

Wellnex Life Limited (ASX:WNX)

Record Wellnex Own Brand Sales in April

Wellnex achieves \$2 million in branded sales in April generating an operating profit of circa \$350,000

Investment highlights

- Wellnex received a record \$2.03 million in orders for Wellnex owned brands in April and recorded an operating profit of circa \$350,000
- Wellnex owned brands contributed 80% of the total revenue for the January to April period compared to 11% for the prior corresponding period (PCP)
- Gross margins for the January to April period were 39.6% compared to 11.1% for the PCP increasing from \$1.2 million to \$2.5 million
- IP licensing for the period was \$1.2 million compared to \$2.8 million for the PCP due to additional orders being delayed due to paracetamol pack size change laws introduced by the TGA in 2023.
- Continued growth of brands in FY25 from continued expansion of products and distribution, including international expansion
- Completion of placement to strategic investor Pearl Funds Management at \$0.028, representing a significant premium to current share price

Wellnex Life Limited (ASX:WNX) (“Wellnex” or “the Company”) is pleased to provide a company update for the January to April period, which has seen the business demonstrate its planned transformation post the acquisition of Pain Away in December 2023.

Wellnex month on month, since the acquisition of Pain Away, continues to grow its sales of its owned brands with a new monthly record of over \$2 million in orders received in April culminating in an operating profit for the month of circa \$350,000.

Wellnex’s owned brands for the period January to April contributed 80% of the total revenue of the group, compared to 11% for the same period in 2023 (**PCP**). Total revenue for Wellnex for the January to April period was \$6.3 million compared to \$10.5 million for the PCP, but gross margin for the period increased from \$1.2 million to \$2.5 million.

Wellnex Life Limited

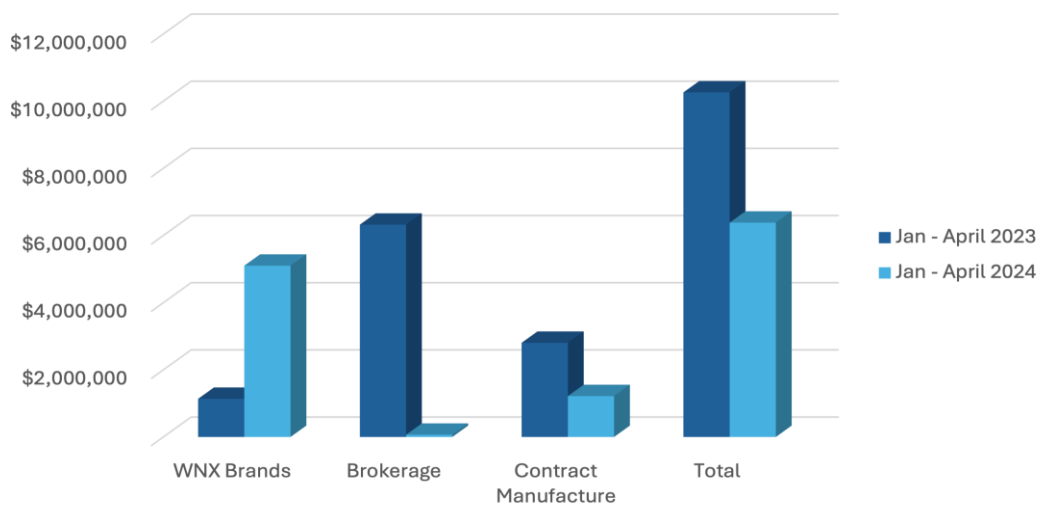
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The drop in revenue was a direct result of the company's strategic decision in 2023 to eventually completely move away from the low margin and low value brokerage arm of the Wellnex business, that contributed \$6.3 million in January to April 2023 with gross margins of circa 15% and a contribution of only \$0.06 million.

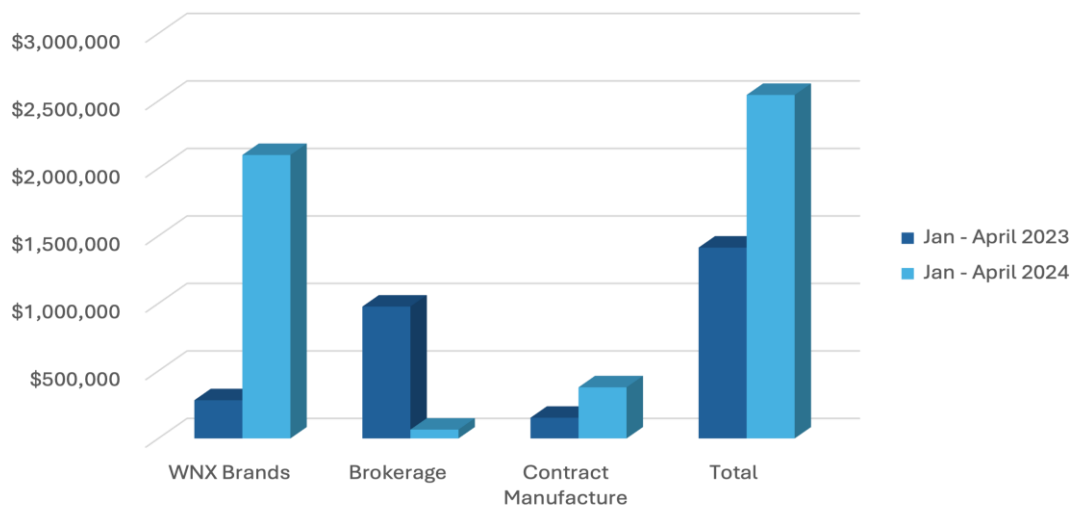
This strategic decision has allowed Wellnex to concentrate on its high value and high margin brands and further reducing \$1.5 million in annualised operating expenses.

IP licensing for the January to April period was \$1.2 million compared to \$2.8 million for the PCP, which was a direct result of pending changes in TGA regulations with respect to pack sizes for paracetamol. Ongoing time delays in gaining TGA approvals for new submissions also contributed to the lower revenue. Our IP licensing partners have navigated through these hurdles, and we anticipate this business to return to normal and grow in the first quarter of 2025.

Revenue



Gross Margin



Wellnex anticipates seeing brand sales continuing to increase with the launch of new product lines increased distribution domestically and the commencement of international sales. The launch of medicinal cannabis in the New Zealand and Australian market will further grow branded sales.

Wellnex, as announced on 1 March 2024, completed the placement with strategic investor Pearl Funds Management at \$0.028, which represents a large premium of the current share price.

Wellnex CEO George Karafotias said: "The transformation of Wellnex was part of the strategic plan implemented in 2023, where the focus of the company was to concentrate and grow the high value and high margin brands of the group. While this has impacted revenue it has strategically increased margins and profitability. The acquisition of Pain Away as expected has accelerated this transition and underpins the importance of acquiring the Pain Away brand."

This ASX announcement has been authorised by the Board of Wellnex Life Limited (ASX:WNX)

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About Wellnex Life

Wellnex Life Limited (ASX: WNX) is a consumer healthcare business with a track record for developing, licensing, and marketing registered products and brands to customers in the growing healthcare market segment. Since listing in 2021, Wellnex Life has successfully launched a host of brands and products now ranged in major retailers in the healthcare market space, pharmacies and supermarkets included. Its distribution arrangements have seen Wellnex Life secure significant licensing arrangements with major pharmaceutical companies in Australia and globally that have given the company's registered products a distribution channel with a steadily increasing global geographic footprint.

Wellnex Life has more recently acquired leading Australian topical pain relief brand Pain Away. Its addition to Wellnex Life's product offering both compliments and accelerates the potential growth of the company's business operations. This transformational acquisition gives added impetus to Wellnex Life's financial growth and scale and reinforces its place as a major and respected participant in the growing healthcare market, both in Australia and overseas.

To learn more, please visit: www.wellnexlife.com.au/

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