



SHAVER SHOP

TRANSFORM YOURSELF™

SHAVER SHOP GROUP LIMITED

ACN 150 747 649

PROSPECTUS

Initial public offering of fully paid ordinary shares in Shaver Shop Group Limited
ACN 150 747 649

Joint Lead Managers

ORD MINNETT

ShawandPartners

IMPORTANT INFORMATION

OFFER

The Offer contained in this Prospectus is an invitation to acquire Shares in Shaver Shop Group Limited ACN 150 747 649 (**Company**). This Prospectus is issued by the Company and Shaver Shop SaleCo Limited ACN 612 518 831 (**SaleCo**).

LODGEMENT

This Prospectus is dated 7 June 2016 (**Prospectus Date**) and was lodged with ASIC on that date. None of ASIC, the ASX or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

EXPIRY DATE

No Shares will be issued or transferred on the basis of this Prospectus later than 13 months after the Prospectus Date.

NOT INVESTMENT ADVICE

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs (including financial and tax issues) of any prospective investor.

CONSIDER RISKS OF INVESTMENT

It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company. In particular, in considering the prospects of the Company, you should consider the best estimate assumptions underlying any forward looking statement (including the Forecast Financial Information), together with the risk factors that could affect the Company's financial performance. Some of the key risk factors that should be considered by prospective investors are set out in sections 1.4 and 5 of this Prospectus. However, there may be risk factors in addition to these that should be considered in light of your personal circumstances. You should carefully consider these factors in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

DISCLAIMER

Except as required by law, and only to the extent so required, no person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

No person is authorised to give any information or make any representation in connection with the Offer which is not included in this Prospectus. Any information or representation not included in this Prospectus may not be relied on as having been authorised by the Company, SaleCo, the Company or SaleCo's directors, the Joint Lead Managers or any other person involved in the preparation of the Prospectus or the making of the Offer. In making any investment decision you should rely only on information in this Prospectus.

EXPOSURE PERIOD

The Corporations Act prohibits the Company and SaleCo from processing applications to acquire Shares under this Prospectus (**Applications**) in the 7 day period after the Prospectus Date (**Exposure Period**). This Exposure Period may be extended by ASIC by up to a further 7 days. The Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance

with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period and no preference will be conferred on them.

During the Exposure Period, this Prospectus will be made generally available to Australian residents without the Application Form, by being posted on the following website: <https://events.miraql.com/shavershop-ipo>.

OBTAINING A COPY OF THIS PROSPECTUS

A hard copy of the Prospectus is available for Australian residents free of charge during the Offer Period to any Broker Firm or Priority Offer Applicant in Australia by calling the Joint Lead Managers to the Offer or the Shaver Shop information line on 1800 500 095 (use +61 1800 500 095 for international callers) between 8.30am and 5.30pm Melbourne, Australia time Monday to Friday (business days only) during the Offer Period.

This Prospectus is also available to Australian resident investors in electronic form at the Offer website, <https://events.miraql.com/shavershop-ipo>. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website within Australia. Hard copy and electronic versions of this Prospectus are not available to persons in other jurisdictions, including the United States.

Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If unsure about the completeness of this Prospectus received electronically, or a print out of it, you should contact the Company.

STATEMENTS OF PAST PERFORMANCE

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

FINANCIAL PERFORMANCE

Section 4.1 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation for the Financial Information. The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in sections 1.4 and 5.

All references to financial years appearing in this Prospectus are to the financial years ended or ending 30 June (as relevant), unless otherwise indicated.

The Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

The Financial Information is presented in an abbreviated form. It does not include all of the presentation and disclosures required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

All financial amounts contained in this Prospectus are expressed in Australian currency, unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

FORWARD LOOKING STATEMENTS

This Prospectus includes Forecast Financial Information based on the best estimate assumptions of the Directors and on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events

and actions that, as at the Prospectus Date are expected to take place. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation for the Historical Financial Information. The Forecast Financial Information presented in this Prospectus is unaudited.

This Prospectus contains forward looking statements which are identified by words such as "believes", "considers", "could", "estimates", "expects", "intends", "may", and other similar words that involve risks and uncertainties. Certain statements, beliefs and opinions contained in this Prospectus, particularly those regarding the possible or assumed future financial or other performance of the Company, market growth or expected market share, or other trend projections are or may be forward-looking statements.

Any forward looking statements are subject to various known and unknown risk factors that could cause the Company's actual results and circumstances to differ materially from the results and circumstances expressed or anticipated in these statements. Such statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and Management, SaleCo or its directors. Forward looking statements should be read in conjunction with, and are qualified by reference to, risk factors as set out in sections 1.4 and 5 and other information in this Prospectus.

No assurance is given that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company and SaleCo will not necessarily update or revise forward-looking statements, or publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

This Prospectus, including the market overview in section 2, uses market data, market forecasts and projections. The Company and SaleCo have obtained significant portions of this information from market research and commentary prepared by third parties. There is no assurance that any of the forecasts or forward information contained in the reports, surveys and research of such third parties that are referred to in this Prospectus will be achieved. The Company and SaleCo have not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the key risk factors in sections 1.4 and 5.

Information in this Prospectus on the Personal Care Appliances market in Australia, Depilatories market in Australia and Men's Grooming market in Australia is from independent market research carried out by Euromonitor International Limited but should not be relied upon in making, or refraining from making, any investment decision. A summary of Euromonitor's research methodology and scope is set out in section 9.12.

SELLING RESTRICTIONS IN FOREIGN JURISDICTIONS

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and persons who come into

possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the Shares are registered under the US Securities Act or are offered and sold in transactions exempt from, or not subject to the registration requirements of the US Securities Act and any other applicable US securities laws.

See section 7.17 for more detail on selling restrictions that apply to the offer and sale of Shares in jurisdictions outside of Australia.

To the extent any person in any jurisdiction outside Australia lawfully receives an offer under this Prospectus, the taxation treatment of Australian securities may not be the same as those for securities in foreign jurisdictions.

NO COOLING OFF RIGHTS

Cooling off rights do not apply to an investment in Shares offered under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application.

PHOTOGRAPHS AND DIAGRAMS

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are or, on Completion of the Offer will be, owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

DOCUMENTS AVAILABLE ON WEBSITE

Any references to documents included on the Company's website at <http://www.shavershop.com.au> or the Offer website at <https://events.miracle.com/shavershop-ipo> are for convenience only, and none of the documents or other information available on these websites is incorporated in this Prospectus by reference.

DEFINED TERMS AND TIME

Defined terms and abbreviations used in this Prospectus have the meanings given in the glossary of this Prospectus at section 10. Unless otherwise stated or implied, references to times in this Prospectus are to Melbourne, Australia time.

APPLICATIONS

Applications for Shares may only be made during the Offer Period on the Application Form included in, or accompanying, this Prospectus in its hard copy form, or in its electronic form which must be downloaded in its entirety, together with an electronic copy of this Prospectus. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is included in, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus. Refer to section 7 for further information.

As set out in section 0, it is expected that the Shares will be quoted on ASX on a normal settlement basis. To the extent permitted by law, each of the Company, SaleCo, the Registry, and the Joint Lead Managers disclaim all liability, whether

in negligence or otherwise, to persons who trade Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by any of them, by a Broker or otherwise.

PRIVACY

By filling out the Application Form to apply for Shares, you are providing personal information to the Company, SaleCo and the Registry, which is contracted by the Company to manage Applications. The Company, SaleCo and the Registry on their behalf, may collect, hold, use and disclose that personal information for the purpose of processing your Application, servicing your needs as a Shareholder, providing facilities and services that you need or request and carry out appropriate administration. If you do not provide the information requested in the Application Form, the Company, SaleCo and the Registry may not be able to process or accept your Application.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included in the Share register. In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by members of the public. The information must continue to be included in the Share register if you cease to be a Shareholder.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, which it considers may be of interest to you. Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Registry for ongoing administration of the Share register;
- the Joint Lead Managers in order to assess your Application;
- Brokers for the purpose of providing their services;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

Information contained in the Company's Share register is also used to facilitate corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to access, correct and update his or her personal information that the Company and the Registry hold about that person, subject to certain exemptions under law. A reasonable fee may be charged for access. Access requests must be made in writing or by telephone call to the Company's registered office or the Registry's office, details of which are disclosed in the corporate directory on the final page of this Prospectus. Applicants can obtain a copy of the Company's privacy policy by visiting the Company's website (<http://www.shavershop.com.au>). By submitting an Application, you agree that the Company and the

Registry may communicate with you in electronic form or to contact you by telephone in relation to the Offer.

OFFER MANAGEMENT

The Offer is being arranged, managed and underwritten by Ord Minnett Limited and Shaw and Partners Limited.

FINANCIAL SERVICES GUIDE

The provider of the Independent Limited Assurance Report on the Financial Information is required to provide Australian retail clients with a Financial Services Guide in relation to that review under the Corporations Act. The Independent Limited Assurance Report and accompanying Financial Services Guide is provided in section 8.

QUESTIONS

If you have any questions about this Prospectus or how to apply for Shares, you should seek advice from your stockbroker, solicitor, accountant, financial advisor or other independent professional advisor. Instructions on how to apply for Shares are set out in section 7 and on the Application Form. Alternatively, please contact the Joint Lead Managers to the Offer or the Shaver Shop offer information line on 1800 500 095 (use +61 1800 500 095 for international callers) between 8:30am and 5:30pm Melbourne, Australia time, Monday to Friday (business days only) during the Offer Period.

This document is important and should be read in its entirety before making any investment decision.

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KEY OFFER INFORMATION

INDICATIVE DATES

Prospectus Date	7 June 2016
Opening date of the Retail Offer	22 June 2016
Closing Time of Retail Offer	5pm, 27 June 2016
Settlement	27 June 2016
Issue and transfer of Shares (Completion of the Offer)	28 June 2016
Expected despatch of holding statements	29 June 2016
Expected commencement of trading of Shares on ASX (normal settlement basis)	1 July 2016

DATES MAY CHANGE

The above dates are indicative only and may be subject to change. Unless indicated, all times and dates are to Melbourne, Australia time. The Company and SaleCo, in consultation with the Joint Lead Managers, reserve the right to vary the dates and times of the Offer (including, subject to the ASX Listing Rules and the Corporations Act, to extend the Offer, close the Offer early, to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Completion) in each case without notifying any recipient of this Prospectus or any Applicants. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

IMPORTANT STATISTICS¹

Offer Price	\$1.05
Total number of New Shares to be issued under the Offer (oversubscriptions will not be accepted)	38.9 million
Total number of Existing Shares and Management Sale Shares to be sold under the Offer	54.5 million
Total number of Shares to be offered under the Offer	93.4 million
Amount to be raised under the Offer	\$98.0 million
Total number of Shares on issue on Completion of the Offer ²	125.1 million
Implied market capitalisation at the Offer Price ³	\$131.3 million
Implied enterprise value at the Offer Price ⁴	\$135.5 million
Enterprise value to pro forma forecast FY16 EBITDA multiple ^{4,5}	10.8x
Enterprise value to pro forma forecast FY17 EBITDA multiple ^{4,5}	9.2x
Offer Price to pro forma forecast FY16 NPAT per Share multiple ⁶	17.5x
Offer Price to pro forma forecast FY17 NPAT per Share multiple ⁶	14.4x
Indicative annual dividend yield (based on a dividend payout ratio of 50% and pro forma forecast FY17 NPAT) ^{2,7}	3.5%

1. This table contains Forecast Financial Information and information derived from Forecast Financial Information. Forecast Financial Information is set out in section 4.4 to 4.6, and is prepared on the basis of the best estimate assumptions set out in sections 4.8.1 and 4.8.2. It should be read in conjunction with the discussion of the Pro Forma Historical Financial Information in section 4.4 to 4.6, as well as the sensitivities set out in Section 4.9, and the risk factors set out in section 5. This table also contains non-IFRS financial measures, which are discussed in section 4.3.
2. Excluding the 1,300,000 Plan Shares which are to be offered by the Company to Management under the LTI Plan within the 12 month period after Listing. Please refer to sections 6.3.1.4 and 9.6 for further information.
3. Calculated as the number of Shares on issue on completion of the Offer multiplied by the Offer Price per Share. Shares may trade below the Offer Price upon Listing.
4. Enterprise value is calculated as the market capitalisation at the Offer Price plus forecast net debt as at 30 June 2016 as set out in section 4.5.2.
5. This ratio is commonly referred to as an EV/EBITDA ratio. The EV/EBITDA ratio is calculated as the enterprise value divided by pro forma forecast EBITDA for the relevant period (refer to section 4.4 for more details about the pro forma forecast FY16 and FY17 EBITDA).
6. This ratio is commonly referred to as a forward price to earnings ratio, or forward PE ratio. A forward PE ratio is calculated as the Offer Price divided by pro forma forecast NPAT for the relevant period divided by total Shares on issue immediately after Completion of the Offer (refer to sections 4.4 for more details for more details about the pro forma forecast FY16 and FY17 NPAT).
7. Indicative annual dividend yield is calculated as the implied dividend per Share based on the Company's target dividend payout ratio of 50% and the pro forma forecast FY17 NPAT, divided by the Offer Price. The payment of dividends by the Company, if any, subject to law, is at the complete discretion of the Directors. For information on the Company's dividend policy, see section 4.10. See section 4.4 for information about the pro forma forecast FY17 NPAT.

CHAIRMAN'S LETTER

DEAR INVESTOR,

On behalf of the Directors of Shaver Shop, it is my pleasure to invite you to read this Prospectus and to become a shareholder of Shaver Shop Group Limited.

Shaver Shop is an Australian speciality retailer of male and female personal grooming products and aspires to be the market leader in 'all things related to hair removal'. With 99 current (100 forecast, at 30 June 2016) owned and franchised stores across Australia and New Zealand and an ecommerce platform, the Company seeks to provide customers with a wide range of products, highest level of customer service and competitive prices. The Company's principal product categories include electric shavers, clippers, trimmers, female hair removal and male wet shave items.

Shaver Shop was established in 1986 primarily as a service centre for electric shavers, offering spare parts and repairs. Since that time Shaver Shop has grown to become a market leader in hair removal and personal grooming, with no significant direct competitor providing Shaver Shop's full product offering. Growth has been achieved through initiatives including evolving the business model to appeal to a wider customer demographic, a well-considered store rollout program, a disciplined franchise store buy back program, and an investment in the growth of our online business. As the leading retailer in its category, where possible Shaver Shop seeks to work closely with global manufacturers to source the latest products, many of these on an exclusive basis. I am excited to see Shaver Shop continue its growth and move into its next phase, as a listed public company.

Shaver Shop is focused on organic growth (including the buy back of franchised stores) rather than acquisitions. This allows Shaver Shop to steadily and strategically expand its geographic footprint while maintaining a consistent retail offer and customer experience. With an aim to have more than 145 stores in Australia and New Zealand, the Company believes it has a substantial growth opportunity ahead.

The Australian and New Zealand hair removal and personal grooming market is large and growing. The Company estimates the annual retail sales of the market segments that it operates in to be over \$1 billion per annum in Australia, based on the current product offer. Market demand for hair removal and personal grooming products is underpinned by long term structural drivers, such as the increased consumer desire to look and feel good, as well as continued product innovation.

The Board of Shaver Shop has significant specialty retail experience. Shaver Shop's senior management team, led by CEO Cameron Fox, has a track record of delivering growth. As evidence of this, the Company is expecting a three year compound annual growth in sales and EBITDA of 66.9% and 43.7% respectively (FY13 to FY16F).

An Offer of approximately 93.4 million Shares is being made under this Prospectus. New Shareholders will hold approximately 74.6% of the Shares in the Company upon Completion of the Offer. Management and Board members will retain approximately 10.8% of the Company upon Completion of the Offer. Shaver Shop is expected to have a market capitalisation of approximately \$131.3 million upon Listing based on the Offer Price.

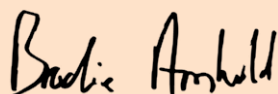
The Company believes strongly in the future of Shaver Shop. The Board, Management and all other Existing Shareholders have agreed that, on Completion of the Offer, their remaining Shares will be subject to voluntary escrow restrictions. These restrictions will prevent them from disposing of their Shares until three Business Days after the date the audited financial accounts of the Company for the financial year ended 30 June 2017 are released to ASX (see section 7.15 for further details).

Proceeds from the Offer will be used to further strengthen Shaver Shop's statement of financial position by repaying the majority of its outstanding bank debt at IPO. This will provide Shaver Shop with the increased capacity to execute its store rollout strategy in the near term. Proceeds will also be paid to those Existing Shareholders and Management Shareholders who sell Existing Shares and Management Sale Shares under the Offer.

This Prospectus contains detailed information about the Offer, the industry in which Shaver Shop operates, the Company's business and its historical and forecast financial performance. Shaver Shop is subject to a range of risks both within and outside of its control, including seasonal trading trends, changes to key supplier relations, a failure to meet growth objectives or to execute the Company's growth strategy (including a failure to meet the Company's target new store openings), reputational damage, and any movements in demand and supply factors. Some of the risks of investing in Shaver Shop are detailed in section 5. I encourage you to read the whole Prospectus carefully and in its entirety before making your investment decision.

On behalf of my fellow Directors, I look forward to welcoming you on the continuation of Shaver Shop's journey that started some 30 years ago.

Yours Sincerely,



Brodie Arnhold

01.

INVESTMENT OVERVIEW

01. INVESTMENT OVERVIEW

1.1 INTRODUCTION

TOPIC	SUMMARY	FOR MORE INFORMATION
Who is and what does Shaver Shop do?	<p>Shaver Shop is an Australian speciality retailer of male and female personal grooming products and aspires to be the market leader in 'all things related to hair removal'.</p> <p>At 30 June 2016, there are expected to be 100 Shaver Shop stores across Australia and New Zealand. The Company also sells products via its websites www.shavershop.com.au and www.shavershop.net.nz, and an eBay store.</p> <p>Shaver Shop offers customers a wide range of quality brands, at competitive prices, supported by excellent staff product knowledge. The Company sources products from major manufacturers who seek to create functional and innovative products to meet customer's needs and wants in the hair removal and personal care product categories.</p> <p>The Company's core product range comprises male and female hair removal products such as electric shavers, clippers and trimmers, and wet shave items. Complementary to its core product range, Shaver Shop retails various products across the oral care, hair care, massage, air treatment, and beauty categories. The majority of Shaver Shop's clients are females, purchasing for both themselves and others.</p>	Section 3.1
What market does Shaver Shop operate in?	<p>Shaver Shop operates in the broader Australian retail market. Within this, Shaver Shop specialises in the retail of Personal Care Appliances and Wet Shave products serving the hair removal and personal care needs of its customers. Shaver Shop conducts business through physical stores and online, together with managing a franchise store network.</p>	Section 2.1
What is the Offer?	<p>The Offer is an initial public offering of approximately 93.4 million Shares, comprising 38.9 million New Shares to be issued by the Company and approximately 54.5 million Existing Shares and Management Sale Shares to be transferred by Selling Shareholders and Management Shareholders through SaleCo.</p>	Section 7
Why is the Offer being conducted?	<p>The purpose of the Offer is to provide:</p> <ul style="list-style-type: none"> > Existing Shareholders and Management Shareholders an opportunity to realise all or part of their investment in Shaver Shop; > Shaver Shop with access to capital markets to improve financial flexibility for growth; > a liquid market for Shares; > funding to repay debt drawn on the Company's debt facilities; > funding to pay the Pre-IPO Dividend; > funding to pay Management Exit Bonus Payments and Director Exit Bonus Payments to certain Management and Directors; and > Shaver Shop with funding capacity to advance its business objectives as set out in section 3. <p>The proceeds received by Shaver Shop from the issue of Shares under the Offer will be used as set out in section 7.4.</p>	Section 7.3

01. INVESTMENT OVERVIEW

1.2 KEY FEATURES OF SHAVER SHOP'S BUSINESS MODEL

TOPIC	SUMMARY	FOR MORE INFORMATION
How does Shaver Shop generate revenue?	<p>Shaver Shop's business model is based on the sale of hair removal and personal care products sourced from third party manufacturers and suppliers. Shaver Shop sells these goods through its network of physical stores, its websites and an eBay store. The Company also sells a limited range of products created under its own brand ("Private Label"). In addition to its retail activities, the Company generates royalty fees through its operation of a franchise store network.</p>	<p>Section 3</p>
What is Shaver Shop's strategy?	<p>Shaver Shop offers customers a wide range of quality brands, at competitive prices, supported by excellent staff product knowledge. Shaver Shop seeks to identify consumer trends and works closely with major manufacturers and suppliers to source products to cater for these changing trends.</p> <p>Key drivers of Shaver Shop's growth are expected to be:</p> <ul style="list-style-type: none"> > Continued product innovation: Shaver Shop benefits as consumer trends evolve and require new and changing products to facilitate this. Shaver Shop seeks to work with manufacturers and suppliers to source products that cater to the emerging demands of consumers within the hair removal and personal care categories; > Organic growth: Shaver Shop will continue to implement a strategic marketing plan and other initiatives to attract new customers to the business and encourage repeat business. Organic growth will also be achieved as recently opened stores reach maturity; > Store rollout: Shaver Shop aims to grow total store network numbers across Australia and New Zealand to 145. This will be achieved through Greenfield store rollouts, with a business case prepared for each new location; and > Franchise store buy backs: Shaver Shop also plans to continue its disciplined buy back of franchise stores, with transactions to be assessed as they become available. 	<p>Section 3.13</p>
Who are Shaver Shop's customers?	<p>Market research has shown 53% of Shaver Shop's customers are female, shopping either for themselves or someone else. Customers are typically employed either part time or full time in office based workplaces where personal grooming is a requirement. Whilst Shaver Shop is a specialist personal care retailer it competes within a category that has mainstream consumer appeal. Customers' need and desire to groom, trim or remove hair extends well beyond any one specific target market.</p>	<p>Section 3.6</p>

01. INVESTMENT OVERVIEW

TOPIC	SUMMARY	FOR MORE INFORMATION
Why do customers select Shaver Shop?	Shaver Shop offers customers a wide range of quality brands, at competitive prices, supported by excellent staff product knowledge.	Section 3.3
Which geographic markets does Shaver Shop operate in?	As at 30 June, Shaver Shop expects to operate 100 stores across Australia and New Zealand. 80 of these stores are Company operated and 20 are franchised stores. Shaver Shop has the greatest presence in New South Wales, Victoria, and Queensland with 26, 22 and 21 stores respectively. Shaver Shop has 6 stores in New Zealand.	Sections 2.1, 3.1, 3.4
How does Shaver Shop expect to fund its operations?	Shaver Shop expects to fund its ongoing activities through cash flows from operations. In addition, Shaver Shop will have capacity available under its banking facilities (see section 4.5.3 for further detail).	Section 4
What is the Company's dividend policy?	<p>The payment of a dividend by Shaver Shop is at the discretion of the Board and will be a function of a number of factors, including the general business environment, the operating results, cash flows and the financial condition of the Shaver Shop Group, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal, or regulatory restrictions on the payment of dividends by the Company, and any other factors the Directors may consider relevant.</p> <p>It is the current intention of the Directors to target a dividend payout ratio of approximately 50% of NPAT and in each year pay interim dividends in respect of half-year financial periods and final dividends in respect of full year periods. It is intended that future dividends will be franked to the fullest extent possible.</p> <p>The Directors forecast the first dividend payment will be an interim dividend paid in respect of the half year ending 31 December 2016. It is currently expected that dividends will be broadly split 50%:50% between an interim and final dividend.</p> <p>No assurances can be given by any person, including the Directors, about the payment of any dividend or the level of franking credits attaching to any such dividend.</p>	Section 4.10

01. INVESTMENT OVERVIEW

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>Who does Shaver Shop compete with?</p>	<p>The Company believes that Shaver Shop is the only significant full service Australian specialty retailer focussed on offering a broad range of shaving, hair removal, hair management, hair styling products, together with other personal care appliances including power oral care and massage appliances. Competition is fragmented in the domestic market with no significant direct competitor offering the full range of products provided by Shaver Shop.</p> <p>There are, however, a number of competitors within each of Shaver Shop's key addressable markets:</p> <ul style="list-style-type: none"> > In the market for Personal Care Appliances, Shaver Shop's key competitors include the large department stores and electrical retailers. > In the market for long-term hair removal (within the Personal Care Appliances market), Shaver Shop primarily competes with professional salons that offer customers a range of long term hair removal solutions as a service. > In the market for Wet Shave products, Shaver Shop primarily competes with the major grocery and pharmacy retailers as well as online retailers. 	<p>Section 2.4.2</p>
<p>What is Shaver Shop's competitive position?</p>	<p>The Company believes that Shaver Shop is the only significant full service Australian specialty retailer focussed on offering a broad range of shaving, hair removal, hair management and hair styling products.</p> <p>In order to ascertain the Company's competitive market positioning in the retailing of men's electric shavers, Shaver Shop commissioned a third party consumer survey in 2015, which indicated that:</p> <ul style="list-style-type: none"> > of respondents that had purchased a men's electric shaver in the previous 12 months, 22% purchased the electric shaver from Shaver Shop; and > of respondents that had purchased electric shaver parts, 24% purchased the shaver parts from Shaver Shop. <p>This was higher than any other retailer that was mentioned in the survey.</p>	<p>Section 2.4.2</p>

01. INVESTMENT OVERVIEW

1.3 SUMMARY OF KEY STRENGTHS

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>Shaver Shop key strengths</p>	<p>Product exclusivity: A leading position in its core market of retailing hair removal products and strong existing relationships with suppliers enables Shaver Shop to negotiate exclusive access to a significant number of upcoming product releases from its key suppliers, which differentiates its product offer in the market place.</p> <p>Product knowledge and customer service: Shaver Shop places significant focus on training to ensure all customer facing staff have an in depth understanding of the product range, and attend to the requirements of each customer in a friendly, courteous and helpful manner.</p> <p>A market leader in the hair removal market in Australia: With 93 stores across Australia, Shaver Shop has established a sizeable presence across the hair removal and personal care market. Shaver Shop has been able to refine its operating model since the first store in 1986. This market position creates key barriers to entry for new competitors such as buying power with key suppliers, scale with marketing, and the time and cost to establish a national footprint with the appropriate infrastructure in place to support the network.</p> <p>Quality brands at competitive prices: Shaver Shop aims to provide value to customers through competitive prices.</p> <p>Depth and range of products: Shaver Shop offers a wide range of hair removal and personal grooming products in Australia and New Zealand, with over 3,000 SKUs.</p> <p>Strong brand awareness: Shaver Shop's brand awareness is currently 80% and, in the Company's view, has improved from 72% in 2015 with the support of traditional marketing campaigns – including brochures, TV commercials, and social media.</p> <p>Trusted and respected brand: There is significant time and cost involved with developing consumer confidence in the quality of Shaver Shop's service and product offering.</p> <p>Execution track record: Shaver Shop has a successful track record of greenfield store development, franchise store buy backs and generating like-for-like sales growth:</p> <ul style="list-style-type: none"> > From 2011 through to the end of 2015 Shaver Shop has achieved an average ROCE on greenfield stores of 30%; > From 2011 through to the end of 2015, Shaver Shop has maintained a disciplined approach to franchise buy backs and has achieved a ROCE of approximately 29% on average; and > Shaver Shop has delivered an average like-for-like sales growth of 7.5% between 2011 and 2015, despite the varied macro-economic conditions observed throughout this period. 	<p>Sections 3.1, 3.3, 3.7, 3.9, 3.11</p>

01. INVESTMENT OVERVIEW

1.4 SUMMARY OF KEY RISKS (SEE ALSO SECTION 5)

Before applying for Shares you should consider the key risks associated with an investment in Shaver Shop. The occurrence of any of these risks may have a material adverse impact on Shaver Shop's reputation, business, operational performance and financial results.

TOPIC	SUMMARY
Competition may increase	Shaver Shop faces competition from specialty retailers, departmental stores, discounted department stores, grocery chains as well as online only retailers and professional salons. Shaver Shop's competitive position may deteriorate as a result of actions by existing competitors, the entry of new competitors (including manufacturers and suppliers of products who decide to sell direct to end consumers) or a failure by Shaver Shop to successfully respond to changes in the market.
Retail environment and general economic conditions may deteriorate	Shaver Shop's performance is sensitive to the current state of, and future changes in, the retail environment and general economic conditions in Australia. Australian economic conditions may worsen including as a result of Australia's economy entering into a recession or another cause of a reduction in consumer spending. This could cause the retail environment to deteriorate as consumers reduce their level of consumption of discretionary items.
Seasonality of trading patterns	<p>Shaver Shop's sales are subject to seasonal patterns. In FY13 to FY15, the contribution of sales for the first half of each FY to total sales for the full FY was within the range of 53% to 57%. The seasonality of Shaver Shop's sales towards the first half of the FY is largely due to the pre-Christmas trading period and Father's Day (being, the first Sunday in September). An unexpected decrease in sales over traditionally high-volume trading periods for Shaver Shop could have a material adverse effect on the overall profitability and financial performance of Shaver Shop.</p> <p>In addition, an unexpected decrease in sales over traditionally high volume trading periods could also result in abnormally large amounts of surplus inventory, which Shaver Shop may seek to sell through abnormally high and broad-based price discounting to minimise the risk of product becoming aged or obsolete. If Shaver Shop were to sell a significant volume of its products at deep discounts, this would reduce the business' revenue and would have an adverse impact on the Company's financial performance.</p>
Customer buying habits/trends may change	Any adverse change in personal grooming trends and a failure of Shaver Shop to correctly judge the change in consumer preferences or poor quantification of purchase orders for related product may have an adverse impact in the demand for Shaver Shop's products or the gross margins achieved on these products.
Product innovation and exclusivity arrangements	<p>Product innovation by suppliers has been a key driver in Shaver Shop's sales growth. Shaver Shop relies on its suppliers to continue to drive R&D and product innovation in the product category. A material reduction in the frequency or appeal of new product innovations by suppliers may have an adverse impact on sales, performance rebates received and gross margin levels achieved.</p> <p>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.</p>

01. INVESTMENT OVERVIEW

TOPIC	SUMMARY
Product sourcing disruptions	Shaver Shop's products are sourced from third party suppliers of major hair removal, hair care, personal care and other shaving brands. Delays in delivery of products by suppliers or failure by suppliers to deliver goods could significantly impact on Shaver Shop's stock levels and the range of products available for customers.
Supplier relationships and terms	<p>Suppliers may seek to alter the terms on which products are supplied (including ending any exclusive product arrangements), as well as the range of products available to Shaver Shop. This could adversely impact Shaver Shop's profit margin and ability to successfully provide customers with a range of products at competitive prices.</p> <p>In addition, supplier rebates and contributions are negotiated on a periodic basis, and there are no fixed contracts in place with suppliers relating to rebates and contribution income. Suppliers may decide to cease providing Shaver Shop with volume rebates on products sold and/or contributions towards marketing expenditure at any point in time. This could adversely impact Shaver Shop's income which would reduce Shaver Shop's overall profitability and adversely impact its financial performance.</p>
Shaver Shop may be in contravention of leases	<p>Shaver Shop operates from 100 leased premises throughout Australia and New Zealand comprising 79 corporate stores, 20 franchisee operated stores and 1 head office. Shaver Shop Pty Ltd is the leasee under all leases for all Shaver Shop corporate stores and the head leasee under all leases for all Shaver Shop franchise stores. A number of the leases require the landlord's consent for Shaver Shop Pty Ltd to continue as the tenant following a change of control in Shaver Shop Pty Ltd which will occur on completion of the Offer. Shaver Shop Pty Ltd may seek consent from landlords following Completion of the Offer.</p> <p>If Shaver Shop Pty Ltd does not satisfy its obligations under the relevant change of control provisions that may be triggered by virtue of the Offer, Shaver Shop Pty Ltd may be in breach of its leases, which may result in variations to lease terms, store closures or other adverse financial consequences. This may have a material adverse impact on Shaver Shop.</p>
Relationship with new and existing landlords may deteriorate	Any default under a store lease by Shaver Shop Pty Ltd, failure to renew existing leases on acceptable terms or inability to negotiate alternative arrangements could adversely affect Shaver Shop's ability to operate stores in preferred locations, which may have an adverse effect on Shaver Shop's future financial performance.
IT system disruptions	If Shaver Shop's IT systems (including its retail point of sale and inventory management systems, networks and backup systems) are compromised for any reason, this could adversely impact Shaver Shop's ability to trade and satisfy the needs of its customers.
Product recalls	From time to time, goods sold in the hair removal and personal care markets can be subject to manufacturer or mandatory product recall notices due to failure of those goods to comply with the relevant Australian mandatory product safety standards or otherwise due to defects and risks posed by products. The risk or potential liability for Shaver Shop in these circumstances will depend on the extent of the failure rate and the quantity of affected product in the market and could include brand and reputation damage. Potential liability for Shaver Shop could extend to warranty claims, product recalls and other costs that Shaver Shop may be unable to fully recover from suppliers or third parties.

01. INVESTMENT OVERVIEW

TOPIC	SUMMARY
Unfavourable currency movements	<p>Shaver Shop currently conducts business in Australia and New Zealand. Adverse movements in the exchange rate between the Australian dollar and the New Zealand dollar, and any other foreign currencies as a result of future international expansion, may cause Shaver Shop to incur foreign currency losses. Such losses may impact and reduce Shaver Shop's profitability, ability to pay dividends and service debt obligations.</p> <p>Shaver Shop sources product from Australian based distributors in Australian dollars. However, in most cases, Shaver Shop negotiates the purchase price of finished goods direct with the supplier which is then reflected in the price paid by Shaver Shop to the distributor. As the primary location of Shaver Shop's suppliers is in the United States, Europe and China, inherent within these price negotiations is movement in the AUD/USD exchange rate, the AUD/EUR exchange rate and the AUD/RMB exchange rate. Historically, fluctuations in exchange rates have been generally absorbed by suppliers (both positive and negative movements). However, there is a risk that suppliers may decide not to absorb these exchange rate fluctuations which may reduce Shaver Shop's profitability and ability to pay dividends.</p>
Failure to achieve growth objectives	<p>Shaver Shop's future financial performance is dependent on its ability to meet its strategy for growth and to develop and execute appropriate strategies pursuant to those objectives.</p> <p>Shaver Shop's growth strategy includes the rollout of new stores and franchise store conversions. Shaver Shop's ability to successfully open new stores or convert franchised stores to company-owned stores as planned may be affected by a number of factors, including availability of suitable properties in target locations (in both Australia and New Zealand), landlord approvals, negotiations with franchisees, inability to buy back stores at appropriate prices, inability to find suitable sales teams, inability to find suitable locations, inability to source store fit-out materials or project cost overruns due to unexpected increases in items such as materials and labour.</p>
Deterioration in Shaver Shop's brand	<p>The reputation and value associated with the Shaver Shop's brand is a key asset to the business and could be adversely impacted by a number of factors, including product failures and recalls, disputes or litigation with third parties (such as employees, suppliers, customers or franchisees) or a deterioration in Shaver Shop's relationships with franchisees.</p>
Loss of key management personnel	<p>Shaver Shop's future performance depends to a significant degree on its key personnel, and its ability to attract and retain experienced and high performing personnel. The current Management team has extensive experience in, and knowledge of, Shaver Shop's business and the hair removal and personal grooming market.</p> <p>The loss of key management personnel, or any delay in their replacement, may therefore adversely affect Shaver Shop's ability to develop and implement its business and growth strategies or increase the cost of obtaining suitable personnel.</p>
Increase in cost of hiring and retaining operational staff	<p>The retail sector in which Shaver Shop operates in is dependent on its employees to execute sales techniques and consists of a high proportion of employees in entry level positions. Shaver Shop's ability to meet its labour needs while controlling costs associated with hiring and training new employees is subject to external factors including unemployment rates, prevailing wage legislation, the industrial relations landscape and changing demographics.</p>
Workplace health and safety	<p>Shaver Shop's employees are at risk of workplace accidents and incidents. If an employee is injured in the course of their employment, Shaver Shop may be liable for penalties or damages as a result.</p>

01. INVESTMENT OVERVIEW

TOPIC	SUMMARY
Regulation and litigation	<p>Shaver Shop is subject to, and must comply with, a variety of laws and regulations in the ordinary course of its business. These laws and regulations include those that relate to fair trading and consumer protection, product safety, employment, property, taxation (including GST and stamp duty) and customs and tariffs.</p> <p>Changes to or a failure to comply with laws and regulations in these areas may adversely affect Shaver Shop, including by increasing Shaver Shop's costs either directly (for example, through an increase in the amount of tax or penalties the Company is required to pay) or indirectly (for example, by increasing the cost to the business of complying with relevant legal requirements).</p>
Trading and liquidity in Shares and Existing Shareholders' interests	<p>There can be no guarantee that an active market for the Shares will develop. There may be relatively few potential buyers or sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also impact the prevailing market price at which Shareholders are able to sell their Shares.</p> <p>Following Listing, it is expected that the Escrowed Shareholders will hold 25.4% of the Shares, which may also impact on liquidity. Following release from escrow, Shares held by the Escrowed Shareholders will be able to be freely traded on ASX.</p> <p>A significant sale of Shares by the Escrowed Shareholders, or the perception that such sales have occurred or might occur, could adversely impact the price of Shares.</p>

1.5 SUMMARY OF PRO FORMA HISTORICAL AND FORECAST FINANCIAL PERFORMANCE

A selected summary of Shaver Shop's pro forma and statutory financial information is set out below. Investors should read this information in conjunction with the more detailed discussion of the Financial Information set out in section 4, including the assumptions, management discussion and analysis and sensitivity analysis as well as the key risks set out in section 5.

TOPIC	SUMMARY	FOR MORE INFORMATION																																															
Summary Pro forma Historical, Pro forma Forecast and Statutory Forecast Income Statements	<table border="1"> <thead> <tr> <th rowspan="2">\$ '000</th> <th colspan="3">Pro forma Historical Income Statements</th> <th colspan="2">Pro forma Forecast Income Statements</th> <th colspan="2">Statutory Forecast Income Statements</th> </tr> <tr> <th>FY13</th> <th>FY14</th> <th>FY15</th> <th>FY16</th> <th>FY17</th> <th>FY16</th> <th>FY17</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>22,844</td> <td>34,095</td> <td>63,242</td> <td>106,173</td> <td>127,119</td> <td>106,173</td> <td>127,119</td> </tr> <tr> <td>EBITDA</td> <td>4,207</td> <td>5,557</td> <td>7,177</td> <td>12,494</td> <td>14,738</td> <td>7,354</td> <td>14,738</td> </tr> <tr> <td>EBIT</td> <td>3,764</td> <td>5,083</td> <td>6,491</td> <td>11,575</td> <td>13,402</td> <td>6,435</td> <td>13,402</td> </tr> <tr> <td>NPAT</td> <td>2,224</td> <td>3,287</td> <td>4,012</td> <td>7,496</td> <td>9,110</td> <td>3,898</td> <td>9,110</td> </tr> </tbody> </table>	\$ '000	Pro forma Historical Income Statements			Pro forma Forecast Income Statements		Statutory Forecast Income Statements		FY13	FY14	FY15	FY16	FY17	FY16	FY17	Sales	22,844	34,095	63,242	106,173	127,119	106,173	127,119	EBITDA	4,207	5,557	7,177	12,494	14,738	7,354	14,738	EBIT	3,764	5,083	6,491	11,575	13,402	6,435	13,402	NPAT	2,224	3,287	4,012	7,496	9,110	3,898	9,110	Section 4
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01. INVESTMENT OVERVIEW

1.6 DIRECTORS AND MANAGEMENT

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>Who are the Directors of the Company?</p>	<ul style="list-style-type: none"> <li data-bbox="403 439 1150 913"> <p>> Brodie Arnhold, Chairman and Non-Executive Director</p> <p>Brodie has over 15 years' domestic and international experience in private equity, investment banking and corporate finance.</p> <p>Prior to his current role as CEO of Melbourne Racing Club, Brodie worked for Investec Bank from 2010-2013 where he was responsible for building a high-net-worth private client business. Prior to this, Brodie worked for Westpac Banking Corporation where he grew the institutional bank's presence in Victoria, South Australia and Western Australia, and from 2006-2010 held the role of Investment Director at Westpac's private equity fund.</p> <p>Brodie is also a director and Chair of the Audit and Risk Committee for iSelect (joined September 2014), Chair of Endota Day Spa Holdings and a director of Racing.com.</p> <li data-bbox="403 925 1150 1144"> <p>> Cameron Fox, CEO and Managing Director</p> <p>Cameron joined Shaver Shop as General Manager before being promoted to the position of Chief Executive Officer in July 2008.</p> <p>Cameron previously worked for Gillette Australia in various roles, including Associate Product Manager, Territory Manager, Business Analyst, National Account Manager and National Sales Manager.</p> <li data-bbox="403 1155 1150 1503"> <p>> Craig Mathieson, Non-Executive Director</p> <p>Craig became a director of Shaver Shop Pty Ltd in June 2011. Craig was previously a director of Funtastic Ltd a publicly listed company, which specialises in the sale of toys, sporting, confectionery and nursery products.</p> <p>For the last 5 years, Craig has been the Chief Executive Officer of the Mathieson Group which has very diverse business interests from company investment to property development. From 2001 to 2007 Craig was the managing director of DMS Glass which was the largest privately owned glass manufacturer in Australia.</p> <li data-bbox="403 1514 1150 1749"> <p>> Brian Singer, Non-Executive Director</p> <p>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 in Australia and grew the business into a major manufacturer and distributor of clothing and surfing related products in Australia and internationally.</p> 	<p>Section 6.1</p>

01. INVESTMENT OVERVIEW

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>Who are the Directors of the Company? (cont)</p>	<ul style="list-style-type: none"> <li data-bbox="453 394 1182 663"> <p>> Trent Peterson, Non-Executive Director</p> <p>Trent is a managing director and partner at Catalyst Investment Managers, and has over 15 years experience as a company director and private equity investor. He is currently a Director of Adairs Limited, Cirrus Media, Max Fashions, Power Farming Group, SkyBus and Dusk Retail Group. He was a former director of Just Group, Global Television, EziBuy, Metro GlassTech, Moraitis, Taverner Hotel Group, and Australian Discount Retail.</p> <li data-bbox="453 680 1182 1010"> <p>> Melanie Wilson, Non-Executive Director</p> <p>Melanie has more than 12 years' experience in Senior Management roles across a number of global retail brands including Limited Brands (Victoria's Secret, Bath & Bodyworks – New York), Starwood Hotels (New York), Woolworths/Big W and Diva/Lovisa. Her experience extends across all facets of retail operations, including store operations, merchandise systems, online/e-commerce, marketing, brand development and logistics/fulfilment. Melanie is currently a non-executive director of Baby Bunting Limited and iSelect Limited.</p> 	
<p>Who are the key management of Shaver Shop?</p>	<ul style="list-style-type: none"> <li data-bbox="453 1043 1182 1077"> <p>> Cameron Fox, Chief Executive Officer;</p> <li data-bbox="453 1088 1182 1122"> <p>> Larry Hamson, Chief Financial Officer;</p> <li data-bbox="453 1133 1182 1167"> <p>> Andrea Atamian, General Manager Property;</p> <li data-bbox="453 1178 1182 1211"> <p>> Rita Najmeddine, General Manager Human Resources;</p> <li data-bbox="453 1223 1182 1256"> <p>> Kathleen Radford, National Buying Manager; and</p> <li data-bbox="453 1267 1182 1301"> <p>> Tony De Fazio, Manager Retail Operations;</p> 	<p>Section 6.2</p>

01. INVESTMENT OVERVIEW

1.7 SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

TOPIC	SUMMARY			
Who are the substantial Shareholders and what will their interests be at Completion of the Offer? See section 7.6 for more information		Shares at Prospectus Date	Shares on Completion of the Offer	Completion of the Offer (%)
	Alsop Pty Ltd ¹	21,632,008	14,277,125	11.4%
	Katani Pty Ltd ²	10,816,008	5,408,004	4.3%
	Brodie Arnhold (Chairman)	3,200,000	1,600,000	1.3%
	Cameron Fox (CEO and Managing Director) ³	3,511,180	1,800,024	1.4%
	Zara Holdings Pty Ltd ⁴	8,320,008	4,160,004	3.3%
	Other Management ⁵	1,591,599	599,992	0.5%
	Other Existing Shareholders	37,147,024	3,873,336	3.1%
	Investors in the Offer ⁶	–	93,368,554	74.6%
	Total Shares	86,217,827	125,087,040	100%
<p>1. Alsop Pty Ltd is an entity controlled by John Johnston.</p> <p>2. Katani Pty Ltd is an entity controlled by Brian Singer, a non-executive director of the Company.</p> <p>3. Cameron Fox currently holds Shares, Class A Shares and Class B Shares. The number of Shares presented as held by Cameron at the Prospectus Date is based on the number of Shares he current holds and the number of Shares into which his Class A Shares and Class B Shares will convert immediately prior to Completion. As noted in section 6.3.1.5, the conversion of Cameron's holdings of Class A Shares and Class B Shares will only occur immediately prior to Completion. The decrease in the number of Shares held by Cameron following Completion is a result of Cameron agreeing to sell some of the Shares into which his Class A Shares convert and all of the Shares into which his Class B Shares convert to (1) repay amounts outstanding to the Company under a limited recourse loan to under which Cameron acquired the Class A Shares and Class B Shares and (2) realise the value of his Class B Shares created by the Listing under the terms and conditions of issue of the Class B Shares. Please refer to section 6.3.1.5 for further details.</p> <p>4. Zara Holdings Pty Ltd is an entity controlled by Craig Mathieson, a non-executive director of the Company.</p> <p>5. Comprising Shares held by Andrea Atamian and Rita Najmeddine.</p> <p>6. Includes shares to be acquired by Trent Peterson (47,619 Shares) and Melanie Wilson (47,619 Shares), non-executive directors of the Company, under the Priority Offer.</p>				

01. INVESTMENT OVERVIEW

TOPIC	SUMMARY		
What significant benefits and interests are payable to Directors and other persons connected with Shaver Shop or the Offer and what significant interests do they hold?	Key people	Benefit	For more information
	Brodie Arnhold (Chairman), Craig Mathieson (Non-Executive Director), Brian Singer (Non-Executive Director)	Director fees	Section 6.3.2.2
		Consideration for sale of some Existing Shares	Section 6.3.6
		Pre-IPO Dividend in relation to Existing Shares	Section 6.3.7
	Other Non-executive Directors	Director fees	Section 6.3.2.2
	Brodie Arnhold (Chairman), Trent Peterson (Non-Executive Director)	Director Exit Bonus Payments	Section 6.3.3
	Cameron Fox – CEO/ Managing Director	Executive remuneration	Sections 6.3.1.1
		Interests under long term and short term incentive plans	Section 6.3.1.4
		Pre-IPO Dividend in relation to Existing Shares and Class A Shares	Section 6.3.7
		Consideration for sale of Management Sale Shares	Section 6.3.1.5
		Management Exit Bonus Payments	Section 6.3.1.6
	Other Existing Shareholders	Pre-IPO Dividend	Section 6.3.7
	Advisers and other service providers	Fees for services	Section 6.3.8
The number of Shares held by the Directors as at the Prospectus Date and the number which will be held by the Directors on Completion of the Offer is set out in section 6.3.6.			

01. INVESTMENT OVERVIEW

1.8 KEY TERMS AND CONDITIONS OF THE OFFER AND PROPOSED USE OF FUNDS

TOPIC	SUMMARY	FOR MORE INFORMATION
Who is the issuer of this Prospectus?	Shaver Shop Group Limited ACN 150 747 649 and Shaver Shop SaleCo Limited ACN 612 518 831 (SaleCo)	
What is the Offer?	<p>The Offer is an invitation to apply for 93.4 million Shares in the Company at the Offer Price of \$1.05 per Share, comprising 38.9 million New Shares to be issued by the Company and approximately 54.5 million Existing Shares and Management Sale Shares to be transferred by Selling Shareholders and Management Shareholders through SaleCo.</p> <p>The Offer is expected to raise \$98.0 million in total of which \$55.0 million is payable to Existing Shareholders via SaleCo and \$1.3 million is payable to Management Selling Shareholders via SaleCo.</p> <p>All Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally with all Existing Shares. A summary of the rights attaching to the Shares is set out in section 9.9.2.</p>	Section 7
What is SaleCo and what is its involvement in the Offer?	<p>SaleCo is a special purpose vehicle established to sell Shares acquired from Existing Shareholders and Management Shareholders. The Existing Shareholders and Management Shareholders have executed a Sale Deed under which they have agreed to sell certain Shares held by them to SaleCo free from encumbrances and third party rights.</p> <p>SaleCo will acquire in total 54.5 million Shares from Existing Shareholders and Management Shareholders which will be transferred to successful Applicants under the Offer at the Offer Price.</p>	Sections 6.3.1.5 and 9.5
What are the terms of the Shares offered under the Offer?	A summary of the material rights and liabilities attaching to the Shares offered under the Offer is set out in section 9.9.2.	Section 9.9
What is the proposed use of funds raised under the Offer?	<p>The proceeds of the Offer will be applied to:</p> <ul style="list-style-type: none"> > repay \$15.3 million of debt drawn on the Company's debt facilities; > pay Existing Shareholders and certain Management who sell Existing Shares into the Offer via SaleCo; > fund the Pre-IPO Dividend; > repay amounts owing to the Company by Management Shareholders who sell Management Sales Shares into the Offer via SaleCo; > pay the Management Exit Bonus Payments and the Director Exit Bonus Payments; and > pay the costs associated with the Offer. 	Section 7.4
Will the Shares be quoted on the ASX?	Shaver Shop will apply to the ASX for admission to the Official List and quotation of Shares on the ASX (which is expected to be under the code SSG). It is expected that quotation will be on a normal settlement basis.	Section 7.18

01. INVESTMENT OVERVIEW

TOPIC	SUMMARY	FOR MORE INFORMATION
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> > the Broker Firm Offer – open to clients of Brokers who have received a firm allocation from their Broker (see section 7.10); > the Priority Offer – open to selected investors (as agreed between the Company and the Joint Lead Managers) (see section 7.11); and > the Institutional Offer – an invitation to bid for Shares made to Institutional Investors (see section 7.12). 	Section 7
What is the Priority Offer and Institutional Offer and who are entitled to participate?	<p>The Priority Offer and Institutional Offer are only open to specific investors (as described in sections 7.11 and 7.12) who are being offered fixed numbers of Shares. Accordingly, you should not complete an Application Form in relation to the Priority Offer/ Institutional Offer unless specifically directed to do so by the Company.</p>	Sections 7.11 and 7.12
Is there a minimum Application amount under the Offer?	<p>The minimum Application under the Broker Firm Offer is as directed by the Applicant's Broker.</p> <p>The minimum Application size under the Priority Offer is \$2,000 worth of Shares.</p>	Section 7
Is the Offer underwritten?	<p>Yes. The Offer is fully underwritten by the Joint Lead Managers.</p>	Section 9.7
What is the allocation policy?	<p>The allocation of Shares between the Retail Offer and the Institutional Offer was determined by agreement between the Joint Lead Managers and the Company, having regard to the allocation policy outlined in sections 7.10, 7.11 and 7.12.</p> <p>For Broker Firm Offer participants, the relevant Broker will decide as to how they allocate Shares among their retail clients.</p> <p>The allocation of Shares among Applicants in the Priority Offer will be determined at the absolute discretion of the Company, subject to the guaranteed allocations in section 7.11.</p> <p>The allocation of Shares among Applicants in the Institutional Offer was determined by the Joint Lead Managers in consultation with the Company.</p> <p>The Joint Lead Managers, in conjunction with the Company, have absolute discretion regarding the allocation of Shares to Applicants under the Offer and may reject an Application, or allocate a lesser number of Shares than applied for. The Joint Lead Managers, in conjunction with the Company, also reserve the right to aggregate any Applications that it believes may be multiple Applications from the same person or scale back any applications (or aggregation of applications) in the Retail Offer.</p>	Sections 7.10, 7.11 and 7.12
Is there any brokerage, commission or stamp duty payable by Applicants?	<p>No brokerage, commission or stamp duty is payable by Applicants on Shares allotted under the Offer.</p>	Section 7.16

01. INVESTMENT OVERVIEW

TOPIC	SUMMARY	FOR MORE INFORMATION
What are the tax implications of making an investment?	Shareholders may be subject to Australian income tax or withholding tax on any future dividends paid. The tax consequences of any investment in the Shares will depend upon and investor's particular circumstances. Applicants should obtain their own tax advice before deciding whether to invest.	Section 9.13
How can I apply?	Eligible investors may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus. Broker Firm Offer Applicants who receive an allocation of Shares under the Broker Firm Offer should follow the instructions provided by their Broker.	Sections 7.10 to 7.12
When will I know my Application has been successful?	It is expected that initial holding statements will be despatched by standard post on or around 29 June 2016.	Section 7.18
Is the Offer conditional?	Yes. The contracts formed on acceptance of applications and confirmations of allocations of Shares will be conditional on: > ASX agreeing to admit the Company to the Official List and to quote the Shares; and > Settlement. Trades occurring on ASX before issue occurring will be conditional on the above matters occurring and the issue of Shares to Successful Applicants under the Offer.	Section 7.18.1
When are the Shares expected to commence trading?	It is expected that trading of the Shares on ASX will commence on 1 July 2016 on a normal settlement basis. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. The Company, SaleCo, the Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by a Broker or otherwise.	Section 7.18
Can the Offer be withdrawn?	Subject to the terms of the Underwriting Agreement, the Company and SaleCo reserve the right not to proceed with the Offer (or any part of it) at any time before the issue or transfer of Shares to successful Applicants. If the Offer does not proceed, the Registry, your Broker or the Company will refund Application Monies. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.	Section 7.14.

01. INVESTMENT OVERVIEW

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>Are there any escrow arrangements?</p>	<p>Yes, the Shares held by each of the Escrowed Shareholders at Completion of the Offer will be escrowed until three Business Days after the date the audited financial accounts of the Company for the financial year ended 30 June 2017 are released to ASX.</p> <p>Each of the Escrowed Shareholders has agreed to enter into an escrow deed in respect of their Escrowed Shares. This deed will prevent them from disposing of their Escrowed Shares for the Escrow Period.</p>	<p>Section 7.15.</p>

02.

MARKET OVERVIEW

02. MARKET OVERVIEW

2.1 INTRODUCTION

The majority of Shaver Shop's current operations are located within Australia comprising 93 owned and franchised stores, with a further 6 owned stores operating in New Zealand. Given the relative importance of the Australian market to Shaver Shop in the near term, market size data and other market figures used in this section are for the Australian market only.

Shaver Shop operates in the broader Australian retail market. Within the Australian retail market, Shaver Shop's addressable market consists of:

FIGURE 1: MARKET SEGMENTS AND IMPLIED SHAVER SHOP MARKET SHARE

Category	Description of products	Estimated Retail Sales (A\$ million, 2016)	Shaver Shop's implied market share ¹
Personal Care Appliances	> Shavers, clippers and trimmers	510 ²	28%
	> Hair care appliances		
	> Oral care appliances		
	> Massage appliances		
	> Long-term hair removal appliances		
Wet Shave	> Men's and women's razors and blades	387 ²	3%
	> Pre-shave and post-shave		
	> Brushes and kits		
	> Hair removal products/creams		
Other	> Pet clippers	200 ³	1%
	> Air purification systems		
	> Hair re-growth		
	> Other		
Total Estimated Retail Sales		1,097	

1. Source: Shaver Shop Total Network Sales MAT to 31 March 2016 (including sales tax) is used to calculate Shaver Shop's implied market share.
2. Source: Euromonitor International Limited: Personal Care Appliances in Australia 2016 edition; Men's Grooming in Australia 2016 edition; Depilatories in Australia 2016 edition. Market size calculated using sales in retail value (including sales tax), local currency, current prices. The Personal Care Appliances market referred to throughout this Prospectus includes Body Shavers, Hair Care Appliances, Oral Care Appliances and Other Personal Care Appliances (see glossary for full definition). The Wet Shave market referred to throughout this Prospectus is calculated from adding the following items together: 1) Men's Shaving subcategory from Men's Grooming in Australia 2016 edition; and 2) the market size of Depilatories in Australia 2016 edition, which includes Women's Pre-Shave; Women's Razors and Blades; and Hair Removers/Bleaches subcategories. The Euromonitor data used to calculate the Wet Shave market does not include 'Brushes and Kits'. Refer to section 9.12 for information about Euromonitor and its research methodology.
3. Company estimates.

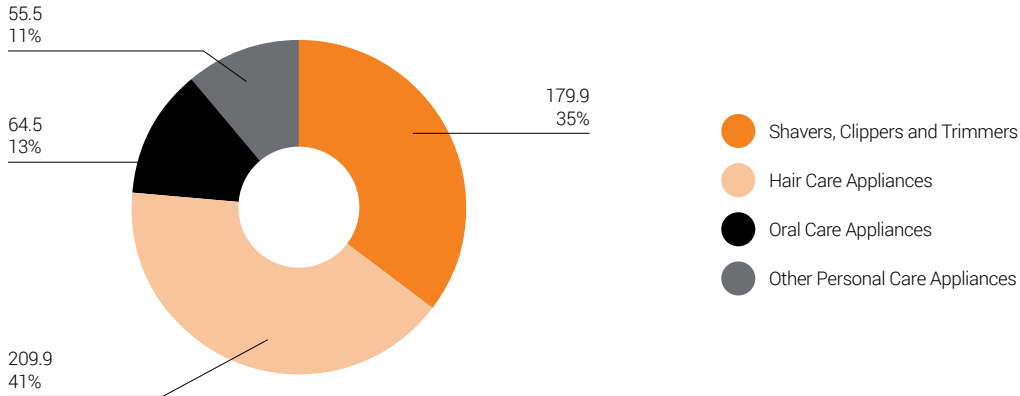
02. MARKET OVERVIEW

2.2 MARKET SEGMENTS

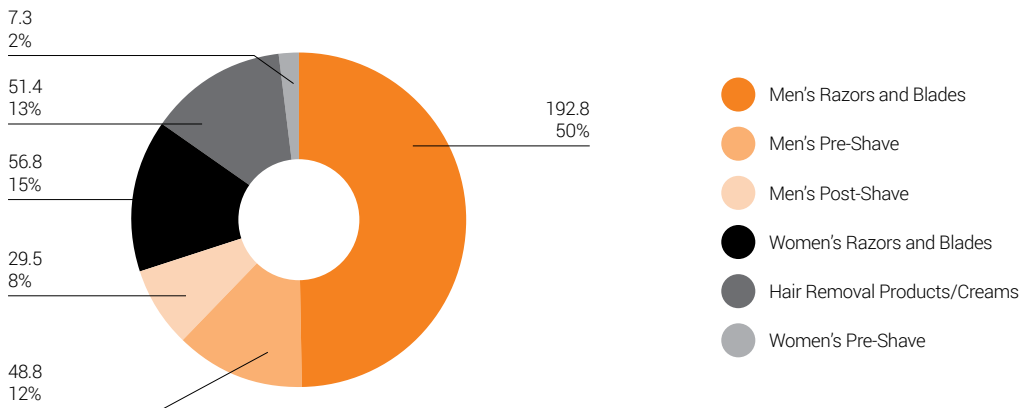
Shaver Shop's addressable markets, of Personal Care Appliances and Wet Shave, can be further broken down into the various product categories sold within those specific markets, as shown in the charts below.

FIGURE 2: SHAVER SHOP'S CURRENT ADDRESSABLE MARKET: AUSTRALIA, 2016⁴

Personal Care Appliances: \$510m



Wet Shave: \$387m
























4. Source: Euromonitor International Limited: Personal Care Appliances in Australia 2016 edition; Men's Grooming in Australia 2016 edition; Depilatories in Australia 2016 edition. Market size calculated using sales in retail value (including sales tax), local currency, current prices.

02. MARKET OVERVIEW

An overview of Shaver Shop's product range⁵ categorised into the addressable markets of Personal Care Appliances, Wet Shave and Other, is depicted below.

FIGURE 3: SHAVER SHOP'S PRODUCT RANGE COVERING THE ADDRESSABLE MARKET SEGMENTS

PERSONAL CARE APPLIANCES			
<p>Men's Electric Shavers</p> <ul style="list-style-type: none"> > Electric Shavers > Replacement parts 			
<p>Clippers & Trimmers</p> <ul style="list-style-type: none"> > Body Groomers > Beard Trimmers > Hair Clippers > Nose and Ear 			
<p>Female Hair Removal</p> <ul style="list-style-type: none"> > Epilators > Electric Shavers 			
<p>Hair Care</p> <ul style="list-style-type: none"> > Straighteners > Curlers > Dryers 			
<p>Oral Care</p> <ul style="list-style-type: none"> > Electric Toothbrushes > Power Flossing > Toothbrush Refills 			
<p>Long Term Hair Removal</p> <ul style="list-style-type: none"> > IPL Machines 			
<p>Massage</p> <ul style="list-style-type: none"> > Back and Neck > Hand Held > Ultrasound Therapy 			

5. Note: Shaver Shop is a retailer and not the owner of the depicted brands.

02. MARKET OVERVIEW

WET SHAVE

Men's Wet Shave

- > Razors and Blades
- > Brushes and Kits
- > Pre and Post Shave



Female Wet Shave

- > Razors and Blades
- > Pre Shave
- > Hair Removal Products/Creams



OTHER

Well Being

- > Air Purifiers
- > Hair Re-Growth
- > Skin Care and Nail
- > Grooming



Pet Grooming

- > Pet Clippers and Trimmers
- > Competition Blades
- > Clipper Guides

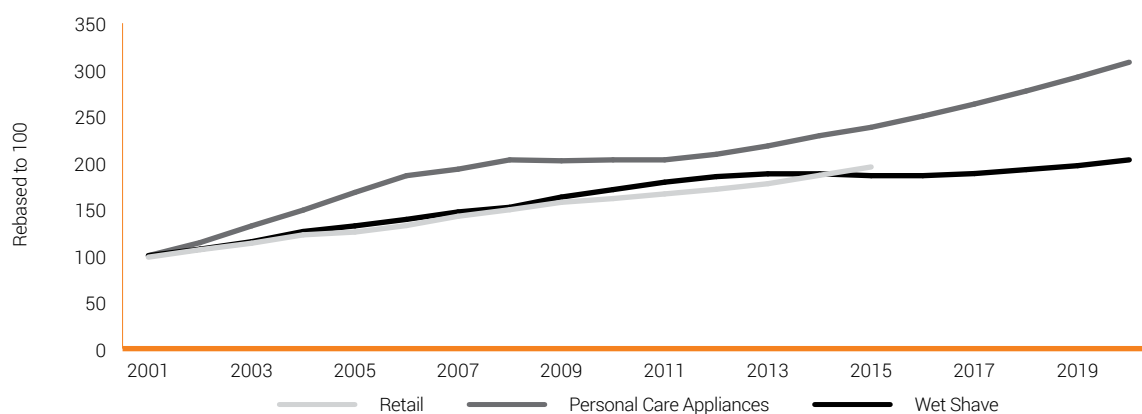


02. MARKET OVERVIEW

2.3 MARKETS FOR PERSONAL CARE APPLIANCES, WET SHAVE AND OTHER COMPLIMENTARY PRODUCTS

Shaver Shop's total addressable market in Australia has an estimated retail value of over \$1.0 billion. Personal Care Appliances and Wet Shave make up the majority of this and have an estimated total retail value of \$896 million for calendar year 2016⁶. As set out in Figure 4, growth in the Personal Care Appliances market has outpaced the broader Australian retail market for a sustained period, while the Wet Shave market has grown broadly in-line with the total retail market.

FIGURE 4: GROWTH OF BROADER PERSONAL CARE MARKET IN AUSTRALIA, REBASED^{7,8}



According to Euromonitor, the Personal Care Appliances market grew at a Compound Annual Growth Rate (CAGR) of 6.4% from 2001 to 2015, and is expected to continue to grow at a forecast CAGR of 5.3% from 2015 to 2020⁹. The Company believes that the historical outperformance of this category has been driven by:

- > Consumer led demand reflecting the growth in popularity and complexity of male and female beauty regimes, and the increased desire to look and feel good; and
- > Supplier initiated product innovation (both driving and responding to consumer trends), in particular the development by suppliers of innovative and affordable personal devices for at home personal grooming.

The Company's observations are reinforced by Euromonitor¹⁰ in the Personal Care Appliances in Australia report, which included the following commentary:

- > "Sales of personal care appliances are being driven by the rising importance of personal grooming and hygiene among the Australian population"; and
- > "Over the forecast period, hair care appliances is expected to make a significant contribution to growth in personal care appliances".

While growth of the Wet Shave market has been slower than the Personal Care Appliances market, reflecting a CAGR of 4.5% from 2001 to 2015, and is expected to be more subdued with a CAGR of 0.4% from 2015 to 2020,¹¹ this represents a large addressable market for Shaver Shop to take incremental market share in order to grow wet shave sales.

6. Source: Euromonitor International Limited: Personal Care Appliances in Australia 2016 edition; Men's Grooming in Australia 2016 edition; Depilatories in Australia 2016 edition. Compound annual growth rate and market size is calculated using sales in retail value (including sales tax), local currency, current prices.

7. Source: Australian Bureau of Statistics, 8501.0 Retail Trade Australia, Retail Turnover by Industry Group. Released 5 February 2016.

8. Source: Euromonitor International Limited: Personal Care Appliances in Australia 2016 edition; Men's Grooming in Australia 2016 edition; Depilatories in Australia 2016 edition. Compound annual growth rate and market size is calculated using sales in retail value (including sales tax), local currency, current prices.

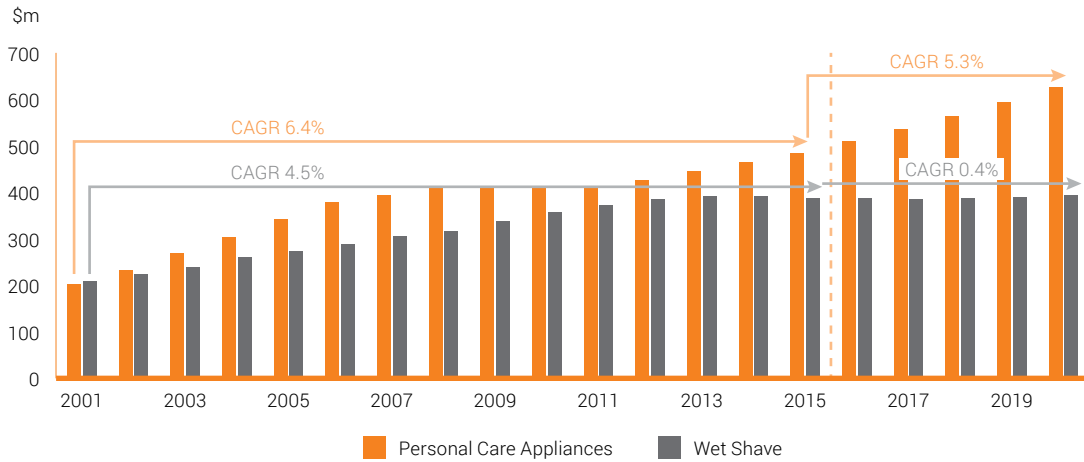
9. Source: Euromonitor International Limited: Personal Care Appliances in Australia 2016 edition. Compound annual growth rate and market size is calculated using sales in retail value (including sales tax), local currency, current prices.

10. Source: Euromonitor International Limited: Personal Care Appliances in Australia 2016 edition page 1. Forecast period referred to is calendar year 2016-2020, inclusive.

11. Source: Euromonitor International Limited: Personal Care Appliances in Australia 2016 edition; Men's Grooming in Australia 2016 edition; Depilatories in Australia 2016 edition. Compound annual growth rate and market size is calculated using sales in retail value (including sales tax), local currency, current prices.

02. MARKET OVERVIEW

FIGURE 5: GROWTH OF ADDRESSABLE MARKETS¹²



2.4 MARKET STRUCTURE

The channels through which Personal Care Appliances and Wet Shave products are sold in Australia, together with the channels in which Shaver Shop actively participates are outlined below.



2.4.1 CHANNELS

In Australia, the Company believes that Personal Care Appliances and Wet Shave products are sold through four primary retail channels as follows:

- > Personal Care Appliances are primarily sold via physical electrical appliance retailers and online retailers, with long term hair removal solutions primarily provided as a service through professional salons; and
- > Wet Shave products are primarily sold through the grocery and pharmacy retail channel in addition to being sold online.

FIGURE 6: MARKET CHANNELS AND EXAMPLES OF KEY COMPETITORS

MARKET CHANNELS

ELECTRICAL RETAIL CHANNEL	ON-LINE OPERATION AND OTHER	PROFESSIONAL SALONS	GROCERY AND PHARMACY
 <ul style="list-style-type: none"> > Big W > David Jones > Harvey Norman > Kmart > Myer > Target > The Good Guys 	 <ul style="list-style-type: none"> > Catch of the Day > Deals Direct > eBay > Shaver Hut > The Hut 	<ul style="list-style-type: none"> > Brazilian Butterfly > Ella Baché > Laser Clinics Australia 	<ul style="list-style-type: none"> > Chemist Warehouse > Coles > IGA > Priceline > Terry White > Woolworths

TYPICAL PRODUCTS SOLD WITHIN HAIR REMOVAL MARKET CHANNELS

Personal Care Appliances	Personal Care Appliances and Wet Shave Products	Salon Based Long Term Hair Removal Solutions	Wet Shave Products
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12. Source: Euromonitor International Limited: Personal Care Appliances in Australia 2016 edition; Men's Grooming in Australia 2016 edition; Depilatories in Australia 2016 edition. Compound annual growth rate and market size is calculated using sales in retail value (including sales tax), local currency, current prices.

02. MARKET OVERVIEW

2.4.2 COMPETITORS

The Company believes that Shaver Shop is the only significant full service Australian specialty retailer focussed on offering a broad range of shaving, hair removal, hair management and hair styling products. As outlined above, competition is fragmented in the domestic market with no significant direct competitor offering the full range of products provided by Shaver Shop.

There are, however, a number of competitors within each of Shaver Shop's key addressable markets:

- > In the market for Personal Care Appliances (specifically small electrical products such as electric shavers, clippers, trimmers, and power oral care products), Shaver Shop's key competitors include the large department stores and electrical retailers. As broad based retailers that stock a wide range of products across a number of product categories, it is the Company's opinion that these competitors traditionally offer a limited range of products focussed on hair care and hair removal.
- > In the market for long-term hair removal (within the Personal Care Appliances market), Shaver Shop primarily competes with professional salons that offer customers a range of long term hair removal solutions as a service. Shaver Shop sells IPL (Intense Pulsed Light) devices that provide the customer with a long-term hair removal solution that can be performed at home, without the need for multiple salon visits.
- > In the market for Wet Shave products, Shaver Shop's key competitors include the major grocery and pharmacy retailers. The Company believes that Shaver Shop's relatively small market share leaves significant room to grow sales of wet shave products by raising consumer awareness of Shaver Shop's wet shave product offering and competitive pricing.

In order to ascertain the Company's competitive market positioning in the retailing of men's electric shavers, Shaver Shop commissioned a consumer survey in 2015 which indicated that:

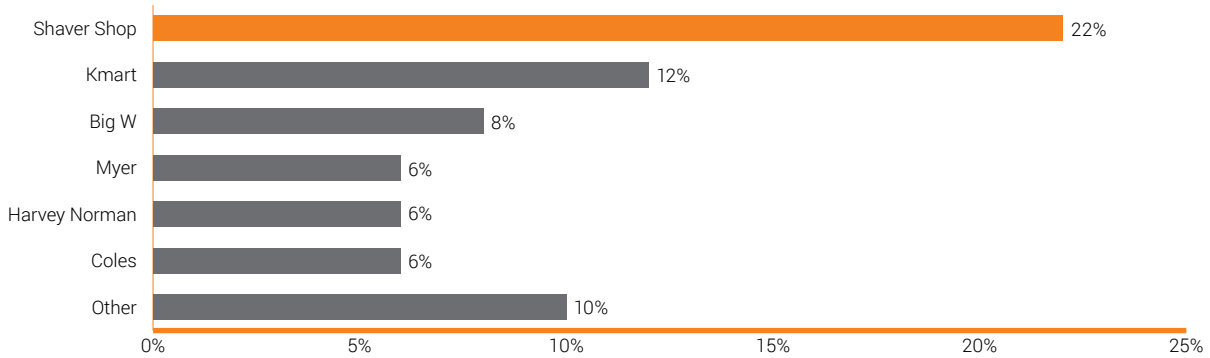
- > of respondents that had purchased a men's electric shaver in the previous 12 months, 22% purchased the electric shaver from Shaver Shop; and
- > of respondents that had purchased electric shaver parts, 24% purchased the shaver parts from Shaver Shop.

02. MARKET OVERVIEW

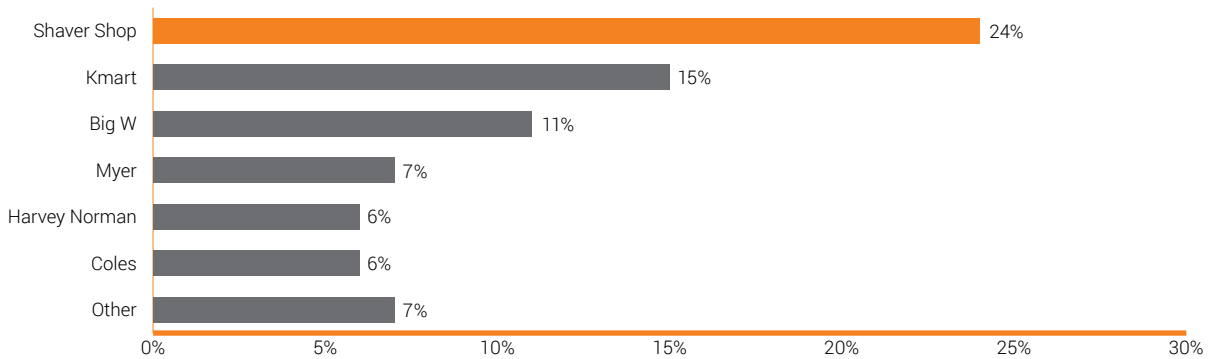
Figure 7 below summarises the results of the 2015 consumer survey.

FIGURE 7: ELECTRIC SHAVING MARKET RESEARCH (MAY 2015)

Men's Electric Shavers



Electric Shaver Parts



2.5 DRIVERS OF DEMAND

The Personal Care Appliances and Wet Shave markets are driven by a number of factors. The Company is of the opinion that the primary factors are consumer led demand, reflecting the growth in popularity of male and female beauty regimes and the increased desire to look and feel good, coupled with supplier initiated product innovation (both driving and responding to consumer trends).

To a lesser extent, demand is also affected by general economic conditions, including but not limited to Gross Domestic Product (GDP) growth, the unemployment rate, household disposable income per capita, consumer sentiment, inflation rates and interest rates.

02. MARKET OVERVIEW

2.5.1 STRUCTURAL GROWTH DRIVERS

2.5.1.1 Changing consumer preferences and trends

In the Company's opinion, changing preferences and evolving trends associated with the consumer's desire to look and feel good, together with the ability of suppliers to develop Personal Care Appliances and Wet Shave products to help customers achieve these looks, is a key structural driver of growth in Shaver Shop's addressable market. Changing personal grooming and fashion trends provide a catalyst for new product development, which can create changing "needs and wants" from customers for new Personal Care Appliances and Wet Shave products. Some examples of recent consumer trends that have driven growth of the Personal Care Appliances market and of certain specialised items within the Wet Shave market include:

- > Male hair removal and grooming: various trends including body hair removal and grooming (the 'manscaping' trend), facial hair popularity and acceptability (the 'hipster' trend), and a resurgence in cutthroat razors and other specialist items (the 'purist' trend);
- > Female hair removal and grooming: ongoing trend towards convenient, pain free and longer term hair removal; and
- > Other trends: including a desire to undertake personal care tasks at home, and increasing popularity of connected electronic devices, or the "Internet of Things".

2.5.1.2 Product innovation and new technology

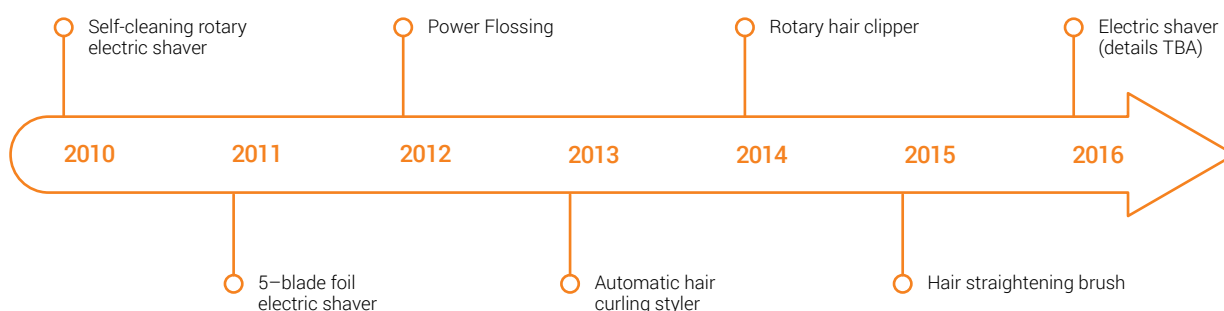
The Company believes that, in addition to and closely linked to consumer preferences and trends, product innovation and new technology has driven a growth in demand for Personal Care Appliances.

Product innovation and new technology have enabled an improved ability to undertake personal care and grooming at home. In turn this has enhanced the ability of companies, such as Shaver Shop, to retail personal care appliances.

Where possible, the Company seeks to work closely with key suppliers, providing product feedback which can assist manufacturers in driving product innovation.

Examples of product innovation and associated product launches that have contributed to driving demand in Personal Care Appliances in Australia are illustrated in Figure 8 below:





FIGURE 8: PRODUCT INNOVATION TIMELINES



02. MARKET OVERVIEW

Examples of product innovation and new technology developments include, but are not limited to, the following:

TABLE 1: EXAMPLES OF PRODUCT INNOVATION AND NEW TECHNOLOGY DEVELOPMENTS

AREA	EXAMPLES	EXAMPLE PRODUCTS ¹³
Shavers, Clippers and Trimmers	<ul style="list-style-type: none"> > Consistently evolving over a number of years to provide new features and a closer shave > Additional features have included waterproof units, self-maintaining units, and integrated hair vacuums 	
Hair Care	<ul style="list-style-type: none"> > Advancement in ceramic hair straightening technologies, which have reduced time, improved results and reduced long term damage to hair > Release of innovative curling products that have significantly reduced the time taken to get desired results 	
Oral Care	<ul style="list-style-type: none"> > Development of power brushing, and ongoing innovation in power toothbrushes > Release of 'power flossing' and 'oral irrigation' devices that have reduced the time and effort involved compared to dental floss 	
Long Term Hair Removal	<ul style="list-style-type: none"> > Release of Intense Pulsed Light ("IPL") technology, which has enabled 'do it at home' long term hair removal 	

2.5.2 MACROECONOMIC GROWTH DRIVERS

2.5.2.1 GDP

Australian GDP grew by 2.7% (seasonally adjusted: 2.9%) in the 12 months ended 31 December 2015 and the growth rate has remained relatively stable since 2009. GDP growth for the quarter ended 31 December 2015 was 0.7% (seasonally adjusted: 0.6%).¹⁴

2.5.2.2 Unemployment

In addition, the labour market has continued to improve with unemployment dropping to 5.8% in February 2016 from 6.3% a year earlier.¹⁵

13. Note: Shaver Shop is a retailer and not the owner of the depicted brands.

14. Source: Australian Bureau of Statistics, 5206.0 Australian National Accounts: National Income, Expenditure and Product. Released 2 December 2015.

15. Source: Australian Bureau of Statistics, 6202.0 Labour Force, Australia. Released 17 March 2016. Measured as the seasonally adjusted unemployment rate.

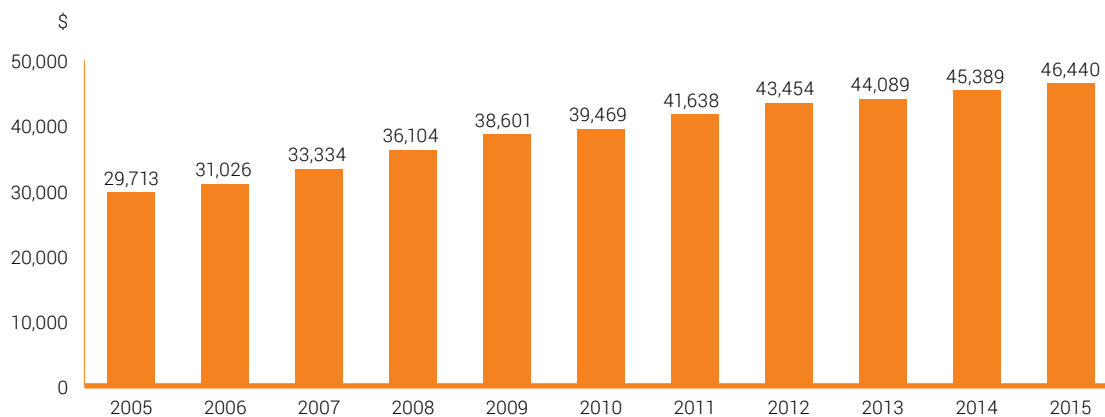
02. MARKET OVERVIEW

2.5.2.3 Household Disposable Income

Gross household disposable income per capita has been growing consistently since 2000 at a CAGR of 4.6%, with relatively stable unemployment and GDP growth.

Consistently growing household disposable income continues to support discretionary expenditure and provides a constantly increasing platform on which to base domestic growth.

FIGURE 9: AUSTRALIAN GROSS HOUSEHOLD DISPOSABLE INCOME PER CAPITA, \$ NOMINAL¹⁶



16. Source: Australian Bureau of Statistics, 5220.0 Australian National Accounts: State Accounts. Released 20 November 2015.

03.

**BUSINESS
OVERVIEW**

03. BUSINESS OVERVIEW

3.1 OVERVIEW OF SHAVER SHOP

Shaver Shop is an Australian speciality retailer of male and female personal grooming products and aspires to be the leader in 'all things related to hair removal'. There are currently 99 stores across Australia and New Zealand. 79 of these stores are Company operated and 20 are franchised stores. The Company also sells products via its websites www.shavershop.com.au and www.shavershop.net.nz, and an eBay store.

Shaver Shop offers customers a wide range of quality brands, at competitive prices, supported by the excellent product knowledge of its store teams. Shaver Shop seeks to identify consumer trends and product innovation in the personal care market and work closely with manufacturers and suppliers to source a broad range of products for consumers, including ranges which seek to meet the changing needs of its customer.

The Company's core product range comprises male and female hair removal products such as electric shavers, clippers and trimmers, hair styling and wet shave items. Complementary to its core product range, Shaver Shop retails various products across the oral care, hair care, massage, air treatment, and beauty categories. Shaver Shop data indicates that over 50% of Shaver Shop's clients are females, purchasing for both themselves and others.

3.2 HISTORY OF SHAVER SHOP

TABLE 2: HISTORY OF SHAVER SHOP (BY CALENDAR YEAR)

CY	EVENT
1986	Shaver Shop founded by Gary and Mary Tyquin
1996	Shaver Shop expands interstate establishing a store in Queensland, the first outside of Victoria
2000	Store network reaches 16 Peter Claydon & Vince DeFazio become 1/3 owners with the Tyquin family
2003	Shaver Shop website launched
2006	Cameron Fox joins Shaver Shop
2008	Shaver Shop commences ongoing initiative to increase appeal of Shaver Shop across female and male demographics (including re-branding, refreshed store design and layout, and expanded product range). Also entered the long term hair removal market
2011	Consortium of private investors acquires 80% of Shaver Shop Shaver Shop expands wet shave range of products and places a greater strategic focus on this category
2012	Store network reaches 70
2014	Shaver Shop enters New Zealand with 3 stores
2015	Online sales ~6.5% of total sales Store network reaches 90
2016	Store network reaches 100 Shaver Shop IPO

Shaver Shop was established by Gary and Mary Tyquin in 1986 as primarily a small appliance repair shop located on Lonsdale Street, Melbourne. Shaver Shop opened in Queensland in 1996, the first store to be located outside of Victoria. In 2000 Peter Claydon and Vince DeFazio acquired a shareholding in the business and became equal joint owners with the Tyquin family.

03. BUSINESS OVERVIEW

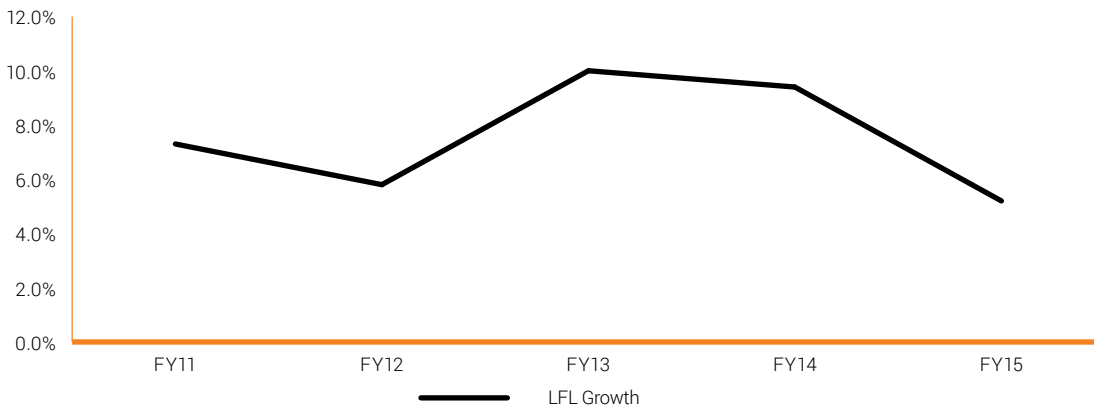
The CEO, Cameron Fox, joined Shaver Shop in 2006 as General Manager of the store network and was promoted to CEO in 2008. In that same year, the Company commenced an ongoing initiative to increase the appeal and relevance of Shaver Shop to a wider consumer demographic. This initiative has seen ongoing improvements across a range of areas including: branding and corporate colours, store design and layout, an expanded range of products (including an increased focus on female products) and adjustments to promotion and marketing activity. The Company also continued to grow store numbers, expanding across Australia and reaching 50 stores by 2009.

In 2011, a consortium of private investors, led by current Chairman Brodie Arnhold, acquired 80% of the Company. As part of their investment the consortium provided capital to expand the store network, continue the buy backbuy back of franchise stores, further invest in Shaver Shop's online presence, and explore international expansion opportunities.

In 2014, the first international stores were opened, with three stores in New Zealand. In April 2016, Shaver Shop opened three additional stores in New Zealand to take the total to six stores.

Figure 10 shows Shaver Shop's Total Network¹⁷ like-for-like sales growth following the acquisition by the current investor consortium in 2011 through to 2015. Shaver Shop has delivered an average like-for-like sales growth of 7.5% over this period, despite the varied macro-economic conditions observed throughout.

FIGURE 10: LIKE-FOR-LIKE SALES GROWTH



Note: further details on like-for-like sales is provided in Section 4.7.1.2

3.3 KEY FEATURES OF SHAVER SHOP MODEL

Shaver Shop is a retailer of hair removal and personal care products manufactured by leading global brands and is also the franchisor of the Shaver Shop franchise store network. Shaver Shop sources products from domestic and international suppliers and retails these products through its national store network and website.

The success of Shaver Shop's business model is based on a number of competitive advantages which are set out in Table 3.

17. Total network includes both corporate and franchise stores.

03. BUSINESS OVERVIEW

TABLE 3 SHAVER SHOP'S COMPETITIVE ADVANTAGE

THE SHAVER SHOP ADVANTAGE

Product exclusivity	A leading position in the retailing of hair removal products and strong existing relationships with suppliers enables Shaver Shop to negotiate exclusive access to a significant number of upcoming product releases from its key suppliers, which differentiates Shaver Shop's product offer in the market place. The high service model of its stores (discussed below) differentiates Shaver Shop's ability to work with key suppliers to successfully introduce new and innovative products to the market.
Product knowledge and customer service	Shaver Shop places significant focus on training to ensure all customer facing staff have an in depth understanding of the product range, and attend to the requirements of each customer in a friendly, courteous and helpful manner. Forums to support store staff training include an annual conference, quarterly state based events, a national on-line training portal and frequent in-store customer service training via the company's national retail operations team. Mystery shopper visits are also conducted on a regular basis to measure the level of customer service provided across each Shaver Shop store.
A market leader in the hair removal market in Australia	With 99 stores across Australia, Shaver Shop has established a sizeable presence across the hair removal and personal care market. Shaver Shop has been able to refine its operating model since the first store in 1986. This market position creates key barriers to entry for new competitors such as buying power with suppliers, scale with marketing, and the time and cost to establish a national footprint with the appropriate infrastructure in place to support the network.
Quality brands at competitive prices	Shaver Shop aims to provide value to customers through competitive prices.
Depth and range of products	Shaver Shop offers a wide range of hair removal and personal grooming products in Australia, with over 3,000 SKUs. Shaver Shop has continued to evolve its product range to respond to changing consumer trends, and product innovation.
Strong brand awareness	Shaver Shop's brand awareness is currently 80% and, in the Company's view, has improved from 72% in 2015 with the support of traditional marketing campaigns – including brochure, TV commercials, and social media.
Trusted and respected brand	There is significant time and cost involved with developing consumer confidence in the quality of Shaver Shop's service and product offering.

3.4 STORE NETWORK

As at the Prospectus Date, Shaver Shop has a network of 99 stores throughout Australia and New Zealand. This is expected to increase to 100 stores by 30 June 2016, of which 80 will be company operated stores and 20 franchise stores.

Shaver Shop is aiming to grow the store network to approximately 145 (inclusive of franchise stores) across Australia and New Zealand. Shaver Shop has identified intended locations for the future store rollout highlighted above, and will continue to assess each prospective new store on the basis of individual business cases as specific sites become available and lease terms are understood.

03. BUSINESS OVERVIEW

FIGURE 11: SHAVER SHOP NETWORK

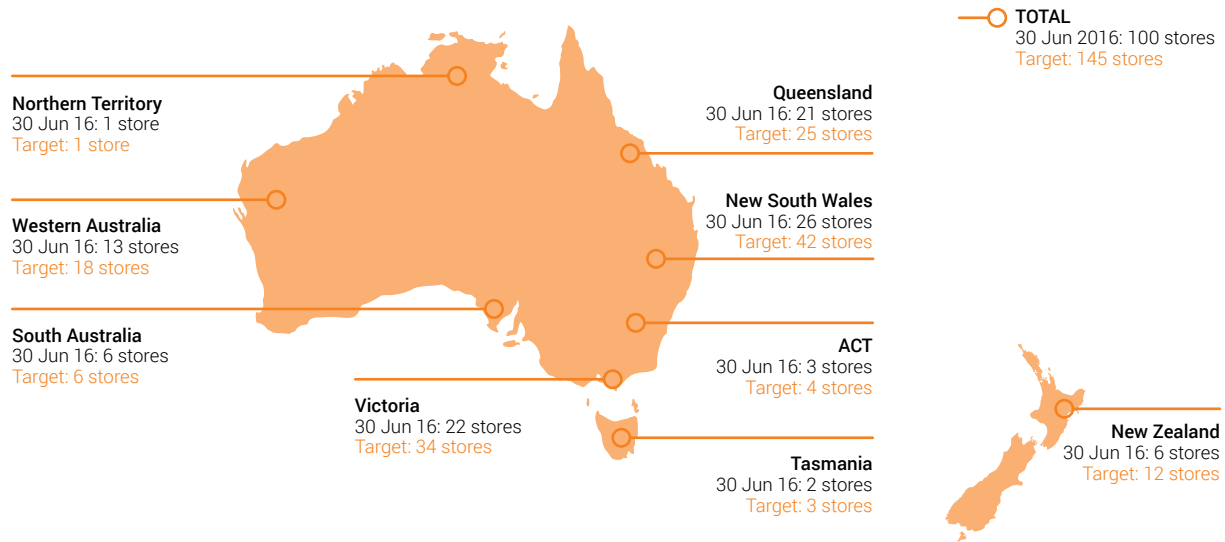
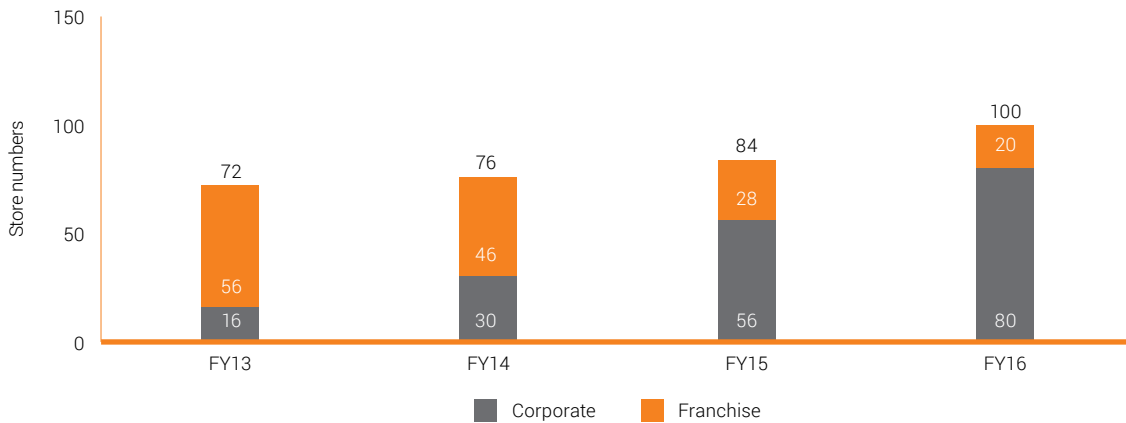


Figure 12 shows the growth of Shaver Shop store numbers from 30 June 2013 through to 30 June 2015, with a forecast for stores as at 30 June 2016 also provided. As at 30 June 2016, Shaver Shop will have bought back 36 franchise owned stores and opened 28 new stores since 30 June 2013.

FIGURE 12 SHAVER SHOP STORE NUMBERS AT 30 JUNE (FY13 TO FY15 ACTUAL, FY16 FORECAST)



3.4.1 STORE DETAILS

Across every store, Shaver Shop aims to deliver a wide range of products supported by staff with deep product knowledge and a proactive approach to customer service.

Shaver Shop targets store locations in high traffic shopping centres or premier retail strips. The process for identifying store locations is further discussed in 3.12.3. Set out below are key store metrics.

03. BUSINESS OVERVIEW

TABLE 4: SHAVER SHOP KEY STORE METRICS

Shaver Shop store size	Typically 70 to 80 square metres
Store lease agreements	Typically 5 years to 7 years
Revenue per square metre	\$21,000 on average (current stores)
Capital investment to establish a new corporate store	Approximately \$300,000 after landlord contributions, ¹⁸ including stock, bank guarantee (if required), legal costs and any other associated store establishment costs
Refurbishment cycle and cost ¹⁹	Partially refurbished after 6 years (approximate cost of \$35,000) Fully refurbished after 12 years (approximate cost \$170,000)

FIGURE 13: EXAMPLE OF SHAVER SHOP STORE FRONT



18. Cash contributions from landlords towards new store establishment are negotiated by Shaver Shop and are typically offset against the capital cost of store fit out. The average landlord contribution amounts to approximately 30% of the total cost of store fit out.
19. Franchisees bear all costs associated with store fit out and refurbishment (including all related landlord costs e.g. insurance).

03. BUSINESS OVERVIEW

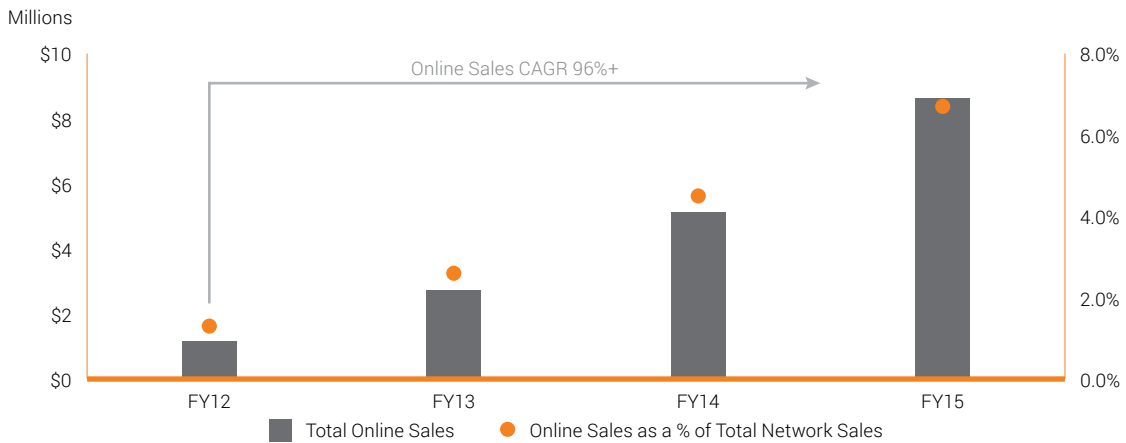
3.5 ONLINE RETAIL

Shaver Shop embraces 'omni-channel' retail, offering customers the flexibility to shop either through the Company's owned and franchised stores or online. The Company operates two online stores through its own websites www.shavershop.com.au and www.shavershop.net.nz, and eBay www.stores.ebay.com.au/ShaverShopAU.

Online sales are fulfilled by the closest Shaver Shop store by postcode (unless that store is out of stock), regardless of whether the store is corporate or franchise owned. Online sales are allocated to the store that fulfils the order.

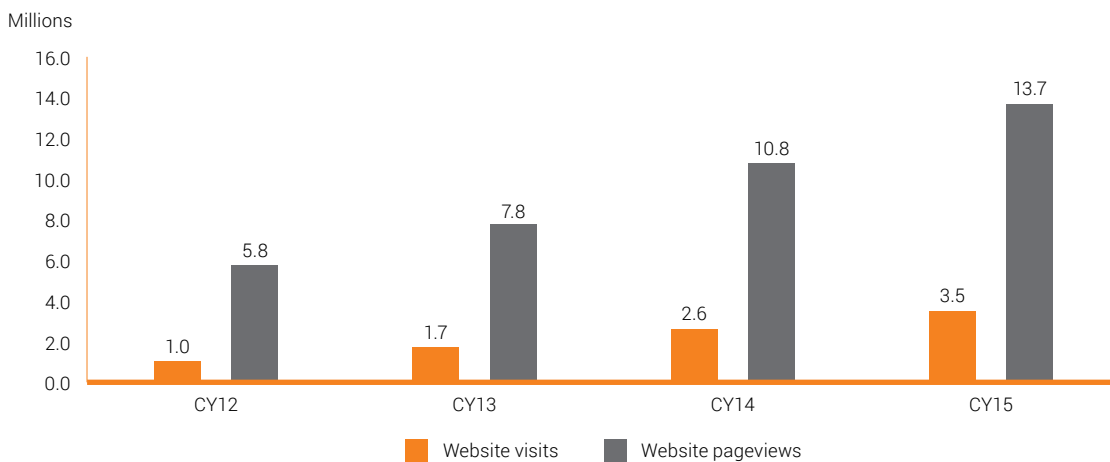
Shaver Shop's online sales have experienced strong growth, with online sales becoming an increasingly larger proportion of total sales of the Company as shown in Figure 14. In the 6 months through to 31 December 2015, online sales accounted for approximately 8.3% of Total Network Sales. Shaver Shop expects online sales to continue to increase as a proportion of Total Network Sales.

FIGURE 14 SHAVER SHOP ONLINE TOTAL NETWORK SALES (CORPORATE & FRANCHISE STORE)



Note: FY12 was the first year Shaver Shop achieved material sales online after launching the online store in 2011.

FIGURE 15 WEBSITE VISITS AND PAGE VIEWS



Note: FY12 was the first year Shaver Shop achieved material sales online after launching the online store in 2011.

03. BUSINESS OVERVIEW

3.6 CUSTOMER PROFILE

In 2008, Shaver Shop made the strategic decision to commence an ongoing initiative to increase the appeal and relevance of Shaver Shop to a wider consumer demographic. A particular emphasis was placed on broadening the appeal of the store and its offering to female customers. Shaver Shop has done this by:

- > Redesigning the store layout, including opening the front of store to increase customer accessibility;
- > Increasing the number of female staff available to provide personalised advice to customers;
- > Rebranding the business (including the corporate logo and corporate colours) to have a gender neutral look and feel;
- > Increasing the range of female products offered; and
- > Adapting promotional and marketing activity to target female customers.

In January 2016, research conducted by an independent third party at the request of Shaver Shop found 53% of Shaver Shop's customers to be female. This had increased from 51% in May 2015, the first time such a survey had been conducted. The survey also revealed Shaver Shop customers typically are employed either part time or full time in office based workplaces where personal grooming is a requirement. Whilst Shaver Shop is a specialist personal care retailer, it competes within a category that has mainstream consumer appeal. Customers' need and desire to groom, trim or remove hair transcends well beyond any one specific target market.

FIGURE 16: EXAMPLE OF SHAVER SHOP STORE INTERIOR



03. BUSINESS OVERVIEW

3.7 CUSTOMER SERVICE & PRODUCT KNOWLEDGE

Providing high quality customer service in store is a key component of Shaver Shop's culture and offering. Service is an important aspect of Shaver Shop's offer given the diversity of its customers, certain technical and innovative aspects of the product range, and the unique grooming needs of each customer.

Shaver Shop places significant focus on training which aims to ensure that all customer facing staff have an in depth understanding of the product range, and attend to the requirements of each customer in a friendly, courteous and helpful manner. In house training provides staff with the ability to guide customers through the range and provide value add advice to the customer. Forums to support store staff training include an annual conference, quarterly state based events, a national on-line training portal and frequent in-store customer service training via the Company's national retail operations team. Mystery shopper visits are also conducted on a regular basis to measure the level of customer service & product knowledge provided across each Shaver Shop store.

Shaver Shop has invested in building the training function within the business with the retail operations team supporting training and area managers in upskilling store staff. Shaver Shop continues to invest in its people and training. The recent initiative of centralising the Company's corporate training facility in Chadstone, Victoria will help standardise induction and training procedures.

3.8 PRODUCT OFFERING

Shaver Shop offers a wide range of products to cater for the wide range of customers' basic personal grooming needs together with new products to meet changing consumer preferences and new fashion trends. A key driver of product innovation is Shaver Shop's product suppliers developing products to more effectively, efficiently or painlessly perform personal grooming tasks. Shaver Shop ranges over 3,000 stock keeping units (SKUs) that are sourced from domestic and international suppliers including, major global brands such as Philips, Remington, Braun, Wahl and others.

Shaver Shop's products can be segmented into two main areas of hair removal solutions and other complementary products. Hair removal solutions include male and female products such as electric shavers, clippers and trimmers, and wet shave items. In the 12 months through to end of February 2016, these accounted for around 71%²⁰ of Total Network Sales. Complementary to its range of hair removal solutions, Shaver Shop retails various products across the oral care, hair care, massage, air treatment, and beauty categories. In the 12 months through to end of February 2016, these complementary products accounted for 29%²⁰ of Total Network Sales.

FIGURE 17: SHAVER SHOP STAFF MEMBER IN STORE



20. Sales figures MAT end of February 2016.

03. BUSINESS OVERVIEW

3.8.1 HAIR REMOVAL SOLUTIONS

Shaver Shop was primarily established as a service centre for electric shavers and still generates a large portion of its Total Network Sales from the sale of men's shavers. However, Shaver Shop has increased its focus beyond electric shavers over recent times to include body groomers, hair clippers, long term hair removal solutions and beard trimmers. In particular, Shaver Shop has significantly increased its promotional focus, staff training efforts and in-store merchandising solutions across the men's wet shaving category which has driven significant increases to sales over the past 5 years, albeit off a low base. Today, Shaver Shop offers one of the widest ranges of wet shave products in the market at competitive prices.

TABLE 5: HAIR REMOVAL SOLUTIONS – PROPORTIONS OF TOTAL NETWORK SALES

	% of hair removal sales ²¹	% of sales ²¹	Examples
MEN'S SHAVERS > Electric shavers > Electric shaver accessories	36%	26%	
CLIPPERS & TRIMMERS > Body groomers > Beard trimmers > Hair clippers > Nose & ear trimmers	39%	28%	
FEMALE HAIR REMOVAL > Epilators > Electric & manual razors > Waxing > IPL	14%	10%	
MALE WET SHAVE > Razors & blades > Brushes > Creams > Pre shave	11%	8%	

Note: Shaver Shop is a retailer and not the owner of the depicted products.


21. Sales figures, MAT end of February 2016.

03. BUSINESS OVERVIEW

3.8.2 OTHER COMPLEMENTARY PRODUCTS

Shaver Shop offers several other personal care categories as part of its product range. These product categories complement the hair removal solutions and are relevant to Shaver Shop's typical clientele. These other complementary products include oral care, hair styling, massage, wellbeing and pet grooming.

TABLE 6: COMPLEMENTARY PRODUCTS – PROPORTIONS OF TOTAL NETWORK SALES

	% of other complementary product sales ²²	% of sales ²²	Examples
ORAL CARE	49%	14%	
> Electric Toothbrushes			
> Power Flossing			
> Toothbrush Refills			
HAIR STYLING	29%	8%	
> Straighteners			
> Curlers			
> Dryers			
MASSAGE	13%	4%	
> Back and Neck			
> Hand Held			
> Ultrasound Therapy			
WELL BEING AND OTHER	9%	3%	
> Air Purifiers			
> Hair Re-Growth			
> Skin Care and Nail Grooming			
> Pet Clippers and Trimmers			
> Blades and Guides			

Note: Shaver Shop is a retailer and not the owner of the depicted products.

3.8.3 PRIVATE LABEL

To complement its extensive range of third party products, Shaver Shop also offers auxiliary products under its private label brands Shaver Guard, Ladies Shaver Guard and Face Guard. Private label products are supplied and manufactured by a third party. Shaver Shop is selective in its approach to private label and does not seek to compete against its core suppliers in the small electrical hair removal market and recognises that R&D and product manufacturing is not one of its core competencies.



22. Sales figures, MAT end of February 2016.

03. BUSINESS OVERVIEW

3.9 SUPPLIERS

3.9.1 KEY BRANDS & SUPPLIERS

The Personal Care Appliances and Wet Shave industries are led by a relatively small number of suppliers of well-known branded products. Shaver Shop's products are sourced from third party suppliers of major hair removal and hair brands. In FY2015, approximately 88% of Shaver Shop's sales revenue came from products sourced from its top 10 suppliers. Some of these suppliers have a portfolio of multiple brands in the category.

Shaver Shop sources products from third party distributors and direct from manufacturers. Key brands in this market include:

TABLE 7: KEY BRANDS IN PERSONAL CARE APPLIANCE & WET SHAVE MARKET

BRAND	PRODUCT CATEGORY
Braun	Electric shavers, trimmers, body groomers, epilators
Conair	Mirrors, foot spa, beauty products
Dafni	Hair straightener
Gillette	Razor blades, shaving accessories
Oral B	Oral care
Panasonic	Electric shavers, trimmers, foils & cutters
Philips	Electric shavers, trimmers, body groomers, oral care, epilators, IPL, hair styling
Remington	Electric shavers, hair dryers, straighteners, clippers, IPL
VS Sassoon	Hair dryers, straighteners, hair styling, clippers, trimmers
Wahl	Trimmers, body groomers, wet shave, shaving accessories

3.9.2 EXCLUSIVITY

Shaver Shop has put in place several exclusive supply arrangements for well-known branded products and has a long track record of being consistently first to market with innovative new products and new category initiatives.

Shaver Shop has a history of successfully sourcing exclusive products from suppliers. The Company believes store service levels and knowledgeable store staff make Shaver Shop a preferred partner to innovative suppliers seeking to introduce new products to market, and this is critical to securing certain products exclusively.

Over time, Shaver Shop has been able to increase the number of exclusive products largely due to its market position and relationship with suppliers. The duration of exclusivity varies from product to product and may be structured as short term (i.e. 3-4 months over a key sales period) or longer term agreements (12+ months). The current mix of exclusive products is highlighted in Table 8. Product exclusivity enables Shaver Shop to maintain a product catalogue that is differentiated from its direct competitors. The Company believes Shaver Shop's perceived expertise in the market contributes to suppliers supporting exclusive product agreements.

03. BUSINESS OVERVIEW

TABLE 8 EXCLUSIVE PRODUCT LINES

Products (by \$ contribution to Total Network Sales)	Number of exclusive products	Exclusive products contribution to Total Network Sales (1 July 2015 to 16 March 2016)
Top 5	4 exclusive	14.8%
Top 10	8 exclusive	19.9%
Top 50	34 exclusive	38.1%
All (approx. 3,000)	332 exclusive	56.2%

3.9.3 PROCUREMENT OF STOCK

Shaver Shop centralises the negotiation of pricing and other terms of trade with individual suppliers. Each Shaver Shop store then orders stock directly with the relevant supplier, which is then typically delivered direct to store.

Procurement from suppliers is predominately denominated in AUD with less than 2% of Shaver Shop's cost of goods denominated in other currencies. For more information on the Cost of Goods Sold see Section 4.7.3.

In a small number of circumstances where Shaver Shop is able to achieve favourable prices or payment terms through purchasing in volume, Shaver Shop will utilise a third party warehousing provider.

In New Zealand, stock is currently delivered to store by Shaver Shop's Australian and New Zealand distributors.

3.10 REPORTING SYSTEMS

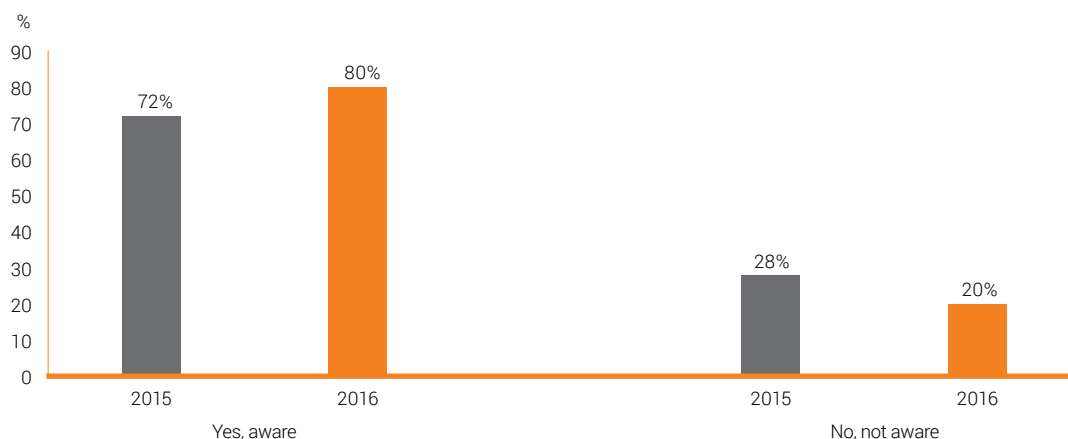
Shaver Shop's reporting system provides real time data on sales, margin, expenses, and other key performance metrics. This allows Shaver Shop to receive feedback and act in a timely manner.

3.11 SALES & MARKETING

Shaver Shop utilises both traditional marketing channels as well as new media channels such as digital and social media. The Shaver Shop brand gains exposure from both Shaver Shop funded marketing and non-Shaver Shop funded marketing which is further detailed in sections 3.11.1 and 3.11.2. In order to ascertain the Company's brand awareness, Shaver Shop commissioned a third party consumer brand awareness survey in 2015 and a further study in 2016. Figure 18 below summarises the key results of the two surveys. In the Company's view, the increased awareness of Shaver Shop's brand, which increased to 80% in 2016 up from 72% in 2015, is a result of increased investments in marketing activity, together with an increased store network, between the two survey periods.

03. BUSINESS OVERVIEW

FIGURE 18: SHAVER SHOP BRAND AWARENESS



3.11.1 SHAVER SHOP FUNDED MARKETING

All Shaver Shop stores, regardless of whether they are corporate or franchise owned, currently pay 4.4% of sales into a marketing fund. As a result of continued growth in Total Network Sales, contributions to the marketing fund have continued to increase. Shaver Shop's annual marketing spend in FY15 was approximately \$5.6 million.²³

Sales and marketing spend is directed to the following areas:

- > Monthly press insert catalogues with an average household circulation of approximately 1.8 million catalogues per event;
- > Television commercial (TVC) activity supporting product innovation, major sport affiliations and key seasonal events;
- > Social media platforms driving consumer engagement, conversion and brand equity; and
- > Point of sale solutions to drive consumer education, engagement and conversion.

The increase in Shaver Shop's TVC presence is designed to enhance brand recognition. Investment in online initiatives, such as social media campaigns and search engine marketing, appear to have boosted the profile of Shaver Shop and increased brand recognition.

Going forward, sales growth may translate into increased marketing contributions. If total marketing contributions increase, catalogue spend in dollar terms is likely to be held steady providing Shaver Shop greater flexibility with regard to its non-catalogue related marketing. The Company considers there to be significant opportunity to increase online marketing spend to drive Shaver Shop's online presence and further enhance brand recognition.

An example of Shaver Shop's catalogue is set out in Figure 19.

FIGURE 19: SHAVER SHOP PROMOTION



Note: Shaver Shop is a retailer and not the owner of the depicted brands.

23. 4.4% of Total Network Sales in FY15 of \$128 million.

03. BUSINESS OVERVIEW

3.11.2 NON SHAVER SHOP FUNDED MARKETING

Shaver Shop also benefits from other supplier funded marketing and advertising activity. Suppliers often fund advertising campaigns for products which may feature Shaver Shop branding, particularly when Shaver Shop is the exclusive retailer of the product.

Suppliers also undertake general marketing to increase consumer awareness and desire for certain products. Shaver Shop benefits from this marketing spend as these products are sold in Shaver Shop stores along with other retailers.

3.12 GROWTH DRIVERS

Shaver Shop seeks to continue its growth through leveraging future product innovation, executing strategies to generate like-for-like sales growth, increasing corporate store numbers, buying back franchise owned stores, increasing market share in the wet shave category, and increasing its focus on generating online sales.

3.12.1 ONGOING PRODUCT INNOVATION IN PERSONAL CARE APPLIANCES

Shaver Shop expects to benefit from ongoing product innovation by its suppliers, and the continuation of development of new products to meet changing trends within the wider Personal Care Appliances market. As a retailer of global brands that put significant resources into research and development of their new products, Shaver Shop is afforded the opportunity to work with brand owners in relation to launching and retailing products specifically designed to meet its customers wants and needs arising from changes in personal grooming styles, new fashion trends, and ongoing changes in consumer preferences.

Shaver Shop aims to source personal grooming products to cater to the ongoing change in consumer preferences, including the ability of customers to safely and cheaply do it yourself (DIY), either at home or while travelling. As an example, IPL (Intense Pulsed Light) was previously a product that was not available for most consumers to use at home. As technology improvements lowered the cost and made the technology affordable, safe and convenient for personal at home use, Shaver Shop adjusted its product offer to include "DIY IPL" products.

3.12.2 STORE MATURITY PROFILE

A Shaver Shop store typically takes 24 months to reach maturity. Due to the number of new stores that have been rolled out over the past 24 months there are currently 23 stores across the network that are yet to reach maturity and which are expected to support growth in like-for-like sales.

3.12.3 GREENFIELD STORE ROLLOUT

Shaver Shop has undertaken analysis to identify appropriate sites for expansion of the corporate store network and intends to open 10 to 15 stores per year for the next three years. The store rollout will be a mix of high quality shopping centre, strip shop, factory outlet, and airport stores.

Shaver Shop evaluates the business case for each new store on an individual basis to ensure greenfield sites are maximising the Company's ROCE. From 2011 through to the end of 2015 Shaver Shop has achieved an average ROCE on greenfield stores in excess of 30%.

Shaver Shop has developed a disciplined approach to identifying, evaluating and prioritising new store locations. The high level process that Shaver Shop undertakes to select sites as part of the store rollout is summarised below.

- Step 1:** Target geographies and any network gaps are identified
- Step 2:** Opportunities are ranked in order of expected contribution to earnings
- Step 3:** Store business case is prepared and assessed against Shaver Shop's strict criteria
- Step 4:** Specific site is identified and negotiated. Staff are hired and trained.
- Step 5:** Store fitout and opening

03. BUSINESS OVERVIEW

3.12.4 ONLINE SALES GROWTH

Since beginning to sell through its website and eBay store, online sales have consistently increased as a percentage of Total Network Sales as highlighted in Section 3.5. The Company expects this trend to continue in the near term due to the following:

- > Customers electing for the convenience and privacy of shopping online;
- > Investment in search engine and digital marketing;
- > Improving the functionality of Shaver Shop's website and compatibility with tablet and mobile devices; and
- > A greater focus on marketing Shaver Shop and promoting products on eBay.

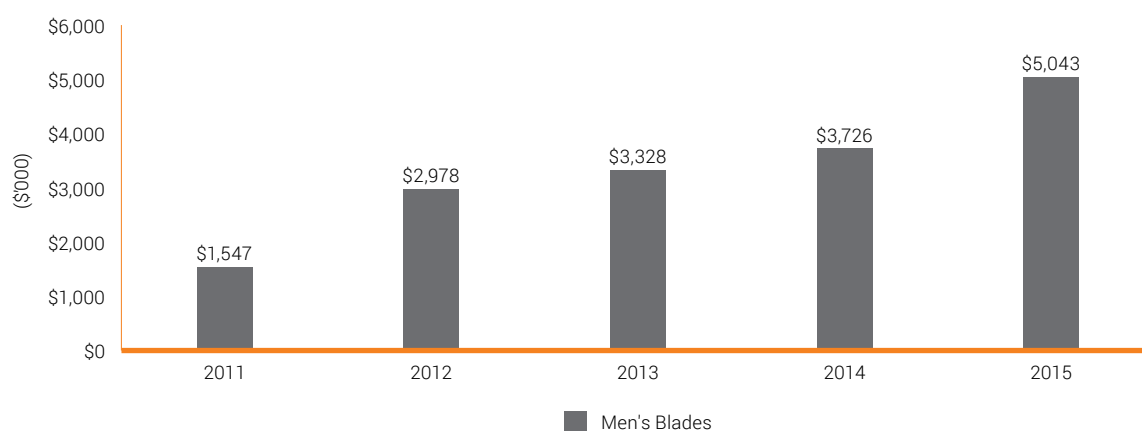
Shaver Shop also acknowledges that the ability to transact online is not the only function of its website. Many customers use the site to research their potential purchases and find other important information like store locations.

3.12.5 WET SHAVE CATEGORY GROWTH

Shaver Shop has increased its focus on the Wet Shave market since 2011. In that time sales in men's razor blades grew from just over \$1.5 million in CY11 to just over \$5.0 million in CY15, as shown in Figure 20.

The domestic Wet Shave market in Australia is worth \$387 million. The largest sub-segment is men's razors and blades, worth \$193 million. The Company estimates its market share to be approximately 3% and Shaver Shop sees opportunity to continue increasing market share in this large category.

FIGURE 20 SALES OF MEN'S RAZOR BLADES (CY)



As Wet Shave is a more commoditised category than most other aspects of Shaver Shop's range, Shaver Shop has adopted a highly price competitive position across key selling product lines. The Company has sought to position Shaver Shop strongly within the wet shaving segment via implementing a highly competitive pricing structure underpinned by an extensive product range and (most importantly) knowledgeable and customer service orientated store staff.

3.12.6 FRANCHISE STORE BUY BACK

Historically, and as opportunities have arisen, Shaver Shop has bought back franchise stores. From 2011 through to the end of 2015, Shaver Shop has maintained a disciplined approach to franchise buy backs and has achieved a ROCE of approximately 29% on average from these acquisitions.

The buy back program is attractive for franchisees seeking an exit and has historically been received positively. Going forward, Shaver Shop will continue to assess the opportunity to buy back franchise stores on a case-by-case basis and as they become available. Shaver Shop is committed to continuing to support the growth and performance of its existing franchisees, and works closely with its franchisees to continue to improve their businesses.

The Company estimates there to be up to \$5.0m of additional FY16 EBITDA in the existing franchise network of approximately 20 stores. There is no guarantee that Shaver Shop will be able to buy back any of the Shaver Shop franchise stores or that any increase in EBITDA would result.

03. BUSINESS OVERVIEW

3.12.7 MARKETING ACTIVITY

In order to support like-for-like sales growth, Shaver Shop will continue to perform targeted marketing campaigns to increase overall brand awareness and “call customers to action” with unique product offers and value for money. There is further scope to increase brand awareness in several key markets including metropolitan Sydney, regional New South Wales, regional Victoria and metropolitan Brisbane.

3.13 PEOPLE

As a business which centres on serving its customers, Shaver Shop has a strong focus on organisational culture and values. Throughout its growth, Shaver Shop has continued to invest in acquiring quality people who understand that serving the customer is first and foremost.

Shaver Shop employs 424 people across the business.

TABLE 9: NUMBER OF SHAVER SHOP EMPLOYEES AS AT DECEMBER 2015

Function	Employees
Sales assistants	324
Store managers & assistant managers	67
Head office	33

04.

FINANCIAL INFORMATION

04. FINANCIAL INFORMATION

4.1 INTRODUCTION

This section contains a summary of the following financial information:

The **Historical Financial Information** comprising:

- > The **Statutory Historical Financial Information**, being the:
 - statutory consolidated historical income statements for the financial years ended 30 June 2013 (**FY13**), 30 June 2014 (**FY14**) and 30 June 2015 (**FY15**), and for the 6 months ended 31 December 2014 (**1H FY15**) and 31 December 2015 (**1H FY16**) (**Statutory Historical Income Statements**);
 - statutory consolidated historical statements of cash flows for FY13, FY14, FY15, 1H FY15 and 1H FY16 (**Statutory Historical Cash Flows**); and
 - statutory consolidated balance sheet as at 31 December 2015 (**Statutory Historical Balance Sheet**).
- > The **Pro Forma Historical Financial Information**, being the:
 - pro forma consolidated historical income statements for FY13, FY14, FY15, 1H FY15 and 1H FY16 (**Pro forma Historical Income Statements**);
 - pro forma consolidated historical statements of cash flows for FY13, FY14, FY15, 1H FY15 and 1H FY16 (**Pro forma Historical Cash Flows**); and
 - pro forma consolidated balance sheet as at 31 December 2015 (**Pro forma Historical Balance Sheet**).

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are collectively the **Historical Financial Information**.

The **Forecast Financial Information** comprising:

- > The **Statutory Forecast Financial Information**, being the:
 - statutory consolidated forecast income statements for the financial years ending 30 June 2016 (**FY16**) and 30 June 2017 (**FY17**) (**Statutory Forecast Income Statements**); and
 - statutory consolidated forecast statements of cash flows for FY16 and FY17 (**Statutory Forecast Cash Flows**).
- > The **Pro Forma Forecast Financial Information**, being the:
 - pro forma consolidated forecast income statements for FY16 and FY17 (**Pro forma Forecast Income Statements**); and
 - pro forma consolidated forecast statements of cash flows for FY16 and FY17 (**Pro forma Forecast Cash Flows**).

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information are collectively the **Forecast Financial Information**.

The Historical Financial Information and the Forecast Financial Information together form the **Financial Information**.

The Statutory Historical Income Statements and Statutory Historical Cash Flows are included in Appendix B.

Also summarised in this section is:

- > the basis of preparation and presentation of the Financial Information (section 4.2);
- > management discussion and analysis of Financial Information (section 4.7);
- > the Directors' best estimate general and specific assumptions underlying the Forecast Financial Information (section 4.8) and key sensitivities in respect of the Forecast Financial Information (section 4.9);
- > Shaver Shop's proposed dividend policy (section 4.10).
- > a summary of historical and forecast indebtedness (section 4.5.2) and description of debt facilities (section 4.5.3).

The Financial Information has been reviewed by PricewaterhouseCoopers Securities Ltd, whose Independent Limited Assurance Report is contained in section 8. Investors should note the scope and limitations of the Independent Limited Assurance Report.

The information in this section 4 should be read in conjunction with the risk factors set out in section 5 and other information contained in this Prospectus.

04. FINANCIAL INFORMATION

All amounts disclosed in this section 4 are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between the components and total percentage calculations outlined within the tables and commentary. Relevant historical and forecast exchange rates are provided in section 4.8.2.8.

4.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

4.2.1 OVERVIEW

The Directors of Shaver Shop are responsible for the preparation of the Financial Information.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

The Financial Information is presented in abbreviated form and does not include all of the disclosures, statements and comparative information required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

This Prospectus includes Forecast Financial Information based on the best estimate assumptions of the Directors. The Forecast Financial Information presented in this Prospectus is unaudited. The basis of preparation of the Forecast Financial Information, to the extent possible, is consistent with the basis of preparation and presentation of the Historical Financial Information, unless otherwise noted.

Shaver Shop's principal accounting policies are set out in Appendix A.

4.2.2 PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Historical Financial Information has been prepared on both a statutory and pro forma basis.

On 26 May 2016, Shaver Shop was converted from a proprietary company named Lavomer Riah Holdings Pty Ltd to a public company named Shaver Shop Group Limited. The Statutory Historical Financial Information for FY13, FY14 and FY15 has been derived from the special purpose consolidated financial statements of Shaver Shop (formerly Lavomer Riah Holdings Pty Ltd) as audited by PricewaterhouseCoopers in accordance with Australian Auditing Standards. PricewaterhouseCoopers issued unqualified audit opinions for each of these periods. The 1H FY15 and 1H FY16 Statutory Historical Financial Information has been derived from the interim consolidated financial statements of Shaver Shop as reviewed by PricewaterhouseCoopers Securities Limited. PricewaterhouseCoopers Securities Limited issued unqualified review opinions for each of these periods.

The Pro Forma Historical Financial Information has been prepared solely for inclusion in this Prospectus.

The Pro Forma Historical Financial Information has been derived from Shaver Shop's Statutory Historical Financial Information adjusted on a pro forma basis to more appropriately reflect the on-going operations of Shaver Shop as a listed public company post Completion. Shaver Shop's historical debt structure, as reflected in the Statutory Historical Financial Information, has not been pro forma adjusted as it is closely related to the effects of the franchise store buy back activity. Investors should note that in preparing the Pro Forma Historical Financial Information, no adjustments related to the buy backs have been made to the Statutory Historical Financial Information except for certain adjustments to reflect the consistent income tax treatment across the period. A reconciliation of the Statutory Historical Financial Information to the Pro Forma Historical Financial Information, and a description of the effect of the pro forma adjustments has been provided in section 4.4.3.

The Pro Forma Historical Financial Information presented in this Prospectus has been reviewed by PricewaterhouseCoopers Securities Ltd but has not been audited. Investors should note the scope and limitations of the Independent Limited Assurance Report as set out in section 8.

Investors should note that past results are not a guarantee of future performance.

04. FINANCIAL INFORMATION

4.2.3 PREPARATION OF FORECAST FINANCIAL INFORMATION

Forecast Financial Information has been prepared on both a statutory and pro forma basis. The Statutory Forecast Financial Information has been prepared on a basis consistent with how Shaver Shop's statutory financial statements are expected to be prepared for future financial periods.

The Statutory Forecast Financial Information for FY16 and FY17 includes the 8 months unaudited actual results to 29 February 2016 and the 4 months forecast results ending 30 June 2016 (i.e. FY16) and the 12 months forecast results ending 30 June 2017 (i.e. FY17). The 8 months unaudited actual results to 29 February 2016 has been derived from the interim consolidated financial statements for the 6 month period to 31 December 2015 (reviewed by PricewaterhouseCoopers Securities Ltd) and the unaudited results for 2 additional trading months.

The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information for FY16 and FY17 adjusted for the effects of the pro forma adjustments outlined in section 4.4.4 and 4.6.3.

The Forecast Financial Information has been prepared by the Directors of Shaver Shop based on a number of assumptions including the best estimate assumptions outlined in section 4.8. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, but is not intended to be a representation that the assumptions will occur. The Directors believe that the Forecast Financial Information has been prepared with due care and attention, and consider all best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information. The Forecast Financial Information included in this Prospectus has been reviewed, but not audited by PricewaterhouseCoopers Securities Ltd. Investors should note the limitations of the Independent Limited Assurance Report (refer to section 8).

Shaver Shop believes the Directors' best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or material negative effect on Shaver Shop's actual financial performance and financial position. Accordingly, none of Shaver Shop, the Directors, SaleCo or its directors, Shaver Shop management, or any other person can give any assurance the outcomes discussed in the Forecast Financial Information will arise.

Potential Investors are advised to review the general assumptions and specific assumptions set out in section 4.8, the sensitivity analysis set out in section 4.9, the risk factors set out in section 5 and all other information in this Prospectus.

Shaver Shop has no intention to update or revise the Forecast Financial Information or other forward-looking statements, or to publish prospective information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus.

4.3 EXPLANATION OF CERTAIN NON-IFRS FINANCIAL MEASURES

Shaver Shop uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are collectively referred to as non-IFRS financial measures and are intended to supplement the measures calculated in accordance with Australian Accounting Standards and not as a substitute for those methods. The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

4.3.1 OPERATING METRICS

- > **Total network LFL sales growth:** growth measure calculated as the percentage change in total sales from corporate and franchise stores (including applicable online sales) in a relevant period, compared to the total sales in the prior corresponding period, excluding corporate and franchise stores that did not trade at all for both the whole of the period and/or the prior corresponding period. Shaver Shop calculates LFL sales growth trends across the whole store network, as well as separately for the corporate stores and franchise stores.
- > **Corporate store LFL sales growth:** calculated as the percentage change in total sales from corporate stores (including applicable online sales) in a relevant period, compared to the total sales in the prior corresponding period, excluding corporate stores that did not trade as corporate stores or at all for both the whole of the period and/or the prior corresponding period.

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- > **Franchise store LFL sales growth:** calculated as the percentage change in total sales from franchise stores (including applicable online sales) in a relevant period, compared to the total sales in the prior corresponding period, excluding franchise stores that did not trade as franchise stores or at all for both the whole of the period and/or the prior corresponding period.
- > **Online sales:** reflects sales originated via Shaver Shop's websites and eBay store. Online sales are allocated to and fulfilled by the Shaver Shop store (whether it be corporate or franchise) located closest to the delivery address based on postcode.
- > **Number of stores:** reflects the total number of stores operational as at each period end date.
- > **Corporate store:** reflects the total number of corporate owned stores operational as at each period end date.
- > **Franchise store:** reflects the total number of franchisee owned stores operational as at each period end date.

4.3.2 INCOME STATEMENT INFORMATION

- > **Franchise and other revenue:** calculated as royalties paid by franchisees, advertising contributions from suppliers and other revenue items.
- > **Cost of doing business (CODB):** calculated as the sum of employee benefits expense, occupancy expenses, marketing and advertising expenses and other expenses.
- > **Gross profit:** calculated as sales less cost of goods sold. Cost of goods sold is calculated net of rebate income from suppliers in respect of the purchase of goods by corporate and franchise stores.
- > **Gross profit margin:** a profitability measure expressed as a percentage, calculated by dividing gross profit by sales.
- > **EBITDA:** calculated as earnings before net interest and financing costs, income tax expense, depreciation and amortisation.
- > **EBITDA margin:** a profitability measure expressed as a percentage, calculated by dividing EBITDA by sales.
- > **EBIT:** calculated by deducting depreciation and amortisation from EBITDA.
- > **EBIT margin:** a profitability measure expressed as a percentage, calculated by dividing EBIT by sales.

4.3.3 CASH FLOW INFORMATION

- > **Working capital:** calculated as the sum of current trade and other receivables and inventories, less the sum of current trade and other payables, provisions and other liabilities.
- > **Net debt:** Calculated as the sum of total interest bearing liabilities, including both short-term and long-term borrowings minus cash and cash equivalents.

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4.4 PRO FORMA HISTORICAL AND FORECAST INCOME STATEMENTS

4.4.1 SUMMARY PRO FORMA HISTORICAL, PRO FORMA FORECAST AND STATUTORY FORECAST INCOME STATEMENTS

Set out in Table 10 are the Pro forma Historical Income Statements for FY13 to FY15, the Pro forma Forecast Income Statements for FY16 and FY17 and the Statutory Forecast Income Statements for FY16 and FY17.

TABLE 10: PRO FORMA HISTORICAL, PRO FORMA FORECAST AND STATUTORY FORECAST INCOME STATEMENTS

\$ '000	Note	Pro forma Historical Income Statements ⁽¹⁾			Pro forma Forecast Income Statements ⁽²⁾		Statutory Forecast Income Statements ⁽²⁾	
		FY13	FY14	FY15	FY16	FY17	FY16	FY17
Sales	3	22,844	34,095	63,242	106,173	127,119	106,173	127,119
Gross profit		9,859	15,060	26,460	45,369	54,379	45,085	54,379
Franchise and other revenue	4	7,483	7,683	6,143	4,020	3,664	4,020	3,664
Employee benefits expense		(5,499)	(6,958)	(10,522)	(15,963)	(19,527)	(16,871)	(19,527)
Occupancy expenses	5	(2,048)	(3,330)	(6,011)	(9,748)	(11,608)	(9,748)	(11,608)
Marketing and advertising expenses		(3,118)	(4,077)	(4,493)	(5,508)	(6,362)	(5,508)	(6,362)
Other expenses	6	(2,470)	(2,821)	(4,400)	(5,676)	(5,807)	(9,624)	(5,807)
Overhead expenses		(13,135)	(17,186)	(25,425)	(36,896)	(43,304)	(41,751)	(43,304)
EBITDA		4,207	5,557	7,177	12,494	14,738	7,354	14,738
Depreciation and amortisation		(443)	(474)	(686)	(919)	(1,336)	(919)	(1,336)
EBIT		3,764	5,083	6,491	11,575	13,402	6,435	13,402
Net finance costs		(578)	(425)	(519)	(735)	(313)	(735)	(313)
Profit before income tax		3,186	4,659	5,972	10,841	13,089	5,700	13,089
Income tax expense		(962)	(1,372)	(1,960)	(3,344)	(3,979)	(1,802)	(3,979)
NPAT		2,224	3,287	4,012	7,496	9,110	3,898	9,110

NOTES:

- The Pro forma Historical Income Statements for FY13, FY14 and FY15 are reconciled to the respective Statutory Historical Income Statements in section 4.4.3. The Statutory Historical Income Statements for FY13, FY14 and FY15 are included in Appendix B.
- The Pro forma Forecast Income Statements for FY16 and FY17 are reconciled to the respective Statutory Forecast Income Statements in section 4.4.4.
- Sales relates to sales revenue generated by corporate stores.
- Franchise and other revenue includes royalties paid by franchise stores, advertising contribution and other revenue items.
- Occupancy expenses include store lease expenses and head office occupancy costs.
- Other expenses in the Statutory Forecast Income Statement in FY16 include IPO transaction costs expensed of \$4,438k.

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Set out in Table 11 is the Pro forma Historical Income Statements for 1H FY15 and 1H FY16.

TABLE 11: PRO FORMA HISTORICAL INCOME STATEMENTS FOR 1H FY15 AND 1H FY16.

\$'000	Pro forma Historical Income Statements ⁽¹⁾	
	1H FY15	1H FY16
Sales	33,713	62,197
Gross profit	13,979	26,434
Franchise and other revenue	3,915	2,568
Employee benefits expense	(4,987)	(7,655)
Occupancy expenses	(2,592)	(4,572)
Marketing and advertising expenses	(3,673)	(4,113)
Other expenses	(2,057)	(3,138)
Overhead expenses	(13,309)	(19,478)
EBITDA	4,585	9,524
Depreciation and amortisation	(311)	(410)
EBIT	4,274	9,114
Net finance costs	(166)	(392)
Profit before income tax	4,108	8,722
Income tax expense	(1,271)	(2,793)
NPAT	2,837	5,929

NOTES:

1. The Pro forma Historical Income Statements for 1H FY15 and 1H FY16 are reconciled to the respective Statutory Historical Income Statements in section 4.4.3. The Statutory Historical Income Statements for 1H FY15 and 1H FY16 are included in Appendix B.

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4.4.2 KEY OPERATING METRICS

Set out in Table 12 and Table 13 are a summary of Shaver Shop's key operating metrics for FY13, FY14, FY15, 1H FY15 and 1H FY16 derived from the Pro forma Historical Income Statements, key operating metrics for FY16 and FY17 derived from the Pro forma Forecast Income Statements and key operating metrics for FY16 and FY17 derived from the Statutory Forecast Income Statements and other operational information for Shaver Shop for these periods.

TABLE 12: PRO FORMA HISTORICAL OPERATING METRICS FOR FY13 TO FY15, PRO FORMA FORECAST OPERATING METRICS FOR FY16 AND FY17 AND STATUTORY FORECAST OPERATING METRICS FOR FY16 AND FY17

	Note	Pro forma Historical			Pro forma Forecast		Statutory Forecast	
		FY13	FY14	FY15	FY16	FY17	FY16	FY17
Number of corporate stores		16	30	56	80	85	80	85
Number of franchise stores		56	46	28	20	19	20	19
Total stores		72	76	84	100	104	100	104
Corporate store sales (\$'000)		22,844	34,095	63,242	106,173	127,119	106,173	127,119
Franchise store sales (\$'000)		80,836	81,406	65,724	43,125	38,937	43,125	38,937
Total network sales (\$'000)		103,680	115,501	128,966	149,298	166,056	149,298	166,056
Corporate store LFL sales growth %	1	7.2%	9.5%	9.0%	9.7%	2.5%	9.7%	2.5%
Franchise store LFL sales growth %	2	10.5%	9.7%	3.9%	11.6%	3.1%	11.6%	3.1%
Total network LFL sales growth %	3	10.0%	9.4%	5.2%	10.4%	2.7%	10.4%	2.7%
Corporate store sales growth %		na	49.2%	85.5%	67.9%	19.7%	67.9%	19.7%
Gross profit margin %		43.2%	44.2%	41.8%	42.7%	42.8%	42.5%	42.8%
Employee benefits expense as a % of sales		24.1%	20.4%	16.6%	15.0%	15.4%	15.9%	15.4%
Occupancy expenses as % of sales		9.0%	9.8%	9.5%	9.2%	9.1%	9.2%	9.1%
Marketing and advertising expenses as % of sales		13.7%	12.0%	7.1%	5.2%	5.0%	5.2%	5.0%
EBITDA margin		18.4%	16.3%	11.3%	11.8%	11.6%	6.9%	11.6%
EBIT margin		16.5%	14.9%	10.3%	10.9%	10.5%	6.1%	10.5%

NOTES:

- Corporate store LFL sales growth is calculated as the percentage change in total sales from corporate stores (including applicable online sales) in a relevant period, compared to the total sales in the prior corresponding period, excluding corporate stores that did not trade as corporate stores or at all for both the whole of the period and/or the prior corresponding period.
- Franchise store LFL sales growth is calculated as the percentage change in total sales from franchise stores (including applicable online sales) in a relevant period, compared to the total sales in the prior corresponding period, excluding franchise stores that did not trade as franchise stores or at all for both the whole of the period and/or the prior corresponding period.
- Total network LFL sales growth is calculated as the percentage change in total sales from corporate and franchise stores (including applicable online sales) in a relevant period, compared to the total sales in the prior corresponding period, excluding corporate and franchise stores that did not trade at all for both the whole of the period and/or the prior corresponding period.

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TABLE 13: PRO FORMA HISTORICAL OPERATING METRICS FOR 1H FY15 AND 1H FY16

	Pro forma historical	
	1H FY15	1H FY16
Number of corporate stores	42	68
Number of franchise stores	42	22
Total stores	84	90
Corporate store sales (\$'000)	33,713	62,197
Franchise store sales (\$'000)	41,563	26,739
Total network sales (\$'000)	75,276	88,936
Corporate store LFL sales growth %	6.9%	12.9%
Franchise store LFL sales growth %	2.0%	15.3%
Total network LFL sales growth %	3.6%	14.0%
Sales growth %	na	84.5%
Gross profit margin %	41.5%	42.5%
Employee benefits expense as a % of sales	14.8%	12.3%
Occupancy expenses as % of sales	7.7%	7.4%
Marketing and advertising expenses as % of sales	10.9%	6.6%
EBITDA margin	13.6%	15.3%
EBIT margin	12.7%	14.7%

4.4.3 RECONCILIATION OF STATUTORY HISTORICAL RESULTS TO PRO FORMA HISTORICAL RESULTS

Set out in Table 14, Table 15 and Table 16 are the adjustments applied to the statutory historical results to present the pro forma historical sales, franchise and other revenue, and NPAT for FY13, FY14, FY15, 1H FY15 and 1H FY16.

TABLE 14: RECONCILIATION OF STATUTORY HISTORICAL SALES TO PRO FORMA HISTORICAL SALES

\$ '000	Note	Historical				
		FY13	FY14	FY15	1H FY15	1H FY16
Statutory sales		23,081	34,300	64,026	33,713	62,197
Reclassification of 3PL sales to corporate stores	1	(237)	(205)	(785)	–	–
Pro forma sales		22,844	34,095	63,242	33,713	62,197

NOTES

- In 1H FY16 Shaver Shop determined that certain transactions relating to internal sales to corporate stores of goods held at Shaver Shop's third party logistics ("3PL") provider historically had been inappropriately accounted for, resulting in the overstatement of both revenue and cost of goods sold. This adjustment corrects the presentation of these items in the pro forma income statements for FY13, FY14 and FY15 and has no impact on EBITDA or NPAT.

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TABLE 15: RECONCILIATION OF STATUTORY HISTORICAL FRANCHISE AND OTHER REVENUE TO PRO FORMA HISTORICAL FRANCHISE AND OTHER REVENUE

\$ '000	Note	Historical				
		FY13	FY14	FY15	1H FY15	1H FY16
Statutory franchise and other revenue		9,683	9,366	8,687	3,915	2,568
Reclassification of rebates to cost of goods sold	1	(827)	(953)	(1,427)	–	–
Reclassification of supplier contributions to marketing expenses	2	(1,074)	(730)	(1,117)	–	–
Profit on sale of corporate stores	3	(299)	–	–	–	–
Pro forma franchise and other revenue		7,483	7,683	6,143	3,915	2,568

NOTES

- In 1H FY16 Shaver Shop determined that supplier rebates which had historically been recognised within revenue should be recognised within cost of goods sold. This adjustment corrects the presentation of these items in the pro forma income statements for FY13, FY14 and FY15 and has no impact on EBITDA or NPAT. In 1H FY16 Shaver Shop also determined that a portion of the supplier rebates reclassified into cost of goods sold should be recognised in inventory. This adjustment does impact statutory NPAT and is included in Table 16.
- In 1H FY16 Shaver Shop determined that supplier marketing contributions which had historically been recognised within revenue should be recognised within marketing expenses. This adjustment corrects the presentation of these items in the pro forma income statements for FY13, FY14 and FY15 and has no impact on EBITDA or NPAT.
- Relates to the profit on sale of three corporate stores to franchisees (\$299k).

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TABLE 16: RECONCILIATION OF STATUTORY HISTORICAL NPAT TO PRO FORMA HISTORICAL NPAT

\$'000	Note	FY13	FY14	FY15	1H FY15	1H FY16
Statutory NPAT		2,919	3,770	8,382	3,516	5,763
Incremental costs as a public company	1	(657)	(630)	(583)	(291)	(290)
One off advisory costs	2	–	–	205	–	40
Management IPO incentives	3	–	–	–	–	202
Profit on sale of corporate stores	4	(299)	–	–	–	–
Accounting for rebates in stock	5	(37)	(61)	(188)	–	285
Tax effect	6	298	207	170	87	(71)
Accounting for franchise store buy backs	7	–	–	(3,974)	(475)	–
Total pro forma adjustments		(695)	(483)	(4,369)	(679)	166
Pro forma NPAT		2,224	3,287	4,012	2,837	5,929

NOTES:

- Incremental costs as a public company. This adjustment reflects Shaver Shop's estimate of the incremental costs that will be incurred by Shaver Shop as a listed public company. This adjustment includes net incremental costs of Non-Executive Directors' remuneration, ASX listing and share registry fees, audit fees, additional staff costs, annual general meeting and annual report costs, and directors and officers liability insurance premiums.
- One off advisory costs. Advisory costs incurred by Shaver Shop in connection with an aborted trade sale process undertaken in 2H FY15 and 1H FY16.
- Management IPO incentives. This adjustment reflects the expense related to Share Based Exit Incentives for certain Management (\$202k) related to the sale of the Management Sale Shares.
- Profit on sale of corporate stores. Relates to the profit on sale of three corporate stores to franchisees (\$299k) (\$209k after tax).
- Accounting for rebates in stock. In 1H FY16 Shaver Shop determined that supplier rebates which had historically been recognised within revenue should be recognised within cost of goods sold. The reclassification of these items in the pro forma income statements for FY13, FY14 and FY15 has no impact on EBITDA or NPAT. In 1H FY16 Shaver Shop also determined that a portion of the supplier rebates reclassified into cost of goods sold should be recognised in inventory. This adjustment corrects the treatment of these items in the pro forma income statements for FY13, FY14 and FY15. The cumulative adjustment relating to the accounting change was recorded in the statutory 1H FY16 financial statements (\$426k) and the portion of this amount relating to priors years (\$285k) has been pro forma adjusted back across the historical FY13, FY14 and FY15 periods.
- Tax effect represents the cumulative income tax effect of the incremental costs as a public company, one off advisory costs, management IPO incentives, and profit on sale of corporate stores pro forma adjustments applying an effective tax rate of 30%.
- Accounting for franchise store buy backs. Shaver Shop has received a private tax ruling from the ATO in respect of claiming income tax deductions for part of the purchase consideration paid for the buy back of franchise stores. The tax ruling allows for part of the acquisition purchase consideration related to the termination of franchise licences to be claimed as an income tax deduction over a 5 year period following the date of acquisition. For each buy back a portion of the purchase consideration equal to the total tax benefit to be received over 5 years is recognised as a deferred tax asset. The deferred tax asset is then released over 5 years in accordance with the deduction schedule for each franchise store buy back with the effect of reducing income tax payable for each period. At 30 June 2015 it was determined that it was probable that these deductions would be available. Accordingly a deferred tax asset was retrospectively recognised in relation to future income tax deductions attributable to payments for the termination of franchise licences made as part of the total purchase consideration for franchise stores acquired from 1 July 2011 up until 30 June 2015. The recognition of this retrospective deferred tax asset was recorded as a one-off credit to income tax expense in the FY15 income statement. This adjustment reverses the one-off retrospective credit to income tax expense in FY15. From 1 July 2015, the deferred tax asset for payments made at time of acquisition of franchise stores attributable to the termination of the franchise licence, is recognised as part of the accounting at acquisition.

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4.4.4 RECONCILIATION OF STATUTORY FORECAST NPAT TO PRO FORMA FORECAST NPAT

Set out in Table 17 are the adjustments applied to statutory forecast NPAT to present the pro forma forecast NPAT for FY16 and FY17 as per Table 10 of section 4.4.1. The pro forma adjustments have the effect of eliminating certain non-recurring items, adjusting to reflect the operating and ownership structure as a listed public company that will be in place on Completion of the Offer as if it were in place from 1 July 2015, and to reflect the debt structure that will be in place at Completion.

The pro forma adjustments have been tax effected at the corporate rate of 30%.

For the purposes of preparing the statutory forecast NPAT, the IPO is assumed to occur 30 May 2016.

TABLE 17: RECONCILIATION OF STATUTORY FORECAST NPAT TO PRO FORMA FORECAST NPAT FOR FY16 AND FY17

\$'000	Note	FY16	FY17
Statutory NPAT		3,898	9,110
Incremental costs as a public company	1	(531)	–
One off advisory costs	2	40	–
IPO transaction costs expensed	3	4,438	–
Management IPO incentives	4	908	–
Accounting for rebates in stock	5	285	–
Tax effect	6	(1,542)	–
Total pro forma adjustments		3,598	–
Pro forma NPAT		7,496	9,110

NOTES:

- Incremental costs as a public company. This adjustment reflects incremental costs that will be incurred by Shaver Shop as a listed public company. This adjustment includes net incremental costs of Non-Executive Directors' remuneration, ASX listing and share registry fees, audit fees, additional staff costs, annual general meeting and annual report costs, and directors and officers liability insurance premiums. The adjustment impacting FY16 represents 11 months of incremental costs that are not captured in the FY16 statutory forecast.
- One off advisory costs. Advisory costs incurred by Shaver Shop in connection with an aborted trade sale process undertaken in 2H FY15 and 1H FY16.
- IPO transaction costs expensed. Total costs of the Offer is estimated to be \$6,708k, of which \$2,270k (\$1,589k after tax) are directly attributable to the issue of new Shares by Shaver Shop and will be offset against equity raised in the Offer. The remaining \$4,438k (\$3,107k after tax) is expensed in the Statutory Forecast Income Statement.
- Management IPO incentives. This adjustment reflects the forecast expense related to a combination of Exit Bonus Payments (\$630k) and Share Based Exit Incentives (\$278k), related to the sale of the Management Sale Shares, for certain Management. The expense relating to the Share Based Exit Incentives comprises \$202k recognised in 1H FY16 and \$76k forecast to be recognised in 2H FY16.
- Accounting for rebates in stock. In 1H FY16 Shaver Shop determined that a portion of supplier rebates which had historically been recognised within revenue should be recognised in inventory. This adjustment corrects the treatment of these items in the pro forma income statements for FY13, FY14 and FY15. The cumulative adjustment relating to the accounting change was recorded in the statutory 1H FY16 financial statements (\$426k) and the portion of this amount relating to prior years (\$285k) has been pro forma adjusted back across the historical FY13, FY14 and FY15 periods.
- Tax effect represents the cumulative income tax effect of the pro forma adjustments applying an effective tax rate of 30%.

4.5 PRO FORMA HISTORICAL BALANCE SHEET AND INDEBTEDNESS

4.5.1 PRO FORMA HISTORICAL BALANCE SHEET

Set out in Table 18 is the Statutory Historical Balance Sheet, the pro forma adjustments that have been made to the Statutory Historical Balance Sheet and the Pro forma Historical Balance Sheet as at 31 December 2015. The pro forma adjustments reflect the impact of the new operating, capital and ownership structure of Shaver Shop that will be in place at Completion as if they had occurred or were in place as at 31 December 2015.

The Pro forma Historical Balance Sheet has been provided for indicative purposes only and is not represented as being indicative of Shaver Shop's view on the Company's future financial position.

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TABLE 18: STATUTORY HISTORICAL BALANCE SHEET, PRO FORMA ADJUSTMENTS AND PRO FORMA HISTORICAL BALANCE SHEET AS AT 31 DECEMBER 2015

As at 31 December 2015; \$ '000	Statutory Historical Balance Sheet	Primary raising	Pre-IPO dividend	Repay- ment of debt	Repay- ment of employee loans	Share buy back	Transac- tion costs	Manage- ment IPO incentives	Pro Forma Historical Balance Sheet
Note		1	2	3	4	5	6	7	
ASSETS									
Current assets									
Cash and cash equivalents	20,104	40,813	(18,175)	(15,299)	955	(175)	(6,708)	(630)	20,885
Trade and other receivables	4,101	-	-	-	-	-	-	-	4,101
Inventories	19,752	-	-	-	-	-	-	-	19,752
Total current assets	43,958	40,813	(18,175)	(15,299)	955	(175)	(6,708)	(630)	44,738
Non-current assets									
Property, plant and equipment	4,130	-	-	-	-	-	-	-	4,130
Deferred tax assets	4,211	-	-	-	-	-	1,610	-	5,821
Intangible assets	32,492	-	-	-	-	-	-	-	32,492
Total non-current assets	40,833	-	-	-	-	-	1,610	-	42,443
Total assets	84,790	40,813	(18,175)	(15,299)	955	(175)	(5,098)	(630)	87,180
LIABILITIES									
Current liabilities									
Trade and other payables	(29,855)	-	-	-	-	-	-	-	(29,855)
Current tax liabilities	(1,442)	-	-	-	-	-	402	212	(828)
Employee provisions	(873)	-	-	-	-	-	-	-	(873)
Other liabilities	(142)	-	-	-	-	-	-	-	(142)
Total current liabilities	(32,312)	-	-	-	-	-	402	212	(31,698)
Non-current liabilities									
Borrowings	(18,849)	-	-	15,299	-	-	-	-	(3,550)
Other non-current liabilities	(1,397)	-	-	-	-	-	-	-	(1,397)
Total non-current liabilities	(20,247)	-	-	15,299	-	-	-	-	(4,947)
Total liabilities	(52,559)	-	-	15,299	-	-	402	212	(36,646)
Net assets	32,231	40,813	(18,175)	-	955	(175)	(4,696)	(418)	50,535
Equity									
Contributed equity	10,539	40,813	-	-	955	(175)	(1,589)	-	50,543
Retained earnings	21,498	-	(18,175)	-	-	-	(3,107)	(494)	(279)
Other reserves	194	-	-	-	-	-	-	76	270
TOTAL EQUITY	32,231	40,813	(18,175)	-	955	(175)	(4,696)	(418)	50,535

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NOTES:

1. Primary raising. Represents the cash proceeds from the issue of new shares under the Offer.
2. Pre-IPO dividend. Represents the payment of a Pre-IPO dividend to Existing Shareholders and the Class A Shareholder.
3. Repayment of debt. Represents the repayment of bank debt out of Offer proceeds in order to reduce gross borrowings at Completion to approximately \$5.0 million calculated based on Shaver Shop's forecast debt position as at IPO.
4. Repayment of employee loans: Represents the cash inflow arising as a result of the repayment of existing loans by certain Management related to the acquisition of the Management Sale Shares. The repayment is funded from the sale proceeds received by these employees from the sale of their Management Sale Shares into the IPO. For accounting purposes the original grant of the Management Sale Shares was accounted for as an in substance option, with the Management Sale Shares valued as an option under the share based payment accounting standard. This has the effect of no loans being recorded on the Balance Sheet and this treatment results in the cash flows to repay the loan being accounted for as the payment of the exercise price of an option.
5. Share buy back. Represents the buy back of shares once owned by an ex-employee who is no longer employed by Shaver Shop. The buy back of these shares was undertaken after 31 December 2015 but before the date of this Prospectus.
6. Transaction costs. Represents the payment of total transaction costs specifically related to the Offer estimated at \$6,708k of which \$2,270k (\$1,589k after tax) are directly attributable to the issue of new Shares by Shaver Shop and is offset against equity raised in the Offer. The remaining \$4,438k (\$3,107k after tax) is expensed in the Statutory Forecast Income Statement and therefore is adjusted for in retained earnings.
7. Management IPO incentives. Represents the Exit Bonus Payments (\$630k) (\$441k after tax) and a portion of the expense relating to the Share Based Exit Incentives recorded in other reserves (\$76k) (\$53k after tax) which reflects the forecast expense between 31 December 2015 and offer date.

4.5.2 INDEBTEDNESS

Set out in Table 19 is the indebtedness of Shaver Shop as at 31 December 2015 on a statutory and pro forma basis. The pro forma indebtedness is derived from the statutory indebtedness adjusted for the pro forma impact of the Offer as if those transactions had occurred on 31 December 2015. Given the relative short duration between the date of this Prospectus and 30 June 2016, the Directors have included the forecast net indebtedness as at 30 June 2016 derived from the Statutory Historical Balance Sheet, the Pro forma Historical Balance Sheet and the Statutory Forecast Cash Flows for FY16.

TABLE 19: STATUTORY HISTORICAL INDEBTEDNESS AS AT 31 DECEMBER 2015, PRO FORMA HISTORICAL INDEBTEDNESS AS AT 31 DECEMBER 2015 AND FORECAST INDEBTEDNESS AS AT 30 JUNE 2016

\$'000	Note	Statutory	Pro forma	Forecast
		31 December 2015	31 December 2015 ⁽¹⁾	30 June 2016
Cash and cash equivalents	2	20,104	20,885	880
Drawn debt	3	(18,849)	(3,550)	(5,000)
Net total indebtedness		1,255	17,335	(4,120)
Net debt/FY16 Pro forma EBITDA				0.3x
Net debt/FY17 Pro forma and Statutory EBITDA				0.3x

NOTES:

1. Refer to Table 18 for a description of adjustments as at 31 December 2015.
2. Pro forma cash and cash equivalents as at 31 December 2015 is based on the Pro forma Historical Balance Sheet set out in Table 18. The forecast cash and cash equivalents as at 30 June 2016 is based on the Statutory Historical Balance Sheet as at 31 December 2015, and the Statutory Forecast Cash Flows for 2H FY16 derived from Statutory Historical Cash Flows for 1H FY16 and Statutory Forecast Cash Flows for FY16 set out in Tables 22 and 21.
3. The forecast drawn debt represents forecast borrowings as at 30 June 2016 assuming debt is repaid to \$5.0 million as at the IPO date.

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TABLE 20: RECONCILIATION BETWEEN STATUTORY HISTORICAL CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2015 AND FORECAST CASH AND CASH EQUIVALENTS AS AT 30 JUNE 2016

Set out below is a reconciliation of cash and cash equivalents between the Statutory Historical Balance Sheet as at 31 December 2015 of \$20.1 million and Shaver Shop's forecast cash position at 30 June 2016 of \$0.9 million.

\$'000	Notes	2H FY16
Cash and cash equivalents at 31 December 2015		20,104
Net cash flow from operating activities before investing activities, financing activities and tax	1, 2	(19,989)
Payments for franchise store buy backs		(2,414)
Other capital expenditure		(2,028)
Income tax payments		(1,749)
Net finance costs		(342)
Borrowings drawdown / (repayment)		(13,849)
Offer proceeds		40,813
Capitalised IPO transaction costs		(2,270)
Share buyback		(175)
Repayment of employee loans		955
Pre IPO dividend		(18,175)
Forecast cash and cash equivalents at 30 June 2016		880

NOTES

- Forward-looking information should be read in conjunction with the assumptions set out in sections 4.8.1 and 4.8.2, the sensitivity analysis in section 4.9, the risk factors set out in section 5 and other information in this Prospectus.
- Forecast net cash flow from operating activities before investing activities, financing activities, and tax generated in 2H FY16 includes EBITDA (including IPO transaction costs expensed) and the change in working capital. The cash impact from the forecast change in working capital from 31 December 2015 to 30 June 2016 is negative \$18,184k and is assumed to be primarily driven by a reduction in trade payables of \$21,201k offset by a reduction in inventory of \$1,813k related to the Christmas trading period.

4.5.3 DESCRIPTION OF BANKING FACILITIES

Shaver Shop has received credit approval for new banking facilities with Bankwest comprising:

Facility	Size	Forecast amount drawn at Completion
Commercial Advance Facility	\$23,000,000	\$5,000,000

The Commercial Advance Facility has a proposed expiry date of July 2018. Interest is calculated in reference to the BBSY plus a margin of 1.65%, payable monthly in arrears. Shaver Shop also pays a line fee (quantum calculated based on prevailing Debt/EBITDA ratio) and quarterly roll over fee.

In addition to the Commercial Advance Facility, Shaver Shop has a \$2.0 million bank guarantee facility with Bankwest. As at 30 April 2016, Shaver Shop had bank guarantees in place with landlords of \$1.4 million. Shaver Shop pays an issuance fee of 1.65% per annum on the face value of each bank guarantee issued, payable half yearly in advance. Shaver Shop also pays a line fee calculated based on the prevailing Debt/EBITDA ratio.

Subject to the finalisation of legal documentation, the Commercial Advance Facility described above will be in place as at Completion.

In the event legal documentation for the new banking facilities described above is not finalised by Completion, Shaver Shop's existing banking facilities will remain in place. Shaver Shop currently has banking facilities with Bankwest comprising commercial advance facilities of \$28.7 million and a bank guarantee facility of \$1.7 million expiring in December 2017.

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4.6 PRO FORMA HISTORICAL, PRO FORMA FORECAST AND STATUTORY FORECAST CASH FLOW STATEMENTS

4.6.1 SUMMARY PRO FORMA HISTORICAL, PRO FORMA FORECAST AND STATUTORY FORECAST CASH FLOWS

Set out in Table 21 is the Pro forma Historical Cash Flows for FY13, FY14, and FY15, the Pro forma Forecast Cash Flows for FY16 and FY17, and the Statutory Forecast Cash Flows for FY16 and FY17.

TABLE 21: PRO FORMA HISTORICAL CASH FLOWS FOR FY13 TO FY15, PRO FORMA FORECAST CASH FLOWS FOR FY16 TO FY17 AND STATUTORY FORECAST CASH FLOWS FOR FY16 AND FY17

\$'000	Note	Pro forma Historical Cash Flows			Pro forma Forecast Cash Flows		Statutory Forecast Cash Flows	
		FY13	FY14	FY15	FY16	FY17	FY16	FY17
EBITDA	1	4,207	5,557	7,177	12,494	14,738	7,354	14,738
Non-cash adjustments to EBITDA	2	–	–	–	–	154	278	154
Change in working capital		308	615	(3,300)	(4,107)	(126)	(3,823)	(126)
Net cash flow from operating activities before investing activities, financing activities and tax		4,515	6,172	3,877	8,387	14,766	3,809	14,766
Payments for franchise store buy backs	3	(315)	(4,784)	(10,110)	(6,470)	(180)	(6,470)	(180)
Other capital expenditure		(521)	(832)	(2,160)	(3,357)	(1,800)	(3,357)	(1,800)
Net cash flow before financing activities and tax		3,679	556	(8,392)	(1,441)	12,786	(6,018)	12,786
Income tax payments	4	(419)	(1,446)	(1,996)	(2,210)	(2,346)	(2,428)	(1,743)
Net finance costs	5	(578)	(425)	(519)	(735)	(301)	(735)	(301)
Borrowings drawdown/(repayment)	5	(1,550)	(602)	9,501	4,400	(2,100)	(10,899)	(2,100)
Offer proceeds	6	–	–	–	–	–	40,813	–
Capitalised IPO transaction costs	7	–	–	–	–	–	(2,270)	–
Issue/(buy-back) of shares	8	(50)	550	–	–	–	(175)	–
Repayment of employee loans	9	–	–	–	–	–	955	–
Net cash flow before dividends		1,083	(1,366)	(1,405)	15	8,039	19,243	8,642
Dividends paid	10	–	–	–	–	(2,278)	(18,175)	(2,278)
Net cash flow		1,083	(1,366)	(1,405)	15	5,761	1,067	6,365

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NOTES:

- The pro forma EBITDA represents statutory EBITDA adjusted for the pro forma adjustments set out in section 4.4.3 and section 4.4.4 with the exception of the tax effects as this adjustment does not impact EBITDA. The Statutory Historical Cash Flows for FY13, FY14 and FY15 are included in Appendix B.
- Non-cash adjustments to EBITDA in the Pro forma Forecast and Statutory Forecast Cash Flows comprise the impact on EBITDA of the LTIP program introduced commencing 1 July 2016 (\$154k). The Statutory Forecast Cash Flows also include the impact on EBITDA of the Share Based Exit Incentives expense (\$278k) which is excluded from the Pro Forma Forecast Cash Flows.
- Payments for franchise store buy backs represents the total cash out flow for the acquisition of franchise stores.
- Income tax payments. Shaver Shop has received a private tax ruling from the ATO in respect of claiming income tax deductions for part of the purchase consideration paid for the buy back of franchise stores. The tax ruling confirms that part of the acquisition purchase consideration related to the termination of franchise licences is to be claimed as an income tax deduction in equal portions over a 5 year period following the date of acquisition. Accordingly, whilst Shaver Shop pays tax at the corporate rate of 30%, income tax payment cash flows for each period are reduced by the allowable deduction in respect of franchise store buy backs as prescribed under the private tax ruling.
- Cash flows relating to Shaver Shop's historical debt structure have not been adjusted in the Pro forma Historical Cash Flows because they reflect the effects of the franchise store buy back activity. The Statutory Forecast Cash Flows for FY16 include the repayment of \$15,299k of borrowings out of Offer proceeds at Completion. This IPO related repayment is excluded from the Pro Forma Forecast Cash Flows. Pro forma and statutory forecast interest cash flows both reflect the effect of the reduced debt levels resulting from the debt repayment as well as changes to Shaver Shop's existing bank facilities from IPO date.
- Offer proceeds. Represents the offer proceeds from the issue of New Shares under the Offer.
- Capitalised IPO transaction costs. Total expenses of the Offer is estimated to be \$6,708k, of which \$2,270k (\$1,589k after tax) are directly attributable to the issue of new Shares by Shaver Shop and will be offset against equity raised in the Offer. The remaining \$4,438k (\$3,107k after tax) is expensed in the Statutory Forecast Income Statement.
- Issue/buy back of shares. In FY16, represents the buy back of shares once owned by an ex-employee who is no longer employed by Shaver Shop. The buy back of these shares was undertaken after 31 December 2015 but before the date of this Prospectus. The buy back of shares in FY13 was related to the exit of a prior shareholder in the business. In FY14, new shares were issued to an ex-employee (\$50k) and a current director (\$500k) both of whom invested in the business.
- Repayment of employee loans: Represents the cash inflow arising as a result of the repayment of existing loans by certain Management related to the acquisition of the Management Sale Shares. The repayment is funded from the sale proceeds received by these employees from the sale of their Management Sale Shares into the IPO. For accounting purposes the original grant of the Management Sale Shares was accounted for as an in substance option, with the Management Sale Shares valued as an option under the share based payment accounting standard. This has the effect of no loans being recorded on the Balance Sheet and this treatment results in the cash flows to repay the loan being accounted for as the payment of the exercise price of an option.
- Dividends paid. In the FY16 Statutory Forecast Cash Flow represents the payment of a Pre-IPO Dividend to Existing Shareholders and the Class A Shareholder funded out of cash proceeds from the Offer. Dividends paid in the FY17 Statutory Forecast Cash Flow are consistent with the dividend policy set out in section 4.10.

Set out in Table 22 is the Pro forma Historical and Statutory Historical Cash Flows for 1H FY15 and 1H FY16.

TABLE 22: SUMMARY PRO FORMA HISTORICAL CASH FLOWS AND STATUTORY HISTORICAL CASH FLOWS FOR 1H FY15 AND 1H FY16

\$'000	Note	Pro forma Historical Cash Flows		Statutory Historical Cash Flows	
		1H FY15	1H FY16	1H FY15	1H FY16
EBITDA	1	4,585	9,524	4,876	9,287
Non-cash adjustments to EBITDA		–	–	–	202
Change in working capital		3,591	14,056	3,493	14,309
Net cash flow from operating activities before investing activities, financing activities and tax		8,175	23,581	8,369	23,798
Payments for franchise store buy backs		(1,236)	(4,065)	(1,173)	(4,057)
Other capital expenditure		(1,680)	(1,353)	(1,681)	(1,328)
Net cash flow before financing activities and tax		5,259	18,163	5,515	18,413
Income tax payments	2	(715)	(460)	(902)	(679)
Net finance costs		(166)	(392)	(166)	(392)
Borrowings drawdown/(repayment)		(646)	2,950	(559)	2,950
Net cash flow before dividends		3,731	20,261	3,887	20,291

NOTES:

- The pro forma EBITDA represents statutory EBITDA adjusted for the pro forma adjustments set out in section 4.4.3 with the exception of the tax effects as this adjustment does not impact EBITDA.
- Income tax payments. Shaver Shop has received a private tax ruling from the ATO in respect of claiming income tax deductions for part of the purchase consideration paid for the buy back of franchise stores. The tax ruling allows part of the acquisition purchase consideration related to the termination of franchise licences to be claimed as an income tax deduction over a 5 year period following the date of acquisition. Accordingly, whilst Shaver Shop pays tax at the corporate rate of 30%, income tax payment cash flows for each period are reduced by the allowable deduction in respect of franchise store buy backs as prescribed under the private tax ruling.

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4.6.2 PRO FORMA ADJUSTMENTS TO STATUTORY HISTORICAL CASH FLOWS

Set out in Table 23 are the adjustments applied to the Statutory Historical Cash Flows to present the Pro forma Historical Cash Flows for FY13, FY14, FY15, 1H FY15 and 1H FY16.

TABLE 23: PRO FORMA ADJUSTMENTS TO STATUTORY HISTORICAL CASH FLOWS

\$'000	Note	Historical				
		FY13	FY14	FY15	1H FY15	1H FY16
Statutory net cash flow before dividends		2,287	(1,079)	(1,163)	3,887	20,291
Incremental costs as a public company	1	(657)	(630)	(583)	(291)	(290)
Proceeds from sale of corporate stores	2	(573)	–	–	–	–
One off advisory costs	3	–	–	205	–	40
Tax benefit from franchise store buy backs	4	27	45	(71)	(71)	–
Tax	5	–	298	207	207	219
Total pro forma adjustments		(1,204)	(287)	(242)	(156)	(31)
Pro forma net cash flow before dividends	6	1,083	(1,366)	(1,405)	3,731	20,261

NOTES:

- Incremental costs as a public company. This adjustment reflects incremental costs that will be incurred by Shaver Shop as a listed public company. This adjustment includes net incremental costs of Non-Executive Directors' remuneration, ASX listing and share registry fees, audit fees, additional staff costs, annual general meeting and annual report costs, and directors and officers liability insurance premiums.
- Proceeds from sale of corporate stores. Relates to the proceeds received from the sale of three corporate stores to franchisees of \$573k.
- One off advisory costs. Advisory costs incurred by Shaver Shop in connection with an aborted trade sale process undertaken in 2H FY15 and 1H FY16.
- Tax benefit from franchise store buy backs. Shaver Shop has received a private tax ruling from the ATO in respect of claiming income tax deductions for part of the purchase consideration paid for the buy back of franchise stores. The tax ruling confirms that part of the acquisition purchase consideration related to the termination of franchise licenses is to be claimed as an income tax deduction in equal portions over a 5 year period following the date of acquisition. Accordingly, while Shaver Shop pays tax at the corporate rate of 30%, income tax payment cash flows for each period are reduced by the allowable deduction in respect of franchise store buy backs as prescribed under the private tax ruling. Cash tax benefits relating to these deductions were first received in FY15 in respect of buy backs that occurred in FY12, FY13, and FY14. This adjustment reallocates a portion of the tax cash benefits received in FY15 (\$71k) back into the historical FY13 (\$27k) and FY14 (\$45k) periods.
- Tax represents the difference in income tax paid between the statutory and pro forma cash flows as presented in section 4.6.
- The Pro forma Historical Cash flows reflect adjustments to the classification of certain line items within the statutory cash flow statements for FY13, FY14, FY15, 1H FY15 and 1H FY16 in order to present them on a consistent basis. These adjustments are not material and have no impact on net cash flow.

4.6.3 PRO FORMA ADJUSTMENTS TO STATUTORY FORECAST CASH FLOWS

Set out in Table 24 are the adjustments to the Statutory Forecast Cash Flows to reflect the full year impact of the new operating and ownership structure that will be in place on or after the Completion of the Offer, as if it were in place as at 30 June 2015 and to eliminate certain non-recurring items. The pro forma cash flow adjustments also reflect the elimination of the one-off repayment of bank debt out of Offer proceeds that occurs on Completion, but do not include any other adjustments to pre or post Completion statutory forecast interest and borrowing related cash flows.

For the purposes of preparing the Statutory Forecast Cash Flows, the IPO is assumed to occur 30 May 2016.

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TABLE 24: PRO FORMA ADJUSTMENTS TO STATUTORY FORECAST CASH FLOWS

\$'000	Note	Forecast	
		FY16	FY17
Statutory net cash flow before dividends		19,243	8,642
Incremental costs as a public company	1	(531)	–
One off advisory costs	2	40	–
IPO transaction costs expensed	3	4,438	–
IPO transaction costs capitalised	3	2,270	–
Borrowings repayment	4	15,299	–
Offer proceeds	5	(40,813)	–
Buy back of shares	6	175	–
Repayment of employee loans	7	(955)	–
Management IPO incentives	8	630	–
Tax	9	219	(603)
Total pro forma adjustments		(19,228)	(603)
Pro forma net cash flow before dividends		15	8,039

NOTES:

- Incremental costs as a public company. This adjustment reflects incremental costs that will be incurred by Shaver Shop as a listed public company. This adjustment includes net incremental costs of Non-Executive Directors' remuneration, ASX listing and share registry fees, audit fees, additional staff costs, annual general meeting and annual report costs, and directors and officers liability insurance premiums. The adjustment impacting FY16 represents 11 months of incremental costs that are not captured in the FY16 statutory forecast.
- One off advisory costs. This adjustment excludes advisory costs incurred by the Company in connection with an aborted trade sale process undertaken in 2H FY15 and 1H FY16.
- IPO transaction costs. This adjustment excludes the total costs of the Offer estimated at \$6,708k of which \$4,438k is expensed to the statutory forecast income statement and the remaining \$2,270k is capitalised and directly offset against issued capital.
- Borrowings repayment. This adjustment excludes the repayment of bank debt out of Offer proceeds in order to reduce forecast gross borrowings as at Completion to \$5 million. This non-recurring debt repayment from the Offer proceeds has been eliminated in the Pro Forma Forecast Cash Flows. Other pro forma forecast interest and borrowings cash flows remain consistent with the Statutory Forecast Cash Flows and reflect the lower borrowings level and prevailing interest rates from Completion date.
- Offer proceeds. This adjustment excludes the offer proceeds from the issue of New Shares under the Offer.
- Buy back of shares. This adjustment excludes the payment relating to the buy back of shares once owned by an ex-employee who is no longer employed by Shaver Shop.
- Repayment of employee loans: Represents the cash inflow arising as a result of the repayment of existing loans by certain Management related to the acquisition of the Management Sale Shares. The repayment is funded from the sale proceeds received by these employees from the sale of their Management Sale Shares into the IPO. For accounting purposes the original grant of the Management Sale Shares was accounted for as an in substance option, with the Management Sale Shares valued as an option under the share based payment accounting standard. This has the effect of no loans being recorded on the Balance Sheet and this treatment results in the cash flows to repay the loan being accounted for as the payment of the exercise price of an option.
- Management IPO incentives. This adjustment excludes with the Exit Bonus Payments made to certain Shaver Shop management on Completion (\$630k).
- Tax represents the difference in income tax paid between the statutory and pro forma cash flows as presented in section 4.6. In FY17, the difference between statutory and pro forma includes the impact of IPO transaction costs and the deductibility of these costs over 5 years for statutory purposes.

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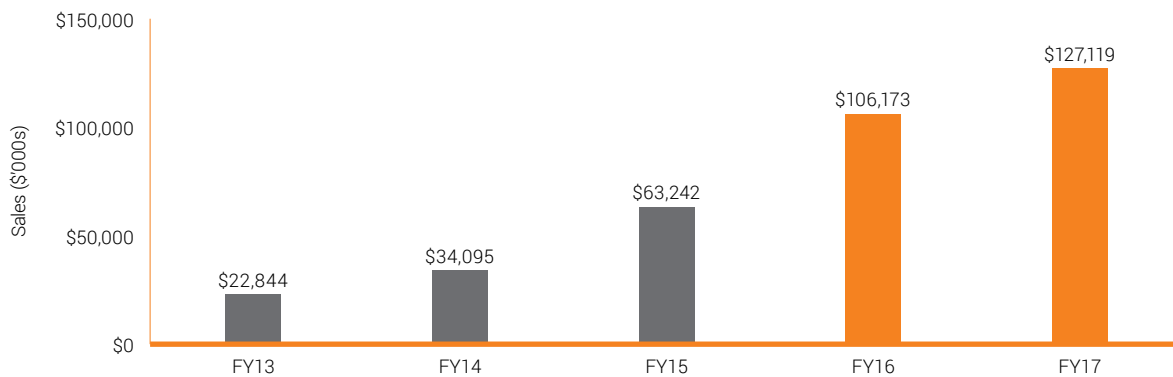
4.7 MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL INFORMATION

This section 4.7 sets out a brief discussion of the key factors which have influenced Shaver Shop's operating and financial performance over the period FY13, FY14, FY15, 1H FY15 and 1H FY16, and a discussion of the key factors and assumptions that underpin the FY16 and FY17 forecast. Comments relating to the forecast periods FY16 and FY17 should be read in conjunction with the key forecast assumptions set out in section 4.8.

The factors described below are a summary only and do not represent everything that affected Shaver Shop's historical operating and financial performance, nor everything that may affect Shaver Shop's operations and financial performance in the future.

4.7.1 SALES

FIGURE 21: SALES – FY13 TO FY17 FORECAST



Shaver Shop generates sales income via the retail of hair removal, personal grooming and other related products in store and online. The sales line presented in the profit and loss reflects sales generated by Shaver Shop's corporate owned store network.

The key drivers of Shaver Shop sales are:

- > the number of stores; and
- > sales per store, measured in part by the Like For Like (LFL) sales performance of its stores as well as incremental sales from new store openings and franchise buy backs.

During the period FY13 to FY15, sales increased from \$22.8 million to \$63.2 million representing compound growth of 66.4%. This growth was driven by a combination of Shaver Shop's strategy to increase the number of corporate stores via the buy back of franchise stores and new corporate store openings, and LFL sales growth of the existing corporate store network. The factors influencing historical results are considered in more depth below.

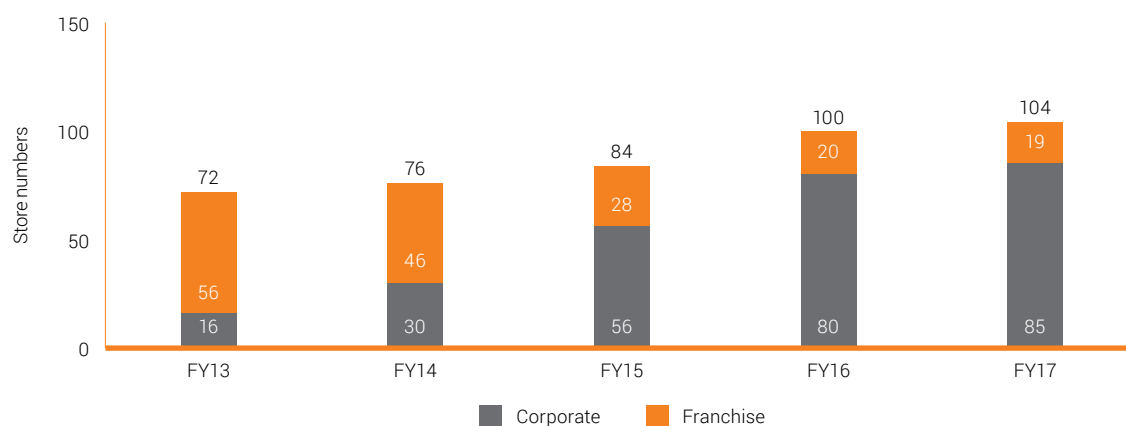
In FY16, Shaver Shop is forecasting sales of \$106.2 million, representing growth of 67.9% from FY15 driven by the full year impact of franchise store buy backs and new store openings undertaken in FY15, the buy back of 8 franchise stores in FY16, 16 new store openings in FY16, and corporate store LFL sales growth of 9.7%.

In FY17, Shaver Shop is forecasting sales of \$127.1 million, representing growth of 19.7% from FY16 driven by the full year impact of franchise store buy backs and new store openings undertaken in FY16, the buy back of 1 franchise store in FY17, 4 new store openings in FY17, and corporate store LFL sales growth of 2.5%.

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4.7.1.1 Store growth FY13 to FY17

FIGURE 22: STORE NUMBERS – FY13 – FY17



Shaver Shop's total store network grew from 72 as at June 2013 to 84 as at June 2015. As a result of Shaver Shop's strategy to selectively buy back franchise stores as well as launch new greenfield sites, Shaver Shop's corporate store network grew from 16 to 56 over the same period. By June 2016, total stores are forecast to be 100, comprised of 80 corporate stores and 20 franchise stores. The rationale for the buy back of franchise stores has been to:

- > capture a higher proportion of earnings generated by the Shaver Shop network via the consolidation of the full profit and loss of each franchise store acquired (as opposed to recognising only a 4.4% royalty on sales and 4.4% contribution to the marketing fund); and
- > capture the margin on online sales that were previously allocated to the franchise store as per the existing online sale fulfilment methodology.

Table 25 sets out a summary of year on year store movements including franchise store buy backs, new store openings, store sales and store closures.

In the period commencing 1 July 2012 to 30 June 2015, Shaver Shop's corporate store network grew from 16 to 56 driven by:

- > 29 franchise store buy backs
- > 14 new store openings, 11 in Australia and 3 in New Zealand
- > 3 corporate store sales to franchisees

In FY16, the corporate store network is forecast to increase from 56 to 80 driven by an additional 8 buy backs (all of which were completed as at the date of this Prospectus) and 16 new store openings (15 completed as at the date of this Prospectus). Of the 16 new store openings to be undertaken in FY16, 13 are in Australia and 3 in New Zealand.

In FY17, Shaver Shop is forecasting a further 4 new store openings (all in Australia) and 1 franchise store buy back. Shaver Shop has identified the site and agreed lease terms for all 4 new stores forecast to open in FY17. Commercial arrangements for the 1 franchise store buy back have also been agreed. Shaver Shop will continue to maintain an ongoing dialogue with each of the remaining franchisees to understand their plans for future operations and identify potential buy back opportunities.

As a result of the franchise store buy back strategy, in the period 1 July 2012 to 30 June 2015, franchise store numbers decreased from 54 to 28. A further 8 buy backs have been undertaken in FY16 as at the date of this Prospectus leaving 20 Shaver Shop stores under franchise ownership.

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TABLE 25: STORE MOVEMENTS SUMMARY

	Jun-13 Actual	Jun-14 Actual	Jun-15 Actual	Jun-16 Forecast	Jun-17 Forecast	Prospectus Date Actual
Corporate stores						
Stores at beginning	16	16	30	56	80	56
Franchise store buy backs	1	10	18	8	1	8
New store openings	2	4	8	16	4	15
Store sales/closures	(3)	–	–	–	–	–
Corporate stores at end	16	30	56	80	85	79
Franchise stores						
Stores at beginning	54	56	46	28	20	28
Franchise store buy backs	(1)	(10)	(18)	(8)	(1)	(8)
New franchise stores	3	–	–	–	–	–
Franchise store closures	–	–	–	–	–	–
Franchise stores at end	56	46	28	20	19	20
Total stores	72	76	84	100	104	99

4.7.1.2 Like for like sales performance FY13 – FY17 forecast

One of Shaver Shop's important business performance measures is LFL store sales, and the growth or decline in this measure. This is a measurement of aggregated store sales for a period, compared to aggregated store sales in the previous corresponding period. It is calculated as the percentage change of aggregated sales (including online sales) for a period compared to the aggregated sales for the same store/s in the previous corresponding period. For inclusion in the calculation of LFL store sales, a store must have met the LFL sales criteria and recorded sales across both the entire period and the entire corresponding period.

LFL sales performance is a widely adopted indicator to assist the assessment of the health of a retail business. It is particularly helpful in circumstances where a retailer is engaged in a store roll out strategy and therefore movement in consolidated sales value is impacted by new store openings and closures. Shaver Shop management focuses on this measure as it removes the impact of changes in the store network and provides a more insightful perspective on the sales performance across the group in comparison to the reported percentage change in sales. Shaver Shop considers LFL sales performance on a consolidated basis across the store network (corporate and franchise stores), corporate store performance in comparison to franchise store performance, and individual store by store.

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FIGURE 23: TOTAL NETWORK LFL SALES – Q1 FY13 TO FY17 FORECAST

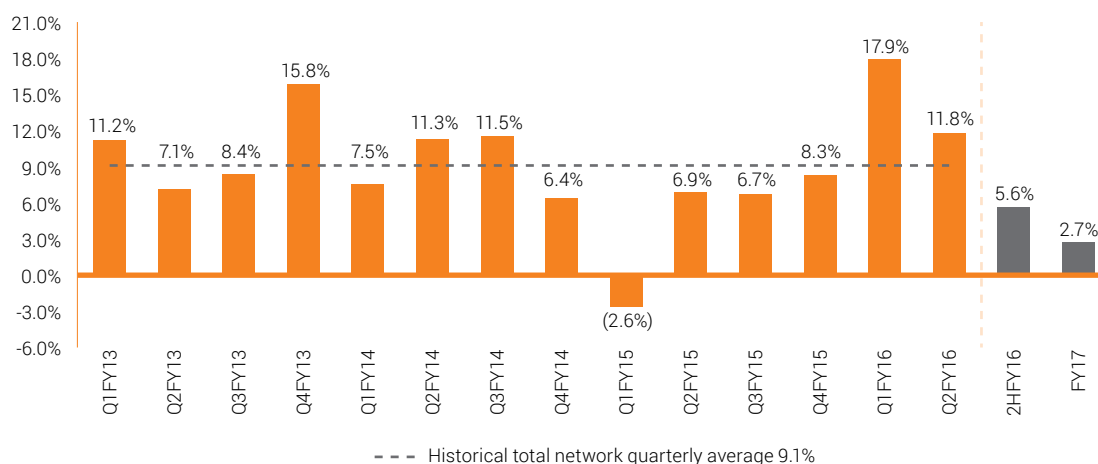


TABLE 26: ANNUAL LFL SALES

	FY13	FY14	FY15	FY16	FY17
Corporate stores	7.2%	9.5%	9.0%	9.7%	2.5%
Franchise stores	10.5%	9.7%	3.9%	11.6%	3.1%
Total Network	10.0%	9.4%	5.2%	10.4%	2.7%

In the period Q1 FY13 to Q2 FY16, Shaver Shop recorded average quarterly LFL sales growth of 9.1% across the store network. Shaver Shop's sustained period of LFL sales growth throughout this period has been driven by:

- > **Market growth:** Since 2001, one of Shaver Shop's key markets, the Personal Care Appliances market, has grown at a CAGR of 6.4% outpacing the broader Australian retail market which has grown at a CAGR of 4.9% over the same period (refer Euromonitor and ABS data presented in section 2.3).
- > **Relationships with suppliers:** The quality of Shaver Shop's buying program and relationships with key suppliers, which is critical to securing exclusive product lines, supplier funded marketing support, and depth of product range.
- > **Brand awareness:** Continued growth of the Shaver Shop network (refer section 4.7.1.1) ultimately increasing Shaver Shop's profile as a leader in 'all things related to hair removal', brand awareness, and foot traffic.
- > **Product range:** Considered expansion of the product range beyond core small electrical hair removal products to generate increased foot traffic and attract new customers, providing a platform for cross sell opportunities.
- > **Online:** Continued traction of Shaver Shop's online offering (refer below).

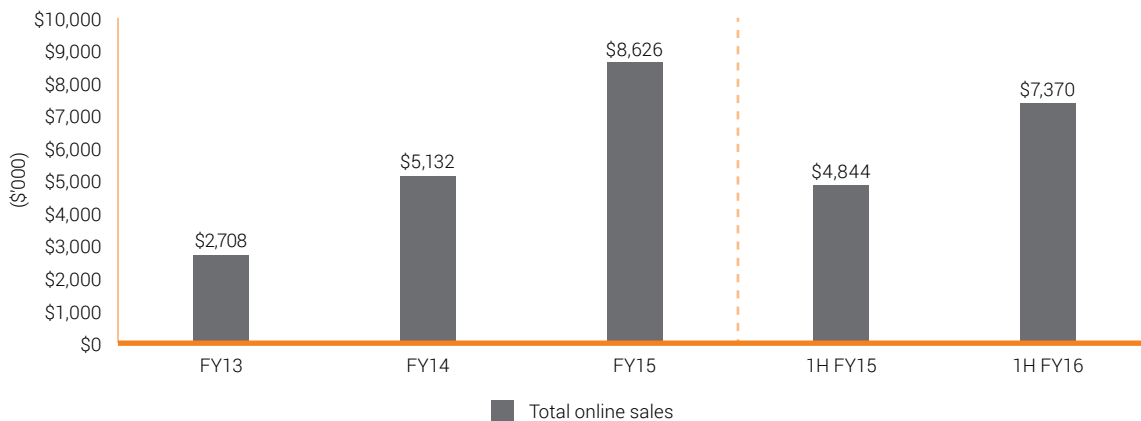
In the period Q1 FY13 to Q2 FY16, Shaver Shop recorded one period of negative LFL growth in Q1 FY15 of 2.6% (total network LFL sales). This result was driven by a 19.3% decline in LFL network sales in the month (August 2014) leading up to Father's Day (first Sunday in September annually) in September 2014 (vs. 13.1% increase in August 2013 and 20.6% increase in August 2012) during which sales were impacted by a range of challenges including a product recall (impacted stock levels and consequently foot traffic), supply issues, an abnormally low level of supplier television commercial support, and a temporary change in Shaver Shop's communication and advertising strategy in the Father's Day catalogue.

In FY16, Shaver Shop has recorded LFL sales growth of 17.9% in Q1 FY16 and 11.8% in Q2 FY16 reflecting the strong performance of products in the hair styling category (that are exclusive to Shaver Shop) over the 2015 Christmas season as well as the impact of an abnormally weak trading period in Q1 FY15 following an unsuccessful Father's Day campaign in that year. Having regard to these factors, most particularly being the strong performance of hair styling products since October 2015, for the remainder of FY16 and into FY17 Shaver Shop has forecast average LFL corporate store sales growth to moderate over the forecast period to approximately 2.5%.

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Online sales across the network have been a significant contributor to sales growth having increased from \$2.7 million in FY13 to \$8.6 million in FY15 representing compound annual growth of 78.5% (corporate and franchise). Online sales are allocated to the store nearest the customers delivery address. Accordingly, when Shaver Shop undertakes a franchise store buy back online sales that were previously allocated to the franchise store as per the existing fulfilment methodology become corporate sales. Online sales growth has continued into FY16, with Shaver Shop recording online sales across the network of \$7.4 million in 1H FY16 which represents 52.1% growth in comparison to 1H FY15 online sales of \$4.8 million.

FIGURE 24: ONLINE SALES – FY13 TO FY15

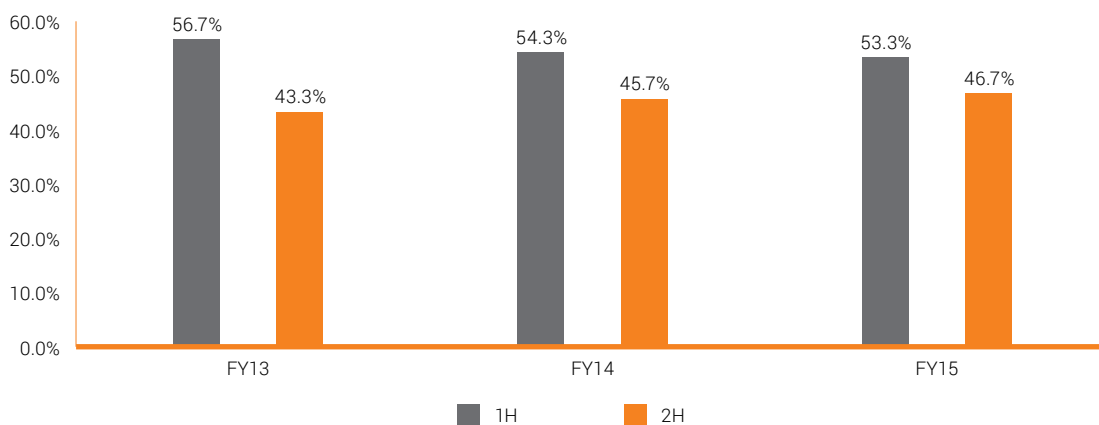


4.7.1.3 Seasonality

In the period FY13 to FY15, first half sales contribution was in a range of 53% to 57%. Shaver Shop's sales exhibit some seasonality towards the first half of the financial year primarily as a result of key sales events – Father's Day (1st Sunday in September) and Christmas. The seasonality towards the first half is typically lessened as a result of:

- > the timing of franchise store buy backs and new store openings which occur progressively throughout any given year and therefore often make a higher sales contribution in the second half (this effect was particularly evident in FY14 and FY15);
- > the strong growth of on-line sales which appears to be less seasonal than in-store sales; and
- > the Company's greater focus across promotional events that fall within the second half of the financial year including Mother's Day and June end of financial year sale.

FIGURE 25: SALES CONTRIBUTION (1H VS 2H) – FY13 – FY15



In FY16 Shaver Shop is forecasting a 1H/2H split in sales of 59%/41% and pro forma EBITDA of 76%/24%. From an earnings perspective the weighting towards the 1H is more pronounced (in comparison to sales) reflecting the impact of the Christmas trading period. As an indicator of the seasonal impact of Christmas trade on Shaver Shop earnings, in FY16 pro forma EBITDA for the December month is forecast to represent 39% of full year FY16 forecast pro forma EBITDA.

04. FINANCIAL INFORMATION

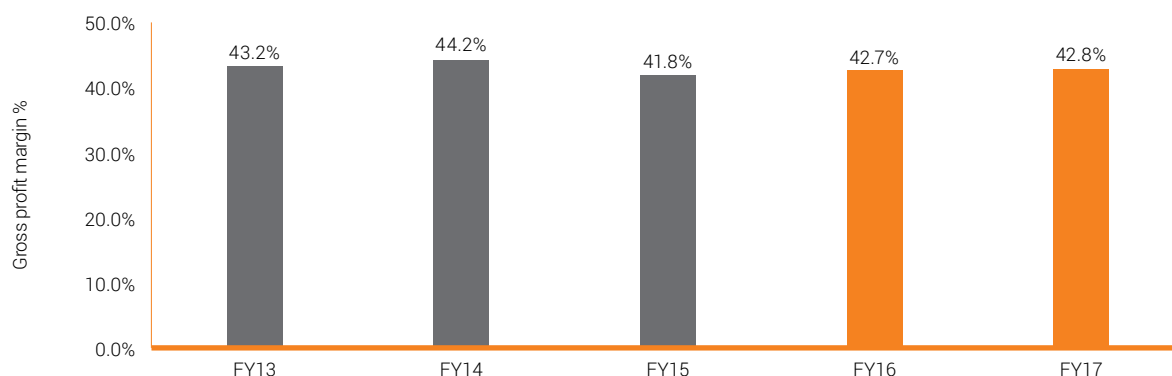
4.7.2 GROSS PROFIT MARGIN

Gross profit comprises cost of goods sold relating to corporate store sales net of rebate income from suppliers in respect of purchases by corporate stores and franchise stores. Set out in Table 27 is a summary of gross profit including and excluding rebate income recognised in cost of goods sold.

TABLE 27: GROSS PROFIT MARGIN SUMMARY

\$ '000	Note	Pro forma Historical Income Statements			Pro forma Forecast Income Statements	
		FY13	FY14	FY15	FY16	FY17
Sales		22,844	34,095	63,242	106,173	127,119
Cost of goods sold		(12,986)	(19,035)	(36,782)	(60,803)	(72,741)
Gross profit		9,859	15,060	26,460	45,369	54,379
(Less): Rebates		(790)	(892)	(1,239)	(2,198)	(2,238)
Gross profit excluding rebates		9,069	14,168	25,221	43,171	52,141
Gross profit %		43.2%	44.2%	41.8%	42.7%	42.8%
Gross profit (excluding rebates) %		39.7%	41.6%	39.9%	40.7%	41.0%

FIGURE 26: GROSS PROFIT MARGIN – FY13 TO FY17 FORECAST



FY13 gross profit margin percentage was impacted by \$1.2m of lower margin direct sales to franchise stores. Sales direct to franchise stores were smaller as a % of total sales in future periods.

In FY14, gross profit margin increased from 43.2% to 44.2% primarily driven by a decrease in direct sales to franchise stores from \$1.2m to \$0.1m which were made at lower than average gross profit margins.

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In FY15, gross profit margin decreased from 44.2% to 41.8% primarily due to:

- > a decrease in rebate income included in cost of goods sold measured as a % of sales, mainly reflecting the change in network mix towards corporate stores resulting from the franchise buy back activity. Rebate income is received by Shaver Shop in respect of the purchase of goods by franchise and corporate stores;
- > a change in product mix towards a small number of lower margin products in the power oral care, beauty and hair styling categories; increased sales of lower margin wet shave products as a result of a strategic decision to build share in this market; introduction of an air purification product which generated margins slightly below average; and decline in the percentage of sales attributable to men's electric shavers which is typically a higher margin category; and
- > the impact of three new stores in New Zealand which opened at the commencement of FY15. When initially opened, these stores were unable to source product from local distributors in New Zealand and were therefore sourcing product from Shaver Shop head office in Australia. As a result of this, gross profit margins were impacted by the additional costs to freight product from Australia to New Zealand.

In FY16, gross profit margin is forecast to increase from 41.8% in FY15 to 42.7% primarily driven by a change in product mix towards exclusive, higher margin products in the hair styling category which supported a strong Christmas trading period. In 1H FY16, Shaver Shop has recorded a gross profit margin of 42.5%.

In FY17, gross profit margin is forecast to increase from 42.7% to 42.8% driven by the maturing of new stores opened in FY16 and the expectation of continued strength (albeit at a lower growth rate than experienced in FY16) and full year impact of the hair styling category.

4.7.3 COST OF GOODS SOLD

Cost of goods sold comprises the purchase price of finished goods, the costs associated with transporting the goods from the supplier to corporate stores, obsolescence, and supplier rebates related to purchases.

Shaver Shop sources product both direct from suppliers and via distributors in Australian dollars. As the primary location of Shaver Shop's suppliers are across Europe and Asia inherent within these price negotiations is movement in the AUD exchange rate against the USD and EUR. Product range reviews including pricing discussions are broadly conducted with suppliers twice a year in January and June. The company is able to work collaboratively with suppliers in ensuring commercial outcomes are achieved that support continued sales and profit growth across the store network. Delivering commercially sensible outcomes for the Shaver Shop network is generally paramount to a suppliers own position, noting the significant market share that Shaver Shop holds across the hair removal market in particular.

By virtue of its New Zealand stores, Shaver Shop has some exposure to movements in the AUD/NZD exchange rate on translation of the New Zealand financial results into Australian dollars. In FY17, the New Zealand stores are forecast to represent 4.3% of consolidated Shaver Shop sales.

Shaver Shop has not previously engaged in foreign exchange hedging nor does it expect to do so in the foreseeable future.

Shaver Shop receives income from suppliers in the form of volume rebates and supplier contributions to specific marketing and advertising campaigns. Supplier rebates and contributions are negotiated on a periodic basis. There are no formal legal contracts in place with suppliers relating to rebates and contribution income.

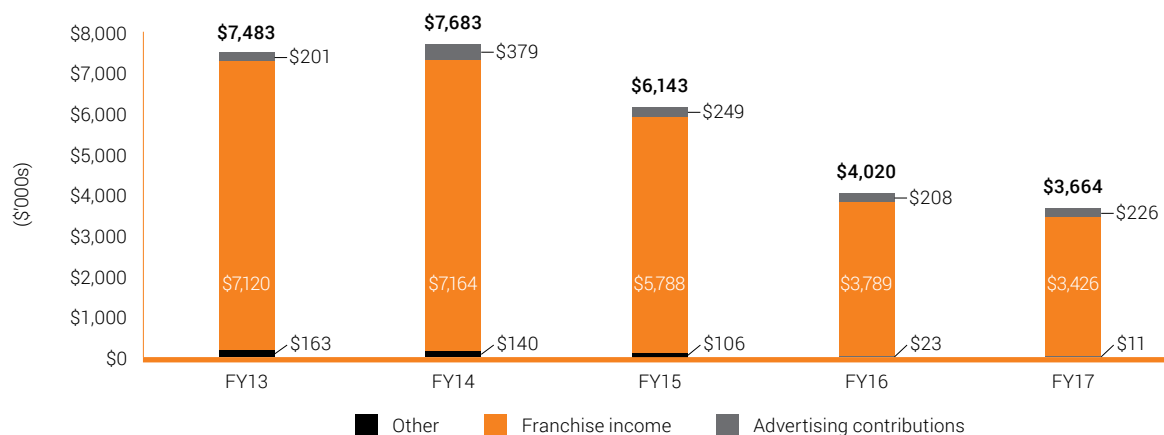
4.7.4 FRANCHISE AND OTHER REVENUE

Franchise and other revenue primarily relates to:

- > franchise income reflecting the 8.8% royalty and marketing fee on franchise store sales paid to Shaver Shop from the franchisees; and
- > advertising contributions paid to Shaver Shop from suppliers that is not directly attributable to specific marketing campaigns.

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FIGURE 27: FRANCHISE AND OTHER REVENUE – FY13 TO FY17



4.7.4.1 Franchise income

Shaver Shop franchisees pay a total royalty of 8.8% on sales to Shaver Shop head office of which half (4.4%) is invested by Shaver Shop head office as a contribution to the marketing and advertising efforts of the group.

The amount of franchise income received by Shaver Shop is a function of:

- > the number of franchise stores – refer commentary in section 4.7.1.1.
- > sales per franchise store – refer section 4.7.1.2.

Despite recording positive annual franchise store LFL sales growth from FY13 to FY15, franchise store income has declined since FY13 as a result of Shaver Shop's franchise store buy back strategy which has reduced the number of stores operating under franchise ownership. In FY16, 8 buy backs had been undertaken as at the date of the Prospectus and a further and 1 buy back is forecast in FY17. Shaver Shop will continue to maintain an ongoing dialogue with each of the remaining franchisees to understand their plans for future operations and identify potential buy back opportunities.

4.7.5 OPERATING EXPENSES

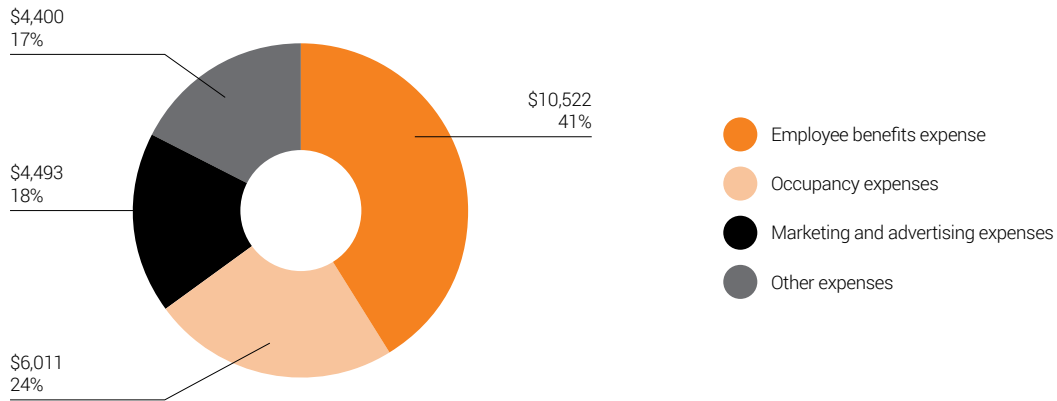
A summary of Shaver Shop's operating expenses or costs of doing business (CODB) is set out in Table 28 below:

TABLE 28: SUMMARY OF SHAVER SHOP'S OPERATING EXPENSES OR COSTS OF DOING BUSINESS (CODB)

Employee benefits expense	Salaries, wages, incentives and other employment related costs of staff employed by Shaver Shop including head office staff, directors fees and corporate store staff.
Occupancy expenses	Lease and occupancy costs for stores and head office. The majority of store leases are on three to six year terms and typically include annual price increases that are either fixed or linked to the consumer price index.
Marketing and advertising expenses	Costs associated with marketing and advertising across print, online, television and in store.
Other expenses	Includes accounting costs, legal costs, consultancy costs, travel expenses, staff conferences, IT expenses, insurance and other corporate overhead.

04. FINANCIAL INFORMATION

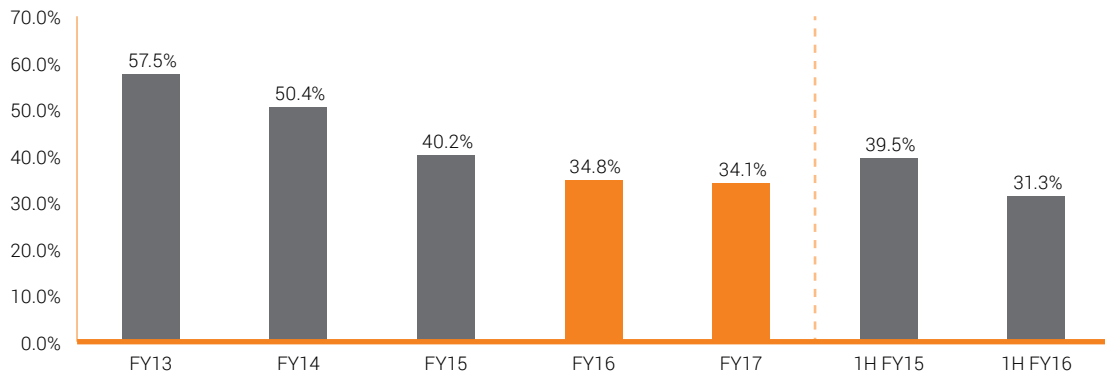
FIGURE 28: COSTS OF DOING BUSINESS – FY15¹



NOTE:

1. Represents costs of doing business for FY15 as per the Pro forma Historical Income Statement

FIGURE 29: TOTAL COSTS OF DOING BUSINESS %¹



NOTE:

1. Represents costs of doing business as a percentage of sales (corporate sales) as per the Pro forma Historical and Pro forma Forecast Financial Information

Shaver Shop's total costs of doing business as a percentage of sales has declined from 57.5% in FY13 to 40.2% in FY15. This trend is primarily driven by Shaver Shop's strategy to buy back franchise stores and open new stores under corporate ownership which has had the effect of increasing sales at a more rapid rate than total costs of doing business.

This trend is expected to continue into the forecast period as the effect of a further 9 buy backs (8 in FY16 and 1 in FY17) and a total of 20 new store openings (16 in FY16 and 4 in FY17) reduce costs of doing business as a percentage of sales further to 34.8% in FY16 and 34.1% in FY17.

04. FINANCIAL INFORMATION

4.7.5.1 Employee benefits expense

Figure 30 illustrates employee benefits expense for FY13 to FY17 forecast split by store labour costs and head office.

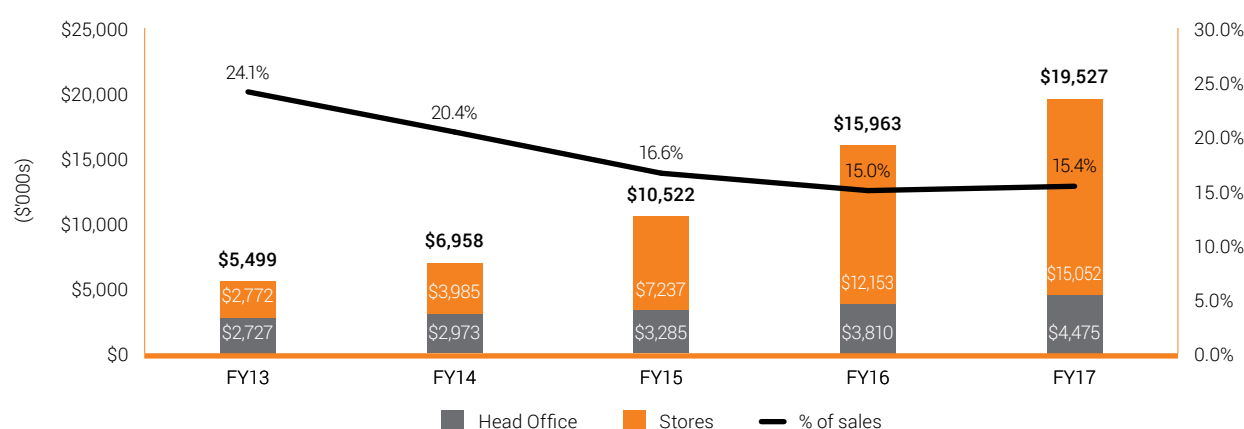
In the period FY13 to FY15, store labour costs increased from \$2.8 million to \$7.2 million. The key driver of this increase was the buy back of 28 franchise stores undertaken during this period (10 in FY14 and 18 in FY15) and 12 new store openings (4 in FY14 and 8 in FY15). The buy back of franchise stores results in the full consolidation of the store profit and loss and therefore is a key driver of year on year movements in employee benefits expense.

Store labour costs are forecast to increase further to \$12.2 million in FY16 reflecting the full year impact of franchise store buy backs and new store openings undertaken in FY15, 8 franchise store buy backs in FY16, and 16 new store openings in FY16. In FY17, store labour costs are forecast to increase to \$15.1 million reflecting the full year impact of 8 franchise store buy backs and 16 new store openings forecast in FY16, 1 store franchise store buy back in FY17 and 4 new store openings in FY17.

Head office employee benefits expense relates to employees working across key support functions including senior management, property, procurement, marketing, finance and administration, retail operations support, franchising and licensing, and human resources. Remuneration reviews for head office staff are undertaken in July of each year. Bonuses are expensed in June and paid at the end of July or early August of each year.

In the period FY13 to FY15 head office employee benefits expense increased from \$2.7 million to \$3.3 million. Head office employment expenses are forecast to increase further to \$3.8 million in FY16 and \$4.5 million in FY17. Head office expenses have been trending upwards as a result of remuneration increases for existing head office staff and the gradual employment of additional resources to manage the expanded corporate store network.

FIGURE 30: EMPLOYEE BENEFITS EXPENSE – FY13 TO FY17 FORECAST



4.7.5.2 Occupancy expenses

Occupancy expenses include lease and occupancy costs for the corporate store network and head office.

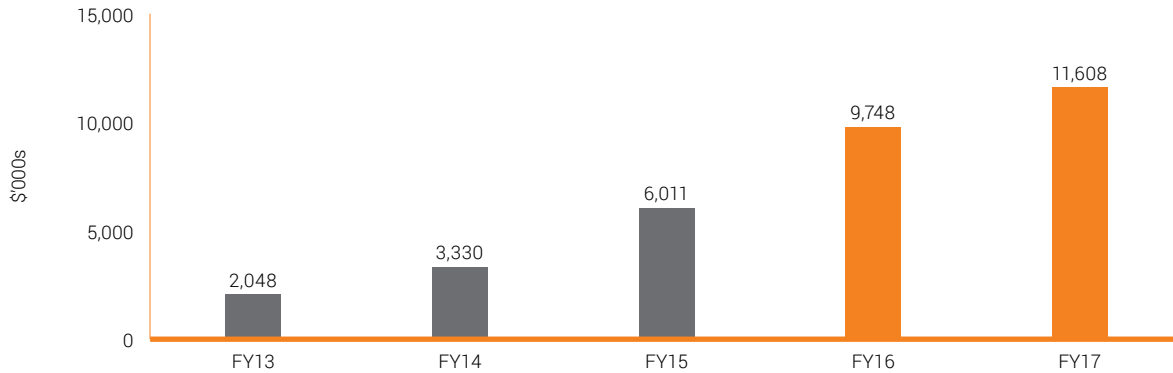
In the period FY13 to FY15, occupancy expenses increased from \$2.0 million to \$6.0 million. Occupancy costs are forecast to increase further to \$9.7 million in FY16.

The increase in occupancy expenses primarily reflects the expansion of the corporate store network via franchise store buy backs and new store openings, and the effect of lease cost escalations on lease renewal.

In FY17, occupancy costs are forecast to increase to \$11.6 million. The increase is attributable to the full year impact of franchise store buy backs and new store openings undertaken in FY16, 1 franchise store buy back and 4 new store openings in FY17, and an assumed CPI increase of 3.0% for all landlord costs with the exception of rent (rent is expensed to the income statement on a straight line basis over the term of each lease).

04. FINANCIAL INFORMATION

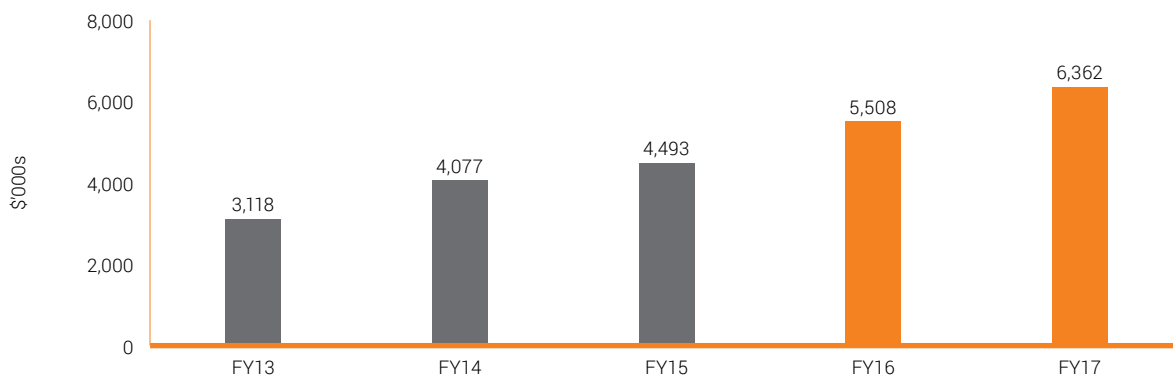
FIGURE 31: OCCUPANCY EXPENSES – FY13 TO FY17 FORECAST



4.7.5.3 Marketing and advertising expenses

Shaver Shop undertakes marketing and advertising across various mediums including print, online, television and instore. Marketing and advertising is funded by a 4.4% royalty on sales paid by franchisees, 4.4% of corporate store sales directed to marketing and advertising efforts, and contributions received from suppliers.

FIGURE 32: MARKETING AND ADVERTISING – FY13 TO FY17 FORECAST



4.7.5.4 Other expenses

Other expenses includes accounting costs, legal costs, consultancy costs, travel expenses, staff conferences, IT expenses, and insurance.

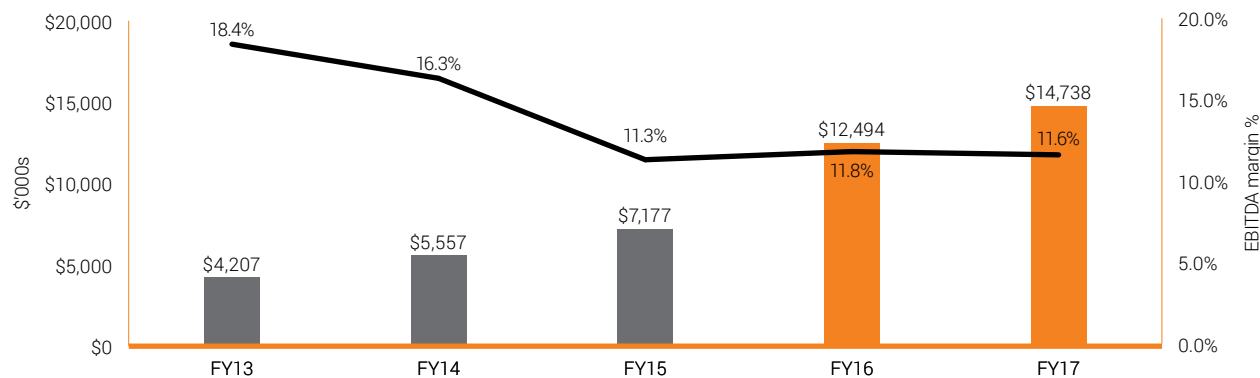
4.7.6 EBITDA AND EBITDA MARGINS

In the period FY13 to FY15, pro forma EBITDA increased from \$4.2 million to \$7.2 million representing compound growth of 30.6%. Over the same period, pro forma EBITDA margin decreased from 18.4% to 11.3%. The decline in EBITDA margin is driven by Shaver Shop's strategy to buy back franchise stores and reflects the income statement impact of the change in store ownership mix towards a higher number of corporate stores.

In FY16, pro forma EBITDA is forecast to be \$12.5 million, which is an increase of \$5.3 million (or 74.1%) in comparison to FY15. The increase in FY16 EBITDA is forecast to be attributable to the full year impact of 18 franchise store buy backs and 8 new store openings undertaken in FY15, 8 franchise store buy backs and 16 new store openings forecast to be undertaken in FY16, and LFL sales growth of 10.4% across the network.

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FIGURE 33: EBITDA – FY13 TO FY17 FORECAST



In FY17, pro forma EBITDA is forecast to be \$14.7 million representing a \$2.2 million increase (or 18.0%) in comparison to FY16 forecast. The increase is to be driven by LFL sales growth of 2.7% across the network, the full year impact of buy backs and greenfields undertaken in FY16, and 1 buy back and 4 greenfields in FY17. Figure 34 and Figure 35 below set out a bridge between FY15 pro forma EBITDA to FY16 pro forma forecast EBITDA and FY17 pro forma forecast EBITDA.

FIGURE 34: FY15 TO FY16 PRO FORMA FORECAST EBITDA BRIDGE

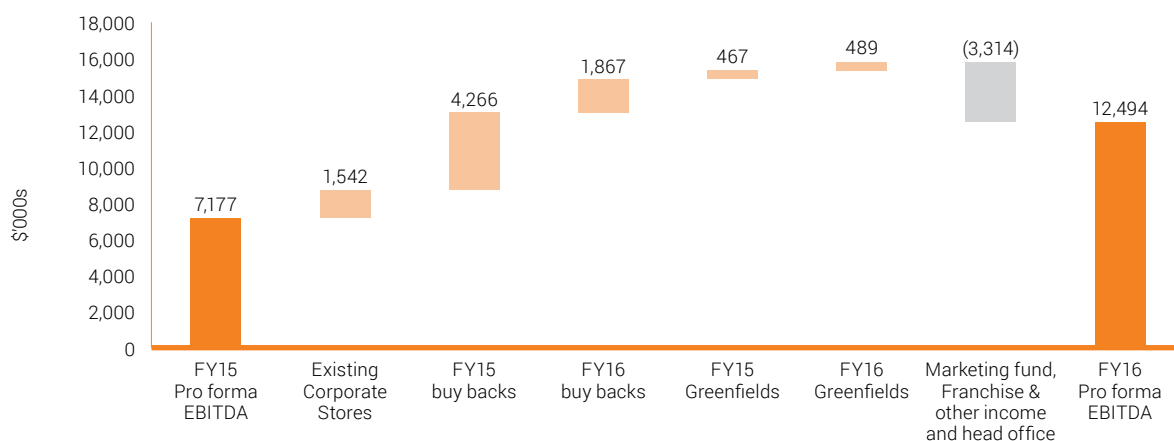
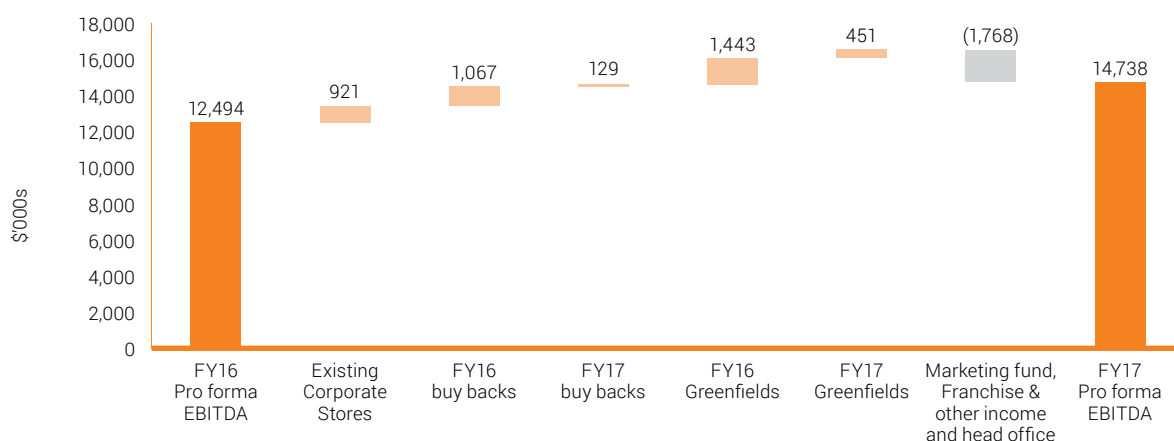


FIGURE 35: FY16 TO FY17 PRO FORMA FORECAST EBITDA BRIDGE



04. FINANCIAL INFORMATION

4.7.7 INVENTORY

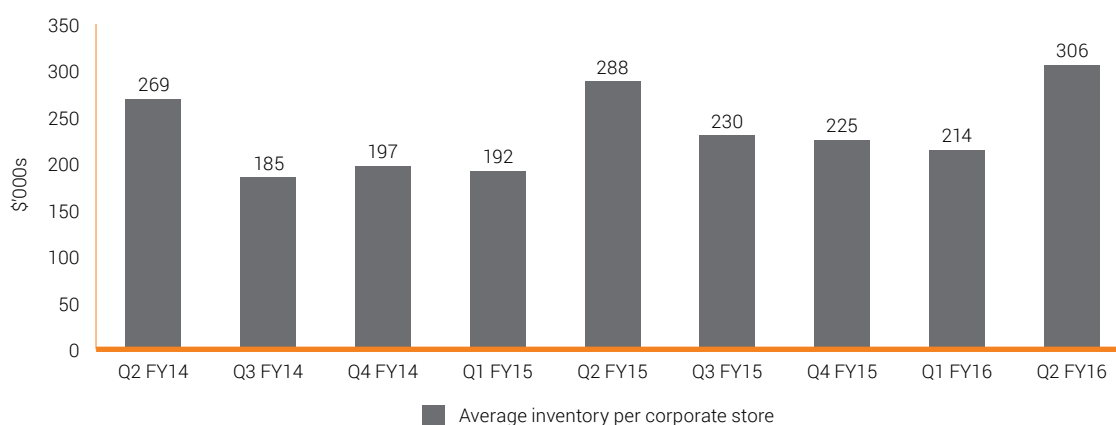
Set out in Figure 36 is an analysis of average quarterly corporate store inventory per store for the period from Q2 2014 through to Q2 2016. Average quarterly inventory per store is seasonally higher in Q2 each year due to increased stock requirements to support the Christmas trading period. Corporate store inventory does not include stock holdings at the company's third party logistics (3PL) warehouse and excludes rebates attributable to stock on hand as the rebates relate to total network sales not just corporate store sales.

Average corporate store inventory per store has increased compared to the prior corresponding quarter primarily due to:

- > A change in shop format to open store frontages that removed traditional window displays in order to increase product density at front of store and facilitate easier access to high volume or current promotion product lines; and
- > A deliberate focus on wet shave products with additional behind counter merchandising to support growth in this area.

Prior to the launch of its New Zealand operations in Q1 2015, the company held approximately \$0.2m of stock at its 3PL warehouse. Following the New Zealand launch and the company's increased focus on Shaver Shop branded products and imported products for wet shave market, 3PL inventory levels increased to approximately \$1.1 million at 31 December 2014 and \$2.2 million at 31 December 2015.

FIGURE 36: AVERAGE MONTH END INVENTORY PER CORPORATE STORE



4.7.8 CAPITAL EXPENDITURE

4.7.8.1 Payments for franchise store buy backs

Set out in Table 29 below is a summary of Shaver Shop's payments for franchise store buy backs for the period FY13 to FY17 forecast. In the period 1 July 2012 to 31 December 2015, Shaver Shop undertook 37 franchise store buy backs at a total cost of \$19.3 million. The purchase price was calculated as a multiple of earnings plus stock acquired less creditors assumed. This results in a significant amount of goodwill being recognised, net of a 30% deferred tax asset relating to future tax deductions as discussed in section 4.7.9 below.

TABLE 29: SUMMARY OF FRANCHISE STORE BUY BACKS

\$ '000	Pro forma Historical			Pro forma Forecast	
	FY13	FY14	FY15	FY16	FY17
Payments for acquisition of stores	315	4,784	10,110	6,470	180
Number of stores bought back	1	10	18	8	1

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4.7.8.2 Payments for other capital expenditure

Set out in Table 30 below is a summary of Shaver Shop's capital expenditure (excluding payments for franchise store buy backs) for the period FY13 to FY17 forecast. Shaver Shop incurred other capital expenditure of \$0.5 million in FY13, \$0.8 million in FY14 and \$2.2 million in FY15. Shaver Shop has forecast other capital expenditure of \$3.4 million in FY16 and \$1.8 million in FY17.

TABLE 30: SUMMARY OF OTHER CAPITAL EXPENDITURE

\$ '000	Pro forma Historical			Pro forma Forecast	
	FY13	FY14	FY15	FY16	FY17
Greenfield stores	443	700	1,434	3,017	570
Existing stores and head office	78	132	607	339	1,230
Brand intangibles	–	–	118	–	–
Other capital expenditure	521	832	2,160	3,357	1,800

Capital expenditure relating to greenfield stores represents new store openings over the period. The total cost (including stock) to open a new corporate store is approximately \$0.3 million net of landlord contributions.

Capital expenditure relating to existing stores and head office represents store refurbishments, head office fit out and investments in information technology solutions. Stores are typically refurbished every 12 years with partial refurbishments occurring after 6 years. A full store refurbishment costs approximately \$170,000 while a partial refurbishment typically costs \$30,000 to \$40,000. Included in the FY17 forecast is capex for a customer tracking system which assesses the conversion of foot traffic into sales.

In respect of franchise stores, franchisees bear all costs associated with store fit out and refurbishment.

Brand intangibles relates to the payment for the Shaver Shop brand name in NZ which was acquired from another third party who owned the rights to the name.

4.7.9 TAX

Shaver Shop pays tax at the Australian corporate tax rate of 30%.

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 amount paid for the termination of the franchise licence is a significant portion of the total purchase price paid to buy back a franchise store. The tax ruling confirms that this amount is to be deducted in equal proportions over a 5 year period following the date of purchase.

For each franchise store bought back, a portion of the purchase consideration equal to the total tax benefit to be received over 5 years is recognised as a deferred tax asset. The deferred tax asset is then released over 5 years in accordance with the deduction schedule for each acquired franchise store with the effect of reducing income tax payable for each period. Accordingly, whilst Shaver Shop pays tax at the corporate rate of 30%, taxable income for each period is reduced by the allowable deduction in respect to franchise store acquisitions.

In respect of acquisitions that have occurred in the period prior to IPO, these deductions are expected to be available over the FY17 to FY20 period. In respect to FY17, Shaver Shop will be entitled to a deduction of \$3.7 million thereby reducing forecast tax payable by \$1.1 million. Based on the FY17 forecast, as at 30 June 2017, the total unutilised deduction available in later years is forecast to be \$7.7 million representing a future cash benefit of \$2.3 million.

Should the Company undertake further buy backs of franchisees post IPO, Shaver Shop expects that the tax ruling will continue to apply, provided that the fact pattern in relation to each buy back remains consistent and therefore further deductions may become available in future years. This statement is made on the basis of current Australian tax law which may be subject to change in the future.

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4.8 FORECAST FINANCIAL INFORMATION

In preparing the Forecast Financial Information, Shaver Shop has applied assumptions to the key factors influencing the financial performance of the Company. These assumptions are set out below as general assumptions and further specific assumptions relating to key revenue, costs and cash flows of the Company. These assumptions should be read in conjunction with the sensitivity analysis set out in section 4.9, the risk factors set out in section 5, the Independent Limited Assurance Report set out in section 8 and all other information in this Prospectus.

4.8.1 GENERAL ASSUMPTIONS

The general assumptions adopted in preparing the FY16 and FY17 forecasts are set out below:

- > no material change in the competitive environment in which Shaver Shop operates;
- > no significant deviation from current market expectations of global or local Australian economic conditions (including financial market stability) relevant to Shaver Shop;
- > no material changes in Commonwealth, state or local government legislation (including tax legislation), regulatory requirements or government policy that will have a material impact on the financial performance, cash flows, financial position, accounting policies, financial reporting or disclosure of Shaver Shop;
- > no material business acquisition or disposals with the exception of 8 franchise store buy backs forecast to be undertaken in FY16 and 1 in FY17;
- > no material industrial or employee relations disputes, strikes, acts of terrorism or other disturbances, environmental costs or legal claims which have a material impact on Shaver Shop;
- > key personnel, particularly the senior management team, are retained and Shaver Shop maintains its ability to recruit and retain required personnel;
- > no material changes to the personal care or hair removal market that would have a material impact on the demand for or prices of Shaver Shop's products;
- > no material changes to Shaver Shop's product mix that would have a material impact on gross profit margins;
- > no change in the Company's capital structure other than as set out in, or contemplated by, this Prospectus;
- > no material amendment to any material agreement or arrangement relating to Shaver Shop other than as set out in, or contemplated by, this Prospectus;
- > no material adverse changes to Shaver Shop's product sourcing capabilities and costs, including exchange rates;
- > no material cash flow or income statement or financial position impact in relation to litigation (existing or otherwise);
- > none of the risks listed in Section 5 have a material adverse impact on the operations of Shaver Shop; and
- > the Offer proceeds to completion in accordance with the timetable set out in Indicative Dates on page 2 of the Prospectus.

04. FINANCIAL INFORMATION

4.8.2 SPECIFIC ASSUMPTIONS

The specific assumptions adopted in preparing the FY16 and FY17 forecasts are set out below:

4.8.2.1 Sales

The Forecast Financial Information is based on the following key sales assumptions:

- > LFL sales growth for corporate stores of 5.7% for 2H FY16, and 2.5% in FY17.
- > 8 franchise store buy backs undertaken in FY16 all of which had completed as at the date of this Prospectus
- > 1 franchise store buy back undertaken in FY17.
- > A total of 16 new store openings in FY16 (15 of which had completed as at the date of this Prospectus) and 4 in FY17. The timing of new store openings is based on the status of contractual negotiations as at the date of this Prospectus. Stores have a profile where it generally takes 2 to 3 years to achieve a mature level of store sales.
- > The Company has not forecast any store closures in FY16 or FY17, and assume that all store leases coming to the end of the contracted lease term will be renewed in the ordinary course of business.

4.8.2.2 Gross profit

The Forecast Financial Information assumes a gross profit margin of 43.0% in 2H FY16 and 42.8% in FY17 which compares to gross margin of 41.8% in FY15 and 42.5% in 1H FY16.

Volume based supplier rebate income recognised in cost of goods sold of \$2.2 million, after taking into account of rebates allocated into stock, is assumed in both FY16 and FY17. These assumptions are based on the total amount of rebates forecast to be received by Shaver Shop from suppliers in respect of the purchase of goods by corporate and franchise stores.

4.8.2.3 Franchise and other revenue

The Forecast Financial Information is based on the following key franchise and other revenue assumptions:

- > LFL sales growth for franchise stores of 6.0% for 2H FY16, and 3.1% in FY17.
- > Total franchise royalty comprising royalty revenue of 4.4% of franchise store sales, and marketing and advertising contribution of 4.4% of franchise store sales.

4.8.2.4 Costs of doing business

The Forecast Financial Information is based on the following costs of doing business assumptions:

- > Store level employment costs are forecast based on a 3.0% increase from prior year and the impact of additional new stores and buy backs.
- > Head office employment expenses are forecast based on current head count and payroll costs of Shaver Shop and one additional regional manager.
- > Occupancy expenses are based on the current property leases in place and related costs. For the purposes of the pro forma forecast and statutory forecast income statement, rent expense is presented on a straight-line basis across the life of each respective property lease. Commencing July 2016, all other occupancy expenses (excluding rent) are forecast to increase by 3.0% across the store network. Occupancy costs relating to franchise store buy backs and the establishment of new stores undertaken in the forecast period have been estimated on a site by site basis.
- > Marketing and advertising costs are forecast based on 4.4% of total network sales adjusted for expected supplier contributions.
- > Other expenses are forecast based on the current cost profile of Shaver Shop increased by 3.0%.

04. FINANCIAL INFORMATION

4.8.2.5 Net finance costs

The Forecast Financial Information is based on the following net interest and financing cost assumptions:

- > net interest and financing costs in FY16 based on actual expense for the 8 months to February 2016, forecast net interest and financing costs for existing facilities until the estimated IPO date, and forecast interest and financing costs for the new post IPO banking facilities until 30 June 2016, which is calculated based on a draw down amount of \$5.0 million;
- > net interest and financing costs in FY17 is based on the pro forma gross debt balance of \$5.0 million (subject to assumed quarterly repayments) and a floating interest rate linked to the bank bill swap rate (BBSY) plus a 1.65% margin; and
- > various fees and interest charges as stipulated in related debt facility agreements.

4.8.2.6 Income tax

The Forecast Financial Information is based on an Australian corporate tax rate assumption of 30% and no tax payable in New Zealand as it is forecast to make a small loss.

4.8.2.7 Capital expenditure and depreciation

The Forecast Financial Information is based on the following capital expenditure and depreciation assumptions:

- > Capital expenditure associated with the 1 franchise store buy back to be undertaken in the forecast period has been forecast based on the relevant commercial arrangements that have been agreed;
- > Greenfield store capital expenditure for the fit out of new store openings undertaken in the forecast period have been forecast on a case by case basis; and
- > Head office capital expenditure of net \$215k (\$600k less landlord contribution of \$385k) associated with the relocation of head office to Chadstone, Victoria in FY17. Also included in the FY17 forecast is capital expenditure for various IT related enhancements including a customer tracking system (\$750k) which assesses the conversion of foot traffic into sales.

4.8.2.8 Foreign Exchange

The Forecast Financial Information is based on the following foreign exchange assumptions:

- > Whilst the majority of the products that Shaver Shop retails are manufactured internationally, Shaver Shop purchases inventory from Australian distributors in Australian dollars. No foreign exchange impact on the pricing of finished goods has been factored into the Forecast Financial Information.
- > For the purposes of the translation of New Zealand financial information into Australian Dollars, NZD:AUD exchange rate of 1.04 NZD:AUD has been used.

04. FINANCIAL INFORMATION

4.9 SENSITIVITY ANALYSIS

The Forecast Financial Information is based on a number of estimates and assumptions described in section 4.8. These estimates and assumptions are subject to business, economic and competitive uncertainties, many of which are beyond the control of the Company, the Directors and management. These estimates are also based on assumptions in relation to future business developments, which are subject to change.

The changes to key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown.

For the purposes of this analysis each sensitivity is presented in terms of the impact on pro forma forecast EBITDA and NPAT for FY17.

Care should be taken when interpreting these sensitivities. The impact on changes to the variables presented has been considered in isolation from changes in other variables. In practice, a change to one variable is likely to have a flow on impact to other variables and may also impact the decision making of management.

TABLE 31: SENSITIVITY ANALYSIS

FY17 Assumption	Current assumption	Increase/decrease	Sensitised assumption	FY17 EBITDA Impact	FY17 NPAT impact
Corporate store LFL sales growth	2.5%	+/- 1.0%	1.5%/3.5%	+/- \$384k	+/- \$269k
Gross profit %	42.8%	+/- 0.5%	42.3%/43.3%	+/- \$636k	+/- \$445k
Store labour costs	\$15,052k	+/- 1.0%	\$14,901k/ \$15,203k	+/- \$151k	+/- \$105k

4.10 DIVIDEND POLICY AND FORECAST DISTRIBUTION

The payment of a dividend by Shaver Shop is at the discretion of the Board and will be a function of a number of factors, including the general business environment, the operating results, cash flows and the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal, or regulatory restrictions on the payment of dividends by the Company, and any other factors the Directors may consider relevant.

It is the current intention of the Directors to target a dividend payout ratio of approximately 50% of NPAT and in each year pay interim dividends in respect of half-year financial periods and final dividends in respect of full year periods. It is intended that future dividends will be franked to the fullest extent possible.

Directors forecast a dividend of 4 cents per share for FY17. It is currently expected that this will be broadly split 50%:50% between an interim and final dividend.

No assurances can be given by any person, including the Directors, about the payment of any dividend or the level of franking credits attaching to any such dividend.

4.11 FOREIGN EXCHANGE HEDGING POLICY

Shaver Shop does not engage in foreign exchange hedging.

05.

KEY RISKS

05. KEY RISKS

This section 5 describes potential risks associated with Shaver Shop's business and an investment in Shares. It does not list every risk that may be associated with Shaver Shop and the occurrence or consequences of some of the risks described in this section 5 are partially or completely outside the control of the Company, Shaver Shop and its Directors and Management.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. The assessment is based on the knowledge of the Company as at the Prospectus Date. The risks may change or other risks may emerge after that date.

Before applying for Shares, you should be satisfied that you have a sufficient understanding of the risks involved in making an investment in Shaver Shop and whether it is a suitable investment, having regard to your investment objectives, financial circumstances and taxation position. It is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.

Prospective investors should be aware that the risks outlined in this section 5 should be considered in conjunction with the other information disclosed in this Prospectus. There can be no guarantee that Shaver Shop will achieve its stated objectives or that any forward looking statements or forecasts contained in this Prospectus will be realised or otherwise eventuate.

5.1 RISKS SPECIFIC TO AN INVESTMENT IN SHAVER SHOP

5.1.1 COMPETITION MAY INCREASE

Shaver Shop faces competition from specialty retailers, department stores, discounted department stores, grocery chains and online only retailers. Competition is based on a variety of factors including merchandise range, price, advertising, store location, store presentation, product presentation and customer service.

There is a risk that existing competitors or new entrants, including manufacturers and suppliers of products who decide to sell direct to end consumers, may attempt to grow or establish market share through store roll-out, increased advertising and/or discounting. In addition, department stores may also reposition their offerings closer to Shaver Shop's offerings.

Shaver Shop's competitive position may deteriorate as a result of actions by existing competitors, the entry of new competitors or a failure by Shaver Shop to successfully respond to changes in the market. Any deterioration in the Company's competitive position may result in a decline in sales and margins and a loss of market share which could have a material adverse impact on the Company's business, operational performance and financial results.

5.1.2 RETAIL ENVIRONMENT AND GENERAL ECONOMIC CONDITIONS IN SHAVER SHOP'S ADDRESSABLE MARKETS MAY DETERIORATE

Although the purchase of hair removal products may be considered less discretionary compared with other consumer goods, Shaver Shop's performance is sensitive to the current state of, and future changes in, the retail environment and general economic conditions in Australia.

Australian economic conditions may worsen including as a result of Australia's economy entering into a recession or other economic circumstances that result in lower consumer spending. This could cause the retail environment to deteriorate as consumers reduce their level of consumption of discretionary items. This could have an adverse impact on the Company's future operational and financial performance.

5.1.3 SEASONALITY OF TRADING PATTERNS

Shaver Shop's sales are subject to seasonal patterns. In FY13 to FY15, the contribution of sales for the first half of each FY to total sales for the full FY was within the range of 53% to 57%. The seasonality of Shaver Shop's sales towards the first half of the FY is largely due to the pre-Christmas trading period and Father's Day (being, the first Sunday in September). An unexpected decrease in sales over traditionally high-volume trading periods for Shaver Shop could have a material adverse effect on the overall profitability and financial performance of Shaver Shop.

05. KEY RISKS

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

5.1.4 CUSTOMER BUYING HABITS/TRENDS MAY CHANGE

Hair removal products are considered to be discretionary goods and consumer demand for these products are driven by image consciousness. While Shaver Shop seeks to ensure it has differentiated products relating to consumer grooming, rapid changes in customer buying habits and preferences may make it difficult for Shaver Shop to keep up with and respond to customer demands. Any adverse change in personal grooming trends and a failure to correctly judge the change in consumer preferences or poor quantification of purchase orders for related products may have an adverse impact in the demand for Shaver Shop's products or the gross margins achieved on these products.

5.1.5 RATE OF PRODUCT INNOVATION AND ABILITY TO SECURE EXCLUSIVE ARRANGEMENTS MAY DECREASE

Product innovation has been a key driver in Shaver Shop's sales growth. Shaver Shop relies on its suppliers to continue to drive R&D and product innovation in the product category. A material reduction in the frequency or appeal of new product innovations by suppliers may have an adverse impact on sales, performance rebates received, and gross margin levels achieved.

In addition, a key driver in Shaver Shop's sales growth has been the ability to secure new innovative products on an exclusive basis. If Shaver Shop is unable to secure new product innovations on an exclusive basis, or if the appeal of an existing product sold by Shaver Shop on an exclusive basis is weakened by a new innovative product made widely available to retailers or on an exclusive basis to one of Shaver Shop's competitors, Shaver Shop's sales and gross margin levels may be adversely affect.

5.1.6 PRODUCT SOURCING MAY BE DISRUPTED

Shaver Shop's products are sourced from third party suppliers of major hair removal, hair care, personal care and other shaving brands. In FY2015, approximately 88% of Shaver Shop's sales revenue came from products sourced from its top 10 suppliers. Shaver Shop's largest supplier constitutes approximately 19% of all supply purchases, with the next two largest suppliers contributing approximately 18% and 14% of total supply purchases respectively.

While Shaver Shop has a diversified supplier bases, 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.

5.1.7 SUPPLIER RELATIONSHIPS AND ABILITY TO SOURCE PRODUCTS EXCLUSIVELY

The Company's relationships with suppliers are often governed by individual purchase orders and invoices. Under those arrangements, suppliers may seek to alter the terms on which products are supplied as well as the range of products available for supply. This may result in changes of pricing levels and a reduction in the range of products made available to Shaver Shop, both of which could adversely impact the Company's ability to successfully provide customers with a wide range of products at competitive prices. This could reduce Shaver Shop's overall profitability and adversely impact its financial performance.

In addition, Shaver Shop receives income from suppliers in the form of volume rebates and supplier contributions to specific marketing and advertising campaigns. Supplier rebates and contributions are negotiated on a periodic basis. There are no fixed contracts in place with suppliers relating to rebates and contribution income. Any supplier who provides Shaver Shop with rebates or marketing contributions may elect to cease such payments at any point in time. Any such action could adversely impact Shaver Shop's income which would reduce Shaver Shop's overall profitability and adversely impact its financial performance.

05. KEY RISKS

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.

5.1.8 SHAVER SHOP MAY BE IN CONTRAVENTION OF LEASES

Shaver Shop operates from 100 leased premises throughout Australia and New Zealand, comprising 79 corporate stores, 20 franchisee operated stores and 1 head office. Shaver Shop Pty Ltd is the leasee under all leases for all Shaver Shop corporate stores and the head leasee under all leases for all Shaver Shop franchise stores. A number of the leases require the landlord's consent for Shaver Shop Pty Ltd to continue as the tenant following a change of control in Shaver Shop Pty Ltd which will occur on completion of the Offer. Shaver Shop Pty Ltd may seek consent from landlords following Completion of the Offer.

If Shaver Shop Pty Ltd does not satisfy its obligations under the relevant change of control provisions that may be triggered by virtue of the Offer, Shaver Shop Pty Ltd may be in breach of its leases, which may result in variations to lease terms, store closures or other adverse financial consequences. This may have a material adverse impact on Shaver Shop.

5.1.9 RELATIONSHIP WITH NEW AND EXISTING LANDLORDS MAY DETERIORATE

Any default under a store lease by Shaver Shop Pty Ltd, failure to renew existing leases on acceptable terms or inability to negotiate alternative arrangements could materially adversely affect Shaver Shop's ability to operate stores in preferred locations, which may have an adverse effect on Shaver Shop's future financial performance.

5.1.10 IT SYSTEM DISRUPTION

Shaver Shop is reliant on the capability and reliability of its IT systems, retail point of sale and inventory management systems, networks and backup systems. Specifically, Shaver Shop's retail point of sale system is a web-based service which is reliant on internet connection for the processing of sales transactions (including online transactions). In addition, Shaver Shop is reliant on external service providers for IT support and business and financial data reporting.

While Shaver Shop has an IT contingency and recovery plan, if Shaver Shop's IT systems are compromised for any reason (including the unavailability of internet connection) or its third party service providers do not provide Shaver Shop with the required service levels, this could adversely impact Shaver Shop's ability to trade and satisfy the needs of its customers which, in turn, could have a material adverse impact on Shaver Shop's business, operational performance and financial results.

5.1.11 PRODUCT RECALLS

From time to time, goods sold in the hair removal and personal care markets can be subject to manufacturer or mandatory product recall notices due to failure of those goods to comply with the relevant Australian mandatory product safety standards or otherwise due to defects and risks posed by products.

Products sold by Shaver Shop may be defective and/or subject to product recalls which may require Shaver Shop to immediately stop selling the affected products, remove all stock from retail outlets and recall the products from the supply chain and consumers.

The risk or potential liability for Shaver Shop in these circumstances will depend on the extent of the failure rate and the quantity of affected product in the market. Potential liability for Shaver Shop could extend to warranty claims, product recalls and other costs that Shaver Shop may be unable to fully recover from suppliers or third parties. If this occurs, it may have a material adverse impact on the Company's business, brand and reputation, operational performance and financial results.

05. KEY RISKS

5.1.12 FAILURE TO ACHIEVE GROWTH OBJECTIVES OR MEET FORECAST RETURNS

Shaver Shop's future financial performance is dependent on its ability to meet its strategy for growth and to develop and execute appropriate strategies pursuant to those objectives.

Shaver Shop's growth strategy includes the rollout of new stores and franchise store conversions. Shaver Shop's ability to successfully open new stores or convert franchised stores to company-owned stores as planned may be affected by a number of factors, including availability of suitable properties in target locations (in both Australia and New Zealand), landlord approvals, negotiations with franchisees, inability to buy back stores at appropriate prices, inability to find suitable sales team members, inability to find suitable locations, inability to source store fit-out materials or project cost overruns due to unexpected increases in items such as materials and labour. Any delays or failure to open new stores is likely to significantly restrain the Company's ability to realise its growth initiatives.

The roll-out of new stores may also reduce the sales of any nearby existing stores, beyond that anticipated in the strategy. There is also a risk that new stores opened by Shaver Shop may be unprofitable because they are not supported by a sufficient market or are not adequately staffed or managed.

If Shaver Shop's growth objectives and strategies are ineffective, poorly implemented or implemented later than expected, Shaver Shop may not meet its growth objectives and forecasted financial performance. This may result in a material adverse impact on the Company's business, operational performance and financial results.

5.1.13 RISK OF DETERIORATION IN SHAVER SHOP'S BRAND

The reputation and value associated with Shaver Shop's brand is a key asset to its business and could be adversely impacted by a number of factors, including product failures and recalls, disputes or litigation with third parties such as employees, suppliers or customers.

In addition, Shaver Shop currently operates a network of 20 franchise stores. The reputation and value associated with Shaver Shop's brand could be adversely affected as a result of franchisees breaching their obligations under their franchise arrangements with Shaver Shop or a deterioration in Shaver Shop's relationships with franchisees.

Significant deterioration in the reputation of, or value associated with, Shaver Shop's brand could adversely affect the Company's future operating and financial performance.

5.1.14 LOSS OF KEY MANAGEMENT PERSONNEL

Shaver Shop's future performance depends to a significant degree on its key personnel, and its ability to attract and retain experienced and high performing personnel. The current Management team has extensive experience in, and knowledge of, Shaver Shop's business and the hair removal and personal grooming market.

The loss of key management personnel, and any delay in their replacement, may therefore adversely affect Shaver Shop's ability to develop and implement its business and growth strategies or increase the cost of obtaining suitable personnel. This may result in an adverse impact on Shaver Shop's future operating and financial performance.

5.1.15 THE COST OF HIRING AND RETAINING OPERATIONAL STAFF MAY BE HIGH

The retail sector in which Shaver Shop operates in is dependent on its employees to execute sales techniques and consists of a high proportion of employees in entry level positions. Shaver Shop's ability to meet its labour needs while controlling costs associated with hiring and training new employees is subject to external factors including unemployment rates, prevailing wage legislation, the industrial relations landscape and changing demographics. There is a risk that changes in these factors may occur which would inhibit Shaver Shop's ability to hire and retain employees. As a result, Shaver Shop's financial and operating performance may be adversely impacted if Shaver Shop fails to find suitably qualified employees or adequately incentivise sales team members.

05. KEY RISKS

5.1.16 EMPLOYMENT COST MAY INCREASE

Shaver Shop's in-store employees are covered by the General Retail Industry Award while all other personnel are covered by an individual employment contracts. These awards require periodic renegotiation and renewal. Any renegotiation could result in increased labour costs for Shaver Shop. Factors such as low unemployment or a shortage of skilled employees may place upward pressure on wages. This may increase Shaver Shop's employment costs and may adversely impact Shaver Shop's financial performance.

5.1.17 A WORKPLACE ACCIDENT OR INCIDENT MAY OCCUR

Shaver Shop's employees are at risk of workplace accidents and incidents. If an employee is injured in the course of their employment, Shaver Shop may be liable for penalties or damages as a result. Shaver Shop's financial position may be adversely affected if it is required to pay monetary penalties.

5.1.18 LAWS AND REGULATIONS

Shaver Shop is subject to, and must comply with, a variety of laws and regulations in the ordinary course of its business. These laws and regulations include those that relate to fair trading and consumer protection, product safety, employment, property, taxation (including GST and stamp duty) and customs and tariffs.

Failure to comply with changes to laws and regulations in these areas may adversely affect Shaver Shop, including by increasing Shaver Shop's costs either directly (for example, through an increase in the amount of tax the Company is required to pay) or indirectly (for example, by increasing the cost to the business of complying with relevant legal requirements or paying penalties or fines). Any such adverse effect may impact Shaver Shop's future financial performance.

5.2 GENERAL RISKS OF AN INVESTMENT IN SHAVER SHOP

5.2.1 MACRO-ECONOMIC RISKS

Shaver Shop's business is exposed to changes in general global economic conditions. For example, adverse macroeconomic conditions such as economic recessions, downturns or extended periods of uncertainty or volatility, which may influence spending by the Company's customers to defer or cancel expenditure or lead to downward pricing pressure, may affect the Company's future financial performance and operating performance, the price of the Shares and the Company's ability to pay dividends.

5.2.2 TRADING AND LIQUIDITY IN SHARES

There can be no guarantee that an active market for the Shares will develop. There may be relatively few potential buyers or sellers of the Shares on the ASX at any given time. This may increase the volatility of the market price of the Shares. It may also impact the prevailing market price at which Shareholders are able to sell their Shares.

Following the Listing, it is expected that Escrowed Shareholders will hold up to 25.4% of the Shares, which may also impact liquidity. The Escrowed Shareholders will be subject to voluntary escrow arrangements in relation to all of their Shares as described in section 7.15. The absence of any sale of Shares by the Escrowed Shareholders during the applicable periods may cause, or at least contribute to, limited liquidity in the market for the Shares. This could impact the prevailing market price at which Shareholders are able to sell their Shares. It is important to recognise that, on a disposal, Shareholders may receive a market price for their Shares that is less than the price they paid under the Offer.

Following release from escrow, Shares held by the Escrowed Shareholders will be able to be freely traded on the ASX. A significant sale of Shares by the Escrowed Shareholders, or the perception that such sales have occurred or might occur, could adversely impact the price of the Shares.

The Escrowed Shareholders' shareholding may also allow them to, collectively, exert significant influence over the outcome of matters relating to the Company, including the election of Directors and the approval of transactions. The interests of the Escrowed Shareholders may be different from the interests of investors who acquire Shares under the Offer.

05. KEY RISKS

5.2.3 MARKET CONDITIONS

Stock market conditions may affect the value of Shaver Shop's quoted securities regardless of Shaver Shop's operating performance. Stock market conditions are affected by many factors such as:

- > general economic outlook;
- > introduction of tax reform or other new legislation;
- > interest rates and inflation rates;
- > change in investor sentiment toward particular market sectors;
- > the demand for, and supply of, capital; and
- > terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and industrial stocks in particular. Neither Shaver Shop nor the Directors warrant the future performance of Shaver Shop or any return on an investment in Shaver Shop.

5.2.4 SHAREHOLDERS MAY SUFFER DILUTION

In the future, Shaver Shop may elect to issue Shares or engage in fundraisings including to fund acquisitions that Shaver Shop may decide to make. While Shaver Shop will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues and fundraisings.

5.2.5 CURRENCY MOVEMENTS MAY BE UNFAVOURABLE

Shaver Shop currently conducts business in Australia and New Zealand. Adverse movements in the exchange rate between the Australian dollar and the New Zealand dollar, and any other foreign currencies as a result of future international expansion, may cause Shaver Shop to incur foreign currency losses. Such losses may impact and reduce Shaver Shop's profitability, ability to pay dividends and service debt obligations.

Shaver Shop sources product from Australian based distributors in Australian dollars. However, in most cases, Shaver Shop negotiates the purchase price of finished goods direct with the supplier which is then reflected in the price paid by Shaver Shop to the distributor. As the primary location of Shaver Shop's suppliers is in the United States, Europe and China, inherent within these price negotiations is movement in the AUD/USD exchange rate, the AUD/EURO exchange rate and the AUD/RMB exchange rate. Price discussions are conducted with suppliers twice a year in January and June and when new products are released. As a leading speciality retailer of hair removal and related products, Shaver Shop's market position and relative importance to suppliers in this segment influences the outcome of price discussions. Historically, fluctuations in the AUD/USD currency have been generally absorbed by the suppliers (both positive and negative movements). However, there is a risk that suppliers may decide not to absorb these exchange rate fluctuations which may reduce Shaver Shop's profitability and ability to pay dividends.

5.2.6 ADVERSE TAXATION CHANGES MAY OCCUR

There is the potential for changes to tax laws. Any change to the current rates of taxes imposed on Shaver Shop (including in foreign jurisdictions in which Shaver Shop operates) is likely to affect returns to Shareholders.

An interpretation of taxation laws by the relevant tax authority that is contrary to Shaver Shop's view of those laws may increase the amount of tax to be paid or cause changes in the carrying value of tax assets in Shaver Shop's financial statements. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and Shareholder returns.

With operations in Australia and New Zealand, Shaver Shop is potentially exposed to changes in taxation law legislation or interpretation in each of those jurisdictions.

05. KEY RISKS

5.2.7 AUSTRALIAN ACCOUNTING STANDARDS MAY CHANGE

Australian Accounting Standards are set by the AASB and are outside the control of either Shaver Shop or its Directors. The AASB is due to introduce new or refined Australian Accounting Standards during the period to 2018, which may affect future measurement and recognition of key income statement and balance sheet items, including revenue and receivables.

There is also a risk that interpretation of existing Australian Accounting Standards, including those relating to the measurement and recognition of key income statement and balance sheet items, including revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in Shaver Shop's financial statements.

5.2.8 FORCE MAJEURE EVENTS MAY OCCUR

Events may occur within or outside Australia and New Zealand that could impact upon the Australian and New Zealand economies, Shaver Shop's operations and the price of the Shares. The events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for Shaver Shop's services and its ability to conduct business. Shaver Shop has only a limited ability to insure against some of these risks.

5.2.9 GENERAL INVESTMENT RISKS

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the price at which the Shares are being offered under this Prospectus. There is no assurance that the price of the Shares will increase following the quotation on the ASX, even if Shaver Shop's earnings increase. Some of the factors which may affect the price of the Shares include:

- > fluctuations in the domestic and international market for listed stocks;
- > general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices or changes to government fiscal, monetary or regulatory policies, legislation or regulation;
- > inclusion in or removal from market indices;
- > the nature of the markets in which Shaver Shop operates; and
- > general operational and business risks.

Other factors which may negatively affect investor sentiment and influence Shaver Shop specifically or the stock market more generally, include acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events.

06.

KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

6.1 BOARD OF DIRECTORS

The Directors bring to the Board relevant experience and skills, including market and business knowledge, financial management and corporate governance experience.

DIRECTOR	EXPERIENCE
<p>Brodie Arnhold <i>Chairman</i> <i>Non-Executive Director</i></p>	<p>Brodie has over 15 years' domestic and international experience in private equity, investment banking and corporate finance.</p> <p>Prior to his current role as CEO of Melbourne Racing Club, Brodie worked for Investec Bank from 2010-2013 where he was responsible for building a high-net-worth private client business. Prior to this, Brodie worked for Westpac Banking Corporation where he grew the institutional bank's presence in Victoria, South Australia and Western Australia, and from 2006-2010 held the role of Investment Director at Westpac's private equity fund.</p> <p>During his career Brodie has also worked at leading accounting and investment firms including Deloitte (Australia), Nomura (UK) and Goldman Sachs (Hong Kong).</p> <p>Brodie is also a director and Chair of the Audit and Risk Committee for iSelect (joined September 2014), Chair of Endota Day Spa Holdings and a Director of Racing.com.</p> <p>Brodie holds a Bachelor of Commerce and MBA from the University of Melbourne and is a member of the Institute of Chartered Accountants Australia (ICAA).</p> <p>Notwithstanding that Brodie led the consortium of investors that acquired Shaver Shop in 2011, the Board considers Brodie to now be an independent Director. Refer to section 6.4.2 for more information.</p>
<p>Cameron Fox <i>CEO and Managing Director</i></p>	<p>Cameron joined Shaver Shop as General Manager before being promoted to the position of Chief Executive Officer in July 2008.</p> <p>He previously worked for Gillette Australia in various roles, including Associate Product Manager, Territory Manager, Business Analyst, National Account Manager and National Sales Manager.</p> <p>Cameron holds a Bachelor of Business (Marketing) from Monash University.</p>
<p>Craig Mathieson <i>Non-Executive Director</i></p>	<p>Craig became a director of Shaver Shop Pty Ltd in June 2011 and holds a Bachelor of Business (Banking and Finance). Craig was previously a director of Funtastic Ltd a publicly listed company, which specialises in the sale of toys, sporting, confectionery and nursery products.</p> <p>For the last 5 years, Craig has been the Chief Executive Officer of the Mathieson Group which has very diverse business interests from company investment to property development. From 2001 to 2007 Craig was the managing director of DMS Glass which was the largest privately owned glass manufacturer in Australia.</p> <p>Craig is currently a director of Abilene Oil and Gas Limited and Great Western Exploration Limited.</p> <p>Craig has a banking and commercial background gained while working with Business Banking division of ANZ Bank and Property Finance division of St George Bank.</p>
<p>Brian Singer <i>Non-Executive Director</i></p>	<p>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 in Australia and grew the business into a major manufacturer and distributor of clothing and surfing related products in Australia and internationally. Rip Curl products are now sold in a number of countries, including USA, France, South Africa, Japan, Indonesia, Brazil, Argentina, Peru and Chile.</p> <p>Over the past 8 years Brian has worked as a non-executive director of Rip Curl and continues to consult with senior executives on operational issues. Brian is also a non-executive director of Endota Day Spa Holdings.</p>

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

DIRECTOR

EXPERIENCE

<p>Trent Peterson <i>Non-Executive Director</i></p>	<p>Trent is a managing director and partner at Catalyst Investment Managers, and has over 15 years experience as a company director and private equity investor. He is currently a director of Adairs Limited, Cirrus Media, Max Fashions, Power Farming Group, SkyBus and Dusk Retail Group. He was a former director of Just Group, Global Television, EziBuy, Metro GlassTech, Moraitis, Taverner Hotel Group and Australian Discount Retail.</p> <p>Prior to joining Catalyst, Trent worked for two years with the corporate advisory division of NM Rothschild & Sons and spent five years in the Taxation and Corporate Finance practices of PricewaterhouseCoopers. Trent qualified as a Chartered Accountant and graduated from the University of Melbourne with a Bachelor of Commerce.</p>
<p>Melanie Wilson <i>Non-Executive Director</i></p>	<p>Melanie has more than 12 years' experience in Senior Management roles across a number of global retail brands including Limited Brands (Victoria's Secret, Bath & Bodyworks – New York), Starwood Hotels (New York), Woolworths/Big W and Diva/Lovisa. Her experience extends across all facets of retail operations, including store operations, merchandise systems, online/e-commerce, marketing, brand development and logistics/fulfilment. Melanie also has strategic consulting experience having work at Bain & Company (Boston) and in Woolworth Limited's strategy team.</p> <p>Melanie is currently a non-executive director of Baby Bunting Group Limited and iSelect Limited.</p> <p>Melanie holds a masters of Business Administration from Harvard Business School and a Bachelor of Commerce from the University of Queensland.</p>

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

6.2 MANAGEMENT

Profiles of Shaver Shop's Senior Management team are set out below. Further information on the terms of employment of certain members of the senior management team, including the CEO and Managing Director and Chief Financial Officer, are set out in section 6.3.1.

MANAGER	EXPERIENCE
<p>Larry Hamson <i>Chief Financial Officer</i></p>	<p>Larry joined Shaver Shop in April 2016. He has more than 20 years' experience in senior finance roles held across Australia, Asia, North America and the UK.</p> <p>Prior to joining Shaver Shop, he was Chief Financial Officer of Dun & Bradstreet in Australia and New Zealand as well as Asia and has worked for PricewaterhouseCoopers in Corporate Recovery Services, NM Rothschild & Sons in its venture capital division as well as Mayne Group Limited, Hospira, Inc. and Solar Systems Pty Ltd.</p> <p>Larry is a Chartered Accountant (Canada) and Chartered Financial Analyst and holds a Bachelor of Business Administration (Hons) from Wilfrid Laurier University (Canada).</p>
<p>Andrea Atamian <i>General Manager Property</i></p>	<p>Andrea commenced at Shaver Shop in September 2008 and is currently General Manager Property. She has over 20 years of retail experience with previous roles in management positions at API, Global Retail Pty Ltd and Hairhouse Warehouse.</p> <p>Andrea holds a Bachelor of Business from RMIT and a Diploma of Franchise Business from the Australian Institute of Management.</p>
<p>Rita Najmeddine <i>General Manager Human Resources</i></p>	<p>Rita commenced at Shaver Shop in July 2012 and is currently General Manager – Human Resources.</p> <p>Rita has over 20 years of experience in Human Resources holding Senior Management roles at Chemist Warehouse and ANZ Banking Corporation prior to joining Shaver Shop.</p> <p>She holds a Diploma in Training and Assessment from the Australian Training College, a Diploma in Human Resources from the Australian Training College, a Diploma in Management from the Australian Training College and a Masters in Business Administration from the Australian Institute of Business.</p>
<p>Kathleen Radford <i>National Buying Manager</i></p>	<p>Kathleen was appointed as Shaver Shop's National Buying Manager in April 2012.</p> <p>She commenced her career with Shaver Shop as a Store Manager (Southland), before being promoted to State Manager for Victoria and Western Australia.</p> <p>Kathleen holds a Diploma in Management from Victoria University.</p>
<p>Tony De Fazio <i>Manager Retail Operations</i></p>	<p>Tony was appointed as Shaver Shop's Retail Operations Manager in 2013.</p> <p>His previous roles at Shaver Shop have included management positions within the Buying and Retail Operations department and as a store franchisee (Northland).</p> <p>Tony holds a Bachelor of Business Marketing from RMIT and is currently studying a Bachelor of Law (LLB) at Charles Darwin University.</p>

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

6.3 INTERESTS AND BENEFITS

This section 6.3 outlines the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- > Director or proposed Director of the Company;
- > person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- > promoter of the Company; or
- > underwriter to the Offer or a financial services licensee named in the Prospectus as a financial services licensee involved in the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- > the formation or promotion of the Company;
- > property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- > the Offer,

and no other amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of the Company.

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

6.3.1 EXECUTIVE REMUNERATION

6.3.1.1 Chief Executive Officer and Managing Director

Cameron Fox is employed by Shaver Shop Pty Ltd in the position of CEO and Managing Director and reports to the Board. For FY2017, Cameron's annual total fixed remuneration will be \$580,000 per annum (inclusive of superannuation contributions and other allowances).

Cameron is entitled to participate in both short term and long term executive incentive arrangements (under which he will receive 325,000 Shares, please refer to section 6.3.1.4). Subject to Completion, Cameron will also receive:

- > the Pre-IPO Dividend on his existing Shares in an aggregate amount of \$259,292 (please refer to section 6.3.6);
- > the Pre-IPO Dividend on his Class A Shares in an aggregate amount of \$129,654 (please refer to section 6.3.7);
- > \$994,311 (being as consideration for the sale of Class B Shares under the Offer (please refer to section 6.3.1.5); and
- > a Management Exit Bonus Payment of \$420,000 (please refer to section 6.3.1.6).

Cameron Fox's employment contract does not have a fixed term. Either Shaver Shop Pty Ltd or Cameron may terminate the employment by giving 6 months' notice or, in the case of Shaver Shop Pty Ltd, by making a payment in lieu of notice. The Company may terminate his employment without payment in lieu of notice in circumstances involving serious or wilful misconduct. Cameron's contract includes a restraint on working for a competitor for up to 12 months after ceasing employment. Enforceability of such restraint is subject to all usual legal requirements.

6.3.1.2 Chief Financial Officer

Larry Hamson is employed by Shaver Shop Pty Ltd in the position of CFO. For FY2017, Larry's annual total fixed remuneration will be \$400,000 per annum (inclusive of superannuation contributions and other allowances). Larry is also entitled to participate in both short term and long term executive incentive arrangements (please refer to section 6.3.1.4).

Larry Hamson's employment contract does not have a fixed term. Either Shaver Shop Pty Ltd or Larry may terminate the employment by giving 4 weeks' notice where Larry has been employed continuously for up to 18 months or 8 weeks' notice where Larry has been employed continuously for more than 18 months or, in the case of Shaver Shop Pty Ltd, by making a payment in lieu of notice. The Company may terminate his employment without payment in lieu of notice in circumstances involving serious or wilful misconduct. Larry's employment contract does not have a post employment restraint.

6.3.1.3 Other senior management arrangements

The other members of Management referred to in section 6.2 are each party to contracts of employment with Shaver Shop Pty Ltd under which either Shaver Shop Pty Ltd or the relevant member of Management may terminate the employment by giving between 2 and 5 weeks' notice or, in the case of Shaver Shop Pty Ltd, by making a payment in lieu of notice. Shaver Shop Pty Ltd may terminate employment without payment in lieu of notice in circumstances involving serious misconduct or serious dereliction of duties by the relevant member of Management.

Subject to Completion, some Management will receive a Management Exit Bonus Payment (please refer to section 6.3.1.6). In addition, Rita Najmeddine and Andrea Atamian will receive, in aggregate, \$258,521 on the sale of Class D Shares and Class E Shares (please refer to section 6.3.1.5).

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

6.3.1.4 Executive incentive arrangements

The Company has established a number of incentive arrangements to enable the attraction, motivation and retention of management and employees.

Equity incentive plan

The Company has established a Long Term Incentive Plan (**LTI Plan**) conditional upon Completion of the Offer to assist in the motivation, retention and reward of Shaver Shop senior executives. The LTI Plan is designed to align the interests of senior executives more closely with the interests of Shareholders by providing an opportunity for eligible senior executives to acquire Shares subject to the conditions of the LTI Plan.

The number of Shares which will vest under the Plan will be dependent on time-based (years of service) and performance-based criteria. Holders of Shares issued under the LTI Plan will only be able to dispose of the Shares once the vesting criteria are met. See section 9.6 for further details of the LTI Plan.

The Company will offer Management the right to acquire up to 1,300,000 Shares under the LTI Plan (**Plan Shares**) (representing approximately 1.0% of the Company's issued share capital at Listing) within 12 months after Listing. Specifically, Management set out in the table below will be offered Plan Shares under the LTI Plan. Please refer to section 9.6 for further details of the terms and conditions, including vesting conditions, attaching to these Plan Shares.

Management	Number of Tranche 1 Shares to be issued under LTI Plan	Number of Tranche 2 Shares to be issued under LTI Plan	Number of Tranche 3 Shares to be issued under LTI Plan	Value of Shares (at the Offer Price)
Cameron Fox <i>Managing Director and CEO</i>	325,000	325,000	325,000	\$1,023,750
Larry Hamson <i>CFO</i>	33,333	33,333	33,333	\$105,000
Andrea Atamian <i>GM – Property</i>	33,333	33,333	33,333	\$105,000
Rita Najmeddine <i>GM – Human Resources</i>	33,333	33,333	33,333	\$105,000
Kathleen Radford <i>National Buying Manager</i>	8,333	8,333	8,333	\$26,250

Cash based incentives

Members of Management may also be eligible to participate in the Company's short term incentive plan (**STI**). Under the STI, a cash bonus can be paid to a member of Management, subject to the achievement of Board approved budgeted EBITDA.

For FY2017, if the Company achieves budgeted EBITDA, Management will be eligible to receive cash bonuses (in aggregate) of up to \$400,000. Any actual bonuses paid may be lower than that amount depending upon the level of performance by the Company.

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

6.3.1.5 Existing loan share plans

Prior to establishment of the LTI Plan, the Company maintained an equity incentive scheme, known as the *Shaver Shop Group Limited Employee Performance Share Plan*, under which it offered selected Management the opportunity to acquire shares in the Company (**Share Plan**). The Share Plan provided the Company with the ability to offer participants in the Share Plan a limited recourse loan to assist in the purchase of shares under the Share Plan.

As at the Prospectus Date, the following Class A Shares, Class B Shares, Class D Shares and Class E Shares remain on issue in accordance with the Share Plan:

Holder	Class A Shares	Class B Shares	Class D Shares	Class E Shares	Amount outstanding under limited recourse loan
Cameron Fox <i>CEO</i>	600,032	2,042,112	NIL	NIL	\$802,403
Rita Najmeddine <i>General Manager Human Resources</i>	NIL	NIL	245,048	NIL	\$69,840
Andrea Atamian <i>General Manager Property</i>	NIL	NIL	NIL	290,640	\$82,834

The Share Plan, and the terms and conditions of issue of the shares issued under the Share Plan, provide that immediately prior to an "exit event" (which includes an initial public offering of Shares in the Company) shares issued under the Share Plan will convert into ordinary shares to allow the holder of those shares to:

- > repay to the Company amounts owing under any outstanding limited recourse loan under which shares were acquired; and
- > participate in the "exit event" and realise the value of the shares created by the relevant "exit event".

The number of Shares which the Class A Shares, Class B Shares, Class D Shares and Class E Shares will convert into prior to Completion is set out below:

Holder	Class A Shares – Ordinary Shares	Class B Shares – Ordinary Shares	Class D Shares – Ordinary Shares	Class E Shares – Ordinary Shares
Cameron Fox <i>CEO</i>	809,937	1,501,251	NIL	NIL
Rita Najmeddine <i>General Manager Human Resources</i>	NIL	NIL	180,150	NIL
Andrea Atamian <i>General Manager Property</i>	NIL	NIL	NIL	211,465

In order to extinguish the non-recourse loan obligations attached to Class A Shares, Class B Shares, Class D Shares and Class E Shares and to realise the value of the Class A Shares, Class B Shares, Class D Shares and Class E Shares created by the Listing, Cameron Fox, Andrea Atamian and Rita Najmeddine (together, the **Management Shareholders**) have entered into a sale deed with the Company and SaleCo under which:

- > Cameron Fox has agreed to sell 1,711,156 of the Shares received immediately prior to Completion on conversion of his Class A Shares and Class B Shares;
- > Andrea Atamian has agreed to sell all of the Shares received immediately prior to Completion on conversion of her Class D Shares; and
- > Rita Najmeddine has agreed to sell all of the Shares received immediately prior to Completion on conversion of her Class E Shares.

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

The Shares the subject of the sale deed (together, the **Management Sale Shares**) will be sold by SaleCo into the Offer, free from encumbrances and third party rights, and the funds received by SaleCo will be applied as follows:

Management Shareholder	Funds received by SaleCo on Sale of Converted Shares	Repayment to Company of amounts owing under limited recourse loans	Funds received by Management Shareholder
Cameron Fox <i>CEO</i>	\$1,796,714	\$802,403	\$994,311
Rita Najmeddine <i>General Manager Human Resources</i>	\$189,157	\$69,840	\$119,317
Andrea Atamian <i>General Manager Property</i>	\$222,038	\$82,834	\$139,204

The terms of the sale deed are summarised further in section 9.4.

6.3.1.6 Management Exit Bonus Payments

The Board has resolved to pay certain members of Management a cash bonus to recognise their contribution to the Company's Listing (**Management Exit Bonus Payments**). The Board has resolved to pay the following Management Exit Bonus Payments conditional upon Listing:

Management	Management Exit Bonus Payment
Cameron Fox <i>CEO</i>	\$420,000
Andrea Atamian <i>General Manager Property</i>	\$84,000
Rita Najmeddine <i>General Manager Human Resources</i>	\$84,000
Kathleen Radford <i>National Buying Manager</i>	\$42,000
Total	\$630,000

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

6.3.2 DIRECTOR BENEFITS

6.3.2.1 Non-Executive Director appointment letters

Prior to the Prospectus Date, each Non-Executive Director has entered into appointment letters with the Company, confirming the terms of their appointment, their roles and responsibilities and the Company's expectations of them as Non-Executive Directors.

6.3.2.2 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 general meeting. The Existing Shareholders have approved \$440,000 per annum for this purpose.

For FY17, the annual base non-executive Director fees currently agreed to be paid by the Company are \$140,000 to the Chairman, \$80,000 to each of Craig Mathieson (Chair of the Audit and Risk Committee) and Trent Peterson (Chair of the Nomination and Remuneration Committee), and \$70,000 to each of Melanie Wilson and Brian Singer. These amounts comprise fees paid in cash. In subsequent years, these figures may vary.

6.3.2.3 Other information

Directors may be paid for travel and other expenses incurred in attending to Shaver Shop's affairs. This includes attending and returning from Board or committee meetings and general meetings. Any Director who devotes special attention to the business of Shaver Shop or who performs services which, in the opinion of the Board, are outside the scope of ordinary duties of a Director, may be remunerated for the services (as determined by the Board) out of Shaver Shop's funds.

There are no retirement benefit schemes for Directors other than statutory superannuation contributions.

6.3.3 Director Exit Bonus Payments

The Board has resolved to pay Brodie Arnhold, the Chairman of the Company, a cash bonus of \$250,000 to recognise his contribution to the Company's Listing.

The Board will consider paying Trent Peterson, a non-executive director of the Company, a cash bonus of up to \$50,000 subject to his contribution to the Company's Listing.* A decision in relation to the amount (if any) payable to Trent will be made on or around Completion.

The payments contemplated in this section 6.3.3 (**Director Exit Bonus Payments**) are conditional on Listing.

6.3.4 Deeds of access, indemnity and insurance

The Company has entered into a deed of indemnity, access and insurance with each Director which confirms the Director's right of access to Board papers and requires the Company to indemnify the Director, on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of the Company or of a related body corporate.

Under the Constitution, to the extent allowed by law, the Company may indemnify Directors and officers, past and present, against liabilities that arise from their position. Under the deeds of indemnity, access and insurance, the Company must maintain a D&O Policy insuring a Director (among others) against liability as a Director and officer of the Company and its related bodies corporate until seven years after a Director ceases to hold office as a Director of the Company or a related body corporate (or the date any relevant proceedings commenced during the seven year period have been finally resolved).

* Any amount payable to Trent Peterson will be payable to Catalyst Direct Capital Management Pty Ltd. Trent Peterson is a Managing Director of Catalyst Direct Capital Management Pty Ltd.

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

6.3.5 Other agreements with Directors

The Company's policy in respect of related party arrangements is:

- > a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- > for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

6.3.6 Directors' interests in Shares and other securities

Directors are not required under the Constitution to hold any Shares in the Company. However, the Directors (and their associates) are entitled to apply for Shares in the Offer.

The number of Shares held by the Directors as at the Prospectus Date and the number which will be held by the Directors on Completion of the Offer (not including Shares acquired by a Director under the Offer) is set out below:

	Shares at Prospectus Date	Pre-IPO Dividend to be received	Existing Shares and Management Sale Shares to be sold under the Offer	Consideration received from Existing Shares and Management Sale Shares sold under the Offer (at the Offer Price)	Shares following the Offer	Fully diluted % of Shares following the Offer*
Brodie Arnhold (Chairman)	3,200,000	\$691,450	1,600,000	\$1,680,000	1,600,000	1.3%
Cameron Fox (CEO and Managing Director) ¹	3,511,180	\$388,946	1,711,156	\$1,796,714 ²	1,800,024	1.4%
Craig Mathieson (Non-Executive Director)	8,320,008	\$1,797,771	4,160,004	\$4,368,004	4,160,004	3.3%
Brian Singer (Non-Executive Director)	10,816,008	\$2,337,102	5,408,004	\$5,678,404	5,408,004	4.3%
Trent Peterson (Non-Executive Director)	–	–	–	–	47,619	0.04%
Melanie Wilson (Non-Executive Director)	–	–	–	–	47,619	0.04%

* Assumes that the Offer is fully subscribed.

1. Cameron Fox currently holds Shares, Class A Shares and Class B Shares. The number of Shares presented as held by Cameron at the Prospectus Date is based on the number of Shares into which his Class A Shares and Class B Shares will convert immediately prior to Completion. As noted in section 6.3.1.5, the conversion of Cameron's holdings of Class A Shares and Class B Shares will only occur immediately prior to Completion. The decrease in the number of Shares held by Cameron following Completion is a result of Cameron agreeing to sell some of the Shares into which his Class A Shares convert and all of the Shares into which his Class B Shares convert to (1) repay amounts outstanding to the Company under a limited recourse loan to under which Cameron acquired the Class A Shares and Class B Shares and (2) realise an exit incentive fee under the terms and conditions of issue of the Class B Shares. Please refer to section 6.3.1.5 for further details.
2. \$802,403 of this amount will be paid to the Company in full repayment of the limited recourse loan under which Cameron acquired his Class A Shares and Class B Shares.

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

Directors' interests comprise Shares directly held as well as interests in Shares held through companies or trusts.

All of the Shares described in the "Shares following the Offer" column of the table above will be subject to voluntary escrow restrictions outlined in section 7.15.

The details in the table above of the Shares to be held on Completion of the Offer reflect that some of the Director's interests in Shares will reduce as a result of the sale of Shares via SaleCo in the Offer. Further details in relation to the proposed sale by Existing Shareholders and Management Shareholders of Existing Share and Management Sale Shares is set out in section 9.4.

6.3.7 Pre-IPO Dividend

On or about Listing, each Existing Shareholder and the Class A Shareholder will receive a Pre-IPO Dividend of \$0.216078 per Share and Class A Shares (as applicable). The payment of the Pre-IPO Dividend is conditional on Completion of the Offer.

6.3.8 Interests of advisers

The Company has engaged these service providers in relation to the Offer and paid, or agreed to pay, approximately the amounts shown below:

Service provider	Role	Fees
Ord Minnett Limited and Shaw and Partners Limited	Joint Lead Managers and Underwriter	Described in section 9.7
Norton Rose Fulbright Australia	Australian legal adviser	\$400,000
PricewaterhouseCoopers Securities Limited	Investigating Accountant	\$310,000
PricewaterhouseCoopers	Tax Adviser	\$163,000
Canterbury Partners	Financial Adviser	\$1,000,000
Investec Australia Limited	Financial Adviser	\$375,000

In addition, Euromonitor International Limited has provided and consented to the inclusion of certain information in this Prospectus. The Company has paid, or agreed to pay, US\$2,673 and US\$9,750 for that information and consent, respectively.

Unless stated otherwise, all amounts exclude disbursements and GST and all payments have been paid or are payable in cash. The amounts payable to PricewaterhouseCoopers and Norton Rose Fulbright excludes some fees payable for work not directly connected with the offer, such as auditing, employee incentive arrangements and franchise store buy backs and leases.

Further amounts may be paid to Shaver Shop's service providers in accordance with their normal time-based charges.

These amounts, and other expenses of the Offer, will be paid by Shaver Shop out of funds raised under the Offer or available cash. The total costs of the Offer (excluding GST) are estimated to be approximately \$6.5 million (assuming full subscription). Further information on the use of proceeds and payment of expenses of the Offer is set out in section 7.4.

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

6.4 CORPORATE GOVERNANCE

This section 6.4 explains the main corporate governance policies and practices adopted by the Company. Details of the Company's key policies and practices and the charters for the Board and each of its Committees are available at www.shavershop.com.au.

The Board plays a key role in overseeing the policies, performance and strategies of Shaver Shop. It is accountable to the Company's members as a whole and must act in the best interests of Shaver Shop. The Board monitors the operational and financial position and performance of Shaver Shop and oversees its business strategy, including approving the strategic objectives, plans and budgets of Shaver Shop. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of Shaver Shop. In conducting Shaver Shop's business with these objectives, the Board seeks to ensure that Shaver Shop is properly managed to protect and enhance Shareholder interests and that Shaver Shop, its Directors, officers and personnel operate in an appropriate environment of corporate governance.

The Board has created a framework for managing Shaver Shop, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for Shaver Shop's business and which are designed to promote the responsible management and conduct of Shaver Shop. The Board sets the cultural and ethical tone for Shaver Shop.

The main policies and practices adopted by the Company are summarised below.

6.4.1 ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

The ASX Corporate Governance Council has developed and released its Corporate Governance Principles and Recommendations 3rd Edition (**ASX Recommendations**) for ASX listed entities in order to promote investor confidence and to assist listed entities in meeting stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines, designed to produce an outcome that is effective and of high quality and integrity. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report, or the URL of the page on its website where the statement is located, disclosing the extent to which it has followed the ASX Recommendations during each reporting period. Where the Company does not follow an ASX Recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

The Board does not anticipate that it will depart from the ASX Recommendations, however it may do so in the future if it considers such a departure would be reasonable.

6.4.2 THE BOARD OF DIRECTORS AND ITS VIEW ON INDEPENDENCE

The Board comprises 5 non-executive Directors and the CEO and Managing Director.

Biographies of the Directors are set out in section 6.1.

The Board considers a Director to be independent where he or she is not a member of Management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted materiality guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board.

In assessing independence, the Board will have regard to the factors set out in the ASX Recommendations and one of those factors is whether a Director has a substantial holding in the Company (a relevant interest of 5% or more) or is otherwise an associate of a substantial holder.

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

The Board considers that each of Brodie Arnhold, Craig Mathieson, Brian Singer, Trent Peterson and Melanie Wilson are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the exercise of the Director's unfettered and independent judgement and is able to fulfil the role of independent Director for the purposes of the ASX Recommendations.

Brodie Arnhold led the consortium of investors that acquired Shaver Shop in 2011. Those investors, who are not associates, will hold in aggregate approximately 22.6% (excluding Management and the previous owners of Shaver Shop) of the Shares after Listing of the Company and Brodie will himself have Voting Power of 1.3%²⁴. Brodie does not represent the Existing Shareholders on the Board. Accordingly, the Board considers Brodie to be independent after the IPO.

Cameron Fox is considered by the Board not to be independent as he is currently the Chief Executive Officer of Shaver Shop.

6.4.3 BOARD CHARTER

The Board has adopted a written charter to provide a framework for effective operation of the Board, which sets out:

- > the Board's composition and processes;
- > the Board's role and responsibilities;
- > the relationship and interaction between the Board and Management; and
- > the authority delegated by the Board to Management and Board committees.

The Board's role is to:

- > represent and serve the interests of Shareholders by overseeing and appraising Shaver Shop's strategies, policies and performance. This includes overseeing the financial and human resources Shaver Shop has in place to meet its objectives and reviewing Management performance;
- > protect and optimise Shaver Shop's performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- > set, review and ensure compliance with Shaver Shop's values and governance framework (including establishing and observing high ethical standards); and
- > ensure that Shareholders are kept informed of Shaver Shop's performance and major developments affecting its state of affairs.

Matters which are specifically reserved to the Board or its Committees include:

- > appointment of the Chairman;
- > appointment and removal of the Chief Executive Officer;
- > appointment of Directors to fill a vacancy or as an additional Director;
- > establishment of Board committees, their membership and their delegated authorities;
- > approval of dividends;
- > review of corporate codes of conduct;
- > approval of major capital expenditure, acquisitions and divestments in excess of authority levels delegated to Management;
- > calling meetings of Shareholders; and
- > any other specific matters nominated by the Board from time to time.

24. Assuming no Shares are acquired under the Offer.

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

The management function is conducted by, or under the supervision of, the Chief Executive Officer, as directed by the Board. Management must supply the Board information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.

Directors are entitled to request additional information at any time they consider appropriate. The Board collectively, and individual Directors, may seek independent professional advice at Shaver Shop's expense, subject to the approval of the Chairman and the advice being made available to the Board as a whole.

6.4.4 BOARD COMMITTEES

The Board may from time to time establish committees to assist in the discharge of its responsibilities. The Board has established the following Committees:

- > Audit and Risk Committee; and
- > Remuneration and Nominations Committee.

Other committees may be established by the Board as and when required. Membership of Board committee will be based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors.

6.4.4.1 Audit and Risk Committee

The Audit and Risk Committee will assist the Board in fulfilling its accounting, auditing, financial reporting and risk management responsibilities, including to:

- > oversee Shaver Shop's relationship with the external auditor and the external audit function generally;
- > oversee the preparation of the financial statements and reports;
- > oversee Shaver Shop's financial controls and systems; and
- > manage the process of identification and management of risks.

The Committee's charter provides for the Committee to oversee the internal programs to evaluate risk management and internal control processes for managing risk and to review whether the appointment of an internal auditor is recommended.

The Committee's charter provides that the Committee must comprise only non-executive Directors, a majority of independent Directors, an independent chair who is not the Chairman, and a minimum of three Directors.

From Listing, the Audit and Risk Committee will comprise:

- > Craig Mathieson (Chair);
- > Trent Peterson; and
- > Brodie Arnhold.

Non-committee members, including members of Management and the external auditor, may attend meetings of the Audit and Risk Committee by invitation of the Committee chair.

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

6.4.4.2 Remuneration and Nomination Committee

The Remuneration and Nomination Committee will assist the Board with fulfilling its responsibilities to Shareholders and other stakeholders to ensure that Shaver Shop:

- > has coherent and appropriate remuneration policies and practices which enable Shaver Shop to attract and retain Directors and executives who will create value for Shareholders;
- > fairly and responsibly remunerates Directors and executives having regard to Shaver Shop's performance, the performance of the executives and the general market environment;
- > has policies to evaluate the performance and composition of the Board, individual Directors and executives on (at least) an annual basis with a view to ensuring that Shaver Shop has a Board of effective composition, size and diversity, expertise and commitment to adequately discharge its responsibilities and duties;
- > has adequate succession plans in place (including for the recruitment or appointment of Directors and Management); and
- > has policies and procedures that are effective to attract, motivate and retain appropriately skilled and diverse people that meet Shaver Shop's needs and that are consistent with Shaver Shop's strategic goals and human resource objectives.

The Committee's charter provides that the Remuneration and Nomination Committee must comprise only non-executive Directors, a majority of independent Directors, and independent chair who is not the Chairman, and a minimum of three Directors.

From Listing, the Remuneration and Nomination Committee will comprise:

- > Trent Peterson (Chair);
- > Melanie Wilson; and
- > Brian Singer.

Non-committee members, including members of Management and the external auditor, may attend meetings of the Remuneration and Nomination Committee by invitation of the Committee chair.

6.4.5 CORPORATE GOVERNANCE POLICIES

The Board has adopted the following corporate governance policies (to take effect upon commencement of trading on the ASX), each having been prepared having regard to the ASX Recommendations.

6.4.5.1 Securities Dealing Policy

The Company has adopted a Securities Dealing Policy which is intended to explain the types of dealings in securities that are prohibited under the Corporations Act and establish a best practice procedure for the buying and selling of securities that protects the Company and its Directors and employees against the misuse of unpublished information which could materially affect the value of securities. The policy applies to all Directors, officers, senior executives, employees and contractors of the Company and its related bodies corporate and their connected persons (**Relevant Persons**).

The policy provides that Relevant Persons must not deal in the Company's securities:

- > when they are in possession of price-sensitive information or Shaver Shop is in possession of price-sensitive information and has notified them they must not deal in the Company's securities; or
- > on a short-term trading basis (which excludes exercising rights under an equity plan and electing to immediately sell those shares issued on exercise of the rights).

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

Otherwise, trading by Relevant Persons will **only** be permitted:

- > in certain trading windows, subject to advance notification by Directors and key management personnel; or
- > in exceptional circumstances outside the trading windows by:
 - Directors (including the Chief Executive Officer) with prior written approval from the Chairman;
 - the Chairman with prior written approval from the chair of the Audit and Risk Committee; and
 - senior executives, employees and contractors with prior written approval from the Company Secretary.

6.4.5.2 Price Sensitive Information Policy

The Company places a high priority on communication with Shareholders and is aware of the obligations it will have, once listed, under the Corporations Act and the ASX Listing Rules, to keep the market fully informed of any information Shaver Shop becomes aware of concerning itself that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company has adopted a Price Sensitive Information Policy which establishes procedures to ensure that Directors and employees are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

6.4.5.3 Code of Business Ethics

The Company is committed to a high level of integrity and ethical standards in all business practices. The Board has adopted a formal Code of Business Ethics which outlines how the Company expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. All Shaver Shop's employees (including temporary employees, contractors and Directors) must comply with the Code of Business Ethics.

The Code of Business Ethics is designed to:

- > provide a benchmark for professional behaviour throughout Shaver Shop;
- > support Shaver Shop's business reputation and corporate image within the community; and
- > make Directors and employees aware of the consequences if they breach the policy.

6.4.5.4 Risk Management Policy

The identification and proper management of Shaver Shop's risks are an important priority of the Board. The Corporate Governance Statement adopted by the Board includes a risk management policy. This highlights Shaver Shop's commitment to designing and implementing systems and methods appropriate to minimise and control its risks.

The Board is responsible for overseeing and approving risk management strategy and policies, monitoring risk management, and establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. The Board has delegated these functions to the Audit and Risk Committee as one of its key responsibilities.

The Board will regularly undertake reviews of the risk management procedures developed and implemented by the Audit and Risk Committee to ensure that Shaver Shop is complying with its legal obligations.

06. KEY INDIVIDUALS, INTERESTS AND BENEFITS, AND CORPORATE GOVERNANCE

6.4.5.5 Communications with Shareholders

The Company's aim is to ensure that Shareholders are kept informed of all major developments affecting Shaver Shop. In addition to the Company's continuous disclosure obligations, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about Shaver Shop from time to time and the Company will communicate this information regularly to Shareholders and other stakeholders through a range of forums and publications.

All ASX announcements made to the market, including annual and half year financial results, will be posted on Shaver Shop's website at www.shavershop.com.au as soon they have been released by the ASX. The full text of all notices of meetings and explanatory material, the Company's annual report and copies of all media releases made by Shaver Shop and copies of all investor presentations made to analysts and media briefings will be posted on Shaver Shop's website. The website will also contain a facility for the Shareholders to direct queries to Shaver Shop, and to elect to receive communications from Shaver Shop via email.

6.4.5.6 Diversity Policy

The Board has formally approved a Diversity Policy in order to address the representation of women in Management and on the Board, and to actively facilitate a more diverse and representative management and leadership structure.

The Board will include in the annual report each year a summary of Shaver Shop's progress towards achieving the measurable objectives set under the Diversity Policy for the year to which the annual report relates and details of the measurable objectives set under the diversity policy for the subsequent financial year.

07.

DETAILS OF
THE OFFER

07. DETAILS OF THE OFFER

7.1 THE OFFER

This Prospectus relates to an invitation to apply for 93.4 million Shares in the Company at the Offer Price of \$1.05 per Share, comprising 38.9 million New Shares to be issued by the Company and approximately 54.5 million Existing Shares and Management Sale Shares to be transferred by Selling Shareholders through SaleCo. The Shares to be issued under this Prospectus will represent approximately 74.6% of the Shares on issue on Completion of the Offer. The Offer is expected to raise approximately \$98.0 million.

Key terms of the Offer are set out in the Key Offer Information section on page 2. These terms are operative and are not necessarily repeated in this section 7.

The Offer opens and is expected to close as set out in the Key Offer Information section on page 2. Without notice, the Company, SaleCo and the Joint Lead Managers may close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. Applicants are therefore encouraged to submit their Applications as early as possible after the Offer opens.

The Offer is made on the terms set out in this Prospectus.

7.2 PARTS OF THE OFFER

The Offer comprises:

- > the **Broker Firm Offer** – open to clients of Brokers who have received a firm allocation from their Broker;
- > the **Institutional Offer** – an invitation to bid for Shares made to Institutional Investors (see section 7.12); and
- > the **Priority Offer** – open to selected investors (as agreed between the Company and the Joint Lead Managers) (see section 7.11).

No general public offer of Shares will be made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a Broker.

Details of the Broker Firm Offer and the allocation policy under it are described in section 7.10. Details of the Priority Offer and the allocation policy under it are described in section 7.11. Details of the Institutional Offer and the allocation policy under it are described in section 7.12.

The allocation of Shares between the Retail Offer and the Institutional Offer was determined by the Joint Lead Managers in consultation with the Company, having regard to the allocation policies outlined in sections 7.10, 7.11 and 7.12.

The Offer has been fully underwritten pursuant to an Underwriting Agreement under which the Joint Lead Managers have been appointed to arrange and manage and act as lead manager, bookrunner and underwriter of the Offer. A summary of the Underwriting Agreement, including the events which would entitle the Joint Lead Managers to terminate the Underwriting Agreement, is set out in section 9.7.

7.3 PURPOSES OF THE OFFER

The primary purpose of the Offer is to provide:

- > funding to repay debt drawn on the Company's debt facilities;
- > Existing Shareholders and Management Shareholders an opportunity to realise all or part of their investment in Shaver Shop;
- > Shaver Shop with access to capital markets to improve financial flexibility for growth;
- > a liquid market for Shares;
- > Shaver Shop with funding to advance its business objectives as set out in section 3;
- > funding to pay the Pre-IPO Dividend;
- > funding to pay Management Exit Bonus Payments and Director Exit Bonus Payments to certain Management and Directors; and
- > a suitable level of working capital to fund the expenditures described in section 7.4.

07. DETAILS OF THE OFFER

7.4 USE OF FUNDS

The proceeds of the Offer will be applied to:

- > partially repay debt drawn on the Company's debt facilities of \$15.3 million in aggregate (reducing the gross debt balance from \$20.3 million at IPO date to \$5.0 million);
- > pay Existing Shareholders and Management Shareholders who sell Existing Shares and Management Sale Shares into the Offer via SaleCo;
- > fund the Pre-IPO Dividend;
- > fund the Management Exit Bonus Payments and Director Exit Bonus Payments;
- > repay amounts owing to the Company by Management Shareholders who sell Management Sale Shares into the Offer via SaleCo; and
- > pay the costs associated with the Offer.

Assuming Completion of the Offer occurs on 28 June 2016, the proceeds of the Offer will be applied in accordance with the sources and use of funds table below.

Source	\$ millions	%	Use	\$ millions	%
Offer proceeds from the sale of Existing Shares	\$55.0	56.1%	Payment of proceeds to Existing Shareholders who sell Existing Shares to SaleCo	\$55.0	56.1%
Offer proceeds from the sale of Management Sale Shares	\$2.2	2.3%	Payment of Share Based Exit Incentive to Management Shareholders	\$1.3	1.3%
			Repayment of amounts owing to the Company by Management Shareholders who sell Management Sale Shares to SaleCo*	\$1.0	1.0%
Offer proceeds from the issue of New Shares	\$40.8	41.6%	Partial repayment of existing debt facilities	\$15.3	15.6%
			Funding of Pre-IPO Dividend	\$18.2	18.5%
			Funding of Exit Bonus Payments	\$0.6	0.6%
			Payment of costs of the Offer, including Director Exit Bonus Payments	\$6.7	6.8%
Total sources	\$98.0	100%	Total uses	\$98.0	100%

* Funds received by the Company from repayment of amounts owing to the Company by Management Shareholders who sell Management Sale Shares to SaleCo will have the effect of reducing net debt at Completion.

7.5 PRO FORMA HISTORICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Company's pro forma statement of financial position following Completion, including details of the pro forma adjustments, is set out in section 4.5.1.

07. DETAILS OF THE OFFER

7.6 PRO FORMA SHAREHOLDING STRUCTURE

Details of the ownership of Shares (which includes relevant interests in Shares) as at the Prospectus Date and Shares on Completion of the Offer are set out below:

	Shares at Prospectus Date	Shares on Completion of the Offer	Completion of the Offer (%)
Alsop Pty Ltd ¹	21,632,008	14,277,125	11.4%
Katani Pty Ltd ²	10,816,008	5,408,004	4.3%
Brodie Arnhold (Chairman)	3,200,000	1,600,000	1.3%
Cameron Fox (CEO and Managing Director) ³	3,511,180	1,800,024	1.4%
Zara Holdings Pty Ltd ⁴	8,320,008	4,160,004	3.3%
Other Management ⁵	1,591,599	599,992	0.5%
Other Existing Shareholders	37,147,024	3,873,336	3.1%
Investors in the Offer ⁶	–	93,368,555	74.6%
Total Shares	86,217,827	125,087,040	100%

- Alsop Pty Ltd is an entity controlled by John Johnston.
- Katani Pty Ltd is an entity controlled by Brian Singer, a non-executive director of the Company.
- Cameron Fox currently holds Class A Shares and Class B Shares. The number of Shares presented as held by Cameron at the Prospectus Date is based on the number of Shares into which his Class A Shares and Class B Shares will convert immediately prior to Completion. As noted in section 6.3.1.5, the conversion of Cameron's holdings of Class A Shares and Class B Shares will only occur immediately prior to Completion. The decrease in the number of Shares held by Cameron following Completion is a result of Cameron agreeing to sell some of the Shares into which his Class A Shares convert and all of the Shares into which his Class B Shares convert to (1) repay amounts outstanding to the Company under a limited recourse loan to under which Cameron acquired the Class A Shares and Class B Shares and (2) realise the value of his Class B Shares created by the Listing under the terms and conditions of issue of the Class B Shares. Please refer to section 6.3.1.5 for further details.
- Zara Holdings Pty Ltd is an entity controlled by Craig Mathieson, a non-executive director of the Company.
- Comprising Shares to be held by Andrea Atamian and Rita Najmeddine.
- Includes shares to be acquired by Trent Peterson (47,619 Shares) and Melanie Wilson (47,619 Shares), non-executive directors of the Company, under the Priority Offer.

A number of Existing Shareholders have provided a commitments to sell 54.5 million Shares into the Offer via SaleCo (see section 9.5 for further details) of which the Management Shareholders have provided commitments to sell 2.7 million Shares into the Offer via SaleCo (see section 6.3.1.5 for further details).

All Shares held by Existing Shareholders following Completion of the Offer, will be subject to voluntary escrow arrangements (see section 7.15 for further details).

7.7 CONTROL IMPLICATIONS OF THE OFFER

The Existing Shareholders will cease to control the Company as a result of the Offer (assuming they do not subscribe for any Shares). It is not expected that any one Shareholder or group of Shareholders will control the Company as a result of allocations under the Offer.

7.8 PRE-IPO DIVIDEND

On or about Listing, each Existing Shareholder and the Class A Shareholder will receive a Pre-IPO Dividend of \$0.22 per Share and Class A Share (as applicable). The payment of the Pre-IPO Dividend is conditional on Completion of the Offer and will be funded from the proceeds of the Offer.

Shares acquired under the Offer will not receive the Pre-IPO Dividend.

07. DETAILS OF THE OFFER

7.9 POTENTIAL EFFECT OF THE FUNDRAISING ON THE FUTURE OF SHAVER SHOP

The Directors believe that, on Completion of the Offer, the Company will have sufficient funds available from the cash proceeds of the Offer to fulfil the purposes of the Offer and enough working capital to carry out Shaver Shop's stated business objectives.

7.10 BROKER FIRM OFFER

7.10.1 WHO CAN APPLY?

The Broker Firm Offer is open to persons who have received an invitation to participate from the Joint Lead Managers and who have a registered address in Australia. You should contact the Joint Lead Managers to determine whether you can receive an invitation from them under the Broker Firm Offer.

7.10.2 HOW TO APPLY?

If you have received an invitation to participate from the Joint Lead Managers and wish to apply for Shares under the Broker Firm Offer, you should contact the Joint Lead Managers for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Registry.

Applicants under the Broker Firm Offer should contact the Joint Lead Managers to the Offer or the Shaver Shop information line on 1800 500 095 between 8:30am and 5:30pm Melbourne, Australia time, Monday to Friday (business days only) to request a Prospectus and Application Form, or download a copy at <https://events.miraql.com/shavershop-ipo>. The Joint Lead Managers will act as your agent and it is the Joint Lead Managers' responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (Melbourne Time) on the Closing Time or any earlier closing date as determined by the Joint Lead Managers.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the relevant Joint Lead Manager from whom you received your invitation to participate. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by the Joint Lead Managers and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. ***The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.***

The minimum application under the Broker Firm Offer is as directed by the Joint Lead Managers. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. However, the Company and the Joint Lead Managers reserve the right to aggregate any applications which they believe may be multiple applications from the same person or reject or scale back any applications in the Broker Firm Offer. The Company may determine whether a person is eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion, in compliance with applicable laws.

The Company and the Registry take no responsibility for any acts or omissions committed by the Joint Lead Managers in connection with your Application.

The Broker Firm Offer opens at 9.00am (Melbourne Time) on 22 June 2016 and is expected to close at 5.00pm (Melbourne Time) on 27 June 2016. The Company and the Joint Lead Managers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier time and date, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible. Contact the Joint Lead Managers to the Offer or the Shaver Shop information line on 1800 500 095 between 8:30am and 5:30pm Melbourne, Australia time, Monday to Friday (business days only) for instructions.

07. DETAILS OF THE OFFER

7.10.3 PAYMENT METHODS

Applicants under the Broker Firm Offer must pay their Application Monies to the Joint Lead Managers in accordance with instructions provided by the Joint Lead Managers.

7.10.4 ALLOCATION POLICY UNDER THE BROKER FIRM OFFER

Shares that have been allocated to the Joint Lead Managers for allocation to their Australian resident retail clients will be issued to the Applicants nominated by the Joint Lead Managers. It will be a matter for the Joint Lead Managers as to how they allocate firm Shares among their retail clients, and they (and not the Company) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant Shares.

7.10.5 ACCEPTANCE OF APPLICATIONS

An Application in the Broker Firm Offer is an offer by you to the Company to apply for the amount of Shares specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form (including the conditions regarding quotation on ASX in section 7.18.1 and the acknowledgements in section 7.13). To the extent permitted by law, an Application by an Applicant is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

The Joint Lead Managers, in agreement with the Company, reserve the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by the Applicant in completing their Application.

7.10.6 APPLICATION MONIES

The Company reserves the right to decline any application in whole or in part, without giving any reason. Application Monies received under the Broker Firm Offer will be held in a special purpose account until Shares are issued or transferred to Successful Applicants.

Applicants whose applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies provided by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be determined by the Joint Lead Managers.

Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Monies, as applicable.

No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

07. DETAILS OF THE OFFER

7.11 PRIORITY OFFER

7.11.1 WHO MAY APPLY?

The Priority Offer is open to selected investors who have a registered address in Australia and who have received an invitation to participate from the Company. If you are a Priority Offer Applicant, you should have received a personalised invitation to apply for Shares in the Priority Offer.

7.11.2 HOW TO APPLY?

If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for all or some of those Shares, you should follow the instructions on your personalised invitation to apply.

You may apply for an amount up to and including the amount indicated on your personalised invitation. Applications under the Priority Offer must be for a minimum of \$2,000 worth of Shares.

By making an Application, you declare that you were given access to this Prospectus (or any supplementary or replacement prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is included in, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

An Application in the Priority Offer is an offer by an Applicant to the Company to apply for Shares in the amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form (including the conditions regarding quotation on ASX in section 7.18.1 and the acknowledgements in section 7.13). To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted by the Company and the Joint Lead Managers in respect of the full number of Shares specified in the Application Form, or any of them, without further notice to the Applicant. Subject to the guaranteed allocation referred to in section 7.11.4, the Company reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Priority Offer who are allocated a lesser number of Shares than the amount applied for will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies provided by the Offer Price.

If the amount of your Application Monies that you pay is less than the amount specified on your Application Form, you may be taken to have applied for such lower Australian dollar amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your online Application Form) or your Application may be rejected.

Acceptance of an Application will give rise to a binding contract.

7.11.3 HOW TO PAY?

If you are a Priority Offer Applicant, you must pay for Shares applied for following the instructions on your personalised invitation.

7.11.4 ALLOCATION POLICY UNDER THE PRIORITY OFFER

Allocations under the Priority Offer will be at the absolute discretion of the Company, provided that those allocations (in aggregate) do not exceed \$10 million.

Priority Offer Applicants will receive a guaranteed allocation up to and including the amount indicated on their personalised invitation.

07. DETAILS OF THE OFFER

7.12 INSTITUTIONAL OFFER

7.12.1 INVITATIONS TO BID

The Institutional Offer consisted of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares. The Joint Lead Managers separately advised Institutional Investors of the application procedures for the Institutional Offer.

7.12.2 ALLOCATION POLICY UNDER THE INSTITUTIONAL OFFER

The allocation of Shares among Applicants in the Institutional Offer was determined by the Joint Lead Managers in consultation with the Company. The Joint Lead Managers and the Company had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Joint Lead Managers. The allocation policy was influenced, but not constrained, by the following factors:

- > number of Shares bid for by particular Applicants;
- > the timeliness of the bid by particular Applicants;
- > the Company's desire for an informed and active trading market following Listing;
- > the Company's desire to establish a wide spread of institutional Shareholders;
- > overall level of demand under the Broker Firm Offer and the Institutional Offer;
- > the size and type of funds under management of particular Applicants;
- > the likelihood that particular Applicants will be long term Shareholders; and
- > any other factors that the Company and the Joint Lead Managers considered appropriate.

7.13 NATURE OF APPLICATIONS AND APPLICANT ACKNOWLEDGEMENTS

Applications must comply with this Prospectus and the instructions on the Application Form. An Application is an offer by the Applicant to the Company or SaleCo to apply for all or any of the amount of Shares specified in the Application Form, at the Offer Price on the terms set out in this Prospectus. To the extent permitted by law, an Application is irrevocable. Acceptance of an Application will give rise to a binding contract on allocation of Shares to successful Applicants.

Each Applicant under the Offer will be deemed to have:

- > agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- > acknowledged having personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) included in or accompanying the Application Form and having read them all in full;
- > declared that all details and statements in their Application Form are complete and accurate;
- > declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- > acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- > applied for the number of Shares at the Australian Dollar amount shown on the front of the Application Form;
- > agreed to be allocated the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- > authorised the Company and the Joint Lead Managers and their respective officers or agents, to do anything on behalf of the applicant(s) necessary for Shares to be allocated to the applicant(s), including to act on instructions received by the Registry upon using the contact details in the Application Form;
- > acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;

07. DETAILS OF THE OFFER

- > acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the applicant(s), given the investment objectives, financial situation or particular needs of the applicant(s);
- > declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer);
- > acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- > acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant in the Retail Offer, and each person in Australia to whom the Institutional Offer is made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- > it understands that the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States;
- > it is not in the United States;
- > it has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- > it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

7.14 POWERS OF THE COMPANY AND SALECO IN RELATION TO APPLICATIONS

There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant has applied. Shaver Shop and SaleCo may in their absolute discretion, without notice to any Applicant and without giving any reason:

- > withdraw the Offer at any time before the issue or transfer of Securities to successful Applicants;
- > decline an Application;
- > accept an Application for its full amount or any lower amount;
- > determine a person to be eligible or ineligible to participate in any part of the Offer;
- > waive or correct any errors made by an Applicant in completing their Application Form;
- > amend or waive the Offer application procedures or requirements in compliance with applicable laws; or
- > aggregate any Applications that they believe may be multiple Applications from the same person.

7.15 VOLUNTARY ESCROW ARRANGEMENTS

The Shares held by each of the Escrowed Shareholders at Completion of the Offer will be escrowed until three Business Days after the date the audited financial accounts of the Company for the financial year ended 30 June 2017 are released to ASX.

Each of the Escrowed Shareholders has agreed to enter into a Voluntary Escrow Deed in respect of their Escrowed Shares. This deed will prevent them from disposing of their Escrowed Shares for the Escrow Period.

The restriction on “disposing” is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interest (including an economic interest) in the Escrowed Shares, encumbering or granting a security interest over the Escrowed Shares, granting or exercising an option over the Escrowed Shares, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Escrowed Shares, or agreeing to do any of those things. Nothing in the deed affects or in any way restricts any right in respect of voting attached to the Escrowed Shares.

07. DETAILS OF THE OFFER

All of the Escrowed Shareholders may be released early from these escrow obligations to enable:

- > the Escrowed Shareholders to accept an offer under a takeover bid in relation to their Escrowed Shares if holders of at least half of the Shares the subject of the bid that are not held by the Escrowed Shareholders have accepted the takeover bid;
- > the Escrowed Shares held by the Escrowed Shareholders to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act; or
- > the Escrowed Shareholder to transfer their Escrowed Shares to a wholly-owned subsidiary of the Escrowed Shareholder provided that the wholly-owned subsidiary enters into a deed with the Company on the same terms as the escrow deed and the wholly-owned shareholder agrees that if it ceases to be a wholly-owned subsidiary of the Escrowed Shareholder it will immediately transfer any Escrowed Shares it holds back to the Escrowed Shareholder.

During the relevant escrow period, the Escrowed Shareholders whose Shares are subject to escrow may deal in any of their Shares to the extent the dealing is required by applicable law (including an order of a court of competent jurisdiction).

Escrowed Shareholders will continue to maintain and control all voting rights applicable to their Shares that are subject to escrow.

In aggregate, 31,718,485 Shares will be the subject of these escrow arrangements.

The number of Shares in respect of which the Escrowed Shareholders have agreed to enter into voluntary escrow arrangements with the Company are set out in the table below.

Name of Escrowed Shareholder	Shares held at Completion	Percentage of Shares held in escrow
Alsop Pty Limited	14,277,125	100%
Katani Pty Ltd	5,408,004	100%
Zara Holdings Pty Ltd	4,160,004	100%
Dovali Pty Ltd	2,773,336	100%
Cameron Fox	1,800,024	100%
Brodie Arnhold	1,600,000	100%
Andrea Atamian	599,992	100%
Robin Hood Holdings Pty Ltd	400,000	100%
Levanto Holdings Pty Ltd	400,000	100%
Staffy Pty Ltd	300,000	100%

7.16 BROKERAGE, COMMISSION OR STAMP DUTY

No brokerage, commission or stamp duty is payable by Applicants on Shares allotted under the Offer.

7.17 RESTRICTIONS ON DISTRIBUTION

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States or elsewhere outside Australia, unless it has attached to it the selling restrictions applicable in the jurisdictions outside Australia, and may only be distributed to persons to whom the Institutional Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

07. DETAILS OF THE OFFER

7.17.1 NEW ZEALAND

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**). The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- > is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- > meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- > is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- > is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- > is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

7.17.2 HONG KONG

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO) and any rules made under that ordinance.

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

7.17.3 SINGAPORE

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, solicitation or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) an “institutional investor” (as defined in the Securities and Futures Act, Chapter 289 of Singapore (**SFA**)); (ii) a “relevant person” (as defined in the SFA); (iii) pursuant to and in accordance with an exemption under Subdivision (4) Division 1, Part XIII of the SFA, or (iv) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA.

This document has been given to you on the basis that you are: (i) an institutional investor; (ii) a relevant person; or (iii) a person falling within the ambit of Subdivision (4), Division I of Part XIII of the SFA. You agree to be bound by the disclaimers, limitations and restrictions described herein. In the event that you are not an investor falling within any of the categories set out above, please return this document and any other materials relating to the Shares immediately. This document and such other materials relating to the Shares may not be relied upon by any other person other than persons to whom the Shares are sold or with whom they are placed or for any other purpose. You may not reissue, distribute, forward or circulate this document or any part thereof in any manner whatsoever to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for transfer and/or sale to any other party. There are transferability and resale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to seek independent professional advice to acquaint themselves with the SFA provisions relating to such transferability and resale restrictions in Singapore and comply accordingly.

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Accordingly, the Company has not offered or sold the Shares or caused the Shares to be made the subject of an invitation for subscription or purchase, nor shall it offer or sell the Shares or cause the Shares to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed nor shall it circulate or distribute this or any other document or material in connection with the offer or sale or invitation for subscription or purchase, of the Shares, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA..

7.18 ASX LISTING, REGISTERS AND HOLDING STATEMENTS

7.18.1 APPLICATION TO THE ASX FOR LISTING OF SHAVER SHOP AND QUOTATION OF SHARES

The Company will apply for admission to the Official List and quotation of the Shares on the ASX within 7 days of the Prospectus Date. The Company's ASX code is expected to be SSG.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

If the Shares are not admitted to quotation on the ASX within three months after the Prospectus Date (or any later date permitted by law), the Offer will be withdrawn and all Application Monies received by the Company will be refunded (without interest) in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any waivers obtained by the Company from time to time), the Company will be required to comply with the ASX Listing Rules.

7.18.2 CHESS AND ISSUER SPONSORED HOLDINGS

The Company will apply to participate in the Clearing House Electronic Subregister System (**CHESS**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in electronic form.

When the Shares become approved financial products (defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer-sponsored sub-register. For all Successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer-sponsored sub-register.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements at the end of each month or if there has been a change to their shareholding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring Broker (in the case of a holding on the CHESS sub-register) or through the Registry (in the case of a holding on the issuer sponsored sub-register). The Registry may charge a fee for these additional statements.

7.18.3 SELLING SHARES BEFORE RECEIVING A HOLDING STATEMENT

It is expected that the Shares will commence trading on ASX on 1 July 2016 on a normal settlement basis (that is, trading on a T+2 settlement basis).

It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. The Company, SaleCo, the Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them by a Broker or otherwise.

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The Directors
Shaver Shop Group Limited
Suite 302, Level 3
541 Blackburn Road
MOUNT WAVERLY VIC 3149

The Directors
Shaver Shop SaleCo Limited
Suite 302, Level 3
541 Blackburn Road
MOUNT WAVERLY VIC 3149

7 June 2016

Dear Directors

Independent Limited Assurance Report on Shaver Shop Group Limited Historical Financial Information and Forecast Financial Information and Financial Services Guide

We have been engaged by Shaver Shop Group Limited (the **Company**) and Shaver Shop SaleCo Limited (**SaleCo**) to report on the historical and forecast financial information of the Company for inclusion in the prospectus dated on or about 7 June 2016 (**Prospectus**) and relating to the issue of ordinary shares in the Company, the offer of certain existing shares in the Company by SaleCo and the listing of the Company on the Australian Securities Exchange (the **Offer**).

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001. This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following financial information of the Company (the responsible party) included in section 4 of the Prospectus (collectively the **Financial Information**):

- a) The **Statutory Historical Financial Information**, being the:
 - statutory consolidated historical income statements for the financial years ended 30 June 2013 (**FY13**), 30 June 2014 (**FY14**) and 30 June 2015 (**FY15**), and for the 6 months ended 31 December 2014 (**1H FY15**) and 31 December 2015 (**1H FY16**);

**PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of
Australian Financial Services Licence No 244572**
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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- statutory consolidated historical statements of cash flows for FY13, FY14, FY15, 1H FY15 and 1H FY16; and
- statutory consolidated balance sheet as at 31 December 2015.

b) The **Pro Forma Historical Financial Information**, being the:

- pro forma consolidated historical income statements for FY13, FY14, FY15, 1H FY15 and 1H FY16 ;
- pro forma consolidated historical statements of cash flows for FY13, FY14, FY15, 1H FY15 and 1H FY16; and
- pro forma consolidated balance sheet as at 31 December 2015; and

which in each case assumes completion of the Offer.

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are collectively the **Historical Financial Information**.

c) **Statutory Forecast Financial Information**, being the:

- statutory consolidated forecast statement of profit or loss for the financial years ending 30 June 2016 (**FY16**) and 30 June 2017 (**FY17**); and
- statutory consolidated forecast statement of cash flows for FY16 and FY17.

d) **Pro Forma Forecast Financial Information**, being the:

- pro forma consolidated forecast income statements for FY16 and FY17; and
- pro forma consolidated forecast statement of cash flows for FY16 and FY17; and

which in each case assumes completion of the Offer.

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information are collectively the **Forecast Financial Information**.

Statutory Historical Financial Information

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Statutory Historical Financial Information has been extracted from the financial reports of the Company for the years ended 30 June 2013, 30 June 2014 and 30 June 2015, which were audited by PricewaterhouseCoopers, and the six months ended 31 December 2015, which were reviewed by PricewaterhouseCoopers Securities Limited, in accordance with the Australian Auditing Standards. PricewaterhouseCoopers and

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PricewaterhouseCoopers Securities Limited issued unmodified audit and review opinions respectively on the financial reports.

The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of the Company, after adjusting for the effects of pro forma adjustments described in sections 4.4, 4.5.1 and 4.6 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in sections 4.4, 4.5.1 and 4.6 of the Prospectus, as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

Statutory Forecast Financial Information

The directors' best-estimate assumptions underlying the Statutory Forecast Financial Information are described in section 4.8 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Forecast Financial Information

The Pro Forma Forecast Financial Information has been derived from the Company's Statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in sections 4.4, 4.5.1 and 4.6 of the Prospectus. The stated basis of preparation used in the preparation of the Pro Forma Forecast Financial Information being the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 4 of the Prospectus, as if those events or transactions had occurred as at the date of the Statutory Forecast Financial Information. Due to its nature, the Pro Forma Forecast Financial Information does not represent the Company's actual prospective financial performance, and/or cash flows for the years ending 30 June 2016 and 30 June 2017.

Directors' responsibility

The directors of the Company are responsible for the preparation of the Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information.

The directors of the Company are also responsible for the preparation of the Forecast Financial Information, including its basis of preparation, the best-estimate assumptions underlying the Forecast

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Financial Information, and the selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information.

This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of the Historical Financial Information and the Forecast Financial Information that are free from material misstatement.

Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Forecast Financial Information, the best-estimate assumptions underlying the Forecast Financial Information, and the reasonableness of the Forecast Financial Information itself, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information of the Company, as described in section 4 of the Prospectus is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro forma Historical Financial Information of the Company as described in section 4 of the Prospectus is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 4 of the Prospectus, as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information.

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Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Statutory Forecast Financial Information of the Company for the years ending 30 June 2016 and 30 June 2017 do not provide reasonable grounds for the Statutory Forecast Financial Information; and
- in all material respects, the Statutory Forecast Financial Information:
 - is not properly prepared on the basis of the directors' best-estimate assumptions as described in section 4 of the Prospectus; and
 - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; and
- the Statutory Forecast Financial Information itself is unreasonable.

Pro Forma Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information of the Company for the years ending 30 June 2016 and 30 June 2017 do not provide reasonable grounds for the Pro Forma Forecast Financial Information; and
- in all material respects, the Pro Forma Forecast Financial Information:
 - is not properly prepared on the basis of the directors' best-estimate assumptions, as described in section 4 of the Prospectus; and
 - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies, applied to the Pro Forma Forecast Financial Information and the pro forma adjustments as if those adjustments had occurred as at the date of the Statutory Forecast Financial Information; and
- the Pro Forma Forecast Financial Information itself is unreasonable.

Forecast Financial Information

The Forecast Financial Information has been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the years ending 30 June 2016 and 30 June 2017. There is a considerable degree of subjective judgment involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material.

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The directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in sections 4.9 and 5 of the Prospectus. The sensitivity analysis described in section 4.9 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

The Forecast Financial Information has been prepared by the directors for the purpose of inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this report, or on the Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Notice to investors outside Australia and New Zealand

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, we draw attention to section 4 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

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Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of the Offer other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

A handwritten signature in black ink, appearing to read 'R Speedie', is written over a light blue horizontal line.

Robert Speedie
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

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Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 7 June 2016

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) (**PwC Securities**) has been engaged by Shaver Shop Group Limited (the **Company**) and Shaver Shop SaleCo Limited (**SaleCo**) to provide a report in the form of an Independent Limited Assurance Report in relation to the Company's Historical Financial Information and Forecast Financial Information (the **Report**) for inclusion in the prospectus dated 7 June 2016. You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide (**FSG**) is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

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5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on an hourly basis and as at the date of this Report amount to \$380,000. Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

PricewaterhouseCoopers is the auditor of the Company.

7. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service (FOS), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

8. Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Robert Speedie
Authorised Representative
PricewaterhouseCoopers Securities Ltd
2 Southbank Boulevard
GPO Box 1331
Melbourne VIC 3001

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ADDITIONAL INFORMATION

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9.1 REGISTRATION

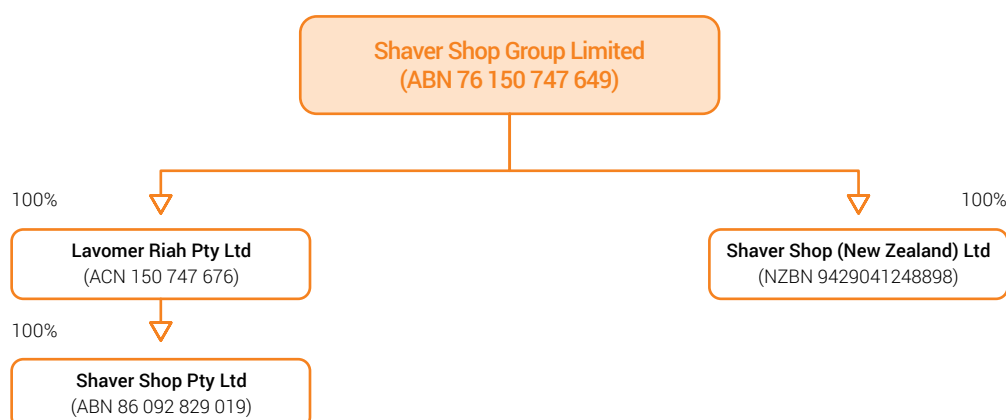
The Company was registered in Victoria on 5 May 2011 as a proprietary company and converted to a public company on 26 May 2016.

9.2 SHARE CAPITAL

On Completion of the Offer, the Company will have approximately 125.1 million Shares on issue, including 93.4 million Shares offered under this Prospectus*.

9.3 CORPORATE STRUCTURE

The corporate structure of the Company and its subsidiaries is set out below. Shaver Shop Pty Ltd and Shaver Shop (New Zealand) Ltd are the operating entities of the Group.



9.4 THE COMPANY'S TAX STATUS

The Company is and will be subject to tax at the Australian corporate tax rate.

9.5 SALE OF EXISTING SHARES AND MANAGEMENT SALE SHARES

SaleCo, a special purpose vehicle, has been established to facilitate the sale of Existing Shares by the Selling Shareholders and the sale of Management Sale Shares by Management Shareholders (please refer to section 6.3.1.5).

The Company, SaleCo and the Selling Shareholders have entered into a Sale Deed under which the Selling Shareholders have agreed to sell to SaleCo a specified portion of their Existing Shares and the Management Shareholders have agreed to sell the Management Sale Shares, which will be sold by SaleCo into the Offer, free from encumbrances and third party rights and conditional on (among other things) the Underwriting Agreement not having being terminated as at the date of settlement of the Offer. The Selling Shareholders have committed to sell in aggregate 54.5 million Shares of which the Management Shareholders have committed to sell in aggregate 2.7 million Shares into the Offer via SaleCo under the Sale Deed.

The Existing Shares which SaleCo acquires from the Selling Shareholders will be transferred to Successful Applicants at the Offer Price. The price payable by SaleCo for these Existing Shares is the Offer Price. The Company will also issue New Shares to Successful Applicants under the Offer.

* Excluding the 1,300,000 Plan Shares which are to be offered by the Company to Management under the LTI Plan within the 12 month period after Listing. Please refer to sections 6.3.1.4 and 9.6 for further information.

09. ADDITIONAL INFORMATION

SaleCo has no material assets, liabilities or operations other than its interests in and obligations under the Underwriting Agreement, the Sale Deed contemplated above and the Sale Deed with the Management Shareholders contemplated in section 6.3.1.5). The Directors of SaleCo are Brodie Arnhold, Cameron Fox and Trent Peterson who are also Directors of the Company. Brodie and Cameron are also each a shareholder of SaleCo.

The Company has agreed under the Sale Deed to provide such resources and support as are necessary to enable SaleCo to discharge its functions in relation to the Offer and has indemnified SaleCo in respect of the costs of the Offer. The Company has also indemnified SaleCo and the shareholders and officers of SaleCo for any loss which they may incur as a consequence of the Offer.

9.6 EMPLOYEE EQUITY PLANS

The Company has established a Long Term Incentive Plan (**LTI Plan**) conditional upon Completion of the Offer to assist in the motivation, retention and reward of Shaver Shop senior executives. The LTI Plan is designed to align the interests of senior executives more closely with the interests of Shareholders by providing an opportunity for eligible senior executives to acquire Shares subject to the conditions of the LTI Plan (**Plan Shares**).

The Plan Shares will be issued or transferred to participants in the LTI Plan at market value, determined in good faith by the Board. The Company, or one of its subsidiaries, may provide a limited recourse loan to senior executives who are invited to participate in the LTI Plan 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 LTI Plan, the Company will retain discretion to waive repayment of all, or part of, any Loan.

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

As noted in section 6.3.1.4, the Company will offer certain members of Management the right to acquire up to 1,300,000 Plan Shares (representing 1.0% of the Company's issued share capital) within 12 months after Listing. The Plan Shares will be divided into three equal tranches and will have vesting conditions based on a performance condition and a service condition. The three tranches apply to the following performance periods:

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

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

The table in section 6.3.1.4 sets out the number of Plan Shares to be offered to the relevant Management personnel, including details of the number of Plan Shares per tranche for each Management personnel.

The Company will offer each Management personnel listed in the table in section 6.3.1.4 a Loan to assist them to purchase the Plan Shares set out in section 6.3.1.4. Under the terms of each Loan, the Company will agree to waive repayment of any amount owing under the relevant Loan on Plan Shares which become vested, which exceeds an amount equal to the number of vested Plan Shares acquired under the relevant Loan *multiplied* by the Offer Price. The after-tax value of any dividends paid on the Plan Shares acquired under a Loan will be applied to repay the relevant Loan.

09. ADDITIONAL INFORMATION

PERFORMANCE CONDITION

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

Both of the performance hurdles will be expressed as a CAGR percentage.

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

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

TSR CAGR ACROSS THE RELEVANT PERFORMANCE PERIOD	PROPORTION OF THE RELEVANT PLAN SHARES THAT SATISFY THE TSR VESTING CONDITION
TSR CAGR is less than 15%	Nil
TSR CAGR is equal to 15%	20%
TSR CAGR is greater than 15% and less than or equal to 20%	Progressive pro-rata vesting from 20% to 40% (i.e. on a straight line basis)
TSR CAGR is greater than 20% and less than or equal to 25%	Progressive pro-rata vesting from 40% to 70% (i.e. on a straight line basis)
TSR CAGR is greater than 25% and less than 30%	Progressive pro-rata vesting from 70% to 100% (i.e. on a straight line basis)
TSR CAGR is equal to or greater than 30%	100%

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

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

EPS CAGR OVER THE PERFORMANCE PERIOD	PROPORTION OF THE RELEVANT PLAN SHARES THAT SATISFY THE EPS VESTING CONDITION
EPS CAGR is less than 15%	Nil
EPS CAGR is equal to 15%	20%
EPS CAGR is greater than 15% and less than or equal to 20%	Progressive pro-rata vesting from 20% to 40% (i.e. on a straight line basis)
EPS CAGR is greater than 20% and less than or equal to 25%	Progressive pro-rata vesting from 40% to 70% (i.e. on a straight line basis)
EPS CAGR is greater than 25% and less than or equal to 30%	Progressive pro-rata vesting from 70% to 100% (i.e. on a straight line basis)
EPS CAGR is equal to or greater than 30%	100%

09. ADDITIONAL INFORMATION

SERVICE CONDITION

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

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

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

OTHER KEY TERMS

The other key terms of the LTI Plan are as follows:

FEATURE	DESCRIPTION
Administration	The LTI Plan is administered by the Board or the Board's delegate.
Eligibility	Participation in the LTI Plan is by invitation. The Board may determine which members of senior management or other senior employees are eligible.
Vesting	The Plan Shares will vest on the satisfaction of the applicable performance, service or other vesting conditions specified at the time of the grant.
Restrictions on Disposal	<p>A participant must not dispose of a Plan Share until the Plan Share has vested, the loan balance relating to that Plan Share has been repaid or discharged or any disposal restrictions set out under the LTI Plan rules or letter of invitation have expired.</p> <p>The Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with the disposal restrictions, including using an ASX Holding Lock on the Plan Share, using an employee share trust to hold the Plan Share or refusing to register a transfer of the Plan Share.</p>
Change in control	In the event of a change in control of the Company, the Board may in its absolute discretion determine the manner in which any or all of the participant's Plan Shares (whether vested or unvested) will be dealt with including, without limitation, in a manner that allows the participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
Plan Shares	Each Plan Share entitles the participant to one fully paid ordinary share in Shaver Shop.
Performance period	For the initial award of Plan Shares, the performance periods are as described above. For future awards, the performance periods will be specified in the relevant offer.
Shares	Unless otherwise specified in an offer made under the LTI Plan, Shares issued or transferred under the LTI Plan will rank equally with all existing Shares from the date of issue or transfer.
Loan	As detailed above, the Company, or one of its subsidiaries, may provide a Loan to a participant to assist them to fund the full consideration for the Plan Shares. The terms of the Loan will be set out in separate a loan agreement.

09. ADDITIONAL INFORMATION

FEATURE	DESCRIPTION
Treatment on cessation of employment	<p>If a participant is no longer an employee, director or contractor of the Company, unless otherwise determined by the Board, all of their unvested Plan Shares will be compulsorily divested on a date determined by the Board. They will retain any vested Plan Shares pursuant to the terms of the Plan.</p> <p>Where a participant acts fraudulently or dishonestly or wilfully breaches their duties to the Group, the Board may deal with their Plan Shares in accordance with the Rules and may require the participant to compulsorily divest all of their Plan Shares.</p>
New issues	<p>Subject to the ASX Listing Rules (where relevant):</p> <ul style="list-style-type: none"> > if Shares are issued by the Company pro rata to shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment) in respect of Plan Shares, those shares are deemed to be Plan Shares for the purposes of these Rules, and subject to the same Vesting Conditions as the relevant Plan Shares; and > if the Company announces a rights issue, each participant will be offered an opportunity to exercise those rights in respect of Plan Shares. Unless the participant agrees otherwise, the Shares allotted to the participant as a result of the participant exercising such rights, are not subject to vesting conditions and will not be subject to the LTI Plan rules.
Quotation	<p>If Plan Shares granted under the Plan are the same class as those shares of the Company which are listed on the ASX, the Company will apply for quotation of the Plan Shares issued (or any unquoted Plan Shares transferred) promptly following the date of grant.</p>
Amendments	<p>The Board may, at any time, amend the terms and conditions of the LTI Plan, so long as the amendment does not materially reduce the rights of any participant as they existed before the date of the amendment.</p>
Other terms	<p>The LTI Plan contains other terms relating to the administration, transfer, termination and variation of the LTI Plan.</p>

9.7 UNDERWRITING AGREEMENT

The Offer has been underwritten by the Joint Lead Managers pursuant to an *Underwriting Agreement* dated 7 June 2016 between the Company, SaleCo and the Joint Lead Managers (**Underwriting Agreement**). Under the Underwriting Agreement, the Joint Lead Managers have agreed to manage and underwrite the Offer.

9.7.1 FEES, COSTS AND EXPENSES

Subject to the Offer being Completed, the Company and SaleCo must pay the Joint Lead Managers, in aggregate:

- (a) an IPO Management, Execution and Selling Fee of \$0.7 million (excluding GST); and
- (b) an Underwriting Fee of \$2.0 million (excluding GST).

The IPO Management, Execution and Selling Fee and Underwriting Fee are payable to the Joint Lead Managers on the Settlement Date.

The Underwriting Agreement provides that the Company may, in its sole and absolute discretion, agree to pay to the Joint Lead Managers a Discretionary Fee of up to \$0.5 million (excluding GST). If the Company decides to pay the Joint Lead Managers the Discretionary Fee, the Discretionary Fee must be paid to the Joint Lead Managers no later than 30 days after the Settlement Date.

The Company has also agreed to reimburse the Joint Lead Managers for certain costs and expenses incurred in respect of the Offer, including legal costs, travel and other out of pocket expenses.

09. ADDITIONAL INFORMATION

9.7.2 TERMINATION EVENTS NOT LIMITED TO MATERIALITY

If any of the following events occurs at any time before Completion (or any other time specified in the Underwriting Agreement), each Joint Lead Manager may terminate its obligations under the Underwriting Agreement:

- (a) **(disclosures)** a statement contained in the documents prepared for the Offer (**Offer Document**) is or becomes misleading or deceptive, or a matter required to be included by Australian law is omitted from the documents prepared for the Offer;
- (b) **(new circumstances)** there occurs a new circumstance that arises after the Prospectus is lodged that would have been required to be included in the Prospectus if it had arisen before lodgement and the Company and SaleCo become required to issue a supplementary prospectus to comply with section 719 of the Corporations Act;
- (c) **(supplementary prospectus)** the Company and SaleCo issue or, in the reasonable opinion of the Joint Lead Managers, become required to issue a supplementary prospectus to comply with section 719 of the Corporations Act and the Company and SaleCo lodge a supplementary prospectus with ASIC in a form that has not been approved by the Joint Lead Managers in circumstances required by the Underwriting Agreement or otherwise fails to comply with the requirements specified in the Underwriting Agreement;
- (d) **(market fall)** at any time before Completion, the S&P/ASX All Ordinaries Index closes at a level that is 87.5% or less than the level of that index as at the close of trading on ASX on the Business Day immediately before the date of the Underwriting Agreement, and remains at or below that level for a period of two consecutive trading days;
- (e) **(escrow agreements)** any of the Voluntary Escrow Deeds contemplated in section 7.15 are withdrawn, varied, terminated, rescinded, altered, amended or breached;
- (f) **(listing and quotation)** approval is refused or not granted, or approval is granted subject to conditions which are not customary conditions or otherwise acceptable to the Joint Lead Managers acting reasonably, to:
 - > the Company's admission to the official list of ASX on or before the date by which ASX is to have confirmed quotation of the Shares; or
 - > the quotation of the Shares under the Offer on ASX or for the Shares under the Offer to be cleared through CHES on or before the date on which normal trading of the Shares commences, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions or conditions otherwise acceptable to the Joint Lead Managers acting reasonably) or withheld;
- (g) **(regulatory action)** any of the following occurs:
 - > ASIC issues an order in relation to the Offer or an Offer Document under section 739 of the Corporations Act;
 - > ASIC holds a hearing in relation to the Offer or an Offer Document under section 739(2) of the Corporations Act; or
 - > an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) (**ASIC Act**) in relation to the Offer or an Offer Document;
- (h) **(consent withdrawn)** any person (other than the Joint Lead Managers) gives a notice under section 733(3) of the Corporations Act or any person who has previously consented to the inclusion of its name in the Prospectus (or any replacement or Supplementary Prospectus) withdraws that consent and does not re-issue that consent within two Business Days;
- (i) **(notice under section 730)** any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
- (j) **(certificate)** the Company and SaleCo do not provide a closing certificate as and when required under the Underwriting Agreement;
- (k) **(directors)** any of the following occurs:
 - > a director of the Company is charged with an indictable offence relating to a financial or corporate matter; or
 - > any director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- (l) **(withdrawal)** the Company and SaleCo withdraw an Offer Document or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;

09. ADDITIONAL INFORMATION

- (m) **(ASX Waivers)** ASX withdraws, revokes or amends the ASX Waivers;
- (n) **(applications and proceedings)** any person makes an application for an order under Part 9.5 of the Corporations Act in relation to this Prospectus or the Offer or ASIC commences or gives notice of an intention to hold, any investigation, proceedings or hearing in relation to the Offer or the Prospectus or any government agency commences or gives notice of an intention to hold, any investigation, proceeding or hearing in relation to the Offer or the Prospectus and any such application, investigation, proceeding, hearing is not completed or withdrawn;
- (o) **(unable to issue or transfer)** the Company or SaleCo is prevented from allotting or issuing or transferring the Shares under the Offer within 2 Business Days of the time required by the timetable included in the Underwriting Agreement, the Offer documents, the ASX Listing Rules, the ASX Settlement Operating Rules or by any other applicable laws, an order of a court of competent jurisdiction or a government agency; or
- (p) **(insolvency events)** the Company or any member of the Shaver Shop Group is or becomes insolvent or there is an act or omission which may result in the Company or any member of the Shaver Shop Group becoming Insolvent.

9.7.3 TERMINATION EVENTS LIMITED TO MATERIALITY

If any of the following events occurs at any time before Completion (or any other time specified in the Underwriting Agreement), each Joint Lead Manager may not terminate its obligations under the Underwriting Agreement, unless in the reasonable opinion of the Joint Lead Managers, the event has had or is likely to have a materially adverse effect on (i) the marketing, outcome, success or settlement of the Offer, (ii) the ability of the Joint Lead Managers to market, promote or settle the Offer, or (iii) the willingness of investors to subscribe for the Offer Shares; the event has given, or would be likely to give, rise to a liability for the Joint Lead Managers under the Corporations Act or any applicable law; or the event has given, or would be likely to give, rise to a contravention by a Joint Lead Manager of, or a Joint Lead Manager being involved in a contravention of, the Corporations Act or any applicable laws:

- (a) **(forecasts)** any statement or estimate by the Company or SaleCo in the Offer Documents which relates to a future matter becomes incapable of being met or is unlikely to be met in the projected time;
- (b) **(disclosures in due diligence report)** the due diligence report, or verification material, or any other information supplied by or on behalf of the Company or SaleCo to the Joint Lead Managers in relation to the Shaver Shop Group or the Offer is or becomes false or misleading or deceptive or likely to mislead or deceive, including by way of omission, in any material respect;
- (c) **(certificate)** a closing certificate that the Company and SaleCo provide is false, misleading or deceptive (including by way of omission);
- (d) **(directors)** any Government Agency commences any public action against a member of the board of directors of the Company;
- (e) **(hostilities)** hostilities not presently existing commence (whether war has been declared or not) occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, Canada, Japan, the United Kingdom, the People's Republic of China, Hong Kong, Singapore or any member state of the European Union or any diplomatic, military, commercial or political establishment of any of those countries or a major terrorist act is perpetrated anywhere in the world;
- (f) **(change of law)** there is introduced into the Parliament of Australia, New Zealand, Hong Kong or Singapore or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, including ASIC, adopts a new policy (other than a law or policy which has been announced before the date of this agreement);
- (g) **(change in management)** other than as disclosed in this Prospectus, a change to the Board occurs;
- (h) **(vacancy in office)** the chairman or chief executive officer of the Company (as disclosed in this Prospectus) vacates his office;
- (i) **(compliance)** a contravention by the Company or SaleCo or any entity in the Group of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), the ASIC Act, the Company's or SaleCo's constitution (as applicable) or any of the Listing Rules, or the Company or SaleCo commits a fraudulent act;
- (j) **(default)** a default by the Company or SaleCo in the performance of any of its material obligations under the Underwriting Agreement occurs;

09. ADDITIONAL INFORMATION

- (k) **(representations and warranties)** a representation or warranty contained in the Underwriting Agreement on the part of the Company or SaleCo becomes untrue or incorrect;
- (l) **(Timetable)** any event specified in the timetable in the Underwriting Agreement is delayed for more than 2 Business Day without the prior written consent of the Joint Lead Managers (other than a delay caused by ASIC extending the exposure period in accordance with section 727(3) of the Corporations Act);
- (m) **(constitution)** the Company or SaleCo varies any term of its constitution without the prior written consent of the Joint Lead Managers to the terms of the variation;
- (n) **(charges)** the Company or any member of the Shaver Shop Group charges, or agrees to charge, the whole or a substantial part of the business or property of the Company other than:
 - > a charge over any fees or commissions to which the Company is or will be entitled; or
 - > as disclosed in the Offer Documents; or
 - > as agreed with the Joint Lead Managers;
- (o) **(Sale Deed)** the Sale Deed contemplated in clause 9.4 is varied, terminated, rescinded or amended without the prior consent of the Joint Lead Managers or the Sale Deed is found to be void;
- (p) **(legal proceedings)** the commencement of legal proceedings against the Company, SaleCo or any member of the Shaver Shop Group or against any director of the Company, SaleCo or any other member of the Shaver Shop Group in that capacity;
- (q) **(force majeure)** there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government agency which makes it illegal for the Joint Lead Managers to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Offer; or
- (r) **(adverse change in financial markets)** any of the following occurs:
 - > a general moratorium on commercial banking activities in Australia, New Zealand, the United States, Canada, the United Kingdom, Japan, Hong Kong or Singapore is declared by the relevant central banking authority in those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
 - > any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in, Australia, New Zealand, Canada, Japan, Hong Kong or Singapore; or
 - > trading in all securities quoted or listed on the ASX, the New Zealand Exchange, the Tokyo Exchange, the Singapore Exchange, the Hong Kong Exchange, New York Stock Exchange or the London Stock Exchange is suspended or limited in a material respect for one day on which the exchange is open for trading.

9.7.4 TERMINATION BY ONE JOINT LEAD MANAGER

Any right or power of the Joint Lead Managers to terminate their obligations under the Underwriting Agreement may be exercised severally. If one Joint Lead Manager terminates (**Terminating Joint Lead Manager**), the remaining Joint Lead Manager (**Remaining Joint Lead Manager**) may elect to take up the rights and obligations of the Terminating Joint Lead Manager under the Underwriting Agreement.

9.7.5 REPRESENTATIONS, WARRANTIES, UNDERTAKINGS AND CONDITIONS

The Underwriting Agreement contains common representations, warranties and undertakings provided by the Company and SaleCo to the Joint Lead Managers relating to matters such as the conduct of the parties, the conduct and outcome of the due diligence process in relation to the Offer, information provided to the Joint Lead Managers, compliance with the ASX Listing Rules and laws, information contained in this Prospectus and the conduct of the Offer.

09. ADDITIONAL INFORMATION

The undertakings provided by the Company include:

- > that the Company will not, with the prior written consent of the Joint Lead Managers, during the period following the date of the Underwriting Agreement until 180 days after Completion, allot or agree to allot, or indicate in any way that it may or will allot or agree to allot, any equity securities or securities that are convertible or exchangeable into equity, or securities that are convertible or exchangeable into equity, in the Company, other than pursuant to the Offer, any transaction disclosed in this Prospectus, or the issue of securities under an employee securities plan of the Company.
- > that the Company will, until the expiration of 180 days after Completion, conduct its business and procure that each other member of the Shaver Shop Group conducts its business, in the ordinary course and not dispose (or permit any other member of Shaver Shop Group to dispose) of any material part of its (or their) business or property except in the ordinary course or as disclosed in the Prospectus; and
- > that, at any time after the date of this agreement and before expiry of 180 days after Completion, reduce, reorganise or otherwise alter the capital structure of the Company or agree or announce to do any of those things, except as contemplated in the Offer Documents or with the prior written consent of the Joint Lead Managers.

In addition, the Underwriting Agreement contains common conditions precedent to the Joint Lead Managers' obligations, including the entry by the Escrowed Shareholders into the Voluntary Escrow Deeds contemplated in section 7.15.

9.7.6 INDEMNITY

Subject to certain exceptions, the Company and SaleCo indemnify the Joint Lead Managers and persons associated with the Joint Lead Managers against certain liabilities which relate to or arise from the Underwriting Agreement, this Prospectus (or any related document) or the Offer.

9.8 MATERIAL CONTRACTS

The Directors consider that there are a number of contracts which are significant or material to Shaver Shop or are of such a nature that an investor may wish to have details of them when making an assessment of whether to apply for Shares. The main provisions of these contracts are summarised below, or elsewhere in this Prospectus. These summaries are included for the information of potential investors in the Offer but do not purport to be complete and are qualified by the text of the contracts themselves.

9.8.1 VOLUNTARY ESCROW DEEDS

Please see section 7.15 for a summary of the terms of the escrow deeds.

9.8.2 FINANCE FACILITIES

The Company has existing debt financing facilities with BankWest. The key terms of the debt facilities are set out in section 4.5.3.

9.8.3 FRANCHISE AGREEMENTS

The terms governing the contractual relationship between Shaver Shop and each of its franchisees are as set out in a standard form franchise agreement prepared by Shaver Shop (**Franchise Agreement**).

Set out below is a summary of the key provisions of the Franchise Agreement.

9.8.3.1 Term and renewal

The Franchise Agreement grants to franchisees the non-exclusive right to operate a Shaver Shop business from specified premises using the Shaver Shop franchise system. The Franchise Agreement is typically for an initial term of five years and also grants to the franchisee one option to renew for a further term of five years, subject to the franchisee satisfying a number of conditions.

09. ADDITIONAL INFORMATION

9.8.3.2 Termination

Shaver Shop has the right to serve a default notice on the franchisee under the Franchise Agreement on the occurrence of a number of circumstances, including where the franchisee breaches any term or obligation contained within the Franchise Agreement.

Shaver Shop may terminate the Franchise Agreement if the franchisee fails to comply with the default notice issued by Shaver Shop. Additionally, Shaver Shop may terminate the Franchise Agreement immediately upon the occurrence of certain prescribed conditions including where the franchisee fails to hold all necessary licenses to operate the business, becomes insolvent or deregistered, or agrees to the termination of the Franchise Agreement.

The Franchise Agreement also provides that, if the franchisee terminates the agreement during the cooling off period under the Franchising Code of Conduct, Shaver Shop must return to the franchisee all payments made by the franchisee in accordance with the Franchise Agreement, less 15% of the stipulated franchise fee as recognition for the costs reasonably incurred by Shaver Shop in connection with the grant of the franchise business.

9.8.3.3 Assignment and transfer of rights

Shaver Shop may transfer, assign, or novate all or any part of its rights, interests, obligations, or liabilities under the Franchise Agreement at any time during the term of the Franchise Agreement without the consent of the Franchisee.

Franchisees must not sell their business or transfer their rights under the Franchise Agreement without first allowing Shaver Shop the opportunity to exercise its first right of refusal to purchase the business.

Where Shaver Shop does not exercise its first right of refusal, the franchisee must receive Shaver Shop's prior written consent to the transfer (which cannot be unreasonably withheld), conditional upon a number of conditions (including the franchisee paying a transfer fee and Shaver Shop being reasonably satisfied with the experience and ability of the proposed new franchisee).

9.8.3.4 Other terms

In addition, the Franchise Agreement:

- (i) contains standard terms, indemnities, and warranties in favour of Shaver Shop;
- (ii) places a range of obligations on the franchisee in regard to the operation of the franchised business, including with respect to product ranging, marketing, fit out of the business premises, meeting established performance criteria, training staff members and obtaining insurance;
- (iii) sets out Shaver Shop's obligations in relation to the operation of a central advertising fund;
- (iv) restrains franchisee's during, and for a period of time after the end of, the term of the franchise agreement from being engaged in any competitive business, soliciting customers of Shaver Shop or soliciting any employees of Shaver Shop;
- (v) protects Shaver Shop's intellectual property through a number of obligations relating to the franchisee's use of Shaver Shop's intellectual property; and
- (vi) requires the franchisee pay to Shaver Shop a number of customary fees and costs associated with operating the business including:
 - (A) an opening promotion fee, initial franchise fee and initial staff training fee all of which are payable on or soon after the commencement of the Franchise Agreement;
 - (B) recurring royalty of 4.4% of gross revenue;
 - (C) recurring advertising fund contribution of 4.4% of gross revenue;
 - (D) a transfer fee, which includes the reasonable costs incurred by Shaver Shop, payable if the franchisee seeks to transfer their interest in the business to a third party; and
 - (E) all costs incurred by Shaver Shop if the franchisee applies to renew the Franchise Agreement for a new term.

Shaver Shop's rights and obligations under the Franchise Agreement are subject to Shaver Shop's obligations under the Franchising Code of Conduct.

09. ADDITIONAL INFORMATION

9.8.4 OUTLET LICENCES

Shaver Shop Pty Ltd is the leasee under all leases for all Shaver Shop stores. Where a Shaver Shop store is owned and operated by a franchisee, Shaver Shop Pty Ltd grants to the franchisee a non-exclusive and non-transferable licence to operate the business from the premises (**Outlet Licence**).

The terms of the Outlet Licence require the franchisee to strictly comply with each of Shaver Shop's obligations as tenant under the lease for the premises. This includes obligations on the franchisee to:

- (i) pay rent and outgoings;
- (ii) provide security (both bank guarantees and personal guarantees where required); and
- (iii) effect and maintain any required insurance policies.

The Outlet Licence operates for the term of the franchise agreement between Shaver Shop and the franchisee and may be terminated in the event that:

- (i) the franchise agreement is terminated for any reason;
- (ii) the lease ends for any reason; or
- (iii) the franchisee breaches any of its obligations under the Outlet Licence and fails to remedy the breach.

9.9 SUMMARY OF RIGHTS AND LIABILITIES OF SHARES AND OTHER KEY TERMS OF THE CONSTITUTION

9.9.1 INTRODUCTION

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

Summaries of the significant rights and liabilities attaching to the Shares and of the other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the Official List.

9.9.2 RIGHTS ATTACHING TO SHARES

The rights attaching to the Shares are set out in the Constitution and are, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

The principal rights, liabilities and obligations of the Shareholders are summarised below.

9.9.3 VOTING

At a general meeting, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands (unless a Shareholder has appointed more than one proxy) and one vote on a poll for each Share held (with adjusted voting rights for partly paid shares). If the votes are equal on a proposed resolution, the chairperson of the meeting does not have a casting vote, in addition to any deliberative vote.

9.9.4 DIVIDENDS

The Board may pay any interim and final dividends that, in its judgement, the financial position of Shaver Shop justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and the timing and method of payment.

See section 4.10 for the Company's dividend policy.

9.9.5 ISSUE OF FURTHER SHARES

The Board may (subject to the Constitution, the ASX Listing Rules and the Corporations Act) issue or grant options for, or otherwise dispose of, Shares on such terms as the Board decides.

09. ADDITIONAL INFORMATION

9.9.6 VARIATION OF CLASS RIGHTS

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. The rights attached to shares in a class of shares may, unless their terms of issue state otherwise, be varied or cancelled only:

- > by special resolution of the Company; and
- > either:
 - by special resolution passed at a meeting of the members holding shares in the class; or
 - with the written consent of members with at least 75% of the votes in the class.

9.9.7 TRANSFER OF SHARES

Subject to the Constitution and to any restrictions attached to a Share, Shares may be transferred in accordance with the ASX Settlement Operating Rules, any other ASX requirements and the Corporations Act or via a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may refuse to register a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules.

9.9.8 GENERAL MEETING AND NOTICES

Each Shareholder is entitled to receive notice of, attend and vote, at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and ASX Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

9.9.9 WINDING UP

Subject to the Constitution, the Corporations Act and any preferential rights attaching to any class or classes of Shares, Shareholders will be entitled on a winding up to a share in any surplus assets of the Company in proportion to the Shares held by them. If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide the whole or part of the Company's property among Shareholders and decide how the division is to be carried out as between Shareholders or different classes of Shareholders.

9.9.10 UNMARKETABLE PARCELS

In accordance with the ASX Listing Rules, the Board may sell Shares which constitute less than a marketable parcel by following the procedures set out in the Constitution.

9.9.11 PROPORTIONAL TAKEOVER PROVISIONS

The Constitution requires Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless they are renewed by Shareholders passing a special resolution by the third anniversary of either the date that those rules were adopted or the date those rules were last renewed.

9.9.12 DIRECTORS – APPOINTMENT AND REMOVAL

Under the Constitution, the Board is comprised of a minimum of three Directors and a maximum of eight, unless the Shareholders pass a resolution varying that number at a general meeting. Directors are elected or re-elected at general meetings of the Company.

No Director (excluding the managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint a Director in addition to the existing Directors or to fill a casual vacancy on the Board, and that Director (apart from the managing director) will then hold office until the conclusion of the next annual general meeting of the Company.

09. ADDITIONAL INFORMATION

9.9.13 DIRECTORS – VOTING

Questions arising at a meeting of the Board must be decided by a majority of votes cast by the Directors present at the meeting and entitled to vote on the matter. If the votes are equal on a proposed resolution, the chairperson of the meeting does not have a casting vote in addition to his or her deliberative vote.

9.9.14 DIRECTORS – REMUNERATION

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director. However, the total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by the Company in general meeting. The remuneration of a Director (who is not a managing director or an executive director) must not include a commission on, or a percentage of, profits or operating revenue.

Directors may be paid for travel and other expenses incurred in attending to the Company's affairs, including attending and returning from meetings of Directors or committees or general meetings. Any Director who devotes special attention to the business of Shaver Shop or who performs services which, in the opinion of the Board, are outside the scope of ordinary duties of a Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company.

Details of the remuneration of the Directors' is set out in section 6.

9.9.15 POWERS AND DUTIES OF DIRECTORS

The business and affairs of the Company are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the Company's power and the powers that are not required by law or by the Constitution to be exercised by the Company in general meeting.

9.9.16 PREFERENCE SHARES

The Company may issue preference shares including preference shares which are, or at the option of the Company or holders are, liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

9.9.17 AMENDMENT

The Constitution may be amended only by a special resolution passed by Shareholders.

9.10 SHARE CAPITAL

As at the date of Listing, the only class of security on issue by the Company will be Shares.

9.11 LITIGATION AND CLAIMS

The Directors are not aware of any litigation of a material nature instituted, pending or threatened involving Shaver Shop.

09. ADDITIONAL INFORMATION

9.12 EUROMONITOR INTERNATIONAL LIMITED – RESEARCH METHODOLOGY

Certain market information in this Prospectus is specified to be based on information from Euromonitor.

Euromonitor International is a global market research company providing independent research on industries, companies, economies and consumers around the world. Euromonitor has 12 international offices and a global network of 1,000 on-the-ground analysts in 190 developed, emerging and frontier markets.

Each industry Euromonitor covers is researched by a team of local analysts who report on their specialist categories all year round. These industry teams are in constant dialogue with industry players in order to reflect latest market trends and industry events. The teams analyse company data and accounts, perform desktop research, perform on-location store checks of product and price data, undertake trade surveys of leading industry players, and validate the information gathered through auditing and cross-referencing of data.

9.13 TAXATION CONSIDERATIONS

9.13.1 SUMMARY OF TAX ISSUES FOR AUSTRALIAN TAX RESIDENT INVESTORS

The following comments provide a general summary of Australian tax issues for Australian tax resident investors who acquire Shares under this Prospectus.

The categories of investors considered in this summary are limited to individuals, certain companies, trusts, partnerships and complying superannuation funds, each of whom hold their shares on capital account.

This summary does not consider the consequences for non-Australian tax resident investors, or Australian tax resident investors who are insurance companies, banks, investors that hold their shares on revenue account or carry on a business of trading in shares or investors who are exempt from Australian tax. This summary also does not cover the consequences for Australian tax resident investors who are subject to Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements or “TOFA” regime).

This summary is based on the law in Australia in force at the time of issue of this Prospectus. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal of the Shares will depend upon each investor’s specific circumstances.

Investors should obtain their own advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

9.13.2 INCOME TAX TREATMENT OF DIVIDENDS RECEIVED BY AUSTRALIAN TAX RESIDENT SHAREHOLDERS

9.13.2.1 Individuals and complying superannuation entities

Where dividends on a Share are distributed, those dividends will constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend, together with any franking credit attached to that dividend if they are a “qualified person” (refer further comments below). Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a “qualified person” or where the investor receives less than \$5,000 in franking credits from all sources for the income year. The tax offset can be applied to reduce the tax payable on the investor’s taxable income. Where the tax offset exceeds the tax payable on the investor’s taxable income in an income year, such investors should be entitled to a tax refund.

Where a dividend paid is unfranked, the investor will generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

09. ADDITIONAL INFORMATION

9.13.2.2 Corporate investors

Corporate investors are required to include both the dividend and associated franking credit in their assessable income. Subject to being a "qualified person", a tax offset is then allowed up to the amount of the franking credit on the dividend.

An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend received. Such corporate investors can then pass on the benefit of the franking credits to their own investor(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

9.13.2.3 Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in their assessable income in determining the net income of the trust or partnership. Subject to being a "qualified person", the relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the trust or partnership.

9.13.2.4 Shares held at risk

The benefit of franking credits can be denied where an investor is not a "qualified person" in which case the investor will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a qualified person, an investor must satisfy the holding period rule including, if necessary, the related payment rule.

The holding period rule requires an investor to hold the Shares "at risk" for more than 45 days continuously, measured as the period commencing the day after the investor acquires the Shares and ending on the 45th day after the Shares become ex-dividend. Any day on which an investor has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the investor held the Shares "at risk". This holding period rule is subject to certain exceptions. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to a dividend. A related payment is one where an investor or their associate passes on the benefit of the franking credit to another person. The related payment rule requires the investor to have held the Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after the day the Shares become ex-dividend. Practically, this should not impact investors who do not pass the benefit of the dividend to another person. Investors should obtain their own tax advice to determine if these requirements have been satisfied.

Dividend washing rules can apply such that no tax offset is available (nor is an amount required to be included in your assessable income) for a dividend received. Investors should consider the impact of these rules having regard to their own personal circumstances.

09. ADDITIONAL INFORMATION

9.13.3 DISPOSAL OF SHARES

The disposal of a Share by an investor will be a capital gains tax (CGT) event. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus any transaction costs). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds from the sale.

A CGT discount may be applied against the net capital gain where the investor is an individual, complying superannuation entity or trustee, the Shares have been held for more than 12 months and certain other requirements have been met. Where the CGT discount applies, any net capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half after offsetting current year or prior year capital losses. For a complying superannuation entity, any net capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

Where the investor is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Investors that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss will be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the investor in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

9.13.4 GOODS AND SERVICES TAX (GST)

Investors should not be liable for GST in respect of their investment in Shares. Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by investors in this respect.

9.13.5 STAMP DUTY

Investors should not be liable for stamp duty in respect of their holding of Shares, unless they acquire, either alone with an associated/related person, an interest of 90% or more in the Issuer. Under current stamp duty legislation, no stamp duty would ordinarily be payable by investors on any subsequent transfer of the listed Shares.

Investors should seek their own advice as to the impact of stamp duty in their own particular circumstances.

9.13.6 TAX FILE NUMBERS (TFN)

Resident investors may, if they choose, notify the Issuer of their TFN, ABN or a relevant exemption from withholding tax with respect to dividends. In the event the Issuer is not so notified, tax will automatically be deducted at the highest marginal rate, including where relevant, the Medicare Levy and Temporary Budget Repair Levy, from unfranked dividends and/or distributions.

Resident investors may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

09. ADDITIONAL INFORMATION

9.14 CONSENTS

Each of the parties referred to in the following table (except as discussed below):

- > has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus in the form and context in which it is named;
- > has not made, and does not purport to make, any statement or representation in the Prospectus or any statement or representation on which a statement or representation made in the Prospectus is based; and
- > does not cause or authorise the issue of the Prospectus, and to the maximum extent permitted by law (together with its affiliates), expressly disclaims, makes no representation regarding, and takes no responsibility for any statements or material in or omissions from the Prospectus and excludes and disclaims all liability or damage, loss (whether direct, indirect or consequential), cost or expense that may be incurred by an applicant for, or investor in, the Shares as a result of the Prospectus being inaccurate or incomplete in any way for any reason.

ENTITY	ROLE
Ord Minnett Limited	Joint Lead Manager
Shaw and Partners Limited	Joint Lead Manager
PricewaterhouseCoopers Securities Limited	Investigating Accountant
PricewaterhouseCoopers	Auditor
PricewaterhouseCoopers	Tax Adviser
Norton Rose Fulbright Australia	Australian Legal Adviser
Canterbury Partners	Financial Adviser
Investec Australia Limited	Financial Adviser
Link Market Services Limited	Registry

PricewaterhouseCoopers Securities Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of its Independent Limited Assurance Report in section 8, in the form and context in which it is included (and all other references to that report and those statements) in this Prospectus.

Euromonitor International Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to:

- > being named in the Prospectus in the form and context in which it is named;
- > the inclusion of its market data and the statements said to be based on statements made by Euromonitor in section 2 of this Prospectus (including as cross-referred in section 4.7.1.2 of this Prospectus) in the form and context in which they have been included; and
- > the inclusion of its research methodology and scope in section 9.12 in the form and context in which it has been included.

Euromonitor does not authorise or cause the issue of the Prospectus and does not make, or purport to make, any statement in the Prospectus other than as consented to in this consent. To the maximum extent permitted by law, Euromonitor expressly disclaims and takes no responsibility for any part of the Prospectus other than references to its name in the form and context in which it appears. The Company has indemnified Euromonitor against any claim made against it pursuant to this Prospectus.

09. ADDITIONAL INFORMATION

9.15 ASIC RELIEF AND MODIFICATIONS AND ASX WAIVERS

9.15.1 ASIC EXEMPTION AND RELIEF

ASIC has granted relief from section 606 of the Corporations Act applying to the Company to prevent it acquiring a relevant interest in 20% or more of the Shares by virtue of the voluntary escrow deeds, on certain conditions, as well as modification of section 671B to require the Company to make substantial holding disclosure of the relevant interest it would have acquired, but for relief, as a result of the voluntary escrow deeds.

9.15.2 ASX WAIVER

ASX has provided in-principle advice to the Company that it will likely (following Listing) grant a waiver from Listing Rule 10.11 in relation to the requirement to obtain Shareholder approval for the issue of Shares under the LTI Plan to the Directors contemplated in section 6.3.1.4.

9.16 OWNERSHIP RESTRICTIONS

The sale and purchase of Shares in the Company is regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This section contains a general description of these laws.

9.16.1 CORPORATIONS ACT

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in Shaver Shop.

9.16.2 FOREIGN ACQUISITIONS AND TAKEOVERS ACT

Generally, the *Foreign Acquisitions and Takeovers Act* 2015 applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates (substantial interest), or 40% or more by two or more unassociated foreign persons and their associates (aggregate substantial interest). Where an acquisition of a substantial interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Federal Government's Foreign Investment Policy or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a substantial interest or an aggregate substantial interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

9.17 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications under this Prospectus are governed by the law applicable in Victoria and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of Victoria and of the Commonwealth.

9.18 AUTHORISATION OF THIS PROSPECTUS

Each Director of the Company and each director of SaleCo has authorised the issue of this Prospectus and has consented to its lodgement with ASIC.

10.

GLOSSARY

10. GLOSSARY

TERM	MEANING
AASB	Australian Accounting Standards Board
ABN	Australian business number
ACN	Australian company number
Applicant(s)	A person who submits an Application
Application	An application made to subscribe for Shares under the Offer
Application Form	The relevant application form attached to or accompanying this Prospectus pursuant to which Applicants apply for Shares (including an electronic form provided by an online application facility), and includes the Broker Firm Offer Application Form and the Priority Offer Application Form (as the context requires)
Application Monies	The amount for subscription for Shares under the Offer accompanying an Application Form submitted by an Applicant
ASIC	Australian Securities and Investments Commission
Associate	Has the meaning given to that term in section 12 of the Corporations Act
ASX	ASX Limited ACN 008 624 691, or the financial market operated by it, as the context requires
ASX Listing Rules	The listing rules of the ASX, as may be amended or supplemented from time to time
ASX Recommendations	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement Operating Rules	The operating rules of ASX Settlement Pty Ltd ACN 008 504 532
AUD or \$	Australian dollars
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the AASB and Urgent Issues Group Interpretations
Bankwest	Bankwest, a division of Commonwealth Bank of Australia ABN 48 123 123 124
BBSY	Bank Bill Swap bid rate
Board or Board of Directors	The board of Directors of the Company
Body Shavers	Body shavers includes women's electric shavers, men's shavers and depilators. Additional breakdowns by rechargeable and mains powered. Women's electric shavers: A razor specifically designed for women which is powered by an electric motor. Men's shavers: A razor powered by an electric motor. These maybe battery operated or re-chargeable. Depilator: An electric cosmetic device for temporary removal of undesired hair from the legs or body from the root
Broker	Any ASX participating organisation selected by the Joint Lead Managers, the Company and SaleCo to act as a broker for the Offer
Broker Firm Offer	The part of the Offer described in section 7.10
Broker Firm Offer Application Form	An application form attached to or accompanying this Prospectus in respect of the Broker Firm Offer

10. GLOSSARY

TERM	MEANING
Business Day	Any day: (a) on which banks are open for general banking business in Melbourne, Victoria; and (b) which is a 'Trading Day' for the purposes of the ASX Listing Rules
CAGR	Compound annual growth rate
CGT	Capital gains tax
CHESS	ASX's Clearing House Electronic Subregister System
Class A Share	Class A Share in the Company issued under the Share Plan
Class A Shareholder	Cameron Fox, the holder of 600,032 Class A Shares as at the Prospectus Date
Class B Share	Class B Share in the Company issued under the Share Plan
Class C Share	Class C Share in the Company issued under the Share Plan
Closing Time	The date on which the Offer is expected to close, being 27 June 2016 in respect of the Broker Firm Offer and the Priority Offer. This date may be varied without prior notice
Company	Shaver Shop Group Limited ACN 150 747 649
Completion	Completion in respect of the issue of New Shares and the transfer of Existing Shares pursuant to the Offer and the Underwriting Agreement
Constitution	The constitution of the Company
Corporations Act	<i>Corporations Act 2001</i> (Cth)
CY	Calendar year
Depilatories	This is the aggregation of women's pre-shave products, razors & blades and hair removers/bleaches
Director	A director of the Company
Director Exit Bonus Payments	The cash bonus payable to certain Directors conditional upon Listing, as described in section 6.3.3
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Escrow Period	The period commencing on the date the Company is admitted to the official list of ASX until three Business Days after the date the audited financial accounts of the Company for the financial year ended 30 June 2017 are released to ASX
Escrowed Shareholders	The parties listed in section 7.15
Escrowed Shares	Each of the Shares held by the Escrowed Shareholders at Completion
Euromonitor	Euromonitor International Limited
Existing Shareholders	Shareholders of the Company as at the Prospectus Date
Existing Shares	Shares on issue at the Prospectus Date

10. GLOSSARY

TERM	MEANING
Exposure Period	The seven day period after the Prospectus Date, during which no Applications may be accepted by the Company. This period may be extended by ASIC by up to a further seven days
Financial Information	Together the Historical Financial Information and the Forecast Financial Information
Forecast Financial Information	Has the meaning given in section 4.1
FY	Financial year
FY16YTD	Year to date for the financial year ended 30 June 2016
GDP	Australian Gross Domestic Product
GST	Goods and Services Tax as defined in <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth)
Hair Care Appliances	This is a single category but includes hair styling appliances, hair dryers and hair and beard trimmers. The leading global brands include Conair, Philips and Revlon
Hair Removers/Bleaches	Includes depilatory creams, gels, sugars, waxes (including roll-ons) and bleaches for use at home. Excludes electric hair removers and products designed for use in electrical home-waxing kits
Historical Financial Information	Has the meaning given in section 4.1
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
Institutional Investor	An investor: (a) in Australia who is either a 'professional investor' or 'sophisticated investor' under sections 708(11) and 708(8) of the Corporations Act; or (b) in certain other jurisdictions, as agreed between the Company and the Joint Lead Managers, an investor to whom offers or invitations in respect of securities can be made without the need for lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency, and in each case an investor who is not a US Person and who is not acting for the account or benefit of US Persons
Institutional Offer	The part of the Offer described in section 7.12
Investigating Account	PricewaterhouseCoopers Securities Limited ABN 54 003 311 617
Investigating Account's Report	The report prepared by the Investigating Accountant set out in section 8
Joint Lead Managers	Ord Minnett and Shaw and Partners
Listing	The admission of the Company to the Official List
LTI Plan	Long Term Incentive Plan as described section 9.6
Management	The executives of Shaver Shop identified in section 6.2
Management Exit Bonus Payments	The cash bonus payable to certain Management conditional upon Listing, as described in section 6.3.1.6

10. GLOSSARY

TERM	MEANING
Management Shareholders	Cameron Fox, Andrea Atamian and Rita Najmeddine
Management Sale Shares	2,102,770 Shares held by the Management Shareholders immediately prior to Completion as described in section 6.3.1.5
MAT	Moving Annual Turnover, which refers to the trailing twelve months Total Network Sales at a particular point in time
Men's Grooming	This is the aggregation of men's shaving products, men's toiletries and men's fragrances
Men's Post-Shave	Includes only those moisturisers, balms and creams designed specifically and primarily to soothe the skin after shaving, rather than provide fragrance. Excluded are fragranced, alcohol-based aftershave lotions offering no moisturising properties, which, positioned primarily as a fragrance, are included in the fragrances sector
Men's Pre-Shave	Includes foams, gels, creams, sticks, oils and lotions for wet shaving, and preparations for electric shaving
Men's Razors and Blades	Includes men's system and disposable razors and system and double-edged blades for wet shaving. Also includes kits incorporating system razors/blades and trimmers in one (as long as they are extensions of existing men's shaving brands). Excludes electric shavers
Men's Shaving	This is the aggregation of men's pre-shave and post-shave products and razors & blades. Fragranced aftershave lotions offering no moisturising properties, which are alcohol-based and positioned primarily as a fragrance, are not included in this sector, but in fragrances
New Shares	Shares issued on Completion
NPAT	Net Profit After Tax
Offer	The offer of Shares under this Prospectus
Offer Period	The period during which investors may apply for Securities under the Offer, opening on the date stated in the Key Offer Information table on page 2 and ending on the Closing Time
Offer Price	\$1.05 per Share
Official List	The official list of ASX
Oral Care Appliances	Oral hygiene appliances include electric toothbrushes, battery operated toothbrushes and others such as electric plaque removers. Electric toothbrushes: toothbrushes with an electric motor in the handle that vibrates the head of the brush. Electric plaque removers: appliances with a motor handle used to remove plaque from the teeth
Ord Minnett	Ord Minnett Limited ABN 86 002 733 048

10. GLOSSARY

TERM	MEANING
Other Personal Care Appliances	Other personal care appliances includes waxers, facial saunas, facial solariums, foot spas, foot massagers, body massagers, facial toners, body toners, facial cleansers etc. Facial saunas: appliances that open and clear facial pores with steam in order to cleanse and refresh the skin. Facial solariums: small 33 appliances that emits rays of ultraviolet light to tan the face. Foot spas: appliances that massage the feet through water bubbles. Foot massagers: appliances that massage the feet without the use of water. Body massagers: appliances that rub or knead parts of the body, especially to aid circulation and relax the muscles. The leading global brands include Homedics, Conair and Dr Scholl's
Personal Care Appliances	Personal care includes hair care appliances, body shavers, oral hygiene appliances and other personal care appliances
Plan Shares	Shares issued under the LTI Plan
Pre-IPO Dividend	A special dividend of \$0.22 per Share and Class A Share to be paid to Existing Shareholders and the Class A Shareholder conditional upon Listing
Priority Offer	The part of the Offer described in section 7.11
Priority Offer Application Form	A personalised application form attached to or accompanying this Prospectus and distributed to selected investors to accept their Priority Offer
Prospectus	This document (including the electronic form of this Prospectus) and any replacement or supplementary prospectus in relation to this document
Prospectus Date	The date on which this Prospectus was lodged with ASIC, being 7 June 2016
R&D	Research and development
Registry	Link Market Services Limited ACN 083 214 537
Retail Offer	The Broker Firm Offer and the Priority Offer
ROCE	Measurement calculated as EBITDA/investment
SaleCo	Shaver Shop SaleCo Limited ACN 612 518 831
Selling Shareholders	Existing Shareholders who have agreed to sell Existing Shares to SaleCo
Settlement	Settlement in respect of the Shares the subject of the Offer occurring in accordance with the Underwriting Agreement
Settlement Date	The date on which Settlement occurs or is scheduled to occur (as the context requires)
Share Based Exit Incentives	The amounts received by Management Shareholders from the sale of Management Sale Shares after repayment to the Company of amounts owing under any outstanding limited recourse loan under which the Management Sale Shares were acquired, as described in section 6.3.1.5
Share Plan	The <i>Lavomer Riah Holdings Pty Ltd Loan Share Plan Rules</i> approved by Shareholders in August 2014
Shares	A fully paid share in the Company
Shareholder	A registered holder of a Share
Shaver Shop, Shaver Shop Group or the Group	The Company, including its subsidiaries, or, where the content requires, the business described in this Prospectus

10. GLOSSARY

TERM	MEANING
Shaw and Partners	Shaw and Partners Limited ABN 24 003 221 583
SKU	Stock keeping units
Successful Applicant	An Applicant who is issued or transferred Shares under the Offer
Tax Adviser	PricewaterhouseCoopers
TFN	Tax File Number as defined in the <i>Income Tax Assessment Act 1936</i> (Cth)
Total Network Sales	Total sales from all corporate and franchise stores (including online sales)
US or United States	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
US Person	Has the meaning given to it in Regulation S of the US Securities Act
US Securities Act	United States Securities Act 1937, as amended
Underwriting Agreement	The Underwriting Agreement, dated on or about the Prospectus Date, between the Company, SaleCo and the Joint Lead Managers in connection with the Offer
Voting Power	Has the meaning given in section 610 of the Corporations Act
Wet Shave	Includes a combined total of Euromonitor's categories for: Men's Shaving; plus Depilatories as defined. Euromonitor data does not include 'brushes and kits'
Women's Pre-Shave	Includes foams, gels, creams, oils and lotions and preparations for wet and electric shaving
Women's Razors and Blades	Includes disposable and system razors and blades for wet shaving. Electric shavers are not included

APPENDIX A: ACCOUNTING POLICIES

APPENDIX A: ACCOUNTING POLICIES

(A) PRINCIPLES OF CONSOLIDATION OF SUBSIDIARIES

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

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group. 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.

(B) FOREIGN CURRENCY TRANSLATION

(I) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the interim 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 interim financial statements are presented in Australian dollars, which is Shaver Shop Group Limited's functional and presentation currency.

(II) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. 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 or loss.

(C) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below.

The specific accounting policies for the group's main types of revenue are explained on the following basis:

(I) SALE OF GOODS

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

(II) ROYALTY FEE INCOME

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

(III) INTEREST INCOME

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

APPENDIX A: ACCOUNTING POLICIES

(D) INCOME TAX

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

(I) TAX CONSOLIDATION LEGISLATION

Shaver Shop Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Shaver Shop Group Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Lavomer Riah Holdings Pty Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

(E) LEASES

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

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

(F) 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 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.

APPENDIX A: ACCOUNTING POLICIES

(G) 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.

(H) 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.

(I) TRADE RECEIVABLES

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

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

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

(J) INVENTORIES

Finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct shipping costs and an appropriate proportion of variable and fixed overhead expenditure 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.

APPENDIX A: ACCOUNTING POLICIES

(K) 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 lease term as follows:

- Plant and equipment 5 – 10 years
- Leasehold improvement 5 years
- Computer equipment and software 3 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 amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(L) INTANGIBLE ASSETS

Goodwill is measured as described in note 1(g). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

Brand names

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

(M) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

APPENDIX A: ACCOUNTING POLICIES

(N) BORROWINGS

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

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

(O) BORROWING COSTS

Borrowing costs are expensed in the period in which they are incurred.

(P) 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.

(Q) EMPLOYEE BENEFITS

(I) SHORT-TERM OBLIGATIONS

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(II) OTHER LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high-quality corporate bond rates with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

APPENDIX A: ACCOUNTING POLICIES

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.

(III) SHARE BASED PAYMENTS

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

Share Plan:

The fair value of shares granted under the Share Plan is recognised as an employee benefit expense with a corresponding increase in equity. The design of the Share Plan results in it being treated as an in substance Option for the purposes of fair valuing share awards under the Share Based Payment accounting standards. The total expense is recognised over the vesting period, which is the period over which all of the specific vesting conditions are to be satisfied. At the end of each period, the entity revises estimates of the number of shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Information on the Share Plan:

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

LTI Plan:

The fair value of shares granted under the Shaver Shop Group Limited Long Term Incentive Plan 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) CONTRIBUTED EQUITY

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(S) DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

APPENDIX A: ACCOUNTING POLICIES

(T) 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.

(U) SEGMENT INFORMATION

Description of Segments

The Group operates within one reportable segment, being retail store sales of variety specialist personal grooming products through their corporate stores, and royalty income from franchise stores. Total revenue disclosed in the consolidated statement of comprehensive profit and loss all relates to this one reportable segment. The Group is not reliant on any single customer.

(V) CONTRIBUTED EQUITY

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(W) DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(X) 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.

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**APPENDIX B:
STATUTORY HISTORICAL
INCOME STATEMENTS
AND CASH FLOWS**

APPENDIX B: STATUTORY HISTORICAL INCOME STATEMENTS AND CASH FLOWS

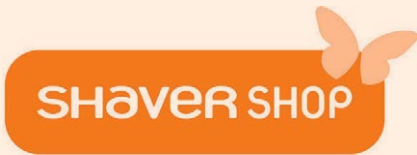
TABLE 32: STATUTORY HISTORICAL INCOME STATEMENTS

Statutory Historical Income Statements						
\$ '000	Note	FY13	FY14	FY15	1H FY15	1H FY16
Sales		23,081	34,300	64,026	33,713	62,197
Gross profit		9,069	14,168	25,221	13,979	26,149
Franchise and other revenue		9,683	9,366	8,687	3,915	2,568
Employee benefits expense		(5,499)	(6,958)	(10,522)	(4,987)	(7,857)
Occupancy expenses		(2,048)	(3,330)	(6,011)	(2,592)	(4,572)
Marketing and advertising expenses		(4,192)	(4,807)	(5,610)	(3,673)	(4,113)
Other expenses		(1,813)	(2,191)	(4,022)	(1,765)	(2,888)
Overhead expenses		(13,552)	(17,286)	(26,164)	(13,018)	(19,431)
EBITDA		5,199	6,248	7,743	4,876	9,287
Depreciation and amortisation		(443)	(474)	(686)	(311)	(410)
EBIT		4,756	5,774	7,056	4,565	8,877
Net finance costs		(578)	(425)	(519)	(166)	(392)
Profit before income tax		4,178	5,349	6,538	4,399	8,484
Income tax expense		(1,259)	(1,579)	1,844	(883)	(2,721)
NPAT		2,919	3,770	8,382	3,516	5,763

TABLE 33: STATUTORY HISTORICAL CASH FLOWS

Statutory Historical Cash Flows						
\$'000	Note	FY13	FY14	FY15	1H FY15	1H FY16
EBITDA		5,199	6,248	7,743	4,876	9,287
Non-cash adjustments to EBITDA		(299)	–	–	–	202
Change in working capital		81	(5)	(3,468)	3,493	14,309
Net cash flow from operating activities before investing activities, financing activities and tax		4,981	6,243	4,275	8,369	23,798
Payments for franchise store buy backs		(265)	(4,394)	(10,115)	(1,173)	(4,057)
Other capital expenditure		68	(663)	(2,170)	(1,681)	(1,328)
Net cash flow before financing activities and tax		4,784	1,186	(8,011)	5,515	18,413
Income tax payments		(311)	(1,788)	(2,135)	(902)	(679)
Net finance costs		(578)	(425)	(519)	(166)	(392)
Borrowings drawdown/ (repayment)		(1,549)	(602)	9,502	(559)	2,950
Issue/(buy back) of shares		(58)	550	–	–	–
Net cash flow before dividends		2,287	(1,079)	(1,163)	3,887	20,291

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TRANSFORM YOURSELF™

ACN 150 747 649

Broker Code

Adviser Code

Grid for Broker Code

Grid for Adviser Code

Broker Firm Offer Application Form

This is an Application Form for Shares in Shaver Shop Group Limited under the Broker Firm Offer on the terms set out in the Prospectus dated 7 June 2016. You may apply for a minimum of A\$2,000 worth of Shares. This Application Form and your cheque or bank draft must be received by your Broker by the deadline set out in their offer to you.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before applying for Shares.

A Shares applied for at **A\$1.05** **B** A\$ Application Monies (minimum A\$2,000)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

C Applicant #1 – Surname/Company Name

Title First Name Middle Name

Joint Applicant #2 – Surname

Title First Name Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

D TFN/ABN/Exemption Code – First Applicant Joint Applicant #2 Joint Applicant #3

TFN/ABN type – if NOT an individual, please mark the appropriate box Company Partnership Trust Super Fund

PLEASE COMPLETE ADDRESS DETAILS

PO Box/RMB/Locked Bag/Care of (c-)/Property name/Building name (if applicable)

E Unit Number/Level Street Number Street Name

Suburb/City or Town State Postcode

Email address (only for purpose of electronic communication of shareholder information)

CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here)

F

Please note: that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any Shares issued as a result of the Offer will be held on the issuer sponsored sub-register.

G Telephone Number where you can be contacted during Business Hours Contact Name (PRINT)

Cheques or bank drafts should be drawn up according to the instructions given by your Broker.

H Cheque or Bank Draft Number BSB - Account Number

Total Amount **A\$**

LODGEMENT INSTRUCTIONS

You must return your application so it is received by your Broker by the deadline set out in their offer to you.

SSG BRO001

Your Guide to the Broker Firm Offer Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are Shaver Shop Group Limited Shares. Further details about the Shares are contained in the Prospectus dated 7 June 2016 issued by Shaver Shop Group Limited. No Shares will be issued or transferred on the basis of the Prospectus later than 13 months after 7 June 2016. During this period, Shaver Shop Group Limited will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investments Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares. You should read the Prospectus before applying for Shares.

- A** Insert the number of Shares you wish to apply for. The Application must be for a minimum of A\$2,000 worth of Shares. You may be issued all of the Shares applied for or a lesser number.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Shaver Shop Group Limited will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from Shaver Shop Group Limited and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your Shares will be issued to Shaver Shop Group Limited's issuer sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.

If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

Unless otherwise defined or the context requires otherwise, capitalised terms used in this Application Form have the meaning given to them in the Shaver Shop Group Limited Prospectus dated 7 June 2016.



ACN 150 747 649

Broker Code

Adviser Code

Priority Offer Application Form

This is an Application Form for Shares in Shaver Shop Group Limited under the Priority Offer on the terms set out in the Prospectus dated 7 June 2016. You may apply for a minimum of A\$2,000 worth of Shares. This Application Form and your cheque or bank draft must be received by **5:00pm (Melbourne time) on 27 June 2016**.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before applying for Shares.

A Shares applied for at Price per Share **A\$1.05** **B** A\$ Application Monies (minimum A\$2,000)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names) **+**

C Applicant #1 – Surname/Company Name

Title First Name Middle Name

Joint Applicant #2 – Surname

Title First Name Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

D TFN/ABN/Exemption Code – First Applicant Joint Applicant #2 Joint Applicant #3

TFN/ABN type – if NOT an individual, please mark the appropriate box Company Partnership Trust Super Fund

PLEASE COMPLETE ADDRESS DETAILS

PO Box/RMB/Locked Bag/Care of (c-)/Property name/Building name (if applicable)

E

Unit Number/Level Street Number Street Name

Suburb/City or Town State Postcode

Email address (only for purpose of electronic communication of shareholder information)

CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here)

F **+**

Please note: that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any Shares issued as a result of the Offer will be held on the issuer sponsored sub-register.

G Telephone Number where you can be contacted during Business Hours Contact Name (PRINT)

Cheques or bank drafts should be made payable to **“Shaver Shop Group Limited”** in Australian currency and crossed “Not Negotiable”.

H Cheque or Bank Draft Number BSB Account Number

Total Amount **A\$**

LODGEMENT INSTRUCTIONS

You must return your application so it is received before 5:00pm (Melbourne time) on 27 June 2016 to: Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235.

SSG IPO001



Your Guide to the Priority Offer Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are Shaver Shop Group Limited Shares. Further details about the Shares are contained in the Prospectus dated 7 June 2016 issued by Shaver Shop Group Limited. No Shares will be issued or transferred on the basis of the Prospectus later than 13 months after 7 June 2016. During this period, Shaver Shop Group Limited will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investments Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares. You should read the Prospectus before applying for Shares.

- A** Insert the number of Shares you wish to apply for. The Application must be for a minimum of A\$2,000 worth of Shares. You may be issued all of the Shares applied for or a lesser number.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Shaver Shop Group Limited will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from Shaver Shop Group Limited and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your Shares will be issued to Shaver Shop Group Limited's issuer sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B. Make your cheque or bank draft payable to **"Shaver Shop Group Limited"** in Australian currency and cross it **"Not Negotiable"**. Your cheque or bank draft must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected. If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

LODGEMENT INSTRUCTIONS

This Application Form and your cheque or bank draft must be mailed or delivered so that it is received before 5:00pm (Melbourne time) on 27 June 2016 at:

Mailing Address

Shaver Shop Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Hand Delivery

Shaver Shop Group Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(do not use this address for mailing purposes)**

PERSONAL INFORMATION COLLECTION NOTIFICATION STATEMENT

Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

CORRECT FORMS OF REGISTRABLE NAMES

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Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

Unless otherwise defined or the context requires otherwise, capitalised terms used in this Application Form have the meaning given to them in the Shaver Shop Group Limited Prospectus dated 7 June 2016.

CORPORATE DIRECTORY

DIRECTORS

Brodie Arnhold, Chairman and Non-Executive Director
Cameron Fox, CEO and Managing Director
Craig Mathieson, Non-Executive Director
Brian Singer, Non-Executive Director
Trent Peterson, Non-Executive Director
Melanie Wilson, Non-Executive Director

JOINT LEAD MANAGER

ORD MINNETT LIMITED

Level 23, 120 Collins Street
MELBOURNE VIC 3000

FINANCIAL ADVISORS

CANTERBURY PARTNERS

Level 2, 7 Alfred Place
MELBOURNE VIC 3000

INVESTEC AUSTRALIA LIMITED

Level 23, Chifley Tower
2 Chifley Square
SYDNEY NSW 2000

TAX ADVISER

PRICEWATERHOUSECOOPERS

Freshwater Place
Level 19, 2 Southbank Boulevard
SOUTHBANK VIC 3006

AUDITOR

PRICEWATERHOUSECOOPERS

Freshwater Place
Level 19, 2 Southbank Boulevard
SOUTHBANK VIC 3006

INFORMATION LINE

Contact the Joint Lead Managers to the Offer on:

1800 500 095
(use +61 1800 500 095 for international callers)

Between 8.30am and 5.30pm Melbourne, Australia time
Monday to Friday (business days only) during the
Offer Period

ISSUER'S REGISTERED OFFICE

SHAVER SHOP GROUP LIMITED

Suite 302, Level 3
541 Blackburn Road
MOUNT WAVERLEY VIC 3149

JOINT LEAD MANAGER

SHAW AND PARTNERS LIMITED

Level 15, 60 Castlereagh Street
SYDNEY NSW 2000

INVESTIGATING ACCOUNTANT

PRICEWATERHOUSECOOPERS SECURITIES LIMITED

Freshwater Place
Level 19, 2 Southbank Boulevard
SOUTHBANK VIC 3006

LEGAL ADVISOR

NORTON ROSE FULBRIGHT AUSTRALIA

Level 15, RACV Tower
485 Bourke Street
MELBOURNE VIC 3000

REGISTRY

LINK MARKET SERVICES LIMITED

Level 12, 680 George Street
SYDNEY NSW 2000

WEBSITES

<https://events.miraqle.com/shavershop-ipo>
<http://www.shavershop.com.au>

