



FOR GOOD LOOKS

Total Face Group Limited
ACN 169 177 833

Notice of General Meeting

Notice is hereby given that a General Meeting of Total Face Group Limited (ACN 169 177 833) ('Company') will be held at the time and location, and to conduct the business, specified below:

Date	Thursday 27th September 2018
Registration	9.15am (AEST)
Meeting Start Time	9.30 am (AEST)
Location	Oaks On Market 60 Market St, Melbourne VIC 3000

Business

The following business will be conducted:

1. Approval for Issue of Shares to raise up to seven million dollars (\$7 million)

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution:

Resolution 1

"That, for the purposes of ASX Listing Rule 7.1, and for all other purposes, shareholders approve and authorise the Company to issue up to 140,000,000 fully paid ordinary shares at an issue price of \$0.05 cents per share to existing and new Institutional and Sophisticated Investors raising in aggregate up to \$7 million (the **Placement**) and otherwise on the terms and conditions contained in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast in favour on this resolution by:

- (a) a person who is expected to participate in the proposed issue and anyone who might obtain a material benefit as a result of the proposed issue, except a benefit solely by reason of being a holder of ordinary securities in the entity; and
- (b) any associates of those persons.

However, the Company will not disregard a vote on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction of the Proxy Form to vote as the proxy decides.

2. Approval to acquire The Giving Brands Company Pty Ltd (GBCo)

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

Resolution 2

“That, pursuant to and in accordance with Listing Rule 11.1 and for all other purposes, shareholders approve the acquisition of The Giving Brands Company Pty Ltd (GBCo).”

(Refer to the Explanatory Statement annexed for further details)

Voting Exclusion Statement

The Company will disregard any votes cast in favour on this resolution by:

- (a) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- (b) any associates of those persons.

However, the Company will not disregard a vote on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction of the Proxy Form to vote as the proxy decides.

3. Approval to issue Shares to GBC Investments Pty Ltd as consideration

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

Resolution 3

“That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, shareholders approve the issue of 57,540,996 fully paid ordinary shares in the Company to GBC Investments Pty Ltd at an issue price of \$0.05 cents per share on the terms and conditions contained in the Explanatory Statement.”

(Refer to the Explanatory Statement annexed for further details)

Voting Exclusion Statement

The Company will disregard any votes cast in favour on this resolution by

- (a) a person who is expected to participate in the proposed issue and anyone who might obtain a material benefit as a result of the proposed issue, except a benefit solely by reason of being a holder of ordinary securities in the entity; and
- (b) any associates of those persons.

However, the Company will not disregard a vote on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction of the Proxy Form to vote as the proxy decides.

4. Appointment of Ms Christine Parkes as Executive Director

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Resolution 4

“Subject to the passing of Resolution 2, to appoint Ms Christine Parkes as Executive Director of the Company.”

(Refer to the Explanatory Statement annexed for further details)

5. Appointment of Mr Ken Poutakidis as Non-Executive Director and Chair

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Resolution 5

“To appoint Mr Ken Poutakidis as Non-Executive Director and Chair of the Company.”

(Refer to the Explanatory Statement annexed for further details)

By order of the Board of Directors



Liza Juegan

Company Secretary
Date 27 September 2018

NOTES

The Explanatory Statement forms part of this Notice of General Meeting and should be read in conjunction with it.

VOTING ENTITLEMENTS

Pursuant to regulation 7.11.37 of the *Corporations Regulations*, the Board has determined that, for the purpose of voting at the meeting, members are those persons who are the registered holders of shares at 7.00pm (AEST) on Tuesday, 25th September 2018.

PROXIES

In accordance with section 249L of the *Corporations Act 2001* (Cth):

A member who is entitled to attend and vote at the General Meeting may appoint a proxy. A proxy can be either an individual or a body corporate. Should you appoint a body corporate as your proxy, that body corporate will need to ensure that it:

- (a) appoints an individual as its corporate representative to exercise its powers at meetings, in accordance with section 250D of the *Corporations Act 2001* (Cth); and
- (b) provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If satisfactory evidence of appointment as corporate representative is not received before the meeting, then the body corporate (through its representative) will not be permitted to act as your proxy.

If a shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. If the proxy appointments do not specify the proportion of the member's voting rights that each proxy may exercise, each proxy may exercise half of the member's votes. A proxy need not be a member.

To be effective, the proxy form (and, if the appointment is signed by the appointer's attorney, the authority under which it was signed or a certified copy of the authority) must be received by the Company's share registry, Computershare, no later than 48 hours prior to the commencement of the General Meeting which will be held at 9.30 am (AEST) on Thursday 27th September 2018.

If you appoint a proxy, the Company encourages you to direct your proxy how to vote on each item of business.

The Chairman of the Meeting intends to vote undirected proxies able to be voted in favour of all items of business.

To vote by proxy, the completed enclosed Proxy Form must be lodged either:

- 1 via mail to Computershare Limited GPO Box 242, Melbourne VIC 3001;
- 2 by hand to Computershare Limited at Yarra Falls, 452 Johnston Street Abbotsford VIC 3067;
- 3 by fax to (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555
- 4 online at <http://www.investorvote.com.au>.
- 5 online at <http://www.intermediaryonline.com> (for intermediary online users online)

by 9.30 am (AEST) on Tuesday 25th September 2018, being at least 48 hours before the holding of the Annual General Meeting

CORPORATE REPRESENTATIVES

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the *Corporations Act 2001* (Cth) in which case the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the *Corporations Act 2001* (Cth). The Certificate must be lodged with the Company before the meeting or at the registration desk on the day of the meeting. The Company will retain the certificate.

EXPLANATORY STATEMENT

Introduction

This Explanatory Statement has been prepared for the shareholders of Total Face Group Limited (**Company**) to provide information about the items of business to be considered at the General Meeting of shareholders to be held on Thursday 27th September 2018.

The Resolution is to be voted on as ordinary resolution. Ordinary resolutions require a simple majority of votes cast by shareholders entitled to vote on the resolution.

ITEM 1. Approval for Issue of Shares to raise up to seven million dollars (\$7 million)

Resolution 1

The Company is seeking shareholder approval to issue up to 140,000,000 ordinary shares at an issue price of \$0.05 per share to existing and new Institutional and Sophisticated Investors to raise in aggregate up to \$7 million on the terms outlined below (**Placement Shares**).

The Company has previously announced its intention to continue to grow its business both organically and by acquisitions of businesses which complement the Company's existing business model. The Company has recently undertaken a strategic review which revealed that the company was sub-scale, positioned too narrowly and was not exploiting its retail sales presence.

The Company is seeking to restructure its operations in accordance with the result of that review. It is seeking funding by way of the allotment of the Placement Shares which is intended to fund:

- the business plan of The Giving Brands Company Pty Ltd (**GBCo**) which will open new revenue streams and re-shaping of the remaining clinic network; and
- general working capital requirements.

Regulatory requirements

The following information in relation to the Placement Shares is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) Maximum number of securities to be issued:

The maximum number of Placement Shares to be issued under this Resolution is 140,000,000.

- (b) Date by which the securities are to be issued

The Placement Shares are expected to be issued on or around 28th September 2018 and in any case, within 3 months of the date of shareholder approval (or such later date to the extent permitted by any waiver that may be granted by ASX).

- (c) Issue price of the securities

The Placement Shares will be issued at a price of \$0.05 per share.

- (d) Names of the allottee/s (if known)

The Placement Shares will be issued to existing and new institutional sophisticated and professional investors identified by PAC Partners to whom disclosure pursuant to Chapter 6D of the Corporations Act is not required, as determined by the Company.

- (e) Terms of the securities

Fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the existing shares on issue.

(f) The intended use of the funds raised

Funds from the placement will enable the Company to immediately return to a positive net current asset position by extinguishing liabilities of \$2m, enable the launch of GBCo's products and brands in design and provide working capital to facilitate improvements to clinic operations through:

- New executive leadership and product/services lines from GBCo
- Vertically integrating the Company's retail skincare business through the development and rollout of its own range of skincare products to capitalise on the significant growth being driven through the clinics
- Re-shaping clinics through the introduction of professional tanning studios within the existing clinic infrastructure through the Jbronze by Jennifer Hawkins brand of tanning products
- Implementation of brand ambassadors to stimulate engagement & to drive traffic with renewed endorsement thus creating a platform of growth for new and repeat clientele into the clinic network.

(g) The issue date or a statement that the issue will occur progressively

The Placement Shares are anticipated to be issued on around 28th September 2018.

Recommendation

The Directors, recommend voting in favour of the allotment and issue of securities described above. The Chairman of the meeting will be voting any undirected proxies in favour of this resolution.

ITEM 2 – Approval to acquire The Giving Brands Company Pty Ltd (GBCo)

Resolution 2

Shareholder approval is being sought in Item 2 to approve the acquisition of The Giving Brands Company Pty Ltd (GBCo).

The Company considers that the opportunity to acquire GBCo will open new revenue streams and enable the re-shaping of the clinic network.

GBCo is a fully integrated cosmetic brand design company that owns, licenses and partners with multiple brands in the beauty industry.

GBCo's team has extensive management and operational expertise with a seasoned, proven track record of creating rich clear brand stories.

GBCo has access to substantial retail and professional doors throughout Australia providing the right platform to successful launch new brands - *Chemist Warehouse, Priceline Pharmacy*.

GBCo's business is led by Managing Director and CEO Christine Parkes who has 20+ years industry experience.

The acquisition of GBCo is a diversification by the Company which represents a natural extension of the Company's current direction.

For the Company, FY18 has been marred by 8 months of disruption due to the strategic review process.

New management, a more stable operating environment and the vertical integration of retail skincare will see the remaining clinic network deliver FY19 revenue of \$16m and EBITDA of \$2.5m.

Introduction of professional tanning solutions, a more targeted marketing effort and the better use of brand ambassadors will provide further upside to the forecasted clinic network numbers.

GBCo FY18 unaudited revenue and EBITDA of \$1.5m and \$0.1m respectively is forecast to grow to \$7.5m and \$1.2m in FY19 from existing brands and brands in design that are ready for market launch.

Combined the FY19 forecast to deliver revenue of \$23.1m and a corporate wide EBITDA of \$1.9m.

GBCo - FY19 FORECAST BY BRAND/PRODUCT										
	J Bronze	Professional	Sub-Total	NailKalm	Tanned	Elle	Myer	Country Style	Other	Total
Revenue	3,111,397	382,137	3,493,534	58,211	1,062,844	1,869,968	426,074	281,249	265,002	7,456,882
Cost of Goods Sold			1,492,270	11,319	681,228	551,704	144,463	112,288	-	2,993,271
Gross Profit			2,001,264	46,892	381,616	1,318,264	281,611	168,961	265,002	4,463,610
Gross Profit Margin			57%	81%	36%	70%	66%	60%		60%
Expenses										
										1,030,365
										1,424,042
										771,801
										78,500
										Total Expenses
										3,304,707
										GBCo Group Contribution
										1,158,903

ITEM 3 – Approval to issue Shares to GBC Investments Pty Ltd as consideration

Resolution 3

Shareholder approval is being sought in Item 2 to approve the issue of 57,540,996 fully paid ordinary shares in the Company to GBC Investments Pty Ltd at an issue price of \$0.05 cents per share as consideration for the Company's acquisition of the shares in The Giving Brands Company Pty Ltd (**GBCo**).

On or around 24th August, 2018 the Company entered into a share sale and purchase agreement with GBC Investments Pty Ltd and GBCo to acquire 100% of the share capital in GBCo (the **Acquisition Agreement**). The Acquisition Agreement is conditional upon the Company obtaining shareholder approval for:

- The Placement described in Resolution 1; and
- the issue of shares to GBC Investments Pty Ltd equivalent to 15% of the issued capital of the Company on a fully diluted basis as consideration for the acquisition.

The shares will be issued to GBC Investments Pty Ltd within 4 weeks of obtaining shareholder approval in accordance with Resolutions 1, 2 and 3 of the Notice of General Meeting.

The shares will be subject to voluntary escrow restrictions for the following periods:

- Fifty percent (50%) of shares to be escrowed from the date of issue for a period of twelve (12) months;
- Fifty percent (50%) of shares to be escrowed from the date of issue for a period of twenty-four (24) months.

Recommendation

The Directors recommend voting in favour of the allotment and issue of securities to GBC Investments Pty Ltd. The Chairman of the meeting will be voting any undirected proxies in favour of this resolution.

ITEM 4 – Appointment of Ms Christine Parkes as Executive Director

Resolution 4

In accordance with the terms of the Acquisition Agreement, Ms Christine Parkes is to be appointed as an executive director of the Company with effect from Completion of the acquisition of GBCo.

Background and experience of Christine Parkes

“Christine has built a reputation in the cosmetic and skincare industry over a 20+ year period and is recognised for brand management, new product development and rebranding. Christine has a strength in strategic marketing; import and export supply, registration and compliance requirements; along with experience in cosmetic and skincare manufacturing she combines knowledge and experience with an extensive global network of key influencers in the cosmetics and skincare industries to:- develop, launch, support and grow brands within the retail sector. Christine previously owned a boutique cosmetic and skincare manufacturing company providing invaluable knowledge of the technical and manufacturing processes needed to create, manufacture and distribute cosmetic, skincare and wellness products in domestic and international markets.”

Recommendation

Shareholders are asked to vote in favour of election of Ms Christine Parkes as Executive Director of the Company.

ITEM 5 – Appointment of Mr Ken Poutakidis as Non-Executive Director and Chair

Resolution 5

Mr Paul Fielding has advised the Company that he wishes to resign as Executive Director and Chair of the Company. It is therefore proposed to appoint Mr Ken Poutakidis as Non-Executive Director and Chair to replace Mr Fielding and to accept Mr Fielding's resignation, subject to the passing of Resolution 4.

Background and experience of Ken Poutakidis

“Ken is corporate adviser and corporate finance executive with extensive small cap expertise and over 16 years of finance experience. He is presently the Managing Director and Founder of Avenue Advisory, a boutique advisory firm providing corporate finance and capital markets advice to emerging companies. Previously, Ken worked as a management consultant and a corporate finance executive with leading equity firms across Australia and Asia. His particular expertise includes capital raisings, mergers & acquisitions, corporate advisory, asset divestment and strategy development, with sectoral expertise in healthcare, industrials, engineering and financial services. He has also previously served as Chairman of the Boards of Alchemia and Mach7 Technologies. Ken has a Bachelor of Business degree from Monash University and brings a range of commercial skills to the roll.”

Recommendation

Shareholders are asked to vote in favour of election of Mr Ken Poutakidis as Non-Executive Director and Chair of the Company.

The Directors of the Company are not aware of any other information which is relevant to the consideration by Shareholders of the proposed resolutions set out in the Notice of General Meeting.