

**ASX Announcement**  
**27 November 2020**



## **WNB Chairman's AGM Address**

Welcome to the 2020 Annual General Meeting for Wellness and Beauty Solutions.

The year 2020 has been a challenging period for much of Australia having faced the impact of bushfires over the summer months, and since then the global COVID-19 pandemic. Like many businesses, Wellness and Beauty Solutions has been affected by these challenges, with consumer demand for lifestyle products adversely impacted.

I wanted to start by saying we are disappointed, like we know you will be, that the company has been making losses and the resultant fall in our share price has been equally disappointing and challenging for shareholders. We are, however, confident that we have made important moves this year that can turn our performance around, and more importantly build a business to its full potential.

Despite these difficulties, the past year has been a period of important progress to enable us to become a more focused and resilient business tapping into the rapidly growing wellness and lifestyle product segment.

Since my appointment as Chairman in March 2020, Christine Parkes our CEO, her senior management team and I have spent considerable time working together to position the business to embark on its next stage of growth, particularly in light of the current economic challenges but also the longer-term "COVID-normal" practices expected to be an ongoing feature of the global environment.

While WNB has achieved several important strategic milestones, the impact of the repositioning strategy is not yet reflected in our financial results this past year, particularly with some key initiatives executed towards the end of, and after, the reporting period.

The first pillar of our strategy was to drive organic growth through our current portfolio. Whilst growth was modest in FY20 at just under 4% generating revenues of \$10.68 million, there were some notable achievements:

- We announced that one of our flagship brands, *JBronze by Jennifer Hawkins*, was going into more than 800 Coles stores.
- TANNED was also launched into three of Chemist Warehouse's ULTRA stores and via its e-commerce portal.
- As part of the early response to the COVID-19 pandemic our Management team were quick to design and launch a proprietary range of anti-bacterial products under the MICRO19 brand name.
- Subsequent to the reporting period, we also executed a \$3 million exclusive distribution agreement to supply MICRO19 to the transport and infrastructure industries
- We expanded our hygiene portfolio being awarded an exclusive distribution agreement with Novalent Shield+ - an alcohol-free, anti-microbial hand sanitiser product that uses patented technology to deliver significant protection from germs including the coronavirus.

- Finally, just in this last week we announced new distribution agreements for Australia for LA-based nail care company ORLY, Couleur Caramel, and just this morning luxury Japanese brand Forlle'd.

These types of agreements and channels will be important growth drivers for us in FY21 and demonstrate the progress our Company is making in executing attractive growth opportunities for its core brand portfolio.

The second growth initiative was through the acquisition of new products and strategic initiatives to enable scale and profitability. This growth initiative has the potential to be transformative for Wellness and Beauty Solutions.

In August 2019, we acquired True Solutions, the leading anti-ageing, wellness and medspa supplier to the professional beauty aesthetics' market. Despite the protracted closure of clinics due to COVID this division was profitable in the period and with new products added to the True Solutions portfolio we are expecting to see it perform well this coming year.

Just recently, we announced the acquisition of Organic Nation, anti-ageing skin and body care products, currently sold in more than 100 clinics in Australia and Canada.

The third growth pillar is to expand our geographic footprint. In May we launched ELLE makeup, kids & baby ranges and MICRO19 in Singapore through an agency agreement with Thurston Agencies. We are confident that this will be a relationship we can expand to other products within our portfolio in the coming year.

With Organic Nation already sold in Canada, we see opportunities to expand there, and, as the world recovers from COVID-19, we will be picking up the conversations that were in play this time last year in the US, UK and Asia.

Over the last few months, WNB has been active in dealing with some historical issues and strengthening its balance sheet. This is an important part of our business turnaround, which was to address some of the company's structural and financial impediments.

Disappointingly, and as we have previously flagged, revenues from the Company's Immersion Clinical Spa Network declined significantly in FY20 as the clinics remained closed for much of the period due to COVID-19. Given the on-going revenue issues projected in this segment, a \$2.9M impairment was incurred in FY20. Even prior to COVID-19, the Board had determined that the Immersion Clinical Spa network did not fit within our future direction and post the reporting period we were pleased to sign a binding Business Sale Agreement to sell our clinics' business. This divestment delivers strong cash flow benefits, both from the cash payment of \$1.1M and from the significant cost relief due to release of lease liabilities, employee entitlements, and operational product costs totaling more than \$2.5M per annum. We are expecting to have an update on the closure of this divestment shortly.

We ended the financial year with a significantly strengthened balance sheet, following two capital raisings and an amended, more favourable agreement with Convertible Note holders. A further \$1.4 million of Convertible Notes were converted to equity during the period, reducing our outstanding liabilities.

We have also been working to restructure our debt facilities, to improve our financial flexibility and to ensure WNB can better fund more profitable growth.

To build a more sustainable and profitable business model, a significant cost reduction & HR restructuring program commenced in the final quarter. Increased savings are expected to be realised as we progress through FY21.

To conclude, we are confident that the business is on the right path. We have executed a refocused business strategy over FY20, refreshed our Board and leadership team and restructured our cost base and balance sheet to put WNB on a more sustainable financial footing. There is a strong determination and confidence by the Board and Management that we can turn our fortunes around and rebound strongly.

I thank my fellow Board members for their commitment in FY20, as I do the whole WNB team who, without exception, faced these extraordinary times with professionalism, dedication, and flexibility. I acknowledge the strong contribution to WNB by Naveen Somia who steps down from the Board after four years' service. I also thank WNB's shareholders for their continued support. I look forward to updating shareholders of our continued progress in the coming year.

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

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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. Our suite of brands is sold to the professional and retail markets via our wholly owned subsidiaries The Giving Brands Company Pty Ltd and True Solutions (TSA) Pty Ltd.

TSA's portfolio includes Organic Naation, Priori, Aesthetics RX, Ilcsi, Omnilux, Nanopore, lightfusion, ORLY, J bronze, Tanned, Novalent Shield and MICRO19.