

30 June 2024 Full Year Report and Appendix 4E

Scaling the business and disciplined working capital management delivered significant improvements in FY24

FY24 Highlights

- **Acquisition of bWellness** completed in June 2024, was a highlight in the year – executing our strategy to accelerate our push to breakeven, enabling the Group to **build scale** and **diversification** and access to the Wellness sector with Proforma Group sales of **20.6m¹**
- Sales revenue for Oli6® Nutritionals² of **\$10.9 million** for the year, up **45% pcp³**
- Net contribution margin⁴ of **5% up 1,260 bps⁵**, an uplift of **\$1.1 million** on the previous financial year
- Adjusted EBITDA⁶ loss of \$5.9 million improved by **\$1.5 million** or **20% pcp**
- Operating loss after tax reduced by **\$1.5 million**; after adjusting to remove the effect of transaction costs, the reduction was **\$2.4m** or **28% pcp**
- Disciplined inventory and working capital management enabled the Group to reduce Oli6® Nutritionals inventory holdings⁷ by **41%** in FY24
- **\$5.1 million capital raised** from the 1 for 2.75 entitlement offer
- **\$1.4 million capital injected** from conversion of Tranche 1 of H&S Performance Options
- Closing cash position of **\$7.6 million** at 30 June 2024, including \$0.6 million cash acquired, with no external debt
- Nuchev maintains disciplined consideration of new business opportunities aligned with the Group's strategy of scaling the business, expanding its portfolio offering and moving towards positive cashflow opportunities in ANZ and other markets

¹ Proforma Group sales comprises \$10.9m for Nuchev's Oli6® Nutritionals and \$9.7m from bWellness for FY24 (unaudited)

² Oli6® Nutritionals sales are core business, and exclude sales of raw materials and adjustments for recognition of H&S contract incentives

³ Previous corresponding period ("pcp")

⁴ Net contribution margin represents Oli6® Nutritionals sales less cost of production, warehousing, distribution & logistics, selling & marketing costs

⁵ BPS refers to basis points

⁶ Adjusted EBITDA is earnings before finance costs and income, depreciation, amortisation and tax and excludes sales of raw ingredients, recognition of the fair value of H&S contract incentives, business combination costs, product obsolescence and impairment of assets

⁷ Inventory held comprising Oli6® Nutritionals finished goods, work in progress and raw material ingredients used in production of Oli6® Nutritionals



FY24 Overview

Strong focus on getting to break-even

With a strong focus on getting to breakeven, the **Group delivered improved operating results, stronger margins, made cuts to overheads and maintained disciplined working capital management.**

The **acquisition of bWellness**, which is expected to deliver positive EBITDA and working capital, will **accelerate our ability to breakeven** by **delivering higher-margin sales** and enable the Group to **unlock cash savings through synergies.**

Adjusted cash used in Operations reduced by \$0.1m or 3% pcp with the key levers being:

- Sales growth with higher receipts from customers,
- Optimisation of inventory levels resulting in improved stock turnover,
- Improve ROI from selling and marketing expenditure,
- Disciplined cost control measures and reductions in G&A costs,
- Strong working capital management practices embedded in the business;
- Offset by investment in costs of production of fresh inventories to enable further sales growth.

Options, capital raise and tight cost controls delivered closing cash position of \$7.6m at 30 June 2024

- The Group continues to maintain a robust and flexible balance sheet, with positive working capital and net assets including **\$7.6m** in cash with no external debt.
- H&S Group, upon meeting their sales performance hurdles, exercised their performance options in May 2024, with the Group receiving **\$1.4m** upon the conversion of Tranche 1 of H&S Performance Options.
- **\$5.1m** raised from 1 for 2.75 entitlement offer.

Positive improvement on key reporting metrics

Sales revenue from the sale of Oli6® products for the year ended 30 June 2024 of **\$10.9m** was up **45% pcp.**

Adjusted EBITDA improved \$1.5m or 20% pcp, reflecting the significant increase in net contribution margin up **\$1.1m**, improved ROI on selling and marketing expenses and cutting G&A⁸ costs.

FY24 key metrics for Oli6® revenue, earnings and net cashflows used in operations are highlighted below:

	FY24	FY23	% change
Revenue from Oli6® sales (\$m)	10.9	7.5	+45%
Total revenue (including Oli6® & raw materials)(\$m)	11.3	8.8	+29%
Net Contribution Margin (\$m)	0.5	(0.6)	+183%
Adjusted EBITDA (\$m)	(5.9)	(7.4)	+20%
Operating loss after tax (\$m)	(7.3)	(8.8)	+17%
Adjusted cash used in Operations ⁹ (\$m)	(3.1)	(3.3)	+3%

⁸ General & Administration costs

⁹ Adjusted cash used in Operations are net cash flows (used in) operating activities of (\$3.7m) addback business combination transaction costs of \$0.6m – refer Appendix 1(b) in the Investor Presentation



The business continues to take positive steps forward in competitive market conditions across the Australian and Chinese markets, requiring significant investment in selling and marketing to drive sales to scale across multiple sales channels.

The Group's uncompromising commitment to safety and quality through its supply chain has been enabled by our partnerships with world-class manufacturers. This focus remains core to the company's strategy and philosophy, and the Group's commitment to quality remains a cornerstone of the Oli6® brand.

Oli6® Nutritionals sales of \$10.9m up \$3.4m or 45% pc

Revenue from sales of Oli6® Nutritionals for the year ended 30 June 2024 **\$10.9m** (2023: \$7.5m), an increase of **\$3.4m or 45% pc**.

China CBEC sales of \$6.1m up 80% pc

China CBEC FY24 revenue from Oli6® Nutritionals of **\$6.1m up \$2.7m or +80% pc**, reflecting the significant uplift delivered by the Group's strategic decision to enter into a new, exclusive distribution agreement with H&S Group in the June 2023.

This underlines the continued momentum achieved through the H&S agreement during FY24 and the importance of the China market on our business.

Sustained growth in Australia and New Zealand (ANZ)

Growth in ANZ retail driven by expansion of Oli6® presence in Woolworths and Coles stores and continued growth within the Pharmacy channel, with FY24 sales in ANZ retail sales of Oli6® Nutritionals of **\$4.7m¹⁰ up \$0.6m or 15% pc**.

Oli6 demonstrated **outstanding performance** in FY24, with **scan sales increasing by 11% pc¹¹**. This growth significantly outpaced the Infant Milk Formula ("IF") category average of 0.9% increase. This impressive result underscores our strong market position and successful execution of growth strategies.

Improved net contribution margin

The net contribution margin from sales of Oli6® Nutritionals improved **1,260 bps to +5%** in FY24, boosting earnings by **\$1.1m** year-on-year.

Organic growth combined with changes in product mix, with higher margin products introduced through NPD¹² contributing to this improvement. The successful launch of Oli6® Immunity+ products in China CBEC exceeded expectations, with two NPD launched in FY24 delivering **\$0.8m** at improved margins and representing approximately 7.5% of Oli6® Nutritional sales revenue in FY24.

Savings were achieved in distribution, warehousing and logistics costs of **\$0.3m or 36% pc** through disciplined inventory management, as evidenced by the 41% decrease in inventory over the last 12 months.

In addition, the Group recorded a significant improvement in its ROI¹³ from selling and marketing, with an improvement in the ratio to sales revenue of **470 bps**.

Strong cost control measures combined with reductions in discretionary expenditure delivered further savings in G&A costs of **\$0.5m or 15% pc**.

Inventory holdings reduced by 41% in FY24

Our disciplined approach to inventory and working capital management has seen the Group's inventory holdings of Oli6® Nutritionals has significantly reduced from \$5.3m at the beginning of FY24 to **\$3.2m** at 30 June 2024, a reduction of **41%** over the last twelve months.

¹⁰ Sales of Oli6 Nutritionals excludes sales of raw material ingredients

¹¹ Source Iqvia Scan Data - MAT quarter to 29th June 2024

¹² NPD refers to New Product Development that adds to the existing product range

¹³ Return on Investment



Focusing on the future

Nuchev CEO Mick Myers commented:

"We closed the financial year by completing the acquisition of bWellness, reporting significant sales growth achieved in our Australian Retail business and a substantial increase in our sales in China, with Oli6® Nutritionals sales up **45%** year-on-year.

With the acquisition of bWellness, Nuchev's Proforma FY24 sales would have been **\$20.6m¹⁴**, adding significant scale and diversification of channels to the existing business. This acquisition is expected to significantly improve the Group's net cash flows, underlining a key strategic objective of the Group to accelerate the push towards break-even, with further improvement coming from our NPD pipeline and continued growth in ANZ and China.

We are excited by the opportunities ahead as we pursue rapid growth through existing and new channels that deliver nutritional, immunity and wellness benefits to our consumers. Despite challenging global operating conditions, I am pleased with our progress and the Group's ability to execute on its strategic imperative of bringing the Group closer to break-even."

For and on behalf of the Company

Mick Myers
Chief Executive Officer, Nuchev Limited

This announcement has been approved for release by the Board.

For further information please contact:

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About Nuchev Limited

Nuchev is an Australian based Nutritional and Wellness business. Nuchev's products include those branded under Oli6®, Bio Practica and Medicine Tree and a number of globally recognised European brands sold under exclusive licence in Australia and New Zealand by bWellness. Oli6® is sold in key Australian Pharmacy and Grocery channels, China and other overseas markets, through online and general trade retail. Nuchev is committed to sourcing world class ingredients and manufacturing under industry leading Australian manufacturing facilities that ensure the best possible products for our consumers.

¹⁴ Proforma Group revenue comprises \$10.9m for Nuchev's Oli6® Nutritionals and \$9.7m from bWellness for FY24 (unaudited)