



WNB SIGNS JV TO SCALE UP PRODUCTION OF AUSTRALIAN MADE MICRO19 HAND SANITISER

Highlights:

- **Joint Venture to enable the scale up production of Australian made MICRO19 hand sanitiser products to meet significant demand for efficacious products to address COVID19 hygiene measures**
- **Greater certainty around access to high demand ingredients and locally sourced packaging**
- **Initial funding in place to facilitate rapid scale up to meet current and future retail orders**

MELBOURNE: Wednesday 15th April 2020 Wellness and Beauty Solutions Limited (ASX: WNB) ("WNB") is pleased to announce it has executed a binding heads of agreement ("HOA") with two private companies, Piggott Investments Pty Ltd and Glegra Pty Ltd, to form an incorporated joint venture company, MICRO 19 Pty Ltd ("JVCo"), to produce MICRO19 hand sanitiser products for sale.

JVCo was established to meet the strong growth and expected long term demand for quality, efficacious hand sanitiser products. It brings together parties with extensive experience in the manufacture, plastics packaging, distribution and retail of personal care products.

WNB's MICRO19 hand sanitiser product range was announced on 18 March 2020 and is 100% Australian owned and manufactured with raw materials and packaging sourced through Australian suppliers. MICRO19 products are effective against 99.99% of germs and the range was developed in direct response to efforts to contain the spread of COVID19. A leading pharmacy retailer has placed an opening order for MICRO19 and the company has received strong inbound demand from other retailers in Australia.

As previously announced, the range includes MICRO19 Hand Sanitiser Pump in 300ml in both peach/cucumber and lavender scents, MICRO19 Hand Sanitiser in 50ml bottle in both peach/cucumber and lavender scents, and MICRO19 Room and Surface Spray 300ml orange scent. WNB has since extended the range to include MICRO19 100ml tube products.

WNB anticipates that JVCo will have the ability to produce between 200,000-500,000 units a month across various pack sizes.

Under the HOA, the key features of the joint venture include:

- JVCo will be 50% owned by WNB and 25% owned by each of the other shareholders, Piggott Investments Pty Ltd and Glegra Pty Ltd.
- JVCo will have the exclusive rights to the MICRO19 product formula within Australia, including the right to sub-licence to third parties for distribution in the Australian territory.
- In return for providing management services to JVCo, WNB will be entitled to a quarterly management fee of \$125,000 in the first quarter of operation and then \$80,000 per quarter (subject to review).

- JVCo will be funded initially from a debt facility of \$330,000 to be provided (or sourced) by Glegra Pty Ltd. The facility will be secured by a general security deed over all of the assets of JVCo. Glegra Pty Ltd will have a first right of refusal to provide (or source) any further debt funding to JVCo.
- WNB will have a call option to acquire the interests of Piggott Investments Pty Ltd and Glegra Pty Ltd at fair market value. The call option will be exercisable only after 2 years.
- The parties will enter into a more detailed joint venture agreement as soon as reasonably practicable on terms consistent with the binding heads of agreement and otherwise on customary terms.

Glegra Pty Ltd is a company associated with Glenn Molloy who is the major shareholder in PPK Group Limited and Piggott Investments Pty Ltd is a company associated with Ralph Piggott. Mr Piggott is a highly experienced plastic engineer who, along with Mr Molloy, has been involved in the plastics packaging industry for the past 40 years.

The rapid spread of COVID19 across the globe in recent months has created a supply shortage of raw materials, including quality Australian supplied Ethanol, necessary for the manufacture of hand sanitiser.

WNB Managing Director Christine Parkes said “the company used established industry contacts to secure an ongoing supply of Ethanol for the manufacture of MICRO19 and now, through JVCo, is able to provide continuous supply of both tubes and bottles of MICRO19 Hand Sanitiser.”

"MICRO19 current products are cosmetic grade hand sanitisers. JVCo is also developing products that meet the World Health Organisation (WHO) standard grade sanitiser requirements. These requirements were detailed in the updated TGA Regulations published on 29 March 2020 to regulate the manufacturing of hand sanitisers for the period of COVID19. The products will contain Ethanol 80%v/v (B.P) grade.

“Clearly there is an unwavering demand for hand sanitisers in the current environment and we are pleased WNB has been able to form a joint venture that brings together the brand development and manufacturing expertise of WNB and the expertise of plastics packaging specialists Glenn Molloy and Ralph Piggott to build MICRO19 into a trusted household name beyond the global COVID19 pandemic.”

"We believe this JV further demonstrates WNB's ability to identify a market gap in the beauty and wellness sector pivoting quickly to execute on a strategy to deliver value for our shareholders. We are also proud that we are able to make MICRO19 at a time of great community need whilst supporting local Australian businesses through this partnership."

ENDS

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

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