

Wellnex Life successfully raises \$6.2 million to accelerate growth and increase margins

Announcement highlights:

- Wellnex Life has successfully raised \$6.2 million via a Secured Convertible Note facility with the following main terms:
 - Conversion Price (\$0.21 per share)
 - Maturity (maximum 24 months)
 - Interest Rate (9% p/a)
- The conversion price represents a ~110% premium to the current share price which minimises the impact of dilution to current shareholders.
- The raise provides the Company with a strong balance sheet to accelerate growth and margins.
- Funds raised will be used to:
 - Accelerate entry into the high growth, high margin S3 designated over-the-counter medicinal cannabis products market.
 - Launch a health and wellness targeted e-commerce platform that will exclusively offer a comprehensive range of our own newly branded health and wellness products to accelerate revenue and margin growth.
 - Repay existing Convertible Notes.

Wellnex Life Limited (ASX: WNX) is pleased to announce that it has successfully raised \$6.2 million via the issue of Secured Convertible Notes (**Notes**). The Convertible Notes have a conversion price of \$0.21 per share, with a term to maturity of 24 months (minimum term of 12 months) and a coupon rate of 9% per annum (further details of the Notes are provided in the annexure to this announcement).

The offer announced on 9 May 2022 was adjusted to take into account market conditions, but still represents a ~110% premium to the current share price. This capital raise provides the company the ability to further accelerate its impressive revenue growth and margins. Reach Corporate led the raise whilst being assisted by Salter Brothers.

Since re-listing on the ASX on 14 July 2021, Wellnex has continued its upward trajectory with strong revenue growth from successful new products launches, an initial supply agreement with pharmaceutical giant GlaxoSmithKline, key distribution agreements and a pipeline of new product offerings.

Medicinal cannabis

The introduction of medicinal cannabis as an over-the-counter medicine under the S3 schedule is the biggest development and opportunity in the health and wellness market in recent times. Funds raised under the Note will be used to take advantage of this opportunity to accelerate our path towards obtaining approval to bring a medicinal cannabis product to market first or fast.

Medicinal Cannabis currently is only available under the SAS-B scheme, which involves patients obtaining a prescription from a registered doctor (S4 medicinal cannabis product). This market in Australia was worth \$230 million in 2021, increasing to \$432 million in 2022 (Fresh Leaf Analytics H2 2021).

In 2020 a significant development occurred, which for the first time in Australian history, saw regulations changed to allow medicinal cannabis products to be sold as an over-the-counter medicine under the TGA's S3 schedule. It is estimated that this market will be worth in excess of \$2 billion by 2025 (Fresh Leaf Analytics H2 2021).

The process to obtain an S3 approval for a medicinal cannabis product is expected to take approximately 18 months. Given this timeline, the company anticipates having a product in the market by the end of 2023 (subject to obtaining all necessary approvals).

Wellnex has already commenced the process to obtain the required approvals that puts the company in a strong position to take advantage of this rapidly growing sector of the health and wellness industry. Coupled with our strong relationships with pharmacy retailers and wholesalers, we are in a strong and unique position of being one of the first Australian companies to enter this market.

Health & wellness e-commerce platform

Wellnex will take advantage of the boom in online sales in the health and wellness sector which have accelerated in recent times, and with the Covid-19 pandemic purchasing habits have permanently changed to online. Funds raised will, for the first time, allow Wellnex to launch a unique e-commerce platform that will also include a new online health and wellness brand. The platform will allow the company's existing brand and product portfolio to be marketed and sold directly to consumers which will increase brand presence.

Importantly this platform will enable Wellnex to increase its margins for its wholly owned brands as margins normally charged by retailers will be the property of Wellnex. This will accelerate our pathway to profitability.

The planned launch of this platform is anticipated to occur in September 2022.

Commenting on the raise, Wellnex Life CEO George Karafotias said: “The successful completion of the raise provides a platform to accelerate our impressive growth and take advantage of exciting opportunities in the health and wellness market. The introduction of medicinal cannabis and launch of a unique e-commerce platform will enable us to further increase our presence in this rapidly growing industry.

Wellnex has made significant progress in the last 10 months, with the launch of multiple new brands and a significant supply agreement secured with GlaxoSmithkline. With the funds raised we look forward to progressing our aim of being a major participant in the fast-growing health and wellness market.”

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

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

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.

Annexure – Convertible Note

1. Amount - \$6.2 million
2. Conversion Price - \$0.21 per share
3. Coupon Rate – 9% per annum (paid quarterly in arrears)
4. Bonus Option – 1:2 option on the conversion of the note @ \$0.21 per share with 24-month term from issue.
5. Term – 24 months (Company can request a redemption at 12 months until expiry)
6. Security – General Charge over the Company