

ASX Announcement
21 September 2020



SALE OF IMMERSION CLINICAL SPAS

Highlights:

- **Divestment of legacy asset to focus on Wellness Beauty and lifestyle products**
- **\$1.1M cash payment with \$550K upfront**
- **Significant operational cost savings from lease liabilities, employment costs, consumables, and product costs totalling more than \$2.5M per annum**
- **Improved position and cash flow positive**

MELBOURNE: Monday, 21 September 2020 Wellness and Beauty Solutions Limited (ASX: WNB) ("WNB") has signed a binding Business Sale Agreement to sell its Immersion Clinical Spas ("Clinics") to Aesthetica Group Pty Ltd.

The Clinics' divestment delivers strong cash flow benefits both from the cash payment of \$1.1M along with significant cost relief due to a reduction in lease liabilities, employment costs, consumable and product costs totalling more than \$2.5M per annum. The Clinics posted an unaudited EBITDA loss of \$1.2M in FY20 and the sale announced today significantly improves the underlying financial position of WNB which posted a cash flow positive result last quarter.

In parallel with the Clinics' divestment program, WNB has seen the significant expansion of its Wellness Beauty and Lifestyle products business from the acquisition of True Solutions in 2019, followed by design, manufacture and launch of anti-bacterial personal hygiene range MICRQ19 in March 2020, and the recent acquisition of Organic Nation. Through its wholly-owned subsidiary The Giving Brands Company Pty Ltd (GBCo), WNB has also expanded into Asia with the launch of MICRQ19 and ELLE Makeup, ELLE Baby, and ELLE kids ranges.

WNB Managing Director Christine Parkes said, "the divestment of the Clinics allows the company to be singularly focussed in its objective to build a global wellness and lifestyle business, a segment that continues to grow rapidly."

"Our product businesses - which includes GBCo, True Solutions, and our MICRQ19 Joint Venture - are expanding and offer significant short-and-long term opportunities for our shareholders. We believe our Wellness Beauty and Lifestyle products business provides a solid platform for the Company's future growth and we are well positioned to realise near and mid-term opportunities with greater focus on these assets. The Clinics are no longer the core of our business and we believe that Aesthetica Group has the experience in the industry to successfully develop and grow Immersion Clinical Spas."

Aesthetica Group is a private company focused on the acquisition and development of businesses forming a national network of practices and clinics from across Australia that uniquely combine Plastic Surgery, Cosmetic Surgery, Dermatology, and non-invasive treatments who are committed to the highest standard of patient care and community service.

Aesthetica Group is led by a management team with significant sector experience and knowledge in the development of cosmetic surgery and healthcare companies with a track record of success in Australia. The team comprises individuals who have held senior positions at Healius (ASX:HLS) and Paragon Care (ASX:PGC), in addition to the corporate advisory firm behind Greencross Vets (ASX:GXL) and National Veterinary Care (ASX:NVC). Upon completion, the management team will be seeking to immediately re-open the business – subject to government regulations - with a comprehensive growth plan to optimise and grow the clinic network.

Key terms of the Business Sale Agreement

- Sale price of \$1.1M with \$550K received on completion, and \$550K in July 2021.
- Transfer of all employee entitlements.
- Transfer of all trademarks, registrations, website, and social media channels.
- Transfer of all leases, with clinics to be transferred in current retail ready state.
- Transfer of all fixed assets included but not limited to CoolSculpting and Laser equipment.
- Transfer of current inventory.

Conditions precedents limited to:

- Lease transfer agreement by landlords;
- Removal of encumbrances;
- ASX confirming no shareholder approval for the sale being required. The Company has obtained confirmation from ASX that the sale does not require shareholder approval under Listing Rules 11.1.2 and 11.2; and
- Parties entering into a General Security Deed under which the Buyer provides security to the Seller in respect to the deferred consideration.

Completion is expected to occur over the coming weeks.

ENDS

This announcement has been approved for lodgement by the Board of WNB.

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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 via our wholly owned subsidiaries The Giving Brands Company (GBCo) and True Solutions Australia (TSA).