



Incoming CEO Letter to Shareholders

10 October 2018

Dear Shareholders,

It is with great pleasure that I accept the role as CEO and Managing Director of Total Face Group and I would like to thank shareholders for their continued and unwavering support over the last few months.

Your new Board and I are committed to strategically building and growing a consolidated business comprised of the Total Face Group clinic network and the company I founded – The Giving Brands Co. We aim to build a company that provides value for shareholders and we look forward to doing so alongside the expertly skilled teams we have on board.

Our vision is to continue to create products and experiences which serve a purpose and to provide our customers with a holistic wellness experience, always making sure to hold true to our values. We are committed to being useful, focussed on overall wellness and building brands without borders which are purposeful, relevant and reasonably priced.

I am excited to begin the journey of building a strong, growing and vertically integrated business that combines an existing nationwide clinical footprint with a range of proprietary and licensed retail brands in the skincare, cosmetic and beauty sectors.

After a year of challenges within the clinic network, we have a new strategy in place to unlock the network's growth potential and broaden its service offering to include a balance between health, wellness and beauty – capitalising on growing demand in this thriving sector that is currently valued at \$7.46bn¹ in Australia alone.

Reshaping the clinic network enables us to streamline operations and capitalise on offering an end-to-end wellbeing service. We will be rebranding the clinics and offering a more complete service that will encompass tanning, body shaping, remedial therapies and injectables with an overarching wellness approach. As a result, we expect to see increased sales, better client engagement and more cross-selling opportunities across the clinic network.

The first step in executing the new strategy will be to fully integrate the Giving Brands flagship Brand - Jbronze - across the Group. The professional tanning range, along with other proprietary brands will be introduced into clinics to capture new clientele and support the clinical service offering. This vertical integration of retail brands will drive material increases in margins on retail product sales.

For our retail brands, our objective is to build a stable and profitable business by strategically partnering with well-known brand names to develop a strong portfolio of proprietary branded product ranges. This enables us to utilise their marketing platforms, leverage their social media following, brand exposure and social influencers.

In very exciting news, I am delighted to announce, we have signed licensing agreements to utilise the brand name of three world renowned magazines.

¹ IBISWorld Cosmetics and Toiletry Wholesaling in Australia.



The first is with global publisher Lagardere Paris to create two beauty product ranges using the ELLE fashion magazine brand.

ELLE magazine has a presence in 45 Countries and is one of the top selling fashion magazines in the world. Our *ELLE Colour Cosmetic* range will launch in 2019, with the design and development of our second ELLE range, *ELLE Kids*, well underway. These are both set for concurrent national and international launch.

Additionally, we signed an agreement with Bauer Media, owner of Country Style Living Magazine, for the development of a premium and affordable range of natural personal care products using the Country Style Living brand and leveraging our existing industry relationships to build traction across all retail markets.

Finally, we signed an agreement with The Australian Women's Weekly, another magazine from the Bauer Media group and a household name with 80 years of heritage and around 1.8 million subscribers. This provides immediate marketing reach to around 1.8 million target consumers and gives a branded home spa and laundry range a running start into commercialisation. We look forward to launching ERA Home Spa via our vast network of retail partners.

By working closely with leading retailers and key pharmacy groups, we can access a nationwide footprint of consumer doors and open a new platform of communication and promotional activity to drive sales.

Finally, with the holiday season in full swing, we are set for an extremely busy December quarter and I look forward to rolling up my sleeves with the exceptional group of professionals and delivering our strategy. We aim to maximise the potential of our existing clinical network and launch a range of products that will capture more of this large and growing market.

Sincerely,

Christine Parkes

CEO and Managing Director

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For more information contact:

Investor Relations

Christine Parkes
CEO and Managing Director
christine.parkes@totalfacegroup.com.au
+61 467 350 509

Media Enquiries

Imogen Conyers
Media & Capital Partners
Imogen.conyers@mcpartners.com.au
+61 4 051 912 57