

Wellnex Life Limited (ASX:WNX)

Continued growth in May

Wellnex Life records net sales of \$2.2 million in May

Investment highlights

- **Strong Monthly Sales Growth:** Wellnex Life reported net sales of \$2.2 million for the month of May, with a robust gross margin of 40%.
- **Significant Year-to-Date Margin Improvement:** For the period from January to May, gross margins were 40.1%, a substantial increase from 14% in the prior corresponding period (PCP). Gross profit increased from \$2.0 million to \$3.3 million year-over-year.
- **Lucrative IP Licensing Revenue:** IP licensing revenue for the January to May period was \$1.5 million, with a gross margin of 20.5%, compared to \$3.3 million at a gross margin of 5% in the PCP.
- **Expansion of Product Lines:** The new "Wakey Wakey" product lines are set for delivery in July, with confirmed placements in major grocery and pharmacy retailers and wholesalers.
- **Launch of Medicinal Cannabis Brand:** Introducing "Wellness Life," a new medicinal cannabis brand, launching in July. This brand will be available in Chemist Warehouse and other leading pharmacies.

Wellnex Life Limited (ASX) ("Wellnex" or "the Company") is pleased to provide an update for the January to May period, showcasing continued growth and transformation following the acquisition of Pain Away in December 2023.

Since acquiring Pain Away, Wellnex has demonstrated consistent month-on-month sales growth, with net sales in May reaching \$2.2 million with a gross margin of 40%.

Wellnex's owned brands contributed 80% of total revenue for the period from January to May, compared to 21% during the same period in 2023 (PCP), with revenue rising from \$3.0 million to \$6.6 million.

Total revenue for Wellnex for the January to May period was \$8.4 million, compared to \$13.1 million for the PCP. Despite the revenue adjustment, gross margin grew 65% increasing from \$2.0 million to \$3.3 million.

Wellnex Life Limited

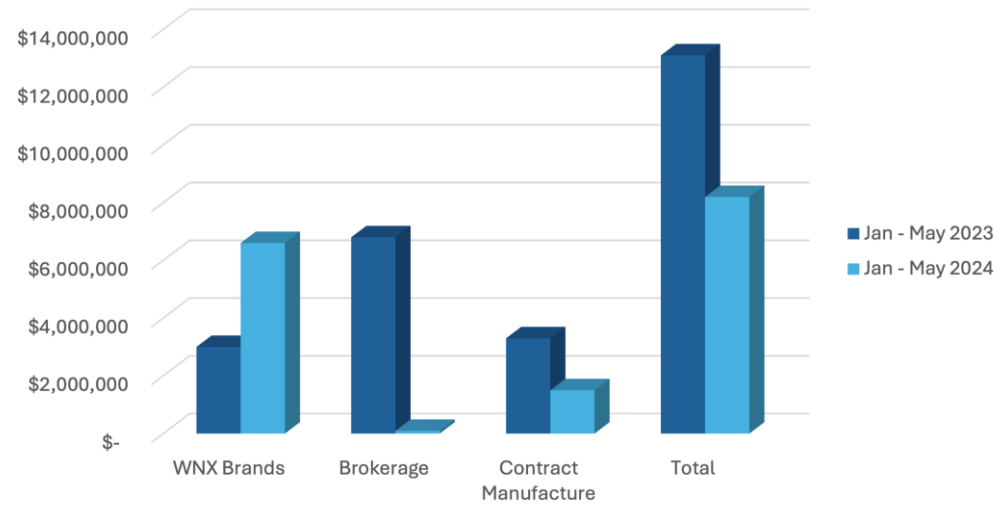
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This revenue shift highlights the Company's strategic decision in 2023 to phase out its low-margin, low-value brokerage arm. Previously, this segment contributed \$6.8 million in revenue during January to May 2023, but with gross margins of only 12%, it added \$0.75 million in gross profit. The new focus is clearly enhancing overall profitability and setting a stronger foundation for future growth.

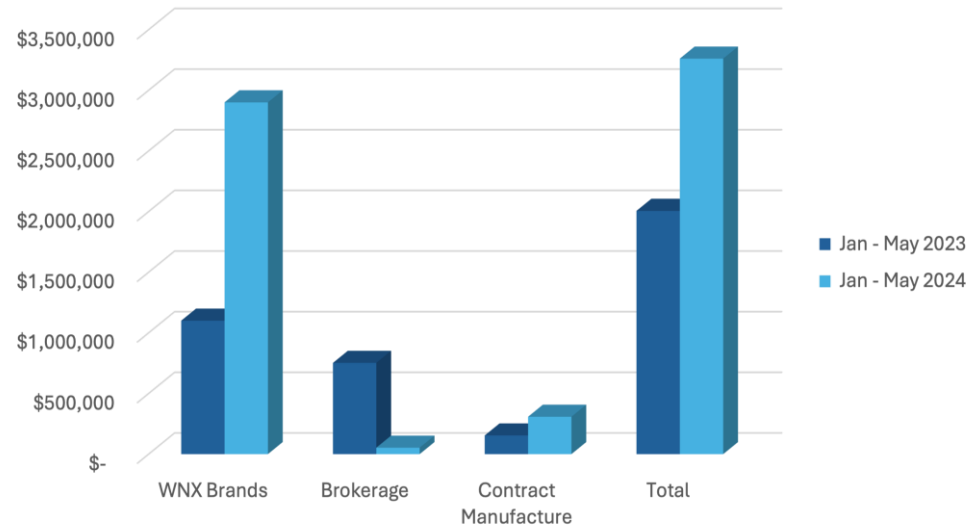
This strategic shift has enabled Wellnex to focus on its high-value, high-margin brands, resulting in a reduction of \$1.5 million in annualised operating expenses.

IP licensing revenue for the January to May period was \$1.5 million, compared to \$3.3 million for the PCP, with margins improving to 20.5% from 5% in the PCP. IP licensing sales are expected to grow in FY25 with the extension of supply agreements to international markets and the introduction of additional product lines.

Revenue



Gross Margin



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Wellnex anticipates continued growth in brand sales driven by the launch of new product lines, expanded domestic distribution, and the initiation of international sales.

As announced on 8 May 2024, Wellnex has expanded its "Wakey Wakey" product line with the launch of two new products, increasing the range to eight product lines.

The launch will include an extension of the +range with the introduction of a multivitamin effervescent with caffeine and an innovative caffeine energy soft gel.

These new products will be available nationally through key grocery and pharmacy retailers / wholesalers.



Another pivotal brand launch, announced on 5 June, is "Wellness Life," a medicinal cannabis brand targeting the growing SAS-B market in Australia.

Under the Wellness Life brand, Wellnex Life will introduce a comprehensive range of medicinal cannabis products. These products, developed based on best-selling market trends, will be available through the extensive Chemist Warehouse network in Australia. Additionally, plans are in place to distribute these products to other pharmaceutical customers, thereby broadening our market reach.

To support this launch, [InstantConsult](#), a leading telehealth provider affiliated with Chemist Warehouse, will be able to prescribe Wellness Life products.



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 ranging 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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