
Wellness Lifestyles Inc. Closes Oversubscribed \$4.5 Million Brokered Financing with Canaccord Genuity and Gravitass Securities and Acquires Six Private Healthcare Clinics

- *WELL completes transformational and highly accretive acquisition of 6 Healthcare Clinics in BC, Canada. These clinics are expected to contribute approx. \$8M in revenue and \$650k in EBITDA to WELL's financial results over the next 12-month period.*
- *Six Healthcare Clinics represented by this transaction currently include 34 doctors and drive over 200,000 patient visits per year.*
- *WELL announced a \$3.5M offering on Nov 30th with its agents Canaccord Genuity and Gravitass Securities. The offering was upsized to \$4.5M.*
- *WELL initiates decommissioning its legacy yoga and active wear divisions of its Health and Wellness business.*
- *WELL welcomes John Kim to its Board of Directors.*

Vancouver, B.C. – Wellness Lifestyles Inc. (TSX-V: WELL) (the “**Company**” or “**WELL**”), a company focused on mergers and acquisitions within the general wellness and primary healthcare sector, is pleased to announce it has completed a brokered private placement of 15,000,000 common shares (each, a “**Share**”) at a price of \$0.30 per Share, raising total gross proceeds of \$4,500,000 (the “**Offering**”).

Concurrent with the closing of the Offering, the Company is also pleased to announce it has completed the previously announced acquisition of all of the issued and outstanding shares of five private target companies that own and operate an aggregate of six Healthcare Clinics in British Columbia.

“We’re very pleased to announce that we have closed our first acquisition,” said Alex Read, CEO of WELL, “We are the proud owners of six high-quality Healthcare Clinics in the greater Vancouver, BC area. Investor enthusiasm for our private placement financing was strong as we were oversubscribed.”

Offering

In connection with the Offering, Canaccord Genuity Corp. and Gravitass Securities Inc. (the “**Agents**”) were paid an aggregate cash commission of \$360,000 and were issued an aggregate of 583,333 Shares and 1,200,000 agent’s warrants to purchase Shares (the “**Agent’s Warrants**”). Each Agent’s Warrant is exercisable into one additional Share at an exercise price of \$0.30 until February 9, 2021. All securities issued pursuant to the Offering, including those issued to the Agents, are subject to a hold period under applicable Canadian securities laws expiring June 10, 2018.

A portion of the Offering proceeds were utilized to finance the acquisition of Healthcare Clinics and management anticipates that the remainder of the proceeds will be used to identify complementary M&A opportunities, repay certain residual debts of the Company, and for general working capital expenses.

Transaction

In consideration for the acquisition of the Healthcare Clinics, the Company paid \$2,861,000 to the vendor on closing (which is subject to a 7.5% holdback to be released after 3 months), and has agreed to pay an additional time-based earn-out of \$665,000 payable over 3 years in quarterly installments. Additionally, the Company has agreed to pay the vendor a performance payment of up to a maximum of \$333,000, paid only subject to improvements in profitability associated with the acquired assets.

Alex Read continued, "WELL's management and board would like to welcome Dr. Michael Frankel and all the talented women and men at the clinics to the WELL family."

A company controlled by a director of the Company subscribed for a total of 2,049,667 Shares under the Offering, which is a "related party transaction" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The issuance to the insider is exempt from the valuation requirement of MI 61-101 by virtue of the exemption contained in section 5.5(b) as the Company's shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(a) of MI 61-101 in that the fair market value of the consideration of the securities issued to the related parties did not exceed 25% of the Company's market capitalization.

The securities issued in the Offering have not been registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act) absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction where such offer, solicitation, or sale would be unlawful.

Decommissioning of legacy businesses

The Company's core business is the operation of private clinics delivering healthcare related services. The Company is now taking steps to ensure that any business activities that are not consistent with the operation and/or modernization of primary healthcare will be decommissioned or divested.

Consistent with this approach, the Company also announces: (i) the intention for its wholly-owned subsidiary Canada Yoga Inc. to wind down its yoga operations which includes one studio in North Vancouver, BC within the next 90 days; and (ii) the intention to either wind down or sell the Shakti Apparel business within the next few weeks.

Changes to the Board of Directors

The Company also announces the appointment of Mr. John Kim to the board of directors and the resignation of Mr. Paul Condon as a director and COO of the Company, each effective as of February 9, 2018. "We are pleased to welcome Mr. John Kim to the board of WELL. John is an excellent addition to the board as he brings a broad range of experience, knowledge and contacts for small cap public companies. We would also like to thank Mr. Condon for his contributions and service to WELL," said Alex Read.

John Kim is a Toronto based businessman and award-winning Institutional Investor for over 20 years with an extensive capital markets network. His investment focus has included companies from a variety of sectors,

including technology, healthcare, and resources at various stages of development, ranging from early start-ups and to Fortune 1000 Companies. John has both public and private company board experience and has participated in the Company's two prior financings with his own personal capital.

WELLNESS LIFESTYLES INC.

Per: "Alex Read"
Alex Read
Chief Executive Officer

For further information:

Wellness Lifestyles Inc.

Alex Read, Chief Executive Officer

Phone: (604) 628-7266

alex@wellnesslifestylesinc.com

www.wellnesslifestylesinc.com

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FORWARD-LOOKING INFORMATION AND DISCLAIMERS

This news release contains certain forward-looking statements and information (collectively, "forward-looking statements") within the meaning of applicable Canadian securities laws, including, without limitation, the expectation that the acquisitions may be accretive to the Company, the anticipation of EBITDA and revenues post-closing on an annual basis, the intention to decommission its yoga and active wear divisions, and the expected use of proceeds of the Offering.

Forward-looking statements are not based on historical facts, but rather on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. These statements generally can be identified by the use of forward-looking words such as "may", "should", "could", "intend", "estimate", "plan", "anticipate", "expect", "believe" or "continue", or the negative thereof or similar variations. Although WELL believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties that may cause actual results or events to differ materially from those anticipated and no assurance can be given that these expectations will be realized, and undue reliance should not be placed on such statements.

Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding the Company and its business following the closing of the transaction, including: that WELL's assumptions in making forward-looking statements may prove to be incorrect; adverse market conditions; risks inherent in the primary healthcare sector in general; the proceeds of the Offering may not be used as expected; that future results may vary from historical results; and that market competition and other factors may affect the outcome of the transaction and the business, results and financial condition of WELL following the closing of the transaction.

Certain material factors or assumptions are applied in making the forward-looking statements, including, without limitation, the assumption that future results, including without limitation, sales and financial results, will be similar to past results; the expectation related to future general economic and market conditions; the assumption that no adverse material changes will occur in the business to be acquired or the markets in

general; the assumption that any applicable regulatory approvals will be obtained; and the assumption that the timing of events will occur as anticipated. Forward-looking statements and information are based on the beliefs, assumptions and expectations of WELL's management on the date of this news release, and WELL does not assume any obligation to update any forward-looking statement or information should those beliefs, assumptions or expectations, or other circumstances change, except as required by securities law.

This news release contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") about WELL's prospective results of operations, including revenue and EBITDA, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this news release was made as of the date of this news release and was provided for the purpose of providing further information about WELL's future business operations. WELL disclaims any intention or obligation to update or revise any FOFI contained in this news release, whether as a result of new information, future events or otherwise, except as required by securities law. Investors are cautioned that the FOFI contained in this news release should not be used for purposes other than for which it is disclosed herein.

Non-GAAP Financial Measures

This news release contains non-generally accepted accounting principles ("**GAAP**") financial measures. The non-GAAP financial measures in this news release include EBITDA, or earnings before interest, taxes, depreciation and amortization. Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. WELL utilizes both GAAP and non-GAAP financial measures to assess what it believes to be its core operating performance and to evaluate and manage its internal business and assist in making financial operating decisions. WELL believes that the inclusion of non-GAAP financial measures, together with GAAP measures, provides investors with an alternative presentation useful to investors' understanding of WELL's core operating results and trends.

EBITDA

Management believes that EBITDA, or earnings before interest, taxes, depreciation and amortization, is a common measure used to assess profitability before the impact of different financing methods, income taxes, depreciation and impairment of capital assets and amortization of intangible assets. Estimation of revenues and EBITDA associated with the Company after the closing of the Transaction are estimates based on previous performance and have been used for illustrative purposes only.