



## WNB DECEMBER 2019 APPENDIX 4C & COMMENTARY

### Highlights:

- **Strong international interest in brands:** Exceptionally strong interest in GBCo brands from major retailers and distributors in key international target markets in Asia, Europe and North America at COSMOPROF Asia.
- **True Solutions delivers solid performance:** Recently acquired True Solutions delivers first full quarter revenue contribution in line with budget expectations
- **GBCo executes omni-channel marketing strategy:** GBCo leveraged its strong relationship with Pacific Magazines to launch an innovative marketing initiative for its TANNED brand with Girlfriend magazine.

**MELBOURNE: Friday, 31 January 2020: Wellness and Beauty Solutions Limited (ASX: WNB)** ("WNB" or "the Company") provides the following notes to its Appendix 4C Quarterly Cash Flow report for the second quarter of the 2020 financial year (Q2 FY20).

WNB sales receipts lifted to \$3.855M in Q2 '20, a 76% increase on the previous quarter despite lower receipts from the *Immersion Clinical Spa* network. Total sales receipts included the first full quarter contribution from the recently acquired True Solutions business which performed in line with budget expectations for the period.

- **COSMOPROF delivers outstanding international interest in key brands:**

GBCo's presence at COSMOPROF Asia in November 2019 generated exceptionally strong interest in key brands from major retailers and distributors in target international markets in Asia, Europe and North America (Canada and the USA). In person follow-up meetings were held in January with major pharmacy retailers in all target regions and with DKSH Global, the leading Market Expansion Services Group with a focus on Asia. Retailer and distributor interest were across WNB's three ELLE product ranges (ELLE makeup, ELLE kids, ELLE Baby), our owned tanning range TANNED, and nailKALM which WNB manufactures and distributes. WNB will focus on advancing sales contracts, product registration and distribution agreements in Q3 '20 to capitalise on the multiple international growth opportunities.

- **Capital injection to build growth and scale:**

On 30 October 2019 the Company announced it had successfully raised \$6 million via an oversubscribed Share Placement to institutional and sophisticated investors. As announced, a majority of the funds are to be used for product manufacturing, new brand launches and the execution of our geographical expansion strategy.

- **GBCo brands build market momentum**

On 25 November 2019 WNB signed its first international distribution agreement with Sisterhood Beauty Limited for its owned TANNED and licensed Jbronze by Jennifer Hawkins tanning ranges. Under the three-year contract, Sisterhood will distribute both ranges in New Zealand across 600 retail outlets. Sales in the quarter delivered initial market traction.

Sales of GBCo's tanning products in Australia were marginally lower than forecast for the period due to mild weather conditions subduing retail sales in Victoria and New South Wales and impacting reorder volumes for the quarter. The Company believes a return to normalised warmer weather patterns in the second half FY'20 and planned marketing activity will result in some uplift in revenue from existing retailers for FY 2020.

In mid-January 2020, GBCo leveraged its strong relationship with Pacific Magazines to be the primary sponsor for the *Girlfriend <Role> Model Search*. This partnership delivers TANNED access to over 2.5 million readers a month across Girlfriend's print and digital platforms and simultaneously builds the brand's online business sales channel. GBCo will invest 10% of the full marketing value of the initiative and Pacific Magazines will provide a media, editorial and marketing campaign valued at more than \$800,000 as part of the campaign. TANNED Ambassadors Kris Smith and

Natalie Roser have been strategically involved in promoting the brand's values in partnership with Girlfriend as part of a planned media and marketing program.

Three new private label homeware ranges exclusively designed and manufactured by GBCo for Australian department store MYER sold well in the quarter. The Company is confident a follow up order will be placed for delivery to MYER in late FY20.

- **Immersion Clinical Spas contribution lower:**

Revenue from the *Immersion Clinical Spa* network in the quarter adversely impacted the Company's performance. While action taken to address the decline in clinic revenue have shown some traction, sustaining improved performance has proved challenging. To deliver an improved result from its clinic network, WNB initiated discussions of a possible commercial arrangement with a major retail group during the quarter.

- **True Solutions performs strongly:**

First full quarter contribution from True Solutions were in line with budget expectations post acquisition on 29 August 2019. True Solutions is one of Australia's leading distributors of professional and cosmeceutical skincare and makeup brands, and medi-spa technologies and expanded WNB's distribution network to over 1,300 medical cosmetic clinics, spas and beautician salons. Key product ranges distributed by True Solutions were also introduced to WNB's *Immersion Clinical Spa* network during the period.

**Outlook:**

During the next quarter, efforts will be focussed on securing sales and distribution agreements for key GBCo brands with major retailers and distributors in line with our geographic expansion strategy. Forecast cash outflows are projected to be higher due to an associated increase in stock production and costs related with completing rigorous product registration compliance required in international markets.

The Company expects True Solutions will continue to perform in line with forecasted expectations and intends to actively progress discussions of a commercial arrangement with a major retail group and WNB's *Immersion Clinical Spa* network.

Our three ELLE product ranges (ELLE makeup, ELLE kids and ELLE Baby) will be launched in the second half FY2020, supported by a significant marketing campaign in association with ELLE magazine in Australia.

**ENDS**

This announcement has been approved for lodgement by the Board of the Company.

**For more information contact:**

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**About Wellness and Beauty Solutions Limited**

Wellness and Beauty Solutions Limited has a suite of owned and licensed wellness, beauty and lifestyle brands and a network of nine *Immersion Clinical Spas* in Australia.

The clinics provide non-invasive medical aesthetic (NIMA) and wellness and beauty services using a highly experienced team of doctors, aesthetic nurse consultants, dermal therapists and beauty consultants.

Our suite of brands is sold to the professional and retail markets via our wholly owned subsidiaries The Giving Brands Company (GBCo) and True Solutions International (TSI). Our expanding brand portfolio includes, ELLE Makeup, ELLE ids, ELLE Baby, Jbronze, TANNED, nailKALM, Aesthetics RX, Glo Skin Beauty, HydroPeptide, Priori, Ilcsi, Lightfusion and OMNILUX.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

WELLNESS AND BEAUTY SOLUTIONS LTD

**ABN**

43 169 177 833

**Quarter ended ("current quarter")**

31 December 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,855	6,045
1.2 Payments for		
(a) research and development	-	(1)
(b) product manufacturing and operating costs	(2,771)	(4,978)
(c) advertising and marketing	(107)	(474)
(d) leased assets	-	-
(e) staff costs	(2,234)	(3,462)
(f) administration and corporate costs	(821)	(1,030)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	(266)	(325)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material) (GST (paid)/recovered)	(54)	66
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,397)</b>	<b>(4,156)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(44)	(44)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) intellectual property	-	(70)
	(e) other non-current assets	(68)	(68)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	20	103
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(92)</b>	<b>(79)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	6,000	6,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(360)	(360)
3.5	Proceeds from borrowings	761	2,169
3.6	Repayment of borrowings	(572)	(896)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Payment of lease liabilities	(181)	(367)
3.9	Other (provide details if material)	-	150
3.10	<b>Net cash from / (used in) financing activities</b>	<b>5,648</b>	<b>6,696</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	348	1,046
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,397)	(4,156)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(92)	(79)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,648	6,696

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>3,507</b>	<b>3,507</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,507	348
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,507</b>	<b>348</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

140  
-

Wages and paid to CEO, Convertible note interest paid to associate of Chairman.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-  
-

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	168	168
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	7,578	5,203
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Unsecured Loan from Hennessey Capital Partners - \$167,732  
 Secured facility of \$4.0M with Timlio Pty Ltd for debtor and trade finance as announced on 18 July 2019 – drawn to \$1,624,401  
 Secured Convertible notes were issued in 2017 to a total value of \$3,300,000. (Refer to ASX announcements dated 8 June 2017 and 1 November 2018 for further information)  
 Vendor Finance Facility - \$200,000  
 Unsecured finance from Fee Synergy - \$26,267  
 Unsecured finance from Premium Funding for business insurances (Macquarie and iQumulate) - \$52,285

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	-
9.2 Product manufacturing and operating costs	3,740
9.3 Advertising and marketing	333
9.4 Leased assets	-
9.5 Staff costs	1,949
9.6 Administration and corporate costs	984
9.7 Other (Loan Repayments & Asset Purchases)	365
<b>9.8 Total estimated cash outflows</b>	<b>7,371</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  
(Managing Director)

Date: ..... 31 January 2020.....

Print name: ...Christine Parkes .....

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.