



Investor Update

17th March, 2020

Following our update on the 17th December we thought that it would be appropriate to give GBA's shareholders a further update considering how busy we have been since the start of 2020.

The media focus on the coronavirus outbreak over the last 6 weeks has generally raised concerns about business trade exposure to China and the unfortunate plight of those persons affected, accordingly I wanted to advise our investors that there has been no material trade impact to GBA. In fact, GBA has seen increased sales through its cross-border & on-line channels during the last 12 weeks as sections of the Chinese population have experienced restrictions to their normal routines and are home bound.

In respect of GBA's Australian operations over the past 4 months, we have been very busy with integrating Celebrity Slim into GBA's operations and other business activities. We have strengthened our top line management and retail sales teams and continued our ongoing business development with both existing and new clients with some very pleasing results.

GBA has also continued its activities in the merger and acquisition space where we look at opportunities to expand our operations with complimentary business opportunities that arise.

To give you an overview of our activities since our last update we have prepared the following summary:

1. Appointed National Retail Sales Manager (ex-Blackmores & Probiotec)
2. Appointed National Logistics Manager
3. Appointed CFO (ex CBA)
4. Appointed 6 East Coast retail and pharmacy representatives. All of the successful candidates come with significant sector sales records and their work for GBA will lead to an increase of on-ground brand support and drive sales growth
5. We have entered into a 12-month national advertising campaign with Body and Soul supplement (Sunday Newspapers) – equity funded
6. Celebrity Slim sales YTD increased by 12% compared to the previous corresponding period
 - a. **Celebrity Slim Existing**
 1. API Pharmacy Group (existing) shelf space & stores increase 60% - this is effective April 20
 2. Coles sales +11%
 3. Woolworths +11%
 4. National Pharmacies Group +60 pharmacies – rollout begins April
 - b. **Celebrity Slim Pipeline**
 1. Priceline - will stock our new Keto Dietary Line in their 480 stores
 2. Priceline - store ranging for existing lines is increasing from 115 stores to 300 stores

3. Quality Pharmacy Group (new stockist) will see the launch of CS across 15 - 20 stores - April/May
4. UFS stores (Western Victoria based new stockist) are rationalising a large range of other dietary brands and will only stock Celebrity Slim and Optifast across their 25 stores moving forward
5. China Cross Border – QBID 3-year contract extension confirmed on more favourable terms – TMall, JD.com etc with sales growth gaining momentum YTD
6. Whalecome Mall – authority to market CS products in China completed. We expect substantial sales from this rapidly developing new marketing which is backed by JD.com
7. CIQ registration (China product registration) process is progressing well

7. Business Development - Skincare Brands

c. Sales YTD increased by 9% compared to pcp2019 despite the loss/delay of a few accounts due to bushfire:

1. South Ocean Lodge in Kangaroo Island: the site is completely burned down by bushfire and thus this account has been tragically lost.
2. A few of our new clients were also affected by the recent bushfires. We are working closely with those clients and expect a resumption of their operations back to normal levels April onwards.

d. Li'Tya has secured 11 New spa clients in past 6 months.

e. Earth Spa (expect to launch in May): due to the significant work on the Celebrity integration this has been delayed from earlier expectations. However, this is a price point brand and we expect major inroads into Coles, Woolworths, Priceline and BOOTS UK.

f. Marli – exclusive male brand, again, launch has been delayed till July.

g. CIQ registration (China product registration) has commenced across the Spa lines.

h. We are currently negotiating with a European distributor to distribute this range.

8. Cost savings – following the acquisition of Celebrity Slim the GBA team has embarked on cost saving processes and we believe these efforts will result in substantial savings in respect of Cost of Goods Sold and other operational savings, this includes merging our current two warehouses into one that will not only increase efficiency but cut the doubling of all associated warehouse costs.

9. We would like to announce that the Company has converted from Pty Ltd to a Ltd company.

10. The Long Form Options agreements from the initial IM are expected to be mailed next week.

11. We are very pleased to announce that GBA has entered into an exclusive and binding term sheet to acquire The Healthy Mummy. The acquisition of The Healthy Mummy provides GBA with significant opportunities to not only substantially grow revenue and EBITDA but will also continue to further expand GBA's entire brand portfolio and business model into a higher proportion of B to C digital retail commerce and a lower proportion of wholesale sales which will drive sales and EBITDA growth.

The Healthy Mummy has a proven and profitable formula for digital trade where it already commands 12% of the post-natal dietary marketplace in Australia. GBA intends to harness

this expertise across all of its brands by expanding the reach and effectiveness of its on-line platforms into both existing and new global channels.

Current consumer trends for more on-line sales activation have been heightened as a by-product of the coronavirus outbreak as has been demonstrated by the spike in our cross-border sales into China. GBA believes that this will prove to be a watershed moment in changing consumer habits and the addition of The Healthy Mummy to our brand portfolio will generate a multiplier effect across all of our brands.

12. We have appointed a new Corporate Advisor, 360 New Media Venture Fund Pty Ltd (NMV), to take us through the acquisition of THM and to then progress the company to a liquidity event for current shareholders, namely trade sale or IPO. We are comfortable NMV has the specific contacts and skills to successfully navigate us through to a liquidity event. In working with the group over the last 4 weeks, we are very confident. NMV has been assembling a deal team of corporate professionals (Lawyers, Accountants etc) deeply experienced in the trade sale and IPO space and have commenced negotiations with a number of groups in terms of an ASX led trade sale.

13. It has become clear to us that a liquidity event is no quick, easy or cheap process. Due to the need of hiring the appropriately qualified and reputable names in the corporate advisory space and our fast growth trajectory (10 new staff added in the last two months) it has become clear that we need more working capital to get to ASX listing or a trade sale in a timely fashion. Therefore, while NMV is building our data room and producing all the necessary documentation, the Board believes it is in the shareholders' best interest that GBA undertakes a small capital raise to ensure we are appropriately capitalised to keep up the growth trajectory, ensure a speedy timeframe to listing and cover the numerous specialist advisors' expenses.

To this end, the company has agreed to raise circa \$3m at \$0.15c per share. The capital raise will not be dilutive from the first initial Information Memorandum as the working capital portion of the initial raise was not fully subscribed. While we were able to purchase Celebrity Slim we are in need of further growth capital to keep up momentum, increase sales, and to deliver on the aforementioned growth trajectory.

This round is only being offered to current sophisticated investors and related parties as a bridging round prior to a more substantial corporate transaction. We have received a strong response to date.

We attach the IM for your reference in case you have interest to invest.

I trust that our existing investors will be pleased with the above progress and I would like to thank all involved for the growth and opportunities that Global Brands Australia has achieved so far.

Regards,



Bryan McGoldrick

Managing Director & CEO

MBA MOE MPET FAIM