29
14	Broderick Ernst George Arnhold	1,600,000	1.27
15	Pacific Custodians Pty Limited	1,300,000	1.03
16	Claydon Super Pty Ltd	1,250,000	0.99
17	Mr Ingo Rehder & Mrs Heather Rehder	1,210,000	0.96
18	Arkindale Pty Ltd	850,000	0.67
19	Mr Brodie Ernst Arnhold	807,000	0.64
20	Stemlow Pty Ltd	750,736	0.59
TOTAL		**93,978,095**	**74.36**
Balance of Register		**32,408,945**	**25.64**
GRAND TOTAL		**126,387,040**	**100.00**

UNQUOTED EQUITY SECURITIES

There are currently no unquoted equity securities of the Company.

SHAVER SHOP WEBSITE

www.shavershop.com.au

ESCROWED SHARES

In aggregate, 31,718,485 Shares were the subject of voluntary escrow arrangements as outlined in Section 7.15 of the Company's Prospectus. These shares were released from escrow after close of trading on 6 September 2017. A copy of the Prospectus is available from the Investor Relations section of Shaver Shop's website.

SHAREHOLDER INFORMATION

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.

FOR INVESTOR RELATIONS INFORMATION:

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

CORPORATE INFORMATION

ABN 78 150 747 649

DIRECTORS

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

COMPANY SECRETARY

Lawrence Hamson

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

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1341 Dandenong Road, Chadstone, Victoria, 3148
Australia
Phone: +61 (0) 3 9840 5900

SHARE REGISTRY

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

AUDITORS

PricewaterhouseCoopers

SOLICITORS

Norton Rose Fulbright

BANKERS

Bankwest


WAHL
Series 9

SHAVER SHOP

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