

Half-Year Financial Report – December 2021 Period of Transformation and Growth

- Revenue from ordinary activities was \$8.56 million, up 1,099% compared with prior corresponding period (PCP; half-year ended 31 December 2020).
- Loss from ordinary activities was \$2.15 million, down 87.2% compared with PCP.
- EBITDA loss for the period was \$1.8 million impacted by one-off expenses of circa \$750,000 relating to the acquisition of Brand Solutions Australia, ASX re-quotation and capital raises.
- Net assets of \$8.6 million compared with a deficit of \$0.2 million in PCP.
- Launch and license of six new brands during the period with ranging in major pharmacy and grocery retailers.
- Strong pipeline of brand and revenue growth expected in second half of FY22.

Wellnex Life Limited (ASX: WNX) is pleased to release their half-year financial report for the period ending 31 December 2021. This period has been transformational for Wellnex Life with the acquisition of Brand Solutions Australia (BSA) securing the company's position as a major participant in the large and evolving health and wellness market, valued at \$10.7 billion in Australia and growing (IQVIA Scan Data, February 2022).

Revenue for the period increased to \$8.56 million, up by 1,099% compared to the half-year ending 30 December 2020, with strong growth across the whole business (with total income for the group for the period was \$8.76 million). The company was pleased with the substantial revenue uplift achieved particularly given the disruption caused by sustained lockdowns in Australia's two most populous cities. During the period Wellnex also received purchase orders of circa \$1.6 million for their unique liquid paracetamol product which are yet to be invoiced. These orders will be supplied in the second half of FY22 and Wellnex anticipates further purchase orders will be received this financial year.

Loss for the half-year reduced by 87.2% to \$2.15 million (31 December 2020: \$12.22 million), with an EBITDA loss of circa \$1.8 million. This result was impacted by one-off expenses of circa \$750,000 relating to the acquisition of BSA, ASX re-quotation and capital raises.

Wellnex was impacted by the logistics issues experienced worldwide, which resulted in delays of inventory and increased costs. Taking a prudent approach, Wellnex invested in increasing stock levels to reduce the risk of supply and to mitigate costs, with inventory holding increasing by \$1.3 million to circa \$5.3 million at the end of the period.

Net assets for Wellnex Life increased to \$8.6 million from a deficit of \$0.2 million as of 30 June 2020, giving the company a strong platform to execute its strategic objectives. The accounts payable of circa \$5.1 million is primarily from one supplier with payment terms of circa five months, in line with when stock is received and sold.

Wellnex Life launched and licensed six innovative brands during the period that complement the company's extensive existing brand offering in the market. These launches will continue to drive revenue growth and enhance margins.

Wagner Liquigesic

Wellnex Life launched Australia's first TGA-approved soft gel liquid paracetamol product in a joint venture with leading retailer Chemist Warehouse under the Wagner Liquigesic brand. This new brand commenced ranging in Chemist Warehouse in October 2021 with strong initial sales recorded. The brand launch in October was complemented with a paracetamol plus ibuprofen product.

The Iron Company

Wellnex Life launched Australia's first slow-release iron gummy under the brand The Iron Company, with two initial varieties; a straight iron and an iron plus vitamin C. The uniqueness of this product has resulted in the brand being ranged in major pharmaceutical retailers. Ranging will also commence in Coles and Woolworths in the third quarter of FY22.

Wakey Wakey

The Company launched a new energy brand, Wakey Wakey, in both an effervescent tablet and gummy format. This innovative product has secured ranging in major pharmaceutical and grocery retailers with ranging in Coles and Woolworths to commence in the third quarter of FY22.

Performance Inspired

Wellnex Life secured the distribution rights for Mark Wahlberg and Tom Dowd's sport and supplements brand Performance Inspired for Australia and New Zealand. The Company has secured ranging of Performance Inspired exclusively with Chemist Warehouse with products to be available in the first quarter of FY23.

Pharmacy Own

Wellnex Life launched the Pharmacy Own brand to provide consumers with equivalent products to major brands at competitive prices. These products will be exclusively distributed by CH2, Australia's only fully integrated pharmaceutical and medical consumable distributor. CH2 distribution

network includes over 2,500 pharmacies that will fast-track the distribution of the Pharmacy Own brand. The first products will be available in the second half of FY22, with an aim over the medium term to deliver circa 50 products to the market across a range of categories including cough and cold, pain relief and complementary medicines.

Ocean Road Dairies

Wellnex Life and Australian Dairy Nutritionals (ASX:AHF) formed a joint venture to launch Australia's first locally made organic A2 infant formula range under the new brand Ocean Road Dairies. Ocean Road Dairies sources and manufactures its products from land surrounding the iconic Great Ocean Road in Victoria. Ocean Road Dairies has secured distribution in Chemist Warehouse with ranging to commence towards the end of FY22.

Pathway to profitability

The launch and licensing of these six new brands coupled with the growth of the company's existing business will drive revenue growth for the remainder of FY22 and beyond. The company is on track to achieve the previously announced target of \$21 million in revenue for FY22. Wellnex also expects to see an uplift in margins as wholly owned brands contribute a larger portion of revenue. Revenue and margin improvement will put Wellnex on a trajectory of profitability in the short term.

George Karafotias, CEO of Wellnex Life, said: "It has been a transformational six months for Wellnex as we establish ourselves as a major participant in the growing health and wellness market. We're pleased to have grown revenue substantially in a time of challenging market dynamics and can see the path to profitability ahead. We have been working hard to deliver value for shareholders and innovate new and exciting products and with six new brands launched and licensed during this half we are proud of the progress made."

This announcement has been authorised for release on the ASX by the Company's Board of Directors.

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Wellnex Life (ASX: WNX) is an Australian brand and distribution company of customer-focused health and wellness products. The company's large portfolio, first-to-market strategy and established retail distribution network provide an attractive business model for growth and profitability. Wellnex's mission is to deliver health, wellness, and vitality solutions to consumers in Australia and worldwide.

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