



## ASX ANNOUNCEMENT

# Vita Group provides COVID-19 update

19 May 2020

### Background

On 19 March, Vita Group announced to the market that it had enacted its Business Continuity Plan (BCP) to manage the impact of COVID-19, anticipating an impact to footfall and revenue, and also communicated the cancellation of its planned interim dividend. On 24 March, the group announced temporary remuneration reductions for all members of the Board and Group Leadership Team, and the temporary suspension of CEO, Maxine Horne's base salary – all proactive moves to protect the business during the crisis. On 25 March, the group announced the temporary closure of its skin-health and wellness (SHAW) clinics, effective from 26 March for an indefinite period, in line with Australian Government restrictions.

### Group Update

Vita has been agile and responsive in managing the impacts of COVID-19 to its business. Through its rigorous BCP framework, Vita has worked to address and mitigate key areas of impact and risk, including health and safety, continuity of service to customers, supply of stock, and financial security. The group has welcomed assistance from Federal government in the form of the JobKeeper wage subsidy and has self-assessed that it is eligible to receive JobKeeper payments. Payments have been made to all eligible employees who nominated Vita Group as their primary employer and the group has received its first JobKeeper payments.

### ICT Update

The group's network of Telstra retail stores and Telstra Business Technology Centres is deemed an 'essential service' in relation to COVID-19, and all points of presence have remained open and trading to date, operating under social distancing rules and supporting customers. Available capacity and capability from stores have been leveraged, with team members supporting Telstra with services to keep customers connected.

As anticipated, retail stores have seen a reduction in footfall; and have also been impacted by disruptions to supply of stock – both of which have resulted in a year-on-year reduction in retail ICT revenues in April. The team is working to offset these impacts by maximising value from every customer consult.

In business ICT, demand has remained relatively steady due to business customers enabling their workforces to work from home.

Across the ICT channel, Vita has continued its emphasis on productivity, whilst preserving jobs – with a focus on maintaining a skilled, customer-focused team, to position the channel to emerge strongly on the other side of COVID-19. Vita expects that demand for its products and services will increase as restrictions ease and as shopping centre traffic flow returns.

### Skin-Health and Wellness Update

In line with the Australian government roadmap, and relevant state and territory directions allowing registered health practitioners to operate, the clinic network commenced re-opening from the week beginning Monday 11 May, with branded and non-branded clinics offering services in line with state-based directions and legislation.

Vita has maximised the down-time by continuing the development of in-house software, cosmedcloud™, and launching the new Artisan App, which allows clients to interact with Artisan digitally, enabling the online booking of appointments, tracking of personalised treatment plans, and the purchase of prescribed skincare products.

The group is taking a measured approach to standing its SHAW channel back up and is opening clinics in line with demand from a strong waiting list. To ensure the safety and wellbeing of team members and clients, strict

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COVIDSafe policies and procedures have been implemented, including the strengthening of already stringent hygiene and infection control protocols for front of house and client treatment areas. With strong foundations in place and solid client demand, the SHAW channel is well-positioned to optimise the opportunities ahead.

### **SQDAthletica Update**

To support a focus on the group's strategic priorities in the ICT and SHAW channels, Vita decided to exit its SQDAthletica men's athleisure business. Whilst significant progress has been made in establishing the brand, its contribution to the group's total revenue is immaterial.

### **Support Team Update**

Most support team members have been working from home in line with government guidelines and will gradually return to the Brisbane-based support centre in line with easing of restrictions. In addition to the stand-down of SHAW channel employees, several support team members volunteered temporary pay reductions, agreed to work reduced hours, or have taken annual leave – which have supported a reduction in expenses. There has been a reduction in some support roles as Vita begins to adapt its work structures to a post COVID-19 environment.

### **Financial Strength**

The group is balancing the optimisation of trading outcomes with the important issue of supporting the safety of its team members and customers. This includes continuing to drive efficiencies, working closely with suppliers on cost initiatives, and having constructive discussions with landlords regarding temporary rent arrangements.

Working capital has been carefully managed, and capital projects, except those in progress, have been deferred. It is expected that investment projects will gradually resume as trading improves. Vita's balance sheet and liquidity remain in a strong position and the group does not anticipate any short-term requirements for new equity or debt financing.

Vita Group Chief Executive Officer, Maxine Horne said: "Like many Australian businesses, Vita Group has not been immune to the impacts of COVID-19, which is an economic issue as much as it is a health issue. We went into COVID-19 with an amazing culture and team, an established BCP, a strong balance sheet, and a clear strategy – all of which have equipped us to deal with COVID-19 and will allow us to emerge with strength from the crisis. The recent months have provided the leadership team with the opportunity to reflect on our business, understand the impacts of COVID-19 and a potential recession, examine what's essential and what isn't, and make the necessary changes to ensure a stronger mid to long term future. I'm buoyed by the prospect of returning to what will be 'the new normal.'

"I believe that businesses that emerge from crises in a strong position are those that anticipate changes, make the necessary decisions, are agile, and importantly can execute. This all comes down to the skillset, commitment and dedication of the team, and I have been delighted with the way our team has responded. They have shown flexibility, support and a real passion for managing our business through the challenges. I'm always impressed with our Vita peeps, but now more than ever before, I'd like to thank the team for doing an extraordinary job."

This announcement has been authorised for release by VTG's Board of Directors.

### **Further enquiries:**

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**About Vita Group.** Vita Group specialises in enhancing customers' ways of life across a diverse network of brands. Vita operates Telstra retail branded retail stores and business technology centres, Sprout accessories, Artisan Aesthetic Clinics, SQDAthletica and Vita Enterprise Solutions. For further information visit [www.vitagroup.com.au](http://www.vitagroup.com.au).

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