

Wellnex Life Quarterly Activities Statement – March 2022 Quarter

Highlights

- Receipts from customers for the March 2022 quarter at \$3.6 million (up 606% on prior corresponding period (PCP)) with an additional \$2.1 million in purchase orders for the liquid paracetamol product received.
- Net cash loss from operations of \$840,000 (down 71% on prior quarter) with significant costs associated with increasing inventory levels to circa \$7 million to mitigate supply chain issues.
- Joint Venture with Australian Dairy Nutritionals to launch Australia's first Organic A2 infant formula range secured ranging in Chemist Warehouse.
- Wakey Wakey and The Iron Company ranged in Coles and Woolworths with strong initial sales recorded and receipts to be received in the June quarter.
- Supply Agreement with GlaxoSmithKline (GSK) for the supply of its existing liquid paracetamol soft gel in Australia and New Zealand.

Wellnex Life Limited (ASX: WNX) is pleased to release its quarterly cashflow report for the period ended 31 March 2022. This quarter builds on the strong performance of prior quarters with growth recorded across the whole business and significant progress made in launching new products across shelves nationally.

Cash receipts for the quarter were \$3.6 million, up 606% compared with March 2021 quarter. There was also an additional \$2.1 million received in purchase orders for the liquid paracetamol product. The Company experienced a strong close to the quarter with March sales figures up 40% compared to PCP, which has continued in April and is expected to result in a strong financial performance in the June quarter.

Net cash loss for the period was \$840,000, compared to \$2.95 million for the previous quarter (a decrease of 71%), with a majority of expenses being for the purchase of inventory of circa \$2.5 million. To minimise supply chain issues, Wellnex has invested heavily in increasing its inventory holding to ensure continuity of supply. Inventory at cost was circa \$7 million with total funding available of \$4.72 million at the end of the March quarter. The company is in a strong financial position to execute its business objectives.

Operating Highlights

Throughout the March quarter, Wellnex made significant progress in launching products across pharmacy and grocery retailers nationally. Wellnex, in a joint venture with Australian Dairy Nutritionals, secured

ranging in Chemist Warehouse for Australia's first locally produced Organic A2 infant formula range, under the new brand Ocean Road Dairies. The new name reflects the location of the milk-production farms in the iconic and pristine tourist area of the Great Ocean Road. The new range is currently being manufactured with a planned roll out in July 2022 across the Chemist Warehouse retail and online channels.

Wakey Wakey and The Iron Company were successfully ranged on shelves in leading grocery retailers Coles and Woolworths. This rollout further extended distribution reach, with both brands also available in circa 2,000 pharmacies domestically. With the ranging commencing late in the quarter in March, sales from these retailers will be reflected in the June quarter.

Wellnex, as announced through the ASX on 18 March 2022, signed a significant supply agreement with GlaxoSmithKline Consumer Trading Services Limited (GSK) for the supply in Australia and New Zealand of its existing soft gel liquid analgesic for a minimum of 3 years. GSK Consumer Healthcare is one of the world's largest and leading consumer healthcare companies with trusted brands including Panadol, Sensodyne and Voltaren amongst others.

The supply agreement with GSK is a testament to Wellnex's business model of bringing innovative health and wellness products first or fast to market. The agreement gives the company a first mover advantage and validates the ability of Wellnex to secure significant supply agreements with the likes of GSK.

Commenting on the quarterly result, Wellnex Life CEO George Karafotias said: "It has been a busy and successful quarter as Wellnex continues to deliver on our goal of bringing innovative health and wellness products to market quickly and cost-effectively to meet consumer demand. We're encouraged by the strong sales across our current portfolio through the quarter and expect to continue to grow these with increasing distribution channels and multiple exciting product launches ahead."

Payment made to related parties as outlined under Section 6.1 of the Appendix 4C relate to the director fees and salaries paid during the quarter.

To stay up to date with Wellnex Life news and announcements, please register your details on the [Wellnex Life investor portal](#).

This announcement has been authorised for release on the ASX by the company's board of directors.

ENDS



Further information:

Company:

George Karafotias
Chief Executive Officer
Email: george.k@wellnexlife.com.au
Phone: 03 8399 9419

Investor Relations:

Sophie Bradley
IR Executive
Email: sophie.bradley@reachmarkets.com.au
Phone: 0450 423 331

About Wellnex Life

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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity
WELLNEX LIFE LIMITED
ABN
77 150 759 363
Quarter ended ("current quarter")
31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,596	13,176
1.2 Payments for		
(a) research and development	(33)	(76)
(b) product manufacturing and operating costs	(2,777)	(10,157)
(c) advertising and marketing	(750)	(2,456)
(d) leased assets	-	-
(e) staff costs	(344)	(1,493)
(f) administration and corporate costs	(568)	(3,090)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid	(71)	(109)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST refund/(paid))	107	60
1.9 Other (costs for CBDG administration)	-	-
1.9 Net cash from / (used in) operating activities	(840)	(4,142)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	164	(3,682)
(c) property, plant and equipment	-	-
(d) investments	-	(3)
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	629
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Loan repayment from other entity	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (cash acquired from acquisition)	-	-
2.6	Net cash from / (used in) investing activities	164	(3056)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,177
3.2	Proceeds from issue of convertible debt securities	-	2,350
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(40)	(740)
3.5	Proceeds from borrowings	925	2,298
3.6	Repayment of borrowings	(1,690)	(3,690)
3.7	Transaction costs related to loans and borrowings	(79)	(79)
3.8	Share applications to be refunded	-	-
3.9	Other (repayment of lease liabilities)	-	-
3.10	Net cash from / (used in) financing activities	(884)	2,316

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,455	3,646
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(840)	(3,786)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	164	793

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(884)	2,240
4.5	Effect of movement in exchange rates on cash held	56	56
4.6	Cash and cash equivalents at end of period	2,951	2,951

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,951	4,454
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (funds held in trust)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,951	4,454

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	163
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	2,500	(725)
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	2,500	(725)
7.5 Unused financing facilities available at quarter end		1,775
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Secured Revolving Trade and Debtor Facility with Scottish Pacific of \$2.5 million Term: Minimum of 24 months (July 2023) Interest Rate: BBSY plus 4%.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(840)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,951
8.3 Unused finance facilities available at quarter end (item 7.5)	1,775
8.4 Total available funding (item 8.2 + item 8.3)	4,726
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.63
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

29 April 2022

Date:

The Board of Directors

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.