SHAVER SHOP GROUP LIMITED

Appendix 4E

Preliminary Final Report

Results for Announcement to the Market

Year ended 30 June 2021 (Previous corresponding period: Year ended 30 June 2020)

1. Statutory Result Summary

Statutory Result		%		FY2021 $'000	FY2020 $'000
Revenue from ordinary activities	Up	+9.6%	to	213,677	194,924
Profit from ordinary activities after tax attributable to members	Up	+68.3%	to	17,473	10,382
Net profit after tax attributable to the members	Up	+68.3%	to	17,473	10,382

The figures reported above represent the consolidated statutory results of Shaver Shop Group Limited (the "Company" or the "Group") and reflect the application of AASB16 – Leases from 1 July 2019. The figures also reflect a change in accounting policy, where previously Shaver Shop had capitalised costs incurred in configuring or customising cloud-based software as a service (SaaS) arrangements as intangible assets. Following the International Financial Reporting Standards Interpretations Committee (IFRS IC) agenda decision on Configuration or Customisation of Cloud Computing Arrangements in March 2021, Shaver Shop has reconsidered its accounting treatment and adopted the treatment set out in the IFRS IC agenda decision. This has resulted in the expensing of costs that were previously capitalised in both the current and comparative periods. Details of the impact of the change in accounting policy is reflected in the notes to the Consolidated Financial Statements.

2. Dividends

Dividend	Amount per ordinary share	Franked amount per ordinary share
2021 final dividend	5.0 cents	5.0 cents
2021 interim dividend	3.2 cents	3.2 cents
2020 final dividend	2.7 cents	2.7 cents
2020 special dividend (in lieu of the cancelled 2020 interim dividend)	2.1 cents	1.68 cents

The record date for determining the entitlement to the FY2021 final dividend is 9 September 2020. The payment date in respect of the FY2021 final dividend is 23 September 2020.

The company does not have a dividend reinvestment plan.

3. Net tangible assets per security

	30 June 2020	30 June 2020
Net tangible asset backing per ordinary security[1]	14.4 cents[2]	13.6 cents[2]

[1] Net tangible asset backing per ordinary share of 14.4 cents (30 June 2020 – 13.6 cents) above is inclusive of right of use assets. The net tangible asset backing per ordinary share at 30 June 2020 would reduce to -2.1 cents if right of use assets were excluded,and right-of-use lease liabilities were included, in the calculation (FY2020 - -7.5 cents).

[2] The reduction in the net tangible asset backing per ordinary security includes the application of the new accounting standard AASB 16 Leases.

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

Not applicable.

5. Basis of Preparation

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

6. Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 30 June 2021 Preliminary Financial Report. The information above should be read in conjunction with the accompanying Preliminary Financial Report of the Group for the year ended 30 June 2021 and ASX market releases made during the period.

Shaver Shop Group Limited

ABN: 78 150 747 649

Consolidated financial report

For the Year Ended 30 June 2021

SHAVER SHOP GROUP LIMITED
30 JUNE 2021

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DIRECTORS REPORT

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 2021. Throughout the report, the consolidated entity is referred to as the "Group", the "Company" or "Shaver Shop".

Principal activities

The principal activities of the Group during the financial year was the retailing of specialist personal grooming products both through Shaver Shop's corporate owned stores and franchise store networks as well as online through its websites. No significant change in the nature of these activities occurred during the year. By the end of the financial year, all 121 Shaver Shop stores across Australia and New Zealand were fully corporate owned with no franchised stores remaining.

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

Debra Singh was appointed as a director on 2nd September 2020.

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:

Broderick Arnhold	*Independent Chair, Non-Executive Director*	
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 Chairman of iSelect Limited, he was the CEO of iSelect Limited and prior to that the CEO of Melbourne Racing Club for four years. He 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 Listed Directorships	Chairman, iSelect Limited Non-Executive Director, Bailador Technology Investments Limited	
Former Listed Directorships in last 3 years	None	
Special responsibilities	Chair of the Board Member of the Audit and Risk Committee Member of the Nomination and Remuneration Committee	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited	2,000,000

DIRECTORS REPORT

Cameron Fox	*Chief Executive Officer and Managing Director*	
Expertise and Experience	Cameron has over 20 years' experience working across the personal care and grooming industry. Cameron joined Shaver Shop as General Manager in 2006 before being appointed to the position of Chief Executive Officer in July 2008. Cameron previously worked for Gillette Australia for a period of 10 years. During his time at Gillette Australia, Cameron held various roles, including Associate Product Manager, Business Analyst, National Account Manager and National Sales Manager.	
Other Current Listed Directorships	None	
Former Listed Directorships in last 3 years	None	
Special Responsibilities	Managing Director Chief Executive Officer	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited Unvested LTI Shares **Total**	2,438,785 1,683,873 **4,122,658**

Craig Mathieson	*Non-Executive Director*	
Expertise and Experience	Craig became a director of Shaver Shop Pty Ltd in June 2011. Craig is the Chief Executive Officer of the Mathieson Group which has 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 Listed Directorships	None	
Former Listed Directorships in last 3 years	None	
Special Responsibilities	Chair of the Audit and Risk Committee	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited	4,820,004

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 Listed Directorships	None	
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	3,258,004

DIRECTORS REPORT

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, dusk Group Limited and Universal Store Limited. He was a former director of Just Group, Global Television, EziBuy, Max Fashions, Power Farming, Metro GlassTech, Moraitis Group, Taverner Hotel Group, SkyBus and Australian Discount Retail. Trent is also a Non-Executive director of the Ascham Foundation and Gathermycrew.org.	
Other Current Listed Directorships	Adairs Limited dusk Group Limited Universal Store Limited	
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	547,619

Debra Singh	*Non-Executive Director*	
Expertise and Experience	Debra Singh has a wealth of retail experience gained while working within the Woolworth's group across supermarkets, operations and consumer electronics. Debra has also held key leadership roles as COO and Group CEO at Fantastic Holdings Limited as well as Group CEO Household Goods at Greenlit Brands.	
Other Current Listed Directorships	None	
Former Listed Directorships in last 3 years	None	
Special responsibilities	Member of the Audit & Risk Committee	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited	100,000

Lawrence Hamson	*Chief Financial Officer and Company Secretary*	
Expertise and Experience	Lawrence joined Shaver Shop in April 2016 immediately prior to the Company's listing on the ASX. He is a Chartered Accountant (Canada) and Chartered Financial Analyst with more than 20 years experience in both public practice and within industry. For the 9 years prior to joining Shaver Shop, Lawrence acted as Chief Financial Officer for both private and public companies, most recently with Dun & Bradstreet as its CFO for the Asia Pacific region. He has experience across venture capital with Rothschild as well as corporate communications having been Mayne Group Limited's General Manager Corporate Relations through its demerger into two ASX listed entities – Symbion Healthcare Limited and Mayne Pharma Limited.	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited Unvested LTI Shares **Total**	642,159 833,550 **1,475,709**

DIRECTORS REPORT

Meetings of Directors

During the financial year, 14 meetings of directors were held, 6 meetings of the Audit & Risk Committee were held and 2 meetings of the Nomination and Remuneration Committee were held. Attendances by each director who was a member of the Board and relevant subcommittee during the year were as follows:

	Board of Directors Meetings		Audit & Risk Committee Meetings		Nom & Rem Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Broderick Arnhold	14	14	6	6	2	2
Cameron Fox	14	14	-	-	-	-
Craig Mathieson	14	14	6	6	-	-
Trent Peterson	14	14	6	6	2	2
Brian Singer	14	14	-	-	2	2
Debra Singh	12	10	4	4	-	-

Dividends paid or recommended

The Directors have announced a fully-franked final dividend of 5.0 cents per share or ($6.4 million) to be paid on 23 September 2021 (2020: 2.7 cents per share fully franked or $3.3 million). The Directors announced an interim dividend of 3.2 cents per share fully franked ($4.0 million) in February 2021. The dividend was paid on 25 March 2021. The FY2020 interim dividend of 2.1 cents per share (80% franked) was cancelled and subsequently replaced by an equivalent Special Dividend of 2.1 cents per share (80% franked) that was paid in July 2020.

The combined interim and final dividend payments for FY2021 represent the payout of approximately 60% of the Company's FY2021 reported net profit after tax.

2021 Operating and Financial Review

Non-IFRS measures

The Directors' Report includes references to normalised results. The normalised results have been derived from Shaver Shop's statutory accounts and adjusted to a normalised basis to more appropriately reflect the ongoing operations of Shaver Shop. The Directors believe the presentation of non-IFRS financial measures are useful for the users of this financial report as they provide additional and relevant information that reflect the underlying financial performance of the business. Non-IFRS measures contained within this report are not subject to audit or review.

DIRECTORS REPORT

Group Results

	Reported 2021 $000	Reported 2020 $000	Increase (Decrease) %
Sales	**213,667**	194,924	9.6%
Gross profit	**94,681**	81,622	16.0%
Gross margin %	***44.3%***	*41.9%*	*5.7%*
Franchise and other income	**891**	1,056	-15.6%
Operating expenses	**(55,148)**	(52,341)	5.4%
Operating expenses % of sales (costs of doing business)	***25.8%***	*26.9%*	*-4.1%*
Earnings before interest, tax depreciation & amortization (EBITDA)	**40,424**	30,337	*33.2%*
EBITDA margin	***18.9%***	*15.6%*	*21.2%*
Depreciation & amortization	**(14,066)**	(13,499)	4.2%
Earnings before interest & tax (EBIT)	**26,358**	16,838	56.5%
EBIT margin	**12.3%**	8.6%	*43.0%*
Interest expense	**(1,627)**	(2,078)	-21.7%
Income tax expense	**(7,258)**	(4,378)	65.8%
Net profit after tax (NPAT) attributable to owners	**17,473**	10,382	68.3%
Earnings per share (EPS) – basic (cents)	**14.2**	8.5	66.2%
Cash earnings per share (Cash EPS) – basic (cents)	**15.5**	9.5	63.2%
Dividends per share (cents) – declared*	**8.2**	4.8	70.8%

* Reflects the period from which the dividends were declared – not the financial period in which they were paid. The FY2021 final dividend is to be paid in September 2021.

In FY2021, the Company grew consolidated revenue by 9.6% to $213.7 million (FY2020 - $194.9 million). The growth in sales was driven primarily by:

- FY2021 like for like[1] store sales growth of 8.6%. This sales growth was supported by online sales growth of 41.1% over the prior corresponding period. Online sales now represent 28.6% of total sales for the Group. Like for like sales growth was supported by the ongoing trend towards Do-It-Yourself (DIY) personal care and grooming solutions, the increasing acceptance of online shopping, as well as the need for consumers to seek alternatives to salon and barber shop services during periods of government imposed restrictions due to COVID-19; and
- The acquisition of the remaining 6 franchise stores in February 2021. These stores represented one large group based in NSW and consisted of the following stores, Blacktown, Burwood, Castle Towers, Chatswood, Galeries and Parramatta. Shaver Shop has 121 stores across Australia and New Zealand which are now all fully corporate-owned. The sales from these additional 6 stores was partially offset by the permanent closure of two stores (Plenty Valley, VIC and Belrose, NSW) in H1 FY2021.

Gross profit margins increased 240 basis points to 44.3% in FY2021 (FY2020 – 41.9%). The increase in gross profit margin was due to a shift in category mix over the first six months of the year towards Shaver Shop's higher margin and largely exclusive Hair Clipping, Trimming and Body Grooming categories as well as less aggressive pricing and promotional strategies across the FY2021 year.

Franchise and other revenue decreased 15.6% or $0.2 million to $0.9 million due to lower franchise royalties being earned following the buy-back of the last six franchised stores in early February 2021. As at 30 June 2021, Shaver Shop owned and operated all 121 stores across its store network (30 June 2020: 6 franchised stores).

[1] Like for like sales are sales for those stores that were owned and operated by Shaver Shop for all of FY2020 and FY2021. It therefore excludes any franchise buy-backs, new stores or stores that were permanently closed in FY2020 or FY2021. Where any like for like stores were temporarily closed for in-store sales (e.g. due to COVID-19 restrictions) for any day in FY2020 or FY2021, the in-store sales (if any) and any online sales for those days have been excluded from like for like sales in both FY2020 and FY2021.

DIRECTORS REPORT

Shaver Shop's total operating expenses increased 5.4% to $55.1 million (FY2020: $52.3 million), primarily due to:

- The full period impact of additional national support office roles as well as an increase in employment costs in Q4 FY2021 (versus the prior year), resulting from Shaver Shop reverting to normal wages on 1 July 2020. In Q4 FY2020, due to the uncertainty caused by COVID-19, Shaver Shop Support Office employees voluntarily reduced their salaries and stores reduced store rosters hours due to government imposed trading restrictions relating to COVID-19;
- The increase in the number of stores in the network following the buyback of the last 6 franchised stores in February 2021; and
- Increased postage and online transactional costs resulting from the significant increase in online sales.

These increases in operating expenses were partially offset by the following operating expense reductions in FY2021:

- Rent relief provided by landlords of approximately $0.8 million in FY2021 during periods where stores were closed or foot traffic was negatively impacted over an extended period; and
- Lower store rosters and associated payroll costs of predominantly across Victorian stores from August 2020 through October 2020 due to the Victorian government's lockdown restrictions associated with COVID-19.

Shaver Shop did not receive any government wage subsidies (JobKeeper) in FY2021.

Overall, Shaver Shop's costs of doing business as a percentage of total sales decreased 110 basis points to 25.8% in FY2021 (FY2020 – 26.9%).

Shaver Shop's EBIT increased 56.5% to $26.4 million compared to $16.8 million generated in the prior corresponding period.

Shaver Shop generated net profit after tax of $17.5 million in FY2021 representing an increase of 68.3% on the net profit after tax of $10.4 million generated in the prior corresponding period.

Shaver Shop receives a tax deduction over five years for the cost of franchise right terminations that occur through its franchise buy-back program. This leads to income tax payable being lower than income tax expense for the five year tax period following each buy-back. Based on the franchise buy-backs completed to 30 June 2021, the reduction in cash tax payable for FY2021 and each subsequent financial year arising as a result of the franchise buy-back tax deduction is set out in the table below.

(at 30 June 2021)	FY2021 $000	FY2022 $000	FY2023 $000	FY2024 $000	FY2025 $000
Reduction in income tax payable	1,690	1,230	988	955	795

After adjusting for the tax benefit associated with franchise buybacks, Shaver Shop's Cash EPS was 15.5 cents per share (FY2020 – 9.5 cents), an increase of 63.2% over the prior corresponding year.

Liquidity and Capital Management

Shaver Shop has an undrawn $30.0 million, multi-option debt facility with an additional $1.0 million facility to support bank guarantees. The facility has a two year term, expiring on 31 July 2022. The Company's debt facility has three key covenants: the leverage ratio (Gross Debt / EBITDA); the fixed coverage ratio ((Occupancy Costs + EBITDA)/(Occupancy Costs + Interest expense); and the net worth ratio ((Total assets - Total liabilities) / Total assets). All banking covenants were well within the bank's thresholds for FY2021.

Shaver Shop generated $36.0 million in operating cash flow in FY2021 (FY2020: $38.8 million). This operating cash flow was used to acquire the last 6 franchise stores in February 2021 for approximately $14.8 million (including stock on hand). It was also used to fund the payment of the three dividends that were paid in FY2021 amounting to $9.9 million. At 30 June 2021, Shaver Shop had not drawn any debt under the facility (FY2020 - nil) and had net cash at bank of $7.4 million (FY2020: $12.6 million).

COVID-19 Impacts and Risk Mitigation Measures Initiated

While the retail environment remains uncertain, after a short period of soft sales results in early to mid-March 2020, COVID-19 subsequently contributed to increased demand across most of FY2021 for Shaver Shop's products as consumers looked for cost-effective personal care and grooming solutions that can be used in the comfort of their home. Short term lockdowns do not appear to drive the same level of demand for DIY personal care solution as longer-term lockdowns, likely due to the extended closure of beauty salons and barbers shops and the need for men, women and families to look for alternative grooming options.

As a result of strong sales growth, Shaver Shop did not qualify for, and did not receive any, government wage subsidies (e.g. JobKeeper) in Australia or New Zealand across FY2021.

Despite Shaver Shop's strong financial performance in FY2021, the Company has implemented a number of measures to mitigate the risk of COVID-19 on its business. These measures include, but are not limited to:

- Implementing improved health and safety policies, systems and procedures in all of its locations to mitigate the risk of infection to staff and customers;
- Reduced inventory holdings (compared to long term averages) across its store network to increase stock turns and improve liquidity;
- Shorter store opening hours and reduced rostered hours in store to reflect changes in store and centre foot traffic;
- Continuing investments in Shaver Shop's online and omni-retail initiatives that support the ability to generate and fulfill online sales to customers even when stores are closed;
- Steps to increase the flexibility of Shaver Shop's online fulfilment model by maintaining a high-volume third-party warehouse facility in Victoria which can be used as required; and
- Working with suppliers to mitigate supply constraints and switch to alternative products where possible.

These activities and more have led to Shaver Shop not having any gross debt across FY2021. For additional financial security, Shaver Shop has an undrawn debt facility of $30.0 million.

Strategy and key drivers of growth

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 that cater for these changing personal grooming and beauty trends.

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 specialty 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. In FY2021, 26 of Shaver Shop's top 30 products by sales value were sold exclusively by Shaver Shop in Australia. 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.

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

Shaver Shop will continue to implement a strategic marketing plan and other initiatives to attract new customers to the business and encourage repeat business. Important components of this aspect of the Company's strategy include ongoing investments in its omni-retail capabilities (across both online channels and in-store) which continue to improve as well as establishing a customer experience program to attract and support returning customers. Shaver Shop is also undertaking a deliberate store refit strategy to refresh the look and feel of several of its key stores.

Continued product innovation

Shaver Shop benefits as consumer beauty and grooming trends evolve and require new and changing tools to help customers achieve their desired look. 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.

DIRECTORS REPORT

Store rollout
Shaver Shop aims to grow total store network numbers across Australia and New Zealand to approximately 130-135 within the next three years. Shaver Shop continues to apply prudence to new store openings given the variability in foot traffic at shopping centres experienced over the last 24 months as well as consumer trends to continue purchasing through online channels. Subject to the forecast financial returns meeting appropriate hurdle rates, the Company expects to open these additional stores in Australia and New Zealand. Shaver Shop also intends to evaluate opportunities to expand into international markets through both online and in-store channels.

NZ business growth
Shaver Shop opened its first three New Zealand stores in mid-2014. Since that time, the New Zealand network has grown to seven locations across both the north and south islands. With recent in-store and online improvements together with increased brand awareness and recognition in New Zealand, the business has now reached sufficient critical mass to drive economies of scale and profitability. Shaver Shop expects to drive further growth in New Zealand through the opening of additional stores as well as ongoing improvements in its omni-retail offering. The recent success of the New Zealand operation also provides additional confidence to evaluate additional regions for international expansion.

Market growth in personal care and grooming solutions
Shaver Shop operates in the personal care, beauty and grooming solutions market. This market has been growing for many years as new and innovative do-it-yourself (DIY) products enable consumers to perform their daily beauty regime in the comfort of their home rather than going to a salon. In addition, over the last 10-20 years the prevalence and acceptance of men having a beauty regime (as women do) has increased. This has resulted in men buying and using more grooming and beauty tools. Management expects that these trends will continue over the long term.

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:

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 and New Zealand. Australian and New Zealand economic conditions may worsen, including as a result of the impact of COVID-19 and associated government imposed trading restrictions, the 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.

COVID-19 related impacts
COVID-19 voluntary and legislated restrictions may impact Shaver Shop's ability to trade for an extended period in some or all of its locations for a period of time. It may also impact Shaver Shop's ability to fulfil online orders to customers. Whilst Shaver Shop would take steps to reduce the financial and operational effects of COVID-19 including seeking government support (where applicable) and reducing its cost base, Shaver Shop's profitability, liquidity and financial position may be negatively impacted by the prolonged closure of its stores or inability of Shaver Shop to fulfil online orders. As government COVID-19 restrictions ease, those customers who have purchased DIY personal care and grooming solutions from Shaver Shop or other retailers may choose to go back to the salon or barber shop rather than continuing to use the products purchased from Shaver Shop.

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.

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 in overseas markets, this could have an influence on local demand for Shaver Shop's products. Conversely, if the price for Shaver Shop's products is significantly lower than the comparable price for the same product overseas, this could increase demand and sales of Shaver Shop products. Should suppliers increase (decrease) prices to create global wholesale price

parity, this could materially decrease (increase) local demand for Shaver Shop's products. This is particularly true in relation to bulk sales of products to customers in Australia.

Seasonality of trading patterns
Shaver Shop's sales are subject to seasonal patterns. In FY2021, the contribution of sales for the first half to total sales for the full year was approximately 57.9% (FY2020 – 55.2%). The seasonality of Shaver Shop's sales towards the first half of the financial year is largely due to the pre-Christmas and Boxing Day trading periods 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 materially 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 likely 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/or a failure of Shaver Shop to correctly judge the change in consumer preferences or poor quantification of purchases 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 its product categories. 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 (including due to COVID-19)
Shaver Shop's products are sourced from third party suppliers of major hair removal, hair care, personal care and other shaving brands. In FY2021, approximately 91% (FY2020 – 93%) of Shaver Shop's total network sales came from products sourced from its top ten suppliers. Shaver Shop's largest supplier constitutes approximately 29.5% (FY2020 - 27%) of all sales, with the next two largest suppliers contributing approximately 22% (FY2020 - 22%) and 16% (FY2020 - 18%) of total sales. Whilst 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.

Shaver Shop has a limited number of fixed contracts in place with suppliers relating to rebates and contribution income. Most suppliers who provide Shaver Shop with rebates or marketing contributions may elect to cease such payments at any point in time. Any such action could adversely impact Shaver Shop's income which would reduce Shaver Shop's overall profitability and impact its financial performance. Finally, through good relationships with some suppliers, Shaver Shop has been able to secure arrangements with third party distributors and brands for the supply of products to Shaver Shop on an exclusive basis. These arrangements are for specific products and for varying time periods. There is a risk that Shaver Shop may not be able to renew exclusive distribution agreements with the suppliers or that suppliers may enter into exclusive distribution arrangements with Shaver Shop's competitors. If this occurs, it will have a material adverse impact on the Company's business and reputation, operational performance as well as its financial results.

DIRECTORS REPORT

Breach of industrial practices
Shaver Shop, like all retailers, is exposed to industrial relations risk that can impact the reputation and financial performance of its business. The Company has governance programs in place to mitigate this risk including remuneration oversight, training, policies and procedures.

Cyber & information security
Shaver Shop, like most retailers, relies heavily on technology for the operation of both its stores as well as its online sales channels. The rapid changes in technology and data management, creates challenges for all companies to maintain a robust and resilient technology network as well as a strong cyber security program. Shaver Shop has implemented strategies and systems with the aim of protecting against deliberate exploitation of computer systems, data and networks by internal and external parties. Cyber security is constantly evolving and is a significant risk to all retailers and Shaver Shop will need to maintain vigilance and adopt appropriate responses to protect its information assets.

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 the 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 5.0 cents per share to shareholders of record on 9 September 2021. The dividend payment date is 23 September 2021.

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

Year to date (YTD) trading in FY2022 has been volatile and heavily impacted by government mandated lockdowns across NSW, VIC, QLD and now NZ. Between 1 July 2021 and 27 August 2021, Shaver Shop lost 2,844 in-store trading days (or 41% of available in-store trading days) due to government trading restrictions (1 July 2020 to 27 Aug 2020 – 793 in-store trading days lost or 10.4% of available in-store trading days lost to lockdowns). With that in context, Shaver Shop provides the following sales update for the period from 1 July 2021 to 27 August 2021:

FY22 YTD Growth	vs FY2021	vs FY2020
Total sales*	-7.3%	+15.8%
Like for like* sales (inc online sales)	+0.5%	+28.7%
Online sales growth	+52.8%	+368.1%

* YTD total sales are down 7.3% vs FY2021, which equates to approximately -$2.3 million and YTD total sales are up 15.8% vs FY2020, which equates to approximately +$4.0 million vs FY2020.
** Like for like sales are sales for those stores that were owned and operated by Shaver Shop for all of FY2020 and FY2021. It therefore excludes any franchise buy-backs, new stores or stores that were permanently closed in FY2020 or FY2021. Where any like for like stores were temporarily closed for in-store sales (e.g. due to COVID-19 restrictions) for any day in FY2020. FY2021 or FY2022, the in-store sales (if any) and any online sales for those days have been excluded from like for like sales in all periods.

It should be noted that comparative trading performance in July 2020 was very strong with exceptional gross profit margins. Recent sales trends in NSW and VIC from mid to late August are analogous to Shaver Shop's experience at the start of the pandemic with rising demand for DIY hair removal and personal care solutions as lockdowns in these States have extended. Category mix and promotional plans are also supporting healthy gross profit margins (albeit lower than the comparative result in FY2021 but higher than the FY2020 comparative result).

Shaver Shop expects demand for DIY hair removal and personal care products to remain elevated and Shaver Shop intends to capture more of that demand as our stores open in due course. In addition, Shaver Shop's FY2022 sales and earnings will reflect the full period contribution from the six franchise buybacks acquired in early February 2021.

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Given the uncertainty due to COVID-19 and associated government imposed trading restrictions, as well as the importance of Christmas and Boxing Day sales to our annual financial results, it is not appropriate to provide FY2022 sales or profit guidance for Shaver Shop at this time.

Environmental issues

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

Non-audit services

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

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- 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 28 to the audited financial statements.

Auditors independence declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 26 of the consolidated financial report.

Shares under option

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

Indemnification and insurance of officers and auditors

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

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

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

Proceedings on behalf of company

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

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 2020 to 30 June 2021. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

Our remuneration report for the 2020 financial year received positive shareholder support at the 2020 AGM, with 99.67% of votes in favour of adoption.

(a) Summary

Group financial and operational performance
Shaver Shop delivered record financial performance for shareholders in FY2021 evidenced by:

- Sales growth of 9.6% to $213.7 million (FY2020 - $194.9 million) supported by online sales growth of 41.1% (FY2020 - 103.5%) to $61.2 million
- Cost management leading to operating expenses as a percentage of sales declining by 110 basis points to 25.8%
- Strong working capital management leading to strong operating cash flow of $36.0 million
- Continuing strong customer service metrics
- Comparable net profit after tax (NPAT) of $17.5 million up 68.3% on FY2020 NPAT of $10.4 million

Importantly, Shaver Shop did not receive any financial support in FY2021 under the Australian government's JobKeeper program.

Short-term incentive (STI)
The Company delivered an exceptionally strong financial performance in FY2021 resulting in the maximum STI award being granted to executive Key Management Personnel (KMP or Senior Executives) by Shaver Shop's board of directors as a result of exceeding the predetermined stretch earnings targets for the business. In FY2021, these targets were based on underlying NPAT of the Company.

Long-term incentive (LTI)
Tranche 3 of the FY2018 LTI grant reached the end of its three-year performance period on 30 June 2020. The Company's EPS compound annual growth rate (CAGR) was 6.2% for this performance period and accordingly 31.2% of the EPS Tranche 3 shares has vested with Senior Executives. The achieved TSR CAGR for the FY2018 Tranche 3 LTI shares was 21.5% and accordingly 81.6% of the FY2018 TSR Tranche 3 LTI shares have vested with qualifying participants. The shares also had a service condition which required LTI participants to have continuous tenure through 30 June 2021. Accordingly, this Service Condition has now been met and the FY2018 Tranche 3 shares that met their Performance Conditions have now vested with the participants.

Tranche 2 of the FY2019 LTI grant reached the end of its two-year performance period on 30 June 2020. The Company's EPS CAGR over this period was 22.1% exceeding the maximum threshold for vesting and accordingly all Tranche 2 EPS shares (125,000 shares) for Senior Executives vested subject to the relevant service condition being met. The TSR CAGR for Tranche 2 of the FY2019 LTI grant was 84.0% and exceeded the maximum threshold for vesting and accordingly, 100% of the Tranche 2 TSR shares (291,666 shares) vested with Senior Executives subject to the relevant service condition being met. The FY2019 Tranche 1 and Tranche 2 shares had a service condition which required LTI participants to have continuous tenure through 30 June 2021. Accordingly, this Service Condition has now been met and the FY2019 Tranche 1 and Tranche 2 shares that met their Performance Conditions have now vested with the participants. Tranche 3 of the FY2019 LTI grant reached the end of its three-year performance period on 30 June 2021. The EPS hurdles for Tranche 3 of the FY2019 LTI grant exceeded the maximum EPS performance hurdle, and accordingly, subject to meeting the tenure requirement (30 June 2022), 100% of the Tranche 3 EPS shares (125,000 shares) will vest with Senior Executives. The determination of the TSR CAGR for Tranche 3 of the FY2019 LTI grant is unable to be calculated at the time of writing this report as it is based on the 5 day volume weighted average price (VWAP) of Shaver Shop's shares in the 5 days after release of the FY2021 financial results.

Tranche 1 of the FY2020 LTI grant reached the end of its two-year performance period on 30 June 2020. The EPS CAGR for Tranche 1 of the FY2020 LTI grant was 44.1% and exceeded the maximum EPS performance hurdle and accordingly, subject to the tenure requirement being met (30 June 2022), 100% of the Tranche 1 EPS shares (135,000 shares) will vest with Senior Executives. The TSR CAGR for Tranche 1 of the FY2020 LTI grant was 87.5% and accordingly, subject to the tenure requirement being met (30 June 2022), 100% of the Tranche 1 TSR shares (314,998 shares) will vest with Senior Executives. Tranche 2 of the FY2020 LTI grant reached the end of its two-year performance

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period on 30 June 2021. The EPS CAGR for Tranche 2 of the FY2020 LTI was 53.1% and exceeded the maximum EPS performance hurdle. Accordingly, subject to meeting the tenure requirement (30 June 2022), 100% of the FY2020 Tranche 2 EPS shares (135,000 shares) will vest with Senior Executives. The determination of the TSR CAGR for Tranche 2 of the FY2020 LTI grant is unable to be calculated at the time of writing this report as it is based on the 5 day volume weighted average price (VWAP) of Shaver Shop's shares in the 5 days after release of the FY2021 financial results.

Tranche 1 of the FY2021 LTI grant reached the end of its one-year performance period. The EPS CAGR for Tranche 1 of the FY2021 LTI grant was 66.2% and exceeded the maximum EPS performance hurdle. Accordingly, subject to the tenure requirement being met (30 June 2023), 100% of the FY2021 Tranche 1 EPS shares (140,000 shares) will vest with Senior Executives. The TSR CAGR for Tranche 1 of the FY2021 LTI grant is unable to be calculated at the time of writing this report as it is based on the 5 day VWAP of Shaver Shop's shares in the 5 days after the release of the FY2021 financial results.

(b) 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
Debra Singh (appointed 2 September 2020)	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

(c) Remuneration overview

The Board recognises that the performance of the Group depends to a large extent on the quality and motivation of the Shaver Shop team, including the Senior Executives and our 749 team members (2020: 757) employed by the Group across Australia and New Zealand. Shaver Shop's remuneration strategy therefore seeks to appropriately attract, reward and retain team members at all levels in the organisation but in particular aligning and motivating key Senior Executives to create shareholder wealth. By aligning various remuneration mechanisms, the Board seeks to have a structure that incentivises sustainable growth, risk management as well as driving a positive culture across the business.

In FY2021, the primary performance mechanism for determining whether Senior Executives Short Term Incentive Plan (STIP) are paid, was the Company's Net Profit After Tax (NPAT) having regard to preset growth objectives relative to NPAT for FY2020. The key measure for determination of the STIP was changed to NPAT in FY2021 due to the implementation of the new lease accounting standard (AASB 16 – Leases) which meant EBITDA was no longer as relevant as a performance metric for the Group. In FY2021, in recognition of the differential performance of the business in FY2020 as a result of COVID-19, and the difficulty in forecasting for a full 12 months at the time the targets were set, the STIP was divided into three performance periods with one-third of the annual STI attributable to each performance period: 1.) H1 FY2021 NPAT growth versus H1 FY2020; 2.) H2 FY2021 NPAT growth vs H2 FY2020; and, 3.) FY2021 annual NPAT growth vs FY2020. Having regard to the exceptional NPAT performance for Shaver Shop in FY2021 of $17.5 million, up 68.3% on the previous record Group NPAT of $10.4 million achieved in FY2020, the targets were met or exceeded and the Board awarded the maximum STI to Senior Executives in FY2021. The Board believes the STIP outcomes were fair and appropriate and reflect the alignment between shareholders' interests and the Company's remuneration practices and policies.

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In terms of its' Long Term Incentive Plan (LTIP), in FY2021 Shaver Shop granted 2,350,000 shares to participants in the LTIP. The LTIP share allocations are subject to Service, Total Shareholder Return (TSR) and Earnings Per Share (EPS) vesting conditions over one, two and three year performance periods which are outlined in further detail below. The Group also offered offsetting limited recourse loans to assist with the purchase of the LTIP shares.

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

(d) 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. Shaver Shop's Nomination and Remuneration Committee considers both the statutory and normalised results (where appropriate) for the business in evaluating performance against key metrics.

The following table provides a summary of the Company's statutory financial performance from FY2016 to FY2021. The results for FY2016 were prior to the Shaver Shop's Initial Public Offering on 1 July 2016.

	Statutory FY2021 Result $000	Statutory FY2020 Result $000	Statutory FY2019 Result $000	Statutory FY2018 Result $000	Statutory FY2017 Result $000	Statutory FY2016 Result $000
Revenue	213,667	194,924	167,437	154,937	142,568	106,711
EBITDA*	40,424	30,337	12,530	12,170	14,870	7,461
Net Profit After Tax (NPAT)	17,473	10,382	6,670	6,555	8,994	3,854
Basic earnings per share (cents)	14.2	8.5	5.5	5.3	7.2	4.6
Dividends declared	7,261	5,659	5,399	5,252	2,001	18,175
Dividends per share declared (cents)	5.9	4.6	4.5	4.2	1.6	21.6
Year end share price ($)	$1.00	$0.70	$0.42	$0.45	$0.64	N/A

For the financial year ended 30 June 2021, the Company's NPAT increased by 68.3% to $17.5 million and in doing so, significantly exceeded the Company's internal targets for FY2021.

Please note that Shaver Shop adopted the new accounting standard for leases (AASB16 - Leases) on 1 July 2019. In accordance with the transition provisions to this new accounting standard, prior year financial statements were not restated. Accordingly, rental expenses relating to Shaver Shop's corporate store network were included in operating expenses and EBITDA up to and including Shaver Shop's FY2019 result. For the FY2020 and FY2021 financial years, in accordance with AASB 16 Shaver Shop records base rent payments associated with its store portfolio through depreciation and interest on the profit and loss statement. Further detail regarding this accounting treatment can be found in the Notes to the Consolidated Financial Statements. Due to the change in accounting standard, from FY2020 Senior Executive STI targets were amended to be based on NPAT rather than EBITDA.

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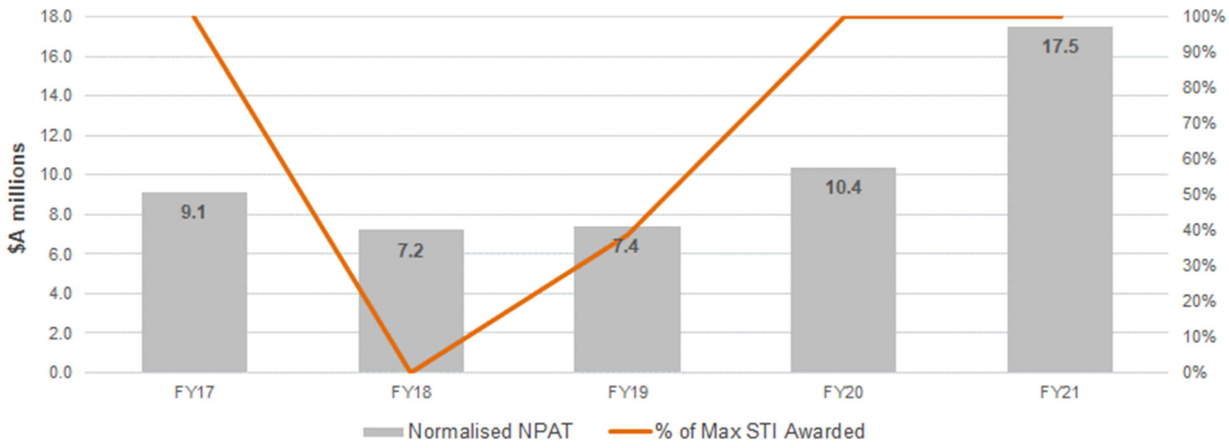
% of Maximum STI Awarded vs Normalised NPAT

The graph below illustrates the percentage of the maximum available STI that was awarded to Senior Executives for each financial year (since listing on the ASX) versus the normalised NPAT for the Company.



Long Term Incentive Plan Outcomes for FY2021

In each grant year, under the terms of the LTIP, shares are issued to participants that have three tranches. The tranches have one year, two year and three year performance periods. For each tranche, 70% of the shares issued are subject to TSR performance hurdles and 30% are subject to EPS performance hurdles. The base share price used for calculating the TSR performance hurdle is equivalent to the 5 day VWAP immediately prior to the Grant Date. The ending share price for the TSR performance hurdle is calculated using the 5 day volume weighted average share price (VWAP) of Shaver Shop's shares following the release of the Company's results for the relevant performance period. As a result, the VWAP of the Company's shares for performance periods ending on 30 June 2021 is not known at the time of writing this report and therefore no vesting has been assumed for shares with TSR performance hurdles ending in FY2021. Vesting percentages are only shown in the table below where both the performance conditions and service conditions related to a tranche have been achieved.

Performance Period Starting	Performance Period Ending	Service Condition	LTI shares granted to KMP	EPS CAGR (30% of tranche shares)			TSR CAGR (70% of shares)		
				Performance outcome	Vested	Forfeited	Performance outcome	Vested	Forfeited
FY2018	FY2018	30 Jun 20	383,333	-19.6%	0%	100%	-29.0%	0%	100%
FY2018	FY2019	30 Jun 20	383,333	-8.8%	0%	100%	-4.8%	0%	100%
FY2018	FY2020	30 Jun 21	383,334	6.2%	31.2%	68.8%	21.5%	81.6%	18.4%
FY2019	FY2019	30 Jun 21	383,333	3.5%	0%	100%	42.3%	100%	0%
FY2019	FY2020	30 Jun 21	383,333	22.1%	100%	0%	84.0%	100%	0%
FY2019	FY2021	30 Jun 22	383,334	34.4%	0%	0%			
FY2020	FY2020	30 Jun 22	449,998	44.1%	0%	0%	87.5%	0%	0%
FY2020	FY2021	30 Jun 22	450,001	53.1%	0%	0%			
FY2020	FY2022	30 Jun 23	450,001						
FY2021	FY2021	30 Jun 23	466,665	66.2%	0%	0%			
FY2021	FY2022	30 Jun 23	466,667						
FY2021	FY2023	30 Jun 24	466,668						

The following share tranches have met the required performance thresholds as at the date of this report, however, have not yet met the required service condition.

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Performance Period Starting	Performance Period Ending	Tranche	Service Condition	EPS Shares Granted	EPS Shares to Vest	TSR Shares Granted	TSR Shares to Vest*
FY2019	FY2021	Tranche 3	30 Jun 22	125,000	125,000		
FY2020	FY2020	Tranche 1	30 Jun 22	135,000	135,000	314,998	314,998
FY2020	FY2021	Tranche 2	30 Jun 22	135,000	135,000		
FY2021	FY2021	Tranche 1	30 Jun 22	140,000	140,000		

It is anticipated that the FY2019 Tranche 3 and FY2020 Tranche 2 TSR shares will meet their vesting conditions in full. It is uncertain whether the FY2021 Tranche 1 TSR shares will also meet their vesting conditions.

(e) Remuneration objectives

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

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

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

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

The Remuneration Committee also considers the importance of equity ownership for Senior Executives when setting remuneration packages.

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

a. *Simplicity*: We seek to ensure remuneration arrangements are simple, and can be easily understood by both the Senior Executives and other key stakeholders.
b. *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.
c. *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.
d. *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.
e. *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.
f. *Company First*: The Company develops systems, policies, processes and team depth to manage its reliance on any given individual within its leadership team. This extends to remuneration, where we seek to ensure the remuneration architecture and individual arrangements are orderly and deliberate in line with our Core Competencies.
g. *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 to business strategy.

(f) 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.

(g) Senior Executive Remuneration Structure

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

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

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

Element	Purpose	Metrics	Potential Value
Fixed Remuneration	Provide competitive market salary including super	NIL	Based on market competitive rates
STI (Cash bonus)	Reward superior performance in year	Specific NPAT target(s) set at or around the beginning the the financial year	$440,000
LTI (Loan Share Plan)	Reward superior long term value creation	TSR – 70% EPS growth – 30%	Dependent on NPAT, dividends paid and share price performance

For FY2021, having regard to the uncertainty and impact of COVID-19 on its FY2020 and FY2021 results, the Nomination and Remuneration Committee set H1, H2 and full year FY2021 NPAT targets for the purpose of determining STI awards. One third of the Senior Executive's STIP was subject to delivery of each of H1, H2 and full year NPAT targets.

The mix of fixed and at risk components of each of the Senior Executives as a percentage of total target remuneration for FY2021 was as follows:

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Senior Executive	Fixed Remuneration	At Risk STI Maximum Opportunity	At Risk LTI Maximum Opportunity
Cameron Fox	64%	23%	13%
Lawrence Hamson	72%	17%	11%
Philip Tine	66%	23%	11%

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)

Following the omni-retail and operational platform investments made in prior years, Shaver Shop delivered substantial sales and earnings growth in FY2021, and set a new NPAT record for the company. The STI earnings targets for FY2021 were exceeded leading to the Senior Executives being awarded the maximum possible award under the STI program for the year.

Senior Executive	Target STI ($)	Actual STI Awarded ($)	Awarded STI as % of Maximum STI	% of Maximum STI Award Forfeited
Cameron Fox	$220,000	$220,000	100%	0%
Lawrence Hamson	$100,000	$100,000	100%	0%
Philip Tine	$120,000	$120,000	100%	0%

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

For FY2022, having regard to the uncertainty and impact of COVID-19 on its FY2022 and FY2021 results, the Nomination and Remuneration Committee has set a full year NPAT targets for the purpose of determining FY2022 STI awards.

Long Term Incentives (LTI)

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

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

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For tranches issued prior to FY2022, each year's LTIP share grant is split into three equal share tranches which relate to 1 year, 2 year and 3 year performance periods. After consulting with shareholders, the Board have determined that for the FY2022 grant of the LTIP, there will be a single tranche with a 3 year performance period.

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.

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

The table below summarises the key terms of each LTI share grant over the last five financial years.

	FY2021 LTI Grant	FY2020 LTI Grant	FY2019 LTI Grant	FY2018 LTI Grant	FY2017 LTI Grant
Total LTI shares granted	2,350,000	2,300,000	1,990,000	1,910,000	1,300,000
LTI shares granted to KMP	1,400,000	1,350,000	1,250,000	1,150,000	1,075,000
Grant Date	28 Oct 2020	30 Oct 2019	21 Nov 2018	26 Oct 2017	22 Jun 2017
Issue price	$1.0651	$0.6344	$0.3969	$0.6829	$0.5899
% of grant with TSR hurdle	70%	70%	70%	70%	70%
% of grant with EPS hurdle	30%	30%	30%	30%	30%
Tranche 1 performance period	1 July 20 - 30 Jun 21	1 July 19 - 30 Jun 20	1 Jul 18 to 30 Jun 19	1 Jul 17 to 30 Jun 18	1 Jul 16 to 30 Jun 17
Tranche 2 performance period	1 July 20 - 30 Jun 22	1 July 19 - 30 Jun 21	1 Jul 18 to 30 Jun 20	1 July 17 - 30 Jun 19	1 Jul 16 to 30 Jun 18
Tranche 3 performance period	1 July 20 - 30 Jun 23	1 July 19 - 30 Jun 22	1 Jul 18 to 30 Jun 21	1 July 17 - 30 Jun 20	1 Jul 16 to 30 Jun 19
TSR Vesting CAGR (%) Hurdle applicable to each performance period	Under 10% - NIL 10-25% - pro-rata vesting from 20% to 100% Above 25% - 100%	Under 10% - NIL 10-25% - pro-rata vesting from 20% to 100% Above 25% - 100%	Under 10% - NIL 10-25% - pro-rata vesting from 20% to 100% Above 25% - 100%	Under 10% - NIL 10-25% - pro-rata vesting from 20% to 100% Above 25% - 100%	Under 15% - Nil 15-20% - pro-rata vesting from 20% to 40% 20-25% - pro-rata vesting from 40% to 70% 25-30% - pro-rata vesting from 70 to 100% Above 30% - 100%
EPS Vesting CAGR (%) hurdle applicable to each performance period	Under 5% - NIL 5-20% - pro-rata vesting from 20% to 100% Above 20% - 100%	Under 5% - NIL 5-20% - pro-rata vesting from 20% to 100% Above 20% - 100%	Under 5% - NIL 5-20% - pro-rata vesting from 20% to 100% Above 20% - 100%	Under 5% - NIL 5-20% - pro-rata vesting from 20% to 100% Above 20% - 100%	Under 15% - Nil 15-20% - pro-rata vesting from 20% to 40% 20-25% - pro-rata vesting from 40% to 70% 25-30% - pro-rata vesting from 70 to 100% Above 30% - 100%
Trance 1 & 2 Service Condition	**30 Jun 23**	**30 June 22**	**30 June 21**	**30 Jun 20**	**30 Jun 19**
Tranche 3 Service Condition	30 Jun 24	30 June 23	30 Jun 22	30 Jun 21	30 Jun 20
Expiry date	None, however the latest loan repayment date is 7 years after the grant date.	None, however the latest loan repayment date is 7 years after the grant date.	None, however the latest loan repayment date is 7 years after the grant date.	None, however the latest loan repayment date is 7 years after the grant date.	None, however the latest loan repayment date is 7 years after the grant date.

Performance conditions

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

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

TSR Performance Conditions

The TSR performance hurdle is 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.

With exception of the FY2017 LTI Grant, the starting point for the TSR performance hurdle is the 5 day volume weighted average price (VWAP) per share immediately prior to the grant date. For the FY2017 Grant, the starting point for the TSR hurdle is the IPO issue price of $1.05 per share.

With exception of the FY2017 LTI Grant, the TSR performance period concludes based on the 5 day VWAP of the Company’s shares following the relevant performance period’s full year results announcement. For the FY2017 LTI Grant, the TSR performance period concludes based on the 5 day VWAP of the Company’s shares prior to 30 June each year.

EPS Performance Conditions

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

Service condition

In addition to the performance conditions, 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 table below sets out the number of Plan Shares offered to the relevant Senior Executives, including details of the number of Plan Shares per tranche for each Senior Executive for LTI Plan grants between FY2017 and FY2021.

KMP		FY2021 LTI Grant (# shares)	FY2020 LTI Grant (# shares)	FY2019 LTI Grant (# shares)	FY2018 LTI Grant (# shares)	FY2017 LTI Grant (# shares)
Cameron Fox	Tranche 1	233,333	216,666	250,000	250,000	325,000
	Tranche 2	233,333	216,667	250,000	250,000	325,000
	Tranche 3	233,334	216,667	250,000	250,000	325,000
	TOTAL	**700,000**	**650,000**	**750,000**	**750,000**	**975,000**
Lawrence Hamson	Tranche 1	116,666	116,666	100,000	100,000	33,333
	Tranche 2	116,667	116,667	100,000	100,000	33,333
	Tranche 3	116,667	116,667	100,000	100,000	33,334
	TOTAL	**350,000**	**350,000**	**300,000**	**300,000**	**100,000**
Philip Tine	Tranche 1	116,666	116,666	66,666	33,333	
	Tranche 2	116,667	116,667	66,667	33,333	
	Tranche 3	116,667	116,667	66,667	33,334	
	TOTAL	**350,000**	**350,000**	**200,000**	**100,000**	

DIRECTORS REPORT

Shaver Shop obtains an independent valuation of the LTIP Shares at the date of grant. The following table summarises the valuation of each LTIP share for each tranche in each year of grant:

Performance Condition		FY2021 LTI Grant	FY2020 LTI Grant	FY2019 LTI Grant	FY2018 LTI Grant	FY2017 LTI Grant
TSR (70% of shares)	Tranche 1	$0.260	$0.120	$0.093	$0.030	Nil
	Tranche 2	$0.270	$0.124	$0.100	$0.060	$0.061
	Tranche 3	$0.290	$0.129	$0.104	$0.080	$0.086
EPS (30% of shares)	Tranche 1	$0.440	$0.224	$0.166	$0.140	$0.233
	Tranche 2	$0.440	$0.224	$0.166	$0.140	$0.233
	Tranche 3	$0.460	$0.235	$0.174	$0.150	$0.246

The following tables illustrate LTIP performance based remuneration granted and forfeited related to FY2021 and FY2020.

LTI Granted in Relation to FY2021 LTIP Allocation

Senior Executives	LTI Grant Year	LTI granted (shares)	% Paid / vested in the period	# LTIP Shares Vested in Period	% Forfeited in period	# LTIP Shares Forfeited in Period	Value Expensed in FY21 $
Cameron Fox	FY2021	700,000	0%	-	0%	-	$51,779
	FY2020	650,000	0%	-	0%	-	$38,056
	FY2019	750,000	56.7%	425,000	0%	-	$31,187
	FY2018	750,000	22.2%	166,127	11.2%	-	$7,237
Lawrence Hamson	FY2021	350,000	0%	-	0%	-	$25,890
	FY2020	350,000	0%	-	0%	-	$20,492
	FY2019	300,000	56.7%	170,000	0%	-	$12,475
	FY2018	300,000	22.2%	66,450	11.2%	-	$2,895
Philip Tine	FY2021	350,000	0%	-	0%	-	$25,890
	FY2020	350,000	0%	-	0%	-	$20,492
	FY2019	200,000	56.7%	113,333	0%	-	$8,317
	FY2018	100,000	22.2%	22,151	11.2%	-	$965

The maximum EPS performance condition for Tranche 1 of the FY2021 LTIP allocation was met and accordingly, subject to the service condition being met, 100% of the Tranche 1 EPS shares will vest on 30 June 2023.

The determination of the TSR performance condition for Tranche 1 of the FY2021 LTIP allocation, Tranche 2 of the FY2020 LTIP allocation and Tranche 3 of the FY2019 LTIP allocation is based on the 5 day VWAP of the Company's shares following the release of Shaver Shop's FY2021 results and therefore it cannot be determined whether this vesting condition will be met at the date of this report.

(h) 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 FY2021, the annual base Non-Executive Director fees currently agreed to be paid by the Company were $140,000 (FY2020 - $140,000) to the Chairman of the Board, Broderick Arnhold, $80,000 (FY2020 - $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 (FY2020 - $70,000) to Brian Singer and Debra Singh. These amounts comprise fees paid in cash. In subsequent years, these figures may vary.

DIRECTORS REPORT

The director's fees for Trent Peterson are paid to Catalyst Direct Capital Management Pty Ltd. The director's fees for Debra Singh were paid to PD Singh Enterprises Pty Limited.

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

(i) Statutory remuneration details and other statutory disclosures

The following tables in respect to the FY2020 and FY2021 financial years detail the components of remuneration for each Non-Executive Director and Senior Executive of the Group.

FY2021 table of benefits and payments

	Cash salary / Director's fees $	STI / bonus $	Annual leave / long service leave $	Post-employment benefits $	Share-based payments [3] $	Total $
Non-Executive Directors						
Broderick Arnhold	140,000	-	-	-	-	140,000
Trent Peterson [1]	80,000	-	-	-	-	80,000
Craig Mathieson	80,000	-	-	-	-	80,000
Brian Singer	70,000	-	-	-	-	70,000
Debra Singh[2]	58,333	-	-	-	-	58,333
Senior Executives						
Cameron Fox	550,000	220,000	81,699	30,000	128,260	1,009,959
Lawrence Hamson	400,000	100,000	55,419	25,860	61,751	643,030
Philip Tine	330,000	120,000	48,568	21,694	55,663	575,925
TOTAL	**1,708,333**	**440,000**	**185,686**	**77,554**	**245,674**	**2,657,247**

[1] The directors fees paid to Trent Peterson are paid to Catalyst Direct Capital Management Pty Ltd
[2] The directors fees paid to Debra Singh are paid to PD Singh Enterprises Pty Ltd
[3] Share based payments refer to LTI Shares only.

FY2020 table of benefits and payments

	Cash salary / Director's fees $	STI / bonus $	Annual leave / long service leave $	Post-employment benefits $	Share-based payments [3] $	Total $
Non-Executive Directors						
Broderick Arnhold	135,345	-	-	-	-	135,345
Trent Peterson [1]	77,333	-	-	-	-	77,333
Craig Mathieson	77,333	-	-	-	-	77,333
Brian Singer	67,667	-	-	-	-	67,667
Melanie Wilson[2]	59,267	-	-	-	-	59,267
Senior Executives						
Cameron Fox	500,000	200,000	32,505	30,000	59,729	822,234
Lawrence Hamson	371,394	100,000	(1,604)	25,860	27,064	522,714
Philip Tine	304,348	100,000	4,682	21,810	21,405	452,245
TOTAL	**1,592,687**	**400,000**	**35,583**	**77,670**	**108,198**	**2,214,138**

[1] The directors fees paid to Trent Peterson are paid to Catalyst Direct Capital Management Pty Ltd
[2] The directors fees paid to Melanie Wilson are paid to Peandel Pty Ltd
[3] Share based payments refer to LTI Shares only.

DIRECTORS REPORT

In Q4 FY2020, in response to concerns surrounding the potential impact of COVID-19 on Shaver Shop's business, the Non-Executive Directors and Senior Executives voluntarily agreed to take a 20% fixed remuneration reduction for this period.

(j) 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.

(k) KMP shareholdings

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

30 June 2021	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	3,000,000	(1,000,000)	-	-	2,000,000
Cameron Fox	2,437,658	(590,000)	-	591,127	2,438,785
Craig Mathieson	4,820,004	-	-	-	4,820,004
Brian Singer	6,258,004	(3,000,000)	-	-	3,258,004
Trent Peterson	547,619	-	-	-	547,619
Debra Singh	-		100,000		100,000
Senior Executives					
Lawrence Hamson	643,804	(238,095)	-	236,450	642,159
Philip Tine	-	-	-	135,484	135,484
TOTAL	**17,707,089**	**(4,828,095)**	**100,000**	**963,061**	**13,942,055**

LTIP holdings of KMP

The following table details the LTIP holding and the movements in the LTIP shares for KMP during FY2021.

Senior Executives	Unvested Balance at 30 June 2020	LTI Shares Granted as Remuneration	Vested / Exercisable	Forfeited	Unvested Balance at 30 June 2021
Cameron Fox	1,575,000	700,000	(591,127)	-	1,683,873
Lawrence Hamson	720,000	350,000	(236,450)	-	833,550
Philip Tine	563,334	350,000	(135,484)	-	777,850

During FY2021, 700,000 LTIP shares with a fair value of $1.0651 per share were granted to Cameron Fox with a grant date of 28 October 2020. The shares vest upon the satisfaction of the performance and service conditions noted earlier in this remuneration report.

During FY2021, 350,000 LTIP shares with a fair value of $1.0651 per share were granted to Lawrence Hamson with a grant date of 28 October 2020. The shares vest upon the satisfaction of the performance and service conditions noted earlier in this remuneration report.

During FY2021, 350,000 LTIP shares with a fair value of $1.0651 per share were granted to Philip Tine with a grant date of 28 October 2020. The shares vest upon the satisfaction of the performance and service conditions noted earlier in this remuneration report.

(l) 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 FY2021 the CEO was entitled to fixed remuneration of $580,000 (FY2020: $580,000) whilst the fixed remuneration for other Senior Executives was in the range of $350,000 to $430,000.

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

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

(m) Loans made to KMP

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

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

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

(n) Transactions with KMP (excluding loans)

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

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

Broderick
Arnhd Director

Melbourne
31 August 2021

Auditor's Independence Declaration

As lead auditor for the audit of Shaver Shop Group Limited for the year ended 30 June 2021, 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
31 August 2021

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Consolidated 2021 $	2020 $
Revenue from continuing operations	5(a)	**213,667,482**	194,924,114
Cost of goods sold		**(118,986,477)**	(113,302,030)
Gross profit from corporate owned retail stores		**94,681,005**	81,622,084
Franchise and other revenue	5(b)	**890,729**	1,055,716
Employee benefits expense		**(31,976,548)**	(29,230,184)
Marketing and advertising expenses		**(7,310,247)**	(6,929,670)
Occupancy expenses		**(2,535,890)**	(3,060,556)
Operational expenses		**(9,764,598)**	(8,928,753)
Depreciation and amortisation expense	6	**(14,065,851)**	(13,499,234)
Other expenses		**(3,560,867)**	(4,191,488)
Finance costs	6	**(1,626,968)**	(2,077,915)
Profit before income tax		**24,730,765**	14,760,000
Income tax expense	7	**(7,258,261)**	(4,377,564)
Profit for the year		**17,472,504**	10,382,436
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations	22(a)	**7,347**	24,188
Other comprehensive income for the year		**7,347**	24,188
Total comprehensive income for the year		**17,479,851**	10,406,624
Profit attributable to:			
Members of the parent entity		**17,472,504**	10,382,436
Total comprehensive income attributable to:			
Members of the parent entity		**17,479,851**	10,406,624

		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company			
Basic earnings per share (weighted average shares)	23	14.2	8.5
Diluted earnings per share (weighted average shares)	23	13.7	8.3

CONSOLIDATED BALANCE SHEET

	Note	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	**7,374,965**	12,628,517
Trade and other receivables	11	**3,627,156**	1,829,907
Lease receivables	13	**-**	847,615
Inventories	12	**18,124,686**	15,097,228
TOTAL CURRENT ASSETS		**29,126,807**	30,403,267
NON-CURRENT ASSETS			
Lease receivables	13	**-**	1,379,919
Property, plant and equipment	14	**10,565,989**	10,823,278
Right-of-use assets	13	**21,263,334**	26,632,491
Deferred tax assets	27	**7,809,240**	5,596,607
Intangible assets	15	**54,058,081**	44,766,679
TOTAL NON-CURRENT ASSETS		**93,696,644**	89,198,974
TOTAL ASSETS		**122,823,451**	119,602,241
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	**19,213,283**	18,109,162
Lease liabilities	13	**10,415,254**	13,047,029
Employee benefits	17	**2,512,259**	1,853,567
Current tax payable	27	**2,044,397**	617,441
Other liabilities	19	**21,197**	16,727
TOTAL CURRENT LIABILITIES		**34,206,390**	33,643,926
NON-CURRENT LIABILITIES			
Lease Liabilities	13	**15,983,369**	23,931,704
Other liabilities	19	**55,948**	77,145
TOTAL NON-CURRENT LIABILITIES		**16,039,317**	24,008,849
TOTAL LIABILITIES		**50,245,707**	57,652,775
NET ASSETS		**72,577,744**	61,949,466
EQUITY			
Issued capital	20	**48,872,261**	48,872,261
Reserves	22	**1,014,616**	597,597
Retained earnings	24	**22,690,867**	12,479,608
TOTAL EQUITY		**72,577,744**	61,949,466

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2021

	Note	Ordinary Shares $	Retained Earnings $	Other reserves $	Total $
Balance at 1 July 2020		**48,872,261**	**12,479,608**	**597,597**	**61,949,466**
Profit for the period		**-**	**17,472,504**	**-**	**17,472,504**
Other comprehensive income		**-**	**-**	**7,347**	**7,347**
Total comprehensive income		**-**	**17,472,504**	**7,347**	**17,479,851**
Transactions with owners in their capacity as owners					
Dividends provided for and/or paid	21	**-**	**(7,261,245)**	**-**	**(7,261,245)**
Employee share schemes – value of employee services	34	**-**	**-**	**409,672**	**409,672**
Balance at 30 June 2021		**48,872,261**	**22,690,867**	**1,014,616**	**72,577,744**

2020

	Note	Ordinary Shares $	Retained Earnings $	Other reserves $	Total $
Balance at 1 July 2019		48,872,261	10,964,103	400,080	60,236,444
Change of accounting policy – cloud software configuration costs			(1,994,594)		(1,994,594)
Change of accounting standard – AASB 16 Leases	3	-	(1,213,717)	-	(1,213,717)
Restated balance at 1 July 2019		48,872,261	7,755,792	400,080	57,028,133
Profit for the period		-	10,382,436	-	10,382,436
Other comprehensive income		-	-	24,188	24,188
Total comprehensive income		-	10,382,436	24,188	10,406,624
Transactions with owners in their capacity as owners					
Dividends provided for and/or paid	21	-	(5,658,620)	-	(5,658,620)
Employee share schemes – value of employee services	34	-	-	173,329	173,329
Balance at 30 June 2020		48,872,261	12,479,608	597,597	61,949,466

CONSOLIDATED STATEMENT OF CASHFLOWS

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of GST)		**237,363,270**	212,627,693
Payments to suppliers and employees (inclusive of GST)		**(195,625,054)**	(170,268,422)
		41,738,216	42,359,271
Interest received		**-**	14,286
Interest paid – borrowings		**(130,670)**	(417,460)
Interest paid – leases		**(1,434,643)**	(1,674,741)
Income taxes paid		**(4,132,393)**	(1,457,131)
Net cash inflow from operating activities	33	**36,040,509**	38,824,225
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property, plant and equipment		**(2,032,128)**	(3,381,806)
Landlord contributions for new premises fitouts		**425,000**	410,000
Payments for acquisition of corporate stores	8	**(14,799,720)**	(2,912,707)
Net cash outflows from investing activities		**(16,406,848)**	(5,884,513)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		**-**	(10,324,099)
Principal elements of lease payments		**(15,030,091)**	(10,866,440)
Dividends paid	21	**(9,857,123)**	(3,062,742)
Net cash inflows from financing activities		**(24,887,213)**	(24,253,280)
Net increase/(decrease) in cash and cash equivalents held		**(5,253,552)**	8,686,432
Cash and cash equivalents at beginning of financial year		**12,628,517**	3,942,085
Cash and cash equivalents at end of financial year	10	**7,374,965**	12,628,517

NOTES TO THE FINANCIAL STATEMENTS

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.

These 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*.

Where necessary, and as a result of a change in the classification of certain expenses during the current year, comparative amounts in the statement of profit and loss and balance sheet have been reclassified for consistency with current year presentation.

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 31 August 2021. Comparatives are consistent with prior years, unless otherwise stated.

2 Critical Accounting Estimates and Judgements

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 15, and net realisable value of inventory, refer to Note 12.

3 Changes in Accounting Policies

(a) Costs capitalised for cloud software customisation and configuration

Shaver Shop previously capitalised costs incurred in configuring or customising Software-as-a-Service (SaaS) arrangements as intangible assets, as the group considered that it would benefit from those costs to implement the SaaS arrangements over the expected term of the arrangements. Following the IFRS Interpretations Committee agenda decision on *Configuration or Customisation Costs in a Cloud Computing Arrangement* in March 2021, the group has reconsidered its accounting treatment and adopted the treatment set out in the IFRS IC agenda decision, which is to recognise those costs as intangible assets only if the implementation activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangement to significantly customise the cloud-based software for the group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.

As a result of this change in accounting policy, the group has determined that costs totalling $4.5 million relating to the implementation of SaaS arrangements would need to be expensed when they were incurred, as the amounts were paid to third parties and to the suppliers of the SaaS arrangements who did not create separate intangible assets controlled by the group.

The change in policy has been applied retrospectively and comparative information has been restated. This had the following impact on the amounts recognised in the financial statements:

NOTES TO THE FINANCIAL STATEMENTS

Balance Sheet	Increase (Decrease) 30 June 2021 $	30 June 2020 $	1 July 2019 $
Intangible assets	**(3,122,071)**	(3,162,631)	(2,849,420)
Deferred tax asset	**936,621**	948,789	854,826
Retained earnings	**(2,185,450)**	(2,213,842)	(1,994,594)

Statement of profit or loss	Increase (Decrease) 30 June 2021 $	30 June 2020 $
Amortisation of intangible assets	**(760,731)**	(610,293)
Other expenses	**720,171**	923,505
Income tax expense	**12,168**	(93,964)
Profit (loss)	**28,392**	(219,248)
Basic earnings per share (cents)	**0.0**	(0.2)
Diluted earnings per share (cents)	**0.0**	(0.2)

Cash flow statement	Increase (Decrease) 30 June 2021 $	30 June 2020 $
Cash flows from operating activities		
Payments to suppliers and employees	**720,171**	923,505
Cash flows from investing activities		
Payments for property, plant, equipment and software	**(720,171)**	(923,505)
Net cash flow	**-**	-

4 Summary of Significant Accounting Policies

(a) Basis for consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Shaver Shop Group Limited ('Company' or 'Parent entity') as at 30 June 2021 and the results of all subsidiaries for the period there 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 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(b) New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period and have not been adopted early by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

(c) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets.

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

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

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

(d) Segment reporting

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

(e) Foreign currency transactions and balances

Functional and presentation currency

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

Transaction and balances

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

(f) Revenue and other income

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

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

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

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

Franchise royalty fee income
Franchise royalty fee income includes advertising contributions and is recognised at a point in time when a franchisee sells a product to a customer. It is based upon a percentage of franchisee sales and is recognised on an accrual basis. As at 30 June 2021, Shaver Shop owned and operated all stores.

(g) Income Tax

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. However, deferred tax liabilities are recognised in respect of any adjustments to goodwill subsequent to the initial recognition. On that basis, deferred tax liabilities have been recognised in the year for additions to goodwill in respect of franchise buyback activities, to the extent that they are deductible in calculating the 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 income or directly in equity, respectively.

(h) Goods and services tax (GST)

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

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

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

(i) Leases

The Group leases retail sites for its corporate store locations across Australia and New Zealand. Rental contracts are typically made for fixed periods of 2-7 years and in limited situations contain an option to renew at the end of the initial term. Lease terms are negotiated on an individual basis.

Until 1 July 2019, leases for retail sites were treated as operating leases in accordance with AASB117. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to 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 right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has elected to apply this practical expedient.

In line with accounting standard guidance, where leases have a fixed escalation rate, the fixed rate has been applied when accounting for the lease payments. No rate has been applied to leases that increase at the rate of CPI or leases that have a variable escalation rate.

Right-of-use assets are measured at cost comprising the initial measurement of the lease liability and other components as required under AASB16.

Payments associated with leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Low-value assets comprise IT equipment and small office related items.

Where the Group was the lessee under a property head lease and sublets the property to a third party franchisee, the present value of the remaining lease payments, discounted using the incremental borrowing

NOTES TO THE FINANCIAL STATEMENTS

rate was applied to recognise the associated lease liability as at 1 July 2019. The Group has also recognised the associated lease receivable from the sublessee. No right-of-use asset has been recognised where a

sublease arrangement exists as the asset has been transferred to the sublessee by virtue of the sublease.

(j) Property, plant and equipment

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

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

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

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

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

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

(k) Impairment of assets

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

(l) Intangible assets

Goodwill

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.

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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.

Costs incurred in configuring and customising cloud based software
Costs incurred in configuring or customising cloud software and Software as a Service (SaaS) arrangements can only be recognised as intangible assets if the implementation activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Those costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangements to significantly customise the cloud-based software for the group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.

(m) Cash and cash equivalents

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

(n) Financial assets

Credit losses on trade receivables
The Group has elected to apply the simplified approach to measuring expected credit losses, using the lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. A provision matrix is then determined based on the historic credit loss rate for each group, adjusted for any material expected changes to the future credit risk for that group.

(o) Inventories

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

(p) Trade and other payables

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

(q) Employee benefits

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

Other long term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related services are recognised in the

provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

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

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

Share based payments
Share based compensation benefits are provided to employees via the Company's Long Term Incentive Plan (LTIP).

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

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

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

(r) Borrowings

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

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

(s) Borrowing costs

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

(t) Provisions

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(u) Earnings Per Share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

5 Revenue and Other Income

(a) Revenue from continuing operations

	2021	2020
	$	$
Sales revenue		
Retail sales	**213,667,482**	194,924,114
Total Revenue	**213,667,482**	194,924,114

(b) Franchise and other revenue and other gains / (losses)

	2021	2020
	$	$
Franchise revenue		
Franchise royalties	**878,772**	984,294
Franchise fees	**-**	54,167
	878,772	1,038,461
Other revenue		
Other revenue	**11,957**	17,255
Total franchise and other revenue	**890,729**	1,055,716

NOTES TO THE FINANCIAL STATEMENTS

6 Expenses

The result for the year includes the following specific expenses:

	2021 $	2020 $
Finance costs		
Interest and finance charges – borrowings	**192,325**	417,460
Interest and finance charges – leases	**1,489,318**	1,804,351
Interest income – franchise leases	**(54,675)**	(129,610)
Interest income	**-**	(14,286)
Finance Costs	**1,626,968**	2,077,915
Depreciation and amortisation		
Intangible assets	**74,424**	79,555
Property, plant & equipment	**2,047,014**	2,159,026
Right-of-use assets	**11,944,413**	11,260,653
Depreciation and amortisation expense	**14,065,851**	13,499,234

7 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2021 $	2020 $
Current tax expense		
Current tax on profits for the year	**5,502,952**	3,189,587
Deferred tax expense		
Movements in deferred tax assets and liabilities	**1,755,309**	1,187,977
Income tax expense relating to continuing operations	**7,258,261**	4,377,564

(b) Reconciliation of income tax to accounting profit:

	2021 $	2020 $
Profit from continuing operations before income tax expense	**24,730,765**	14,760,000
Tax at the Australian tax rate of 30% (2020 – 30%)	**7,419,230**	4,428,000
Add:		
Tax effect of:		
- other non-deductible items	**177,440**	118,606
	7,596,670	4,546,606
Less/(Add):		
Tax effect of:		
- Other	**(338,409)**	(169,042)
Income tax attributable to parent entity	**7,258,261**	4,377,564
Income tax expense	**7,258,261**	4,377,564

NOTES TO THE FINANCIAL STATEMENTS

Franchise Buy-Backs

Shaver Shop has received a private ruling from the Australian Tax Office in respect of deductions for the amount relating to the termination of the franchise licence forming part of the purchase consideration paid for the buy-back of franchise stores. The tax ruling confirms that this amount is to be deducted in equal portions over a five year period following the date of purchase.

For each franchise store, a portion of the purchase consideration equal to the total tax benefit to be received over five years is recognised as a deferred tax asset and included in the calculation of goodwill. The deferred tax asset is then released over five years in accordance with the deduction schedule for each acquired franchise store with the effect of reducing income tax payable for each period.

8 Business Combinations

The Company acquired the last remaining six franchise stores on 3 February 2021 for a total purchase consideration of $14,799,720.

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

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

	Total
	$
Purchase consideration:	
- Cash	14,799,720
Assets or liabilities acquired:	
Inventories	2,154,964
Payables	(355,244)
Net acquired right of use assets and lease liabilities	(266,313)
Deferred tax assets	3,900,000
Total net identifiable assets acquired and liabilities assumed	**5,433,407**
Goodwill	**9,366,313**

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 the 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 acquisition date amounted to $5.0 million.

Had the results of the acquired franchise stores been consolidated from 1 July 2020, additional revenue of the Group would have been $9.9 million for the year ended 30 June 2021.

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

NOTES TO THE FINANCIAL STATEMENTS

9 Operating Segments

Segment information

The Group operates within one operating segment, being retail sales of specialist personal grooming products through their corporate and online stores and royalty income from franchise stores. The chief operating decision maker for the Company is the Chief Executive Officer. Total revenue disclosed in the consolidated statement of comprehensive profit and loss all relates to this one operating segment. The Group is not reliant on any single customer. At 30 June 2021, the Group operated 114 Corporate Stores in Australia (2020: 110) and 7 Corporate Stores in New Zealand (2020: 7).

10 Cash and Cash Equivalents

	2021 $	2020 $
Cash at bank and on hand	**7,374,965**	12,628,517

11 Trade and Other Receivables

		2021 $	2020 $
CURRENT			
Trade receivables		**2,057,347**	990,528
Prepayments		**1,243,731**	425,799
Related party receivables	32(c)	**81,377**	81,377
Other receivables		**244,701**	332,203
Total current trade and other receivables		**3,627,156**	1,829,907

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

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

12 Inventories

	2021 $	2020 $
Finished goods	**18,124,686**	15,097,228

Amounts recognised in profit and loss
Inventories recognised as an expense in costs of goods sold during the year ended 30 June 2021 amounted to $118,986,477 (2020: $113,302,030). Amounts recognised in expenses relating to write-downs of stock in FY2021 amounted to $867,811.

Critical accounting estimates – realisable value of inventory
Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of inventories are determined after deducting rebates and discounts. Net realisable value represents the estimated selling price less all estimated costs necessary to make the sale. Determining the net realisable value of inventories relies on key assumptions that require the use of management judgement. These key assumptions are the variables affecting the expected selling price and are reviewed at least annually. Any reassessment of the selling price in a particular year will affect the cost of goods sold.

NOTES TO THE FINANCIAL STATEMENTS

13 Leases

	2021 $	2020 $
Lease receivables		
Lease receivables – current	-	847,615
Lease receivables – non-current	-	1,379,919
	-	2,227,534

Shaver Shop acquired the last six remaining franchises in February 2021. Accordingly, at the time of acquisition the lease receivables from the franchisees were extinguished.

	2021 $	2020 $
Lease liabilities		
Lease liabilities – current	**10,415,254**	13,047,029
Lease liabilities – non-current	**15,983,369**	23,931,704
	26,398,623	36,978,733

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

	2021 $	2020 $
Right-of-use assets		
Right-of-use assets – at cost	**42,273,673**	37,900,313
Less: accumulated depreciation	**(21,010,339)**	(11,267,822)
	21,263,334	26,632,491

Recognition and measurement – Leases

Lease liabilities

The Group enters into non-cancellable leases for retail stores and support office facilities in Australia and New Zealand. Leases are entered into for varying terms and rent reviews are based on CPI increases or fixed increases. A lease liability is recognised at the commencement date of the lease at the present value of lease payments to be made over the term of the lease. The leases generally do not have renewal options.

Right-of-use assets

Right-of-use assets are measured at cost at commencement of the lease and depreciated on a straight-line basis over the effective life of the asset. The right-of-use assets have an effective life of between 2 and 7 years.

14 Property, plant and equipment (continued)

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:

NOTES TO THE FINANCIAL STATEMENTS

Consolidated	Leasehold Improvements in Progress $	Plant and Equipment $	Computer Equipment $	Improvements $	Total $
Year ended 30 June 2021					
Balance at the beginning of the year	**605,758**	**9,902,899**	**206,526**	**81,800**	**10,796,983**
Additions	**301,675**	**1,436,332**	**294,139**	**-**	**2,032,146**
Disposals and write-downs	**-**	**(113,289)**	**(99,947)**	**-**	**(213,236)**
Transfers	**(560,758)**	**558,858**	**1,900**	**-**	**-**
Depreciation expense	**-**	**(1,869,837)**	**(159,765)**	**(17,411)**	**(2,047,013)**
Foreign exchange movements	**-**	**(2,875)**	**(16)**	**-**	**(2,891)**
Balance at the end of the year	**346,676**	**9,912,088**	**242,836**	**64,389**	**10,565,989**

Consolidated	Leasehold Improvements in Progress $	Plant and Equipment $	Computer Equipment $	Improvements $	Total $
Year ended 30 June 2020					
Balance at the beginning of the year	206,540	9,039,329	222,118	9,808	9,477,795
Additions	560,758	2,922,107	140,591	89,402	3,712,858
Disposals and write-downs	-	(230,169)	-	-	(230,169)
Transfers	(161,540)	161,540	-	-	-
Depreciation expense	-	(1,985,367)	(156,249)	(17,410)	(2,159,026)
Foreign exchange movements	-	(4,541)	66	-	(4,475)
Balance at the end of the year	605,758	9,902,899	206,526	81,800	10,796,983

15 Intangible Assets

Movements in carrying amounts of intangible assets

	Software development in progress $	Software $	Brand names $	Goodwill $	Total $
Year ended 30 June 2021					
Opening net book value	-	-	**823,415**	**43,943,264**	**44,766,679**
Additions through business combinations	-	-	-	**9,366,313**	**9,366,313**
Amortisation	-	-	**(74,417)**	-	**(74,417)**
Foreign exchange movements	-	-	**(494)**	-	**(494)**
Closing value at 30 June 2021	-	-	**748,504**	**53,309,577**	**54,058,081**
Year ended 30 June 2020					
Opening net book value	1,894,452	1,011,586	895,582	42,074,264	45,875,884
Write downs due to change in accounting policy	(1,894,452)	(1,011,586)	-	-	(2,906,038)
Additions through business combinations	-	-	-	1,869,000	1,869,000
Amortisation	-	-	(70,731)	-	(70,731)
Foreign exchange movements	-	-	(1,436)	-	(1,436)
Closing value at 30 June 2020	-	-	823,415	43,943,264	44,766,679

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 2021. 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 CGU has been determined based on the value in use calculation using cash flow projections from budgets approved by senior management and presented to the Board of Directors covering a five year period. Cash flows beyond the five year period are extrapolated using estimated growth rates of 2.5% (2020: 2.5%). The pre-tax discount rate applied to cash flow projected is 12.3% (2020: 12.4%).

The value in use calculation is most sensitive to the following key assumptions: gross margin, growth rate and discount rate.

Gross margin: Gross margin is based on average values achieved in the past. Margins are not increased over the forecast timeline. The gross margin used in the forecast period is 42.7% (2020: 42.7%) based on average gross margins achieved historically together with expectations of the future.

Growth rate: Sales growth rates are based on management's best estimates of anticipated growth (based on industry and company considerations) in the short to medium term and consider the historical average like for like sales growth achieved in the past. The growth rate in the terminal year is 2.5% (2020: 2.5%) and the same store sales growth rate used for the five year forecast period is 3.0% (2020: 3.0%).

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

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity analysis: Management recognises that the recoverable amount of goodwill is sensitive to the assumptions used in the model. Using the assumption outlined above, the surplus of the recoverable amount over the carrying value of goodwill at 30 June 2021 is $227.4 million. If all of the following scenarios happen together, the recoverable amount of the CGU would equal its carrying amount: the five year forecasted growth rate decreased from 3.0% to 0.0%, the pre-tax discount rate is increased from 12.3% to 17.9%, the growth rate in the terminal year decreased from 2.5% to 2.0% and operating expenses increased at 3.0% versus expected CPI growth of 2.5%.

The Group believes the assumptions adopted in the value in use calculations reflect an appropriate balance between the Group's experience to date and the uncertainties associated with the COVID-19 pandemic. Whilst temporary store closures resulting from Government restrictions may impact short-term financial performance, the timing and nature of these closures is not expected to impact the Group financial results in the long-term.

16 Trade and Other Payables

	2021 $	2020 $
CURRENT		
Unsecured liabilities	**16,033,605**	11,287,436
GST payable	**598,654**	707,652
Dividend accrued	**-**	2,595,878
Payroll related accruals	**1,926,806**	1,730,812
Other creditors and accruals	**654,218**	1,787,384
	19,213,283	18,109,162

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

17 Employee Benefits

	2021 $	2020 $
Current liabilities		
Provision for employee benefits	**2,512,259**	1,853,567

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 twelve months. The following amounts reflect leave that is not expected to be taken or paid within the next twelve months.

	2021 $	2020 $
Leave obligations expected to be settled after twelve months	**814,119**	442,794

18 Borrowings

	2021 $	2020 $
NON-CURRENT		
Secured liabilities:		
Bank loans	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

18 Borrowings (contd)

(a) Collateral

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

	2021 $	2020 $
Fixed and Floating charge:		
- cash and cash equivalents	**7,374,965**	12,628,517
- trade receivables	**2,057,347**	990,528
- inventories	**18,124,686**	15,097,228
- property, plant and equipment	**10,565,989**	10,823,278
- intangible assets	**54,058,081**	44,766,679

Under the terms of the major borrowing facilities, as at 30 June 2021, the Group was required to comply with the following primary financial covenants:

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

b) the ratio of EBITDA plus occupancy costs to occupancy cost plus interest expense must be greater than 1.5; and

c) the ratio of total assets less total liabilities to total assets must be greater than 0.45.

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

19 Other Liabilities

	2021 $	2020 $
CURRENT		
Other liabilities	**21,197**	16,727
Total current other liabilities	**21,197**	16,727
Other liabilities	**55,948**	77,145
Total non-current other liabilities	**55,948**	77,145
Total other liabilities	**77,145**	93,872

NOTES TO THE FINANCIAL STATEMENTS

20 Issued Capital

	2021 $	2020 $
128,812,494 (2020: 126,462,494) Ordinary shares	**48,872,261**	48,872,261

Shaver Shop has issued and unvested shares (LTI Plan Shares) under its Long Term Incentive Plan (LTI Plan) of 5,280,002 at 30 June 2021 (2020: 4,665,302). The LTI Plan Shares have vesting criteria and are therefore only included, if appropriate, in diluted share calculations and are not included in the calculation of basic weighted average shares outstanding.

(a) Movements in share capital

	2021 $	2020 $
At the beginning of the reporting period	**48,872,261**	48,872,261
At the end of the reporting period	**48,872,261**	48,872,261

Number of shares outstanding	2021 No.	2020 No.
At the beginning of the reporting period	**126,462,494**	125,531,498
Unvested LTIP shares issued in period	**2,350,000**	2,300,000
Unvested LTIP shares cancelled in period	**-**	(1,369,004)
At the end of the reporting period	**128,812,494**	126,462,494

Calculation of weighted average number of diluted shares

	2021 No.	2020 No.
Weighted average number of ordinary shares used for calculating basic earnings per share	**123,328,960**	121,797,192
Adjustment for weighted average number of LTI Plan Shares issued (unvested shares)	**4,314,249**	3,732,699
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	**127,643,209**	125,529,891

The LTI Plan Shares are included in the calculation of the weighted average number of fully diluted shares outstanding when the average market price of the Company's shares is above the exercise price of the LTI Plan Shares for the year ended 30 June 2021. Additional LTI Plan Shares could potentially be included in the number of fully diluted shares outstanding in the future.

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

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

NOTES TO THE FINANCIAL STATEMENTS

(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.

21 Dividends

	2021 $	2020 $
The following dividends were declared and paid:		
Fully franked FY2020 final dividend of 2.7 cents per share (FY2019: 2.5 cents per share, fully franked)	**3,309,215**	3,062,742
Fully franked FY2021 interim dividend of 3.2 cents per share (FY2020: 2.1 cents per share, 80% franked – interim dividend cancelled due to COVID-19 and subsequently replaced by an equivalent special dividend declared in June 2020)	**3,952,030**	2,595,878

	2021 $	2020 $
Total dividends per share declared	**0.059**	0.046
Franking account		
The franking credits available for subsequent financial years at a tax rate of 30%	**3,247,581**	1,228,845

The above available balance is based on the dividend franking account at year-end adjusted for:
(a) Franking credits that will arise from the payment/(receipt) of the current tax liabilities/(receivable);
(b) Franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
(c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

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

NOTES TO THE FINANCIAL STATEMENTS

22 Reserves

	2021 $	2020 $
Foreign currency translation reserve		
Opening balance	**(10,295)**	(34,483)
Currency translation differences arising during the year	**7,347**	24,188
Balance at 30 June 2021	**(2,948)**	(10,295)
Share based payments reserve		
Opening balance	**607,892**	434,563
Transfers in	**409,672**	173,329
Balance at 30 June 2021	**1,017,564**	607,892
Total	**1,014,616**	597,597

(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.

23 Earnings per Share

	2021 $	2020 $
Profit from continuing operations	**17,472,504**	10,382,436
Earnings used to calculate basic EPS from continuing operations	**17,472,504**	10,382,436

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

	2021 No.	2020 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**123,328,960**	121,797,192
Weighted average number of ordinary shares outstanding during the year used in calculating fully diluted EPS	**127,643,209**	125,529,891

	2021 cents	2020 cents
Basic earnings per share	**14.2**	8.5
Fully diluted earnings per share	**13.7**	8.3

NOTES TO THE FINANCIAL STATEMENTS

Information concerning classification of securities

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

24 Retained Earnings

	2021 $	2020 $
Retained earnings at beginning of the financial year	**12,479,608**	10,964,103
Change of accounting policy – cloud software configuration costs	**-**	(1,994,594)
Change of accounting standard – AASB 16 Leases	**-**	(1,213,717)
Net profit for the year	**17,472,504**	10,382,436
Dividends declared	**(7,261,245)**	(5,658,620)
Retained earnings at end of the financial year	**22,690,867**	12,479,608

25 Capital Commitments

Bank Guarantees

The Company has Bank Guarantees in place as security for rental payments on several of its locations. As at 30 June 2021 $422,169 (2020: $519,957) was drawn under the Company's bank guarantee facility.

26 Financial Risk Management

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

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

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

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

Objectives, policies and processes

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

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

NOTES TO THE FINANCIAL STATEMENTS

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 a 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:

	2021 $	2020 $
Commercial advance facilities	**30,000,000**	30,000,000
Bank guarantee facility	**577,831**	480,043
Total	**30,577,831**	30,480,043

The multi-option facility has a limit of $30.0 million and was undrawn as at 30 June 2021. In addition, Shaver Shop has access to a bank guarantee facility with a limit of $1.0 million which was drawn to $0.42 million as at 30 June 2021. The multi-option facility has interest rates varying from BBSY +0.75% to BBSY +1.20% depending on the sub facility being utilised.

(ii) Maturities of financial liabilities

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

	Not later than 1 month		1 month to 1 year		1 to 2 years	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
Bank loans	-	-	-	-	-	-
Trade and other payables	17,865,344	18,109,162	1,347,939	-	-	-
Lease liabilities	940,011	1,025,632	9,454,046	10,682,295	7,450,573	10,094,209
Total	18,805,355	19,134,794	10,801,985	10,682,295	7,450,573	10,094,209

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 and suppliers, including outstanding receivables and committed transactions.

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

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

Credit quality

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

	2021 $	2020 $
Cash at bank		
AA- (Standard & Poors)	**7,374,965**	12,628,517
Accounts receivable		
Counter-parties with no external credit rating		
Group 1*	**2,057,347**	990,528

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

Market risk

(i) Foreign currency risk

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

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

Shaver Shop Pty Ltd has an inter-company receivable of $2.5 million at 30 June 2021 (30 June 2020: $3.4 million). This balance represents the initial and ongoing investment in Shaver Shop's New Zealand operations.

Based on the year-end balance, a 1% appreciation in the NZ dollar has approximately a $27,000 impact on the company's pre-tax profit.

NOTES TO THE FINANCIAL STATEMENTS

(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 %	2021 $	Weighted average interest rate %	2020 $
Floating rate instruments				
Bank loans	**0.85%**	**-**	2.89	-
Total	**0.85%**	**-**	2.89	-

Shaver Shop did not draw down on any of its loan facility in FY2021. Accordingly, the weighted average interest rate represents the line fee payable on the $30 million facility.

Management considers that interests rates could reasonably increase by 1% or decrease by 0.5% (2020: 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.

27 Tax assets and liabilities

(a) Current tax assets and liabilities

	2021 $	2020 $
Income tax payable	**2,044,397**	617,441

(b) Recognised deferred tax assets and liabilities

	2021 $	2020 $
Deferred tax assets	**14,422,550**	14,350,399
Deferred tax liabilities	**(6,613,310)**	(8,753,792)
Net deferred tax assets	**7,809,240**	5,596,607

NOTES TO THE FINANCIAL STATEMENTS

	Note	Opening Balance $	Change in accounting policy $	Charged to Income $	Acquisition of Franchise Stores $	Closing Balance $
Deferred tax assets (liabilities)						
Provisions - employee benefits		**588,009**	**-**	**203,735**	**-**	**791,744**
Accruals		**480,413**	**-**	**(71,181)**	**-**	**409,232**
Leased liabilities		**9,977,197**	**-**	**(2,268,657)**	**-**	**7,708,540**
Cancellation of franchise licence on acquisition	7	**1,682,993**	**-**	**(1,690,148)**	**3,975,507**	**3,968,352**
IPO costs		**152,082**	**-**	**(50,694)**	**-**	**101,388**
Software intangibles		**948,789**	**-**	**(12,168)**		**936,621**
Other deferred tax assets		**520,916**	**-**	**(14,244)**	**-**	**506,672**
Right-of-use assets		**(8,447,292)**	**-**	**2,195,175**	**-**	**(6,252,117)**
Other deferred tax liabilities		**(306,500)**	**-**	**(54,692)**	**-**	**(361,192)**
Balance at 30 June 2021		**5,596,607**	**-**	**(1,762,874)**	**3,975,507**	**7,809,240**
Provisions - employee benefits		461,581	-	126,428	-	588,009
Accruals		510,088	(382,621)	352,946	-	480,413
Lease incentive liability		717,382	(717,382)	-	-	-
Leased liabilities		-	11,294,074	(1,316,877)	-	9,977,197
Cancellation of franchise licence on acquisition	7	2,113,039	-	(1,231,046)	801,000	1,682,993
IPO costs		380,823	-	(228,741)	-	152,082
Software intangibles		-	948,789	-	-	948,789
Other deferred tax assets		486,898	-	34,018	-	520,916
Right-of-use assets		-	(9,673,091)	1,225,799	-	(8,447,292)
Other deferred tax liabilities		(261,181)	-	(45,319)	-	(306,500)
Balance at 30 June 2020		4,408,630	1,469,769	(1,082,792)	801,000	5,596,607

NOTES TO THE FINANCIAL STATEMENTS

28 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:

	2021 $	2020 $
PricewaterhouseCoopers Australia		
(i) Audit and other assurance services		
Audit of financial statements	**175,600**	174,100
Total remuneration for audit and other assurance services	**175,600**	174,100
(ii) Taxation services		
Tax services	**80,500**	84,560
Total remuneration for taxation services	**80,500**	84,560
(iii) Other Services		
Other consulting services	**8,500**	135,600
Total remuneration for other services	**8,500**	135,600
Total remuneration of PricewaterhouseCoopers Australia	**264,600**	394,260

29 Interests in Subsidiaries

The Group's subsidiaries as at 30 June 2021 are set out below.

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2021	Percentage Owned (%)* 2020
Subsidiaries:			
Lavomer Riah Pty Ltd	Australia	**100**	100
Shaver Shop Pty Ltd	Australia	**100**	100
Shaver Shop (New Zealand) Limited	New Zealand	**100**	100

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

NOTES TO THE FINANCIAL STATEMENTS

30 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:

	2021 $	2020 $
Consolidated Statement of Comprehensive Income		
Revenue	**203,099,855**	187,201,176
Cost of Sales	**(112,325,151)**	(108,128,146)
Gross Profit	**90,774,704**	79,073,030
Other revenue	**890,729**	1,055,716
Operating expenses	**(66,573,561)**	(63,558,004)
Finance costs	**(1,586,093)**	(2,022,515)
Profit before income tax	**23,505,779**	14,548,227
Income tax (expense) / credit	**(7,258,261)**	(4,377,564)
Profit after income tax	**16,247,518**	10,170,663
Profit attributable to members of the parent entity	**16,247,518**	10,170,663

	2021 $	2020 $
Retained earnings:		
Retained earnings at the beginning of the year	**14,011,793**	12,674,841
Change of accounting policy – cloud software configuration costs	**-**	(1,994,594)
Change of accounting standard – AASB 16 Leases	**-**	(1,180,497)
Profit after income tax	**16,247,518**	10,170,663
Dividends recognised	**(7,261,245)**	(5,658,620)
Retained earnings at the end of the year	**22,998,066**	14,011,793
Attributable to:		
Equity holders of the company	**22,998,066**	14,011,793

NOTES TO THE FINANCIAL STATEMENTS

30 Deed of Cross-Guarantee (continued)

	2021 $	2020 $
Consolidated Statement of Financial Position		
Current Assets		
Cash and cash equivalents	**6,776,967**	12,231,043
Trade and other receivables	**6,045,998**	5,937,819
Inventories	**16,901,376**	13,749,153
Total Current Assets	**29,724,341**	31,918,015
Non-Current Assets		
Property, plant and equipment	**10,124,140**	10,286,737
Intangible assets	**53,977,696**	44,678,177
Right-of-use assets	**20,782,850**	25,856,520
Deferred tax assets	**14,408,100**	14,335,868
Total Non-Current Assets	**99,292,786**	95,157,302
Total Assets	**129,017,127**	127,075,317
Current Liabilities		
Trade and other payables	**21,755,199**	18,363,612
Lease liabilities	**10,092,845**	12,593,495
Current tax liabilities	**2,044,397**	617,441
Total Current Liabilities	**33,892,441**	31,574,548
Non-Current Liabilities		
Lease liabilities	**15,623,484**	23,255,031
Deferred tax liabilities	**6,613,310**	8,753,792
Total Non-Current Liabilities	**22,236,794**	32,008,823
Total Liabilities	**56,129,235**	63,583,371
Net Assets	**72,887,892**	63,491,946
Equity		
Issued Capital	**48,872,261**	48,872,261
Reserves	**1,017,564**	607,892
Retained Earnings	**22,998,066**	14,011,793
Total Equity	**72,887,892**	63,491,946

31 Contingencies

Contingent Liabilities

There are no contingent liabilities recognised by the Group.

NOTES TO THE FINANCIAL STATEMENTS

32 Related Parties

(a) Subsidiaries

Interests in subsidiaries are set out in Note 29.

(b) Key management personnel

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

	2021 $	2020 $
Short-term employee benefits	**1,905,686**	1,611,325
Post-employment benefits	**77,554**	77,670
Share-based payments	**245,674**	108,198
	2,228,914	1,797,193

Detailed remuneration disclosures are provided in the Remuneration Report.

(c) Loans to/from related parties

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

	Opening balance $	Closing balance $
Loans to KMP and related parties		
2021	**81,377**	**81,377**
2020	81,377	81,377

The loans to KMP resulted from a share incentive scheme implemented prior to the Shaver Shop Employee Share Plan (refer Note 34). 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.

33 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:

	2021 $	2020 $
Profit for the year	**17,472,504**	10,601,684
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
Depreciation and amortisation	**14,065,851**	14,109,528
Disposal/write-down of property, plant & equipment	**28,090**	230,169
Share based payments expense	**409,672**	173,329
Net exchange differences	**1,442**	18,283
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade, leases and other receivables	**(430,285)**	438,702
- (increase)/decrease in inventories	**(872,499)**	10,807,782
- (increase)/decrease in deferred tax assets	**1,687,367**	1,087,926
- increase/(decrease) in trade and other payables	**1,390,841**	348,152
- increase/(decrease) in income taxes payable	**1,426,956**	1,932,175
Cashflow from operations	**36,040,509**	39,747,730

(b) Reconciliation of net cash (debt)

	2021 $	2020 $
Cash and cash equivalents	**7,374,965**	12,628,517
Net cash (debt)	**7,374,965**	12,628,517

34 Share-based Payments

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

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

In FY2017, the Company issued 1,300,000 Plan Shares to eligible participants. In FY2018, the Company broadened the eligible participant base with 1,910,000 shares issued to eligible participants. In FY2019, the Company issued a further 1,990,000 shares to eligible participants. In FY2020 the Company issued 2,300,000 Plan Shares to eligible participants. In FY2021 the company issued 2,350,000 Plan Shares to eligible participants. The Plan Shares have been treated as equity-settled share-based payment transactions in the Company’s financial accounts.

NOTES TO THE FINANCIAL STATEMENTS

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

	2021	2020	2019	2018
Grant Date	28 Oct 20	30 Oct 19	21 Nov 18	10 Nov 17
Number of Plan Shares Granted	2,350,000	2,300,000	1,990,000	210,000
Issue Price of Plan Shares	$1.0651	$0.6344	$0.3969	$0.6829

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

	FY2021 LTIP (Shares)	FY2020 LTIP (Shares)	FY19 LTIP (Shares)	FY18 LTIP (Shares)
Outstanding at the beginning of the year	-	2,300,000	1,701,000	606,672
Granted during the year	2,350,000	-	-	-
Vested during the year	-	-	(1,070,998)	(403,140)
Forfeited during the year*	-	-	-	(203,532)
Outstanding at the end of the year	2,350,000	2,300,000	630,002	-
Average exercise price	$1.0651	$0.6344	$0.3969	$0.6829

* 203,532 shares issued under Tranche 3 of the FY2018 LTIP grant were forfeited by participants during FY2021 as they did not meet the required Performance Condition. However at the time of writing this report, these shares have not yet been compulsorily divested in accordance with the Plan rules.

The fair value at grant date of the LTIP shares is independently determined using an adjusted form of Monte Carlo model for TSR LTIP Shares and a Black-Scholes model for EPS based shares. The model takes into account the vesting criteria, the current share price, the expected dividend yield, the risk free interest rate, the expected volatility of the shares and the correlations and volatilities of peer group companies. The assessed fair value at grant date of Plan Shares granted during the year ended 30 June 2021 varied from $0.26 per Plan Share to $0.46 per Plan Share depending on the Grant Date and the relevant vesting criteria (FY2020 - $0.12 to $0.235).

The key assumptions used in the valuation models are:

			Financial Year		
	2021	2020	2019	2018	2018
Grant Date	28 Oct 20	30 Oct 19	21 Nov 18	10 Nov 17	26 Oct 17
Closing share price on Grant Date	$1.04	$0.645	$0.40	$0.50	$0.465
Exercise price	$1.0651	$0.6344	$0.3969	$0.6829	$0.6829
Volatility	50%	40%	45%	45%	45%
Dividend yield (Nil as used to pay off loan value)	Nil	Nil	Nil	Nil	Nil
Risk free rate	0.27%	0.86%	2.33%	2.19%	2.30%

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

	Financial Year	
	2021	2020
	$	$
Expense for Plan Shares issued under LTI Plan	**409,672**	173,329

NOTES TO THE FINANCIAL STATEMENTS

35 Events Occurring After the Reporting Date

Subsequent to year end, the Directors declared a final dividend of 5.0 cents per share (100% franked) to shareholders of record on 9 September 2021. The dividend payment date is 23 September 2021.
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.

36 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.

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Shaver Shop Group Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

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

	2021 $	2020 $
Summary financial information		
Assets		
Current assets	**18,579,975**	17,162,019
Non-current assets	**28,714,799**	28,714,799
Total Assets	**47,294,774**	45,876,818
Liabilities		
Current liabilities	**2,035,397**	617,441
Total Liabilities	**2,035,397**	617,441
Equity		
Contributed equity	**48,872,260**	48,872,260
Reserves	**1,017,563**	607,891
Retained losses	**(4,630,446)**	(4,220,774)
Total Equity	**45,259,377**	45,259,377
Profit for the period	**6,851,573**	5,104,469
Total comprehensive income	**6,851,573**	5,104,469
Opening retained losses	**(4,220,774)**	(3,666,623)
Profit for the period	**6,851,573**	5,104,469
Dividends paid or provided for	**(7,261,245)**	(5,658,620)
Closing retained losses	**(4,630,446)**	(4,220,774)

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2021 or 30 June 2020.

Contractual commitments

The parent entity did not have any commitments as at 30 June 2021 or 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

37 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 2021 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.

3. In the directors' opinion, there are reasonable grounds to believe that the Company and its subsidiary which have entered into a Deed of Cross Guarantee will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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

Brodie Arnhold

Broderick Arnhold
Director

Melbourne
31 August 2021

Independent auditor's report

To the members of Shaver Shop Group Limited

Report on the audit of the financial report

Our opinion

In our opinion:

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 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 balance sheet as at 30 June 2021
- the consolidated statement of profit or loss and other 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 significant accounting policies and other explanatory information
- 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

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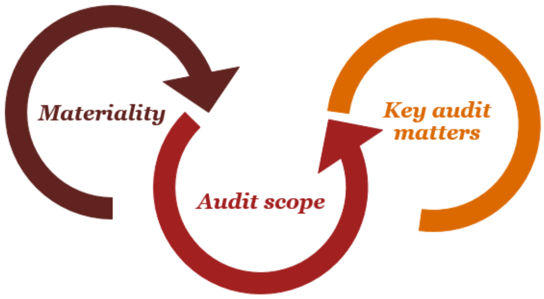
Our audit approach

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	Audit scope
• For the purpose of our audit we used overall Group materiality of $1.2 million, which represents approximately 5% of the Group's profit before tax. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The Group sells personal grooming and beauty appliances to customers across Australia and New Zealand, through retail stores and the Group's website. The products are held in the Group's warehouse in Melbourne, and across the retail stores. The accounting processes are structured around a group finance function located at the head office in Melbourne.

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 15) $53.3 million* At 30 June 2021 the Group recognised $53.3 million of goodwill in the consolidated balance sheet. The Group assesses goodwill for impairment annually, irrespective of whether there are indicators of impairment and has determined that there is only one Cash Generating Unit (CGU). The carrying value of goodwill was a key audit matter due to: • the financial significance of the goodwill balance ; and • the level of judgement involved in the Group assessing the recoverable amount of the goodwill including forecasting future cash flows, estimating the discount rate and terminal growth rate.	We performed the following procedures, amongst others: • Evaluated whether the CGU identified by the Group was consistent with our knowledge of the Group's operations and internal reporting. • Assessed whether the CGU included all directly attributable assets, liabilities, corporate overheads and cash flows. • Compared the forecast cash flows used in the Group's impairment model to the latest budgets and business plans presented to the board. • Evaluated the Group's historical ability to forecast future cash flows by comparing budgets with reported actual results for the previous five years. • Considered whether the cash flows used in the impairment model were reasonable by comparing actual cash flows for previous years to forecast cash flows and evaluating the support available from the Group for significant differences in actual and forecast cash flows. • Evaluated the appropriateness of the discount rate by assessing the reasonableness of the relevant inputs to the calculation against industry and market factors. • Evaluated the appropriateness of the terminal growth rate by comparison to the forecast long-term average growth rate of the countries the Group operates in, being Australia and New Zealand. • Assessed the mathematical accuracy, on a sample basis, of the impairment model's calculations. • Evaluated the reasonableness of disclosures in note 15 in light of the requirements of Australian Accounting Standards.

Carrying value of inventory *(Refer to note 12) $18.1 million* At 30 June 2021 the Group recognised $18.1 million of inventory in the consolidated balance sheet valued at the lower of cost and net realisable value. The identification of products expected to be sold below net realisable value depends, in part, on estimated sales below estimated costs for the sale. The carrying value of inventory was a key audit matter due to: • the financial significance of the inventory balance; and • the level of judgement and estimation required in determining the net realisable value of inventory including assumptions of expected future selling prices and related costs.	We performed the following procedures, amongst others: • Compared inventory balances within the inventory provision calculation to total inventory on hand to ensure the completeness of the assessment. • Evaluated whether the methodology applied to calculate the provision was reasonable based on the requirements of Australian Accounting Standards and consistent with that applied in the prior year. • Assessed 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 net realisable value to the actual sales value earned on those products sold in the financial year. • Assessed the mathematical accuracy of the provision calculation on a sample basis. • Evaluated whether the provision for inventory was adequate by assessing the gross margins recognised for a sample of inventory items.
Accounting for supplier rebates *(Refer to note 12)* 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 depending on the specific terms agreed with each supplier in relation to the rebate rate(s) and the range of products included. The accounting for supplier rebates was a key audit matter due the magnitude of rebates received during the year, and the different terms applicable to each rebate agreement.	We performed the following procedures, amongst others: • For rebates receivable we obtained confirmations from a sample of suppliers of the balance receivable at 30 June 2021, key rebate terms and rebates received during the year and compared them to the Group's records. • For a sample of rebates not subject to confirmation procedures we obtained evidence of settlement and a valid arrangement. • Tested the mathematical accuracy of the Group's rebate calculations on a sample basis.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors' report. We expect the remaining other information to be made available to us after the date of this auditor's report.

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

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

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

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

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 12 to 24 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Shaver Shop Group Limited for the year ended 30 June 2021 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
31 August 2021