For personal use only

ASX ANNOUNCEMENT
FOR IMMEDIATE RELEASE

SHAVER SHOP 2021 ANNUAL GENERAL MEETING

Melbourne, 10 November 2021

Shaver Shop Group Limited (ASX: SSG) the Australia and New Zealand specialty retailer of male and female personal grooming products, will today address shareholders at its 2021 Annual General Meeting to be held virtually via our virtual AGM platform at: https://agmlive.link/shaver21 .

Attached is a copy of the address to be delivered by the Chairman, Mr. Brodie Arnhold and the address to be delivered by the Chief Executive Officer and Managing Director, Mr. Cameron Fox.

Voting results from the meeting will be lodged with the ASX later today.

Approved by the Board.

-ENDS-

For Further Media Information:
Cameron Fox, CEO and Managing Director
+61 3 9840 5900

For Investor Relations Information:
Larry Hamson, CFO and Company Secretary
+61 3 9840 5900

For personal use only

2021 Annual General Meeting

Chairman's Address – Mr. Brodie Arnhold

Introduction

Good morning and welcome. My name is Brodie Arnhold and I am the Chairman of the Board of Directors of Shaver Shop Group Limited.

Today we are holding our second virtual AGM using streaming technology provided by our share registrar Link Market Services Limited. We, as your Directors, would have preferred to have been able to meet with you in person, and fingers crossed, this is the last year we will host our AGM virtually. However, given the global pandemic and the ongoing difficulties in travelling and meeting safely, a virtual AGM is considered the most appropriate approach again this year.

Please bear with us if we encounter any technical issues. We doubt there will be any, but you can never be 100% sure. If we do experience any technical issues today, a short recess or an adjournment may be required depending on the number of shareholders and/or directors being affected. If this occurs, I shall advise you accordingly.

I draw your attention to Slide 2 regarding forward looking statements contained in this presentation.

Housekeeping items and agenda

It is now 11am Melbourne time, the appointed time for holding our 2021 Annual General Meeting. Notice of this Meeting was duly given and the meeting has been properly convened. I am advised that we have a quorum and I therefore have the pleasure in declaring this meeting open. Thank you to all attending.

We will turn to the items of business and voting later in the meeting. Please note that only shareholders, proxy holders or shareholder company representatives may vote. Voting on all resolutions will be conducted by way of a poll.

Shareholders attending the meeting online will be able to cast their vote using the electronic voting card received when online registration is validated. Please refer to the virtual meeting guide or use the help line specified in the AGM portal. Questions regarding each item of business will be discussed prior to disclosing the Proxy votes received on each item.

This year we will be taking questions on the phone as well as online. To utilise the teleconference facility, Holders must use their unique PIN provided to them by Link Market Services. If you don't have a phone PIN and would like to ask a question via the phone, please contact Link on 1800 990 363 now to get your PIN.

When you dial in to the teleconference centre, you will be asked to mute your online sound and listen to the meeting by phone. There is a delay between the teleconference system (which is effectively live) and the online system, so it is important that you only listen through your phone. If you wish to ask a question, you will need to dial 'STAR 1' on your phone's keypad. This will indicate to the teleconference moderator that you wish to ask a question. The teleconference moderator will require your name and will introduce you, prompting you to ask your question at the relevant time. In order to ensure that all Holders have a reasonable opportunity to comment and ask questions, I request that Holders do not ask more than 2 questions at a time.

Following our review of each item of business, general business questions will be taken. Shareholders participating online through the virtual meeting website – please click on 'Ask Question' button, type your question and click submit. I encourage shareholders attending online, and who have questions, to send their

For personal use only

questions through as soon as possible. Shareholder questions received prior to the meeting will be addressed during the general business questions session.

Now onto the Agenda.

Following my introductory remarks, Shaver Shop's Managing Director and Chief Executive Officer will speak to a number of the growth drivers that position Shaver Shop strongly for the years ahead.

After that, Cameron will provide a brief trading update on what has been a very volatile first four months of the 2022 financial year. From there we will move onto the formal part of the meeting and voting on the various items of business that were outlined in the Notice of Annual General Meeting.

With that, I would now like to introduce you to your directors.

Your Board

Shaver Shop's board is made up of 5 independent, non-executive directors and one executive director, Cameron Fox. Like you, they are all participating virtually.

Craig, Brian and myself have now been working with Shaver Shop for approximately 10 years and so we have a very deep understanding of the business. Trent joined the board shortly before our IPO in 2016 and we were fortunate that Debra Singh, our newest director, joined the organisation in September of last year. Craig is the Chairman of our Audit and Risk Committee and Trent is the Chairman of our Nomination and Remuneration Committee. The members of these committees is clearly outlined in our Corporate Governance Statement that is on our investor relations website and was lodged with the ASX.

Also present is Daniel Rosenberg, our audit partner from PricewaterhouseCoopers. Daniel will be available to answer questions on our financial accounts at the appropriate time.

Also in attendance is Jeremy Wickens from Norton Rose Fulbright, who will assist if there are any technical questions for which we require legal advice during the meeting.

We also welcome the team from Link Market Services Limited who are facilitating this virtual meeting with their AGM technology and shareholder support services.

Chairman's Address

Shaver Shop is a remarkably resilient business. This is in part due to the sector that we operate in, which tends not to be significantly affected by changes in the economy. We are classified as a discretionary retailer but history has shown that many of our products are essential from the consumer's standpoint. Grooming and personal care products are required in both the positive and negative stages of an economic cycle and across almost all demographics. Shaver Shop is a specialist retailer operating in a mass market that has proven to be largely insulated from economic downturns.

We also have global suppliers introducing new product innovation on an ongoing basis. Many of these new products are designed to enable our customers to get the same beauty outcome at home that they used to only be able to obtain at a specialty salon or barber. These DIY solutions also tend to be more cost effective which supports demand during economic downturns.

However, unlike previous cyclical downturns which supported demand for Shaver Shop products largely for financial reasons, both financial and government imposed drivers led to significant demand across several of the

For personal use only

product categories that we sell. Hair clippers, long term hair removal solutions for women, hair styling products and body groomers all benefited from the COVID-19 led changes in demand over the last 18 months or so.

However, the demand has not been uniformly strong. As the nature of lockdowns have changed and the narrative from government officials has changed, so has demand and propensity to spend. This has led to significant volatility in trading and quite challenging operating conditions for the entire Shaver Shop team. The management and store teams have done an exceptional job overcoming these challenges with the business in significantly better shape today, than prior to the pandemic. This is a tribute to the culture and passion of our team members in being able to adapt and drive positive results from an incredibly difficult operating environment.

The volatility in trading has also been reflected in our share price - most particularly at the start of the pandemic. More recently our share price has stabilized despite the extended lockdowns across Victoria, NSW and the ACT in Australia, as well as in the north island of New Zealand. Since the start of 2020, our share price is up more than 50%, and we have returned 10.3 cents per share by way of dividends in that time.

Strong five year performance trend

When you look at the five year performance trends of the business, we set the following records in 2021:

- Sales were up 9.6% to $213.7 million leading to record Net Profit after Tax of $17.5 million, up 68.3% on last year's $10.4 million. With a relatively fixed cost base, Shaver Shop generates significant operating leverage from top line sales growth, and this together with strong gross profit margins, supported the outstanding profit results in 2021.
- Your board remains very focused on managing capital efficiently with return on invested capital increasing to 24.1% last year. We also significantly increased capital returns to shareholders with fully franked dividends of 8.2 cents per share, up 71% on last year's 4.8 cent partially franked dividends.

Our key financial indicators are very strong. We have a very sound balance sheet with no debt. This provides us with the flexibility to continue investing for growth while at the same time maintaining a healthy dividend stream for shareholders. Unless we find a highly accretive investment opportunity that we believe will drive strong growth and increased returns for shareholders, we intend to continue increasing our dividend payout to shareholders. And while we have no debt on our balance sheet today, while trading and the economic environment remain volatile, we have decided to maintain a relatively conservative capital structure.

Strong progress on strategic initiatives

Moving onto our progress against the key strategic initiatives I outlined in last year's AGM presentation.

Our numbers suggest, and anecdotal feedback from suppliers further supports, that we gained market share in our core hair removal categories over the last 12 months. Shaver Shop completed 2.4 million transactions with customers last year and we now have almost 800,000 members on our e-mail marketing database.

We continue to make progress in further understanding our customer and building customer lifetime value. After rolling out the option for e-mail receipts from in-store transactions, we have been better able to understand customer behaviour and with online journeys established to drive enhanced engagement and more relevant offers, we are working to increase transaction frequency.

Our suppliers continue to innovate and we are working very closely with them on new product launches. For example, the Wahl Stainless Steel Trimmer, one of Shaver Shop's top selling products over the last four years, has now been launched in a waterproof version – exclusive to Shaver Shop. Oral B's new IO range of electric toothbrushes were launched exclusively with Shaver Shop in Australia – the only market in the world where exclusivity was granted. In addition to new innovations, we are expanding our range in men's and women's

fragrance as well as in men's haircare with American Crew. These are natural additions to our line-up and complement our core categories. Pleasingly, we have been able to continue to secure exclusive access to new products with 26 of our top 30 products being exclusive to Shaver Shop last financial year.

Lastly in terms of digital excellence, our ongoing investments in Shaver Shop's omni-retail experience continue to pay dividends with online sales of $61.2 million representing 28.6% of total sales in FY2021. The investments in this area are continuing, with a significantly more personalised and engaging online experience that more closely resembles the experience in one of Shaver Shop's store. We are dissecting our customer data to better segment and target cohorts with relevant offers that are suited to their interests and we are on track to start leveraging our data through artificial intelligence (AI). We're also making it even easier for customers to transact with Shaver Shop by offering traditional payment mechanisms as well as several buy-now pay later schemes.

So Shaver Shop has made significant progress on many fronts despite the challenges brought about by the pandemic. That said, we still see significant potential for our business. Whether it's in refining and improving our social media presence and following, continuing to expand our category mix, increasing our brand awareness – particularly in New Zealand, or most significantly, leveraging the now significant customer database that we now have.

As we move towards our most important trading period, we are well positioned to capitalise now that most of our stores have re-opened. We are confident that we have the right strategies, team, product range and promotional plans in place to deliver strong returns for shareholders in FY22 and in years to come.

In closing, I would like to express my sincere thanks on behalf of the board and our shareholders, to the entire Shaver Shop team. Your passion for this business and your ongoing pursuit for customer service excellence has been remarkable and is what has contributed to Shaver Shop emerging from the pandemic in an even stronger position than when it began.

I will now hand you over to Cameron Fox, our Managing Director and CEO.

Thank you.

For personal use only

For personal use only

MD and CEO Presentation – Mr. Cameron Fox

Good morning everyone and thank you for joining us today.

I would like to start off by recognizing the outstanding performance of the Shaver Shop team over the last 18 months or so. Under some extremely challenging circumstances, our business has continued to flourish and our focus on the customer has not wavered. Our store teams have been particularly resilient, managing through several snap and longer term lockdowns, and despite this have returned to work with the same passion, dedication and work ethic that has supported Shaver Shop's success over many years.

Shaver Shop Growth Drivers

Since Brodie has provided an overview of our financial results, I would like to spend time reviewing some of the factors that should support Shaver Shop's long term growth.

Firstly, we operate in the attractive and growing personal care and beauty market. And in our specialty area of men's grooming, we believe there are even stronger tailwinds as men continue to be more beauty conscious and use more tools to cultivate the look they desire. We estimate that our total addressable market is approximately $7.5 billion to $8.0 billion and today we hold a 2.5% to 3% market share – meaning we have plenty of room in which to grow.

We have strong unprompted brand awareness today but we can be doing more to further cement our position as the leading omni channel retailer in our sector. This is especially true in New Zealand where we have traded very strongly over the last two years whilst still having relatively low brand awareness in the region. We believe this positions us very well to grow further in New Zealand as we rollout out new stores and improve our online offering.

Thirdly, we are seeing very positive trends in how we are leveraging our customer data and we are building out additional customer journeys and technologies to better segment, target and engage with our loyal customer base.

We continue to expand our product and category ranges and have been able to maintain exclusivity on a large percentage of our top selling lines. Maintaining exclusivity in our core categories will remain a key focus in the years to come.

Our store network is performing well, when open, and we continuously review our operating metrics to ensure we maximise the returns from each location. We have committed to opening three new stores in Australia this year and we are relocating two more. We also see the opportunity to open 5 or 6 new stores in New Zealand – so we are keen to get across the Tasman as soon as possible when the borders re-open. Finally, in terms of optimising the store network, we are continuing our multi-year project to refit key doors and bring them to our latest brand standards.

Lastly on growth drivers, we are investing in new technologies that will help simplify internal processes, improve customer service and drive efficiency across our business. These investments are being made are across our stores as well as our national support office.

These growth drivers mean Shaver Shop remains extremely well positioned as a business to generate strong returns for shareholders in the years to come.

Online sales 28.6% of total sales

Let's now move onto our online sales trajectory.

For personal use only

The next slide illustrates how the omni-retail investments that we called out in early FY2019 have underpinned the exponential growth in online sales over the last few years and led to the online channel now representing close to 29% of total Shaver Shop sales. Over the last 4 years our online sales have grown at an average rate of close to 55% per annum – an outstanding result.

We processed more than half a million online orders last year or around 21% of our total transaction volume. But in dollar terms online represents close to 29% of total sales. This reflects the higher average transaction values coming through our online channel due to changes in product mix.

Website visitation continues to grow strongly due to brand awareness as well as improvements that we have made in organic search and search engine marketing. We feel we are the leading omni-channel retailer in our core categories, but we still see many areas of opportunity – including improving our social media presence.

As a result, we believe our online channel will continue to grow and increase share of sales over the long term albeit perhaps not at the same growth rates that we have experienced over the last 4 years.

Strong contribution margins from both online and in-store channels

That brings me to the average contribution by sales channel. As a multi-channel retailer, we as a management team often get asked whether we prefer for shoppers to purchase online or in-store.

The reality is that we are happy for our customers to shop with us whichever way they prefer and the relative contribution margins from each channel support this. Average contribution margin is close to 20% both in-store and online which means our focus can be 100% on ensuring we provide the best customer experience whatever channel our customers choose.

We truly believe that for the personal care and grooming sector, a multi-channel approach, with compelling in-store and online offerings, provides the best possible shopping experience for customers, and that ultimately this will drive higher customer loyalty and lifetime value than a purely online or in-store model.

Customer service excellence

I presented this slide at our annual results, but because it goes to the heart of our value proposition, felt it important to present it again today.

Shaver Shop's customer service record is first class. We measure customer experience at every store, every day, every hour and we review and take action on the feedback we receive from our customers about their in-store experience. We use this data as a continual improvement mechanism as we strive to delight our customers with every shopping interaction. This is reflected in our net promoter score being 89, near its highest ever level and customer experience being 9.8 out of 10.

I am very proud of these results and based on the market research we have recently undertaken, we have made progress on our brand being associated with a highly satisfying shopping experience.

Increasing active customers and opt-in members

Pleasingly the growth in our business is seeing us increase both active customers as well as those customers that want to receive ongoing communication from Shaver Shop through our e-mail marketing database. We had almost half a million active online customers last financial year and now have approximately 800,000 members in our marketing database. Many of these customers have only been introduced to Shaver Shop in the last 12 to 24 months, which means we have a fantastic opportunity to convert these into repeat customers with high lifetime value.

For personal use only

Increase in returning customer revenue

Pleasingly, we are seeing this happening through our online channel. An increasing percentage of our sales are coming from returning customers with more than 70% of our active online customers since Q3 FY2021 having shopped with us before. And from a revenue perspective, both the value and proportion of our online sales from returning customers are increasing over time as you can see in the right hand graph on this slide. This shows that we should have an increasing recurring revenue stream over time. We will of course continue to seek to attract new customers to our business and continue to build our marketing database as we believe the deep and breadth of our product offering is still not fully recognised by the consumer.

Customer learnings over COVID-19

So we are seeing an increase in customers returning to shop at Shaver Shop and very high levels of customer service, but what have we learned about our customers over the last 18-24 months?

First and foremost, personal care, health and wellbeing has never been more important and many of the products we sell enable our customers to look and feel great from the comfort of their homes.

In terms of customer behaviour, extended lockdowns benefit Shaver Shop as customers still have personal grooming needs. When stores are closed, unsurprisingly our online sales grow strongly. Customers have recognised that Shaver Shop is a leader in hair removal, hair styling and personal care appliances which has led to a further improvement in our unprompted brand awareness in Australia. As the narrative around lockdowns change and government officials begin to discuss reopening, online sales slow significantly as consumers prepare for stores to reopen.

Importantly, in-store sales rebound with intensity when stores re-open and while online sales then start to moderate, they generally remain higher than the prior year. We believe this reflects the fact that while many shoppers choose to race back to stores when they re-open, some shoppers remain more cautious and choose to continue to purchase online. The pandemic has also made customers more comfortable shopping online. As an omni-channel retailer, this works very well for us as both our in-store and online sales continue to grow.

Another key observation is that during lockdown, men tend to grow more stubble and beards with a corresponding increase in demand for beard trimmers. This transitions toward our clean shaven categories like men's electric shavers and mens manual shaving when offices re-open. Pleasingly we are market leaders in both beard trimmers and men's shavers so we are well placed from a category perspective both during lockdowns and after they end.

When customers do return to store, they are generally already well educated about the products they wish to buy, often having researched online before coming to store, and therefore have strong intent to transact. So while foot traffic overall is lower, browsing and dwell times are lower and sales conversion is higher leading to a much more efficient sales process for our in-store teams. We have also been very pleased to see that customers overall are generally very considerate and respectful about the new check-in requirements and health and safety regulations that our teams must adhere to.

So in summary, we are very pleased for our stores to be back open as it provides the best experience for both our customers and our store teams. This provides a nice transition to now discuss our trading update and outlook.

Trading Update & Outlook

Clearly the first four months have been challenging for all discretionary retailers that have operations in Victoria, the ACT, NSW or New Zealand. Government imposed trading restrictions have led to Shaver Shop losing approximately 39% of available in-store trading days in the period from 1 July 2021 through 7 November 2021.

For personal use only

With that context, over the period from 1 July 2021 through 7 November 2021, total sales have decreased 0.9% versus last year, but are up 15.7% versus the same period two years ago. While in-store sales have suffered, online sales have remained strong, up 58.6% versus the prior corresponding period and up 329.4% compared to two years ago. This means online sales have represented more than half of Shaver Shop's total sales year to date.

Pleasingly, when stores have re-opened across NSW, the ACT and Victoria, we have seen a strong rebound in sales with total corporate store sales being up 17.4% since NSW stores re-opened on 11 October 2021. On a State basis, New South Wales corporate store sales have increased 51.2% versus the prior corresponding trading period since the NSW store network re-opened on 11 October 2021. This strong result is partly due to the last 6 franchise stores we reacquired in February 2021. In Victoria, since our stores fully re-opened to the public on 30 October 2021, we have seen total sales growth of 28.8% compared to the corresponding period last year. These are encouraging signs and provide increased confidence for the important Black Friday, Cyber Week and Christmas trading periods that will shortly be upon us.

While stock supply has been difficult to forecast on some lines, we have been planning and working with suppliers for many months to ensure we have adequate stock cover to support our seasonal promotions. As a result, we do not currently foresee any material risk to sales from supply chain anomalies.

We opened our new Bunbury, WA store two weeks ago and have committed to open two more stores in the second half of the financial year. We continue to maintain a cautious approach to new store openings, however we are highly confident these stores will deliver attractive returns.

And finally, in terms of outlook, having regard to the ongoing uncertainties caused by the COVID-19 pandemic as well as the importance of the upcoming Christmas and Boxing Day trading periods to our full year results, Shaver Shop does not believe it is appropriate to provide FY2022 sales or earnings guidance at this time.

That concludes my presentation. Thank you for your ongoing support and attending our AGM today.