

Wellnex Life Limited (ASX:WNX)

Q4 FY24 Quarterly Report and Appendix 4C

Highlights

- Record Cash inflows from brand sales
- Operating profit of \$0.5 million (Q4 FY24)
- Quarterly Cash Receipts (Q4 FY24) \$4.9 million
- 56% rise from previous quarter (Q3 FY24: \$3.12 million)
- 122% rise in margins for 6 months ending June 30 compared to previous 6 months.
- Investment of \$1.35 million in the quarter for the purchase 12 month's supply of ingredients and packaging for Pain Away and for the launch of new Wakey Wakey product lines
- Extension of new 2 innovative lines of Wakey Wakey which have commenced ranging in major pharmacy and grocery retailers in July
- Launch of medicinal cannabis brand commenced sales in July for the SAS-B market
- Wellnex Life progresses with dual listing on the London Stock Exchange
- Placement completed with participation from UK based investors post close of quarter.

Wellnex Life Limited (ASX) ("Wellnex Life" or the "Company") is pleased to provide the following operational update along with its Appendix 4C for the quarter ended June 2024 ("**Q4 FY24**").

The company recorded Cash Receipts for Q4 FY24 of \$4.9 million, an increase of 56% on the previous quarter (Q3 FY24: \$3.12 million), with 82% of all cash receipts coming from brand sales resulting in an operating profit of \$0.5 million for the quarter.

The increasing sales of Wellnex Life's brands has resulted in margins increasing 120% in the last half of FY24 compared to the first half of FY24 to 40% (H1FY24:18%).

Following up from the successful acquisition of Pain Away, Wellnex Life undertook significant investment during the previous Q4 FY24 quarter on the purchase of raw ingredients and packaging for the production of Pain Away products. On current projections, this action ensures continuity of supply for the companies' flagship brand Pain Away for a further 12 months. This will allow Wellnex to supply product without delay, with sales of the high margin Pain Away products helping add to the overall profitability of the group.

Wellnex Life also invested during the quarter in increasing inventory holdings for the established Wakey Wakey lines and the launch of an additional 2 new lines. The increase in inventory will result in no additional production required until January 2025.

The total cost of the investment in inventory for the Pain Away and Wakey Wakey brands was \$1.35 million and was the primary contributor to the cash loss recorded for the period of \$1.4 million.

Product manufacturing in Q1 FY25 will be between \$2.2 and \$2.4 million while cash receipts for the same quarter are expected to be between \$5.0 and 5.3 million.

Marketing

In a bid to continue to drive brand awareness and sales, Wellnex Life increased its marketing spend for the quarter, that has resulted in continuing growth of distribution and sales of its brands. The

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majority of this spend was attributable to Pain Away, as well as for the launch of the 2 new Wakey Wakey lines. Marketing spend for the Q1 FY25 will be in line with Q4 FY24 of approximately \$0.7 million.

Transaction Costs

Transaction costs were made of \$0.5 million associated with the completion of the placement in April and costs associated with progressing the dual listing on the London Stock Exchange.

Related Parties Payments

Payments 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.

London Stock Exchange

Wellnex Life, as announced on 23rd April, has commenced the process to dual list the company on the London Stock Exchange (LSE) after extensive due diligence including a UK institutional road show.

Post close of the quarter as announced on 24th July 2024, Wellnex Life completed a placement with UK based investors participating. This strong support and interest from UK based investors validates the company's intention to pursue a dual listing on the LSE Main Board, home to some of the world's largest consumer healthcare companies.

Listing on one of Europe's largest and most prestigious exchanges, the LSE will provide greater exposure and recognition, further expand the investor pool, provide for greater liquidity, which is all expected to help the company achieve a higher valuation.

Wakey Wakey

Wellnex Life, as announced on 8 May 2024, extended the product range of Wakey Wakey, with the launch of two new products under the Wakey Wakey brand, increasing the range to eight product lines. The launch will include an extension of the +range with the introduction of a multi vitamin effervescent with caffeine, and the launch of an innovative caffeine energy soft gel.

The new lines commenced sales in July and are currently available in Coles and Chemist Warehouse and other leading pharmacy wholesalers, with further distribution to be achieved in the coming months.

The extension of Wakey Wakey to eight product lines is recognition of the innovative products Wellnex Life is delivering, which continues to expand our presence in the growing health and pharmaceutical market sector. This will drive additional revenue and continue to increase the Company's margins, which have already seen a substantial increase since the completion of the acquisition of Pain Away.

Medicinal Cannabis

Wellnex Life, as announced on 5 June 2024, launched its new medicinal cannabis brand Wellness Life, aimed at the growing Special Access Scheme Category B (SAS-B) market, with the product now available to be prescribed.

Wellnex Life and OneLife Botanicals also appointed Dr Sylvia Victor, is an esteemed industry expert, to oversee all activities with the joint venture using her extensive experience in healthcare and alternative medicines to drive the success of the new Wellness Life brand.

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Under the Wellness Life brand, Wellnex Life will launch a full range of medicinal cannabis products. These products, designed with insights from best-selling market trends, will be made available through the extensive Chemist Warehouse network in Australia. Additionally, the company plan to distribute these products to other pharmaceutical customers [in Australian], broadening our market reach.

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

For further information, please contact:

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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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")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,899	15,108
1.2 Payments for		
(a) research and development	(152)	(332)
(b) product manufacturing and operating costs	(3,661)	(12,516)
(c) advertising and marketing	(728)	(1,760)
(d) leased assets		
(e) staff costs	(956)	(3,428)
(f) administration and corporate costs	(446)	(1,413)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	(288)	(878)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST refund/(paid))	(69)	373
1.9 Other (costs for CBDG administration)	-	-
1.9 Net cash from / (used in) operating activities	(1,402)	(4,844)

*Product manufacturing of circa \$1.5 million for the launch of Pharmacy Own and the launch of Nighty Night and new products for Wakey Wakey

**Circa one off marketing expenses of \$400,000 for the preparation for the launch of new Wakey Wakey lines and Nighty Night

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	(225)	(15,645)
(c) property, plant and equipment	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) investments	-	(66)
	(e) intellectual property	(10)	(152)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	104
	(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 CBDG Administration)	-	(11)
2.6	Net cash from / (used in) investing activities	(235)	(15,770)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,270	20,150
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(529)	(2,804)
3.5	Proceeds from borrowings	3,875	10,645
3.6	Repayment of borrowings	(3,530)	(7,062)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Share applications to be refunded	-	-
3.9	Other (repayment of lease liabilities)	-	-
3.10	Net cash from / (used in) financing activities	2,086	20,930

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	591	724
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,402)	(4,844)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(235)	(15,770)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,086	20,930
4.5	Effect of movement in exchange rates on cash held	0	(0)
4.6	Cash and cash equivalents at end of period	1,040	1,040

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	904	455
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (funds held in trust)	136	136
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1040	591

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	284
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	5,300	(1,612)
7.2 Credit standby arrangements	-	-
7.3 Other (Director's loan)	2,513	(2,513)
7.4 Total financing facilities	7,813	(4,125)
7.5 Unused financing facilities available at quarter end		3,688
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 \$5.3 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)	(1,402)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,040
8.3 Unused finance facilities available at quarter end (item 7.5)	3,688
8.4 Total available funding (item 8.2 + item 8.3)	4,727
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.4
<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?	
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?	
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?	
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.

31 Jul 2024

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.