



## WNB JUNE 2019 APPENDIX 4C & COMMENTARY

### Highlights for the quarter ending 30 June 2019:

- **Investing in future revenue growth:** WNB enters FY2020 with strong sales momentum across sales channels and sufficient inventory on hand to generate solid revenue uplift in Q1.
- **Improved finance facility in place:** cheaper and more flexible \$4M finance facility secured for brand business (GBCo) purchase order and manufacturing financing.
- **Improved operational performance:** clinic under-utilisation addressed by strategic recruitment and marketing drives as well as individual performance accountability, sustained downward trend in reduced administrative and corporate costs across the full year.

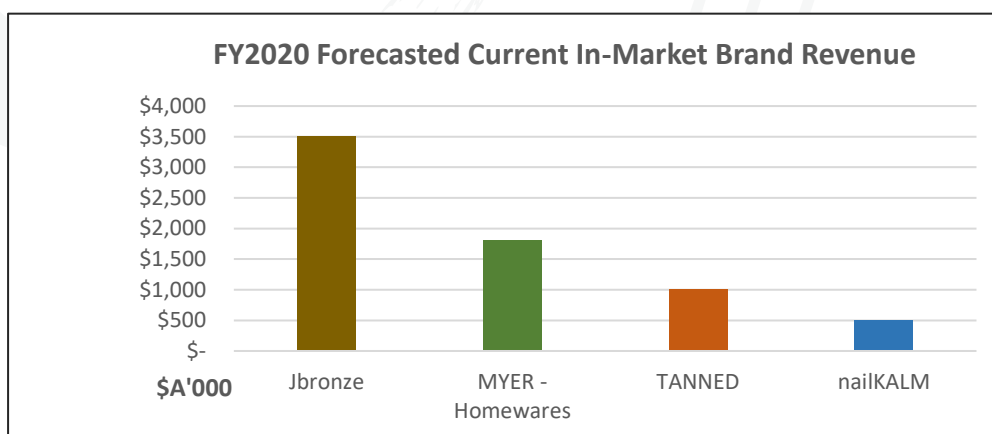
**MELBOURNE: Wednesday, 31 July 2019: Wellness and Beauty Solutions Limited (ASX: WNB)** ("WNB" or "the Company") provides the following notes to its Appendix 4C Quarterly Cash Flow report for the fourth quarter of the 2019 financial year (Q4 FY2019).

WNB generated \$1.88M in sales receipts in Q4 FY'19, predominantly from its *Immersion Clinical Spa* network which showed continued improvements. The Company also announced \$2.9M in new sales contracts and purchase orders for brands in The Giving Brands Company (GBCo) portfolio<sup>1</sup>.

Subsequent to the quarter end, WNB announced a lift in forecasted annual sales of the Jbronze tanning brand with Woolworths in FY'20 by an additional \$500k. Jbronze revenue from Woolworths is now in excess of \$1.5M for the financial year.

### Investing in future revenue growth:

WNB expects its tanning brands will deliver sales in excess of \$4.5M in FY'20. The Company has invested in stock inventory during the quarter in readiness for the significant sales uplift of tanning products commencing Q1 FY'20. Funds were also invested in manufacturing products for delivery of the Myer contract in the first quarter FY'20.



Based on GBCo's contracted and projected sales pipeline, WNB expects its brand business to deliver revenue in the \$6-\$7M range in FY'20, with a number of additional opportunities for potential inclusion in the brand business portfolio in the near term. This will provide the Company with a solid foundation for growth.

<sup>1</sup> New homeware ranges for Myer forecast to generate sales revenue in excess of \$1.4 million in FY2020, announced 29 April 2019. Initial Chemist Warehouse purchase order for nailKALM with annual sales expected to achieve approx. \$500k in FY2020, announced 2 May 2019. Jbronze sales contract with Woolworths for sales of approx. \$1.5 million in FY 2020, announced on 12 June 2019 and upgraded 16 July 2019.

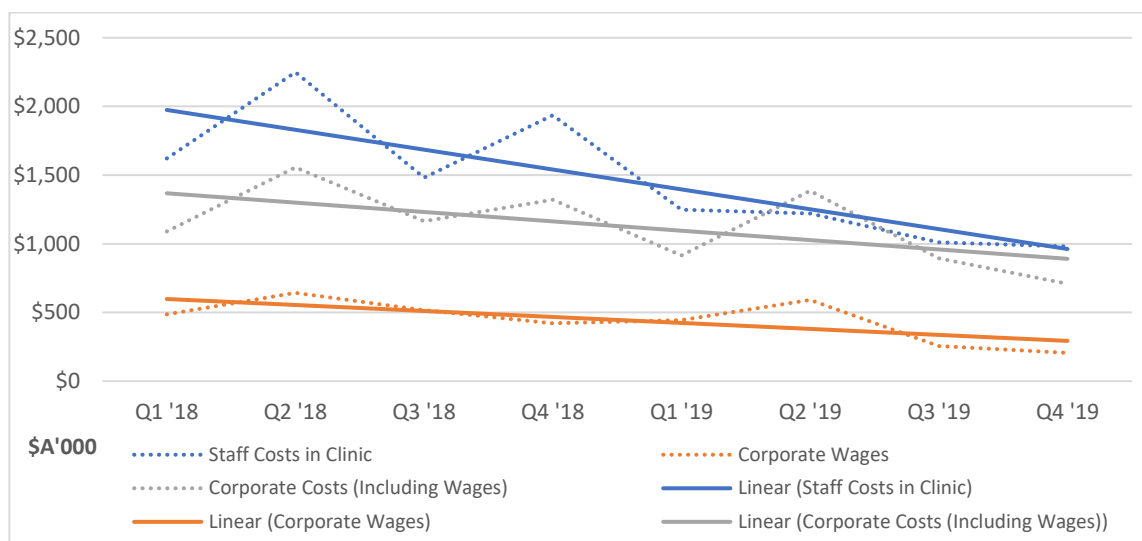
### Improved finance facility in place:

The Company secured a \$4M facility with Timelio Pty Ltd for purchase order (manufacturing) and debtor financing for its brand business. This replaces the \$3M secured debtor finance facility previously in place with Scottish Pacific. This change, on improved terms, gives flexibility to the Company's debt structure to more effectively manage working capital requirements, particularly for lead time brand manufacturing and provides adequate headroom to invest in growth of GBCo's expanding brand portfolio.

### Improved operational performance:

WNB has continued to focus on its two-pronged strategy of clinic turnaround and acceleration of beauty and lifestyle brands in well-known retail outlets and omnichannel platforms<sup>2</sup>. The brand business performed in line with expectations and the clinic turnaround continued to gain positive momentum.

Continued efforts were directed at reducing staffing, administration and corporate costs across the business which delivered sustained improvement across FY2019.



Additional professional medical staff were recruited to the clinics during the quarter and have been onboarded in line with an updated KPI program. The new targets have been implemented across the clinic network to increase utilisation levels and achieve sustained profitability. In addition, a targeted marketing program was established through Shop A Docket, the official supplier of cash receipt advertising for Chemist Warehouse, to build clinic brand awareness and drive traffic to the clinics.

### Outlook:

WNB enters FY2020 after rationalising the clinic's operational base and building a solid platform for growth across the GBCo brand business.

WNB is well positioned to execute sales contracts in place with large retailers across multi-channels in the pharmacy, grocery and department store sectors - including Chemist Warehouse, Priceline, TerryWhite Chemmart, Myer and Woolworths. These relationships provide future opportunities for existing and new brands in development. GBCo's capital light model will leverage contracts in place with mega influencers Jennifer Hawkins, Kris Smith, Natalie Roser and Brooke Hogan. The ambassadors' exceptional social media followings will be used to strengthen both brand awareness and drive sales conversion in the near term using modern analytical tools and intelligence as part of an omni-channel strategy<sup>2</sup>.

GBCo continues to invest in developing its strong pipeline of beauty brands for the professional and retail sectors, and private label homewares brands to build its growing brand portfolio. Brands such as ELLE Make-Up, ELLE Baby and ELLE Kids are on track for launch in 1H FY'20 on the back of both established and new relationships, with negotiations currently in play for expansion into fast-growing new markets.

### For more information contact:

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<sup>2</sup> Omni-channel is a multi-channel approach that seeks to provide customers with a seamless shopping experience, whether they're online from a desktop or mobile device, by telephone, or in a brick and mortar store.

**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.

Our suite of brands is sold to the professional and retail markets and includes: Jbronze, ELLE Make-up, ELLE Kids, ELLE Baby, TANNED, NailKALM, MYER, and products under development for Country Style and the Australian Women's Weekly magazines. 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.

**Forward looking statements**

This announcement may have forward-looking statements that are subject to risks and uncertainties. Such statements involve known and unknown risks that may cause the actual results, performance or achievements of WNB to be materially different from the statements in this announcement. Actual results could differ materially depending on factors such as availability of resources, regulatory environment, the results of marketing and sales activities and competition.

## 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 LIMITED

**ABN**

43 169 177 833

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

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,885	11,248
1.2 Payments for		
(a) research and development	-	(10)
(b) product manufacturing and operating costs	(1,600)	(7,344)
(c) advertising and marketing	(179)	(756)
(d) leased assets	-	-
(e) staff costs	(1,557)	(7,501)
(f) administration and corporate costs	(590)	(2,312)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	14
1.5 Interest and other costs of finance paid	(138)	(375)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,177)</b>	<b>(7,036)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(16)	(236)
(b) businesses (see item 10)	-	-
(c) investments	(2)	(8)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) intellectual property	(73)	(133)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	10
	(b) businesses (see item 10)	-	1,400
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	66
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(91)</b>	<b>(1,099)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	8,391
3.2	Proceeds from issue of convertible notes	-	20
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(421)
3.5	Proceeds from borrowings	-	209
3.6	Repayment of borrowings	(38)	(1,450)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(38)</b>	<b>6,749</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	3,352	234
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,177)	(7,036)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(91)	1,099
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(38)	6,749

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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>1,046</b>	<b>1,046</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	1,046	3,352
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>1,046</b>	<b>3,352</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**

(32)

-

Directors Fees paid to the current Chairman of the company

**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**

(6)

-

Interest paid on convertible notes held by a previous director of WNB

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	250	250
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	6,521	3,572
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 - \$250,000
Secured Debtor finance facility provided by Scottish Pacific - \$3,000,000 (\$51,600 drawdown)
Vendor Finance Facility - \$200,000
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.
Unsecured finance from Fee Synergy - \$20,853
As announced on 18 July 2019 and subsequent to end of period, the Company secured a \$4M facility with Timelio Pty Ltd for purchase order and manufacturing financing of its brand business. This replaces the \$3M secured debtor finance facility previously in place with Scottish Pacific.

9.1 <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1.1 Research and development	-
9.1.2 Product manufacturing and operating costs	(3,132)
9.1.3 Advertising and marketing	(409)
9.1.4 Leased assets	-
9.1.5 Staff costs	(1,361)
9.1.6 Administration and corporate costs	(572)
9.1.7 Other (Loan Repayments)	(100)
<b>9.1.8 Total estimated cash outflows</b>	<b>(5,574)</b>
9.2 <b>Estimated cash inflows for next quarter</b>	<b>\$A'000</b>
9.2.1 Receipts	4,522
9.2.2 Other	817
<b>9.2.3 Total estimated cash inflows</b>	<b>5,339</b>

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
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:

  
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 (Managing Director)

Date: 31 July 2019

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.