

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take, you are recommended immediately to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who specialises in advising on the acquisition of shares and other securities and is authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are resident in the UK, or, if you are not resident in the UK, from another authorised independent adviser. The whole of this document should be read. Your attention is drawn in particular to the section entitled Risk Factors in Part II of this document which describes certain risks associated with an investment in the Company.

Application has been made for the Ordinary Shares, issued and to be issued pursuant to the Placing, in satisfaction of amounts owed by the Company under certain of the Convertible Notes, and as consideration to advisers, to be admitted to trading on the AIM market of the London Stock Exchange. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on the AIM market at 8.00 a.m. on 21 March 2025. The Existing Ordinary Shares are listed on the Australian Securities Exchange operated by ASX, where they will continue to be listed following Admission. No application has been, or is currently intended to be, made for the Ordinary Shares to be admitted to listing or traded on any other stock exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List maintained by the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

The London Stock Exchange has not itself examined or approved the contents of this document. The rules of AIM are less demanding than those which apply to companies whose shares are listed on the Official List. The Ordinary Shares are not traded on any other recognised investment exchange in the UK and no application has been made for the Ordinary Shares to be listed on any other recognised investment exchange in the UK. It should be remembered that the price of securities and the income from them (if any) can go down as well as up.

This document, which is an AIM admission document and has been prepared in accordance with the AIM Rules for Companies, has been issued in connection with an application for admission to trading on AIM of the entire issued, and to be issued, share capital of the Company. This document does not constitute an offer or any part of an offer of transferrable securities to the public within the meaning of section 102B of the FSMA. Accordingly, this document does not constitute a prospectus for the purposes of section 85 of the FSMA or otherwise, and it has not been drawn up in accordance with the Prospectus Regulation (EU 2017/1129), the UK version of the Prospectus Regulation as it forms part of English law by virtue of the European Union (Withdrawal) Act 2018 (as amended) or the Prospectus Regulation Rules published by the FCA and it has not been approved by or filed with the FCA or any other competent authority.

Wellnex Life Limited (the “Company”) and each of its Directors (whose names, business address and functions appear on page 11 of this document) accept responsibility for the information contained in this document including, individual and collective responsibility, for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information. To the extent that information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which may render the reproduced information inaccurate or misleading. In connection with this document, no person is authorised to give any information or make any representation other than as set out in this document.

WELLNEX LIFE

WELLNEX LIFE LIMITED

(Incorporated in Australia with Australian Business Number 77 150 759 363)

Placing of 16,429,627 new Ordinary Shares at £0.3175 (A\$0.65) per share

Issue of CLN Shares and Fee Shares

and

Admission of the Enlarged Share Capital to trading on AIM

STRAND
HANSON

*Financial and
Nominated
Adviser*



*Australian
Financial Adviser
and Co-lead Manager*

reachmarkets

*Australian
Co-lead Manager*

SPANGEL
ADVISING GROWING COMPANIES

ORANA

UK Joint Brokers

SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Ordinary shares of no par value

66,233,933

The attention of investors is drawn to the risk factors set out in Part II of this document. Notwithstanding this, prospective investors should read the whole text of this document. All statements regarding the Company's business, financial position and prospects should be viewed in light of the risk factors set out in Part II of this document.

The Placing Shares, Fee Shares and the CLN Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission. It is expected that Admission will become effective and that dealings will commence in the Ordinary Shares on 21 March 2025.

Strand Hanson Limited ("Strand Hanson"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser to the Company. It will not be responsible to any person other than the Company for providing the protections afforded to its clients or for advising any other person on the contents of any part of this document. The responsibilities of Strand Hanson as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or any Director or Shareholder or to any other person in respect of any decision to acquire Ordinary Shares in reliance on any part of this document or otherwise. Strand Hanson is not making any representation or warranty, express or implied, as to the contents of this document. Strand Hanson is acting exclusively for the Company in connection with Admission and the UK Placing. Strand Hanson is not acting for any recipient of this document and will not be responsible to any such recipient for providing the protections to him/her/it afforded to customers of Strand Hanson nor for providing advice in relation to the contents of this document or any matter referred to in it.

Orana Corporate LLP ("Orana"), which is authorised and regulated in the United Kingdom by the FCA, is acting as joint broker to the Company in connection with the UK Placing and Admission. Orana is acting exclusively for the Company and for no-one else in connection with the UK Placing and Admission and apart from the responsibilities and liabilities, if any, which may be imposed on Orana by FSMA or the regulatory regime established under it, Orana will not be responsible to any other person for providing the protections afforded to customers of Orana nor for providing advice in relation to the contents of this document or any matter referred to herein. Orana will not regard any other person (whether or not a recipient of this document) as its customer in relation to the UK Placing and Admission and will not be responsible to any other person for providing the protections afforded to customers of Orana or for providing advice in relation to the UK Placing, Admission or any transaction or arrangement referred to in this document.

S.P. Angel Corporate Finance LLP ("SP Angel"), which is authorised and regulated in the United Kingdom by the FCA, is acting as joint broker to the Company in connection with the UK Placing and Admission. SP Angel is acting exclusively for the Company and for no-one else in connection with the UK Placing and Admission and apart from the responsibilities and liabilities, if any, which may be imposed on SP Angel by FSMA or the regulatory regime established under it, SP Angel will not be responsible to any other person for providing the protections afforded to customers of SP Angel nor for providing advice in relation to the contents of this document or any matter referred to herein. SP Angel will not regard any other person (whether or not a recipient of this document) as its customer in relation to the UK Placing and Admission and will not be responsible to any other person for providing the protections afforded to customers of SP Angel or for providing advice in relation to the UK Placing, Admission or any transaction or arrangement referred to in this document.

Barclay Pearce Capital Management Pty Limited and Barclay Pearce Capital Investment Pty Limited (together "Barclay Pearce"), which is authorised under the Corporations Act and regulated in Australia by the Australian Securities and Investments Commission, is acting as Australian Financial Adviser and Australian Co-lead Manager to the Company in connection with the Australian Placing and Admission. Barclay Pearce is acting exclusively for the Company and for no-one else in connection with the Australian Placing and Admission and apart from the responsibilities and liabilities, if any, which may be imposed on Barclay Pearce by the regulatory regime established under the Corporations Act, Barclay Pearce will not be responsible to any other person in relation to the contents of this document or any matter referred to herein. Barclay Pearce will not regard any other person (whether or not a recipient of this document) as its customer in relation to the Australian Placing and Admission and will not be responsible to any other person for providing the protections afforded to customers of Barclay Pearce or for providing advice in relation to the Australian Placing, Admission or any transaction or arrangement referred to in this document.

Reach Markets Pty Ltd (ABN 36 145 312 232), which is a Corporate Authorised Representative (No. 431191) of Reach Financial Group Pty Ltd (ABN 17 090 611 680; AFSL No. 333297) ("**Reach**"), and which is authorised under the Corporations Act and regulated in Australia by the Australian Securities and Investments Commission, is acting as Australian Co-lead Manager to the Company in connection with the Australian Placing and Admission. Reach is acting exclusively for the Company and for no-one else in connection with the Australian Placing and Admission and, apart from the responsibilities and liabilities, if any, which may be imposed on Reach by the regulatory regime established under the Corporations Act, Reach will not be responsible to any other person in relation to the contents of this document or any matter referred to herein. Reach will not regard any other person (whether or not a recipient of this document) as its customer in relation to the Australian Placing and Admission and will not be responsible to any other person for providing the protections afforded to customers of Reach or for providing advice in relation to the Australian Placing, Admission or any transaction or arrangement referred to in this document. Any advice contained herein or provided by its representatives is general advice only and does not consider your personal objectives, financial situation or needs. Reach makes no representation or warranty to any person about the suitability, characteristics or performance of the Australian Placing, Admission or any transaction or arrangement referred to in this document.

This document does not constitute an offer to sell or issue, or the solicitation of an offer to subscribe for or buy, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution into the United States of America, Canada, Australia, the Republic of South Africa or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) nor under the applicable securities laws of the United States of America or any province or territory of Canada, Australia, the Republic of South Africa or Japan, nor in any country or territory where to do so may contravene local securities laws or regulations and will not be made to any national, resident or citizen of the United States of America, Canada, Australia, the Republic of South Africa or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Ordinary Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The distribution of this document in other jurisdictions outside the UK may be restricted by law. No action has been taken by the Company, Strand Hanson, Orana or SP Angel that would permit a public offer of shares in any jurisdiction outside the UK where action for that purpose is required. Persons outside the UK who come into possession of this document should inform themselves about the distribution of this document in their particular jurisdiction. Failure to comply with those restrictions may constitute a violation of the securities laws of such jurisdiction. Furthermore, no actions have been or will be taken to allow any offering of Ordinary Shares under the applicable securities laws of any jurisdiction where action for that purpose may be required or doing so is restricted by law.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the Company's registered office and at the offices of Strand Hanson at 26 Mount Row, Mayfair, London, W1K 3SQ from the date of this document and for a period of at least one month from Admission.

IMPORTANT INFORMATION

The contents of this document are not to be construed as legal, business or tax advice. This document does not constitute a recommendation concerning the proposed Placing or any acquisition of Ordinary Shares. Each prospective investor should consult his, her or its own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of Ordinary Shares. Each prospective investor should consult with such advisers as needed to make his, her or its investment decision and to determine whether it is legally permitted to hold shares under applicable legal investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of an investment in Ordinary Shares for an indefinite period of time.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, the Directors, Strand Hanson, the Joint Brokers or Australian Co-lead Managers. This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, Strand Hanson, the Joint Brokers, the Australian Co-lead Managers or any of their representatives that any recipient of this document should subscribe for or purchase any of the Placing Shares.

Prior to making any decision as to whether to subscribe for or purchase any Ordinary Shares, prospective investors should read the entirety of this document and, in particular, the section headed “Risk Factors” in Part II of this document. Investors should ensure that they read the whole of this document and should not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this document, including the risks involved. Any decision to purchase Ordinary Shares should be based solely on this document.

Investors who subscribe for or purchase Ordinary Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on Strand Hanson, the Joint Brokers, the Australian Co-lead Managers or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this document for their investment decision; and (ii) they have relied only on the information contained in this document, and no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by or on behalf of the Company, the Directors, Strand Hanson, the Joint Brokers or the Australian Co-lead Managers.

None of the Company, the Directors, Strand Hanson, the Joint Brokers, the Australian Co-lead Managers or any of their representatives is making any representation to any subscriber or purchaser of Ordinary Shares regarding the legality of an investment by such subscriber or purchaser.

As required by the AIM Rules for Companies, the Company will update the information provided in this document by means of a supplement to it, if a significant new factor that may affect the evaluation of the Placing by prospective investors occurs prior to Admission or if it is noted that this document contains any mistake or substantial inaccuracy. This document and any supplement thereto will be made public in accordance with the AIM Rules for Companies.

The price and value of the Ordinary Shares and any income from them can go down as well as up and investors may not get back the full amount invested on disposal of the Ordinary Shares. Past performance is not a guide to future performance. Prospective investors who intend to subscribe for Ordinary Shares in the Placing should ensure that they fully understand and accept the risks of an investment in Ordinary Shares.

Special Condition to Admission under AIM Rule 9

The Company’s Admission to AIM will be on the basis that its business relating to medicinal cannabis is conducted in Australia only, for which the Group and the JV have in place at Admission all relevant consents and permits as set out in this document. Admission to AIM is subject to a special condition pursuant to AIM

Rule 9 that, in the event that the Company undertakes any business relating to cannabis or cannabis-related activities in any jurisdiction beyond Australia, such change will be deemed to constitute an acquisition resulting in a fundamental change in the Company's business for the purposes of AIM Rule 14 and require publication of a new admission document, until which time trading in the Ordinary Shares would be suspended, and shareholder approval. If the Company breaches this special condition, trading in the Ordinary Shares on AIM may be suspended or cancelled.

No Prospectus

This document is not a prospectus for the purposes of Regulation (EU) 2017/1129 (as amended) ("**EEA Prospectus Regulation**") or the Regulation (EU) 2017/1129 (as amended), as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended) ("**UK Prospectus Regulation**"). This document has been prepared on the basis that all offers of the UK Placing Shares will be made pursuant to an exemption under the EEA Prospectus Regulation or the UK Prospectus Regulation from the requirement to produce a prospectus. Accordingly, any person making or intending to make any offer within the UK or the European Economic Area of UK Placing Shares which is the subject of the offering contemplated in this document should only do so in circumstances in which no obligation arises for the Company, Strand Hanson, Orana or SP Angel to produce a prospectus for such offer. Neither the Company nor Strand Hanson, Orana or SP Angel has authorised, nor will any of them authorise, the making of any offer of the UK Placing Shares through any financial intermediary, other than offers made by Orana and SP Angel which constitute the final placing of the UK Placing Shares contemplated in this document.

Notice to distributors

Solely for the purposes of the product governance requirements contained within the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Rules**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Rules) may otherwise have with respect thereto, the UK Placing Shares have been subject to a product approval process, which has determined that the UK Placing Shares are: (i) compatible with an end target market of investors who meet the criteria of retail investors and investors who meet the criteria of professional clients and eligible counterparties each as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"); and (ii) eligible for distribution through all distribution channels as are permitted by the UK Product Governance Rules (the "**UK Target Market Assessment**").

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the UK Placing Shares have been subject to a product approval process, which has determined that the UK Placing Shares are: (i) compatible with an end target market of investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**EU Target Market Assessment**").

Notwithstanding the UK Target Market Assessment and the EU Target Market Assessment, distributors should note that: the price of the UK Placing Shares may decline and investors could lose all or part of their investment; the UK Placing Shares offer no guaranteed income and no capital protection; and an investment in the UK Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Each of the UK Target Market Assessment and the EU Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the UK Placing. Furthermore, it is noted that, notwithstanding the UK Target Market Assessment and the EU Target Market Assessment, Orana and SP Angel will only procure investors

who meet the criteria of professional clients and eligible counterparties each as defined under COBS or MiFID II, as applicable.

For the avoidance of doubt, each of the UK Target Market Assessment and the EU Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of COBS or MiFID II, as applicable; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the UK Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the UK Placing Shares and determining appropriate distribution channels.

Currencies

Unless otherwise indicated in this document, all references to “British pounds sterling”, “pounds”, “£” or “pence” are to the lawful currency of the UK, references to “A\$”, or “Australian Dollars”, are to the lawful currency of Australia and references to “US\$”, or “US Dollars”, are to the lawful currency of the United States of America.

Unless otherwise indicated, the financial information contained in this document has been expressed in Australian Dollars and British pounds sterling. For all members of the Company, the functional currency is Australian Dollars and the Company presents its financial statements in Australian Dollars.

Unless otherwise indicated, in this document an exchange rate of £1.00 = A\$2.047 has been applied.

Figures

Various figures and percentages in tables in this document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this document may vary slightly from actual arithmetical totals of such data.

Forward-Looking Statements

Certain statements contained in this document constitute forward-looking statements. When used in this document, the words **may**, **would**, **could**, **will**, **intend**, **plan**, **anticipate**, **believe**, **seek**, **propose**, **estimate**, **expect**, and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. Such statements reflect the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to vary from those described in this document. Should one or more of these risks or uncertainties materialise, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this document as intended, planned, anticipated, believed, proposed, estimated or expected.

The forward-looking statements in this document are based on current expectations and intentions and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. Certain risks to the Company are specifically described in Part II of this document headed “Risk Factors”. If one or more of these risks or uncertainties materialises, or if underlying assumptions prove to be incorrect, the Company’s actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements. These forward-looking statements are stated as at the date of this document. Neither the Directors nor the Company undertake any obligation to update forward-looking statements or the risk factors set out in this document other than as required by the AIM Rules for Companies or by the rules of any other securities regulatory authority whether as a result of new information, future events or otherwise.

No incorporation of website information

The contents of the Company's website, any website mentioned in this document or of any website directly or indirectly linked to these websites have not been verified and do not form part of this document and prospective investors should not rely on such information.

Interpretation

Certain terms used in this document, including capitalised terms and certain technical and other items, are defined in Part VII of this document.

In this document, references to Ordinary Shares include where relevant references to dematerialised Depositary Interests representing Ordinary Shares, further details of which are set out in paragraph 16 of Part I of this document.

Governing law

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes in such law and practice.

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KEY STATISTICS

Number of Existing Ordinary Shares in issue*	37,951,704
Number of Placing Shares to be issued pursuant to the Australian Placing	6,012,310
Number of Placing Shares to be issued on Admission pursuant to the UK Placing	10,417,317
Number of CLN Shares to be issued on Admission to holders of Convertible Notes	4,209,777
Number of Fee Shares to be issued to advisers on Admission**	7,642,825
Enlarged Share Capital upon Admission	66,233,933
Placing Price***	£0.3175 (A\$0.65)
Closing ASX mid-market price on the Latest Practicable Date	A\$0.59 (£0.29)
Estimated market capitalisation on Admission at the Placing Price	£21.03 million (A\$43.05 million)
Percentage of Enlarged Share Capital represented by the Placing Shares	24.8 per cent.
Percentage of Enlarged Share Capital represented by the CLN Shares	6.4 per cent.
Percentage of Enlarged Share Capital represented by the Fee Shares	11.5 per cent.
Gross proceeds of the Placing	£5.22 million (A\$10.68 million)
Net proceeds of the Placing to be received by the Company****	£4.49 million (A\$9.20 million)
AIM trading symbol	AIM:WNX
ASX trading symbol	ASX:WNX
International Security Identification Number (ISIN)	AU0000162281
Stock Exchange Daily Official List (SEDOL)	BRX9WJ5
Legal Entity Identifier (LEI)	2138001FL9C36DUOUX55
A\$/GBP exchange rate (used in this document unless otherwise noted)	2.047

* prior to issue of the Australian Placing Shares, UK Placing Shares, CLN Shares and Fee Shares.

** 1,656,856 of such Fee Shares are to be issued to advisers in connection with the Placing and Admission, and 5,985,969 of such Fee Shares are to be issued to advisers in respect of historical services provided to the Company.

*** Based on an A\$/GBP exchange rate of 2.047.

****After deduction of the estimated commissions, fees and expenses payable by the Company (excluding UK VAT and/or Australian Goods and Services Tax) in relation to Admission.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	18 March 2025
Completion of the Placing and Admission becomes effective and dealings in the Enlarged Share Capital commence on AIM	8.00 a.m. on 21 March 2025
Date for settlement within CREST of the Depositary Interests	25 March 2025
Despatch of holding statements for UK Placing Shares (where applicable)	by 31 March 2025

References to time are to London time unless otherwise stated. Each of the dates in the above timetable is subject to change at the absolute discretion of the Company and Strand Hanson and without further notice.

DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors:	George Tambassis (<i>Non-Executive Chair</i>) Georgios (“George”) Karafotias (<i>Chief Executive Officer and Joint Managing Director</i>) Zlatko (“Zack”) Bozinovski (<i>Joint Managing Director</i>) Yuan (“Vivienne”) Zhang (<i>Chief Financial Officer</i>) Jeffrey Chien-Hong Yeh (<i>Non-Executive Director</i>) Andrew John Vidler (<i>Non-Executive Director</i>) Eric Hua Jian Jiang (<i>Non-Executive Director</i>) John Ruari McGirr (<i>Non-Executive Director</i>)
Company Secretary:	Zheng (“Kobe”) Li
Registered Office and Principal Place of Business:	Building 2 Level 3 Suite 69 574 Plummer St Port Melbourne Victoria 3207 Australia
Financial and Nominated Adviser:	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Australian Financial Adviser and Australian Co-lead Manager to the Company:	Barclay Pearce Capital Management Pty Limited Level 17, 115 Pitt Street Sydney NSW 2000 Australia
Australian Co-lead Manager to the Company:	Reach Markets Pty Ltd (Corporate Authorised Representative of Reach Financial Group Pty Ltd) Level 12, 303 Collins Street, Melbourne 3000 Australia
Joint Broker:	Orana Corporate LLP Eccleston Yards 25 Eccleston Place London SW1W 9NF
Joint Broker:	S.P. Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP
Legal advisers to the Company as to English Law:	Bird & Bird LLP 12 New Fetter Lane London EC4A 1JP

Legal advisers to the Company as to Australian Law:	Piper Alderman Level 23, Governor Macquarie Tower 1 Farrer Place Sydney NSW 2000
Legal advisers to the Nominated Adviser and Joint Brokers:	Shoosmiths LLP 1 Bow Churchyard London EC4M 9DQ
Reporting Accountants:	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Auditors:	William Buck Audit (Vic) Pty Ltd Level 20 181 William Street Melbourne VIC 3000
Depositary:	Computershare Investor Services Plc The Pavilions Bridgwater Road Bristol, BS13 8AE
Registrars:	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford VIC 3067
Website address:	www.wellnextrlife.com.au

PART I

INFORMATION RELATING TO THE COMPANY AND THE GROUP

1. INTRODUCTION

Wellnex Life Limited (“**Wellnex**” or the “**Company**”) is a well-established innovative brand and distribution company with a driven focus on consumer-centric health and wellness products. Through the Group’s developed relationships with various leading suppliers, retailers and wholesalers, Wellnex is able to effectively develop, license, market and distribute its brand and product portfolio across Australia and the UK.

Wellnex was incorporated and registered in Australia on 6 May 2011 and was listed on the official list of the Australian Stock Exchange under its former name Wattle Health Australia Limited, on 14 March 2017. On 1 June 2021, the Company changed its name to Wellnex Life Limited.

1.1 *Principal Activities & Products*

The Group’s business is focused on bringing innovative brands and products to the growing consumer healthcare market and its brands are sold in all major pharmacy and grocery retailers in Australia. This has led to the Group establishing strong relationships with Australia’s largest pharmacy retailer, Chemist Warehouse, and one of the world’s largest consumer healthcare companies, Haleon. (LSE:HLN) (formerly part of GlaxoSmithKline). The Group also licenses its products for use by third parties, including, Haleon UK and Australia’s largest generic over the counter (“OTC”) medicine company, Arrotex.

The Group’s current product and brand portfolio is as follows:

- **Pain Away** – TGA listed topical pain relief brand (acquired in December 2023);
- **Wakey Wakey** – TGA listed caffeine energy-based brand (launched in October 2021);
- **Nighty Night** – TGA listed sleep aid brand (launched in July 2023);
- **The Iron Company** – TGA listed iron supplement brand (launched in October 2021);
- **Mr Bright** – teeth and oral hygiene brand (acquired in December 2022); and
- **Pharmacy Own** – TGA registered range of OTC medicines (launched in December 2021).

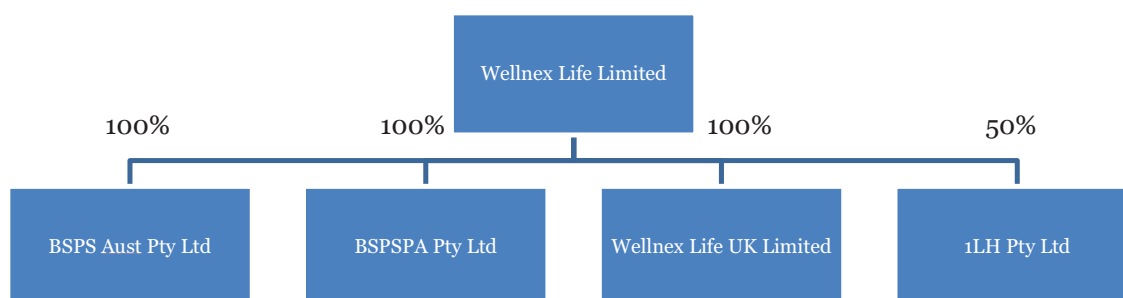
The Group is also party to a joint venture, Wellness Life, incorporated in Australia under the name 1LH Pty Ltd, (“1LH” or the “JV”), with ownership currently split equally between Wellnex and OneLife Botanicals Ltd. The JV was formed for the distribution and sale of prescription-only medicinal cannabis products in Australia.

Further details on the Company’s brands and products are set out in paragraph 4.2 of this Part I.

1.2 *Group Structure*

The Group is composed of four companies, three of which are registered and incorporated in Australia. The parent company, Wellnex, holds 100 per cent ownership of BSPS and BSPSPA. The Group has also established Wellnex Life UK Limited, incorporated and registered in England and Wales, to support its planned expansion into the UK market.

In addition to the wholly owned subsidiaries, the Company holds a 50 per cent. stake in the JV. A Group structure chart is provided below:



The Company also holds shares in two dormant subsidiaries, not shown above. Further details of the two dormant subsidiaries are set out in paragraph 3.2 of Part VI of this document.

1.3 **Board**

The Board on Admission will comprise three Executive Directors, being (i) George Karafotias (the Chief Executive Officer and Joint Managing Director), (ii) Zack Bozinovski (Joint Managing Director) and (iii) Vivienne Zhang (Chief Financial Officer), and five Non-Executive Directors, three of whom are deemed to be independent. Each of Jeffrey Yeh and Ruari McGirr are considered non-independent Non-Executive Directors due to (i) Jeffrey Yeh co-founding Homart and retaining a continued managerial position, and (ii) Ruari McGirr's financial advisory role to the Company via his consultancy at Orana. Further information on the Directors and the corporate governance of the Company is set out in paragraphs 9 (Board and Senior Management Team) and 10 (Board and Corporate Governance) of this Part I and paragraphs 9 to 11 of Part VI of this document.

1.4 **Placing and Admission**

The Company has conditionally raised approximately £5.22 million in gross proceeds through the issue of 6,012,310 new Ordinary Shares by way of the Australian Placing and, conditional, *inter alia*, on Admission, 10,417,317 new Ordinary Shares by way of the UK Placing. The funds raised through the Placing will be used to finance the repayment of the deferred consideration in respect of the Company's acquisition of Pain Away (which is referenced in paragraph 4.2.1 of this Part I and to which net proceeds from the Australian Placing will be applied prior to Admission), as well as the redemption of the Convertible Notes outstanding at Admission. The balance is to be used for working capital purposes and to drive international expansion. A breakdown of the use of net proceeds is set out in paragraph 12 (Reasons for Admission and Use of the Proceeds of the Placing) of this Part I.

2. **KEY INVESTMENT PROPOSITION**

The Group is a small yet expanding business in the competitive consumer healthcare market. It leverages a diverse set of strengths to drive its success, including the following:

- **Scalable Business Model**

As the Group has established relationships with strong manufacturing and distribution partners, it is able to create, develop, manufacture, market and sell a wide range of products with a short development timeframe. The Directors believe that the Group has the ability to pivot quickly, in terms of investment, to capitalise on opportunities as the consumer healthcare market evolves and consumer trends shift being, the Directors believe, if not first then one of the first to market with new and innovative products, without the burdens of capital and time intensive manufacturing processes.

- **Diverse and growing network of retail partners**

The Group collaborates with a diverse and expanding network of retail partners that sell its products, fostering greater customer acceptance and driving accelerated growth. The Group's retail partners cover a significant proportion of major retailers in both the grocery and pharmacy sectors across Australia, with further expansion into convenience and independent retailers planned for 2025. The Group's retailers also extend into the UK market through Superdrug and TK Maxx, which currently stock Mr Bright products.

- **Blue Chip Partnerships**

The Group has secured relationships with blue chip companies which the Board believe will help drive the revenue and profitability of the Group. The Group recently partnered with Chemist Warehouse, whilst a licensing and supply agreement with Haleon UK was entered into via BSPS to supply products to Haleon UK in relation to their pain relief brand, Panadol. The Group will look to further nurture these relationships and to also attract other quality companies that can assist in growing its presence and revenue streams.

- **Growth Opportunities**

The Group, with its innovative range of products, still anticipates growth in the Australian market, but with 97 per cent. of the Group's revenue generated from the Australian market alone, the Directors consider that there are also growth opportunities from international markets. The Group currently has a presence in the UK and a licensing and supply arrangement with Haleon UK, and the Directors consider that there are many additional opportunities the Group can take advantage of within the UK, Europe, Middle East and Asia.

- **Internal Expertise**

The Group has developed in-house expertise focused on consumer healthcare needs, and the ability to react quickly to meet the needs of consumers, through its own research and development team. The management team has a history of bringing products to market to capture identified demand, which can be evidenced by the Group's development of Australia's first liquid paracetamol in a soft gel capsule. Together with the Board's extensive expertise within the pharmaceutical industry, the Company can effectively harness this knowledge to drive growth opportunities efficiently.

3. HISTORY AND DEVELOPMENT

Wellnex was incorporated and registered on 6 May 2011 as a company limited by shares, under the name Safe Health Australia Pty Ltd. In February 2012, the Company changed its name to Wattle Health Australia Pty Ltd and converted to a public company limited by shares on 13 October 2016 and changed its name to Wattle Health Australia Limited. The Company listed on the ASX on 14 March 2017, and on 1 June 2021 changed its name to Wellnex Life Limited.

The Company, under the former name Wattle Health Australia Limited, was listed as an entity dedicated to developing, sourcing, and marketing high-quality Australian-made dairy, health, and wellness food products. In April 2021, Wattle Health Australia Limited via BSPS entered into an agreement to acquire the assets of the Brand Solutions Australia and Pharma Solutions Australia businesses ("BSA"), a well-established Melbourne-based brand development, brokerage and distribution business, which at the time, owned and represented over 15 strategic brands in the health and wellness sector. Completion of this acquisition took place and was announced by the Company in July 2021, by which time the Company rebranded to Wellnex Life Limited.

The Company has since adopted a diversified approach, broadening its focus to address all facets of wellness whilst maintaining its goal to expand globally.

The Group launched its consumer health business in July 2021 and, in a period of approximately three years, has brought to market a range of innovative products that are stocked and sold by leading pharmacy and grocery retailers, and are also licensed to third parties. The Company has grown organically through the development of its various brand portfolio products, and also inorganically through acquisitions, including Pain Away and Mr Bright, as further detailed in paragraph 4.2 of this Part I.

The Group’s initial business was to provide sales and marketing services to third parties for fees and commissions, which generated 88 per cent. of the total revenue of the business in FY22, with 12 per cent. coming from the Group’s brands. The Group then sought to realign this strategy and in FY24, the Group’s brands generated 71 per cent. of the Group’s revenue, with the balance of the revenue coming from licensing arrangements. In 2023, the Group terminated all third-party agreements to concentrate on building its product range in distribution and sales, which has driven increased gross profit margins for the Group.

A timeline of the Company’s history, starting from July 2021, is presented below:



The Group, until recently, has concentrated on expanding its products and ranges by increasing distribution and sales within the Australian market, with 97 per cent. of its revenue for the 12 months ending 30 June 2024 generated in the Australian market. The Group has now commenced launching its products into overseas markets with some existing sales for Mr Bright being generated in the UK market. The Group supplied Haleon UK with its opening purchase order of liquid paracetamol soft gel for the UK market at the end of 2024, and commencing in 2025, Haleon, under licence, will be commence sales into the UK market.

4. OVERVIEW OF THE GROUP’S BUSINESS

4.1 Industry Overview

Consumer healthcare is seen as one of the emerging segments of the healthcare industry. The sector is predominantly dictated by the demand and consumption of consumers without requiring any specific prescription from a registered healthcare professional.

There has been significant growth of retailers entering the market for consumer health and existing retailers expanding their footprint to take advantage of consumer demand. In 2024 the global consumer healthcare market accounted for US\$330.89 billion in 2024 and is expected to grow to approximately US\$708 billion by 2034, representing a healthy CAGR of 7.91 per cent. between 2024 and 2034¹. This growth is supported by the innovation of new technologies, such as tech wearables, rising awareness of healthcare solutions, availability of medical content online, a growing middle class and an ageing population.

The consumer healthcare market, both in Australia and globally, is one of the most resilient and fast growing markets across the fast-moving consumer goods (“FMCG”) sector. The consumer healthcare market in Australia was valued at A\$1.9 billion in 2022 and is projected to grow to A\$2.83 billion by 2030, exhibiting a CAGR of 5 per cent. during the forecast period 2023-2030². The same report valued the UK consumer health market at £4.15 billion in 2022 and is projected to reach £4.67 billion by 2030, exhibiting a CAGR of 1.5 per cent. during the forecast period 2023-2030.

Consumers are now more prone to manage their own health, coupled with increasing empowerment and opportunity, which has increased the spotlight on the consumer health industry. The rise of self-care has become even more prevalent since the Covid-19 pandemic. A survey by The Proprietary Association of Great Britain, from July 2020, found that 32 per cent. of the public changed the way

¹ Source: Precedence Research, *Consumer Healthcare Market Size, Share, and Trends 2024 to 2034 (October 2024)*
² Source: *Australian Consumer Health care Market Analysis Insight 10*

they access healthcare services and 31 per cent. who would not have visited a pharmacy for advice before Covid-19 are more likely to do so now.

The top ten consumer health companies in 2022 accounted for 27 per cent. of the market, indicating that no single company dominated the market, with the largest having just 6 per cent³. The fragmented nature of the consumer healthcare industry provides opportunities for smaller companies, such as Wellnex, to capitalise on the opportunities the market offers.

It is expected that the industry will continue to undergo significant transformation, primarily driven by a shift in focus from reactive ‘symptom’- based models to proactive prevention. This transformation presents an opportunity for consumer health companies to bring to market products that meet the consumer demand for products which assist in the prevention of health issues and concerns. This is evidenced by the increase in sales of dietary supplements, vitamins and minerals with 1.3 billion packs of vitamins and minerals bought by European consumers alone in 2023⁴.

The consumer healthcare industry encompasses a broad spectrum of products. Consumer health products can crucially encompass every aspect of health and wellbeing including diagnosis, OTC treatments, proactive prevention and long-term health promotion, and are increasingly sold via a range of channels (including a shift to e-commerce) broadening the ability of diverse populations in different geographies improving wellbeing.

4.2 ***Product Portfolio and Development***

Wellnex has a diversified product range within the consumer healthcare and pharmaceutical industry focusing on product avenues which create opportunities for scalability and market growth globally, not only domestically but also through its expansion strategy. The Company offers a variety of products through its wholly owned brands and strategic partnerships which are regulated and approved (except for Mr Bright, which is outside the regulatory framework) by the Australian government agency, the TGA.

4.2.1 *Wholly Owned Brands*

- **Pain Away**



The Company, via its wholly owned subsidiary, BSPSPA, acquired the ‘Pain Away’ and ‘Pain Away Australia’ business names in October 2023, for initially A\$22,000,000 in cash (including inventory) and 20,000,000 Ordinary Shares in the Company at an issue price of A\$0.05, with the acquisition completing on 18 December 2023.

Pain Away was established in 1999 and has since grown to become the number one provider of topical pain relief products containing arnica in Australia. The business develops, markets and distributes topical pain relief products focused on joint and muscle pain using natural ingredients. The current product range consists of 25 individual product stock keeping units (“SKU”) across five main categories: creams, sprays, patches, lotions, and other (primarily tablets, capsules and bath salts). All products are manufactured in Australia (apart from heat patches which are manufactured in China) using third party manufacturers that are also listed with the TGA.

Pain Away has long-standing distribution channels, primarily through pharmacies (with over 6,000 pharmacy outlets across Australia), which currently generate c. 90 per cent. of Pain Away sales revenues, and grocery retail channels. The key stockists including Chemist Warehouse, Terry White Chemmart, Priceline Pharmacy, Amcal+, Woolworths, Coles and Aldi. The twelve months of trading post-acquisition (January 2024 to December 2024) saw Pain Away generate revenues of A\$12.7m.

³ Source: Iqvia, *Consumer Health industry poised for further acceleration in the post-COVID environment* (October 2022)

⁴ Source: AESGP Annual Report 2023

- **Wakey Wakey**



Developed by the Company and launched in October 2021, the Wakey Wakey range is a TGA listed caffeine and guarana effervescent medicine boosting energy levels. The brand initially launched with two product lines in a gummy and an effervescent form. Since the launch in October 2021, Wakey Wakey has expanded its range to eight product lines, with six effervescent lines (including a caffeine vitamin range), a gummy format line and a soft gel capsule. The products are available in key retailers, which currently generate c. 80 per cent. of Wakey Wakey sales revenues, and pharmacy wholesalers throughout Australia including Coles, Woolworths, Chemist Warehouse, Symbion, Priceline Pharmacy and Sigma. For FY24, Wakey Wakey generated revenues of A\$2.2m.

- **Nighty Night**



Developed and launched in July 2023, Nighty Night was developed by the Company to take advantage of the growing demand from consumers looking for assistance in achieving optimal sleep quality. Nighty Night is a TGA listed natural sleep aid product in an effervescent format containing ashwagandha and magnesium, to enhance body relaxation and improve sleep quality. The product is sold across both pharmacy and grocery retailers and wholesalers, including Coles, Woolworths, Chemist Warehouse, Sigma and Symbion and API, with c. 80 per cent. of current Nighty Night revenues coming from supermarkets. For FY24, Nighty Night generated revenues of A\$0.8m.

- **The Iron Company**

THE IRON COMPANY

Developed and launched in October 2021, The Iron Company has developed a TGA listed iron supplement with slow releasing technology in a gummy format. The slow releasing technology assists in minimising various common side-effects of iron intake, including stomach upsets and cramps. The product assists in the relief of iron deficiency with one gummy equivalent to the recommended daily intake of 20mg per day. The Iron Company is available in Chemist Warehouse and other leading pharmacy retailers.

- **Mr Bright**



Founded in 2016, Mr Bright is an all-natural tooth whitening brand that offers a range of premium and effective take-home oral enhancing solutions. Mr. Bright uses the latest in high-tech safe dental technology without use of harmful chemical hydrogen peroxide, instead using glycerine, sodium bicarbonate and cranberry to deliver whitening agents deep into the tooth enamel. Mr Bright has distribution channels in the UK, as well as online sale channels.

Wellnex acquired Mr Bright in December 2022 for A\$1.5 million, satisfied via the issue of 12 million new Ordinary Shares in Wellnex at A\$0.10 per share.

- **Pharmacy Own**



Wellnex developed Pharmacy Own in December 2021, to provide a large range of TGA registered OTC medicines at competitive prices across categories including cough and cold, hay fever relief, pain relief and vitamins. The brand is exclusively sold through Australian pharmacy wholesaler, Clifford Hallam Healthcare.

- **Wagner Health Liquigesics**



Launched and developed by the Company (via its wholly owned subsidiary, BSPS) in August 2021 in collaboration with Chemist Warehouse (via its wholly owned subsidiary, CW Management Pty Ltd). Wagner Health Liquigesics brought to the market a liquid paracetamol in a soft gel product, which has subsequently further expanded into various forms of liquid analgesics. This range offers more efficient pain relief (as a liquid) over tablets.

Under the supply agreement between BSPS and Chemist Warehouse, BSPS holds responsibility for the development, and commercialisation of all products, while Chemist Warehouse holds responsibility for the distribution and marketing of products through their online retail pharmacy.

4.2.2 *Joint Venture – Medicinal Cannabis*

- **Wellness Life**

Wellness Life

On 18 July 2022, Wellnex announced a 50/50 joint venture with OneLife Botanicals Limited (“OneLife”), via a joint venture entity, 1LH which was later incorporated on 29 March 2023 in Victoria, Australia. 1LH is governed by its constitution and a shareholders’ agreement between 1LH, Wellnex and OneLife which was entered into on 25 February 2025. Further details on the joint venture shareholders’ agreement are set out in paragraphs 1.1 of Part IV and paragraph 14.15 of Part VI.

The JV was formed for the distribution and sale of prescription-only medicinal cannabis products in Australia. On 14 March 2023, Wellnex announced that the Australian national pharmacy chain, Chemist Warehouse, would be joining the JV with a 10 per cent. interest, resulting in Wellnex and OneLife each retaining 45 per cent. The Company expects to conclude Chemist Warehouse’s participation in the JV, including Chemist Warehouse’s accession to the joint venture shareholder’ agreement, as soon as practicable after Admission.

In July 2024, the medicinal cannabis brand “Wellness Life” was launched by the Group. A pilot program was established with select Chemist Warehouse stores to stagger the rollout, and first sales in Australia occurred in August 2024, which subsequently commenced with a full roll out with product available to be dispensed at any licensed and registered pharmacy in Australia (including Chemist Warehouse). Chemist Warehouse is Australia’s largest pharmacy retailer by revenue, generating over A\$8.8 billion in FY24, and has a vast global footprint.

Wellness Life products are sold to licensed pharmacies under the TGA regulated Special Access Scheme (“SAS”) or Authorised Prescriber Scheme (“APS”) for medicinal cannabis in Australia.

The supply chain for Wellness Life products includes:

- manufacture and supply of medicinal cannabis products by wholesale by OneLife Labs Pty Ltd (“OLL”), a wholly-owned subsidiary of OneLife. OLL also holds the relevant licences from the Office of Drug Control, the TGA and the Department of Health Victoria; and
- storage and distribution to pharmacies by The Entourage Effect Pty Ltd (the “Entourage Effect”), one of Australia’s largest medicinal cannabis distributors, to pharmacies in Australia. The Entourage Effect holds the required state poisons licences to supply medicinal cannabis products by wholesale.

OLL is a fully licensed Australian manufacturer and seller of medicinal cannabis products in Australia under strict state and federal regulations, and such products can only be made available on prescription from a medical practitioner with appropriate authorisations. OLL manufactures medicinal cannabis products using plant materials obtained from an Australian company licensed to cultivate, produce or supply cannabis plants, cannabis or cannabis resin for medicinal or scientific purposes (the “**Upstream Supplier**”). The conditions of the licences held by the Upstream Supplier limit supply of such products to parties who are licensed to manufacture cannabis drugs. The activities of the relevant Upstream Supplier in the supply chain for BSPS and the JV are governed by Federal Law only. The laws of the state in which the Upstream Supplier is located do not require an additional State licence for the activities of cultivation, production and supply. In the event that the Upstream Supplier was no longer in possession of the required licences for cultivation, production or supply, the JV would not acquire cannabis products from OLL unless and until the licensing defects were remedied, or OLL had contracted with an alternate upstream supplier which was properly licensed.

On 3 December 2024, OLL and OneLife Cultivation Pty (“OLC”), both wholly owned subsidiaries of OneLife, each commenced a voluntary administration process. Further information on the ongoing voluntary administration process is set out in paragraph 1.3 of Part IV. While OLL is undergoing this voluntary administration process, neither BSPS nor the JV will acquire any further medicinal cannabis products from OLL. In the event that OLL’s administration is not capable of remedy, the JV will exercise its rights under the joint venture shareholders’ agreement to appoint a new supplier.

The Company’s Admission will be on the basis that its business relating to medicinal cannabis is conducted in Australia only, for which the Group and the JV have in place at Admission all relevant consents and permits as set out in this document. Admission is subject to a special condition pursuant to AIM Rule 9 that, in the event that the Company undertakes any business relating to cannabis or cannabis-related activities in any jurisdiction beyond Australia, such change will be deemed to constitute an acquisition resulting in a fundamental change in the Company’s business for the purposes of AIM Rule 14 and require publication of a new admission document, until which time trading in the Ordinary Shares would be suspended, and shareholder approval. If the Company breaches this special condition, trading in the Ordinary Shares on AIM may be suspended or cancelled. Further details on the medicinal cannabis activities of the Group, including the JV, the supply chain partners, and the applicable legal and regulatory framework, are set out in Part IV of this document.

4.2.3 Supply Agreements

- **Haleon UK (formerly the consumer business sector of GlaxoSmithKline plc) – Licensing and Supply Agreement**

Haleon is a world-leading consumer healthcare company that owns brands including Panadol, Sensodyne, Voltaren, Polident, Centrum, Otrivin and Advil.

On 16 March 2022, BSPS signed a licensing and supply agreement with Haleon UK Trading Services Limited (formerly GlaxoSmithKline Consumer Trading Services Limited) (“**Haleon UK**”) and Olive Healthcare for its innovative soft gel liquid paracetamol, to be retailed in Australia initially and later New Zealand also under Haleon’s Panadol brand. Haleon UK is part of Haleon’s group. This agreement governs the supply by BSPS, on a non-exclusive basis, of soft gel liquid paracetamol products to Haleon UK with orders being placed by Haleon UK for various products via separate purchase orders. The products supplied to Haleon UK under this agreement, and ad hoc to other members of the Haleon group, are manufactured by Olive Healthcare. Further details of this licensing and supply agreement are set out in paragraph 14.19 of Part VI of this document.

The Group announced on 29 June 2023, the geographical expansion of the supply agreement into the UK, Ireland the UAE with the following products:

- Liquid Paracetamol Soft Gel for the UK and Ireland* (3 SKUs/products)
- Liquid Paracetamol plus caffeine soft gel for the UK and Ireland* (3 SKUs/products)
- Liquid Paracetamol plus Ibuprofen soft gel for the UK and the UAE (2 SKUs/products)

* *Whilst Haleon have agreed to launch in Ireland there has been no progress made thus far in distributing the product there, and there remains uncertainty as to its launch in Ireland.*

In August 2024, the Group received the first UK purchase order for the liquid paracetamol soft gel which was manufactured and delivered to Haleon at the end of 2024, with a planned launch in 2025. For FY24, the Haleon collaboration generated revenues of A\$3.6m to Wellnex.

New product and territory launches are at the absolute discretion of Haleon, with Haleon being responsible for the registration and launches of the products in the respective territories.

- **Arrotex Pharmaceuticals Pty Limited – In-licensing and Supply Agreement**

Arrotex is Australia’s largest generic pharmaceutical and private label OTC medicines company with annualised revenue of c. A\$1.5 billion in FY23.

BSPS has an in-licensing and supply agreement with Arrotex for paracetamol and paracetamol plus ibuprofen soft gels under Arrotex’s ‘Chemists’ Own’ and ‘ApoHealth’ brands across eight SKUs. The licensing and supply agreement allows Arrotex to use Wellnex’s registered TGA products for Arrotex’s own brands on a non-exclusive basis. Olive Healthcare is the approved manufacturer under this in-licensing and supply agreement and the manufacturing is governed by the terms of the licence and supply agreement detailed in paragraph 14.18 of the Part VI of this document.

The supply agreement, entered into on 26 July 2022, expires on 26 July 2025, with an automatic extension for a further 12 months. Terms and conditions of the agreement with Arrotex are standard for a contract supplying registered TGA products including but not limited to, Good Manufacturing Process (GMP), product recall procedures, regulatory responsibility and general conditions to comply with the TGA for production and delivery of a registered medicine.

4.3 ***Manufacturing***

The Group manufactures all products using third parties, as the Group does not have any manufacturing facilities and does not intend to develop any manufacturing capability. This “capital light model” ensures all resources are concentrated on maximising the development of products and brands, marketing the respective brands and products and maximising distribution and sales.

The Group uses best in class manufacturers, that are, where required, licensed by the TGA (in the case of an Australian manufacturer) or have a GMP licence (in the case of an overseas manufacturer). The GMP licence permits products that are manufactured at the relevant manufacturing sites to obtain a TGA listing or registration, as without the manufacturer having a GMP licence no products manufactured from the respective manufacturing facility can obtain any TGA listing or registration.

The Group routinely audits all its manufacturing partners to ensure the highest quality of product is produced and, in owning the TGA registered product dossiers and the associated intellectual property, has the ability, in most cases, to switch manufacturers in the event of any quality or pricing issues with minimal disruption to the business.

The Group’s business model of using third party manufacturers allows it to concentrate on its strengths, being the development, marketing and distribution of brands and products for the health and pharmaceutical market.

Manufacturing partners for the following brands and products are as follows:

- Wakey Wakey – Cee Be Health & Nutrition BV (Belgium)
- The Iron Company – Cee Be Health & Nutrition BV (Belgium)
- Nighty Night – Cee Be Health & Nutrition BV (Belgium)
- Mr Bright – Shenzhen Senlede Technologies Co. Ltd. (China)
- Pain Away – Activ Pharmaceuticals (Australia) and Henan Kangdi Medical Devices Co. Ltd. (China)
- Pharmacy Own – Olive Healthcare (India) and AdiraMedica Pty Ltd (Australia)
- Wagner Health Liquegesics (JV) – Olive Healthcare (India)
- Wellness Life – OneLife Labs Pty Ltd (Australia)
- Haleon (distributor) – Olive Healthcare (India)
- Arrotex (distributor) – Olive Healthcare (India)

4.4 ***Intellectual Property***

The Group has a portfolio of intellectual property, comprising registered and unregistered intellectual property, relating to its products which has either been developed by the Group or been acquired by it through the acquisition of other businesses, namely the Brand Solutions Australia, Mr Bright and the Pain Away businesses.

The Group’s registered intellectual property comprises trademarks and its unregistered intellectual property includes intellectual property in product formulations, domain names and pharmaceutical dossiers associated with the Group’s four TGA-registered products. The Group has 24 domain names and 77 registered trademarks.

The Group, in most cases, sets and owns the unique formulations that make up the Group’s product portfolio, but in all cases owns the relevant trademarks, and holds the TGA listing or registrations for the relevant products.

The Group has four pharmaceutical dossiers, that are a comprehensive set of documents submitted to the TGA in support of a TGA registration application which support and provide evidence of the relevant products' quality, efficacy and safety. The dossier also includes detailed information on the product's formulation and manufacturing process, evidence of the manufacturing license (in the case of an Australian manufacturer) or the Good Manufacturing Practice ("GMP") certification (in the case of an overseas manufacturer) of the relevant manufacturer of the relevant product and the necessary clinical trial results to evidence the efficacy and safety of the relevant product.

The Group utilises the pharmaceutical dossier to obtain a TGA registration, which is granted on the basis of the information contained in the product dossier and is often referred to as a Marketing Authorisation ("MA") from the TGA, for the relevant product which gives the Group the authority to market the relevant product in Australia.

The Group's TGA registered products are as follows:

- Pharmacy Own Paracetamol liquid soft gel capsules
- Pharmacy Own Paracetamol plus Ibuprofen liquid soft gel capsules⁵
- Pharmacy Own Ibuprofen mini soft gel capsules⁵
- Pharmacy Own Paracetamol and Caffeine liquid soft gel capsules

The Group owns the unique product formulations (which include the minimum quantities of active ingredients and details of how the relevant products are to be manufactured) which are the subject of the TGA registrations for the Pharmacy Own paracetamol and ibuprofen soft gel products and these product formulations are licensed to third party manufacturers.

There is a requirement for a TGA registered product to have an approved manufacturer. Such a manufacturer is required to have a manufacturing license or a GMP certification. This ensures that the product is manufactured in compliance with the necessary quality standards. For Australian manufacturers, a manufacturing license from the TGA is required. For overseas manufacturers, GMP certification is obtained following a successful on-site inspection by the TGA. The details of the manufacturer, including their license or certification status, are included in the product dossier submitted to the TGA with the registration application as noted above.

The Group routinely monitors all aspects of its intellectual property to ensure they are in good standing, protected and not infringed by third parties to ensure the Group's brand reputation, goodwill and value are protected.

4.5 ***Strategy, Objectives and Future Prospects***

The Group launched its consumer health business in July 2021, and in a period of just over three years, has released a number of innovative products that are both distributed directly by the Group and are also licensed for distribution to third parties.

The Group, until recently, has been concentrating on expanding the footprint of its products by increasing distribution and sales within the Australian market, with 97 per cent. of its revenues for the year to 30 June 2024 generated solely in the Australian market. The Group is in its infancy of expanding its distribution network globally, initially into the UK and thereafter into Europe, the Middle East and Asian markets to take advantage of the demand for unique and innovative products. The Group's licensing and supply agreement with Haleon UK will facilitate the distribution of additional products into the UK market.

Strong demand globally for consumer health products presents an attractive opportunity to grow its distribution network globally, creating further revenue generating opportunities for the Group.

⁵ Registration of the transfer of the sponsorship for these TGA registered products from Ecopure Health Pty Ltd trustee for Ecopure Health Unit Trust to BSPS is pending TGA's approval following the Brand Solutions Australia acquisition.

The consumer health market, with its continued growth, has many key market drivers:

- Increased consumer focus on health and wellness
- Ageing Populations
- Emerging Middle Class
- Growing self-care to minimise the use of public health systems
- Sizeable unmet consumer needs

The Group up to now has been concentrating on maximising the distribution of its brands and products into the Australian market and has been successful in establishing its brands and products, which are now available in a significant proportion of major grocery and pharmacy retailers/wholesalers in Australia.

The Group has its brands and products sold in the following retailers/wholesalers:

- Wakey Wakey – Coles, Woolworths, Sigma, Symbion, API, Chemist Warehouse (Australia)
- Nighty Night – Coles, Woolworths, Sigma, Symbion, API, Chemist Warehouse (Australia)
- Pain Away – Coles, Woolworths, Sigma, Symbion, API, Chemist Warehouse, Aldi (Australia)
- Pharmacy Own – Clifford Hallam Healthcare (Australia)
- Wagner Health Liquigesics – Chemist Warehouse (Australia)
- Mr Bright – API (Australia), TK Maxx, Superdrug (United Kingdom)
- Wellness Life – Dispensed in any licenced and registered Australian pharmacies (Australia)

The Group has a clear and focused strategy to drive sales of its products, increase its margins and profitability and provide products that retailers and consumers desire to become a major participant in the global consumer health market.

The Group's plan to achieve this objective is through the implementation of the following strategies:

- **Increase penetration and revenue through existing distributors**

The Group's products are sold in a significant proportion of major grocery and pharmacy retailers in Australia, but there is further opportunity to expand distribution into independent pharmacies, independent grocery channels and convenience retailers. The Group also anticipates organic growth of the products as in most cases the products in the market are in their infancy of consumer acceptance and with additional advertising and promotions, customer acceptance should increase resulting in additional revenue.

- **Expansion of distribution through international markets**

The Group's international strategy will be executed by finding partners/distributors in those markets to represent the Group and obtain distribution and sales avenues with key retailers in the relevant markets. This strategy should reduce the costs and risks associated with entering these markets, as the Group will be entering into agreements with parties who understand the market and have a long track record of generating distribution and sales of consumer health care products. This is a strategy that has brought some initial success in the UK market.

- **New Product Development**

The Group has a strong track record of developing new products that meet both retailer and consumer demand, and with an in-house capability, the Group is able efficiently to bring new products to market that will increase its participation in the consumer health market which should present opportunities

to increase revenue and the profitability of the Group. The Group will ensure any new product development will be supported by research to maximise possible returns on the investment made.

- **Financial Discipline**

The Group will adopt an approach where the focus will be to increase its margins across its product portfolio with the aim of increasing profitability. In recent times, as a new participant in the consumer health market, the Group had a strategy of maximising the penetration of its products and revenue at the expense of margins and profitability. Additionally, the Group invested a significant proportion of capital in bringing new products to market that adversely impacted the financial performance of the Group in the short term.

The Group has recently changed its financial strategy to one of maximising its gross profit margins and profitability, with the Group being more strategic in deploying capital for new product development, marketing and promotions. This is evidenced by the increase in margins in 2024 compared to 2023. Gross profit margins for the Group for FY23 were 17 per cent. whilst FY24 gross margin increased to 30 per cent. The gross margin for the Group for the 6 month period to 30 June 2024 (H2 24) was 40 per cent. This strong gross profit margin growth, coupled with growing revenue and a more prudent investment strategy, should enhance the future profitability of the Group.

5. SUMMARY OF REGULATORY AND LEGAL FRAMEWORK

The majority of the Group's products are regulated by the TGA in Australia, the Australian government authority responsible for evaluating, assessing and monitoring products that are defined as therapeutic goods. If market authorisation is granted, the therapeutic good is listed or registered on the Australian Register of Therapeutic Goods ("ARTG"). In most cases, therapeutic goods must be entered on the ARTG before they can be lawfully imported into, supplied in, or exported from Australia. When goods are listed on the ARTG, the listing validates the safety and efficacy of the product and further allows the Group to make certain claims about the potential benefits in use of the relevant products.

Australia has a two-tiered system for the regulation of medicines, including complementary medicines:

- (i) **Registered:** higher risk medicines must be registered on the ARTG, which involves individually evaluating the quality, safety and effectiveness of the product; registered medicines are all prescription medicines, most OTC medicines, and some complementary medicines; and
- (ii) **Listed:** lower risk medicines containing pre-approved, low-risk ingredients and that make limited claims can be listed on the ARTG; listed medicines include some OTC medicines and most complementary medicines.

To maintain its TGA listing and registrations the Group must produce its products at a GMP licensed manufacturing facility that assures the highest quality of production and more importantly the product produced is in specification as per the listing or registration on the ARTG.

The Group has its own in-house experts to ensure compliance with all regulatory requirements, including observance of all marketing activities in relation to products listed or registered on the ARTG, with the TGA imposing regulations on how products can be advertised or promoted.

Successfully listing and registering a product on the ARTG does not automatically result in such products being sold in other countries as each country has its own regulations. Prevention of sales could be because of ingredients or levels of ingredients in products being prohibited in certain jurisdictions as well as packaging requirements of certain jurisdictions.

The Group has the necessary expertise to navigate this regulatory environment, easing its entry into other markets with the confidence that it is in compliance that with all regulatory requirements.

A detailed description of the material regulations affecting the Group's business, including those in relation to the operation of the Group's medicinal cannabis business, is set out in Part IV of this document.

6. HISTORICAL FINANCIAL INFORMATION

Selected historical financial information

Set out below is selected, summary consolidated financial information for the years ended 30 June 2022, 30 June 2023 and 30 June 2024, which has been extracted from the Company's published audited historical financial statements, and for the six month period ended 31 December 2024, which has been extracted from the Company's published unaudited consolidated interim financial statements. This financial information is set out in Part III (Historical Financial Information) of this document. Investors should read the whole of the Company's published historical financial information and should not rely solely on the summarised information set out below.

	<i>Year ended</i> <i>30 June</i> <i>2022</i> <i>Audited</i> <i>A\$m</i>	<i>Year ended</i> <i>30 June</i> <i>2023</i> <i>Audited</i> <i>A\$m</i>	<i>Year ended</i> <i>30 June</i> <i>2024</i> <i>Audited</i> <i>A\$m</i>	<i>Six months</i> <i>31 December</i> <i>2024</i> <i>Audited</i> <i>A\$m</i>
Revenue	18.61	27.89	16.94	11.96
Raw materials and consumables used	(14.11)	(23.14)	(11.86)	(9.24)
Gross profit	4.50	4.75	5.08	2.72
(Loss) after tax	(7.45)	(13.85)	(13.74)	(7.53)

Revenue decreased to A\$16.94 million in the year ended 30 June 2024 (year ended 30 June 2023: A\$27.89 million), a fall of 39.3% from the prior year, as a result of the decisions by the Company to cease providing brokerage services to third party brands, which while providing substantial revenue, was at low margins and was considered to provide minimal long term value to the business.

Wellnex's decision to pivot away from brokerage and to concentrate on the Company's own brands resulted in gross margins increasing to 30% for the year ended 30 June 2024 compared to 17% for the year ended 30 June 2023.

The loss after tax for the year ended 30 June 2024 was A\$13.74 million, down A\$0.11 million on the prior year (30 June 2023: \$13.85 million), with the loss in 2024 impacted by non-cash adjustments and one off expense associated with the acquisition of Pain Away in December 2023 of A\$6.8 million.

Part III of this document contains:

- the audited consolidated financial statements for the Group as at and for the year ended 30 June 2022;
- the audited consolidated financial statements for the Group as at and for the year ended 30 June 2023;
- the audited consolidated financial statements for the Group as at and for the year ended 30 June 2024; and
- the unaudited consolidated financial statements for the Group as at and for the six-month period ended 31 December 2024 with comparatives for the six-month period ended 31 December 2023.

7. CURRENT TRADING AND PROSPECTS

The Group continues to see increasing sales for the Group's products, collaborations and licensing and supply arrangements with Haleon UK and Arrotex, from which the Group anticipates future growth moving forward.

Revenue for the Group for the 6 month period to 31 December 2024 was A\$11.96 million, an increase of 112 per cent. compared to the same period 12 months earlier (6 months to 31 December 2023: A\$5.63 million).

Revenue for the Group's brands for the 6-month period to 31 December 2024, was \$8.49 million, an increase of 186% per cent compared to the same period 12 months earlier (6 months to 31 December 2023: \$3.0

million) and for the same period IP licensing increased 64% to \$3.47 million (6 months to 31 December 2023: \$2.12 million).

In the 6 months to 31 December 2024, the Group increased its gross profit margin by 319% to A\$2.72 million compared to the same period 12 months earlier (6 months to 31 December 2023: \$0.65 million).

	<i>HI FY24 (\$)</i>	<i>HI FY24 (%)</i>	<i>HI FY23 (\$)</i>	<i>HI FY23 (%)</i>
Revenue	\$11.96 million		\$5.65 million	
Cost of Goods	\$5.99 million	50.1%	\$4.10 million	72.6%
Trade Spend	\$3.25 million	27.2%	\$0.90 million	15.9%
Gross Profit	\$2.72 million	22.7%	\$0.65 million	11.5%

Despite a slower than anticipated start to 2025, current trading is now broadly in line with management's expectations. The Group's agreement with Haleon UK should add significant revenue to the Group over the medium term. The margins made on sales to Haleon UK are cost free as the Group does not contribute to any logistic, distribution, marketing or promotional activity.

The Group also expects to see continued growth in its brands over the medium term, with increased brand recognition and distribution that should see margins in dollar terms continue to increase.

The Group's medicinal cannabis activities are in their infancy and are not expected to have a meaningful impact on revenue in the near term.

8. DIVIDEND POLICY

The Directors do not intend to declare or pay a dividend in the immediate foreseeable future but, subject to the availability of sufficient distributable profits and compliance with all applicable legal and regulatory requirements, intend to commence the payment of dividends when it becomes commercially prudent to do so determining an appropriate dividend policy at that time.

9. BOARD AND SENIOR MANAGEMENT TEAM

The Directors and the Group's senior management have significant technical, operational and financial experience in the industries in which the Group operates. As at the date of this document the Board comprises three Executive Directors and five Non-Executive Directors, of which three are deemed by the Board to be independent.

Brief biographies of the Directors and Senior Management are set out below. Paragraph 10 of Part VI of this document contains further details of the Directors of the Company on Admission.

9.1 Directors

The Directors are as follows:

Mr. George Tambassis, Independent Non-Executive Chair (aged 60)

George is the current Pharmacy Guild of Australia President (Victorian Branch) and served as a director of the Pharmacy Guild of Australia (Victorian Branch) for 15 years. George has extensive board and executive experience in corporate strategy, business operations, finance and risk management, particularly in the health, logistics, pharmacy finance, insurance and aged care sectors. George was a Non-Executive Director of ASX-listed pharmaceutical wholesaler and franchisor Australian Pharmaceutical Industries, a Non-Executive Director at Kings Transport Consolidated Group Pty Ltd, and Chair of the Advisory Board at the Australian Biologics Academy – part of the Arrotex Pharmaceuticals group of companies.

Mr. Georgios (“George”) Karafotias, *Chief Executive Officer and Joint Managing Director (aged 49)*

George is a specialist in restructuring, reinventing and implementing turnaround strategies for various ASX-listed companies with great success. His extensive experience includes an established track record with publicly-traded businesses, predominantly in senior executive positions. He is also a non-executive Director of ASX-listed Perpetual Resources Limited (ASX:PEC) and holds a Bachelor of Commerce degree from the University of Adelaide.

Mr. Zlatko (“Zack”) Bozinovski, *Joint Managing Director (aged 60)*

Zack is a highly successful and seasoned executive in the Australian retail industry with over 35 years’ experience within fast-moving consumer goods and pharmaceutical companies in Australia and internationally. Zack has previously held senior positions at Uncle Tobys/Goodman Fielder, PepsiCo and Sigma and successfully developed and established many brands in the Australian retail sector. Zack most recently held the position of Managing Director at Brands Solutions Australia. Zack was also a co-founder of Voost Vitamins, recently sold to Proctor & Gamble.

Mrs. Yuan (“Vivienne”) Zhang, *Chief Financial Officer (aged 45)*

Vivienne is a CPA qualified accountant, with over 12 years’ experience in senior financial management, primarily in FMCG. Vivienne’s previous role was with SABCO Australia as financial controller, where she was responsible for overseeing the financial management of an A\$100 million revenue company.

Vivienne has a master’s degree in Commerce and Accounting and a bachelor’s degree in International Trade.

Mr. Andrew John Vidler, *Independent Non-Executive Director (aged 56)*

Andrew has comprehensive experience across retail, consumer health and retail pharmacy. His over 30 years’ experience includes nearly 20 years with the EBOS Group where across many roles he led the Terry White and Chemmart pharmacy brands and the Endeavour Consumer Health products business. Andrew is the former Executive General Manager – Retail at Wesfarmers Health where he was responsible for the Priceline and Priceline Pharmacy business. In 2024 he was the CEO of ASX listed dental service organisation, Pacific Smiles Limited which was acquired by Genesis Capital in December of that year. Andrew is currently the CEO of the assistive technologies business, Country Care Group, a large Australian private business which manufactures, sells, and retails to customers seeking mobility and independent living solutions across Australia. Andrew holds a Bachelor of Arts and a Bachelor of Business from Monash University in Melbourne.

Mr. Jeffrey Chien-Hong Yeh, *Non-Executive Director (aged 53)*

Jeffrey is an experienced, all-round entrepreneur, with over 21 years’ experience in all aspects of pharmaceutical sales, marketing, production, quality assurance, operations, logistics, finance and management. Jeffrey co-founded Homart Group Pty Ltd (“Homart”) in 2002, and since then has grown Homart into a premier and award-winning manufacturing and brand business with over 200 employees and an international presence.

Mr. Eric Hua Jian Jiang, *Independent Non-Executive Director (aged 49)*

Eric is a corporate adviser and independent board member. Eric brings a distinctive understanding of the culture, economic and strategic context in which Australian businesses engage with China. Eric has previously sat on the boards of ASX listed corporates Connexion Media (ASX: CXZ), Perpetual Resources Limited (ASX: PEC) and Wingara AG Limited (ASX: WNR). He is a past president of the Chinese Community Council of Australia.

Mr. John Ruari McGirr, *Non-Executive Director (aged 57)*

Ruari is a qualified chartered accountant and a former approved Qualified Executive under the AIM Rules for Nominated Advisers. He has been an adviser to both quoted companies on the London financial markets and private companies for over 30 years, working at a number of financial advisory firms, including Arden Partners Plc and WH Ireland Limited's Capital Markets Division (both of which are now part of Zeus Capital). Ruari has also worked in industry in innovative businesses across the UK, Switzerland, and Singapore.

9.2 **Senior Management**

Mr. Chris Kominatos, *Scientific and Regulatory Director (aged 60)*

Chris is a leading pharmaceutical product developer with over 20 years' experience, having led many commercialisations of pharmaceutical products and obtaining TGA approvals. Chris has consulted and worked with Australia's major pharmaceutical companies to obtain regulatory approvals and launch unique products under their banners both for branded and private label and for complementary and scheduled therapeutic goods. Chris is listed as the "responsible person" on BSPS's licenses in connection with BSPS's medicinal cannabis operations.

Mr. Nicholas Krogh, *Sales & Marketing Manager (aged 53)*

Nicholas has over 20 years' experience in FMCG, including various roles within L'Oréal Australia, including over two years as National Field Manager, four years as head of Pharmacy and two years with Woolworths & Big W. He then went on to a joint venture with Nestle Health Sciences in the Vitamin space for two years. After another three years in the baby/toddler market with Tommee Tippee as National Business Manager Nicholas headed back to the beauty space and joined The Heat Group.

Nicholas spent the next eight years working within the heat business across all channels including pharmacy, grocery, export, and emerging markets. Nick spent the last two years under the newly formed Hiro Brands business as Executive General Manger of Sales and was an integral part of the complex integration of The Heat Group & The Aware Environmental group.

Dr Sylvia Victor, *General Manager (Medicinal Cannabis) (aged 41)*

Dr Sylvia Victor, Ph.D., MBA, GAICD is a distinguished leader in commercial operations, recognised for her unique combination of expertise and strategic business acumen. With over two decades of experience in the healthcare industry, she has held key roles across the Asia Pacific in Alternative Therapies, Healthtech software, Medical Devices and Biotechnology R&D. Her academic credentials include a BSc in Biomedical Science with First Class Honours from the University of Auckland, a PhD in Personalised Medicine & Virology from the University of Tokyo, and an MBA from McGill University in Canada. She is also a Graduate of the Australian Institute of Company Directors.

Since July 2024, Dr Sylvia Victor has been General Manager (Medicinal Cannabis) for Wellnex Life Limited, leading the launch of its medicinal cannabis division. She is also Co-Founder and Managing Director of Trinit Health Co., a national telehealth clinic using alternative medicine, with a national presence in Australia. In addition, she is a Principal at Holistic Initiatives Pty Ltd, a Melbourne-based healthcare consulting firm focused on fostering industry relationships through research and clinical data to drive business growth and market expansion.

10. BOARD AND CORPORATE GOVERNANCE

10.1 **Overview**

The Board is responsible for the corporate governance of the Company and guides and monitors the Company's business on behalf of its shareholders. The Company and its Board are fully committed to achieving and demonstrating the highest standards of accountability and transparency in their reporting and see the continued development of the Company's corporate governance policies and practices as fundamental to the Company's successful growth.

In accordance with the AIM Rules for Companies, the Company is required to follow a recognised corporate governance code. The Company has adopted the *Corporate Governance Principles and Recommendations (4th Edition)* published by the ASX Corporate Governance Council (the “CGPR”), to the extent deemed relevant and practical. The Company, in accordance with Rule 26 of the AIM Rules for Companies, has included on its website a statement setting out the extent of the Company’s compliance with the CGPR, which is reviewed on an annual basis, and as an entity listed on the ASX, the Company is required to report any departures from the recommendations in the CGPR in its annual report and financial statements. As at the date of this document, the Company intends to comply with the CGPR other than as set out below in ‘Departures from the CGPR’ in paragraph 10.3 of this Part I.

The Company is not required to comply with the provisions of the UK Corporate Governance Code, issued from time to time by the Financial Reporting Council.

10.2 *Charters, Policies and Committees*

Together with the Constitution, the following charters and policies have been adopted by the Company to achieve a high standard of corporate governance:

- Board Charter
- Corporate Code of Conduct
- Risk and Audit Committee Charter
- Remuneration and Nomination Committee Charter
- Regulatory Compliance Committee Charter
- Shareholder Communications Policy
- Social Media Policy
- Securities Trading Policy
- Continuous Disclosure Policy
- AIM Rules Compliance Policy
- Whistleblower Policy
- Anti-Bribery and Anti-Corruption Policy

Securities Trading Policy

In order to comply with UK MAR, the DTRs, the AIM Rules for Companies, the ASX Listing Rules and the Corporations Act, the Company has adopted a Securities Trading Policy in relation to the Ordinary Shares and other securities in the Company. The policy outlines the law on insider trading in Australia and the United Kingdom and the restrictions on dealing which could materially affect the value of the Ordinary Shares, including preventing the misuse of unpublished information and the prohibition on short term or speculative trading. The policy also provides that a designated person (being Directors, senior executives or any other person who becomes aware of inside information pursuant to their role in the Company) must seek the approval from the Chair (or the Board, if the relevant designated person is the Chair) before dealing in the Company’s Ordinary Shares, and that designated persons may not deal in Ordinary Shares during closed trading periods or if they know, or ought reasonably to know, of any inside information in respect of the Company.

In exceptional circumstances, and on request from a designated person, the Chair of the Company (or the Board, if the designated person is the Chair) may give written approval for the designated person to dispose or transfer their Ordinary Shares during a closed trading period. Exceptional circumstances

include financial hardship on the designated person or where the designated person is required by court order to dispose of their Ordinary Shares.

Continuous Disclosure Policy

The Company has adopted a Continuous Disclosure Policy to ensure that the Company, as a minimum, complies with its continuous disclosure obligations under the Corporations Act, the ASX Listing Rules, UK MAR, the DTRs and the AIM Rules for Companies as applicable to the Company; provides Shareholders and the market with timely, direct and equal access to information issued by the Company; and promotes investor confidence in the integrity of the Company and its securities. The Company has an obligation to keep the market fully informed of any information it becomes aware of which may have a material effect on the price or value of the Ordinary Shares, or would otherwise constitute inside information, and make all required securities exchange filings. The policy outlines the obligations of Company's officers with respect to disclosure as well as any exemptions which may apply, including the ability of the Company to delay the disclosure of inside information where permitted under UK MAR.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee will convene at least twice a year having regard to the occurrence of Board vacancies and when Director and executive remuneration is due for review. The committee will assist the Board in reviewing the structure, size, performance and composition of the Board, including developing and reviewing a formal transparent process for selection, appointment and re-appointment of Directors. In addition, the committee will review the terms of employment contracts and succession plans for the Directors, including the Chair and Chief Executive Officer and other senior executives. The committee will assist the Board in determining its responsibilities in relation to directors' remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, including setting the framework for individual remuneration packages of such persons including agreeing benefit packages.

At Admission, the Nomination and Remuneration Committee will be chaired by Mr Yeh and its other members will be Mr Tambassis and Mr Vidler.

Risk and Audit Committee

The Risk and Audit Committee will convene at least four times a year. The committee will assist the Board with the overall risk management framework and financial reporting, including reviewing the Group's financial statements and accounting policies, internal controls, whistleblowing, fraud and compliance, overseeing the relationship with the external auditors (including advising on appointment, agreeing scope of work and reviewing findings) and reviewing the effectiveness of the internal audit and internal controls in place within the Group.

At Admission, the Risk and Audit Committee will be chaired by Mr Jiang and the other members will be Mr Tambassis and Mr McGirr.

Regulatory Compliance Committee

The Regulatory Compliance Committee ("RCC"), which comprises two members of the Board (one of whom, who must be an independent non-executive director will chair the RCC), along with Mr Chris Kominatos (in his role as Scientific and Regulatory Director) and Dr Sylvia Victor (in her role as General Manager – Cannabis) (or persons subsequently fulfilling their roles) as core members, will oversee, review and supervise the regulatory compliance of the Group and affiliated entities, including BSPS and the JV, with respect to the Group's activities involving medicinal cannabis ("MC Activities").

The RCC will also monitor the regulatory compliance of the Group's supply chain parties for MC Activities, including the regulatory compliance of the upstream suppliers of cannabis plants, cannabis or cannabis resin to manufacturers of medicinal cannabis products supplied to the Group and the

manufacturers of medicinal cannabis products supplied to the Group, and assist the Board in discharging its responsibilities relative to regulatory compliance of the Group's MC Activities.

At Admission, the RCC will comprise of two directors, being George Karafotias and Andrew Vidler, Mr Chris Kominatos and Dr Sylvia Victor. Further details of the RCC are set out at paragraph 2 of Part IV of this document.

10.3 *Departures from the CGPR*

As noted above, to the extent applicable, in light of the Company's size and nature, the Board has adopted the recommendations in the CGPR. However, the Board also recognises that full adoption of the CGPR may not be practical or provide the optimal result given the particular circumstances of the Company. The Company intends to comply with the recommendations in the CGPR other than to the extent set out below.

Except as set out below, the Company is in compliance with each of the recommendations under the CGPR:

- **Recommendation 2.4:** Independent directors do not make up a majority of the Company's board.
- **Recommendation 3.1:** The Company has not articulated or disclosed its values. The Company is currently in the process of establishing its values.

The Company's full Corporate Governance Plan and Corporate Governance Statement is available on the Company's website – www.wellnexlife.com.au

11. THE PLACING

The Company has conditionally raised £5.22 million (A\$10.68 million) (before expenses) by way of a placing of the Placing Shares at the Placing Price.

The UK Placing

Each of the Joint Brokers has severally agreed, pursuant to the Placing Agreement and conditional, *inter alia*, upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission and Admission occurring, to use its reasonable endeavours to place the UK Placing Shares at the Placing Price with investors. The UK Placing has not been underwritten by the Joint Brokers or any other party.

Each of the Joint Brokers has the right to terminate the Placing Agreement and not proceed with the UK Placing if, prior to Admission, certain events occur, including a breach of the Placing Agreement by the Company and/or the Directors, which either of the Joint Brokers or Strand Hanson consider (acting in good faith) to be material in the context of the UK Placing and/or Admission, and the occurrence of certain force majeure events which in the opinion of either of the Joint Brokers or Strand Hanson (acting in good faith) makes, or is expected to make, it inadvisable or impracticable to proceed with the UK Placing and/or Admission or which materially and adversely affects or is likely to materially and adversely affect the business and financial position of the Group. If such right is exercised by a Joint Broker, the UK Placing will lapse and any monies received in respect of the UK Placing Shares will be returned to investors without interest. Under the terms of the Placing Agreement, Admission and completion of the UK Placing are also conditional upon the Company completing the payment to the PA Sellers of the cash payment of A\$5,250,000 due to be paid on or before 21 March 2025.

Further details of the Placing Agreement are set out in paragraph 14.1 of Part VI of this document, and further details of the payments to be made to the PA Sellers are set out in paragraph 14.14 of Part VI of this document.

The Australian Placing

In addition to the UK Placing explained above, Barclay Pearce and Reach have agreed to use their reasonable endeavours to place the Australian Placing Shares at the Placing Price with investors. The Australian Placing has not been underwritten by Barclay Pearce, Reach or any other party. Settlement of the issue of the Australian Placing Shares will happen shortly prior to Admission.

Further details of the Company's mandates with Barclay Pearce and Reach relating to the Australian Placing are set out in paragraphs 14.22 and 14.23 of Part VI of this document.

Admission and dealings in the Enlarged Share Capital on AIM are expected to commence at 8.00 a.m. (London time) on 21 March 2025.

The Placing Shares will be in registered form and will be issued credited as fully paid and will, when issued, rank in full for all dividends and other distributions declared paid or made on the Ordinary Shares after Admission.

12. REASONS FOR ADMISSION AND USE OF THE PROCEEDS OF THE PLACING

The Directors are seeking to list the Company's Ordinary Shares on AIM as part of the Company's strategy to continue to bring to market innovative products, increase distribution with a particular focus on international markets and take further advantage of the strong supply agreements with Haleon and others. In addition, the Directors believe that the profile and status of the Company will be enhanced by Admission.

The net proceeds of the Placing, which are estimated to be £4.49 million (A\$9.20 million), together with the £1.07 million (A\$2.19 million) proceeds of the completed Rights Offer, will be used by the Company as follows:

- £3.05 million (A\$6.25 million) to finance the repayment of the deferred consideration in respect of the Company's acquisition of Pain Away;
- £2.20 million (A\$4.51 million) for the partial repayment of the Convertible Notes, being the balance of the Convertible Notes due following the application of A\$2.19 million of the Convertible Notes in subscription for 3,369,231 Ordinary Shares at a price equal to the Placing Price, conditional upon Admission;
- the balance, being approximately £0.31 million (A\$0.63 million), for working capital purposes to drive international expansion.

13. SHARE OPTIONS AND WARRANTS

The Company has, and will at Admission have, the following Options outstanding:

- 1,400,000 options expiring 1 January 2026, exercisable at a price of A\$2.50;
- 146,316 options expiring 6 February 2026, exercisable at a price of A\$7.50;
- 550,000 options expiring 20 July 2025, exercisable at a price of A\$5.00;
- 5,055,123 options expiring 30 June 2025, exercisable at a price of A\$2.50; and
- 820,000 options expiring 7 February 2027, exercisable at a price of A\$2.50.

Further details of the terms of the Options are set out in paragraph 5 of Part VI of this document.

In addition to the Options, conditional on Admission taking place, under the terms of the Placing Agreement, the Company has agreed, subject to the ASX Approval being obtained, to grant the Strand Warrants and the Orana Warrants to Strand Hanson and Orana respectively under the terms of the warrants instruments (namely the Strand Warrant Instrument and the Orana Warrant Instrument), the key terms of which are summarised in paragraphs 14.8 and 14.9 of Part VI of this document.

Subject to the ASX Approval being obtained, the Strand Warrants are to be granted by the Company following Admission and these will enable Strand Hanson to subscribe for, in aggregate, 1,023,622 Ordinary Shares at an exercise price per Ordinary Share equal to the Placing Price during a period of three years from the date of the Strand Warrant Instrument. Furthermore, subject to the ASX Approval being obtained, the Orana Warrants are to be granted by the Company following Admission on similar terms and these will enable Orana to subscribe for, in aggregate, 708,661 Ordinary Shares at an exercise price per Ordinary Share equal to the Placing Price during a period of three years from the date of the Orana Warrant Instrument.

The Company will also, upon Admission, grant options over 847,826 Ordinary Shares to certain investors in the Company under the terms of a previous equity fundraising. Such options are exercisable at a price of A\$1.40 per Ordinary Share at any time prior to 30 March 2026.

Further details of the options to be granted to investors are summarised above are set out in paragraph 14.10 of Part VI of this document.

14. CONVERTIBLE NOTES AND NON-RENOUNCEABLE RIGHTS OFFER

The Company has issued Convertible Notes of a total principal amount of A\$6,698,650. Admission is considered an ‘exit event’ under the deeds constituting the Convertible Notes. It has therefore been agreed with the holders of the Convertible Notes that, upon Admission, A\$2,190,000 of the amount outstanding under such Convertible Notes will be applied in subscribing for a total of 3,369,231 Ordinary Shares at a price equal to the Placing Price, and the balance of the Convertible Notes, with a principal value of A\$4,508,650 will be repaid in full. Interest (including interest which would have accrued for the three months after the redemption date, per the terms of the Convertible Notes), will be satisfied by the issue of 840,546 Ordinary Shares at a price equal to the Placing Price.

Further details of the Convertible Notes summarised above are set out in paragraph 14.11 of Part VI of this document.

The Company launched a non-renounceable entitlement offer of 1 new Ordinary Share for every 1 Ordinary Share registered as being held by “eligible shareholders” as at 7:00pm (Melbourne time) on 13 February 2025 at an issue price equal to the Placing Price (“Rights Offer”). Under the Rights Offer, the Company could issue up to 34,099,861 new Ordinary Shares and raise up to A\$22.1 million. The Closing Date for applications for new Ordinary Shares under the Rights Offer was 5:00pm (Melbourne time) on 26 February 2025. Following the close of the Rights Offer, 3,371,073 new Ordinary Shares were issued to participants in the Rights Offer on 5 March 2025.

15. LOCK-IN AND ORDERLY MARKET ARRANGEMENTS

Each of the Directors who has a direct interest in Ordinary Shares held at Admission, being each of Zack Bozinovski, George Karafotias, Jeffrey Yeh, Andrew Vidler and Eric Jiang, has entered into a Lock-in Agreement, pursuant to which terms they have undertaken to the Company, Strand Hanson, the Joint Brokers and Barclay Pearce that, save in specified circumstances, they will not dispose of any interest in Ordinary Shares in which they are directly interested prior to the first anniversary of Admission. The aggregate number of Ordinary Shares subject to such Lock-In Agreements is 3,833,380, representing 5.79 per cent. of the Enlarged Share Capital upon Admission. The Ordinary Shares subject to lock-in arrangements with Jeffrey Yeh relate only to his holding via JYSF Management Pty Ltd, and do not include the Ordinary Shares held by Homart Group Pty Ltd, Kirby Superannuation Fund, MYLY Trust or his wider family. Furthermore, each such person has also undertaken to the Company, Strand Hanson, the Joint Brokers and Barclay Pearce, subject to the same exemptions, not to dispose of any of their interests in any Ordinary Shares which they legally and beneficially own at Admission for a further period of 12 months following the first anniversary of Admission, other than through a Joint Broker, Barclay Pearce or their successors or, in each case, such broker’s or replacement broker’s authorised or appointed brokers, and in such manner as they may reasonably require with a view to maintenance of an orderly market in the Ordinary Shares, save where a Joint Broker, Barclay Pearce or their successors (or, as applicable, their authorised or appointed broker), within three Business Days of being formally instructed to make the disposal are unable to arrange it at a

price and on such terms as to commission and execution which are acceptable to the relevant Director subject to a Lock-in Agreement, the disposal may be effected through a third party broker but only:

- where such Ordinary Shares are disposed at a price higher than the price quoted by, and otherwise on terms no less favourable than those offered by the Joint Brokers or Barclay Pearce or their successors (or, as applicable, their authorised or appointed broker);
- within a further three Business Days of the expiry of the period of three Business Days referred to above; and
- with the intention that an orderly market should be maintained in the share capital of the Company.

The specified exemptions to the Lock-in Agreements are:

- (a) any disposal in acceptance of a takeover bid for the whole or part of the issued equity share capital of the Company (other than any equity share capital held by or committed to the bidder and/or persons acting in concert with the bidder) made under Chapter 6 of the Corporations Act, that, if successful, would result in the bidder having a relevant interest in more than 50 per cent. of the equity share capital of the Company on issue;
- (b) any disposal pursuant to a scheme of arrangement under Part 5.1 of the Corporations Act in relation to the Company;
- (c) any disposal pursuant to an offer by the Company to purchase its own shares which is made on identical terms to all holders of Ordinary Shares in the Company, and which otherwise complies with all applicable legal and regulatory requirements;
- (d) any disposal pursuant to an intervening court order; or
- (e) with the consent of the Company, Strand Hanson, the Joint Brokers and Barclay Pearce (or their successors).

16. ADMISSION, SETTLEMENT AND DEALINGS

a. *Admission to AIM and dealings in Ordinary Shares*

Application has been made for all of the Ordinary Shares, issued and to be issued pursuant to the Placing, in part satisfaction of the Convertible Notes, and as consideration to the advisers, to be admitted to trading on AIM. It is expected that Admission will become effective and dealings will commence in the Ordinary Shares on AIM at 8.00 a.m. (London time) on 21 March 2025. The Ordinary Shares are currently admitted to trading on the ASX. Other than the ASX and AIM, no application has or will be made for the Ordinary Shares to be admitted to trading or to be listed on any other stock exchange.

b. *CREST and depositary interests*

Securities issued by companies not incorporated in the UK, Isle of Man or Channel Islands, such as Wellnex, cannot be held electronically (i.e. in uncertificated form) or transferred in CREST. In order to be traded on AIM, securities must be able to be transferred and settled through the CREST system, a UK computerised paperless share transfer and settlement system operated by Euroclear, which allows shares and other securities, including depositary interests, to be held in electronic rather than in paper form. Depositary interests representing underlying shares can allow securities to be dematerialised and settled electronically. Accordingly, the Ordinary Shares will not themselves be admitted to CREST. Instead, Wellnex, through its Depositary, will have a facility whereby Depositary Interests, representing Ordinary Shares, will be issued by the Depositary to persons who wish to hold the Ordinary Shares in electronic form within the CREST system. Under the terms of the Depositary Deed Poll (which is further described in paragraph 14.7 of Part VI of this document), the Depositary (or its custodian, if appointed) will hold Ordinary Shares in uncertificated form, as bare trustee, and it will issue uncertificated Depositary Interests (on a one-for-one basis) representing those underlying Ordinary Shares and provide the necessary custodian services. The relevant Shareholders will retain the

beneficial interest in the Ordinary Shares held through the Depositary Interest facility and voting rights, dividends or any other rights relating to those Ordinary Shares will be passed on by the Depositary (or its nominee) in accordance with the terms of the Depositary Deed Poll. The Depositary Interests can then be held and settled within the CREST system in the same way as any other CREST security.

Each Depositary Interest will be treated as one Ordinary Share for the purposes of determining eligibility for dividends and voting entitlements. In respect of any dividends declared, Wellnex will provide the Depositary (or custodian, if appointed) with funds for the payment and the Depositary will transfer the money to the DI Holders. In respect of voting, the Depositary will cast votes in respect of the Ordinary Shares as directed by the DI Holders which the relevant Ordinary Shares represent.

The Depositary Interests will be created pursuant to and issued on the terms of the Depositary Deed Poll. Prospective DI Holders should note that they will have no rights in respect of the underlying Ordinary Shares or the Depositary Interests representing them against CREST or its subsidiaries. The Depositary Interests will have the same ISIN as the underlying Ordinary Shares and will not require a separate application for admission to trading on AIM.

A holder of the Ordinary Shares on the share register of Wellnex maintained in Australia (the “**Share Register**”) (a “**Shareholder**”) will be able to do the following to obtain a Depositary Interest for its Ordinary Shares: a) in the case of a Shareholder on the issuer sponsored sub-register by completing a Depositary Interest issuance request form, and returning this with original certified ID, to the Share Registrar; or b) by contacting their sponsoring Australian CHES Participant to request a conversion of their Ordinary Shares into Depositary Interests issued in the UK. This is relevant to Shareholders that hold their Ordinary Shares on the CHES sub-register. In both cases, the Ordinary Shares will be transferred to the Depositary’s custodian.

After these steps are completed, a Depositary Interest can be created and is then issued to the CREST participant that the Shareholder, or the Shareholder’s broker, requested on the Depositary Interest issuance request form.

If a DI Holder wishes to cancel its Depositary Interest, it will either directly or through its broker instruct the applicable CREST participant to initiate a CREST withdrawal (where such withdrawal is sent to the Depositary) for the name that appears on the DI Register. The Depositary Interest will then be cancelled by the Depositary and the related Ordinary Share will be transferred to the holder on the Share Register by the Share Registrar. A holding statement will then be sent to the Shareholder’s registered address.

Details of the Depositary Agreement and the Depositary Deed Poll are set out in paragraphs 14.6 and 14.7 of Part VI of this document.

c. ***Settlement***

Application has been made for the Ordinary Shares, in the form of Depositary Interests, to be admitted to CREST, with effect from Admission, and CREST has agreed to such Admission. Accordingly, following Admission, the settlement of trading in the Ordinary Shares conducted on AIM will be in the form of Depositary Interests within the CREST system. If the relevant Shareholder so wishes, and is able under their broking arrangements (if applicable), they can request to convert their Ordinary Shares held on the Share Register into Depositary Interests held in CREST. Shareholders who wish to continue holding their Ordinary Shares in uncertificated form on the Share Register, and trade on the ASX, will still be able to do so.

17. TAKEOVER PROVISIONS

As the Company is incorporated in Australia, the UK’s Takeover Code does not apply to it and, accordingly, Shareholders are not entitled to the protections afforded by the Takeover Code or the Takeover Panel. However, the Company is subject to the Australian Corporations Act and Shareholders will have the benefit of the protections afforded by Chapter 6 of the Australian Corporations Act, which are similar or analogous to certain provisions of the UK’s Takeover Code.

The Corporations Act prohibits the acquisition of a “relevant interest” (becoming a registered holder of a share or having the power to exercise, or control the exercise of, the right to vote or the power to dispose of, or control the exercise to dispose of, a share) in the Ordinary Shares of the Company (for so long as it has more than 50 members), where, as a result of the acquisition, that person’s or someone else’s voting power in the Company increases from under 20 per cent. to over 20 per cent. or increases from a starting point that is above 20 percent and below 90 per cent.

Generally, such acquisitions cannot be made unless the person acquires less than three per cent. of the voting shares in the company than they had six months before the acquisition (subject to holding at least 19 per cent. throughout that six month period), the acquisition is made with shareholder approval, the acquisition is made under a takeover bid (or pursuant to a scheme of arrangement) made in accordance with Australian law, the acquisition results from a pro-rata rights issue to shareholders, it is a downstream acquisition resulting from an acquisition of relevant interests in another listed entity or an acquisition resulting from a court approved scheme of arrangement. Takeover bids must treat all shareholders alike and must not involve any collateral benefits. Various restrictions about conditional offers exist and there are also substantial restrictions concerning the withdrawal and suspension of offers.

18. DISCLOSURE OF SUBSTANTIAL SHAREHOLDINGS

Shareholders should note that they will be subject to certain obligations to disclose their interests in Ordinary Shares and other securities of the Company under Australian law and, with effect from Admission, under provisions of the Constitution that, as required by the AIM Rules for Companies, seek to incorporate the provisions of DTR 5. Shareholders should note that they are required to comply with both regimes.

a. *ASX and Corporations Act disclosure requirements*

Under the Corporations Act, a person has a “substantial holding” in the Company if that person and his/her associates have a relevant interest in 5 per cent. or more of the total number of Ordinary Shares in a company.

A person who:

- begins to or ceases to have a substantial holding in a company; or
- has a substantial holding in a company and there is movement by at least one per cent. in their holding,

must give notice to the company and to the ASX. The contents of the notice are prescribed in the Australian Corporations Act, section 671B(3) and section 671B(4).

b. *AIM disclosure requirements*

Under the AIM Rules for Companies, with effect from Admission, the Company will be obliged to announce any changes to the holding of a significant Shareholder (i.e. any person with a holding of 3 per cent. or more of the issued Ordinary Shares (excluding treasury shares)) above 3 per cent. (excluding treasury shares) which increase or decrease such holding through any single percentage. This reflects the disclosure requirements of DTR 5. However, because the Company is an Australian incorporated company whose Ordinary Shares will be admitted to trading on AIM, it and its Shareholders are not subject to DTR 5. Accordingly, the guidance to the AIM Rules for Companies states that the Company is required to use all reasonable endeavours to comply with its obligations to announce changes to the holdings of significant Shareholders notwithstanding that Australian law does not contain provisions that are similar to DTR 5 (in this case, being that the disclosure thresholds under Australian law are different to those specified by DTR 5). Such guidance advises the Company to include provisions in its Constitution requiring significant Shareholders to notify it of any relevant changes to their shareholdings in similar terms to DTR 5.

Accordingly, the Company has incorporated into its Constitution provisions that oblige its Shareholders to inform it of any relevant changes to their interests in Ordinary Shares as if DTR 5 applied to the Company. From Admission, a person must notify the Company of the percentage of

its voting rights he holds as Shareholder or holds or is deemed to hold through his direct or indirect holding of financial instruments (or a combination of such holdings) if the percentage of those voting rights reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as a result of an acquisition or disposal of voting rights or financial instruments, or an event changing the breakdown of voting rights. Such a notification must be made as soon as possible, but not later than two trading days after the date of the relevant trade or change of circumstances that resulted in the disclosure requirement. Such a notification must be made by way of a Form TR-1, which is available via the FCA's website – www.fca.org.uk.

Shareholders are advised to take their own independent legal advice in relation to their disclosure obligations.

19. TAXATION

Information regarding certain taxation with respect to Ordinary Shares and Admission is set out in Part V of this document. These details are, however, intended only as a general guide to the current position under UK and Australian taxation law. The tax consequences for each Shareholder of investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject as well as the relevant laws of the Company's country of incorporation. Tax legislation to which a Shareholder is subject and of the Company's country of incorporation may have an impact on the income received from the Ordinary Shares. Shareholders who are in doubt as to their tax position should consult their professional advisers immediately.

20. FEE SHARES

In connection with Admission, certain of the Company's advisers have agreed, conditional on Admission becoming effective, to apply certain of their fees and/or commission due from the Company in subscription for 1,656,856 of the Fee Shares, and the Company will upon Admission issue the Fee Shares to such advisers.

In addition, the balance of 5,985,969 of the Fee Shares will be issued upon Admission to certain advisers to the Company in respect of services rendered historically.

21. RETAIL OFFER

Following publication of this document and conditional on Admission becoming effective, the Company proposes to separately carry out an offering of Retail Offer Shares to retail investors via Winterflood Securities Limited's WRAP platform to raise up to c.£300,000 (A\$614,100) (before expenses) at a price per Retail Offer Share equal to the Placing Price.

22. FURTHER INFORMATION

You should read the whole of this document, which provides additional information on the Group, and not just rely on the information contained in this Part I. In particular, your attention is drawn to the "Risk Factors" in Part II of this document.

PART II

RISK FACTORS

Any investment in the Ordinary Shares is speculative and subject to a high degree of risk. Accordingly, prior to investing in the Ordinary Shares, prospective investors should consider carefully the risks associated with any investment in the Ordinary Shares, the Group's business and the industry in which the Group operates, together with all other information contained in this document including, in particular, the risk factors described below. If any of the following risks actually occur, the Group's business, financial condition, capital resources, results or future operations could be materially adversely affected.

Additional risks and uncertainties relating to the Company and its subsidiaries that are not currently known to the Company, or that the Company currently deems immaterial, may also have a material adverse effect on the business of the Group or on the Group's financial condition and operating results.

This, among other factors, could cause a decrease in the price of the Ordinary Shares and investors could lose all or part of their investment. If you are in any doubt about the contents of this document or the action you should take, you are strongly recommended to consult a professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in view of the information in this document, their personal circumstances and the financial resources available to them.

GENERAL RISKS

Investment in AIM securities

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for him or her in the light of his or her personal circumstances and the financial resources available to him or her. The investment opportunity offered in this document may not be suitable for all recipients of this document.

Investors are therefore strongly recommended to consult an investment adviser authorised under FSMA, or such other similar body in their jurisdiction, who specialises in advising on investments of this nature before making their decision to invest.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the commercial objectives of the Company will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to future performance.

Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on demand for the Group's products. A more prolonged downturn may lead to an overall decline in sales. Economic uncertainty might have an adverse impact on the Group's operations and business results.

SPECIFIC RISKS RELATING TO THE GROUP'S ACTIVITIES

Business strategy execution

The Group's future growth and financial performance is dependent on the Group's ability to successfully execute its business strategy. This will be impacted by a number of factors, including, but not limited to, the Group's ability to (i) develop its brands portfolio through new product development and market execution; (ii) ensure the brands of the Group deliver on their promise; (iii) identify and support new and existing

brands with the potential to develop into global brands; (iv) innovate and develop new products that are appealing to consumers; (v) continue to expand its distribution into direct consumer channels; (vi) expand its brands and products into international markets; and (vii) maintain and expand its relationships with its third party partners.

There can be no assurance that the Group can successfully achieve any or all of the above initiatives or strategies. The failure by the Group to successfully execute its business strategy could have a material adverse effect on the Group's business, financial condition and results of operations.

Competition

The health and pharmaceutical market in which the Group operates is highly competitive and the competition will continue to increase as more and more competitors enter the market in all geographic markets. Competition comes from companies of all sizes, including large multinational companies with greater resources than the Group, which compete on cost-effectiveness, product effectiveness and quality, brand recognition, loyalty, technological innovations, consumer convenience, promotional activities, new product innovations and expansion into new markets and channels.

The Group expects moving forward to see heightened activity from competitors both in the Australian and global markets, including an increase in the introduction and aggressive marketing of new products in direct competition to the Group's brands and products. The Group expects to experience: (i) increasing and aggressive competition from small and high growth companies that continue to bring new brands and product to market that result in direct competition to the Group; (ii) increasing competition from large consumer health companies, in some instances multinationals, who will look to increase their presence by increasing products in markets, increased spending on promotions and discounts to disrupt the market and take market share from competitors; and (iii) continuing competition from "private label" products, which are brands sold exclusively by a particular retailer.

The Group's competitors may spend more aggressively and more effectively on advertising, promotions, and discounts, introduce competing products more quickly and/or respond more effectively to business and economic conditions and changing customer preferences, including by launching new innovative new brands/products.

The Group may not be able to anticipate or have the ability to defend against threats by the many competitors across its markets, which could harm the Group's business. Further, the cost of responding to the increasing competition is significant, including management time, and price reductions and increasing promotional activity may materially adversely affect the Group's operational and financial performance.

The Group will face the same, and in some cases increased, competition in international markets, where there are an increased number of consumer healthcare companies who have been operating in these particular markets and where they have entrenched their position in the health and pharmaceutical market in these relevant markets.

Customer Preference

The Group, as a consumer health business, relies on its ability to leverage its existing brands and products to drive increased sales and profits. This is dependent on the Group's ability to identify and offer its brands and products at an attractive price that appeals to consumers, which is difficult to predict. The Group's ability to implement this strategy effectively depends on many things, including:

- continuing to offer products and brands that consumers want to purchase at a competitive price;
- maintaining and enhancing its reputation and consumer interest in its brands and products, and increase brand recognition and loyalty;
- bringing new brands and products to the market that meet consumer needs; and
- effectively increasing its distribution networks in its key and strategic markets.

The Group may not be able to execute this strategy in a successful manner, which could have a material impact on the Group's business, prospects, results of operation and/or financial performance.

In addition, the Group may experience a reduction in demand for its products as a result of changes in consumer lifestyle, economic downturns or for any other reason which could lead to a material adverse effect on the business, prospects, financial condition and results of operations.

Third Party Suppliers

The Group engages third party manufacturers and logistic partners from around the globe to manufacture and distribute the Group's range of products, with the performance of the Group heavily reliant on the delivery of high-quality products on a timely basis as required to meet consumer/retailer demand. In particular, the Group has two key suppliers who manage the manufacturing and distribution of the Group's products globally, which accounted for c.83 per cent. of the Group's spend with suppliers during FY24.

The Group's operations could be disrupted by its third party suppliers by a number of factors impacting the Group and/or its suppliers, including, but not limited to:

- increased and/or changing regulation, as well as regulatory compliance issues;
- environmental events, including natural disasters such as fires, floods and earthquakes;
- widespread health emergencies, such as Covid-19 or other pandemics, leading to disruptions in supply chains, which leads to delays in deliveries and, in some events, the cancellation or delay of manufacturing of the Group's products;
- strikes and other labour disputes;
- general disruption in logistics;
- loss, impairment, closure or disruption of key manufacturing sites;
- supplier capacity constraints;
- availability of raw ingredients and/or quality of raw ingredients;
- industrial accidents or other occupational health and safety issues;
- financial viability of the Group's suppliers;
- lack of availability of qualified personnel at the manufacturing sites;
- global shipping, logistics and warehousing constraints;
- governmental regulations and controls (including export and import restrictions);
- acts of war or terrorism, political unrest or uncertainty, fire or explosions, and any other external factors that the Group has no control over; and
- increase in ingredient, commodity or logistic costs.

The Group manufactures products at multiple locations. Any disruption to any of the manufacturing locations could materially impact the Group's business, operations and financial conditions. Additionally, the Group purchases certain raw ingredients from a limited number of suppliers and any new suppliers may have to be qualified under industry, governmental and its own standards, which could result in disruption of supply of product and also additional cost.

A significant disruption to the manufacturing or sourcing of products or ingredients, could interrupt product supply and, if not resolved, could lead to lost sales, litigation, product delisting by retailers and reputational damage that could materially affect the Groups' business.

Key Retailers

The Group's products are sold in a highly competitive marketplace, which in recent times has experienced increase trade concentration and the growing presence of large-scale retailers, including pharmacies, supermarkets, as well as discounters and e-commerce retailers. The growing trend towards retail concentration means the Group is increasingly dependent on certain retailers, with its top ten customers accounting for c.91 per cent. of total revenue through FY24, and top two customers accounting for 41.3 per cent. of total revenue through FY24. Some of these retailers have and will continue to have greater bargaining strength than the Group does and this may result in retailers obtaining favourable terms with respect to, for example, the right to reject goods, responsibility for the quality of goods, intellectual property, confidentiality and termination provisions. Additionally, some of the Group's distribution agreements have minimum quantity order obligations on the retailer which expire after a period of time, and therefore after such time there is no guarantee that such retailer will continue to purchase the same minimum quantity beyond that period from the Group, or at all, meaning that is no assurance that revenue will continue to be generated.

The Group's key retailers may use their leverage to demand higher trade investment, which could lead to reduced profitability. The loss of a key retailer or a significant reduction in sales to a key retailer could materially impact the financial performance of the Group. The Group could also be materially affected by changes in policies or practices of the key retailers, such as inventory de-stocking, limitations on access to shelf space, delisting of the Group's products, or environmental, sustainability, supply chain or packaging initiatives and other conditions.

"Private Label" products sold by the Group's retail customers, which are typically sold at lower prices, are a source of competition for certain of the Group's products. There has been an increase in retailers selling "private label" products that has put price pressure on the category that could materially affect the financial performance of the Group, which is further impacted by the large budgets of the key retailers in promoting the "private label" products.

Key Personnel

The Group relies on the experience and knowledge of its management team and employees. The financial performance of the Group will, to a significant extent, be dependent on the decision making of the Group's management team and the ability of those individuals to grow and support the business. In particular, the Company is especially reliant on the continued service of its executive directors George Karafotias, Zack Bozinovski and Vivienne Zhang.

Despite the best efforts of the Group to retain key personnel and employees, or engage additional key personnel or employees, there is a risk that it may not be able to do so. Nor is there any certainty that suitable replacements will be engaged in the event that key personnel are not retained. There is also a risk of resignation or termination of Company officers at short notice, noting the notice periods the Chief Executive Officer and Joint Managing Director and the Chief Financial Officer of 3 months, of the Joint Managing Director of 6 months, and of non-executive directors and the company secretary under the terms of their engagement with the Company. In particular, the company secretary is engaged under an agreement with Clank Advisory Pty Ltd, which may be terminated if at any time the company secretary, Kobe Li, is not able to access sufficient information to perform his company secretarial services.

New Product Development

The future growth of the Group, whilst predominately focused on growing the current product range distribution as well as sales, is also dependent on developing new products. The Group's ability to launch new products and have them distributed into key retailers is affected by whether the Group can successfully:

- identify, develop and fund new products;
- obtain and maintain necessary approval, licenses and registrations from the relevant authorities; and
- anticipate, respond and benefit from the needs of retailers/consumers effectively in terms of marketing consumer/retailer acceptance and product awareness.

The identification, development and introduction of innovative new products, involves considerable cost and effort, without any guarantee of sufficient customer or consumer acceptance of the new products to generate an increase in sales to cover the costs of the development of the new products. The Group's ability to achieve a successful launch could be also impacted by the Group's competitors increasing promotional activities and advertising on similar products to minimise the impact of the Group's new products.

Contractual Risks (suppliers, customers and distributors)

Whilst the Group endeavours to agree the best possible commercial terms with its suppliers and customers, often contracts with larger and more powerful counterparties, particularly suppliers and customers, will be commercially weighted in favour of those counterparties. In particular, there are powerful distributors throughout the fast-moving consumer goods sector which contract with the Group, who tend to enjoy more favourable terms particularly with respect to rights to reject goods, responsibility for quality of goods, intellectual property rights, confidentiality and termination.

Additionally, the Group does not have contracts with some of its suppliers and customers, and orders with those suppliers and customers are therefore on an *ad hoc* basis. The Group may also supply goods under *ad hoc* orders. Whilst the Group has satisfactory relationships with its customers and suppliers, there is no guarantee that those customers and suppliers who are subject to such *ad hoc* arrangements will continue to supply products to, or purchase products from the Group. Distributors generally purchase goods from the Group under *ad hoc* arrangements via purchase orders, rather than pursuant to long term purchase arrangements. This *ad hoc* purchase order structure creates uncertainty for the Group because there is no assurance that revenue will continue to be generated from distributors who purchase products from the Group under *ad hoc* arrangements. Additionally, some of the Group's supply agreements have minimum supply obligations on the supplier which expire after a period of time, and therefore after such time there is no guarantee that such suppliers will continue to supply the Group with the same quantities of products, or at all.

Separately, where the Group acquired brands and businesses historically, the contracts with suppliers and distributors underpinning those businesses may not have been formally novated to the Group. Whilst the Group is continuing to transact with such suppliers and distributors on the terms of the former contracts, there may be uncertainty as to the terms of such agreements and their enforcement.

Certain of the Group's contracts with its suppliers and customers have short notice periods for termination for convenience, and therefore suppliers or customers may terminate such contracts at will on short notice. The termination upon short notice of a major contract, particularly with a major distributor, would have a material adverse effect on the Group's business and financial condition. Whilst longer notice periods would generally be preferred by the Group, these also have risk as the Group may not be able to terminate unsatisfactory contracts on short notice even if the cause of termination arises from an event of default caused by the customer or supplier.

Risks of adverse events, product liability or other safety issues

There is a risk that the products sold by the Group may cause serious or unexpected side effects including risk of injury to patients. Should any of the Group's products be associated with safety risks such as misuse or abuse, tampering by unauthorised third parties or product contamination or spoilage, a number of materially adverse outcomes could occur.

These adverse outcomes include the risk that regulatory authorities may revoke licences, approvals and/or registrations that have been granted to the Group, impose more onerous facility standards or force the Group to conduct a product recall or other corrective actions.

The Group could also be subject to regulatory action or be sued and held liable for any harm caused to users. Such adverse outcomes could cause reputational harm to the Group and its brand. The Group implements and intends to continue to implement rigorous standards in respect of product and safety and has in place and will continue, as necessary, to take out insurance coverage to mitigate these risks in a manner customary with industry practice. However, the Group cannot guarantee that all such risks will be adequately managed through maintaining its rigorous standards or its insurance policies, or that adequate insurance policies will

be or will continue to be available on acceptable terms or at all or that the levels of insurance in place will be sufficient to meet any claims which might be made against the Group. These risks could result in the loss or delay in generating revenue, loss of market share, failure to achieve market acceptance, diversion of development resources, insufficient insurance coverage for losses, and damage to the Group's reputation and/or increased insurance costs.

Where the Group has acquired products from other companies, historical compliance issues may be identified by the Group in respect of those products which, whilst addressed by the Group, could expose the Group to the risk of enforcement action or consumer claims arising from historic compliance issues, in respect of which the Group may not have redress against the original sellers of the products which could have a material adverse impact, both financially or reputationally, on the Group.

Reputation

The Group's failure to protect its reputation, or the failure of its partners to protect their reputations, could have a material adverse effect on the image of the Group and its brands.

The Group's ability to maintain its reputation is critical to the image and consumer perception of its various brands. The Group's reputation could be jeopardised if it fails to maintain high standards for merchandise quality and integrity or if the Group, or the third parties with whom it does business, do not comply with regulations or accepted practices. Any consequential negative publicity may reduce demand for the Group's products.

Failure by the Group, or the companies with which it does business, to comply with ethical, social, product, labour and environmental standards, or related political considerations, such as animal testing, could also jeopardise the Group's reputation and potentially lead to various adverse consumer actions, including boycotts. Failure to comply with local laws and regulations, to maintain an effective system of internal controls or to provide accurate and timely financial information could also damage the Group's reputation.

The Group depends on the reputations of the companies with whom it does business, which can be affected by matters outside the Group's control. Damage to the Group's reputation or the reputations of the companies with whom it does business could have a material adverse effect on the Group's business, financial condition and results of operations, as well as require additional resources to rebuild the Group's reputation.

Where the Group has acquired products from other companies, historical failure by a previous owner of the product could cause damage to the reputation of that product and therefore to the reputation of the Group, and the Group may not have redress against the original owner of the products.

Counterfeit products and the Group may not be successful in obtaining, maintaining and/or enforcing sufficient intellectual property rights to protect its business

Third parties may distribute and sell counterfeit versions of the Group's products, which may be inferior in quality and/or pose safety risks for consumers. Consumers could confuse the Group's products with these counterfeit products, which could cause them to refrain from purchasing the Group's brands in the future and in turn could adversely affect the Group's sales revenue. The presence of counterfeit versions of the Group's products in the market could also dilute the value of the Group's brands or otherwise have a negative impact on its reputation and business.

The Group relies on certain types of unregistered intellectual property rights such as copyrights and trade secrets contained in its product formulations and dossiers, to protect its business. However, these rights do not afford complete protection against third parties' claims and infringements. The Group believes its trademarks, copyrights, and other intellectual property rights are important to its success and its competitive position. The Group devotes resources to the registration and protection of its intellectual property and, subject to circumstances at the time, intends to pursue any parties involved in the sale of counterfeit products. However, despite these efforts the Group may be unable to prevent all counterfeiting of its products or the infringement of its intellectual property rights. Furthermore, there can be no assurance that third parties will not independently develop knowledge and trade secrets that are similar to the Group's or develop products that compete effectively with the Group's products and brands without infringing, misusing or

otherwise violating any of the Group's intellectual property rights. For the reasons outlined above, the counterfeiting of the Group's products or infringement, misuse or other violation of any of the Group's intellectual property rights may have an adverse impact on the Group's business, reputation and financial performance.

Research and development

In order to remain competitive, the Group intends to continue to undertake research and development. The Group makes no representation that any of the Group's research into or development of its products will be successful or that any new products developed will be commercially exploitable.

There are many risks inherent in the development of products, particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific and commercial reasons. In addition, there may not be sufficient resources to maintain the Group's research and development activities and sales and customer support efforts. The Group provides no assurance that the Group's research and development activities will result in the creation of any new intellectual property or know-how capable of being utilised in the Group's business activities.

Market and consumer trends

Rapid changes in market trends and consumer preferences could adversely affect the Group's performance. The Group's continued success depends on its ability to anticipate, gauge and react in a timely and cost-effective manner to industry trends and changes in consumer preferences/attitudes toward its products and services. The Group must continually work to develop, produce and market new products and maintain and enhance the recognition of its branding. Failure to anticipate, react and adapt to industry trends in a timely and cost-effective manner may affect the Group's financial results. However, the Group cannot predict consumer trends which may change rapidly. Additionally, the increasing use of social media (such as Facebook, Instagram, X (formerly Twitter, WeChat and Weibo) by consumers affects the speed at which information and opinions are shared, which may result in the rapid change of industry trends/consumer preferences. If the Group is unable to anticipate, respond and adapt to new trends in the market/changes to consumer preferences, the Group's business and financial performance may suffer.

Regulation

The therapeutic goods sector, in which the Group operates, is highly regulated. In particular, the medicinal cannabis sector in Australia is tightly controlled at both a State and a Federal level. Most of the Group's other products are subject to regulation by the TGA or equivalent regulators in the other jurisdictions in which it operates.

Whilst each Group company and the JV make every effort to ensure compliance with applicable legislation, regulations and policies, and with the specific terms of the licences and registrations held by them, their interpretation may be incorrect and it is always a possibility that the legislation, regulations and policies may change, or that the relevant regulators' approach to enforcement may change. Further, with regards to changes in the approach to enforcement, the Group may not be able, or it may not be practicable for the Group, to respond to changes in legislation, regulation and policies on a timely basis. This could expose the Group to the risk of enforcement action by such regulators, which could materially affect the Group's business and financial performance and its reputation.

In relation to the medicinal cannabis business of the JV, the Company has established a regulatory compliance committee to monitor compliance of the obligations of the Group and the JV in relation to medicinal cannabis. This committee operates under a charter which sets out frameworks and procedures for ensuring compliance and responding to any risks or incidents that may arise. Any failure by this regulatory compliance committee to adequately monitor and ensure compliance of the obligation of the Group and the JV in relation to medicinal cannabis could have a material adverse effect on the Group's medicinal cannabis business and operations, including a requirement to immediately cease such business and operations, and consequently on the financial performance of the Group.

Any change in the regulation of the medicinal cannabis sector, or the wider therapeutic goods sector, may have an adverse effect on the Group's operations and therefore on the financial performance of the Group. This includes a change to the laws in Australia making recreational cannabis legal in the Australian market. If such change to the law occurs, the Group must cease operating its medicinal cannabis business, which could result in a loss of revenue to the Group. In addition, any change in the law to this part of the Group's business activity, or if any member of the Group fails to acquire any further licences or maintain any existing licences required to supply medicinal cannabis products in Australia, may result in the Group having to cease such operations. Trading in the Ordinary Shares on AIM and/or the ASX may be suspended or cancelled if any part of the Group's business activities become unlawful.

Admission to AIM is subject to a special condition pursuant to AIM Rule 9 that, in the event that the Company undertakes any business relating to cannabis or cannabis-related activities in any jurisdiction beyond Australia, such change will be deemed to constitute an acquisition resulting in a fundamental change in the Company's business for the purposes of AIM Rule 14 and require publication of a new admission document, until which time trading in the Ordinary Shares would be suspended, and shareholder approval. If the Company breaches this special condition, trading in the Ordinary Shares on AIM may be suspended or cancelled.

Where the Group has acquired products from other companies, historical records relating to those products acquired from the sellers may be incomplete. This could result in enforcement action by the TGA against the Group, in respect of which the Group may not be able to seek redress from the original sellers of the products.

Sponsor of products

Any product regulated by the TGA which is manufactured overseas must have a registered sponsor. Where the Group has acquired products from other companies, the sponsorship of those products should be transferred to a member of the Group. In some cases where the Company has applied for the transfer of registration of a product, the transfer application has not yet been processed and the transferor remains the registered sponsor on the TGA's register. While the duties of the sponsor are to ensure the manufacture of the registered product meets certain standards, and otherwise is largely an administrative role, the TGA's primary liaison in relation to its products is the sponsor of that product. Accordingly, the Group will be reliant on existing sponsors, or the TGA noting the Group's interest in the products and processing the relevant transfer applications and updating the relevant sponsorships, to ensure that it is privy to information or correspondence from the TGA which may affect the Group's products and operations.

OneLife Subsidiaries' Ongoing Voluntary Administration

On 3 December 2024, OLL and OLC, each subsidiaries of OneLife, commenced a voluntary administration process in order to provide protection from creditors. OneLife has not commenced a voluntary administration process. The "Wellness Life" brand of products, which incorporate medicinal cannabis, are manufactured in Australia by OLL and currently sold by wholesale in Australia by BSPS and will be sold by the JV. Neither Wellnex, nor any member of its Group, has a trading relationship with OLC.

This voluntary administration process is often undertaken in Australia to ensure directors of a company do not at any time in the future allow a company to trade while insolvent. This process will allow OLL to formalise funding without any risk to the business or breaches of its licences and director duties. The OneLife Group's medicinal cannabis licences are held by OLL and OneLife, and during the administration, OneLife Group has ceased all production of medicinal cannabis until such time as OLL come out of administration. However, OneLife Group's medicinal cannabis licences continue to be valid and in force, with key staff responsible for the maintenance of the licence being retained by OLL. Whilst current expectations are that OneLife's Group's financing plans will be successfully completed, there can be no certainty as to the outcome of the administration process at the current time. It is possible that the assets of OLL and OLC businesses may be sold to unrelated parties by the administrators. Should this occur, such acquirer and all parties associated with the acquirer will be required to provide evidence to State and Federal agencies they are of good standing to take over the OLL licences or to be granted equivalent licences in the name of the acquiring entity.

Wellnex may seek to replace OLL as supplier following Admission, either in the event the administration and financing plans set out above did not result in OLL continuing as a fully licensed supplier or if Wellnex directed OLL to source products from a different upstream supplier for more advantageous commercial reasons (which it is permitted to do under the Exclusivity Deed associated with the supply agreement with OneLife). Wellnex would ensure that any new supplier is licensed in accordance with prevailing legal and regulatory requirements in Australia. In the event the due diligence process on a potential new supplier fails to confirm that the supplier is fully licensed, the Group would cease medicinal cannabis operations until such time as an alternative suitable licensed supplier could be identified, albeit that BSPS/the JV would continue to sell existing product sponsored by each company.

Whilst the Company currently has c. 6 to 8 months' supply (based on current estimates which are based on the run-rate of stock between October 2024 and December 2024) of medicinal cannabis product from the final batch of product sponsored by BSPS, so any supplier change is not expected to have a material effect on Wellnex's medicinal cannabis business in the short term, and whilst medicinal cannabis does not form a material part of the Group's overall business activities, any long-term disruption to the supply of medicinal cannabis products as a result of the issues summarised above could have a detrimental effect on this element of the Group's business.

Customer credit

A general decline in economic conditions or business downturn may negatively impact an existing retail customer's ability to purchase the Group's products or services. Such financial difficulties could result in the Group reducing or ceasing its business with that retailer customer.

Alternatively, the Group may extend further credit to its retailer customers. The Group's inability to collect such receivables (i.e., bad debts) from one or a group of retailer customers could have a material adverse effect on the Group's business, financial condition and results of operation. If a retailer customer were to go into liquidation, the Group might not be able to recover any outstanding payments due from such customer and could incur additional costs if the Group decides to buy back the retailer customer's inventory of the Group's products to protect its brand.

Litigation

Save as otherwise disclosed in this document, no member of the Group is currently engaged in any litigation or court proceeding. However, each member of the Group is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, intellectual property claims, personal injury claims, employee claims and other litigation and disputes. If any claim was successfully pursued it may adversely impact the entire Group's financial performance, financial position, cash flow but also the share price of the Ordinary Shares of the Company.

Whilst the Group has taken, and intends to continue to take, such precautions as it regards appropriate to avoid or minimise the likelihood of any legal proceedings or claims, or any resulting financial loss to the Group, the Directors cannot preclude the possibility of litigation being brought against any member of the Group.

There can be no assurance that claimants in any litigation proceedings will not be able to devote substantially greater financial resources to any litigation proceedings or that the Group will prevail in any such litigation. Any litigation, whether or not determined in the Group's favour or settled by the Group, may be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations.

Economic conditions

The Group could be affected by unforeseen events outside its control including economic and political events and trends, inflation and deflation, terrorist attacks or currency exchange fluctuation. The combined effect of these factors is difficult to predict and an investment in the Group could be affected adversely by changes in economic, political, administrative, taxation or other regulatory factors in any jurisdiction in which the Group may operate.

Market risks

The Group may be affected by general market trends which are unrelated to the performance of the Group itself. The Group's success will depend on market acceptance of the Group's products and there can be no guarantee that this acceptance will be forthcoming. Market opportunities targeted by the Group may change and this could lead to an adverse effect upon its revenue and earnings.

Unexpected growth

Should the Group's growth accelerate at a higher rate than anticipated, the Group may, through a lack of availability of materials or packaging, inability to scale production in a timely manner, lack of manufacturing capacity, lack of suitable labour or other unforeseen circumstances, be unable to supply its products in a timely manner to meet the demand of its customers. Should this occur, the Group could be at risk of the loss of either third party manufacturing clients or suffer a reduction in the customer base for its products. Such events could result in a material adverse effect on the Group's business, financial condition or results of operations.

Information technology

The Group relies on and uses information technology in conducting its business including (but not limited to) using the internet to process, transmit and store electronic and financial information, for digital marketing purposes, to manage a variety of business processes and activities such as inventory control, financial management and reporting database management. If the Group is unable to protect against service interruptions, data corruption, cyber security breaches or network security breaches, the Group's business operations could be negatively affected.

The Group's information technology systems (some of which may be managed by a third party), may be vulnerable to disruptions, damage or shutdowns as a result of failures during the process of upgrading or replacing software, computer viruses, power outages, hardware failures, computer hacking, user errors or other similar events. If the Group's information technology systems suffer technical issues, severe damage, disruption or shutdown and the Group does not efficiently resolve such issues, the Group could suffer significant disruption to its business and the sale and invoicing of the Group's products may be materially and adversely affected.

Foreign exchange

Revenue and expenditures in overseas jurisdictions are subject to the risk of fluctuations in foreign exchange markets. Where a material proportion of the Group's revenue is in the future generated in foreign currencies, the Group will be exposed to the risk of changes in exchange rates of such foreign currency against the Australian dollar. The Group has no plans at this stage to hedge its foreign currency payments. Exchange rate fluctuations may affect the financial stability of businesses of the Group.

Insurance

The Group intends to continue to insure its operations in accordance with standard industry practice and maintain any mandatory insurance cover (such as workers compensation insurance) required by applicable laws and regulations in the states and territories where it operates. However, in certain circumstances, the Group's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Group. Furthermore, a failure by the Company or other member of the Group to maintain any mandatory insurance cover could result in enforcement action being taken against the Company or other member of the Group with both civil and criminal penalties being imposed which could have a materially adverse effect on the Group's overall business, reputation and financial condition.

Requirement for further funding

In the opinion of the Directors, having made due and careful enquiry and taking into account the net proceeds of the Placing, the working capital available to the Group will be sufficient for its present requirements, that

is for at least the next 12 months from the date of Admission. However, it is likely that the Company will need to raise further funds in the future to finance the development and commercialisation of new and current product lines and its other longer-term objectives. Further, it is also likely that in the future, the Company may require additional capital (whether debt or equity) for working capital. Where the Company has to raise further capital, there is no guarantee that it will be on favourable terms, or that capital will be available at all, nor at the same price as the Placing Price or higher. Furthermore, where the Company has to raise capital by way of equity, any issue of Ordinary Shares will be dilutionary to existing Shareholders.

The Company's ability to raise additional funds and the price at which any funds are raised, will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally.

Taxation

Any change in the Company's tax status or the tax applicable to holding Ordinary Shares, or in taxation legislation or its interpretation, could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Company and its investors are based upon tax law and practice at the date of this document, which is subject to change.

RISKS RELATING TO THE ORDINARY SHARES

The Ordinary Shares are listed on the ASX and application will be made for Admission of the Ordinary Shares to trading on AIM. Volatility or falls in its share price may materially and adversely affect the value of the Ordinary Shares and/or the operations of the Group.

As a company with its securities admitted to trading on a public securities exchange, the price at which its shares are trading may be subject to volatility or a material decrease in value, either as a result of the performance of the Group, rumour or speculation in the market, or due to general or specific factors affecting the performance of capital markets or the Australian or global economy generally. Some of these factors may be outside the control of the Company. Volatility or a material decrease in the price or trading volume of the Company's shares may make it more difficult for the Company to attract future capital or result in suppliers, partners or customers losing confidence in the operations or future of the Group, if this were to continue for a period of time the business, operations or financial condition of the Group could be materially and adversely affected.

Market for the Ordinary Shares

There is a limited market for the Ordinary Shares. The price of the Ordinary Shares after Admission may also vary due to a number of factors, including but not limited to, general economic conditions and forecasts, the Group's general business condition and the release of its financial reports. Although the Group's current intention is that its securities should continue to trade on AIM and the ASX, it cannot assure investors that it will always do so. In addition, an active trading market for the Ordinary Shares on AIM may not develop or, if developed, may not be maintained. Investors may be unable to sell their Ordinary Shares unless an active trading market can be established and maintained. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected.

An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

Fluctuations and volatility in the price of Ordinary Shares

Stock markets have from time-to-time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the Ordinary Shares. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, some specific to the Group and some which affect listed companies generally, including variations in the operating results of the Group,

divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic, political or regulatory conditions, overall market or sector sentiment, legislative changes in the Group's sector and other events and factors outside of the Group's control.

Dual listing on the ASX and AIM may lead to an inefficient market in the Ordinary Shares

Dual listing of the Ordinary Shares will result in differences in liquidity, settlement and clearing systems, trading currencies, prices and transaction costs between the exchanges where the Ordinary Shares will be quoted. These and other factors may hinder the transferability of the Ordinary Shares between the two exchanges.

The Ordinary Shares are quoted and traded in Australian Dollars on the ASX. The Ordinary Shares will be quoted and traded in pounds sterling on AIM. The market price of the Ordinary Shares on those exchanges may also differ due to exchange rate fluctuations.

Consequently, the trading in and liquidity of the Ordinary Shares will be split between these two exchanges. The price of the Ordinary Shares may fluctuate and may at any time be different on the ASX and AIM. This could adversely affect the trading of the Ordinary Shares on these exchanges and increase their price volatility and/or adversely affect the price and liquidity of the Ordinary Shares on these exchanges.

Trading in the Ordinary Shares may be suspended

The Ordinary Shares are currently traded on the ASX and application will be made for Admission of the Ordinary Shares to trading on AIM. In certain circumstances, the ASX has, and the London Stock Exchange will have following Admission, the right to suspend trading in the Ordinary Shares. If the Ordinary Shares are suspended from trading, the holders of Ordinary Shares may not be able to dispose of their Ordinary Shares on AIM or the ASX (as the case may be). Trading in the Ordinary Shares may be suspended on one market but not on the other.

In addition, the ASX may agree to a 'trading halt' for the Ordinary Shares on the ASX. AIM does not have a concept of 'trading halts', and in most circumstances is unlikely to permit the suspension of trading in a company's shares simply because it has entered into a trading halt on the ASX. Accordingly, the Ordinary Shares may be subject to a trading halt on the ASX whilst continuing to trade on AIM.

The ASX also retains a general discretion to suspend trading in the Ordinary Shares in circumstances where the Company is unable or unwilling to comply with the ASX Listing Rules, to prevent a disorderly or uninformed market or for any other reason the ASX deems appropriate. The ASX will automatically suspend trading in the Ordinary Shares if the Company fails to lodge annual, half yearly and quarterly reports in accordance with the ASX Listing Rules or fails to pay the Company's annual ASX listing fee within 15 business days of the due date. The ASX will also suspend trading in Ordinary Shares five business days following the issue of compulsory acquisition notices sent to shareholders pursuant to the Corporations Act.

The London Stock Exchange may suspend the Ordinary Shares from trading on AIM if it determines that the smooth operation of the market is or may be temporarily jeopardised or it is necessary to protect investors.

The Company believes that as at the date of this document there are no circumstances which could provide grounds for the halting or suspending of the Ordinary Shares from AIM or the ASX for the foreseeable future. However, there can be no assurance that any such circumstances will not arise in relation to the Ordinary Shares in the future.

The Ordinary Shares may become delisted

In certain circumstances, the Ordinary Shares may be delisted from AIM and/or the ASX. Delisting could have a material and adverse effect on the liquidity of the Ordinary Shares and on investors' ability to sell the Ordinary Shares at a satisfactory price.

The Company believes that as at the date of this document there are no circumstances which could provide grounds for the delisting of the Ordinary Shares from AIM or the ASX, or the removal of the Company from

the official list of the ASX, for the foreseeable future. There can however be no assurance that any such circumstances will not arise in relation to the Ordinary Shares in the future.

The Company may request that it be removed from the official list of the ASX at any time. However, the ASX may request that the Company provide evidence that the request to be removed is made pursuant to appropriate authorisations or that the removing occur subject to certain conditions being satisfied. The ASX's decision to approve the removal of the Company from the official list of the ASX will typically be subject to certain conditions directed to ensure that the interests of the Shareholders are not unduly prejudiced by the removal. The ASX also retains a general discretion to remove the Company from the official list of the ASX in various circumstances.

The London Stock Exchange may cancel the listing of the Ordinary Shares on AIM if it is satisfied that there are special circumstances precluding the normal and regular dealings in the Ordinary Shares.

The listing of the Ordinary Shares on AIM may also be cancelled at the request of the Company, subject to the Company giving at least 20 business days' notice of the proposed cancellation of the listing and obtaining the necessary shareholder approval under the AIM Rules for Companies.

Further issuances of Ordinary Shares may be dilutive

The Company may need to raise additional funds in the future to finance the expansion of its operations and/or the Company may elect to issue Ordinary Shares as consideration for acquisitions. If additional funds are raised through the issuance of new equity of the Company other than on a pro rata basis to existing Shareholders, the percentage ownership of the Shareholders may be reduced, Shareholders may experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares.

Dividend policy

Any decisions regarding the payment of dividends in respect of Ordinary Shares is determined at the discretion of the Board, having regard to relevant factors which include the Company's available profits, cashflow, financial condition, operating results, future capital requirements, covenants in relation to financing agreements, as well as economic conditions more broadly. There is no guarantee that a dividend will be paid by the Company in future periods.

Certain Shareholders will be issued Depositary Interests in respect of underlying Ordinary Shares

On Admission, holders of Ordinary Shares will be able to hold and transfer interests in the Ordinary Shares within CREST pursuant to a depositary interest arrangement established by the Company. The Ordinary Shares will not themselves be admitted to CREST; rather, the Depositary will issue the Depositary Interests in respect of underlying Ordinary Shares. Holders of Depositary Interests may experience delays in receiving any dividends paid by the Company, may receive proxy forms later than other Shareholders and may have to act earlier than other Shareholders when casting votes at general meetings of the Company, by virtue of the administrative process involved in connection with holding Depositary Interests.

PART III

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

This document contains the following financial information of the Group:

- Section A The Historical Financial Information, comprising the audited, consolidated historical financial information of the Group for the three years ended 30 June 2024, 30 June 2023 and 30 June 2022;
- Section B The Interim Financial Information, comprising the unaudited, consolidated interim financial information of the Group for the six-month period ended 31 December 2024;
- Section C Accountant’s Report on the Pro Forma Financial Information; and
- Section D The Pro Forma Financial Information, comprising the unaudited Pro Forma Statement of Net Assets of the Group as at 31 December 2024.

The Historical Financial Information included in Section A “*Historical Financial Information*” of Part III “*Historical Financial Information of the Group*” of this document has been reproduced in this document, inclusive of the audit reports of the Group’s statutory auditor, William Buck Audit (Vic) Pty Ltd, who have consented to the inclusion in this document of their audit reports for each of the three years ended 30 June 2024, 30 June 2022 and 30 June 2022.

The Historical Financial Information has not been reported on by any other accountants.

Australian Accounting Standards

The Historical Financial Information and the Interim Financial Information have been prepared in accordance with the Australian Accounting Standards which are equivalent to UK-adopted international accounting standards (IFRS) which are permitted for inclusion per IAS 1.

Section A: Historical Financial Information



Wellnex Life Limited

ABN 77 150 759 363

Annual Report - 30 June 2024

Wellnex Life Limited
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30 June 2024

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Wellnex Life Limited
Corporate directory
30 June 2024

Directors	George Tambassis (Non-Executive Chairman) Eric Jiang (Non-Executive Director) Andrew Vidler (Non-executive Director) George Karafotias (Executive Director) Zack Bozinovski (Executive Director)
Company secretary	Kobe Li
Registered office and Principal place of business	Building 2, Level 3, Suite 69, 574 Plummer St Port Melbourne VIC 3207 Phone: +61 3 8399 9419
Share register	Computershare Investor Registry Services Yarra Falls 452 Johnston Street Abbotsford, Victoria, 3067 Phone: 1300 787 272 (within Australia) Phone: +61 3 9415 5000 (overseas callers)
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Solicitors	Piper Alderman Level 23, Governor Macquarie Tower 1 Farrer Place Sydney, NSW 2000
Stock exchange listing	Wellnex Life Limited securities are listed on the Australian Securities Exchange (ASX code: WNX)
Website	https://www.wellnexlife.com.au

Wellnex Life Limited
Directors' report
30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Wellnex Life Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were directors of Wellnex Life Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

George Tambassis (Non-executive Chairman) - appointed 9 September 2024
Eric Jiang (Non-Executive Director)
George Karafotias (Executive Director and Chief Executive Officer)
Zack Bozinovski (Executive Director)
Andrew Vidler (Non-Executive Director) - appointed 16 January 2024
Jeffrey Yeh (Non-Executive Director) - appointed 16 January 2024
Mario Tascone (Non-Executive Chairman) - appointed 16 January 2024 and resigned 28 June 2024
Zheng (Kobe) Li (Non-Executive Director & Company Secretary) - resigned as Non-Executive Director 16 January 2024

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- development, marketing and selling of premium brands and products for the growing health and pharmaceutical market; and
- licensing of our unique and innovative product to domestic and global pharmaceutical market.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$13,739,000 (30 June 2023: \$13,846,000).

Financial performance

Revenue for the period was \$16.9 million a decrease of 39.3% on the prior corresponding period 30 June 2023: \$27.8 million. The decrease in revenue was a result of the decisions by Wellnex Life to cease providing brokerage services to third party brands, which while providing substantial revenue it was at low margins and provided no long term value to the business.

Wellnex's Life's decision to pivot away from brokerage and to concentrate on the company's own brands resulted in gross margins increasing to 30% for FY24 compared to 17% in FY23, and since the acquisition of Pain Away the gross margin for the business in the second half of FY24 increased to 40%. This has resulted in the gross margins in dollar value increasing 6.5% to \$5 million (FY23: \$4.7 million) despite revenue decreasing 39.3%.

Loss for the full year of \$13.7 million down \$0.1 million on the prior corresponding period 30 June 2023: \$13.8 million, with the loss in FY24 impacted by non-cash adjustments and one off expense associated with the acquisition of Pain Away in December 2023 of \$6.8 million.

During the financial year an impairment test was performed on the carrying value of the Company's Brand Solutions Australia business and recently acquired Pain Away which results in an impairment charge of \$3.39 million being recorded.

- Full financial year of trading with Australia's number one natural topical pain relief brand – Pain Away
- Continued growth of Wellnex Life's other brands
- Expansion of the Haleon arrangement with continued growth in the domestic market and first orders received for the UK
- Launch of new medicinal cannabis brand -Wellness Life for the growing SAS market in Australia

Financial Position

The total assets of the entity at 30 June 2024 was \$31.4 million (30 June 2023: \$15.0 million), an increase of 110%. The net assets of the entity was \$7.1 million (30 June 2023: \$0.6 million).

During the financial year and as part of the Pain Away acquisition, re-negotiated the existing convertible notes with the key terms being an extension of the term for a further 12 months (expiry June 2025), conversion reduced from \$0.21 to \$0.08 and an increase in the coupon rate from 9% to 13%.

Wellnex Life Limited
Directors' report
30 June 2024

Wellnex Life at the completion of the period raised circa \$2.4 million, with participation from UK brokers and high net worth clients as it prepares the company for a dual listing on the London Stock Exchange, with funds raised to extinguish all liabilities of the company.

Wellnex Life next step is to increase shareholder value and to continue to strengthen the balance sheet which will accelerate the company's growth in both revenue, margins and profits.

FY24 - Transformational Year

Financial Year 2024 was a period of two halves, where in the first half the Company concentrated in finalising the transformational acquisition of Pain Away. The delays in the Pain Away transaction effected the financial performance of the company, but the determination to finalise the acquisition was justified in the turnaround of the business. Revenue in the second half of FY24 increased by over 100% compared to the first half of FY24, with margins increasing 255% from 11% in the first half of FY24 to 39% in the second half of FY24. The impact of the Pain Away acquisition and the financial transformation it has had on the business can be illustrated by the margins in dollars. In FY24 margins in dollars increased by 6.5% to \$5 million compared to FY23 of \$4.7 million despite revenue decreasing by 39.3% in FY24 compared to FY23. The conscious decisions to exit the brokerage business at the end of FY23 was the primary reason for the revenue decline in FY24 which was impacted on the delay of the acquisition of Pain Away.

Brands

Wellnex Life during the financial year continued to grow its brand portfolio with the acquisition of Pain Away and continued growth of our existing brands.

Wakey Wakey

Wellnex in FY24 expanded the Wakey Wakey range to now include six product lines to take advantage of the strong growth in both distribution and sales. In July 2024 Wakey Wakey further expanded its product offerings by bringing to market Australia's first caffeine energy supplement in a soft gel to take advantage of the growing demand of caffeine energy products in a popular softgel format.

Nighty Night

Nighty Night is Australia's first natural sleep aid product in an effervescent format, which in a short period of time has gained significant distribution in both grocery and pharmacy channels. The brand was launched to take advantage of the growing demand from consumers looking for assistance in achieving a good night's sleep.

The Iron Company

Wellnex Life launched Australia's first slow-release iron gummy under the brand The Iron Company, with the uniqueness of this product resulting in the brand being ranged in major pharmaceutical retailers.

Mr Bright

Mr Bright, a teeth whitening brand, was purchased by Wellnex in FY23 with distribution channels in the USA and UK and on-line channels but has poor penetration in the Australian market.

Wagner Health Liquigesics

The joint venture brand with Chemist Warehouse continues to go from strength to strength with strong sales in FY24. Wellnex with Chemist Warehouse continues to expand its product offerings under this brand which currently stands at 6 SKU's. All intellectual property in regard to the products under this brand are the property of Wellnex and used in our other brands and also in our IP licensing arrangements.

IP Licensing - Haleon

Wellnex Life in developing innovative and unique products continues to grow its contract manufacturing business with Haleon, on the back of the successful launch for the Australian and New Zealand markets. Wellnex Life announced that Haleon will increase the range of products purchased from Wellnex Life and also expand the agreement for launches into the UK and UAE. In August 2024, Wellnex Life received its first purchase order for the UK market.

Other matters

Wellnex Life announced during the period that it has engaged advisors to dual list the Company on the London Stock Exchange that will increase the value of all shareholders. Wellnex Life continues to work through this process and anticipates the listing to on the London Stock Exchange to occur in the first half of FY25.

All funds raised as part of the dual listing will be used to strengthen the balance sheet by the extinguishment of both the deferred consideration of Pain Away and the Convertible Notes which amount to circa \$12 million and will result in the Company saving circa \$1.5 million in annual interest costs.

Significant changes in the state of affairs

On 14 December 2023, the Company completed a non-renounceable pro-rata 1 for 1 entitlement issue to raise up to \$13.6 million (before costs) via the issue of 487,282,310 fully paid ordinary shares. and conducted a placement on the same terms as the entitlement issue raising \$1 million via the issue of 34,471,428 fully paid ordinary shares. This was to finalise the acquisition of Pain Away and for working capital.

The company also issued the following shares for the period:

- 54,571,428 fully paid ordinary share at a deemed price of \$0.028, as part of the Pain Away acquisition and for services provided by the vendor of Pain Away;
 - 102,855,713 fully paid ordinary shares at an issue price of \$0.028 per share, to strategic investor raising \$3 million; and
 - 68,000,000 fully paid ordinary share at deemed issue price of \$0.022 per share, for services provided by corporate advisors on the acquisition of Pain Away on completion of Mr Bright acquisition.
- (1) an initial placement of fully paid ordinary shares (Shares) to raise \$2.2m (before costs) (Initial Placement);
 - (2) a non-renounceable pro-rata 1-for-4 entitlement offer to raise up to \$5.3m (before costs) (Entitlement Offer); and
 - (3) a second placement of 400m Shares to raise \$20m (before costs) (Second Placement, together with the Entitlement Offer, the Substantive Capital Raising),

Matters subsequent to the end of the financial year

On 3 July 2024 the Company issued 435,438 shares at \$0.025 (2.5 cents) as part of the employment agreement to former employees.

On 24 July 2024, the Company announced it had successfully raised approximately \$2 million in a placement involving UK based brokers and high net worth investors, via the issue of 73,781,290 fully paid ordinary shares at \$0.028 (2.8 cents) per share.

On 19 July 2024, the Company issued 12,500,000 shares at \$0.028 (2.8 cents) per share to a corporate advisor in connection with corporate advisory services.

On 7 August 2024, the Company issued 99,392,863 shares at \$0.028 (2.8 cents) per share as part of a placement announced on 24 July 2024.

On 15 August 2024, the Company announced it received its first order from Haleon to supply liquid paracetamol for the UK market.

On 16 August 2024, the Company launched new prescription only medicinal cannabis brand -Wellness Life, for the SAS market.

On 9 September 2024, the Company announced the appointment of highly experienced George Tambassis as Non-Executive Chairman.

On 26 September 2024, the company held an extraordinary general meeting (EGM) with all resolutions passed including the consolidation of the Company's equities of 50:1 and the approval to issue 680 million fully paid ordinary shares at a floor price of \$0.028 per share.

Medicinal Cannabis

Wellnex in July 2024 launched new medicinal cannabis brand – Wellness Life in a joint venture with leading medicinal cannabis manufacturer, One Life Botanicals, for the growing SAS market in Australia. Chemist Warehouse as part of the joint venture will partner with the joint venture to assist in growing Wellness Life in being a brand of choice for the lucrative medicinal cannabis market that will allow Wellnex to have access to locally produced and manufactured high quality medicinal cannabis products at a competitive price for the SAS-B market. The SAS market is estimated to grow to circa \$600 million in FY25 and with the strategic relationships secured puts Wellnex in a strong position to take advantage of this opportunity.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The Company will continue to take advantage of the opportunities of the growing health and pharmaceutical market with its unique and innovative brands and look to continue to grow its distribution, revenue and margins as it looks to deliver its first profit in FY25.

The acquisition of Pain Away has transformed the Company with its extensive distribution and high revenue and margin that will lay the foundations of the Company moving forward as it continues to grow its other brands.

The Company will also expand its IP licensing with Haleon and Arrotex in both the domestic and international market that will add to the profitability of the Company in FY25.

The Company will continue to operate a capital light business model ensuring it has the financial capacity to take advantage of the opportunities in the growing health and pharmaceutical market.

Business risk management

The Company is committed to the effective management of risk to reduce uncertainty in the Company's business outcomes and to protect and enhance shareholder value. There are various risks that could have a material impact on the achievement of the Company's strategic objectives and future prospects.

Key risks and mitigation activities associated with the Company's objectives are set out below:

Risk as a relatively new entrant in the health and pharmaceutical market

Wellnex is a relatively new entrant in the health and pharmaceutical industry and, as an early stage growth company, Wellnex currently faces challenges in product development, profile / brand building and market penetration for its products and services (in both local and overseas markets).

These risks will in part turn upon the Company's ability to:

- (a) continue to build on customer acceptance on current and proposed new products in the health and wellness segment;
- (b) maintain and source high quality manufacturers to produce the current and proposed products;
- (c) maintain and expand distribution channels (such as Chemist Warehouse) and continue to develop within Australian domestic and export markets; and
- (d) have the required capital to maintain and expand operations including investing in marketing.

The Company aims to reduce this risk by conducting a significant amount of research and development on its products before making the decision to commercialise its products and bring to market.

Sufficiency of funding

Wellnex has limited financial resources and will need to raise additional funds from time to time to finance the complete development and commercialisation of new and current product lines and its other longer-term objectives. It is likely that Wellnex in the future may require additional capital (debt or equity) for working capital and, if that occurs by way of an equity issue, there is no guarantee of the issue price at which such additional equity capital is raised and there is potential dilution for existing shareholders.

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The Company's ability to raise additional funds and the price at which any funds are raised, will be subject to, among other things, factors beyond the control of Wellnex and its Directors, including cyclical factors affecting the economy and share markets generally. The Directors can give no assurance that future funds can be raised by Wellnex on favourable terms, if at all.

The Company prepares forecasts to ensure it has sufficient funding sources as and when required into the future.

Manufacturing/production risks

Wellnex is reliant on third parties to manufacture its current products. The Company will have various contractual rights in the event of non-compliance by contracting party.

However, no assurance can be given that all contracts will be fully performed by all contracting parties or in the case of a breach that the Company will be successful in securing compliance with the terms of each contract by the relevant counterparties to its contracts. There is also no assurance as to the financial strength of the parties to complete their obligations under the various contracts when such financial obligations fall due.

The Company seeks to mitigate its manufacturing and production risks by reviewing the ability its third party manufacturers to ensure the ability to meet the Company's requirements on an ongoing basis.

Logistics risk

Wellnex is reliant on out-sourced logistics. Accordingly, if an adverse event occurs such as a strike, poor logistics technology, increases in the price of energy, changes in transport services and the physical destruction of infrastructure (e.g. roads and railways), Wellnex (or its third party providers) may not be able to efficiently supply and deliver the Company's products. This may have an adverse impact on the Company's financial performance.

The Company seeks to have back up third party providers in the event that its current logistics providers are not available.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Eric Jiang
Title:	Non-Executive Director
Qualifications:	Bachelor of Commerce (Honours) & Bachelor of Arts
Experience and expertise:	With over 15 years' experience, Eric Jiang is an adviser to companies involved in trade between Australia and China. Eric brings a distinctive understanding of the cultural, economic and strategic context in which Australian businesses engage with China.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	1,949,037 fully paid ordinary shares.
Interests in rights:	Nil

Name:	Zheng (Kobe) Li
Title:	Non-Executive Director – (Resigned 16 January 2024 as Non-Executive Director)
Qualifications:	LLB / B. Comm / AGIA
Experience and expertise:	Prior to his appointment as director in January 2019, Mr Li spent the previous 8 years with the Australian Securities Exchange (ASX) Listing Compliance team, as a Senior Advisor overseeing a portfolio of listed entities ensuring compliance with the ASX listing rules. During his tenure at the ASX he worked on many Initial Public Offerings (IPO's) and numerous complex corporate transactions. Kobe is a member of the Governance Institute of Australia.
Other current directorships:	None
Former directorships (last 3 years):	Broo Limited (ASX: BEE) - resigned 15 March 2023
Interests in shares:	950,000 fully paid ordinary shares
Interests in rights:	Nil

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Name:	George Karafotias
Title:	Executive Director and Chief Executive Officer
Qualifications:	B. Comm
Experience and expertise:	Mr Karafotias is an accountant holding a Bachelor of Commerce degree from the University of Adelaide. He has held various roles in numerous public companies over the last 9 years and has previously provided corporate advisory services to listed and unlisted companies, focusing on restructuring and refinancing.
Other current directorships:	None
Former directorships (last 3 years):	Perpetual Resources Limited (ASX:PEC) - resigned 31 December 2021. Broo Limited (ASX: BEE) - resigned 6 February 2023
Interests in shares:	1,552,346 fully paid ordinary shares
Interests in rights:	Nil
Name:	Zlatko (Zack) Bozinovski
Title:	Executive Director and Chief Strategy Officer
Qualifications:	None
Experience and expertise:	Mr Bozinovski is a highly successful and seasoned executive in the Australian retail industry with over 35 years' experience within FMCG and Pharmaceuticals companies in Australia and internationally. Mr Bozinovski co-founded Voost and has previously held senior positions at Uncle Tobys/Goodman Fielder, Pepsi Co and Sigma Pharmaceuticals.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	15,000,000 fully paid ordinary shares
Interests in options:	Nil
Interests in rights:	Nil
Name:	Andrew Vidler
Title:	Non-Executive Director – (Appointed 16 January 2024)
Experience and expertise:	Mr Vidler has comprehensive experience across retail, consumer health products and retail pharmacy. Andrew in his over 30 years' experience includes nearly 20 years with the EBOS Group (formerly FH Faulding, Mayne Group and Symbion), where across many roles he led the Terry White and Chemmart pharmacy brands and the Endeavour consumer health products business.
Other current directorships:	Pacific Smiles (ASX:PSQ)
Former directorships (last 3 years):	None
Interests in shares:	892,858 fully paid ordinary shares
Interests in options:	Nil
Interests in rights:	Nil
Name:	Jeffrey Yeh
Title:	Non-Executive Director – (Appointed 16 January 2024)
Qualifications:	Bachelor and Master of Science, Bachelor of Technology
Experience and expertise:	Mr Jeffrey Yeh is an experienced all-rounded entrepreneur, with over 21 years' experience in all aspects of pharmaceutical sales, marketing, production, quality assurance, operations, logistics, finance and management.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	194,402,855 fully paid ordinary shares
Interests in options:	Nil
Interests in rights:	Nil

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Name: George Tambassis
Title: Non-Executive Chairman – (Appointed 9 September 2024)
Qualifications: Nil
Experience and expertise: Mr Tambassis served as a director on the Pharmacy Guild of Australia for 15 years including seven years as its National President, during which he was instrumental in concluding the 6th and 7th Community Pharmacy Agreements with the Commonwealth Governments. He was the inaugural President of the World Pharmacy Council and a member of the OECD's Associate Expert Group advising on pharmacy and health. He has recently been elected back on the Guild National Council and Victorian Branch President for the next four years.

Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: Nil
Interests in options: Nil
Interests in rights: Nil

Name: Mario Tascone
Title: Non-Executive Chairman – (Appointed 16 January 2024 & Resigned 28 June 2024)
Qualifications: B Pharm
Experience and expertise: Mr Tascone has a long history of success in the consumer health and wellness market, serving as Director of Sales and Marketing for Australia's leading pharmacy retailer, Chemist Warehouse.

Other current directorships: Chemist Warehouse
Former directorships (last 3 years): Nil
Interests in shares: 18,869,792 fully paid ordinary shares
Interests in options: Nil
Interests in rights: Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Kobe Li

Mr Li's qualifications and experience are set out above.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Eric Jiang	9	10
Kobe Li*	5	5
George Karafotias	10	10
Zack Bozinovski	10	10
Mario Tascone**	4	5
Andrew Vidler**	5	5
Jeffrey Yeh**	5	5

Held: represents the number of meetings held during the time the director held office.

* Resigned effective 15 January 2024

** Appointed effective January 2024

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

Non-Executive Directors may be issued with equity instruments as LTIs (long term incentives) in a manner that aligns this element of remuneration with the creation of shareholder wealth, as Directors are able to influence the generation of shareholder wealth.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

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The executive remuneration and reward framework has the following components:

- base pay and non-monetary benefits
- long-term incentives

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The long-term incentives ('LTI') include long service leave and share-based payments.

Consolidated entity performance and link to remuneration

The Board is of the opinion that improved results can be further improved by the adoption of performance based compensation.

The consolidated entity did not use a remuneration consultant during the year.

Voting and comments made at the Company's Annual General Meeting ('AGM') held on 14 December 2023

At the AGM held on 14 December 2023, 97.04% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2024. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Wellnex Life Limited:

- Eric Jiang (Non-Executive Director)
- Zheng (Kobe) Li (Non-Executive Director)
- George Karafotias (Chief Financial Officer and appointed as Executive Director)
- Zack Bozinovski (Executive Director)
- Andrew Vidler (Non-Executive Director)
- Jeffrey Yeh (Non-Executive Director)
- Mario Tascone (Non-Executive Chairman)

	Short-term benefits		Post-employment benefits		Share-based payments		Total
	Cash salary and fees	Annual leave	Super-annuation	Long service leave	Equity-settled		
30 June 2024	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Eric Jiang	44,091	-	-	-	60,114	-	104,205
Kobe Li	135,250	-	-	-	60,114	-	195,364
Andrew Vidler *	22,916	-	-	-	-	-	22,916
Jeffrey Yeh *	20,000	-	-	-	-	-	20,000
Mario Tascone **	50,000	-	-	-	-	-	50,000
<i>Executive Directors:</i>							
Zlatko Bozinsvki	365,000	22,464	40,302	8,950	120,277	-	556,993
George Karafotias	365,000	18,339	40,302	13,205	120,277	-	557,123
	<u>1,002,257</u>	<u>40,803</u>	<u>80,604</u>	<u>22,155</u>	<u>360,782</u>	<u>-</u>	<u>1,506,601</u>

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* Appointed 16 January 2024

** Appointed 16 January 2024 and Resigned 28 June 2024

	Short-term benefits		Post-employment benefits	Share-based payments		Total \$
	Cash salary and fees \$	Annual leave \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
30 June 2023						
<i>Non-Executive Directors:</i>						
Eric Jiang *	92,333	-	-	-	20,035	112,368
Kobe Li **	103,500	-	-	-	20,035	123,535
<i>Executive Directors:</i>						
Zlatko Bozinsvki	303,500	23,346	31,868	5,482	40,069	404,265
George Karafotias	320,000	16,063	33,600	8,913	40,069	418,645
	<u>819,333</u>	<u>39,409</u>	<u>65,468</u>	<u>14,395</u>	<u>120,208</u>	<u>1,058,813</u>

* Amount paid includes Directors fees for previous financial years amounting to \$32,333.

** Mr Li's remuneration comprised directors fees of \$40,000 fees of \$50,000 for Company secretarial services and fees of \$13,500 for additional secretarial and consulting services outside the scope of normal director and agreed company secretarial work.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: George Karafotias
Title: Chief Executive Officer and Executive Director
Term of agreement: No fixed term.
Details: Annual remuneration of \$350,000 plus statutory superannuation. No specific notice period nor specific termination payment provided for.

Name: Zlato Bozinovski
Title: Executive Director and Chief Strategy Officer
Term of agreement: No fixed term
Details: Annual remuneration of \$350,000 plus superannuation. No specific notice period nor specific termination payment provided for.

Name: Eric Jiang
Title: Non-Executive Director
Term of agreement: No fixed term
Details: Annual remuneration of \$50,000 plus statutory superannuation

Name: Kobe Li
Title: Non-Executive Director and Company Secretary
Term of agreement: No fixed term
Details: Annual remuneration of \$40,000 (excluding GST) for director fees and annual remuneration of \$50,000 (excluding GST) for company secretarial service fees.

Name: Jeffrey Yeh
Title: Non-Executive Director
Term of agreement: No fixed term
Details: Annual remuneration of \$50,000 plus statutory superannuation

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Name: Mario Tascone
Title: Non-Executive Chairman
Term of agreement: No fixed term
Details: Annual remuneration of \$120,000 plus statutory superannuation

Name: George Tambassis
Title: Non-Executive Chairman
Term of agreement: No fixed term
Details: Annual remuneration of \$80,000 plus statutory superannuation

Name: Andrew Vidler
Title: Non-Executive Director
Term of agreement: No fixed term
Details: Annual remuneration of \$50,000 plus statutory superannuation

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2024.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Performance rights

There were no performance rights over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2024.

There were no performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Additional information

The earnings of the consolidated entity for the four years to 30 June 2024 are summarised below:

	2024 \$'000	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000
Revenue and other income	16,936	27,892	18,793	1,434	1,107
Net loss	(13,739)	(13,846)	(7,449)	(20,119)	(65,443)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2024	2023	2022	2021*	2020*
Share price at financial year end (\$)	0.025	0.05	0.06	0.53	0.53

* The Company's shares were placed into ASX suspension on 2 October 2019 and remained in suspension on 30 June 2020 and 30 June 2021. The shares were reinstated to ASX official quotation on 14 July 2021. The Company's share price was 12 cents at the end of the first day of trading after the shares were reinstated to quotation.

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Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other	Balance at the end of the year
<i>Ordinary shares</i>					
Eric Jiang	1,949,037	-	-	-	1,949,037
Kobe Li*	700,000	-	250,000	(950,000)	-
George Karafotias	1,302,346	-	2,535,713	-	3,838,059
Zlatko Bozinovski	13,648,500	-	12,994,357	-	26,642,857
Andrew Vidler	892,858	-	-	-	892,858
Jeffrey Yeh	194,402,855	-	-	-	194,402,855
Mario Tascone**	18,869,792	-	-	(18,869,792)	-
	<u>231,765,388</u>	<u>-</u>	<u>15,780,070</u>	<u>(19,819,792)</u>	<u>227,725,666</u>

* Resigned 16 January 2024

** Resigned 28 June 2024

The number of shares held by the Directors varies from the information of Director section. The information of Directors section is shares held at the date of the report, whereas the shareholding displayed above is at 30 June 2024.

Performance rights

The number of performance rights held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Performance Rights</i>					
Kobe Li*	2,500,000	-	-	-	2,500,000
Eric Jiang*	2,500,000	-	-	-	2,500,000
George Karafotias*	5,000,000	-	-	-	5,000,000
Zlatko Bozinovski*	5,000,000	-	-	-	5,000,000
	<u>15,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000,000</u>

* Subsequent to the end of the financial year, the performance rights were cancelled by the Board with approval of the holders.

Terms of performance rights

The Performance Rights will only vest if specified share price hurdles are met. A summary of the share price hurdles, and the number of Performance Rights attaching to each one, is as follows:

Share price hurdle

Tranche 1

Where, prior to the 12 month anniversary of the issue date of the Performance Rights, the volume weighted average price (**VWAP**) of Wellnex Shares traded on the ASX during any period of 30 consecutive trading days (on which Wellnex Shares have actually traded) is or exceeds \$0.25.

Tranche 2

Where, prior to the 24 month anniversary of the issue date of the Performance Rights, the VWAP of Wellnex Shares traded on the ASX during any period of 30 consecutive trading days (on which Wellnex Shares have actually traded) is or exceeds \$0.35.

Tranche 3

Where, prior to the 36 month anniversary of the issue date of the Performance Rights, the VWAP of Wellnex Shares traded on the ASX during any period of 30 consecutive trading days (on which Wellnex Shares have actually traded) is or exceeds \$0.50.

Number of Performance Rights granted to each Director

George Karafotias: 1,500,000
 Zack Bozinovski: 1,500,000
 Eric Jiang: 750,000
 Kobe Li: 750,000

George Karafotias: 1,500,000
 Zack Bozinovski: 1,500,000
 Eric Jiang: 750,000
 Kobe Li: 750,000

George Karafotias: 2,000,000
 Zack Bozinovski: 2,000,000
 Eric Jiang: 1,000,000
 Kobe Li: 1,000,000

Other transactions with key management personnel and their related parties

During the financial year, the Company received loans from Director George Karafotias amounting to \$738,000 and Director Zack Bozinovski amounting to \$1,775,000.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Wellnex Life Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
9 July 2021	Expiring various dates*	-	1
6 February 2023	6 February 2026	\$0.15	7,315,776
20 July 2023	20 July 2025	\$0.10	27,500,000
19 December 2023	30 June 2025	\$0.05	218,460,618
19 December 2023	01 January 2026	\$0.05	70,000,000
			<u>323,276,395</u>

* Consideration Options - refer to the Prospectus released to the ASX on 13 May 2021 and Notice of Meeting released to the ASX on 20 April 2021 for more details of the terms of these options.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights

There were no unissued ordinary shares of Wellnex Life Limited under performance rights outstanding at the date of this report.

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Shares issued on the exercise of options

The following ordinary shares of Wellnex Life Limited were issued during the year ended 30 June 2024 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
	\$0.05	8,750

Shares issued on the exercise of performance rights

There were no ordinary shares of Wellnex Life Limited issued on the exercise of performance rights during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

The Board is responsible for the maintenance of audit independence. Specifically, the Risk Charter ensures the independence of the auditor is maintained by:

- limiting the scope and nature of non-audit services that may be provided; and
- requiring that permitted non-audit services must be pre-approved by the Board.

During the year William Buck, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements. The Board has considered the non-audit services provided during the year by the auditor and in accordance with the advice provided by the Board, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) as they did not involve reviewing or auditing the auditors own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, William Buck, for audit and non-audit services provided during the year are set out in Note 26.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

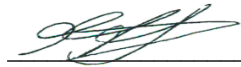
Wellnex Life Limited
Directors' report
30 June 2024

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



George Karafotias
Executive Director

30 September 2024
Melbourne

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Wellnex Life Limited

As lead auditor for the audit of Wellnex Life Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Wellnex Life Limited and the entities it controlled during the year.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136



N. S. Benbow

Director

Melbourne, 30 September 2024

Wellnex Life Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		\$'000	\$'000
Revenue			
Sale of goods		16,492	26,256
Sales commission		47	61
Retainer revenue		289	1,546
Other revenue		104	13
Interest income		4	16
		<u>16,936</u>	<u>27,892</u>
Net gain on modification of the terms of convertible loans	10	663	-
Expenses			
Raw materials and consumables used		(11,859)	(23,138)
Administrative and corporate expenses		(2,785)	(2,660)
Share based payments issued to third parties		(491)	(278)
Employee benefits expense		(4,584)	(4,205)
Selling, marketing and distribution expenses		(2,893)	(4,434)
Depreciation and amortisation expense		(774)	(274)
Impairment of receivables		(85)	(1,037)
Impairment of intangible assets	8	(3,393)	(4,030)
Impairment of inventory		(967)	-
Transaction costs of the Pain Away acquisition		(1,112)	-
Finance costs		(2,395)	(1,682)
		<u>(13,739)</u>	<u>(13,846)</u>
Loss before income tax expense		(13,739)	(13,846)
Income tax expense		-	-
		<u>-</u>	<u>-</u>
Loss after income tax expense for the year attributable to the owners of Wellnex Life Limited		(13,739)	(13,846)
Other comprehensive income for the year, net of tax		-	-
		<u>-</u>	<u>-</u>
Total comprehensive loss for the year attributable to the owners of Wellnex Life Limited		(13,739)	(13,846)
		<u><u>(13,739)</u></u>	<u><u>(13,846)</u></u>
		Cents	Cents
Basic loss per share	22	(1.62)	(3.43)
Diluted loss per share	22	(1.62)	(3.43)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Wellnex Life Limited
Statement of financial position
As at 30 June 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		903	322
Trade and other receivables	5	4,382	4,598
Inventories	6	3,630	3,029
Prepayments and other current assets		980	1,228
Deposits paid - Pain Away acquisition		-	2,200
Total current assets		<u>9,895</u>	<u>11,377</u>
Non-current assets			
Other receivables	5	120	-
Property, plant and equipment		28	48
Right-of-use assets		46	153
Intangibles	8	20,835	3,462
Total non-current assets		<u>21,029</u>	<u>3,663</u>
Total assets		<u>30,924</u>	<u>15,040</u>
Liabilities			
Current liabilities			
Trade and other payables	9	7,438	7,111
Borrowings	10	10,615	6,788
Lease liabilities		52	110
Employee benefit provisions		459	287
Deferred consideration	18	5,650	-
Other liabilities	11	564	-
Total current liabilities		<u>24,778</u>	<u>14,296</u>
Non-current liabilities			
Lease liabilities		-	52
Employee benefit provisions		86	98
Total non-current liabilities		<u>86</u>	<u>150</u>
Total liabilities		<u>24,864</u>	<u>14,446</u>
Net assets		<u>6,060</u>	<u>594</u>
Equity			
Issued capital	12	130,557	112,424
Reserves		2,085	3,727
Accumulated losses		(126,582)	(115,557)
Total equity		<u>6,060</u>	<u>594</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Wellnex Life Limited
Statement of changes in equity
For the year ended 30 June 2024

Consolidated	Issued capital \$'000	Share-based payment reserve \$'000	Convertible loan reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022	102,620	2,973	477	(101,711)	4,359
Loss after income tax expense for the year	-	-	-	(13,846)	(13,846)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(13,846)	(13,846)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 12)	9,804	-	-	-	9,804
Vesting charge for share based payments	-	277	-	-	277
Balance at 30 June 2023	<u>112,424</u>	<u>3,250</u>	<u>477</u>	<u>(115,557)</u>	<u>594</u>

Consolidated	Issued capital \$'000	Share-based payment reserve \$'000	Convertible loan reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2023	112,424	3,250	477	(115,557)	594
Loss after income tax expense for the year	-	-	-	(13,739)	(13,739)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(13,739)	(13,739)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 12)	18,679	-	-	-	18,679
Vesting charge for share based payments	(546)	1,072	-	-	526
Expiry of options	-	(2,345)	-	2,345	-
Derecognition of reserve upon modification of the terms of convertible loans (refer to Note 10)	-	-	(369)	369	-
Balance at 30 June 2024	<u>130,557</u>	<u>1,977</u>	<u>108</u>	<u>(126,582)</u>	<u>6,060</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Wellnex Life Limited
Statement of cash flows
For the year ended 30 June 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		16,535	29,500
Payments to suppliers and employees (inclusive of GST)		(21,305)	(35,529)
Transaction costs related to Pain Away acquisition		(1,172)	-
Interest received		2	16
Interest and other finance costs paid		(878)	(176)
Net cash used in operating activities	21	<u>(6,818)</u>	<u>(6,189)</u>
Cash flows from investing activities			
Loans provided for One Life joint venture		(120)	-
Pain Away acquisition payments	8	<u>(13,300)</u>	<u>(2,200)</u>
Net cash used in investing activities		<u>(13,420)</u>	<u>(2,200)</u>
Cash flows from financing activities			
Proceeds from issue of shares	12	20,150	8,166
Transaction costs related to issues of equity		(2,804)	(710)
Proceeds from borrowings including related party loans		10,645	10,446
Repayment of borrowings		(7,062)	(12,251)
Repayment of lease liabilities		(110)	(121)
Net cash from financing activities		<u>20,819</u>	<u>5,530</u>
Net increase/(decrease) in cash and cash equivalents		581	(2,859)
Cash and cash equivalents at the beginning of the financial year		<u>322</u>	<u>3,181</u>
Cash and cash equivalents at the end of the financial year		<u><u>903</u></u>	<u><u>322</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Wellnex Life Limited
Notes to the Annual Report
30 June 2024

Note 1. General information

The Annual financial report cover Wellnex Life Limited as a consolidated entity consisting of Wellnex Life Limited and the entities it controlled at the end of, or during, the year. The Annual financial report is presented in Australian dollars, which is Wellnex Life Limited's functional and presentation currency.

Wellnex Life Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Building 2, Level 3, Suite 69,
574 Plummer Street
Port Melbourne VIC 3207

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the Annual financial report.

The Annual financial report were authorised for issue, in accordance with a resolution of directors, on 30 September 2024. The directors have the power to amend and reissue the Annual financial report.

Note 2. Material accounting policy information

Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and liabilities in the ordinary course of business. The going concern of the consolidated entity is dependent upon it maintaining sufficient funds for its operations and commitments.

The consolidated entity made a loss after tax of \$13,739,000 during the year ended 30 June 2024 and the net cash used in operating activities was \$6,818,000. The cash balance as at 30 June 2024 was \$903,000. The deficiency of current liabilities over current assets as at 30 June 2024 was \$14,883,000.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notwithstanding these results, the accounts have been prepared on the basis that the consolidated entity will continue its business activities (and that, therefore, the consolidated entity is a going concern) for the following reasons:

- the consolidated entity since the acquisition of Pain Away is generating high margin revenue that will generate positive cashflow for the business and we are also seeing growth in our other brands;
- the extension of the Haleon arrangement into the UK in the first half of FY25 will generate significant revenue and cashflow for the business;
- the consolidated entity holds significant inventory including in some cases 12 months supply to manufacture products, with the inventory held at 30 June can generate circa \$12 million in sales;
- the consolidated entity can if required enter into negotiations to re-structure the notes prior to expiry in June 2025 if required;
- is in the process of re-structuring the convertible notes structure. The restructure will be subject to shareholder approval at the upcoming Annual General Meeting;
- the consolidated entity is in the process of conducting an IPO in the UK with funds raised to be used to extinguish all liabilities that is planned to be completed in the first half of FY25; and
- the consolidated entity also has the ability to raise additional capital through its lead Australian broker and they have provided support that they will raise additional capital as required, through a placement.
- the consolidated entity has the ability to significantly curtail expenses. As at 30 June 2024 the Company has received representations from key sources of finance and its key management personnel stating their intention, ability, if required, to provide financial support for a period of at least 13 months from the date of signing this report.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Note 2. Material accounting policy information (continued)

Historical cost convention

The financial statements have been prepared under the historical cost convention, unless otherwise noted.

Revenue recognition

The consolidated entity recognises revenue as follows:

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery and is net of any contracted rebates or discounts that are contracted with the retailer or wholesaler.

Discretionary rebates or discounts that are not part of any contract are treated as marketing expense with the revenue recognised on the invoice issued to the respective retailer or wholesaler. Discounts, rebates or rebates offered by customers directly linked to the sale of goods are represented net of revenues.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the current or next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Assessment of the Pain Away acquisition

The director reviewed the acquisition of Pain Away and concluded that it did not satisfy the accounting definition of a business, as Pain Away in its purchased form did not have the inputs, outputs and processes necessary to meet that definition, principally due to the fact that no customer contracts, employees or existing supplier contracts were acquired in the transaction.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and/or tax losses only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. No deferred tax assets were recognised as at 30 June 2024.

Assessment of impairment of amortising intangible assets

As at 30 June 2024 the directors considered with a trigger for impairment existed in-respect of the consolidated entity's brand asset in Pain Away. In determining that no impairment trigger existed, the directors took into account a) the overall market capitalization of the Company relative to its consolidated net assets; and b) a fair valuation assessment performed by an independent specialist as at 30 June 2024 of the brand asset.

Convertible Notes

The directors have evaluated the convertible notes, as modified in December 2023, and have determined that the notes carry a fixed share conversion entitlement. As a consequence, the underlying convertible note host liability was measured at the date of the modification, exclusive of its conversion entitlement at fair value and thereafter accounted for at amortised cost. The discount rate applied at initial recognition, at 14.9%, which was performed by an external specialist, factored in the market risk-free rate plus an appropriate credit spread adjustment comparable to other like-for-like enterprises, factoring in the security features of the notes. Given this discount rate is non-market observable, the directors consider this valuation to be a non-market based input that meets the accounting definition of a Level 3 hierarchy. Notwithstanding this, the directors consider that no reasonable adjustment to the credit spread adjustment would not materially impact the results presented in these financial statements.

The difference at the date of modification between the consideration received and the fair value of the underlying note was recognised in the convertible note reserve in equity. A previous amount taken to the reserve prior to the modification of the convertible notes was retired to accumulated losses.

Note 4. Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

During the 2024 financial year the consolidated entity acquired the assets of Pain Away. The business operates in the same business and geographical segment as the rest of the Group, being a provider of high quality Australian made health and wellness products throughout Australasia. All revenue and assets generated during the financial year were generated in Australia.

All revenues of the consolidated entity are recognised at a point in time for all revenue types.

Wellnex Life Limited
Notes to the Annual Report
30 June 2024

Note 5. Current assets - trade and other receivables

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
Current Asset		
Trade receivables	4,329	4,143
Amounts receivable from Corio Bay Group Pty Ltd	-	156
Deposits	53	247
Other	-	52
	<u>4,382</u>	<u>4,598</u>
	-	-

Allowance for expected credit losses

The ageing of trade receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Consolidated	%	%	\$'000	\$'000	\$'000	\$'000
Not overdue	-	-	4,128	3,172	-	-
30 to 60 days overdue	-	-	163	779	-	-
60 to 90 days overdue	-	-	1	140	-	-
90 days overdue	97%	-	37	52	36	-
			<u>4,329</u>	<u>4,143</u>	<u>36</u>	<u>-</u>

Note 6. Current assets - inventories

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
Finished goods - at cost	4,597	3,029
Less: Provision for impairment	(967)	-
	<u>3,630</u>	<u>3,029</u>

Note 7. Non-current assets - other receivables

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
Loan - One Life	120	-

During the financial year the Company provided an unsecured loan to the One Life joint venture. The loan is repayable from earnings of the joint venture with no fixed term.

Note 8. Non-current assets - intangibles

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
Goodwill - at cost	5,004	5,004
Less: Impairment	(5,004)	(4,011)
	<u>-</u>	<u>993</u>
Patents and trademarks - at cost	110	130
Less: Accumulated amortisation	(64)	(41)
	<u>46</u>	<u>89</u>
Brands - at cost (1)	22,996	1,636
Less: Accumulated amortisation	(571)	-
Less: Impairment	(1,636)	-
	<u>20,789</u>	<u>1,636</u>
Customer Relationships - at cost	276	276
Less: Impairment	(276)	(55)
	<u>-</u>	<u>221</u>
Formation costs	604	604
Less: Impairment	(604)	(81)
	<u>-</u>	<u>523</u>
	<u><u>20,835</u></u>	<u><u>3,462</u></u>

(1) As at 30 June 2024, the group completed the acquisition of the Pain Away brand for total consideration of \$21.36m.'

Impairment testing for CGUs containing goodwill

Goodwill arose in the business combinations for the acquisition of BSA. It represented the excess of the cost of the acquisition over the fair value of the consolidated entity's share of the identifiable net assets acquired and contingent liabilities assumed at the date of acquisition. Goodwill is allocated to the consolidated entity's single CGU as discussed above.

In assessing whether an impairment adjustment is required for the carrying value of an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value-in-use.

The Group performed an impairment test as at 31 December 2023 and when circumstances indicated that the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the cash generating units were disclosed in the annual consolidated preliminary final report for the year ended 30 June 2023.

As at 31 December 2023, there was an indicator of impairment as there was economic uncertainty with respect to certain products. As a result, the group performed an impairment assessment and recognised an impairment loss amounting to \$3.393 million related to carrying amount of Brand Solutions Australia, Mr Bright and Setco. The key assumptions applied included pre-tax discount rate of 15.0% (30 June 2023: 14.5%), projected growth rate of 13.95% per annum (30 June 2023: 20% per annum) and long-term terminal growth rate of 3.0% (30 June 2023: 2.5%).

Wellnex Life Limited
Notes to the Annual Report
30 June 2024

Note 8. Non-current assets - intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill \$'000	Patents & trademarks \$'000	Brands \$'000	Customer Relationships \$'000	Formation costs \$'000	Total \$'000
Balance at 1 July 2022	5,004	71	136	248	-	5,459
Additions	-	45	-	-	604	649
Asset acquisition	-	-	1,500	-	-	1,500
Impairment of assets	(4,011)	-	-	-	-	(4,011)
Amortisation expense	-	(27)	-	(27)	(81)	(135)
Balance at 30 June 2023	993	89	1,636	221	523	3,462
Asset acquisition	-	-	21,360	-	-	21,360
Impairment of assets	(993)	(20)	(1,636)	(221)	(523)	(3,393)
Amortisation expense	-	(23)	(571)	-	-	(594)
Balance at 30 June 2024	-	46	20,789	-	-	20,835

Material accounting policy information for Brands

The value of Brands are accounted for over their useful life, which has been determined by the Company as 20 years.

Note 9. Current liabilities - trade and other payables

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
Trade payables	4,316	6,192
Accruals	220	265
Payables to related parties	1,421	161
Wages and superannuation payable	426	108
ATO payable	204	164
Other payables	851	221
	7,438	7,111

Note 10. Current liabilities - borrowings

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
Insurance funding	-	30
Trade and debtor financing	1,612	542
Convertible notes payable (net of deferred borrowing costs)	6,490	6,216
Related party borrowings	2,513	-
	10,615	6,788

Note 10. Current liabilities - borrowings (continued)

Related party borrowings

Amounts due and payable to related parties of the Company are \$2,513,000. Loans to related parties are unsecured, non-interest bearing and repayable at call and carry no equity conversion features and therefore are at terms that the directors consider are no more favourable to the related parties than at market terms.

Trade and debtor facility

In July 2021, the Company entered into a secured revolving trade and debtor facility with Scottish Pacific, with the key terms of this facility as follows:

- total value of financing facility: \$5,300,000
- amount drawn down as at 30 June 2024: \$1,612,000
- interest rate: Bank Bill Swap Bid Rate (BBSY) plus 4%
- this financing facility is secured by general and specific security deeds over all of the Company's assets and has first ranking over the consolidated entity's inventory and receivables.

Original Convertible Note Terms

- amount drawn down as at 30 June 2022: \$6,150,000 (before costs);
- the secured note has a term of 24 months from issue;
- the secured note has a coupon rate of 9% per annum;
- conversion price: \$0.21 (21 cents) per share, with the noteholder having the right to receive one option for every two shares converted at a strike price of \$0.21 (21 cents) with a 24 month term from issue;
- the Company can at any time choose to repay the convertible note financing, with the note holders having the right on the issue of a redemption notice by the Company to convert the convertible note into fully paid ordinary shares;
- the convertible note financing is secured by general and specific security deeds over all of the Company's assets.

Revised Convertible Note Terms

- Conversion price: the conversion price be reduced from \$0.21 to \$0.08;
- Coupon rate: the coupon rate be increased from 9% to 13%, for the period from 6 October 2023 until the maturity date;
- Maturity date: the maturity date be extended by 12 months to 21 June 2025; and
- Redemption: the Company can redeem the Convertible Note at its election (with the Noteholder's consent) from 1 March 2024 onwards, subject to payment of an early redemption fee equal to the 3 months' interest.

Under the revised terms, the principal amount under the Convertible Note will be convertible into a maximum of 77,500,000 Conversion Shares and 38,750,000 Conversion Options (based on the new conversion price of \$0.08, and assuming full conversion of the principal amount of \$6.2m) (noting that this number of securities does not include any securities which the Company will be required to issue to the Noteholder in respect of accrued interest, which is convertible at the same conversion price).

Included in the Variation Deed were 20 million variation options which entitle the note holder to subscribe to one fully paid ordinary share at an exercise price of \$0.05. These were valued using a Black-Scholes valuation model, and a fair value of \$0.1 million was recognised.

The historical convertible notes at fair value was \$5,801,110 (30 June 2023), with the modification of the convertible note resulting in a fair value of \$5,722,899 on inception of the modified convertible notes. A fair value gain of \$663,000 was realised during the financial year in the Statement of Comprehensive Income for the net gain on modification of the term of convertible notes, which arose on the extinguishment of the historical convertible notes.

The Directors of the Company appointed an external valuation expert to perform a fair value valuation on the convertible notes and the related embedded derivatives as at modification.

Wellnex Life Limited
Notes to the Annual Report
30 June 2024

Note 11. Current liabilities - Other liabilities

	Consolidated	30 June 2023
	30 June 2024	\$'000
	\$'000	\$'000
Proceeds from unissued shares	564	-

Note 12. Equity - issued capital

	Consolidated			
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	1,289,554,35	423,719,190	130,557	112,424

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2022	303,305,814		102,620
Issue of Share Purchase Plan shares	24 October 2022	37,543,584	\$0.075	2,816
Issue of shares for Placement	7 December 2022	42,000,000	\$0.075	3,150
Issue of shares for settlement of supply agreement	7 December 2022	15,869,792	\$0.064	1,016
Issue of shares for acquisition of Mr Bright	7 December 2022	15,000,000	\$0.10	1,500
Issue of shares for acquisition of Pain Away	19 May 2023	10,000,000	-	2,200
Capital raising costs		-	-	(878)
Balance	30 June 2023	423,719,190		112,424
Placement of shortfall shares	28 July 2023	9,563,120	\$0.05	478
Issue of shares for placement of Pain Away	13 October 2023	34,000,000	\$0.028	-
Issue of shares to 365 Health as part of purchase consideration for Pain Away asset acquisition *	3 November 2023	20,000,000	\$0.028	560
Issue of shares for acquisition of Pain Away	14 December 2023	487,282,310	\$0.028	13,644
Issue of shares for Placement	15 December 2023	53,839,556	\$0.028	1,507
Issue of shares for Placement	20 December 2023	6,000,000	\$0.028	-
Issue of shares to 365 Health as part of purchase consideration for Pain Away asset acquisition *	20 December 2023	28,571,428	\$0.028	800
Issue of shares to 365 Health for management services	20 December 2023	20,000,000	\$0.028	560
Issue of shares for Placement	29 February 2024	35,714,284	\$0.028	1,000
Issue of shares for Placement	14 March 2024	63,571,428	\$0.028	1,780
Issue of shares to lead manager for capital raise	18 March 2024	68,000,000	\$0.022	1,496
Issue of shares for Placement	1 May 2024	39,284,285	\$0.028	1,011
Issue of shares for exercise of options **	31 May 2024	8,750	\$0.05	-
Capital raising costs		-	-	(4,703)
Balance	30 June 2024	1,289,554,351		130,557

* These are non-cash considerations for the acquisition of Pain Away. Refer to Note 18 for information on the consideration paid.

** During the year, the Company issued 8,750 ordinary fully paid shares through the exercise of 8,750 options at 5 cents (\$0.05) which raised \$437.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Note 12. Equity - issued capital (continued)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 13. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Price risk

The consolidated entity does not currently face material price risk as it does not trade in products, nor hold investments, which are expected to be exposed to material price fluctuations.

Interest rate risk

As at reporting date the Consolidated Entity has a trade finance facility which is subject to material interest rate risk arising from borrowings. If the interest rate of on the trade finance facility varied by 5% it would not have a material impact on the consolidated entity. The cash holding of the Consolidated Entity is highly liquid and short-term in nature and has no material fair value risk to changes in interest rates.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

The consolidated entity has a credit risk exposure with trade receivables, which as at 30 June 2024 owed the consolidated entity \$4,329,000 (2023: \$4,143,000). This balance was within its terms of trade and no impairment was made as at 30 June 2024. Management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Wellnex Life Limited
Notes to the Annual Report
30 June 2024

Note 13. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required, or expected, to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 June 2024	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	5,737	-	-	-	5,737
Accruals	-	220	-	-	-	220
Other payables	-	1,481	-	-	-	1,481
Loans from related parties	-	2,513	-	-	-	2,513
Deferred consideration	-	5,650	-	-	-	5,650
<i>Interest-bearing</i>						
Convertible loans	13.00%	6,490	-	-	-	6,490
Lease liability	-	52	-	-	-	52
Trade finance facility	11.22%	1,612	-	-	-	1,612
Total non-derivatives		23,755	-	-	-	23,755
Consolidated - 30 June 2023						
	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	6,353	-	-	-	6,353
Accruals	-	265	-	-	-	265
Other payables	-	493	-	-	-	493
<i>Interest-bearing</i>						
Convertible loans	9.00%	6,216	-	-	-	6,216
Lease liability - head office	-	110	52	-	-	162
Trade finance facility	6.50%	542	-	-	-	542
Insurance funding	-	30	-	-	-	30
Total non-derivatives		14,009	52	-	-	14,061

Details about the financial guarantee contracts are provided in . The amounts disclosed in the above tables are the maximum amounts allocated to the earliest period in which the guarantee could be called upon. The consolidated entity does not expect these payments to eventuate.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Wellnex Life Limited
Notes to the Annual Report
30 June 2024

Note 14. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Short-term employee benefits	1,043,060	858,742
Post-employment benefits	80,604	65,468
Long-term benefits	22,155	14,395
Share-based payments	360,782	120,208
	<u>1,506,601</u>	<u>1,058,813</u>

Note 15. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (Vic) Pty Ltd, the auditor of the Company:

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
<i>Audit services - William Buck</i>		
Audit or review of the financial statements	<u>188,458</u>	<u>113,000</u>
<i>Other services - William Buck</i>		
Other assurance services	<u>68,000</u>	<u>5,000</u>
	<u>256,458</u>	<u>118,000</u>

Note 16. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 14 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Sale of goods and services:		
3PL logistics costs paid to an entity controlled by a Director	(803,609)	(1,889,861)
Office lease payments made to an entity controlled by a Director	(114,801)	(58,200)

Note 16. Related party transactions (continued)

Payable to to related parties

The following balances are payable at the reporting date in relation to transactions with related parties:

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
Current payables:		
Loan from George Karafotias	738	-
Loan from Zack Bozinovski	1,775	-
Total	2,513	-

Refer to Notes 10 and 11 for further information on the related party loans.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 17. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2024	30 June 2023
	\$'000	\$'000
Loss after income tax	(9,701)	(9,104)
Total comprehensive loss	(9,701)	(9,104)

Statement of financial position

	Parent	
	30 June 2024	30 June 2023
	\$'000	\$'000
Total current assets	925	4,072
Total assets	29,754	13,032
Total current liabilities	14,658	7,274
Total liabilities	14,667	7,320
Equity		
Issued capital	130,519	112,424
Share-based payments reserve	1,886	3,250
Convertible loan reserve	108	477
Accumulated losses	(107,726)	(110,439)
Total equity	15,087	5,712

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Note 17. Parent entity information (continued)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 18. Asset acquisition

Acquisition of Pain Away brand asset

On 18 December 2023 the Company announced the completion of the asset acquisition of Pain Away brand asset. Pain Away is the largest Australian-owned topical pain relief brand and second largest provider of topical pain relief products in Australia in market share terms. The business develops and manufactures topical pain relief products focused on joint and muscle pain using all natural ingredients.

The deferred consideration is payable in two equal tranches of \$2.9m and \$2.75m maturing October 2024 and April 2025. In the event of a default of payment of either tranche has the right to take action including enforcing its security rights and also the associated guarantee with Wellnex Life.

Details of the acquisition are as follows:

	Fair value \$'000
Brand asset	21,360
Inventory	<u>1,150</u>
Acquisition-date total consideration transferred	<u><u>22,510</u></u>
Cash used to acquire business, net of cash acquired:	
Advance cash deposit paid in 2023 Financial Year	(2,200)
Remaining deposit amount paid in the 2024 Financial Year	(13,300)
Less: deferred consideration	(5,650)
Less: shares issued by company as part of consideration	<u>(1,360)</u>
Consideration paid	<u><u>(22,510)</u></u>

Note 19. Interests in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Principal activities	Parent	
			Ownership interest 30 June 2024 %	Ownership interest 30 June 2023 %
Little Innoscents Pty Ltd*	Australia	Provision of organic baby skincare, aromatherapy essential oils and domestic cleaning products	-	100.00%
Wattle Health Australia Investments Pty Ltd	Australia	Investment	100.00%	100.00%
BSPS Aust Pty Ltd	Australia	Brand Solutions Australia and Pharma Solutions Australia businesses	100.00%	100.00%
BSPSPA Pty Ltd	Australia	Holds the IP and trademarks of Pain Away	100.00%	-

* Liquidated during the financial year.

Note 20. Events after the reporting period

On 3 July 2024 the Company issued 435,438 shares at \$0.025 (2.5 cents) as part of the employment agreement to former employees.

On 19 July 2024, the Company issued 12,500,000 shares at \$0.028 (2.8 cents) per share to a corporate advisor in connection with corporate advisory services.

On 24 July 2024, the Company announced it had successfully raised approximately \$2 million in a placement involving UK based brokers and high net worth investors, via the issue of 73,781,290 fully paid ordinary shares at \$0.028 (2.8 cents) per share.

On 7 August 2024, the Company issued 99,392,863 shares at \$0.028 (2.8 cents) per share as part of a placement announced on 24 July 2024.

On 15 August 2024, the Company announced it received its first order from Haleon to supply liquid paracetamol for the UK market.

On 16 August 2024, the Company launched new prescription only medicinal cannabis brand -Wellness Life, for the SAS market.

On 9 September 2024, the Company announced the appointment of highly experienced George Tambassis as Non-Executive Chairman.

On 26 September 2024, the company held an extraordinary general meeting (EGM) with all resolutions passed including the consolidation of the Company's equities of 50:1 and the approval to issue 680 million fully paid ordinary shares at a floor price of \$0.028 per share.

Note 20. Events after the reporting period (continued)

Medicinal Cannabis

Wellnex in July 2024 launched new medicinal cannabis brand – Wellness Life in a joint venture with leading medicinal cannabis manufacturer, One Life Botanicals, for the growing SAS market in Australia. Chemist Warehouse as part of the joint venture will partner with the joint venture to assist in growing Wellness Life in being a brand of choice for the lucrative medicinal cannabis market that will allow Wellnex to have access to locally produced and manufactured high quality medicinal cannabis products at a competitive price for the SAS-B market. The SAS market is estimated to grow to circa \$600 million in FY25 and with the strategic relationships secured puts Wellnex in a strong position to take advantage of this opportunity.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 21. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
Loss after income tax expense for the year	(13,739)	(13,846)
Adjustments for:		
Depreciation and amortisation	821	274
Impairment of non-current assets	86	1,037
Impairment of goodwill	3,346	4,011
Share-based payments	491	278
Impairment of inventory	967	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(253)	1,573
Decrease/(increase) in inventories	(1,568)	1,290
Decrease/(increase) in prepayments	2,713	(1,060)
Increase/(decrease) in trade and other payables	(160)	175
Increase in employee benefits	478	79
Net cash used in operating activities	<u>(6,818)</u>	<u>(6,189)</u>

Note 22. Loss per share

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
Loss after income tax attributable to the owners of Wellnex Life Limited	<u>(13,739)</u>	<u>(13,846)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>850,349,898</u>	<u>403,673,469</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>850,349,898</u>	<u>403,673,469</u>
	Cents	Cents
Basic loss per share	(1.62)	(3.43)
Diluted loss per share	(1.62)	(3.43)

Wellnex Life Limited
Notes to the Annual Report
30 June 2024

Note 22. Loss per share (continued)

The dilutive impact of shares, options and rights has not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as it does not meet the requirements for inclusion in AASB 133 'Earnings Per Share'. The rights to these shares, options and rights are non-dilutive as the consolidated entity is loss generating.

Note 23. Share-based payments

The consolidated entity may issue options to service providers as consideration for services provided to the consolidated entity. Set out below are summaries of options deemed, for accounting purposes, as being granted during or prior to the year ended 30 June 2024, and their deemed balances at 30 June 2024:

Share based payments issued as part of remuneration of employees and key management personnel

30 June 2024

Deemed Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21/05/2021	30/09/2023	\$0.15	13,500,000	-	-	(13,500,000)	-
21/05/2021	10/07/2023	\$0.20	21,365,143	-	-	(21,365,143)	-
21/03/2022	20/08/2024	\$0.18	2,500,000	-	-	-	2,500,000
21/03/2022	20/08/2024	\$0.20	7,500,000	-	-	-	7,500,000
06/02/2023	06/02/2026	\$0.15	2,815,775	-	-	-	2,815,775
06/02/2023	06/02/2026	\$0.15	4,500,000	-	-	-	4,500,000
			<u>52,180,918</u>	<u>-</u>	<u>-</u>	<u>(34,865,143)</u>	<u>17,315,775</u>

30 June 2023

Deemed Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21/05/2021	30/09/2023	\$0.15	13,500,000	-	-	-	13,500,000
21/05/2021	10/07/2023	\$0.20	21,365,143	-	-	-	21,365,143
21/03/2022	20/08/2024	\$0.18	2,500,000	-	-	-	2,500,000
21/03/2022	20/08/2024	\$0.20	7,500,000	-	-	-	7,500,000
06/02/2023	06/02/2026	\$0.15	-	2,815,775	-	-	2,815,775
06/02/2023	06/02/2026	\$0.15	-	4,500,000	-	-	4,500,000
			<u>44,865,143</u>	<u>7,315,775</u>	<u>-</u>	<u>-</u>	<u>52,180,918</u>

Share based payments issued as part of capital raisings

30 June 2024

Deemed Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
14/03/2024	01/01/2026	\$0.05	-	50,000,000	-	-	50,000,000
			<u>-</u>	<u>50,000,000</u>	<u>-</u>	<u>-</u>	<u>50,000,000</u>

Note 23. Share-based payments (continued)

The Black-Scholes valuation model inputs used to determine the fair values at the grant date are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
09/07/2021	10/07/2023	\$0.15	\$0.200	90.00%	-	0.14%	\$0.07861
09/07/2021	30/09/2023	\$0.15	\$0.150	90.00%	-	0.14%	\$0.06007
21/03/2022	20/08/2024	\$0.12	\$0.200	110.00%	-	0.14%	\$0.06470
21/03/2022	20/08/2024	\$0.12	\$0.180	110.00%	-	0.14%	\$0.06430
06/02/2023	06/02/2026	\$0.072	\$0.150	100.00%	-	0.03%	\$0.03502
06/02/2023	06/02/2026	\$0.072	\$0.150	100.00%	-	0.03%	\$0.03502
14/03/2024	01/01/2026	\$0.026	\$0.050	100.00%	-	3.35%	\$0.91100

Wellnex Life Limited
Consolidated entity disclosure statement
As at 30 June 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership	Tax residency
			interest %	
Wellnex Life Limited	Body corporate	Australia	-	
BSPS Aust Pty Ltd	Body corporate	Australia	100.00%	Australia
BSPSPA Pty Ltd	Body corporate	Australia	100.00%	Australia
Wattle Health Investments Pty Ltd	Body corporate	Australia	100.00%	Australia

Basis of preparation

This Consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Consolidated Entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

Australian tax residency

The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Partnerships and Trusts

None of the entities noted above were trustees of trusts within the Group, partners in a partnership within the Group or participants in a joint venture within the Group.

Wellnex Life Limited
Directors' declaration
30 June 2024


In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



George Karafotias
Executive Director

30 September 2024
Melbourne

Independent auditor's report to the members of Wellnex Life Limited

Report on the audit of the financial report



Our opinion on the financial report

In our opinion, the accompanying financial report of Wellnex Life Limited (the Company) and its controlled entities (together, the Group) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Group, which comprises:

- the consolidated statement of financial position as at 30 June 2024,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended,
- notes to the financial statements, including material accounting policy information,
- the consolidated entity disclosure statement, and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss after income tax of \$13,739,000 and net operating cash outflows of \$6,818,000 during the year ended 30 June 2024 and, as of that date, the Group's current liabilities exceeded its current assets by \$14,883,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Acquisition of Pain Away brand assets	Area of focus (refer also to note 18)	How our audit addressed the key audit matter
	<p>On 18 December 2023, the Group announced the completion of the Pain Away asset acquisition, which included the purchase of brand assets and inventory for a total consideration of \$22.51 million.</p> <p>This acquisition was identified as a key audit matter due to its material impact on the Group's financial statements, the complexity in valuing the acquired brand asset, and the judgement required to determine whether the transaction qualifies as an asset acquisition, thereby falling outside the scope of AASB 3 <i>Business Combinations</i>.</p> <p>The directors commissioned an independent expert to evaluate the fair value of the brand asset acquired.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Examining the key contracts related to the acquisition, including the business sale agreement and deed of variation, to understand the transaction, its key terms, and to assess the appropriateness of management's conclusion that the transaction qualifies as an asset acquisition. — Verifying the valuation of the consideration paid and deferred consideration payable under the acquisition agreement, including tracing share issuances to the vendor as part of the purchase consideration. — Evaluating the valuation methodologies and key assumptions used by management and their independent valuation specialist to value the acquired brand asset. — Assessing the independence, experience, and expertise of the independent valuation specialist engaged by management and examining the model used and input assumptions employed by the specialist in deriving their fair valuation assessment. — Reviewing the sufficiency and completeness of disclosures made in the financial report.

2. Valuation of convertible debt

Area of focus (refer also to note 10)

On 14 December 2023, the Group received shareholder approval for a variation to its existing convertible debt. The Directors have determined that this variation constitutes a substantial modification under AASB 9 *Financial Instruments*. An independent specialist was engaged to perform a fair value assessment of the revised convertible debt, including the fair value of the liability component (debt host liability), as well as the bonus option and conversion feature (equity).

The convertible debt balance is material to the financial statements, and valuing this compound financial instrument requires complex valuation techniques and the use of subjective assumptions.

How our audit addressed the key audit matter

Our audit procedures included:

- Examining the original debt agreement and the variation made on 14 December 2023, focusing on key clauses that impact accounting treatment and financial statement recognition.
- Assessing the independence, experience, and expertise of the independent valuation specialist engaged by management.
- Obtaining written confirmation from the Trustee of the convertible debtholders to verify the outstanding face value amount as of the balance date.
- Recalculating and cross-referencing the valuation and disclosures of the modified convertible debt agreement with the balances and disclosures in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor’s report.

Report on the Remuneration Report



Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of Wellnex Life Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

What was audited?

We have audited the Remuneration Report included in the directors’ report for the year ended 30 June 2024.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.


William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



N. S. Benbow

Director

Melbourne, 30 September 2024

Wellnex Life Limited
Shareholder information
30 June 2024

The shareholder information set out below was applicable as at 27 September 2024.

Corporate Governance Statement

Refer to the Company's Corporate Governance statement at: <https://www.wellnexlife.com.au/>

The total number of fully paid ordinary shares on issue is 1,401,882,652.

Unmarketable Parcel

There are 3,504 holders holding less than a marketable parcel of Shares, based on a minimum of \$500 parcel at \$0.019 per share (last closing price).

	Number of holders	% of total
1 - 1,000	1,024	0.04
1,001 - 5,000	1,239	0.24
5,001 - 10,000	597	0.33
10,001 - 100,000	1,288	3.33
100,001 - and over	763	96.05
Total	<u>4,911</u>	<u>99.99</u>

In addition to the above securities, the Company has following unquoted equity security holders by size of holding:

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Ordinary shares	Ordinary shares	
	Number held	% of total shares issued
Homart Group Pty Ltd	83,508,573	5.96
Kobella Holdings Pty Ltd (The Kobella Holding Unit A/C)	68,571,428	4.89
JYSF Management Pty Ltd (JYSF A/C)	65,729,522	4.69
Kirby Superannuation Pty Ltd (Kirby super fund A/C)	40,154,760	2.86
GGP Investments Pty Ltd (GGP Superannuation Fund A/C)	32,732,760	2.33
Citicorp Nominees Pty Limited	32,661,975	2.33
Gleneagle Securities Nominees Pty Limited	32,142,855	2.29
HSBC Custody Nominees (Australia) Limited	30,559,496	2.18
Morrison Securities Pty Ltd (Placements A/C)	28,836,995	2.06
ZJL Pty Ltd (The Bozinovski Family A/C)	24,142,857	1.72
18120 Pty Ltd (HMEJ A/C)	22,657,143	1.62
Lotus Capital Group Pty Ltd	19,882,100	1.42
Gleneagle Securities (Aust) Pty Ltd	19,700,000	1.41
Pear Management Pty Ltd	19,603,863	1.40
Reid Jon Zulpo (RJ & MC Zulpo Family A/C)	19,021,740	1.36
CW Retail Holdings Pty Ltd (CW Retail Holdings A/C)	18,869,792	1.35
Wattle Trading Pty Ltd	18,831,453	1.34
Onslow Management Services Pty Ltd Ltd (Esperance A/C)	17,857,143	1.27
Monex Boom Securities (HK) Ltd (Clients Account)	17,750,302	1.27
Mrs Jieni Jeffrey	16,669,265	1.19
	<u>629,884,022</u>	<u>44.94</u>

Wellnex Life Limited
Shareholder information
30 June 2024

Substantial holders

Substantial holders in the Company, as disclosed in substantial holding notices given to the Company under the Corporations Act, are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Homart Group Pty Ltd	83,508,573	5.96

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

Class A Unquoted Options, Class B Quoted Options and Consideration Options do not carry any voting rights until they convert into fully paid ordinary shares.

Other information

There is no current on-market buy-back of the Company's securities.

The Company's securities are not quoted on any exchange other than the ASX

The Company's Company Secretary is Mr Kobe Li.

Wellnex Life Limited

ABN 77 150 759 363

Annual Report - 30 June 2023

Wellnex Life Limited
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Wellnex Life Limited
Corporate directory
30 June 2023

Directors	Eric Jiang (Non-Executive Director) Kobe Li (Non-Executive Director) George Karafotias (Executive Director) Zack Bozinovski (Executive Director)
Company secretary	Kobe Li
Registered office and Principal place of business	Building 2, Level 3, Suite 69, 574 Plummer St Port Melbourne VIC 3207 Phone: +61 3 8399 9419
Share register	Computershare Investor Registry Services Yarra Falls 452 Johnston Street Abbotsford, Victoria, 3067 Phone: 1300 787 272 (within Australia) Phone: +61 3 9415 5000 (overseas callers)
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Solicitors	Holding Redlich Level 8, 555 Bourke Street Melbourne VIC 3000
Stock exchange listing	Wellnex Life Limited securities are listed on the Australian Securities Exchange (ASX code: WNX and WNXO)
Website	https://www.wellnexlife.com.au

Wellnex Life Limited
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Wellnex Life Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were directors of Wellnex Life Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Eric Jiang (Non-Executive Director)
Zheng (Kobe) Li (Non-Executive Director)
George Karafotias (Chief Executive Officer and Executive Director)
Zack Bozinovski (Executive Director)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- marketing and selling a portfolio of premium branded products for the health and pharmaceutical market; and
- licensing our IP to major domestic and international pharmaceutical companies

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

Financial performance

Revenue for the period was \$27.9 million an increase of 50% on the prior corresponding period 30 June 2022: \$18.6 million. This builds on the 55% increase in revenue in financial year 2022 (FY22) compared to financial year 2021(FY21) and is a reflection of the continued growth of our brands and IP licensing.

Loss for the full-year of \$13.8 million was up 85% on the prior corresponding period 30 June 2022: \$7.5 million, primarily due to non-cash expenses of \$5.6 million for the period compared to the prior corresponding period (PCP) \$1.6 million. The EBITDA loss for the period was \$6.8 million compared to \$6.5 million for the PCP, which was impacted by the following:

- Reduction in gross margins from 24% in FY22 to 17% in FY23 due to stock write offs and inventory costs associated with product development in the launch of new brands and products. Gross margins for FY24 are expected to be in the range of 25% to 28%, driven by growing sales of our brands and increased margins from IP licensing arrangements with Haleon.
- Employee expenses were up 27% for the period compared to PCP, which was a deliberate strategy to fully resources our sales, marketing and regulatory team, to accelerate the roll out and growth of our brands. The Company will keep employee expenses at the same level for FY24 even though we will see continued growth of our revenue and the integration of the proposed acquisition of Pain Away.
- Selling, marketing and distribution expense for the period increased by 166% compared to PCP to \$4.4 million, primarily due to one off marketing costs associated with new brand launches for the period and elevated logistic costs. Marketing costs for FY24 will be in line with FY23 but as a percentage of revenue will be reduced by circa 35%, further the Company has signed a new agreement with our logistic partner that will see a circa 25% reduction in logistic costs.
- One-off cash loss for corporate activity including the proposed acquisition of Pain Away, acquisition of Mr Bright and various funding activities of circa \$1 million.

Wellnex during FY23 strategically grew its presence in the health and pharmaceutical market with the launch of various of brands and products that has resulted in continued growth of the business with 6 innovative brands in the market that are available in all major grocery and pharmacy channels domestically. Wellnex also extended its agreement with Haleon that has resulted in both product and global expansion. The positive results in FY23 will be seen in FY24 with continued revenue and margin growth, decrease in expenses as a percentage of revenue, and a pathway to profitability in FY24.

The loss from normal business operations excluding one-off and non-cash expenses was circa \$5.0 million, with the main growth drivers for this financial year include:

Wellnex Life Limited
Directors' report
30 June 2023

- Launch of 4 new products for Wakey Wakey complimenting the existing product offering with all new products available in all major grocery and pharmacy retailers.
- Launch of new innovative sleep aid brand Nighty Night, with initial sales very encouraging across all major grocery and pharmacy retailers.
- Continued growth of over-the-counter medicines under the Pharmacy Own brand distributed by CH2. Wellnex continues to see growth in distribution of the product through pharmacy channels throughout Australia.
- The Iron Company continues to gain traction in the iron supplement market with its unique propositions, with the company developing further product expansion in FY24.
- Mr Bright will further expand its presence, primarily in domestic retailers to take advantage of its strong offering as an all-natural teeth whitening brand.
- Continued growth of our IP licensing that has resulted in substantial revenue growth in FY23, that will continue in FY24 with the agreement with Haleon to expand the arrangement globally and with additional products.

Financial Position

The total assets of the entity as at 30 June 2023 was \$15.0 million (30 June 2022: \$19.6 million), a decrease of 23%. The net assets of the entity was \$0.6 million (30 June 2022: \$4.4 million).

Wellnex subsequent to close of FY23 has settled through the administrator a preferential creditor payment at Corio Bay Dairy Group (CBDG), with still circa \$2.8 million being pursued. The total recovered monies of \$600,000 will be received by the company on the completion of settlement of all claims expected to conclude in the first half of FY24.

The Company is also completing the acquisition of the proposed acquisition of Pain Away anticipated to complete in December and on completion will have a strong balance sheet to execute its business objectives of continuing to grow its brands, products, revenue and margins in the fast-growing health and pharmaceutical market.

Growth of Wellnex Life Limited

FY23 has been a period of substantial growth for Wellnex with continued expansion of our brands, products and revenue. Revenue for the group for consecutive financial years has grown circa 50% and with the continued growth of our offerings we anticipate FY24 to be another positive period. Wellnex strategically invested during the period to allow the company to take advantage of the opportunities in the market with this strategy to realise significant gains in FY24, with increased margins and a substantial reduction in expenses compared to revenue putting Wellnex in a profitable position.

Additionally, with the proposed acquisition of Pain Away to be completed in December the Company will accelerate its position as a major participant in the health and pharmaceutical market.

Brands

Wellnex Life during the financial year continued to grow its brand and product portfolio with new brand launches and extension of our product offerings. Brand revenue as a percentage of our total revenue continues to grow and this will reflect in an increase in our margins in FY24.

1. Wakey Wakey

Wellnex expanded the Wakey Wakey range to now include six product lines, including a Wakey Wakey+ range that will offer consumers the benefits of the current caffeine energy pick up + magnesium and + immunity . Two new flavours Berry and Lemon Lime have also been added to the base range. The product extensions are available nationally in key retailers such as Chemist Warehouse, Coles and Woolworths. The Wakey Wakey brand extensions will continue to drive brand awareness and further increase the already strong sales.

2. Nighty Night

On the back of the success of Wakey Wakey energy brand, the Company began development of Nighty Night nine months ago. The now launched Nighty Night brand was developed to take advantage of the growing demand from consumers looking for assistance in achieving a good nights sleep. The retail market has been excited by the innovative launch of Nighty Night, with strong initial sales in across both pharmacy and grocery retailers, including Coles, Woolworths and Chemist Warehouse.

3. The Iron Company

Wellnex launched Australia's first slow-release iron gummy under the brand The Iron Company, with the uniqueness of this product has resulted in the brand being ranged in all major pharmaceutical retailers.

The Company anticipates further growth in sales in FY24 as brand awareness continues to increase, with the Company looking at expanding the product offering in FY24.

4. Pharmacy Own

Wellnex Life during the period signed an exclusive supply agreement with one of Australia's largest pharmaceutical and medical consumable distributors, CH2, for the launch of Pharmacy Own. Wellnex Life during the period has been developing a strong offer of over the counter (OTC) products that will provide consumers equivalent efficacious products to the major brands found in the Australian market.

Wellnex continues to grow its distribution and product offering for Pharmacy Own that will see sales continue to increase in FY24.

5. Mr Bright

Mr Bright, a teeth whitening brand, was purchased by Wellnex in FY23 with distribution channels in the USA and UK and online channels but has poor penetration in the Australian market. Wellnex in FY24 will expand the brand into domestic pharmacy and grocery retailers to take advantage of the growing oral care market.

6. Wagner Health Liquigesics

The joint venture brand with Chemist Warehouse continues to go from strength to strength with strong sales in FY23 that are expected to continue to show good growth in FY24. Wellnex with Chemist Warehouse are in the process of expanding the product offering of this brand in FY24 to take advantage of the strong brand presence the brand has developed over a short period of time.

All intellectual property in regard to the products under this brand are the property of Wellnex and used in our other brands and in our IP licensing arrangements.

7. Medicinal Cannabis

Wellnex during FY23 entered into a joint venture with leading medicinal cannabis manufacturer, One Life Botanicals, that will allow Wellnex to have access to locally produced and manufactured high quality medicinal cannabis products at a competitive price for the SAS-B market.

Subsequent to this and understanding the unique proposition of the joint venture with One Life Botanicals, Chemist Warehouse entered into a joint venture on a new medicinal cannabis brand that will be available through the extensive retail network of Chemist Warehouse and other pharmacy retailers.

The SAS-B market is estimated to grow to circa \$600 million in FY24 and with the strategic relationships secured puts Wellnex in a strong position to take advantage of this large and growing opportunity.

IP Licensing - Haleon

Wellnex Life in developing innovative and unique products continues to grow its contract manufacturing business, including securing a momentous supply agreement with Haleon for its liquid paracetamol soft gel product initially for the Australian and New Zealand market. The initial success of this arrangement has given Haleon the confidence to further expand this arrangement with two new product lines in conjunction with a global roll out across Europe and the Middle East.

This new agreement with Haleon will significantly grow our revenue in FY24, coupled with increased margins for the new products being included in this arrangement.

Other matters

Wellnex Life during the period entered into a transformational agreement to acquire leading topical pain relief brand, Pain Away. This will transform the Company in acquiring a brand that has a long and successful history in the market that is available in all major grocery and pharmacy retailers, with further scope to increase sales with expansion of its product offering and distribution channels especially in grocery channels and international channels.

Wellnex anticipates completing the acquisition in December 2023.

Significant changes in the state of affairs

On 18 July 2022 the Company announced that it had formalised a joint venture with Onelife Botanicals for the manufacture, distribution and sale of cannabis and hemp-based products. The Joint Venture will allow Wellnex to be one of the first to market with a registered medicinal product under S3 registration and allow it to bring to market products under SAS by the end of CY22.

Wellnex once it obtains an S3 registration will obtain 4% of the fully diluted capital of Onelife Botanicals.

On 9 September 2022 the Company announced that it has entered into a binding Asset Sale Agreement to acquire 100% of the assets of premium teeth whitening business, Mr Bright. The acquisition was via the issue of \$1.5 million in shares in Wellnex at a floor price of \$0.10 per share or the 5-day VWAP prior to settlement (whichever is higher).

On 13 September 2022 the Company announced the launch of a Share Purchase Plan (SPP) with a target raise of \$2 million, with the ability to take overs. The SPP will be at \$0.075 per share a discount of 19.7% to the 5-day VWAP at launch of SPP. On 24 October 2022, the SPP was completed and 37,543,584 fully paid ordinary shares were issued raising \$2.8 million.

On 7 December 2022, the Company issued the following securities:

- 42,000,000 fully paid ordinary shares at \$0.075 per share, on completion of Strategic Placement, raising \$3.15 million;
- 15,869,792 fully paid ordinary shares at deemed issue price of \$0.064 per share, for settlement of supply agreement; and
- 15,000,000 fully paid ordinary share at deemed issue price of \$0.10 per share, on completion of Mr Bright acquisition.

On 19 May 2023, Wellnex proposed to acquire the business and assets of Pain Away, one of Australia's leading topical pain relief brands. In order to fund the purchase price of \$22.0m, the Company intends to raise funds by way of equity financing. the equity financing will comprise:

- (1) an initial placement of fully paid ordinary shares (Shares) to raise \$2.2m (before costs) (Initial Placement);
- (2) a non-renounceable pro-rata 1-for-4 entitlement offer to raise up to \$5.3m (before costs) (Entitlement Offer); and
- (3) a second placement of 400m Shares to raise \$20m (before costs) (Second Placement, together with the Entitlement Offer, the Substantive Capital Raising),

The Company has completed the Initial Placement to entities associated with strategic investor and existing shareholder Homart Pharmaceuticals (Initial Placement Subscribers). Prior to the Initial Placement, Homart Pharmaceuticals (via its associated entities) held 11.13% of the Company's issued share capital, following participation in the Company's capital raising placement in October 2022.

The funds of \$2.2m raised under the Initial Placement have been applied towards payment of the deposit for the Proposed Transaction under the Sale Agreement.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 18 July 2023 the Company issued 9,313,120 shares at \$0.05 (5 cents) as part of the Entitlement Offer, raising \$465,656.

On 20 July 2023 the Company issued 27,500,000 unlisted options as free attaching options through the Placement (one for two free attaching options) as being exercisable at \$0.10 (10 cents) on or before 20 July 2025.

On 5 October 2023 the Company signed the agreement for the acquisition of Pain Away. The acquisition included payment of \$12.8 million plus inventory with a deferred consideration of 2 equal payments of \$2.9 million in 12 and 18 months from the completion date. Wellnex as part of the consideration will issue 20 million fully paid ordinary shares escrowed till May 2024. Planned settlement date of the agreement will be December 2023.

Wellnex Life Limited
Directors' report
30 June 2023

On 5 October 2023 the Company announced it is currently in the process of restructuring Convertible notes to extend term a further 12 months till July 2025, with in principle terms agreed with the largest note holder. The restructure of the convertible notes will be subject to shareholder approval at the upcoming Annual General Meeting in November. Pure Asset Management has already agreed to the extension. The proposed new terms are as follows:

- Maturity: July 2025
- Conversion Price: \$0.08 per share
- Coupon Rate: 13%
- Early Redemption: Ability to redeem note from March 2024 with a 3-month penalty interest if paid before expiry of note

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The Company will continue to expand its distribution and revenue from its established brands and products in the domestic health and pharmaceutical markets domestically and expanding to overseas markets.

At the time of the preparation of this report the Company is the process of completing the transformative acquisition of leading topical pain relief brand, Pain Away. Pain Away is an established brand that has been in the market for over 20 years. Pain Away has a long history of growing revenue, high margins and profitability.

The Company will continue to operate a capital light business model, with capital able to be deployed in a manner that will give the best return, ensuring it has the financial capacity to take advantage of the opportunities in the growing health and pharmaceutical market.

Business risk management

The Company is committed to the effective management of risk to reduce uncertainty in the Company's business outcomes and to protect and enhance shareholder value. There are various risks that could have a material impact on the achievement of the Company's strategic objectives and future prospects.

Key risks and mitigation activities associated with the Company's objectives are set out below:

Risk as a relatively new entrant in the health and pharmaceutical market

Wellnex is a relatively new entrant in the health and pharmaceutical industry and, as an early stage growth company, Wellnex currently faces challenges in product development, profile / brand building and market penetration for its products and services (in both local and overseas markets).

These risks will in part turn upon the Company's ability to:

- (a) continue to build on customer acceptance on current and proposed new products in the health and pharmaceutical segment;
- (b) maintain and source high quality manufacturers to produce the current and proposed products;
- (c) maintain and expand distribution channels (such as Chemist Warehouse) and continue to develop within Australian domestic and export markets; and
- (d) have the required capital to maintain and expand operations including investing in marketing.

The Company aims to reduce this risk by conducting a significant amount of research and development on its products before making the decision to commercialise its products and bring to market.

Wellnex Life Limited
Directors' report
30 June 2023

Sufficiency of funding

Wellnex has limited financial resources and will need to raise additional funds from time to time to finance the complete development and commercialisation of new and current product lines and its other longer-term objectives. It is likely that Wellnex in the future may require additional capital (debt or equity) for working capital and, if that occurs by way of an equity issue, there is no guarantee of the issue price at which such additional equity capital is raised and there is potential dilution for existing shareholders.

The Company's ability to raise additional funds and the price at which any funds are raised, will be subject to, among other things, factors beyond the control of Wellnex and its Directors, including cyclical factors affecting the economy and share markets generally. The Directors can give no assurance that future funds can be raised by Wellnex on favourable terms, if at all.

The Company prepares forecasts to ensure it has sufficient funding sources as and when required into the future.

Manufacturing/production risks

Wellnex is reliant on third parties to manufacture its current products. The Company will have various contractual rights in the event of non-compliance by contracting party.

However, no assurance can be given that all contracts will be fully performed by all contracting parties or in the case of a breach that the Company will be successful in securing compliance with the terms of each contract by the relevant counterparties to its contracts. There is also no assurance as to the financial strength of the parties to complete their obligations under the various contracts when such financial obligations fall due.

The Company seeks to mitigate its manufacturing and production risks by reviewing the ability its third party manufacturers to ensure the ability to meet the Company's requirements on an ongoing basis.

Logistics risk

Wellnex is reliant on out-sourced logistics. Accordingly, if an adverse event occurs such as a strike, poor logistics technology, increases in the price of energy, changes in transport services and the physical destruction of infrastructure (e.g. roads and railways), Wellnex (or its third party providers) may not be able to efficiently supply and deliver the Company's products. This may have an adverse impact on the Company's financial performance.

The Company seeks to have back up third party providers in the event that its current logistics providers are not available.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Eric Jiang
Title:	Non-Executive Director
Qualifications:	Bachelor of Commerce (Honours) & Bachelor of Arts
Experience and expertise:	With over 15 years' experience, Eric Jiang is an adviser to companies involved in trade between Australia and China. Eric brings a distinctive understanding of the cultural, economic and strategic context in which Australian businesses engage with China.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	1,949,037 fully paid ordinary shares.
Interests in rights:	2,500,000 performance rights

Wellnex Life Limited
Directors' report
30 June 2023

Name: Zheng (Kobe) Li
Title: Non-Executive Director
Qualifications: LLB / B. Comm / AGIA
Experience and expertise: Prior to his appointment as director in January 2019, Mr Li spent the previous 8 years with the Australian Securities Exchange (ASX) Listing Compliance team, as a Senior Advisor overseeing a portfolio of listed entities ensuring compliance with the ASX listing rules. During his tenure at the ASX he worked on many Initial Public Offerings (IPO's) and numerous complex corporate transactions. Kobe is a member of the Governance Institute of Australia.

Other current directorships: None
Former directorships (last 3 years): Broo Limited (ASX: BEE) - resigned 15 March 2023
Interests in shares: 875,000 fully paid ordinary shares
Interests in rights: 2,500,000 performance rights

Name: George Karafotias
Title: Executive Director and Chief Executive Officer
Qualifications: B. Comm
Experience and expertise: Mr Karafotias is an accountant holding a Bachelor of Commerce degree from the University of Adelaide. He has held various roles in numerous public companies over the last 9 years and has previously provided corporate advisory services to listed and unlisted companies, focusing on restructuring and refinancing.

Other current directorships: None
Former directorships (last 3 years): Perpetual Resources Limited (ASX:PEC) - resigned 31 December 2021.
Broo Limited (ASX: BEE) - resigned 6 February 2023
Interests in shares: 1,552,346 fully paid ordinary shares
Interests in rights: 5,000,000 performance rights

Name: Zlatko (Zack) Bozinovski
Title: Executive Director and Chief Strategy Officer
Qualifications: None
Experience and expertise: Mr Bozinovski is a highly successful and seasoned executive in the Australian retail industry with over 35 years' experience within FMCG and Pharmaceuticals companies in Australia and internationally. Mr Bozinovski co-founded Voost and has previously held senior positions at Uncle Tobys/Goodman Fielder, Pepsi Co and Sigma Pharmaceuticals.

Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: 15,000,000 fully paid ordinary shares
Interests in options: 3 (convertible into fully paid ordinary shares, on the terms set out in the Company's prospectus released to the ASX on 13 May 2021 and Notice of Meeting released to the ASX on 20 April 2021)
Interests in rights: 5,000,000 performance rights

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Kobe Li

Mr Li's qualifications and experience are set out above.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board Attended	Held
Eric Jiang	15	15
Kobe Li	15	15
George Karafotias	15	15
Zack Bozinovski	15	15

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Wellnex Life Limited
Directors' report
30 June 2023

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

Non-Executive Directors may be issued with equity instruments as LTIs (long term incentives) in a manner that aligns this element of remuneration with the creation of shareholder wealth, as Directors are able to influence the generation of shareholder wealth.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has the following components:

- base pay and non-monetary benefits
- long-term incentives

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The long-term incentives ('LTI') include long service leave and share-based payments.

Consolidated entity performance and link to remuneration

The Board is of the opinion that improved results can be further improved by the adoption of performance based compensation.

The consolidated entity did not use a remuneration consultant during the year.

Voting and comments made at the Company's Annual General Meeting ('AGM') held on 29 November 2022

At the AGM held on 29 November 2022, 98.35% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Wellnex Life Limited:

- Eric Jiang (Non-Executive Director)
- Zheng (Kobe) Li (Non-Executive Director)
- George Karafotias (Chief Financial Officer and appointed as Executive Director)
- Zack Bozinovski (Executive Director)

Wellnex Life Limited
Directors' report
30 June 2023

	Short-term benefits		Post-employment benefits	Share-based payments		Total
	Cash salary and fees	Annual leave	Super-annuation	Long service leave	Equity-settled	
30 June 2023	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>						
Eric Jiang (1)	92,333	-	-	-	20,035	112,368
Kobe Li (2)	103,500	-	-	-	20,035	123,535
<i>Executive Directors:</i>						
Zlatko Bozinovski	303,500	23,346	31,868	5,482	40,069	404,265
George Karafotias	320,000	16,063	33,600	8,913	40,069	418,645
	<u>819,333</u>	<u>39,409</u>	<u>65,468</u>	<u>14,395</u>	<u>120,208</u>	<u>1,058,813</u>

- (1) Amount paid includes Directors fees for previous financial years amounting to \$32,333.
(2) Mr Li's remuneration comprised directors fees of \$40,000 fees of \$50,000 for Company secretarial services and fees of \$13,500 for additional secretarial and consulting services outside the scope of normal director and agreed company secretarial work.

	Short-term benefits		Post-employment benefits	Share-based payments		Total
	Cash salary and fees	Annual leave	Super-annuation	Long service leave	Equity-settled	
30 June 2022	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>						
Eric Jiang (1)	85,000	-	-	-	-	85,000
Kobe Li (2)	185,250	-	-	-	-	185,250
<i>Executive Directors:</i>						
Zlatko Bozinovski	303,500	14,008	29,013	4,861	-	351,382
George Karafotias (3)	346,667	19,726	25,532	8,602	-	400,527
	<u>920,417</u>	<u>33,734</u>	<u>54,545</u>	<u>13,463</u>	<u>-</u>	<u>1,022,159</u>

- (1) Amount paid includes Directors fees for previous financial years amounting to \$33,000.
(2) Mr Li's remuneration comprised directors fees of \$40,000 fees of \$50,000 for Company secretarial services and fees of \$95,250 for additional secretarial and consulting services outside the scope of normal director and agreed company secretarial work.
(3) This amount includes salary and wages for June 2021 which was paid in July 2021 and not accrued during FY21.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: George Karafotias
Title: Chief Executive Officer and Executive Director
Term of agreement: No fixed term.
Details: Annual remuneration of \$325,000 plus statutory superannuation. No specific notice period nor specific termination payment provided for.

Name: Zlatko (Zack) Bozinovski
Title: Executive Director and Chief Strategy Officer
Term of agreement: No fixed term
Details: Annual remuneration of \$300,000 plus superannuation. No specific notice period nor specific termination payment provided for.

Wellnex Life Limited
Directors' report
30 June 2023

Name: Eric Jiang
 Title: Non-Executive Director
 Term of agreement: No fixed term
 Details: Annual remuneration of \$60,000 plus statutory superannuation

Name: Kobe Li
 Title: Non-Executive Director and Company Secretary
 Term of agreement: No fixed term
 Details: Annual remuneration of \$40,000 (excluding GST) for director fees and annual remuneration of \$50,000 (excluding GST) for company secretarial service fees.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2023.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Performance rights

There were no performance rights over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2023.

There were no performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2023 are summarised below:

	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000
Revenue and other income	27,892	18,793	1,434	1,107	1,095
Net loss	(13,846)	(7,449)	(20,119)	(65,443)	(10,341)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021*	2020*	2019
Share price at financial year end (\$)	0.05	0.06	0.53	0.53	0.50

* The Company's shares were placed into ASX suspension on 2 October 2019 and remained in suspension on 30 June 2020 and 30 June 2021. The shares were reinstated to ASX official quotation on 14 July 2021. The Company's share price was 12 cents at the end of the first day of trading after the shares were reinstated to quotation.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other	Balance at the end of the year
<i>Ordinary shares</i>					
Eric Jiang	1,882,371	-	66,666	-	1,949,037
Kobe Li	300,000	-	400,000	-	700,000
George Karafotias	827,347	-	474,999	-	1,302,346
Zlatko Bozinovski	12,663,500	-	985,000	-	13,648,500
	<u>15,673,218</u>	<u>-</u>	<u>1,926,665</u>	<u>-</u>	<u>17,599,883</u>

The number of shares held by the Directors varies from the information of Director section. The information of Directors section is shares held at the date of the report, whereas the shareholding displayed above is at 30 June 2023.

Performance rights

The number of performance rights held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Performance Rights</i>					
Kobe Li	-	2,500,000	-	-	2,500,000
Eric Jiang	-	2,500,000	-	-	2,500,000
George Karafotias	-	5,000,000	-	-	5,000,000
Zlatko Bozinovski	-	5,000,000	-	-	5,000,000
	<u>-</u>	<u>15,000,000</u>	<u>-</u>	<u>-</u>	<u>15,000,000</u>

Terms of performance rights

The Performance Rights will only vest if specified share price hurdles are met. A summary of the share price hurdles, and the number of Performance Rights attaching to each one, is as follows:

Share price hurdle

Tranche 1

Where, prior to the 12 month anniversary of the issue date of the Performance Rights, the volume weighted average price (**VWAP**) of Wellnex Shares traded on the ASX during any period of 30 consecutive trading days (on which Wellnex Shares have actually traded) is or exceeds \$0.25.

Number of Performance Rights granted to each Director

George Karafotias: 1,500,000
 Zack Bozinovski: 1,500,000
 Eric Jiang: 750,000
 Kobe Li: 750,000

Tranche 2

Where, prior to the 24 month anniversary of the issue date of the Performance Rights, the VWAP of Wellnex Shares traded on the ASX during any period of 30 consecutive trading days (on which Wellnex Shares have actually traded) is or exceeds \$0.35.

George Karafotias: 1,500,000
 Zack Bozinovski: 1,500,000
 Eric Jiang: 750,000
 Kobe Li: 750,000

Tranche 3

Where, prior to the 36 month anniversary of the issue date of the Performance Rights, the VWAP of Wellnex Shares traded on the ASX during any period of 30 consecutive trading days (on which Wellnex Shares have actually traded) is or exceeds \$0.50.

George Karafotias: 2,000,000
 Zack Bozinovski: 2,000,000
 Eric Jiang: 1,000,000
 Kobe Li: 1,000,000

Where Performance Rights issued under Tranches 1 and 2 do not vest as a result of the share price hurdles not being met after their relevant performance periods of 12 months and 24 months respectively, the Performance Rights are eligible to be retested against the same share price hurdles up until the date that is 36 months from their issue date.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Wellnex Life Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
9 July 2021	Expiring various dates*	\$0.000	3
20 July 2021	10 July 2023	\$0.200	666,667
20 August 2021	10 July 2023	\$0.200	833,333
22 March 2022	20 August 2024	\$0.180	2,500,000
22 March 2022	20 August 2024	\$0.200	7,500,000
06 February 2023	06 February 2026	\$0.150	7,315,776
			32,315,779

* Consideration Options - refer to the Prospectus released to the ASX on 13 May 2021 and Notice of Meeting released to the ASX on 20 April 2021 for more details of the terms of these options.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights

There were no unissued ordinary shares of Wellnex Life Limited under performance rights outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Wellnex Life Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of Wellnex Life Limited issued on the exercise of performance rights during the year ended 30 June 2023 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

The Board is responsible for the maintenance of audit independence. Specifically, the Risk Charter ensures the independence of the auditor is maintained by:

- limiting the scope and nature of non-audit services that may be provided; and
- requiring that permitted non-audit services must be pre-approved by the Chairman of the Audit, Risk and Compliance Committee.

During the year William Buck, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements. The Board has considered the non-audit services provided during the year by the auditor and in accordance with the advice provided by the Board, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) as they did not involve reviewing or auditing the auditors own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, William Buck, for audit and non-audit services provided during the year are set out in Note 26.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Wellnex Life Limited
Directors' report
30 June 2023

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



George Karafotias
Executive Director

2 November 2023
Melbourne

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF WELLNEX LIFE LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis

A. A. Finnis
Director
Melbourne, 2 November 2023

Wellnex Life Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated	
		30 June 2023 \$'000	30 June 2022 \$'000
Revenue	5	27,876	18,607
Other income		16	186
Expenses			
Raw materials and consumables used		(23,138)	(14,107)
Administrative and corporate expenses		(2,660)	(4,624)
Share based payments issued to third parties	8	(278)	(628)
Employee benefits expense		(4,205)	(3,304)
Selling, marketing and distribution expenses		(4,434)	(1,666)
Depreciation and amortisation expense	7	(274)	(147)
Impairment of receivables	6	(1,037)	(339)
Impairment of goodwill	13,6	(4,030)	(471)
Finance costs		(1,682)	(956)
Loss before income tax expense		(13,846)	(7,449)
Income tax expense	9	-	-
Loss after income tax expense for the year attributable to the owners of Wellnex Life Limited		(13,846)	(7,449)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Wellnex Life Limited		<u>(13,846)</u>	<u>(7,449)</u>
		Cents	Cents
Basic loss per share	30	(3.43)	(2.47)
Diluted loss per share	30	(3.43)	(2.47)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Wellnex Life Limited
Statement of financial position
As at 30 June 2023

		Consolidated	
	Note	30 June 2023	30 June 2022
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		322	3,181
Trade and other receivables	10	4,598	6,171
Inventories	11	3,029	4,319
Prepayments and other	12	3,428	168
Total current assets		<u>11,377</u>	<u>13,839</u>
Non-current assets			
Property, plant and equipment		48	42
Right-of-use assets		153	269
Intangibles	13	3,462	5,459
Total non-current assets		<u>3,663</u>	<u>5,770</u>
Total assets		<u>15,040</u>	<u>19,609</u>
Liabilities			
Current liabilities			
Trade and other payables	14	7,111	7,086
Borrowings	15	6,788	2,377
Lease liabilities		110	95
Employee benefit provisions		287	192
Provisions		-	55
Total current liabilities		<u>14,296</u>	<u>9,805</u>
Non-current liabilities			
Borrowings		-	5,198
Lease liabilities		52	188
Employee benefit provisions		98	59
Total non-current liabilities		<u>150</u>	<u>5,445</u>
Total liabilities		<u>14,446</u>	<u>15,250</u>
Net assets		<u>594</u>	<u>4,359</u>
Equity			
Issued capital	16	112,424	102,620
Reserves	17	3,727	3,450
Accumulated losses		<u>(115,557)</u>	<u>(101,711)</u>
Total equity		<u>594</u>	<u>4,359</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Wellnex Life Limited
Statement of changes in equity
For the year ended 30 June 2023

Consolidated	Issued capital \$'000	Share-based payment reserve \$'000	Convertible loan reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2021	91,726	2,345	167	(94,487)	(249)
Loss after income tax expense for the year	-	-	-	(7,449)	(7,449)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(7,449)	(7,449)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 16)	2,006	-	-	-	2,006
Share-based payments (note 31)	-	628	-	-	628
Issue of shares as partial consideration for the BSA transaction (note 22)	2,000	-	-	-	2,000
Issue of shares of conversion of shareholder and convertible loans (note 22)	6,721	-	-	-	6,721
Transfers to issued capital on conversion of convertible loans	167	-	(167)	-	-
Recognition of equity component of convertible note issued during the year	-	-	702	-	702
Derecognition of convertible notes reserve on repayment and re-issue of notes	-	-	(225)	225	-
Balance at 30 June 2022	102,620	2,973	477	(101,711)	4,359
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 16)	9,804	-	-	-	9,804
Share-based payments (note 31)	-	277	-	-	277
Balance at 30 June 2023	112,424	3,250	477	(115,557)	594

The above statement of changes in equity should be read in conjunction with the accompanying notes

Wellnex Life Limited
Statement of cash flows
For the year ended 30 June 2023

		Consolidated	
	Note	30 June 2023	30 June 2022
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		29,500	17,880
Payments to suppliers and employees (inclusive of GST)		(35,529)	(26,332)
Interest received		16	3
Interest and other finance costs paid		(176)	(221)
Government grants		-	59
		<u> </u>	<u> </u>
Net cash used in operating activities	29	<u>(6,189)</u>	<u>(8,611)</u>
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	(3,816)
Transaction costs related to purchase of assets		(2,200)	(450)
Payments for investments		-	(3)
Payments for intellectual property		-	(42)
Proceeds received from CBDG administrator in settlement of CBDG loan		-	666
		<u> </u>	<u> </u>
Net cash used in investing activities		<u>(2,200)</u>	<u>(3,645)</u>
Cash flows from financing activities			
Proceeds from issue of shares	16	8,166	2,177
Transaction costs related to issues of equity		(710)	(171)
Proceeds from issue of convertible debt securities		-	5,991
Transaction costs related to loans and borrowings		-	(576)
Proceeds from borrowings		10,446	3,713
Repayment of borrowings		(12,251)	(3,372)
Repayment of lease liabilities		(121)	(100)
		<u> </u>	<u> </u>
Net cash from financing activities		<u>5,530</u>	<u>7,662</u>
Net decrease in cash and cash equivalents		(2,859)	(4,594)
Cash and cash equivalents at the beginning of the financial year		<u>3,181</u>	<u>7,775</u>
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year		<u><u>322</u></u>	<u><u>3,181</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Wellnex Life Limited
Notes to the financial statements
30 June 2023

Note 1. General information

The financial statements cover Wellnex Life Limited as a consolidated entity consisting of Wellnex Life Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Wellnex Life Limited's functional and presentation currency.

Wellnex Life Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Building 2, Level 3, Suite 69,
574 Plummer Street
Port Melbourne VIC 3207

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 2 November 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis except derivative financial instruments that have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand (\$000), except when otherwise indicated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity, other than as disclosed in the financial statements.

Note 2. Significant accounting policies (continued)

Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and liabilities in the ordinary course of business. The going concern of the consolidated entity is dependent upon it maintaining sufficient funds for its operations and commitments.

The consolidated entity made a loss after tax of \$13,846,000 during the year ended 30 June 2023 (2022: loss of \$7,449,000) and the net cash used in operating activities was \$6,189,000 (2022: \$8,611,000 net outflow).

The cash balance as at 30 June 2023 was \$322,000 (30 June 2022: \$3,181,000). The deficiency of current assets over current liabilities as at 30 June 2023 was \$2,919,000 (30 June 2022: there was a surplus of current liabilities over current assets of \$4,034,000). The net asset surplus as at 30 June 2023 was \$594,000 (30 June 2022: net asset surplus of \$4,359,000).

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notwithstanding these results, the directors believe that the Company will be able to continue as a going concern and as a result the financial statements have been prepared on a going concern basis. The accounts have been prepared on the basis that the consolidated entity will continue its business activities (and that, therefore, the Company is a going concern) for the following reasons:

- the Company has refocused on its core business strategy of developing, marketing, and distributing health and pharmaceutical products, including the scaling and expansion of its product portfolio;
- the Company has acquired the Mr. Bright business, providing the consolidated entity with a wider and more diverse range of consumer health and pharmaceutical brands and products as well as supporting capabilities, including experienced management, R&D, sales and marketing and supply relationships;
- the Company has signed an agreement for the acquisition of Pain Away. Once acquired Pain Away will provide the consolidated entity with a wider and more diverse range of consumer health and pharmaceutical brands and products. The Company also has firm commitments from investors to satisfy the completion payment of \$12.8 million.
- the Company is in the process of re-structuring the convertible notes structure. The restructure will be subject to shareholder approval at the upcoming Annual General Meeting.
- the Company held a significant amount of inventory at the end of the financial year which will provide cashflow in future financial periods once sold to customers; and
- The Group also has the ability to raise additional capital through a proposed capital raise to raise up to \$16 million.

Basis of preparation

These financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, unless otherwise noted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, unless otherwise noted.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

Note 2. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Wellnex Life Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Wellnex Life Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Revenue recognition

The consolidated entity recognises revenue as follows:

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 2. Significant accounting policies (continued)

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Inventory is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 2. Significant accounting policies (continued)

Financial assets

Unless otherwise noted, financial assets are measured at amortised cost if held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. Debt investments are measured at fair value through other comprehensive income if held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets, including investments in other companies are classified and measured at fair value through profit or loss unless the consolidated entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years
Plant and equipment under lease	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and property, plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant or equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Right-of-use assets that meet the definition of investment property are measured at fair value where the consolidated entity has adopted a fair value measurement basis for investment property assets.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Customer relationships

Customer lists acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Brands

Costs in relation to brands are capitalised as an asset. These costs are not subsequently amortised.

Borrowing costs

Costs in relation to borrowings are capitalised as an asset and amortised on a straight-line basis over the period of the finance arrangement.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Note 2. Significant accounting policies (continued)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be wholly settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

Equity-settled share-based compensation benefits may be provided to employees and equity-settled share-based payments may be made to third parties as consideration for the provision of services or as settlement of other transactions.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees or other parties in exchange for the rendering of services or as transaction consideration. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees or other parties to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 2. Significant accounting policies (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee or other party, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee or other party and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 2. Significant accounting policies (continued)

Loss per share

Basic earnings/loss per share

Basic earnings/loss per share is calculated by dividing the profit/loss attributable to the owners of Wellnex Life Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings/loss per share

Diluted earnings/loss per share adjusts the figures used in the determination of basic earnings/loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the current or next financial year are discussed below.

Share-based payment transactions

Unless noted otherwise, the consolidated entity measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of option-based transactions is determined by using either the Binomial or Black-Scholes model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, as well as the terms and conditions upon which the instruments were granted.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of property, plant and equipment

The consolidated entity assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and/or tax losses only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. No deferred tax assets were recognised as at 30 June 2023.

Note 4. Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

During the 2023 financial year the consolidated entity acquired the assets of Mr. Bright. The business operates in the same business and geographical segment as the rest of the Group, being a provider of high quality Australian made health and pharmaceutical products throughout Australasia. All revenue and assets generated during the financial year were generated in Australia.

All revenues of the consolidated entity are recognised at a point in time for all revenue types.

Note 5. Revenue

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Goods transferred at a point in time	27,876	18,607

Note 6. Expenses - Impairment of assets

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Impairment of goodwill	4,030	471
Impairment of inventory	1,037	339
	5,067	810

Wellnex Life Limited
Notes to the financial statements
30 June 2023

Note 6. Expenses - Impairment of assets (continued)

Details of significant write offs and impairments shown above are as follows:

- During the financial year, the Company impaired the carrying amount of inventory by \$1,037,000.
- During the financial year, a review of the carrying amount of goodwill relating to the Company's investment in Little Innoscents was carried out and a decision to impair the remaining carrying amount was made. The decision to impair the carrying amount was following a strategic review of the brand and an impairment expense of \$4,030,000 has been recorded.

Note 7. Expenses

Consolidated
30 June 2023 30 June 2022
\$'000 \$'000

Loss before income tax includes the following specific expenses:

Depreciation

Plant and equipment	32	41
Land and buildings right-of-use assets	107	78
Total depreciation	<u>139</u>	<u>119</u>

Amortisation

Patents and trademarks	27	-
Formation costs	81	-
Customer relations	27	28
Total amortisation	<u>135</u>	<u>28</u>

Total depreciation and amortisation	<u>274</u>	<u>147</u>
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Employee benefits expense excluding superannuation

Employee benefits expense excluding superannuation	<u>3,869</u>	<u>2,871</u>
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Note 8. Share based payments

(a) Issues of options to service providers and placement share recipients

During the current and previous financial years, the Company recorded share based payment expenses comprising the value of options issued to advisors and to recipients of placement shares. Further details are set out in Note 37.

Consolidated
30 June 2023 30 June 2022
\$'000 \$'000

Advisor options	<u>278</u>	<u>628</u>
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Note 9. Income tax benefit

Consolidated
30 June 2023 30 June 2022
\$'000 \$'000

Tax losses not recognised

Unused tax losses for which no deferred tax asset has been recognised	<u>65,405</u>	<u>51,559</u>
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Potential tax benefit @ 25%	<u>16,351</u>	<u>12,890</u>
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Wellnex Life Limited
Notes to the financial statements
30 June 2023

Note 9. Income tax benefit (continued)

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 10. Current assets - trade and other receivables

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Trade receivables	4,143	5,691
Amounts receivable from Corio Bay Group Pty Ltd	156	461
Deposits	247	-
	<u>4,546</u>	<u>6,152</u>
Other	52	19
	<u>4,598</u>	<u>6,171</u>

The Amount receivable from Corio Bay Dairy Group Pty Ltd reflects the estimated remaining funds the Company expects to receive from the administrator of its debtor Corio Bay Dairy Group Pty Ltd (CBDG) and reflects the total receivable of \$1,102,000, less the impairment write-down of \$946,000 referred to in Note 6 and any payments received during the year. The amount is currently held on trust for the Company by the administrator of CBDG.

Allowance for expected credit losses

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	%	%	\$'000	\$'000	\$'000	\$'000
Not overdue	-	-	3,172	4,119	-	-
30 to 60 days overdue	-	-	779	917	-	-
60 to 90 days overdue	-	-	140	408	-	-
90 days overdue	-	-	52	247	-	-
			<u>4,143</u>	<u>5,691</u>	<u>-</u>	<u>-</u>

Note 11. Current assets - Inventories

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Finished goods - at cost	<u>3,029</u>	<u>4,319</u>

Note 12. Current assets - Prepayments and other

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Prepayments	954	168
Deferred expense - acquisition of Pain Away	2,200	-
Other current assets	274	-
	<u>3,428</u>	<u>168</u>

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Note 12. Current assets - Prepayments and other (continued)

Prepayments comprise of the initial placement of \$2.2 million (before costs) for the acquisition of Pain Away, one of Australia's leading topical pain relief brands.

The Initial Placement was to the entities associated with strategic investor and existing shareholder Homart Pharmaceuticals (Initial Placement Subscribers). Prior to the Initial Placement, Homart Pharmaceuticals (via its associated entities) held 11.13% of the Company's issued share capital, following participation in the Company's capital raising placement in October 2022.

The funds of \$2.2m raised under the Initial Placement have been applied towards payment of the deposit for the Proposed Transaction under the Sale Agreement.

Note 13. Non-current assets - intangibles

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Goodwill - at cost	5,004	5,004
Less: Impairment	(4,011)	-
	<u>993</u>	<u>5,004</u>
Patents and trademarks - at cost	130	74
Less: Accumulated amortisation	(41)	(3)
	<u>89</u>	<u>71</u>
Brands - at cost	<u>1,636</u>	<u>136</u>
Customer Relationships - at cost	276	276
Less: Accumulated amortisation	(55)	(28)
	<u>221</u>	<u>248</u>
Formation costs	604	-
Less: Accumulated amortisation	(81)	-
	<u>523</u>	<u>-</u>
	<u><u>3,462</u></u>	<u><u>5,459</u></u>

Note 13. Non-current assets - intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill \$'000	Patents & trademarks \$'000	Brands \$'000	Customer Relationships \$'000	Formation costs \$'000	Total \$'000
Balance at 1 July 2021	471	8	-	-	-	479
Additions	-	66	-	-	-	66
Additions through business combinations (note 26)	5,004	-	136	276	-	5,416
Impairment of assets	(471)	-	-	-	-	(471)
Amortisation expense	-	(3)	-	(28)	-	(31)
Balance at 30 June 2022	5,004	71	136	248	-	5,459
Additions	-	45	-	-	604	649
Asset acquisition	-	-	1,500	-	-	1,500
Impairment of assets	(4,011)	-	-	-	-	(4,011)
Amortisation expense	-	(27)	-	(27)	(81)	(135)
Balance at 30 June 2023	<u>993</u>	<u>89</u>	<u>1,636</u>	<u>221</u>	<u>523</u>	<u>3,462</u>

During the financial year the Group acquired Mr Bright, a teeth whitening brand with online distribution channels but has poor penetration in the Australian market. Wellnex in FY24 will expand the brand into domestic pharmacy and grocery retailers to take advantage of the growing oral care market.

Furthermore, as part of the annual impairment test performed over the consolidated entity's carrying value of intangible assets the consolidated entity reassessed the composition of its cash generating units ("CGU's"). The consolidated entity's intangible assets were previously allocated to two CGU's being the Brand Solutions Australia ("BSA") CGU and the Little Innocence CGU. Following the impairment of the Little Innocence goodwill in the prior year the consolidated entity has reassessed its cash generated units and note that from 1 July 2022 the consolidated entity's operations were performed by the BSA CGU in its entirety and therefore the consolidated entity operated as a single CGU from this date.

Goodwill

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or when a subsidiary is disclosed as an asset held for sale, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible Assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Note 13. Non-current assets - intangibles (continued)

Impairment testing for CGUs containing goodwill

Goodwill arose in the business combinations for the acquisition of BSA. It represented the excess of the cost of the acquisition over the fair value of the consolidated entity's share of the identifiable net assets acquired and contingent liabilities assumed at the date of acquisition. Goodwill is allocated to the consolidated entity's single CGU as discussed above.

In assessing whether an impairment adjustment is required for the carrying value of an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value-in-use.

Based on the results of the impairment testing performed an impairment charge of \$4,011,000 was recorded (30 June 2022: \$471,000). The impairment charge was calculated based on the assumptions as discussed below.

Value in use and key assumptions

The consolidated entity estimates the value-in-use of the BSA CGU's using discounted cash flows. For the current reporting period, the recoverable amount of the CGUs was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using the estimated growth rates and assumptions used in the value in use calculations are stated below:

- Pre-tax - discount rate – 14.5% (2022: 24.6% pre-tax). The significant decrease in the discount rate was driven by the fact that the business now has two years of trading data, which has reduced the specific risk premium in the calculation
- The consolidated entity has made numerous assumptions about the budgeted revenue to be achieved in 2024, and this has resulted in a budgeted revenue increase compared to the actual revenues in 2023, this contemplates successful launch of new products from existing assets which would increase the Company's revenues and cash flows by approximately 40% per year (2022:45%).
- Growth projections FY25 to FY28 - revenue increase at average rates of approximately 20% per annum (2022: 5%), based on expected trends.
- Expenses increase at average rates of 5.7% per annum (2022: 2.5%), based on past based on past and expected trends
- Long term growth rate used to extrapolate cash flow projections beyond forecast period - 2.5% per annum (2022: 2.5%)

Apart from the considerations described in determining the value-in-use of the cash-generating units described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

Sensitivity

Any change in the assumptions will generate an additional impairment charge.

Note 14. Current liabilities - trade and other payables

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Trade Payables	6,353	5,707
Accruals	265	313
Wages and superannuation payable	108	120
ATO payable	164	827
Other payables	221	119
	7,111	7,086

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Note 15. Current liabilities - borrowings

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Insurance funding	30	36
Trade and debtor financing	542	2,341
Convertible notes payable (including prepaid borrowing costs)	6,216	-
	<u>6,788</u>	<u>2,377</u>
		Convertible loans \$'000
Consolidated		
Balance at 1 July 2022		5,198
Accrued interest on convertible notes		546
Amortisation of host liability		330
Amortisation of prepaid borrowing costs		<u>144</u>
Balance at 30 June 2023		<u>6,218</u>

Trade and debtor facility

In July 2021, the Company entered into a secured revolving trade and debtor facility with Scottish Pacific, with the key terms of this facility as follows:

- total value of financing facility: \$5,300,000
- term: the facility has transitioned to a rolling facility following the expiry of the initial term in July 2023. As such the full facility has been classified as current in the financial statements.
- amount drawn down as at 30 June 2023: \$4,758,000
- interest rate: Bank Bill Swap Bid Rate (BBSY) plus 4%
- this financing facility is secured by general and specific security deeds over all of the Company's assets

Convertible loans payable

In the prior year, the Company refinanced its previous, unconverted \$2.4 million Loan Note, with the issue of new Convertible Note. The key features of the Convertible Note are as follows:

- amount drawn down as at 30 June 2023: \$6,216,000 (before costs);
- the secured note has a term of 24 months from issue;
- the secured note has a coupon rate of 9% per annum;
- conversion price: \$0.21 (21 cents) per share, with the noteholder having the right to receive one option for every two shares converted at a strike price of \$0.21 (21 cents) with a 24 month term from issue;
- the Company can at any time choose to repay the convertible note financing, with the note holders having the right on the issue of a redemption notice by the Company to convert the convertible note into fully paid ordinary shares;
- the convertible note financing is secured by general and specific security deeds over all of the Company's assets;
- the Company is currently in the process of restructuring its convertible notes structure.

Note 16. Equity - issued capital

	Consolidated			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>423,719,190</u>	<u>303,305,814</u>	<u>112,424</u>	<u>102,620</u>

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Note 16. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2021	230,649,436		91,726
Issue of shares as partial consideration for the BSA transaction	1 July 2021	13,331,667	\$0.15	2,000
Issue of shares as part of a Rights Issue	5 July 2021	8,797,087	\$0.15	1,320
Issue of shares as part of a Rights Issue	7 July 2021	5,718,844	\$0.15	857
Issue of shares to convert shareholder loans	9 July 2021	35,142,115	\$0.15	5,271
Issue of shares on conversion of convertible loans	9 July 2021	6,666,666	\$0.15	1,000
Issue of shares on conversion of convertible loans	20 July 2021	1,333,333	\$0.15	200
Issue of shares on conversion of convertible loans	20 August 2021	1,666,666	\$0.15	250
Transfer from convertible loans reserve		-	-	167
Capital raising costs		-	-	(171)
Balance	30 June 2022	303,305,814		102,620
Issue of Share Purchase Plan shares	24 October 2022	37,543,584	\$0.075	2,816
Issue of shares for Placement	7 December 2022	42,000,000	\$0.075	3,150
Issue of shares for settlement of supply agreement	7 December 2022	15,869,792	\$0.064	1,016
Issue of shares for acquisition of Mr Bright	7 December 2022	15,000,000	\$0.10	1,500
Issue of shares for acquisition of Painaway	19 May 2023	10,000,000	-	2,200
Capital raising costs		-	-	(878)
Balance	30 June 2023	<u>423,719,190</u>		<u>112,424</u>

Note 17. Equity - Reserves

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Share-based payments reserve	3,250	2,973
Convertible loan reserve	477	477
	<u>3,727</u>	<u>3,450</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Convertible loan reserve

The reserve is used to recognise the value of the equity component of compound financial instruments, including convertible loans.

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Note 17. Equity - Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Convertible loan reserve \$'000	Share based payments reserve \$'000	Total \$'000
Balance at 1 July 2021	167	2,345	2,512
Share based payments	-	628	628
Transfers to issued capital on conversion of convertible loans	(167)	-	(167)
Recognition of equity component of convertible note issued during the year	702	-	702
Derecognition of convertible notes reserve on repayment and re-issue of notes	(225)	-	(225)
Balance at 30 June 2022	477	2,973	3,450
Share based payments	-	277	277
Balance at 30 June 2023	<u>477</u>	<u>3,250</u>	<u>3,727</u>

Note 18. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Price risk

The consolidated entity does not currently face material price risk as it does not trade in products, nor hold investments, which are expected to be exposed to material price fluctuations.

Interest rate risk

As at reporting date the Consolidated Entity has a trade finance facility which is subject to material interest rate risk arising from borrowings. If the interest rate of on the trade finance facility varied by 5% it would not have a material impact on the consolidated entity. The cash holding of the Consolidated Entity is highly liquid and short-term in nature and has no material fair value risk to changes in interest rates.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

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Note 18. Financial instruments (continued)

The consolidated entity has a credit risk exposure with trade receivables, which as at 30 June 2023 owed the consolidated entity \$4,143,000 (2022: \$5,691,000). This balance was within its terms of trade and no impairment was made as at 30 June 2023. Management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required, or expected, to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 June 2023	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	6,353	-	-	-	6,353
Accruals	-	265	-	-	-	265
Other payables	-	493	-	-	-	493
<i>Interest-bearing - fixed rate</i>						
Convertible loans	-	6,216	-	-	-	6,216
Lease liability - head office	-	110	52	-	-	162
Trade finance facility	-	542	-	-	-	542
Insurance funding	-	30	-	-	-	30
Total non-derivatives		14,009	52	-	-	14,061

Consolidated - 30 June 2022	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	5,707	-	-	-	5,707
Accruals	-	313	-	-	-	313
Other payables	-	1,066	-	-	-	1,066
<i>Interest-bearing - fixed rate</i>						
Convertible loans	9.00%	-	5,198	-	-	5,198
Lease liability - head office	-	95	188	-	-	283
Trade finance facility	6.50%	2,341	-	-	-	2,341
Insurance funding	6.40%	36	-	-	-	36
Total non-derivatives		9,558	5,386	-	-	14,944

Note 18. Financial instruments (continued)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 19. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Short-term employee benefits	858,742	954,151
Post-employment benefits	65,468	54,545
Long-term benefits	14,395	13,463
Share-based payments	120,208	-
	<u>1,058,813</u>	<u>1,022,159</u>

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (Vic) Pty Ltd, the auditor of the Company:

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
<i>Audit services - William Buck</i>		
Audit or review of the financial statements	<u>113,000</u>	<u>99,000</u>
<i>Other services - William Buck</i>		
Other assurance services	<u>5,000</u>	<u>1,500</u>
	<u>118,000</u>	<u>100,500</u>

Note 21. Contingent assets

Corio Bay Dairy Group Pty Ltd liquidation

The Company has decided to pursue action, in accordance with its rights as secured creditor of Corio Bay Dairy Group Pty Ltd (In Liquidation), to recover approximately \$4.2 million identified as preferential creditor payments. It is possible that legal costs may be incurred by the Company to resolve this matter. At the date of this report the Administrator is in negotiation with the relevant parties to reach a settlement with one party having agreed to settle their liability for \$340,000 and a negotiation with 5 other parties remaining ongoing.

Note 22. Contingent liabilities

Chemist Warehouse share issue agreement

As part of the supplier agreement with Chemist Warehouse (CW), the Company is required to issue equity on the following specific milestones:

Note 22. Contingent liabilities (continued)

- 5,000,000 fully paid ordinary shares on CW ranging specified products of the Company's ultra-premium certified organic A2 protein based infant formula range across the CW retail network; and
- 10,869,792 fully paid ordinary shares on CW ranging further specified products of the Company's ultra-premium certified organic A2 protein based infant formula range across the CW retail network.

As at 30 June 2023 those milestones have not been met.

Note 23. Commitments

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Chemist Warehouse marketing support</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	2,500	600
One to five years	1,400	3,900
	<u>3,900</u>	<u>4,500</u>

Chemist Warehouse marketing support commitments arise from the Company's 10-year supply agreement with Chemist Warehouse. Pursuant to the supply agreement, the Company will spend approximately \$A1.2 million annually in marketing support, to build brand awareness, sales and brand loyalty, over the first five years of the agreement's term. The liability can be settled in equity by agreement between the parties.

Note 24. Related party transactions

Parent entity

Wellnex Life Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 27.

Key management personnel

Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

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Note 25. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2023	30 June 2022
	\$'000	\$'000
Loss after income tax	(9,104)	(5,645)
Total comprehensive loss	(9,104)	(5,645)

Statement of financial position

	Parent	
	30 June 2023	30 June 2022
	\$'000	\$'000
Total current assets	4,072	3,940
Total assets	13,032	14,037
Total current liabilities	7,274	1,021
Total liabilities	7,320	6,771
Equity		
Issued capital	112,424	102,620
Share-based payments reserve	3,250	2,973
Convertible loan reserve	477	477
Accumulated losses	(110,439)	(98,804)
Total equity	<u>5,712</u>	<u>7,266</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 26. Business combinations

In the prior year the consolidated entity acquired the Brand Solutions Australia business. There have been no changes from the provisional values disclosed in the prior years' annual report of the Group during the 12 month measurement period.

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Note 27. Interests in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Principal activities	Parent Ownership interest	
			30 June 2023 %	30 June 2022 %
Little Innoscents Pty Ltd	Australia	Provision of organic baby skincare, aromatherapy essential oils and domestic cleaning products	100.00%	100.00%
Wattle Health Australia Investments Pty Ltd	Australia	Investment	100.00%	100.00%
BSPS Aust Pty Ltd	Australia	Brand Solutions Australia and Pharma Solutions Australia businesses	100.00%	100.00%

Note 28. Events after the reporting period

On 18 July 2023 the Company issued 9,313,120 shares at \$0.05 (5 cents) as part of the Entitlement Offer, raising \$465,656.

On 20 July 2023 the Company issued 27,500,000 unlisted options as free attaching options through the Placement (one for two free attaching options) as being exercisable at \$0.10 (10 cents) on or before 20 July 2025.

On 5 October 2023 the Company signed the agreement for the acquisition of Pain Away. The acquisition included payment of \$12.8 million plus inventory with a deferred consideration of 2 equal payments of \$2.9 million in 12 and 18 months from the completion date. Wellnex as part of the consideration will issue 20 million fully paid ordinary shares escrowed till May 2024. Planned settlement date of the agreement will be December 2023.

On 5 October 2023 the Company announced it is currently in the process of restructuring Convertible notes to extend term a further 12 months till July 2025, with in principle terms agreed with the largest note holder. The restructure of the convertible notes will be subject to shareholder approval at the upcoming Annual General Meeting in November. Pure Asset Management has already agreed to the extension. The proposed new terms are as follows:

- Maturity: July 2025
- Conversion Price: \$0.08 per share
- Coupon Rate: 13%
- Early Redemption: Ability to redeem note from March 2024 with a 3-month penalty interest if paid before expiry of note

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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Note 29. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Loss after income tax expense for the year	(13,846)	(7,449)
Adjustments for:		
Depreciation and amortisation	274	147
Impairment of non-current assets	1,037	339
Impairment of goodwill	4,011	471
Share-based payments	278	628
Derecognition of convertible notes on repayment and re-issue of notes	-	(225)
Non-cash finance charges	-	64
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,573	(5,285)
Decrease/(increase) in inventories	1,290	(3,655)
Decrease/(increase) in prepayments	(1,060)	325
Increase in trade and other payables	175	5,820
Increase in employee benefits	79	154
Increase in other provisions	-	55
Net cash used in operating activities	<u>(6,189)</u>	<u>(8,611)</u>

Note 30. Loss per share

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Loss after income tax attributable to the owners of Wellnex Life Limited	<u>(13,846)</u>	<u>(7,449)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>403,673,469</u>	<u>301,702,267</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>403,673,469</u>	<u>301,702,267</u>
	Cents	Cents
Basic loss per share	(3.43)	(2.47)
Diluted loss per share	(3.43)	(2.47)

The dilutive impact of loan funded shares and options has not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as it does not meet the requirements for inclusion in AASB 133 'Earnings Per Share'. The rights to these loan funded shares and options are non-dilutive as the consolidated entity is loss generating.

Note 31. Share-based payments

The consolidated entity may issue options to service providers as consideration for services provided to the consolidated entity.

On 9 July 2021 the Company issued options to Reach Corporate as consideration for the provision of corporate advisory services provided to the Company. The issued options, with a total fair value of approximately \$1,512,000, were:

Wellnex Life Limited
Notes to the financial statements
30 June 2023

Note 31. Share-based payments (continued)

- 13,500,000 unquoted "Class A" options, with an exercise price of \$0.15 (15 cents) and expiry date of 30 September 2023. The fair value of each option was 7.861 cents, and the approximate total value of this share based payment was \$1,061,000; and
- 7,500,000 quoted "Class B" options, with an exercise price of \$0.20 (20 cents) and expiry date of 10 July 2023. The fair value of each option was 6.007 cents, and the approximate total value of this share based payment was \$451,000.

On 9 July 2021 the Company also issued options to participants in a previous share placement. These options were granted as a condition of the conversion of the shareholder loan, as per the relevant shareholder loan agreement. The options issued were 13,865,143 quoted "Class B" options, with an exercise price of \$0.20 (20 cents) and expiry date of 10 July 2023. The fair value of each option was 6.007 cents, and the approximate total value of this share based payment was \$833,000.

Although the abovementioned Class A and Class B options were issued in July 2021, for accounting purposes their grant date was deemed to be 21 May 2021, being the date of their approval by shareholders at the Company's Annual General Meeting and the point at which they were effectively fully vested. The relevant corporate advisory services for which options were to be issued had been provided prior to 30 June 2021 and the relevant shareholder agreement under which placement options were to be issued, and the relevant share placement, were made prior to 30 June 2021. Accordingly, the share based payments relating to these options were recognised as expenses in the year ended 30 June 2021.

In addition to the aforementioned options, the Company also had further 27,660,078 quoted Class "B" options on issue as at 30 June 2022. These options were free attaching options as detailed in the Company's prospectus dated 13 May 2021. Therefore the fair value of these options were nil.

On 21 March 2022, the consolidated entity issued a total of 10,000,000 unlisted options following receipt of shareholder approval at the Company's 2021 Annual General Meeting. The unlisted options were issued to Reach Corporate as follows:
- 2,500,000 Class C options exercisable at \$0.18 and expiring on 20 August 2024; and
- 7,500,000 Class D options exercisable at \$0.20 and expiring on 20 August 2024.

On 6 February 2023, the consolidated entity issued a total of 2,815,775 unlisted options following receipt of shareholder approval at the Company's 2022 Annual General Meeting. The unlisted options were issued to Reach Corporate each exercisable into a share by the payment of an exercise price of \$0.15, expiring three years from their date of issue.

On 6 February 2023, the consolidated entity issued a total of 4,500,000 unlisted options following receipt of shareholder approval at the Company's 2022 Annual General Meeting. The unlisted options were issued to Directors each exercisable into a share by the payment of an exercise price of \$0.15, expiring three years from their date of issue.

Set out below are summaries of options deemed, for accounting purposes, as being granted during or prior to the year ended 30 June 2023, and their deemed balances at 30 June 2023:

30 June 2023

Deemed Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21/05/2021	30/09/2023	-	13,500,000	-	-	-	13,500,000
21/05/2021	10/07/2023	-	21,365,143	-	-	-	21,365,143
21/03/2022	20/08/2024	-	2,500,000	-	-	-	2,500,000
21/03/2022	20/08/2024	-	7,500,000	-	-	-	7,500,000
06/02/2023	06/02/2026	\$0.15	-	2,815,775	-	-	2,815,775
06/02/2023	06/02/2026	\$0.15	-	4,500,000	-	-	4,500,000
			<u>44,865,143</u>	<u>7,315,775</u>	<u>-</u>	<u>-</u>	<u>52,180,918</u>

All options on issue at 30 June 2022 are exercisable with the exception of the 3 options issued as deferred remuneration as part of the BSA business combination (refer to note 32).

Wellnex Life Limited
Notes to the financial statements
30 June 2023

Note 31. Share-based payments (continued)

30 June 2022

Deemed Grant date*	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21/05/2021	30/09/2023	\$0.15	13,500,000	-	-	-	13,500,000
21/05/2021	10/07/2023	\$0.20	21,365,143	-	-	-	21,365,143
21/03/2022	20/08/2024	\$0.18	-	2,500,000	-	-	2,500,000
21/03/2022	20/08/2024	\$0.20	-	7,500,000	-	-	7,500,000
			<u>34,865,143</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>44,865,143</u>

Weighted average exercise price \$0.18 \$0.19 - - \$0.18

Set out below are summaries of Loan Funded Shares issued:

The weighted average remaining contractual life of Loan Funded Shares outstanding at the end of the financial year was 1.44 years (2018: 2.44).

The Black-Scholes valuation model inputs used to determine the fair values at the grant date are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
09/07/2021	10/07/2023	\$0.15	\$0.20	90.00%	-	0.14%	\$0.07861
09/07/2021	30/09/2023	\$0.15	\$0.15	90.00%	-	0.14%	\$0.06007
21/03/2022	20/08/2024	\$0.12	\$0.20	110.00%	-	0.14%	\$0.06470
21/03/2022	20/08/2024	\$0.12	\$0.18	110.00%	-	0.14%	\$0.06430
06/02/2023	06/02/2026	\$0.072	\$0.15	100.00%	-	0.03%	\$0.03502
06/02/2023	06/02/2026	\$0.072	\$0.15	100.00%	-	0.03%	\$0.03502

Performance rights

On 29 November 2022 the Company issued 15 million performance rights to Directors following receipt of approval at the Annual General Meeting held on 29 November 2022.

Note 31. Share-based payments (continued)

Share price hurdle	Number of Performance Rights granted to each Director
<p>Tranche 1 Where, prior to the 12 month anniversary of the issue date of the Performance Rights, the volume weighted average price (VWAP) of Wellnex Shares traded on the ASX during any period of 30 consecutive trading days (on which Wellnex Shares have actually traded) is or exceeds \$0.25.</p>	<p>George Karafotias: 1,500,000 Zack Bozinovski: 1,500,000 Eric Jiang: 750,000 Kobe Li: 750,000</p>
<p>Tranche 2 Where, prior to the 24 month anniversary of the issue date of the Performance Rights, the VWAP of Wellnex Shares traded on the ASX during any period of 30 consecutive trading days (on which Wellnex Shares have actually traded) is or exceeds \$0.35.</p>	<p>George Karafotias: 1,500,000 Zack Bozinovski: 1,500,000 Eric Jiang: 750,000 Kobe Li: 750,000</p>
<p>Tranche 3 Where, prior to the 36 month anniversary of the issue date of the Performance Rights, the VWAP of Wellnex Shares traded on the ASX during any period of 30 consecutive trading days (on which Wellnex Shares have actually traded) is or exceeds \$0.50.</p>	<p>George Karafotias: 2,000,000 Zack Bozinovski: 2,000,000 Eric Jiang: 1,000,000 Kobe Li: 1,000,000</p>

Grant date	Expiry date	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
29/11/2022	28/11/2025	\$0.072	100.00%	-	3.20%	\$0.049
29/11/2022	28/11/2025	\$0.072	100.00%	-	3.20%	\$0.042
29/11/2022	28/11/2025	\$0.072	100.00%	-	3.20%	\$0.035

* Loan amount, per share, repayable by the shareholder on or before expiry date in order to retain shares. If loan amount is not repaid by expiry date, it is expected that the shares will be cancelled.

30 June 2022

Grant date	Expiry date	Share price at grant date	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
29/11/2022	28/11/2025	\$0.072	-	15,000,000	-	-	15,000,000
			-	15,000,000	-	-	15,000,000

Wellnex Life Limited
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



George Karafotias
Executive Director

2 November 2023
Melbourne

Wellnex Life Limited Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Wellnex Life Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial report which indicates that the Group incurred a net loss after income tax of \$13,846,000 and net operating cash outflows of \$6,189,000 for the year ended 30 June 2023. Note 2 also states that the Group had a current assets deficiency of \$2,919,000 as at 30 June 2023. These conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

ASSESSMENT OF CARRYING VALUE OF GOODWILL	
Area of focus Refer also to notes 2, 3 and 13	How our audit addressed it
<p>During the financial year ended 30 June 2022 the group expanded its activities through the acquisition of Brand Solutions Australia Pty Ltd. The acquisitions created Goodwill on the Group's Consolidated Statement of Financial Position of \$5.0 million.</p> <p>In the current year the Group has reassessed the makeup of its Cash Generating Units ("CGU's") and have determined that the Group now operates as a single cash generating unit being a provider of high quality Australian made health and wellness products throughout Australasia</p> <p>The recoverable amount of the BSA CGU has been calculated based on a value-in-use discounted cashflow model, which examines the expected discounted cashflows of the CGU over a five-year period extending from reporting date, plus a terminal value. As a result an impairment charge of \$4.0 million was recorded in the year to 30 June 2023.</p> <p>Overall due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> – A detailed analysis to confirm the change of the Group to operate as a single CGU; – An examination of the discounted cashflow model, testing for <ul style="list-style-type: none"> a) its arithmetical accuracy; b) the reasonableness of the future cashflows, comparing to historical trends of the business and its pipeline of future sales transactions and the overall industry climate affecting the economics of the business model; c) the reasonableness of key inputs into the model, including growth rates, the discount rate and the working capital levels associated with the derivation of those growth rates – An examination of key sensitivities of the group's future discounted cash flows to changes in key inputs, noting that any change to the assumptions would generate further impairment; and – Cross-checking the overall net present value derived by the model to the current enterprise value of the business, embodied in its market capitalisation. <p>We also considered the adequacy of the Group's disclosures in relation to the goodwill in the financial report.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Wellnex Life Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

Alan Finnis

A. A. Finnis
Director
Melbourne, 2 November 2023

Wellnex Life Limited
Shareholder information
30 June 2023

The shareholder information set out below was applicable as at 10 October 2023.

Corporate Governance Statement

Refer to the Company's Corporate Governance statement at: <https://www.wellnexlife.com.au/>

Distribution of equity securities

Analysis of number of equity security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	1,087	0.14
1,001 to 5,000	1,372	0.88
5,001 to 10,000	706	1.26
10,001 to 100,000	1,307	10.27
100,001 and over	411	87.45
	<u>4,883</u>	<u>100.00</u>
Holding less than a marketable parcel	<u>-</u>	<u>-</u>

The total number of fully paid ordinary shares on issue is 433,282,310.

Unmarketable Parcel

There are 3,165 holders holding less than a marketable parcel of Shares, based on a minimum of \$500 parcel at \$0.053 per share (last closing price).

Distribution of Unquoted Options Ex @ \$0.15 Expiring 6 February 2026 (ASX: WNXAB)

Analysis of number of Unquoted Options and holders by size of holding:

	Number of holders	% of total
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	-	-
100,001 - and over	5	100.00
Total	<u>5</u>	<u>100.00</u>

Distribution of Unquoted Options Ex @ \$0.15 Expiring 6 February 2026 (ASX: WNXAB)

Analysis of number of Unquoted Options and holders by size of holding:

- 2,500,000 options @\$0.18 expiring 20/08/2024 held by one holder – R CORPORATE INVESTMENTS PTY LTD
- 7,500,000 options @\$0.20 expiring 20/08/2024 held by one holder – R CORPORATE INVESTMENTS PTY LTD
- 27,500,000 options @\$0.10 expiring 20/07/2025 held by two holders – HOMART GROUP PTY LTD (68.2%) and JYSE MANAGEMENT PTY LTD JYSF A/C (31.2%)
- 15,000,000 performance rights issued to the Board of Directors under the Company's ESOP, as disclosed above.

In addition to the above securities, the Company has following unquoted equity security holders by size of holding:

Wellnex Life Limited
Shareholder information
30 June 2023

	Number of holders - Unquoted Consideration Options	% of total Consideration Options held
Distribution of Consideration Options from BSA transaction (ASX: WNXAE)		
1 - 1,000	2	100.00
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	-	-
100,001 - and over	-	-
Total	<u>2</u>	<u>100.00</u>

The total number of Consideration Options from the BSA transaction on issue is 3. Siebelco Pty Ltd has a 99% beneficial interest in the 3 issued Consideration Options. For more details, refer to the prospectus dated 13 May 2021 and Notice of Annual General Meeting released to the ASX on 20 April 2021.

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Ordinary shares	Ordinary shares Number held	% of total shares issued
GGP Investments Pty Ltd (GGP Superannuation Fund A/C)	32,732,760	7.73
Kirby Superannuation Pty Ltd (Kirby super fund A/C)	25,333,332	5.98
CW Retail Holdings Pty Ltd (CW Retails Holdings A/C)	18,869,792	4.45
Wattle Trading Pty Ltd	18,831,453	4.44
Monex Boom Securities (HK) Ltd (Clients Account)	17,750,302	4.19
JYSF Management Pty Ltd (JYSF A/C)	16,515,152	3.90
ZLJ Pty Ltd (The Bozinovski Family A/C)	13,750,000	3.25
Simish Cosmetics Pty Ltd	13,500,000	3.19
Finclear Pty Ltd (Superhero securities A/C)	10,556,010	2.49
Mr Xuan Khoa Pham	10,300,000	2.43
Eurofit S A Limited	10,138,902	2.39
Brilliant River Limited	7,211,301	1.70
Mr Andrew Grant	6,979,767	1.65
Homart Group Pty Ltd	6,818,182	1.61
GGP Investments Pty Ltd (GGP Superannuation Fund A/C)	6,130,603	1.45
Jamata Pty Ltd + Llea LK Pty Ltd (LMB Wattle Trading Unit A/C)	5,894,370	1.39
Mr Keith William Bremner + Mrs Gabrielle Langner Bremner (Kega superannuation A/C)	4,000,000	0.94
HSBC Custody Nominees (Australia) Limited	3,574,624	0.84
Mr David James Stewart	2,966,667	0.70
Appwam Pty Ltd	2,400,000	0.57
	<u>234,253,217</u>	<u>55.29</u>

Wellnex Life Limited
Shareholder information
30 June 2023

Substantial holders

Substantial holders in the Company, as disclosed in substantial holding notices given to the Company under the Corporations Act, are set out below:

	Ordinary shares	
	Number held	% of total shares issued
GGP Investments Pty Ltd (GGP Superannuation Fund A/C)	32,732,760	7.73
Kirby Superannuation Pty Ltd (Kirby Super Fund A/C)	25,333,332	5.98

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

Class A Unquoted Options, Class B Quoted Options and Consideration Options do not carry any voting rights until they convert into fully paid ordinary shares.

Other information

There is no current on-market buy-back of the Company's securities.

The Company's securities are not quoted on any exchange other than the ASX

The Company's Company Secretary is Mr Kobe Li.



Wellnex Life Limited

ABN 77 150 759 363

Annual Report - 30 June 2022

Wellnex Life Limited
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Wellnex Life Limited
Corporate directory
30 June 2022

Directors	Eric Jiang (Non-Executive Director) Kobe Li (Non-Executive Director) George Karafotias (Executive Director) Zack Bozinovski (Executive Director)
Company secretary	Kobe Li
Registered office and Principal place of business	Building 2, Level 3, Suite 69, 574 Plummer St Port Melbourne VIC 3207 Phone: +61 3 8399 9419
Share register	Computershare Investor Registry Services Yarra Falls 452 Johnston Street Abbotsford, Victoria, 3067 Phone: 1300 787 272 (within Australia) Phone: +61 3 9415 5000 (overseas callers)
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Solicitors	Holding Redlich Level 8, 555 Bourke Street Melbourne VIC 3000
Stock exchange listing	Wellnex Life Limited securities are listed on the Australian Securities Exchange (ASX code: WNX and WNXO)
Website	www.wellnexlife.com.au

Wellnex Life Limited
Directors' report
30 June 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Wellnex Life Limited, formerly known as Wattle Health Australia Limited, (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors

The following persons were directors of Wellnex Life Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Eric Jiang (Non-Executive Director)
Zheng (Kobe) Li (Non-Executive Director)
George Karafotias (Chief Executive Officer and Executive Director)
Zack Bozinovski (Executive Director) (appointed 13 July 2021)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- acquisition of Brand Solutions Australia and Pharma Solutions Australia business; and
- marketing and selling a portfolio of premium branded products for the health and wellness market.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

Financial performance and position

Revenue for the period was \$18.61million an increase of 1,457.1% on the prior corresponding period (30 June 2021 of: \$1.2 million). The strong revenue increase includes minimal sales from the supply agreement signed with GSK which will accelerate in the coming year. Further increases in revenue in the coming financial year will come from the launch of Pharmacy Own, Performance Inspired, Australia's first organic A2 infant formula range and organic growth of our existing brands.

Loss for the full year of \$7.45 million was down 70% on the prior corresponding period (30 June 2021: \$24.69 million), which was driven by the following:

- One-off expenses of \$1.6 million in costs associated with the acquisition of Brand Solutions Australia, re-quotation of the Company's securities to official quotation on the ASX and various capital raises;
- Share-based payment of \$0.63 million;
- Write down of the Little Innoscents goodwill balance of \$0.47 million (The Company is preparing to re-launch the brand with new packaging and formulations); and
- Circa \$1.5 million one-off costs in the preparation of exciting new launches in Wakey Wakey, The Iron Company, Pharmacy Own, Performance Inspired, Ocean Road Dairies organic A2 infant formula and commencement of approval for an S3 registered medicinal cannabis product.

The loss from normal business operations excluding one-off and non-cash expenses was circa \$3.25 million, with the Company is on a trajectory to profitability. This will come from an increase in revenue but also as importantly an increase in margins, as a higher proportion of the Company's revenue will be derived from Wellnex's owned brands.

The Company main growth drivers for this financial year include:

- Continued growth in Wakey Wakey and The Iron Company, which is ranged in over 2,000 pharmacies and leading grocery retailers in Coles and Woolworths.
- Launch of Australia's first Organic A2 infant formula, Ocean Road Dairies, in Chemist Warehouse commencing in October 2022.
- Launch of Pharmacy Own in an exclusive distribution agreement with one of Australia's largest pharmaceutical providers CH2, with first sales in December 2022.
- Continued growth in contract manufacturing (including GSK), with confirmed purchase orders received by the Company to date at circa \$5 million for this financial year.
- Launch of medicinal cannabis products by the third quarter of this financial year for the SAS market in conjunction with the Company applying for an S3 registration.

Financial Position

The total assets of the entity at 30 June 2022 were \$19.6 million (30 June 2021: \$10.43 million), an increase of 91%. The net assets of the entity were \$4.4 million (30 June 2021: deficit of \$0.2 million).

The Company is currently pursuing a total of \$4.1 million through the administrator of Corio Bay Dairy Group for preferential creditor payments. The administrator has sent letter of demands to the relevant parties with negotiations commencing with at least one party to settle the claim. Funds have been provided in a trust account to prepare for litigation against these parties. While the Company cannot validate the amount to be recovered, legal advice suggests that the claims are strong with a good prospect of recovery. No amounts have been recorded in the Group's statement of financial position in respect of this matter as at 30 June 2022.

The statement of financial position provides a strong platform for the business to execute its business objectives of continuing to grow its brands, products and revenue in the fast growing health and wellness market.

Birth of Wellnex Life Limited

Financial Year 2022 has been a period of transformation and growth, with the acquisition of Brand Solutions Australia that was completed on 1 July 2021. This also enabled the Company to have its shares re-instated to official quotation on the ASX after close to 24 months of suspension. The Company has been aggressive to continually grow the business with new exciting brand launches, signing of exciting licensing agreement and securing a momentous supply agreement with one of the world's largest pharmaceutical companies in GSK.

Brand and Product Growth

Wellnex Life during the financial year continued to grow its brand and product portfolio with some exciting new and planned launches that build on the strategy of developing new and innovative wholly owned brands that will build on our presence in the market, revenue and most importantly margins.

1. Wagner Health Liquigesic

Wellnex Life launched Australia's first TGA approved soft gel liquid paracetamol product and subsequently entered into a joint venture with leading retailer Chemist Warehouse under the Wagner Health Liquigesic brand. Wagner Health Liquigesic commenced selling across Chemist Warehouse in October which was complimented soon after with a paracetamol plus ibuprofen soft gel product. We have seen sales growing over this period with further multiple subsequent orders received to meet ever increasing demand.

The IP of the product remains the property of Wellnex, thus allowing the same product to be provided to parties like GSK amongst others, but just as important will be part of the Pharmacy Own launch.

The Company during the period, and approved by shareholders, changed the name of the Company from Wattle Health Australia Limited to Wellnex Life Limited.

The Company's new name better reflects the new direction the business is undertaking as an established participant in the health and wellness market.

2. The Iron Company

Wellnex Life launched Australia's first slow-release iron gummy under the brand The Iron Company, with 2 initial varieties including a straight Iron and an Iron plus vitamin C. The uniqueness of this product has resulted in the brand being ranged in all major pharmaceutical retailers and major grocery retailers Coles and Woolworths.

The Company anticipates that as brand awareness increases there will be continued growth in sales for the brand which will provide a healthy margin for the organisation.

3. Wakey Wakey

Wellnex Life successfully launched and rolled out a new energy brand, Wakey Wakey, in both an effervescent tablet and gummy format. With this new innovative product and packaging it secured ranging in all major pharmacy and grocery retailers.

Initial sales have been strong and will continue to grow and importantly provide healthy margin to Wellnex Life.

4. Pharmacy Own

Wellnex Life during the period signed an exclusive supply agreement with one of Australia's pharmaceutical and medical consumable distributors, CH2, for the launch of Pharmacy Own. Wellnex Life during the period has been developing a strong offer of over the counter (OTC) products that will provide consumers equivalent efficacious products to the major brands found in the Australian market.

The Supply Agreement with CH2 will allow Wellnex Life to gain significant national distribution across the CH2's network for the "Pharmacy Own" brand, which includes circa 2000 domestic pharmacies. This launch builds on the existing brand launches in FY22 that are providing high margin products for the growing consumer demand.

5. Performance Inspired

Wellnex Life secured the distribution rights for Mark Wahlberg's and Tom Dowd's sport and supplements brand, Performance Inspired for Australia and New Zealand and first right to distribute into the Asian market. This premium band has secured distribution with Chemist Warehouse with products to be on shelf in October 2022.

Wellnex Life during the period secured for the products to be manufactured locally which will give Wellnex Life a greater margin, minimise logistic costs and ensure timely supply.

6. Contract Manufacturing

Wellnex Life in developing innovative and unique products continues to grow its contract manufacturing business, including securing a momentous supply agreement with GSK for its liquid paracetamol soft gel product. Wellnex Life has seen a significant growth in orders in the first 2 months of the new financial year of circa \$5 million which is circa 200% increase in orders received in FY22.

Other matters

Wellnex Life during the period redeemed \$2 million in Convertible notes and issued \$2.4 million in new notes with on superior terms with a coupon rate of 9% and converting at \$0.20 per share with an expiry of 13 months from issue.

Subsequently the Company redeemed the outstanding notes via the issue of new convertible notes, raising \$6.15 million, with a coupon rate of 9% and converting at \$0.21 per shares with an expiry of 24 months from issue.

Significant changes in the state of affairs

On 1 July 2021, Wellnex Life completed the acquisition of established brand and distribution company, Brand Solutions Australia via the issue of 13,331,667 fully paid ordinary shares and the payment of \$2.75 million cash. The total consideration of the acquisition is approximately \$6.16 million. With regards to the fair value of assets and liabilities acquired the majority of the value is expected to be realised in the value of the brand names by the Group.

On 5 July 2021, the Company completed a Rights Issue raising \$2.17 million (before costs) through the issue of 14,515,931 fully paid ordinary shares at \$0.15 (15 cents) per share.

On 9 July 2021, the Company issued 41,808,781 fully paid ordinary shares to convert shareholder loans of \$5.6 million and convertible loans of \$1 million.

On 9 July 2021, the Company Issued 13.5 million unlisted options to Reach Corporate at a conversion price of \$0.15 expiring 24 months from issue.

On 9 July 2021, the Company issued 47,525,221 listed options at a conversion price of \$0.20 expiring 10 July 2023. The Company was issued to the following parties:

- Reach Corporate 7,500,000
- Shareholder and Convertible Loan investors – 26,160,078
- Institutional Placement Investors (April 2020) – 13,865,143

On 13 July 2021, the Company appointed Executive Director George Karafotias to the role of Chief Executive Officer. On the same day Zack Bozinovski was appointed as Executive Director and Chief Strategy Officer.

On 14 July 2021, the Company received confirmation from the ASX that the Company's securities would achieve re-quotations to official quotation.

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On 20 July 2021, the Company converted \$200,000 of the Convertible Loans via the issue of 1,333,333 fully paid ordinary shares and 666,667 listed options at \$0.20 expiring 10 July 2023

On 18 August 2021, the Company secured a licensing agreement with Mark Wahlberg's Performance Inspired brand on an exclusive basis for Australia and New Zealand.

On 20 August 2021, the Company converted \$250,000 of the Convertible Loans via the issue of 1,666,666 fully paid ordinary shares and 833,333 listed options at \$0.20 expiring 10 July 2023.

On 10 September 2021, the Company redeemed \$2,000,000 of the Convertible Loans through existing cash reserves.

On 30 September 2021, the Company refinanced its previous, unconverted \$2 million Loan Note, with the issue of new Convertible Note, raising up to \$2.5 million on more favourable terms. The new Notes have a conversion price at \$0.20 per share and coupon rate of 9%, expiring 13 months from issue date. In the event of a conversion, the new Notes will allow the Noteholders to be issued one listed option at \$0.20 per share for every two shares converted, expiring 10 July 2023.

On 16 February 2022, the Company announced that it had formalised a joint venture to launch Ocean Road Dairies, Australia's first organic A2 infant formula range using fresh Australian milk. The joint venture has formally secured ranging of Ocean Dairies in Australia's largest pharmacy chain, Chemist Warehouse. The ranging is targeted to commence by the end of FY22 in Chemist Warehouse pharmacies nationally (circa 500 stores).

On 18 March 2022, the Company signed a Supply Agreement with GSK CTS (a subsidiary of GSK Consumer Healthcare). Under the Agreement, Wellnex Life will supply its innovative soft gel liquid paracetamol to GSK CTS for it to be retailed in Australia and New Zealand under GSK Consumer Healthcare's pain relief brand. The term of the Agreement is for a minimum of three years. Wellnex Life will also be responsible for the manufacture of the products for GSK CTS.

On 21 March 2022, the Company issued the following unquoted options to Reach Corporate Pty Ltd as approved by the shareholders at Annual General Meeting held on 24 January 2022:

- 2,500,000 Class C options with an exercise price of \$0.18 (18 cents) and expiring on 20 August 2024; and
- 7,500,000 Class D options with an exercise price of \$0.20 (20 cents) and expiring on 20 August 2024.

On 2 June 2022, the Company successfully raised \$6.2 million via a Secured Convertible Note facility. The convertible note was issued on 17 June 2022. Key terms are as follows:

- (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

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 18 July 2022 the Company announced that it had formalised a joint venture with Onelife Botanicals for the manufacture, distribution and sale of cannabis and hemp-based products. The Joint Venture will allow Wellnex to be one of the first to market with a registered medicinal product under S3 registration and allow it to bring to market products under SAS by the end of CY22.

Wellnex once it obtains an S3 registration will obtain 4% of the fully diluted capital of Onelife Botanicals.

On 23 September 2022 the Company announced the launch of a Share Purchase Plan (SPP) with a target raise of \$2 million, with the ability to take overs. The SPP will be at \$0.075 per share a discount of 19.7% to the 5-day VWAP at launch of SPP.

Funds will be used to accelerate the Company's over the counter S3 medicinal cannabis approvals and to invest in the various brand and product launches planned for FY23.

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No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The Company will continue to expand its established brand and product portfolio in the health and wellness market across its substantial distribution network, with the Company having over 15 brands distributed in retailers that represent over 90% of sales in the health and wellness sector.

At the time of the preparation of this report the Company has launched a further 3 new brands, Wagner Liquigesics, Wakey Wakey and The Iron Company, with ranging secured in major pharmaceutical and grocery retailers.

The Company is also looking at expanding its current Little Innoscents offerings with new products and formulations and looking at options for its Uganic infant formula range.

The Company will continue to operate a capital light business model ensuring it has the financial capacity to take advantage of the opportunities in the growing health and wellness market.

Business risk management

The Company is committed to the effective management of risk to reduce uncertainty in the Company's business outcomes and to protect and enhance shareholder value. There are various risks that could have a material impact on the achievement of the Company's strategic objectives and future prospects.

Key risks and mitigation activities associated with the Company's objectives are set out below:

Risk as a relatively new entrant in the health and wellness market

Wellnex is a relatively new entrant in the health and wellness industry and, as an early stage growth company, Wellnex currently faces challenges in product development, profile / brand building and market penetration for its products and services (in both local and overseas markets).

These risks will in part turn upon the Company's ability to:

- (a) continue to build on customer acceptance on current and proposed new products in the health and wellness segment;
- (b) maintain and source high quality manufacturers to produce the current and proposed products;
- (c) maintain and expand distribution channels (such as Chemist Warehouse) and continue to develop within Australian domestic and export markets; and
- (d) have the required capital to maintain and expand operations including investing in marketing.

The Company aims to reduce this risk by conducting a significant amount of research and development on its products before making the decision to commercialise its products and bring to market.

Sufficiency of funding

Wellnex has limited financial resources and will need to raise additional funds from time to time to finance the complete development and commercialisation of new and current product lines and its other longer-term objectives. It is likely that Wellnex in the future may require additional capital (debt or equity) for working capital and, if that occurs by way of an equity issue, there is no guarantee of the issue price at which such additional equity capital is raised and there is potential dilution for existing shareholders.

The Company's ability to raise additional funds and the price at which any funds are raised, will be subject to, among other things, factors beyond the control of Wellnex and its Directors, including cyclical factors affecting the economy and share markets generally. The Directors can give no assurance that future funds can be raised by Wellnex on favourable terms, if at all.

The Company prepares forecasts to ensure it has sufficient funding sources as and when required into the future.

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Manufacturing/production risks

Wellnex is reliant on third parties to manufacture its current products. The Company will have various contractual rights in the event of non-compliance by contracting party.

However, no assurance can be given that all contracts will be fully performed by all contracting parties or in the case of a breach that the Company will be successful in securing compliance with the terms of each contract by the relevant counterparties to its contracts. There is also no assurance as to the financial strength of the parties to complete their obligations under the various contracts when such financial obligations fall due.

The Company seeks to mitigate its manufacturing and production risks by reviewing the ability its third party manufacturers to ensure the ability to meet the Company's requirements on an ongoing basis.

Logistics risk

Wellnex is reliant on out-sourced logistics. Accordingly, if an adverse event occurs such as a strike, poor logistics technology, increases in the price of energy, changes in transport services and the physical destruction of infrastructure (e.g. roads and railways), Wellnex (or its third party providers) may not be able to efficiently supply and deliver the Company's products. This may have an adverse impact on the Company's financial performance.

The Company seeks to have back up third party providers in the event that its current logistics providers are not available.

COVID-19 pandemic

As a result of the COVID-19 pandemic, global credit and investment markets have experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Shares trade, regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

The Company continues to put in place mitigation strategies in relation to the COVID-19 pandemic and ensures a COVID safe environment is carried out at all of its locations.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Eric Jiang
Title:	Non-Executive Director
Qualifications:	Bachelor of Commerce (Honours) & Bachelor of Arts
Experience and expertise:	With over 15 years' experience, Eric Jiang is an adviser to companies involved in trade between Australia and China. Eric brings a distinctive understanding of the cultural, economic and strategic context in which Australian businesses engage with China.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Remuneration and Nomination Committee, member of Audit and Risk Committee
Interests in shares:	1,882,371 fully paid ordinary shares.

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Name: Zheng (Kobe) Li
Title: Non-Executive Director
Qualifications: AGIA
Experience and expertise: Prior to his appointment as director in January 2019, Mr Li spent the previous 8 years with the Australian Securities Exchange (ASX) Listing Compliance team, as a Senior Advisor overseeing a portfolio of listed entities ensuring compliance with the ASX listing rules. During his tenure at the ASX he worked on many Initial Public Offerings (IPO's) and numerous complex corporate transactions. Kobe is a member of the Governance Institute of Australia.
Other current directorships: Broo Limited (ASX: BEE)
Former directorships (last 3 years): None
Special responsibilities: Chair of Audit and Risk Committee, Member of Remuneration and Nomination Committee
Interests in shares: 300,000 fully paid ordinary shares

Name: George Karafotias
Title: Executive Director and Chief Executive Officer
Qualifications: B. Comm
Experience and expertise: Mr Karafotias is an accountant holding a Bachelor of Commerce degree from the University of Adelaide. He has held various roles in numerous public companies over the last 9 years and has previously provided corporate advisory services to listed and unlisted companies, focusing on restructuring and refinancing.
Other current directorships: Broo Limited (ASX: BEE)
Former directorships (last 3 years): Perpetual Resources Limited (ASX:PEC) - resigned 31 December 2021.
Interests in shares: 613,453 fully paid ordinary shares

Name: Zlatko (Zack) Bozinovski (appointed 13 July 2021)
Title: Executive Director and Chief Strategy Officer
Qualifications: None
Experience and expertise: Mr Bozinovski is a highly successful and seasoned executive in the Australian retail industry with over 35 years' experience within FMCG and Pharmaceuticals companies in Australia and internationally. Mr Bozinovski co-founded Voost and has previously held senior positions at Uncle Tobys/Goodman Fielder, Pepsi Co and Sigma Pharmaceuticals.
Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: 12,663,500 fully paid ordinary shares
Interests in options: 3 (convertible into fully paid ordinary shares, on the terms set out in the Company's prospectus released to the ASX on 13 May 2021 and Notice of Meeting released to the ASX on 20 April 2021)

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Kobe Li

Mr Li's qualifications and experience are set out above.

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Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board		Remuneration and Nomination Committee		Audit & Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Eric Jiang	6	6	-	-	2	2
Kobe Li	6	6	-	-	2	2
George Karafotias	6	6	-	-	-	-
Zack Bozinovski*	5	5	-	-	-	-

Held: represents the number of meetings held during the time the director held office.

* Appointed effective 13 July 2021

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

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In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

Non-Executive Directors may be issued with equity instruments as LTIs (long term incentives) in a manner that aligns this element of remuneration with the creation of shareholder wealth, as Directors are able to influence the generation of shareholder wealth.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has the following components:

- base pay and non-monetary benefits
- long-term incentives

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The long-term incentives ('LTI') include long service leave and share-based payments.

Consolidated entity performance and link to remuneration

The Board is of the opinion that improved results can be further improved by the adoption of performance based compensation.

The consolidated entity did not use a remuneration consultant during the year.

Voting and comments made at the Company's Annual General Meeting ('AGM') held on 24 January 2022

At the AGM held on 4 January 2022, 99.02% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Wellnex Life Limited:

- Eric Jiang (Non-Executive Director)
- Zheng (Kobe) Li (Non-Executive Director)
- George Karafotias (Chief Financial Officer and appointed as Executive Director 9 November 2020)
- Zack Bozinovski (Executive Director) (appointed 13 July 2021)

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	Short-term benefits		Post-employment benefits	Share-based payments		Total
	Cash salary and fees	Annual leave	Super-annuation	Long service leave	Equity-settled	
30 June 2022	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>						
Eric Jiang (1)	85,000	-	-	-	-	85,000
Kobe Li (2)	185,250	-	-	-	-	185,250
<i>Executive Directors:</i>						
Zlatko Bozinsvki	303,500	14,008	29,013	4,861	-	351,382
George Karafotias (3)	346,667	19,726	25,532	8,602	-	400,527
	<u>920,417</u>	<u>33,734</u>	<u>54,545</u>	<u>13,463</u>	<u>-</u>	<u>1,022,159</u>

- (1) Amount paid includes Directors fees for previous financial years amounting to \$33,000.
- (2) Mr Li's remuneration comprised directors fees of \$40,000 fees of \$50,000 for Company secretarial services and fees of \$95,250 for additional secretarial and consulting services outside the scope of normal director and agreed company secretarial work.
- (3) This amount includes salary and wages for June 2021 which was paid in July 2021 and not accrued during FY21.

	Short-term benefits		Post-employment benefits	Share-based payments		Total
	Cash salary and fees	Annual leave	Super-annuation	Long service leave	Equity-settled	
30 June 2021	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>						
Eric Jiang	56,940	-	-	-	-	56,940
Kobe Li (1)	147,600	-	-	-	-	147,600
<i>Executive Directors:</i>						
George Karafotias (2)	328,043	24,701	19,503	8,846	-	381,093
Tony McKenna (3)	38,052	-	3,615	-	-	41,667
	<u>570,635</u>	<u>24,701</u>	<u>23,118</u>	<u>8,846</u>	<u>-</u>	<u>627,300</u>

- (1) Mr Li's remuneration comprised directors fees of \$40,000, fees of \$50,000 for Company secretarial services and fees of \$57,600 for additional secretarial and consulting services outside the scope of normal director and agreed company secretarial work.
- (2) Appointed as director 9 November 2020 but was Key Management Personnel for the full year. These amounts reflect remuneration for the full year. Amount for Cash Salary and Fees include net movement in annual leave provision during the year.
- (3) Resigned 6 November 2020.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	George Karafotias
Title:	Chief Executive Officer and Executive Director
Term of agreement:	No fixed term.
Details:	Annual remuneration of \$325,000 plus statutory superannuation. No specific notice period nor specific termination payment provided for.

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Name: Zlato Bozinovski
Title: Executive Director and Chief Strategy Officer
Term of agreement: No fixed term
Details: Annual remuneration of \$300,000 plus superannuation. No specific notice period nor specific termination payment provided for.

Name: Eric Jiang
Title: Non-Executive Director
Term of agreement: No fixed term
Details: Annual remuneration of \$52,000 plus statutory superannuation

Name: Kobe Li
Title: Non-Executive Director and Company Secretary
Term of agreement: No fixed term
Details: Annual remuneration of \$40,000 (excluding GST) for director fees and annual remuneration of \$50,000 (excluding GST) for company secretarial service fees.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2022.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000
Revenue and other income	18,793	1,434	1,107	1,095	1,524
Net loss	(7,449)	(20,119)	(65,443)	(10,341)	(19,839)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2022	2021*	2020*	2019	2018
Share price at financial year end (\$)	0.06	0.53	0.53	0.50	1.17

* The Company's shares were placed into ASX suspension on 2 October 2019 and remained in suspension on 30 June 2020 and 30 June 2021. The shares were reinstated to ASX official quotation on 14 July 2021. The Company's share price was 12 cents at the end of the first day of trading after the shares were reinstated to quotation.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other	Balance at the end of the year
<i>Ordinary shares</i>					
Eric Jiang	1,882,371	-	-	-	1,882,371
Kobe Li	-	-	300,000	-	300,000
George Karafotias	613,454	-	213,893	-	827,347
Zack Bozinovski	-	-	12,663,500	-	12,663,500
	<u>2,495,825</u>	<u>-</u>	<u>13,177,393</u>	<u>-</u>	<u>15,673,218</u>

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Wellnex Life Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
21 May 2021	10 July 2023	\$0.20	47,525,221
9 July 2021	30 September 2023	\$0.15	13,500,000
9 July 2021	Expiring various dates*	-	3
20 July 2021	10 July 2023	\$0.20	666,667
20 August 2021	10 July 2023	\$0.20	833,333
22 March 2022	20 August 2024	\$0.18	2,500,000
22 March 2022	20 August 2024	\$0.20	7,500,000
			<u>72,525,224</u>

* Consideration Options - refer to the Prospectus released to the ASX on 13 May 2021 and Notice of Meeting released to the ASX on 20 April 2021 for more details of the terms of these options.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Wellnex Life Limited issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

The Audit Risk & Compliance Committee is responsible for the maintenance of audit independence. Specifically, the Risk Charter ensures the independence of the auditor is maintained by:

- limiting the scope and nature of non-audit services that may be provided; and
- requiring that permitted non-audit services must be pre-approved by the Chairman of the Audit, Risk and Compliance Committee.

During the year William Buck, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements. The Audit Risk & Compliance Committee has considered the non-audit services provided during the year by the auditor and in accordance with the advice provided by the Board, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Risk & Compliance Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) as they did not involve reviewing or auditing the auditors own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, William Buck, for audit and non-audit services provided during the year are set out in Note 26.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

George Karafotias
Executive Director

30 September 2022
Melbourne

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF WELLNEX LIFE LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis

A. A. Finnis
Director
Melbourne, 30 September 2022

Wellnex Life Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

		Consolidated	
	Note	30 June 2022	30 June 2021
		\$'000	\$'000
Revenue	5	18,607	1,195
Other income		186	239
Expenses			
Raw materials and consumables used		(14,107)	(1,360)
Administrative and corporate expenses		(4,624)	(2,795)
Share based payments issued to third parties	8	(628)	(2,345)
Employee benefits expense		(3,304)	(1,281)
Selling, marketing and distribution expenses		(1,666)	(1,981)
Depreciation and amortisation expense	7	(147)	(83)
Loss on disposal of CBDG		-	(8,346)
Impairment of assets	6	(339)	(636)
Impairment of goodwill	14,6	(471)	-
Movement in fair value of investments		-	(1,100)
Finance costs		(956)	(1,626)
Loss before income tax expense		(7,449)	(20,119)
Income tax expense	9	-	-
Loss after income tax expense for the year		(7,449)	(20,119)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(7,449)	(20,119)
Loss for the year is attributable to:			
Non-controlling interest		-	4,569
Owners of Wellnex Life Limited		(7,449)	(24,688)
		(7,449)	(20,119)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		-	4,569
Owners of Wellnex Life Limited		(7,449)	(24,688)
		(7,449)	(20,119)
		Cents	Cents
Basic loss per share	36	(2.47)	(10.31)
Diluted loss per share	36	(2.47)	(10.31)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Wellnex Life Limited
Statement of financial position
As at 30 June 2022

		Consolidated	
	Note	30 June 2022	30 June 2021
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		3,181	7,775
Trade and other receivables	10	6,171	886
Inventories	11	4,319	664
Prepayments and other	12	168	493
Total current assets		<u>13,839</u>	<u>9,818</u>
Non-current assets			
Property, plant and equipment		42	-
Right-of-use assets	13	269	125
Intangibles	14	5,459	479
Total non-current assets		<u>5,770</u>	<u>604</u>
Total assets		<u>19,609</u>	<u>10,422</u>
Liabilities			
Current liabilities			
Trade and other payables	15	7,086	1,266
Borrowings	16	2,377	9,175
Lease liabilities	17	95	30
Employee benefit provisions	18	192	76
Provisions		55	-
Total current liabilities		<u>9,805</u>	<u>10,547</u>
Non-current liabilities			
Borrowings	19	5,198	-
Lease liabilities	20	188	103
Employee benefit provisions	21	59	21
Total non-current liabilities		<u>5,445</u>	<u>124</u>
Total liabilities		<u>15,250</u>	<u>10,671</u>
Net assets/(liabilities)		<u>4,359</u>	<u>(249)</u>
Equity			
Issued capital	22	102,620	91,726
Reserves	23	3,450	2,512
Accumulated losses		<u>(101,711)</u>	<u>(94,487)</u>
Total equity/(deficiency)		<u>4,359</u>	<u>(249)</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Wellnex Life Limited
Statement of changes in equity
For the year ended 30 June 2022

Consolidated	Issued capital \$'000	Share-based payment reserve \$'000	Convertible loan reserve \$'000	Accumulated losses attributable to owners of the Parent entity \$'000	Non-controlling interest \$'000	Total deficiency in equity \$'000
Balance at 1 July 2020	91,726	12,233	-	(81,755)	(19,383)	2,821
Profit/(loss) after income tax expense for the year	-	-	-	(24,688)	4,569	(20,119)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(24,688)	4,569	(20,119)
Reserve relating to new compound financial instruments	-	-	167	-	-	167
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments (note 37)	-	2,345	-	-	-	2,345
Expiry of employee Loan Share Plan shares	-	(12,233)	-	12,233	-	-
Derecognition of non-controlling interest upon deconsolidation of Corio Bay Dairy Group	-	-	-	-	14,737	14,737
Derecognition of non-controlling interest upon full acquisition of Little Innoscents	-	-	-	-	77	77
Adjustment to equity arising from change in Little Innoscents non-controlling interest	-	-	-	(277)	-	(277)
Balance at 30 June 2021	<u>91,726</u>	<u>2,345</u>	<u>167</u>	<u>(94,487)</u>	<u>-</u>	<u>(249)</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Wellnex Life Limited
Statement of changes in equity
For the year ended 30 June 2022

Consolidated	Issued capital \$'000	Share-based payment reserve \$'000	Convertible loan reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2021	91,726	2,345	167	(94,487)	(249)
Loss after income tax expense for the year	-	-	-	(7,449)	(7,449)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(7,449)	(7,449)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 22)	2,006	-	-	-	2,006
Share-based payments (note 37)	-	628	-	-	628
Issue of shares as partial consideration for the BSA transaction (note 22)	2,000	-	-	-	2,000
Issue of shares of conversion of shareholder and convertible loans (note 22)	6,721	-	-	-	6,721
Transfers to issued capital on conversion of convertible loans	167	-	(167)	-	-
Recognition of equity component of convertible note issued during the year	-	-	702	-	702
Derecognition of convertible notes reserve on repayment and re-issue of notes	-	-	(225)	225	-
Balance at 30 June 2022	<u>102,620</u>	<u>2,973</u>	<u>477</u>	<u>(101,711)</u>	<u>4,359</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Wellnex Life Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated	
		30 June 2022 \$'000	30 June 2021 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		17,880	1,271
Payments to suppliers and employees (inclusive of GST)		(26,332)	(5,270)
Interest received		3	-
Interest and other finance costs paid		(221)	(439)
Government grants		59	62
Net cash used in operating activities	35	(8,611)	(4,376)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	32	(3,816)	-
Transaction costs related to purchase of business		(450)	-
Payments for investments		(3)	(666)
Payments for intellectual property		(42)	-
Payments relating to investment projects		-	(791)
Proceeds received from CBDG administrator in settlement of CBDG loan		666	11,000
Proceeds from term deposits		-	21
Relinquishment of cash upon deconsolidation of CBDG		-	(80)
Net cash from/(used in) investing activities		(3,645)	9,484
Cash flows from financing activities			
Proceeds from issue of shares	22	2,177	-
Transaction costs related to issues of equity		(171)	-
Proceeds from issue of convertible debt securities	19	5,991	(1,139)
Transaction costs related to loans and borrowings		(576)	(370)
Proceeds from borrowings		3,713	3,220
Share applications refunded		-	(81)
Repayment of borrowings		(3,372)	(10)
Repayment of lease liabilities		(100)	(71)
Net cash from financing activities		7,662	1,549
Net increase/(decrease) in cash and cash equivalents		(4,594)	6,657
Cash and cash equivalents at the beginning of the financial year		7,775	1,118
Cash and cash equivalents at the end of the financial year		3,181	7,775

The above statement of cash flows should be read in conjunction with the accompanying notes

Wellnex Life Limited
Notes to the financial statements
30 June 2022

Note 1. General information

The financial statements cover Wellnex Life Limited as a consolidated entity consisting of Wellnex Life Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Wellnex Life Limited's functional and presentation currency.

Wellnex Life Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Building 2, Level 3, 574 Plummer St Port Melbourne VIC 3207

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the full year reporting period ended 30 June 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity, other than as disclosed in the financial statements.

New or amended Accounting Standards and Interpretations adopted

The below table outlines Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily to the Company. None of these standards have been early adopted and they will not have a material impact of the Company.

Note 2. Significant accounting policies (continued)

Accounting Standards and Interpretations	Applicable to annual reporting periods beginning on or after
AASB 2020-1 Amendments to AASs - Classification of Liabilities as Current or Non-current liabilities as Current or Non-current	1 Jan 2023
AASB 2020 -3 Amendments to AASs - Annual Improvements 2018-2020 and Other Amendments	1 Jan 2022
AASB 2020-6 Amendments to AASs - Classification of Liabilities as Current or Non-current liabilities as Current or Non-current – Deferral of Effective Date	1 Jan 2022
AASB 2021-2 Amendments to AASs - Disclosure of Accounting Policies and Definition of Accounting Estimates	1 Jan 2023
AASB 2021-5 Amendments to AASs - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023
AASB 2014-10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2025

Continuation of business

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and liabilities in the ordinary course of business. The going concern of the consolidated entity is dependent upon it maintaining sufficient funds for its operations and commitments.

The consolidated entity made a loss after tax of \$7,449,000 during the year ended 30 June 2022 (2021: loss of \$20,119,000) and the net cash used in operating activities was \$8,611,000 (2021: \$4,376,000 net outflow).

The cash balance as at 30 June 2022 was \$3,181,000 (30 June 2021: \$7,775,000). The excess of current assets over current liabilities as at 30 June 2022 was \$4,034,000 (30 June 2021: excess current liabilities over current assets of \$729,000). The net asset surplus as at 30 June 2022 was \$4,359,000 (30 June 2021: net asset deficiency of \$249,000).

Notwithstanding these results, the directors believe that the Company will be able to continue as a going concern and as a result the financial statements have been prepared on a going concern basis. The accounts have been prepared on the basis that the consolidated entity will continue its business activities (and that, therefore, the Company is a going concern) for the following reasons:

- the Company has refocused on its core business strategy of developing, marketing, and distributing health and wellness products, including the scaling and expansion of its product portfolio;
- the Company has acquired the Brand Solutions Australia business, providing the consolidated entity with a wider and more diverse range of consumer health and wellness brands and products as well as supporting capabilities, including experienced management, R&D, sales and marketing and supply relationships;
- the Company has strengthened its cash position, following the completion of capital raisings during the year;
- the Company has, following the end of the June 2022 financial year, announced a Share Purchase Plan (SPP) seeking to raise approximately \$2 million to strengthen the Company's working capital position;
- the Company held a significant amount of inventory at the end of the financial year which will provide cashflow in future financial periods once sold to customers;
- since the end of the June 2022 financial year, the Company has launched new brands and products, has entered into a new licensing agreement and has secured ranging of its products in major pharmaceutical and grocery retailers.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, unless otherwise noted.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 31.

Note 2. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Wellnex Life Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Wellnex Life Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Revenue recognition

The consolidated entity recognises revenue as follows:

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 2. Significant accounting policies (continued)

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Inventory is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 2. Significant accounting policies (continued)

Financial assets

Unless otherwise noted, financial assets are measured at amortised cost if held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. Debt investments are measured at fair value through other comprehensive income if held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets, including investments in other companies are classified and measured at fair value through profit or loss unless the consolidated entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years
Plant and equipment under lease	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and property, plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant or equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Right-of-use assets that meet the definition of investment property are measured at fair value where the consolidated entity has adopted a fair value measurement basis for investment property assets.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Customer relationships

Customer lists acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Brands

Brands acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life range of 5-20 years.

Borrowing costs

Costs in relation to borrowings are capitalised as an asset and amortised on a straight-line basis over the period of the finance arrangement.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

Note 2. Significant accounting policies (continued)

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be wholly settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

Note 2. Significant accounting policies (continued)

Equity-settled share-based compensation benefits may be provided to employees and equity-settled share-based payments may be made to third parties as consideration for the provision of services or as settlement of other transactions.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees or other parties in exchange for the rendering of services or as transaction consideration. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees or other parties to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee or other party, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee or other party and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Loss per share

Basic earnings/loss per share

Basic earnings/loss per share is calculated by dividing the profit/loss attributable to the owners of Wellnex Life Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings/loss per share

Diluted earnings/loss per share adjusts the figures used in the determination of basic earnings/loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the current or next financial year are discussed below.

Share-based payment transactions

Unless noted otherwise, the consolidated entity measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of option-based transactions is determined by using either the Binomial or Black-Scholes model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, as well as the terms and conditions upon which the instruments were granted.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and/or tax losses only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. No deferred tax assets were recognised as at 30 June 2022.

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

During the year ended 30 June 2022 the consolidated entity acquired the assets of Brand Solutions Australia. The business operates in the same business and geographical segment as the rest of the Group, being a provider of high quality Australian made health and wellness products throughout Australasia. All revenue and assets generated during the financial year were generated in Australia.

All revenues of the consolidated entity are recognised at a point in time for all revenue types.

Note 5. Revenue

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Goods transferred at a point in time	18,607	1,195

During the financial year, there were 3 customers which generated \$6.95 million in revenue for the consolidated entity which represents 37.4% of all revenue for the financial year (30 June 2021: no significant customers).

Note 6. Expenses - Impairment of assets

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Impairment of receivables - Loan to Corio Bay Dairy Group Limited	-	602
Impairment of trade receivables	-	34
Impairment of goodwill	471	-
Impairment of inventory	339	-
	810	636

Details of significant write offs and impairments shown above are as follows:

- During the financial year, the Company impaired the carrying amount of inventory by \$339,000.
- During the financial year, a review of the carrying amount of goodwill relating to the Company's investment in Little Innoscents was carried out and a decision to impair the remaining carrying amount was made. The decision to impair the carrying amount was following a strategic review of the brand and an impairment expense of \$471,000 has been recorded.

Note 7. Expenses

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	41	3
Land and buildings right-of-use assets	78	72
Total depreciation	<u>119</u>	<u>75</u>
<i>Amortisation</i>		
Patents and trademarks	-	8
Customer relations	28	-
Total amortisation	<u>28</u>	<u>8</u>
Total depreciation and amortisation	<u>147</u>	<u>83</u>
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	<u>2,871</u>	<u>1,230</u>

Note 8. Share based payments

(a) Issues of options to service providers and placement share recipients

During the current and previous financial years, the Company recorded share based payment expenses comprising the value of options issued to advisors and to recipients of placement shares. Further details are set out in Note 37.

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Advisor options	628	1,512
Placement options	-	833
	<u>628</u>	<u>2,345</u>

Note 9. Income tax benefit

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	51,559	44,110
Potential tax benefit @ 25%	<u>12,890</u>	<u>11,028</u>

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

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Note 10. Current assets - trade and other receivables

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Trade receivables	5,691	212
Amounts receivable from Corio Bay Group Pty Ltd	461	-
	<u>6,152</u>	<u>212</u>
Loan - Corio Bay Dairy Group Pty Ltd	-	500
Joint Venture - Ocean Dairies Pty Ltd	19	-
	<u>19</u>	<u>500</u>
GST receivable	-	174
	<u>6,171</u>	<u>886</u>

The Amount receivable from Corio Bay Dairy Group Pty Ltd reflects the estimated remaining funds the Company expects to receive from the administrator of its debtor Corio Bay Dairy Group Pty Ltd (CBDG) and reflects the total receivable of \$1,102,000, less the impairment write-down of \$602,000 referred to in Note 6 and any payments received during the year. The amount is currently held on trust for the Company by the administrator of CBDG.

Allowance for expected credit losses

The ageing of trade receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	%	%	\$'000	\$'000	\$'000	\$'000
Not overdue	-	-	4,119	57	-	-
30 to 60 days overdue	-	-	917	83	-	-
60 to 90 days overdue	-	-	408	20	-	-
90 days overdue	-	-	247	52	-	-
			<u>5,691</u>	<u>212</u>	<u>-</u>	<u>-</u>

Note 11. Current assets - Inventories

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Finished goods - at cost	<u>4,319</u>	<u>664</u>

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Note 12. Current assets - Prepayments and other

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Prepayments	168	27
Other current assets	-	466
	<u>168</u>	<u>493</u>

Other current assets comprises an advance payment made to secure the Company's acquisition of the Brand Solutions Australia and Pharma Solutions Australia business, as announced to the market on 13 April 2021. Following completion of the acquisition after 30 June 2021 this amount is to be transferred to the Company's recorded investment in this business.

Note 13. Non-current assets - right-of-use assets

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Land and buildings - right-of-use	395	173
Less: Accumulated depreciation	(126)	(48)
	<u>269</u>	<u>125</u>

The consolidated entity leases land and buildings for its offices and warehouses under agreements of between 3 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases office equipment under agreements of 5 years.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings - right-of-use \$'000	Total \$'000
Balance at 1 July 2020	-	-
Additions	173	173
Depreciation expense	(48)	(48)
Balance at 30 June 2021	125	125
Additions	36	36
Additions through business combinations (note 32)	186	186
Depreciation expense	(78)	(78)
Balance at 30 June 2022	<u>269</u>	<u>269</u>

Note 14. Non-current assets - intangibles

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Goodwill - at cost	5,004	471
Patents and trademarks - at cost	74	69
Less: Accumulated amortisation	(3)	(61)
	<u>71</u>	<u>8</u>
Brands - at cost	136	-
Customer Relationships - at cost	276	-
Less: Accumulated amortisation	(28)	-
	<u>248</u>	<u>-</u>
	<u><u>5,459</u></u>	<u><u>479</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill \$'000	Patents & trademarks \$'000	Brands \$'000	Customer Relationships \$'000	Total \$'000
Balance at 1 July 2020	875	69	-	-	944
Impairment of assets	(404)	(61)	-	-	(465)
Balance at 30 June 2021	471	8	-	-	479
Additions	-	66	-	-	66
Additions through business combinations (note 32)	5,004	-	136	276	5,416
Impairment of assets	(471)	-	-	-	(471)
Amortisation expense	-	(3)	-	(28)	(31)
Balance at 30 June 2022	<u><u>5,004</u></u>	<u><u>71</u></u>	<u><u>136</u></u>	<u><u>248</u></u>	<u><u>5,459</u></u>

During the financial year, a review of the carrying amount of goodwill relating to the Company's investment in Little Innoscents was carried out and a decision to impair the remaining carrying amount was made. The decision to impair the carrying amount was following a strategic review of the brand and an impairment charge of \$471,000 has been recorded during the financial year. The \$471,000 impaired goodwill belonged to the Little Innoscents cash generating unit (CGU). The impairment assessment was performed using a Value in Use model, and it was found that the recoverable amount of the CGU per the model was less than the carrying amount of the goodwill.

Goodwill

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or when a subsidiary is disclosed as an asset held for sale, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Note 14. Non-current assets - intangibles (continued)

Intangible Assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Recoverable amount of goodwill

In accordance with AASB 136, impairment testing has been undertaken for all cash generating units (CGUs) with indefinite intangibles or where there is an indication of impairment.

During the financial year, the consolidated entity the assets of leading brand and distribution businesses Brand Solutions Australia and Pharma Solutions Australia ("BSA") for total consideration of \$6.2 million. The acquisition has been accounted as a Business Combination under AASB 3 Business Combinations. BSA has expanded portfolio of brands that provides a diversified range of products in fast growing consumer health and wellness sectors. The consolidated entity has conducted a review of the carrying amount of goodwill during the year and allocated amounts to two identifiable intangibles, being Brands (\$136,000) and Customer relationships (\$276,000).

Impairment testing for CGUs containing goodwill

Goodwill arose in the business combinations for the acquisition of BSA. It represented the excess of the cost of the acquisition over the fair value of the consolidated entity's share of the identifiable net assets acquired and contingent liabilities assumed at the date of acquisition. Goodwill is allocated to the consolidated entity's cash generating units (CGUs) identified according to the consolidated entity's operating segments for impairment testing purposes.

In assessing whether an impairment adjustment is required for the carrying value of an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value-in-use.

Value in use and key assumptions

The consolidated entity estimates the value-in-use of the BSA CGU's using discounted cash flows. For the current reporting period, the recoverable amount of the CGUs was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using the estimated growth rates and assumptions used in the value in use calculations are stated below:

- Discount rate - 24.6%
- Management has made numerous assumptions about the budgeted revenue to be achieved in 2023 and 2024, and this has resulted in a budgeted revenue increase compared to the actual revenues in 2022, this contemplates successful launch of new products from existing assets which would increase the Company's revenues and cash flows by approximately 45% per year as an average over the 2023 and 2024 years.
- Growth projections FY25 to FY27 - revenue increase at average rates of approximately 5% per annum, based on expected trends.
- Expenses increase at average rates of 2.5% per annum, based on past based on past and expected trends
- Long term growth rate used to extrapolate cash flow projections beyond forecast period - 2.5% per annum

Apart from the considerations described in determining the value-in-use of the cash-generating units described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

Note 14. Non-current assets - intangibles (continued)

Sensitivity

As disclosed in note 3, the directors have made judgements and estimates in revenue growth and operating costs/ overheads level in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

A change in the following sensitivities in isolation would have an impact on the carrying amount of intangible assets and result in an impairment charge:

- a change to the discount rate to 25.3% compared to 24.6%;
- a reduction to the growth rate in sales from 5% to 3%; or
- a reduction in the value of the growth rate on the terminal value from 2.5% to 1.5%.

Note 15. Current liabilities - trade and other payables

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Trade Payables	5,707	805
Accruals	313	147
Wages and superannuation payable	120	42
ATO payable	827	170
Other payables	119	102
	7,086	1,266
	7,086	1,266

Note 16. Current liabilities - borrowings

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Convertible loans	-	9,175
Insurance funding	36	-
Trade and debtor financing	2,341	-
	2,377	9,175
	2,377	9,175

Trade and debtor facility

In July 2021, the Company entered into a secured revolving trade and debtor facility with Scottish Pacific, with the key terms of this facility as follows:

- total value of financing facility: \$5,300,000
- term: minimum of 24 month to July 2023
- amount drawn down as at 31 December 2021: \$1,692,000
- interest rate: Bank Bill Swap Bid Rate (BBSY) plus 4%
- this financing facility is secured by general and specific security deeds over all of the Company's assets

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Note 17. Current liabilities - lease liabilities

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Lease liability	95	30

Refer to note 24 for further information on financial instruments.

Note 18. Current liabilities - employee benefit provisions

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Annual leave	181	76
Long service leave	11	-
	<u>192</u>	<u>76</u>

Note 19. Non-current liabilities - borrowings

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Convertible notes payable	5,198	-

Consolidated

Balance 1 July 2021	9,175
Conversion of shareholder loans to issued capital (note 22)	(5,271)
Conversion of convertible loans to issued capital (note 22)	(1,450)
Repayment of convertible notes	(2,000)
Borrowing costs associated with convertible note issue	(591)
Proceeds from issue of new Convertible notes	5,991
Recognition of equity component of convertible note issued during the year	(702)
Accrued interest on convertible notes	46
Balance as at 30 June 2022	<u>5,198</u>

Convertible loans payable

On 2 June 2022, the Company refinanced its previous, unconverted \$2.4 million Loan Note, with the issue of new Convertible Note. The key features of the new Convertible Note are as follows:

- amount drawn down as at 30 June 2022: \$6,150,000 (before costs);
- the secured note has a term of 24 months from issue;
- the secured note has a coupon rate of 9% per annum;
- conversion price: \$0.21 (21 cents) per share, with the noteholder having the right to receive one option for every two shares converted at a strike price of \$0.21 (21 cents) with a 24 month term from issue;
- the Company can at any time choose to repay the convertible note financing, with the note holders having the right on the issue of a redemption notice by the Company to convert the convertible note into fully paid ordinary shares;
- the convertible note financing is secured by general and specific security deeds over all of the Company's assets;

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Note 20. Non-current liabilities - lease liabilities

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Lease liability	<u>188</u>	<u>103</u>

Refer to note 24 for further information on financial instruments.

Note 21. Non-current liabilities - employee benefit provisions

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Long service leave	<u>59</u>	<u>21</u>

Note 22. Equity - issued capital

	Consolidated			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>303,305,814</u>	<u>230,649,436</u>	<u>102,620</u>	<u>91,726</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2020	244,086,936		91,726
Cancellation of loan funded shares	4 February 2021	<u>(13,437,500)</u>	\$0.00	<u>-</u>
Balance	30 June 2021	230,649,436		91,726
Issue of shares as partial consideration for the BSA transaction	1 July 2021	13,331,667	\$0.15	2,000
Issue of shares as part of a Rights Issue	5 July 2021	8,797,087	\$0.15	1,320
Issue of shares as part of a Rights Issue	7 July 2021	5,718,844	\$0.15	857
Issue of shares to convert shareholder loans	9 July 2021	35,142,115	\$0.15	5,271
Issue of shares on conversion of convertible loans	9 July 2021	6,666,666	\$0.15	1,000
Issue of shares on conversion of convertible loans	20 July 2021	1,333,333	\$0.15	200
Issue of shares on conversion of convertible loans	20 August 2021	1,666,666	\$0.15	250
Transfer from convertible loans reserve		-	-	167
Capital raising costs		<u>-</u>	<u>-</u>	<u>(171)</u>
Balance	30 June 2022	<u>303,305,814</u>		<u>102,620</u>

Note 23. Equity - Reserves

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Share-based payments reserve	2,973	2,345
Convertible loan reserve	<u>477</u>	<u>167</u>
	<u>3,450</u>	<u>2,512</u>

Wellnex Life Limited
Notes to the financial statements
30 June 2022

Note 23. Equity - Reserves (continued)

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Convertible loan reserve

The reserve is used to recognise the value of the equity component of compound financial instruments, including convertible loans.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Convertible loan reserve \$'000	Share based payments reserve \$'000	Total \$'000
Balance at 1 July 2020	-	12,233	12,233
Share based payments	-	2,345	2,345
Expiry of employee Loan Share Plan shares	-	(12,233)	(12,233)
Reserve relating to new compound financial instruments	167	-	167
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2021	167	2,345	2,512
Share based payments	-	628	628
Transfers to issued capital on conversion of convertible loans	(167)	-	(167)
Recognition of equity component of convertible note issued during the year	702	-	702
Derecognition of convertible notes reserve on repayment and re-issue of notes	(225)	-	(225)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	<u>477</u>	<u>2,973</u>	<u>3,450</u>

Note 24. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Price risk

The consolidated entity does not currently face material price risk as it does not trade in products, nor hold investments, which are expected to be exposed to material price fluctuations.

Interest rate risk

As at reporting date the Consolidated Entity did not have a material interest rate risk arising from borrowings. The cash holding of the Consolidated Entity is highly liquid and short-term in nature and has no material fair value risk to changes in interest rates.

All borrowings entered into by the Company have fixed rates and as such do not expose the Company to any material interest rate risk.

Note 24. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

The consolidated entity has a credit risk exposure with trade receivables, which as at 30 June 2022 owed the consolidated entity \$5,691,000 (2021: \$212,000. This balance was within its terms of trade and no impairment was made as at 30 June 2022. Management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required, or expected, to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 June 2022	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	5,707	-	-	-	5,707
Accruals	-	313	-	-	-	313
Other payables	-	1,066	-	-	-	1,066
<i>Interest-bearing - fixed rate</i>						
Convertible loans	9%	-	5,198	-	-	5,198
Lease liability - head office	5%	95	188	-	-	283
Trade finance facility	6.5%	2,341	-	-	-	2,341
Insurance funding	6.4%	36	-	-	-	36
Total non-derivatives		9,558	5,386	-	-	14,944

Wellnex Life Limited
Notes to the financial statements
30 June 2022

Note 24. Financial instruments (continued)

Consolidated - 30 June 2021	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	805	-	-	-	805
Accruals	-	147	-	-	-	147
Other payables	-	324	-	-	-	324
<i>Interest-bearing - fixed rate</i>						
Convertible loans	4.80%	9,175	-	-	-	9,175
Lease liability Little Innoscents						
Warehouse	5.50%	30	32	71	-	133
Total non-derivatives		<u>10,481</u>	<u>32</u>	<u>71</u>	<u>-</u>	<u>10,584</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 25. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Short-term employee benefits	954,151	595,336
Post-employment benefits	54,545	23,118
Long-term benefits	13,463	8,846
	<u>1,022,159</u>	<u>627,300</u>

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (Vic) Pty Ltd, the auditor of the Company:

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Audit services - William Buck</i>		
Audit or review of the financial statements	99,000	77,000
<i>Other services - William Buck</i>		
Other assurance services	1,500	5,500
	<u>100,500</u>	<u>82,500</u>

Note 27. Contingent assets

Corio Bay Dairy Group Pty Ltd liquidation

The Company has decided to pursue action, in accordance with its rights as secured creditor of Corio Bay Dairy Group Pty Ltd (In Liquidation), to recover approximately \$4.2 million identified as preferential creditor payments. It is possible that legal costs may be incurred by the Company to resolve this matter. At the date of this report the Administrator is in negotiation with the relevant parties to reach a settlement with one party having agreed to settle their liability for \$340,000 and a negotiation with 5 other parties remaining ongoing.

Note 28. Contingent liabilities

Chemist Warehouse share issue agreement

As part of the supplier agreement with Chemist Warehouse (CW), the Company is required to issue equity on the following specific milestones:

- 5,000,000 fully paid ordinary shares on CW ranging specified products of the Company's ultra-premium certified organic A2 protein based infant formula range across the CW retail network; and
- 10,869,792 fully paid ordinary shares on CW ranging further specified products of the Company's ultra-premium certified organic A2 protein based infant formula range across the CW retail network.

As at 30 June 2022 those milestones have not been met.

Note 29. Commitments

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
<i>Chemist Warehouse marketing support</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	600	1,200
One to five years	3,900	3,300
	<u>4,500</u>	<u>4,500</u>

Chemist Warehouse marketing support commitments arise from the Company's 10-year supply agreement with Chemist Warehouse for its full certified organic nutritional dairy range, including its premium range of Uganic infant formula and the Little Innoscents organic skin care range. Pursuant to the supply agreement, the Company will spend approximately \$A1.2 million annually in marketing support, to build brand awareness, sales and brand loyalty, over the first five years of the agreement's term.

Note 30. Related party transactions

Parent entity

Wellnex Life Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Wellnex Life Limited
Notes to the financial statements
30 June 2022

Note 30. Related party transactions (continued)

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2022	30 June 2021
	\$'000	\$'000
Loss after income tax	(5,645)	(11,645)
Total comprehensive loss	(5,645)	(11,645)

Statement of financial position

	Parent	
	30 June 2022	30 June 2021
	\$'000	\$'000
Total current assets	3,940	9,335
Total assets	14,037	11,445
Total current liabilities	1,021	10,345
Total liabilities	6,771	10,366
Equity		
Issued capital	102,620	91,726
Share-based payments reserve	2,973	2,345
Convertible loan reserve	477	167
Accumulated losses	(98,804)	(93,159)
Total equity	<u>7,266</u>	<u>1,079</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 32. Business combinations

Brand Solutions Australia and Pharma Solutions Australia

On 1 July 2021, the Company acquired the assets of leading brand and distribution businesses Brand Solutions Australia and Pharma Solutions Australia ("BSA") for a total consideration of \$6.2 million. The acquisition has been accounted as a Business Combination under AASB 3 Business Combinations. BSA has expanded portfolio of brands that provides a diversified range of products in fast growing consumer health and wellness sectors. BSA also provides access to more efficient manufacturing and speed to market whilst adding significant R&D capabilities for new product development.

The fair values of the identifiable net assets acquired are detailed below:

	Fair value \$'000
Trade receivables	2,075
Inventories	4,229
Right-of-use assets	186
Intangible assets - Brand	136
Intangible assets - Customer Relationships	276
Trade payables	(5,392)
Bank overdraft	(119)
Employee benefits	(46)
Lease liability	(186)
	<hr/>
Net assets acquired	1,159
Goodwill	5,004
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>6,163</u>
	<hr/>
Acquisition costs expensed to profit or loss	<u>450</u>
	<hr/>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	6,163
Add: bank overdraft	119
Less: shares issued by Company as part of consideration	(2,000)
Less: advance payment made in prior period	(466)
	<hr/>
Net cash used	<u>3,816</u>

i. Consideration transferred

The Company paid a cash consideration of \$4.16 million and issued 13,331,667 fully paid ordinary shares with a fair value of \$0.15 per share to the vendors of BSA. The acquisition is also subject to deferred consideration. However in this instance, the deferred consideration will be treated as remuneration given the continuous employment of BSA founder by the Company.

ii. Earn out consideration

The Company will be required to issue the FY22, FY23 and FY24 consideration options, which will each be convertible into consideration shares as part of the deferred earn out consideration payable to the vendor during those FY22, FY23 and FY24 earn out period.

Earn Out Amounts

- The Earn Out Amounts are calculated for each Earn Out Period by comparison of the actual EBITDA performance of the Business for that financial year against a target EBITDA of \$791,667 (EBITDA Hurdle).
- If the actual EBITDA for an Earn Out Period is less than or equal to the EBITDA Hurdle, no Earn Out Amount is payable and no Consideration Shares can be issued pursuant to the corresponding Consideration Option.
- If actual EBITDA for an Earn Out Period is greater than the EBITDA Hurdle, an Earn Out Amount equal to: (6.0 x EBITDA for the relevant Earn Out Period less the Completion Amount) x 50%, is payable for that Earn Out Period.

Note 32. Business combinations (continued)

The Earn Out Amounts do not form part of total consideration transferred on acquisition date. The Earn Out consideration payable is contingent on the vendor remaining in employment with the company and therefore it is to be treated as a remuneration expense in the statement of profit or loss and other comprehensive income.

iii. Acquisition related costs

Acquisition-related costs amounting to \$450,000 are not included as part of consideration for the acquisition and have been recognised as transaction costs. These costs have been included within administration expenses in the statement of profit or loss and other comprehensive income.

iv. Identifiable net assets

The fair value of the trade receivables and inventories acquired as part of the business combination amounted to \$2.1 million and \$4.2 million respectively. As of the acquisition date, the company's best estimate is that all cash will be collected and the inventories were not impaired.

v. Goodwill

Goodwill of \$5.0 million was primarily related to the providing the company a significant opportunity to accelerate growth in the consumer health and wellness sectors.

Goodwill was allocated to a single cash generating unit as at acquisition date. The goodwill that arose from this business combination is not deductible for tax purposes.

vi. Contribution to the Consolidated Entity's result

BSA contributed revenues of \$17.8 million and net loss of \$1.5 million from the date of the acquisition to 30 June 2022.

Note 33. Interests in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Principal activities	Parent		Non-controlling interest	
			Ownership interest 30 June 2022 %	Ownership interest 30 June 2021 %	Ownership interest 30 June 2022 %	Ownership interest 30 June 2021 %
Little Innoscents Pty Ltd	Australia	Provision of organic baby skincare, aromatherapy essential oils and domestic cleaning products	100.00%	100.00%	-	-
Wattle Health Australia Investments Pty Ltd	Australia	Investment Brand Solutions Australia and Pharma Solutions Australia	100.00%	100.00%	-	-
BSPS Aust Pty Ltd	Australia	businesses	100.00%	-	-	-

In addition to the above entities, the Company has non-controlling interests in the following companies:

- Blend and Pack Pty Ltd (5% holding), which is held in Wattle Health Investments Pty Ltd, with the fair value of the investment at 30 June 2022 being \$nil.

Note 34. Events after the reporting period

On 18 July 2022 the Company announced that it had formalised a joint venture with Onelife Botanicals for the manufacture, distribution and sale of cannabis and hemp-based products. The Joint Venture will allow Wellnex to be one of the first to market with a registered medicinal product under S3 registration and allow it to bring to market products under SAS by the end of CY22.

Wellnex once it obtains an S3 registration will obtain 4% of the fully diluted capital of Onelife Botanicals.

On 9 September 2022 the Company announced that it has entered into a binding Asset Sale Agreement to acquire 100% of the assets of premium teeth whitening business, Mr Bright. The acquisition was via the issue of \$1.5 million in shares in Wellnex at a floor price of \$0.10 per share or the 5-day VWAP prior to settlement (whichever is higher).

The transaction is subject to shareholder approval that will form part of the Annual General Meeting in November 2022.

On 23 September 2022 the Company announced the launch of a Share Purchase Plan (SPP) with a target raise of \$2 million, with the ability to take overs. The SPP will be at \$0.075 per share a discount of 19.7% to the 5-day VWAP at launch of SPP.

Funds will be used to accelerate the Company's over the counter S3 medicinal cannabis approvals and to invest in the various brand and product launches planned for FY23.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 35. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Loss after income tax expense for the year	(7,449)	(20,119)
Adjustments for:		
Depreciation and amortisation	147	83
Impairment of non-current assets	339	-
Impairment of investments	-	1,100
Impairment of goodwill	471	-
Share-based payments	628	2,345
Impairment of receivables	-	602
Bad debts written off	-	33
Loss on disposal of Corio Bay Dairy Group	-	8,346
Derecognition of convertible notes on repayment and re-issue of notes	(225)	-
Non-cash finance charges	64	1,187
Reclassification of payments relating to investment projects from operating to investing	-	791
Reclassification of fund raising cost payments from operating to finance	-	1,509
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(5,285)	329
Decrease/(increase) in inventories	(3,655)	248
Decrease in prepayments	325	335
(Increase)/Decrease in deposits	-	(20)
Increase/(decrease) in trade and other payables	5,820	(1,252)
Increase in employee benefits	154	-
Increase in other provisions	55	-
Increase/(decrease) in provisions	-	107
Net cash used in operating activities	<u>(8,611)</u>	<u>(4,376)</u>

Wellnex Life Limited
Notes to the financial statements
30 June 2022

Note 36. Loss per share

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Loss after income tax	(7,449)	(20,119)
Non-controlling interest	-	(4,569)
	<u>(7,449)</u>	<u>(24,688)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>301,702,267</u>	<u>239,343,852</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>301,702,267</u>	<u>239,343,852</u>
	Cents	Cents
Basic loss per share	(2.47)	(10.31)
Diluted loss per share	(2.47)	(10.31)

The dilutive impact of loan funded shares and options has not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as it does not meet the requirements for inclusion in AASB 133 'Earnings Per Share'. The rights to these loan funded shares and options are non-dilutive as the consolidated entity is loss generating.

Note 37. Share-based payments

The consolidated entity may issue options to service providers as consideration for services provided to the consolidated entity.

On 9 July 2021 the Company issued options to Reach Corporate as consideration for the provision of corporate advisory services provided to the Company. The issued options, with a total fair value of approximately \$1,512,000, were:

- 13,500,000 unquoted "Class A" options, with an exercise price of \$0.15 (15 cents) and expiry date of 30 September 2023. The fair value of each option was 7.861 cents, and the approximate total value of this share based payment was \$1,061,000; and
- 7,500,000 quoted "Class B" options, with an exercise price of \$0.20 (20 cents) and expiry date of 10 July 2023. The fair value of each option was 6.007 cents, and the approximate total value of this share based payment was \$451,000.

On 9 July 2021 the Company also issued options to participants in a previous share placement. These options were granted as a condition of the conversion of the shareholder loan, as per the relevant shareholder loan agreement. The options issued were 13,865,143 quoted "Class B" options, with an exercise price of \$0.20 (20 cents) and expiry date of 10 July 2023. The fair value of each option was 6.007 cents, and the approximate total value of this share based payment was \$833,000.

Although the abovementioned Class A and Class B options were issued in July 2021, for accounting purposes their grant date was deemed to be 21 May 2021, being the date of their approval by shareholders at the Company's Annual General Meeting and the point at which they were effectively fully vested. The relevant corporate advisory services for which options were to be issued had been provided prior to 30 June 2021 and the relevant shareholder agreement under which placement options were to be issued, and the relevant share placement, were made prior to 30 June 2021. Accordingly, the share based payments relating to these options were recognised as expenses in the year ended 30 June 2021.

In addition to the aforementioned options, the Company also had further 27,660,078 quoted Class "B" options on issue as at 30 June 2022. These options were free attaching options as detailed in the Company's prospectus dated 13 May 2021. Therefore the fair value of these options were nil.

Wellnex Life Limited
Notes to the financial statements
30 June 2022

Note 37. Share-based payments (continued)

On 21 March 2022, the consolidated entity issued a total of 10,000,000 unlisted options following receipt of shareholder approval at the Company's 2021 Annual General Meeting. The unlisted options were issued to Reach Corporate as follows:

- 2,500,000 Class C options exercisable at \$0.18 and expiring on 20 August 2024; and
- 7,500,000 Class D options exercisable at \$0.20 and expiring on 20 August 2024.

A share based payment expense relating to the options issued amounting to \$628,000 has been recognised during the financial year.

Set out below are summaries of options deemed, for accounting purposes, as being granted during or prior to the year ended 30 June 2022, and their deemed balances at 30 June 2022:

30 June 2022

Deemed Grant date*	Expiry date	Exercise price	Balance at the start of the year			Expired/ forfeited/ other	Balance at the end of the year
			Granted	Exercised			
21/05/2021	30/09/2023	\$0.15	13,500,000	-	-	-	13,500,000
21/05/2021	10/07/2023	\$0.20	21,365,143	-	-	-	21,365,143
21/03/2022	20/08/2024	\$0.18	-	2,500,000	-	-	2,500,000
21/03/2022	20/08/2024	\$0.20	-	7,500,000	-	-	7,500,000
			<u>34,865,143</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>44,865,143</u>
Weighted average exercise price			\$0.18	\$0.19	\$0.00	\$0.00	\$0.18

* Options were actually issued 9 July 2021, but for accounting purposes have a deemed grant date of 21 May 2021

All options on issue at 30 June 2022 are exercisable with the exception of the 3 options issued as deferred remuneration as part of the BSA business combination (refer to note 32).

30 June 2021

Deemed Grant date*	Expiry date	Exercise price	Balance at the start of the year			Expired/ forfeited/ other	Balance at the end of the year
			Granted	Exercised			
21/05/2021	30/09/2023	\$0.15	-	13,500,000	-	-	13,500,000
21/05/2021	10/07/2023	\$0.20	-	21,365,143	-	-	21,365,143
			<u>-</u>	<u>34,865,143</u>	<u>-</u>	<u>-</u>	<u>34,865,143</u>
Weighted average exercise price			\$0.00	\$0.18	\$0.00	\$0.00	\$0.18

The Black-Scholes valuation model inputs used to determine the fair values at the grant date are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
09/07/2021	10/07/2023	\$0.15	\$0.20	90.00%	-	0.14%	\$0.07861
09/07/2021	30/09/2023	\$0.15	\$0.15	90.00%	-	0.14%	\$0.06007
21/03/2022	20/08/2024	\$0.12	\$0.20	110.00%	-	0.14%	\$0.06470
21/03/2022	20/08/2024	\$0.12	\$0.18	110.00%	-	0.14%	\$0.06430

Wellnex Life Limited
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

George Karafotias
Executive Director

30 September 2022
Melbourne

Wellnex Life Limited Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Wellnex Life Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

CONTINUATION OF BUSINESS	
Area of focus Refer also to Note 2	How our audit addressed it
<p>As disclosed in Note 2, the group made a loss after tax of \$7.45 million and the net cash used in operating activities was \$8.61 million.</p> <p>Notwithstanding these results, the financial statements have been prepared on the assumption that the Group is a going concern for the following reasons:</p> <ul style="list-style-type: none"> – The group has a working capital surplus of \$4.03 million as at 30 June 2022; – The Group is expected to generate positive operational cashflows from the launch of new brands during the next financial year; and – At the date of our report the Group is in process of completing a capital raising, which will strengthen its working capital position. <p>Due to the loss for the year and cash outflow from operations this matter was a key area of focus for our audit.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> – Evaluation of the directors' assessment of the group's ability to continue as a going concern; and – Reviewing cash flow forecasts and reviewing the directors' assumptions. Including future sales. <p>We have also assessed the adequacy of disclosures in relation to going concern in the notes to the financial report.</p>
ACQUISITION OF BSA	
Area of focus Refer also to notes 2, 3 and 32	How our audit addressed it
<p>The Group acquired Brand Solutions Australia Pty Ltd ("BSA") on 1 July 2021 for a total consideration of \$6.16 million; this was considered a significant purchase for the group. Goodwill of \$5.0 million was also recognised.</p> <p>Accounting for this transaction is complex and required significant judgements and estimation by management, specifically:</p> <ul style="list-style-type: none"> – to determine the fair value of assets and liabilities acquired in the context of Australian Accounting Standards; and – to determine the fair value of identifiable intangible assets that may exist on acquisition date. <p>As such this matter has been determined as a key area of focus for our audit.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> – Assessing that the acquired entity meets the definition of a business under AASB 3 – <i>Business Combinations</i> and did not constitute a reverse acquisition; – Reviewing the sale and purchase agreement to understand the key terms and conditions of the acquisition, including the date that control passed to the Group; – Determining that the contingent payments associated with the business combination did not meet the definition of consideration and were treated as remuneration; – Assessing the Group's determination of fair values of assets acquired by performing audit procedures on opening balances at acquisition date; and – Reviewing independent expert's valuation of the fair value of identifiable intangible assets acquired. <p>We have also assessed the adequacy of the group's disclosures in respect of the acquisition in the financial report.</p>

CONVERTIBLE LOANS	
Area of focus Refer also to notes 2 and 19	How our audit addressed it
<p>The group issued two series of convertible loans during the current financial year.</p> <p>Accounting for these transactions is complex, as the group's accounting policy requires the separation at initial recognition of the debt and equity component for a compound instrument, where material. An equity component is normally recognised when the holder has the option to convert to a fixed number of shares. Both the equity and financial liability components of the instrument are reflected in the financial report.</p> <p>Due to complexity of this matter it was determined to be a key area of focus for our audit.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> – Understanding the terms of the convertible loan agreements, including an assessment of classification between current and non-current for the underlying contract and a determination that the instrument meets the definition of a compound instrument under accounting standards; – Verifying the assumptions applied to determine the value of the equity component are appropriate through review of the independent expert report commissioned by the Group; and – Verifying that the finance charge and accrued interest recorded for the year ended 30 June 2022 were appropriately recognised. <p>We have also assessed the adequacy of disclosures in relation to the convertible loans in the notes to the financials.</p>
ASSESSMENT OF CARRYING VALUE OF GOODWILL	
Area of focus Refer also to notes 2, 3 and 14	How our audit addressed it
<p>During the financial year ended 30 June 2022 the group expanded its activities through the acquisition of Brand Solutions Australia Pty Ltd. The acquisitions created Goodwill on the Group's Consolidated Statement of Financial Position of \$5.0 million.</p> <p>As a result of the acquisition of BSA, management have assessed BSA to be a new Cash Generating Unit ("CGU") and the Goodwill has been attributed to the BSA CGU. In addition the goodwill attributed to the historical Little Innoscents CGU, was impaired in full at 30 June 2022.</p> <p>The recoverable amount of the BSA CGU has been calculated based on a value-in-use discounted cashflow model, which examines the expected discounted cashflows of the CGU over a five-year period extending from reporting date, plus a terminal value.</p> <p>Overall due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> – A detailed analysis of any changes to the business to determine the appropriateness of the new CGU; – An examination of the discounted cashflow model, testing for <ul style="list-style-type: none"> a) its arithmetical accuracy; b) the reasonableness of the future cashflows, comparing to historical trends of the business and its pipeline of future sales transactions and the overall industry climate affecting the economics of the business model; c) the reasonableness of key inputs into the model, including growth rates, the discount rate and the working capital levels associated with the derivation of those growth rates – An examination of key sensitivities of the group's future discounted cash flows to changes in key inputs; and – Cross-checking the overall net present value derived by the model to the current enterprise value of the business, embodied in its market capitalisation. <p>We also considered the adequacy of the Group's disclosures in relation to the goodwill in the financial report.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Wellnex Life Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis

A. A. Finnis
Director
Melbourne, 30 September 2022

Wellnex Life Limited
Shareholder information
30 June 2022

The shareholder information set out below was applicable as at 9 September 2022.

Corporate Governance Statement

Refer to the Company's Corporate Governance statement at: <https://www.wellnexlife.com.au/>

Distribution of equity securities

Analysis of number of equity security holders by size of holding:

	Ordinary shares		Class A	Class A	Class B	Class B
	Number of holders	% of total shares issued	Unquoted options*	Unquoted options % of total options issued	Quoted options**	Quoted options % of total options issued
1 to 1,000	1,146	0.21	-	-	2	-
1,001 to 5,000	1,497	1.39	-	-	-	-
5,001 to 10,000	726	1.85	-	-	1	0.01
10,001 to 100,000	1,299	14.00	6	1.91	49	5.76
100,001 and over	316	82.55	12	98.09	42	94.23
	<u>4,984</u>	<u>100.00</u>	<u>18</u>	<u>100.00</u>	<u>94</u>	<u>100.00</u>
Holding less than a marketable parcel	<u>2,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The total number of fully paid ordinary shares on issue is 303,305,814.

* Class A Unquoted Options (ASX: WNXAA) Ex @ \$0.15 Expiring 30-SEP-2023. The total number of Class A Unquoted Options on issue is 13,500,000. CLASSIQUE CAPITAL PTY LTD holds all of the Class A unquoted options with 13,500,000 units.

** Class B Quoted Options (ASX: WNXO) Ex @ \$0.20 Expiring 10-JUL-2023. The total number of Class B Quoted Options on issue 49,025,221.

In addition to the above securities, the Company has following unquoted equity security holders by size of holding:

Distribution of Consideration Options from BSA transaction (ASX: WNXAE)	Number of holders - Unquoted Consideration Options	% of total Consideration Options held
1 - 1,000	2	100
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	-	-
100,001 - and over	-	-
	<u>2</u>	<u>100</u>

The total number of Consideration Options from the BSA transaction on issue is 3. Siebelco Pty Ltd has a 99% beneficial interest in the 3 issued Consideration Options. For more details, refer to the prospectus dated 13 May 2021 and Notice of Annual General Meeting released to the ASX on 20 April 2021.

Wellnex Life Limited
Shareholder information
30 June 2022

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Ordinary shares	Number held	Ordinary shares % of total shares issued
GGP Investments Pty Ltd (GGP Superannuation Fund A/C)	32,732,760	10.79
Wattle Trading Pty Ltd	18,831,453	6.21
Monex Boom Securities (HK) Ltd (Clients Account)	17,750,302	5.85
ALJ Pty Ltd (The Bozinovski Family A/C)	11,998,500	3.96
Mr Xuan K Pham	11,800,000	3.89
Eurofit S A Limited	9,992,056	3.29
Brilliant River Limited	7,211,301	2.38
Mr Andrew Grant	6,979,767	2.30
Jamata Pty Ltd + Llea LK Pty Ltd (LMB Wattle Trading Unit A/C)	6,490,745	2.14
GGP Investments Pty Ltd (GGP Superannuation Fund A/C)	6,130,603	2.02
HSBC Custody Nominees (Australia) Limited	3,673,642	1.21
CW Retail Holdings Pty Ltd (CW Retails Holdings A/C)	3,000,000	0.99
Mr David J Stewart	2,566,667	0.85
Gleneagle Asset Management Limited (Gleneagle Investmentfund A/C)	2,267,736	0.75
Appwam Pty Ltd	2,000,000	0.66
Mr Keith W Bremner + Mrs Gabrielle L Bremner (Kega Superannuation A/C)	2,000,000	0.66
Elzed Holdings Pty Ltd	1,963,540	0.65
Mr Azman R Haroon	1,950,434	0.64
Ms Thi Ly H Pham	1,932,000	0.64
Spinite Pty Ltd	1,897,192	0.63
	153,168,698	50.51

Wellnex Life Limited
Shareholder information
30 June 2022

Class B Quoted Options	Options over ordinary shares	
	Number held	% of total options issued
Eurofit S A Limited	9,240,608	18.82
R Corporate Investments	7,500,000	15.27
GGP Investments Pty Ltd (GGP Superannuation Fund A/C)	6,720,000	13.68
Ms Thi Ly H Pham	4,500,000	9.16
Futurity Trading Pty Ltd	2,228,334	4.54
Aymvess Pty Ltd (Aymvess Super Fund Account)	2,000,000	4.07
Antibella Pty Ltd (AJ & MP Pegum Family A/C)	1,900,000	3.87
HSBC Custody Nominees (Australia) Limited	1,561,963	3.18
Dr Xuan T Duong	1,479,641	3.01
Mr David J Stewart	933,334	1.90
Spinite Pty Ltd	666,667	1.36
Mr Arthur Karagaslis	452,500	0.92
Eryl Holdings Pty Ltd	433,333	0.88
Mr Joseph S Prochilo	430,000	0.88
Mr Steven L Tate + Mrs Sharlene N Tate	416,750	0.85
Axsim Funds Management Pty Ltd (Mamas Superannuation Fund A/C)	400,000	0.81
Mr Keith W Bremner + Mrs Gabrielle L Bremner (Kega Superannuation Fund)	400,000	0.81
Mr Chris Tsaklas + Mrs Rochelle A Tsaklas	400,000	0.81
Mr John N Hibbard	350,000	0.71
Mr Richard T Martin	350,000	0.71
	42,363,130	86.24
	Number on issue	Number of holders
Options over ordinary shares issued	49,025,221	94

Substantial holders

Substantial holders in the Company, as disclosed in substantial holding notices given to the Company under the Corporations Act, are set out below:

	Ordinary shares	
	Number held	% of total shares issued
GGP Investments Pty Ltd (GGP Superannuation Fund A/C)	32,732,760	10.79
Lazarus Karasavvidis & Mr Martin Glenister	25,332,198	8.35
Monex Boom Securities (HK) Ktd (Clients Account)	17,750,302	5.85

* 25,332,198 of shares are held by entities that are jointly controlled by Mr Karasavvidis and Mr Glenister

** Shares being held by Mr Ollifent under GGP Investments Pty Ltd (GGP Superannuation Fund A/C).

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

Class A Unquoted Options, Class B Quoted Options and Consideration Options do not carry any voting rights until they convert into fully paid ordinary shares.

Wellnex Life Limited
Shareholder information
30 June 2022

Other information

There is no current on-market buy-back of the Company's securities.

The Company's securities are not quoted on any exchange other than the ASX

The Company's Company Secretary is Mr Kobe Li.

Wellnex Life Limited

ABN 77 150 759 363

Half-year financial report - 31 December 2024

Wellnex Life Limited
Contents
31 December 2024



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Directors	George Tambassis (Non-Executive Chairman) Eric Jiang (Non-Executive Director) Andrew Vidler (Non-executive Director) George Karafotias (Executive Director) Zack Bozinovski (Executive Director) Jeffrey Yeh (Non-executive Director)
Company secretary	Kobe Li
Registered office and principal place of business	Building 2, Level 3, Suite 69, 574 Plummer Street Port Melbourne VIC 3207 Phone: +61 3 8399 9419
Share register	Computershare Investor Registry Services Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Phone: 1300 787 272 (within Australia) Phone: +61 3 9415 5000 (overseas callers)
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Solicitors	Piper Alderman Level 23, Governor Macquarie Tower 1 Farrer Place Sydney, NSW 2000
Stock exchange listing	Wellnex Life Limited securities are listed on the Australian Securities Exchange (ASX code: WNX and WNXO)
Website	https://www.wellnexlife.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Wellnex Life Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

The information in this report should be read in conjunction with the most recent annual financial report, being the report for the year ended 30 June 2024.

Directors

The following persons were directors of Wellnex Life Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

George Tambassis (Non-executive Chairman) - appointed 9 September 2024

Eric Jiang (Non-Executive Director)

George Karafotias (Executive Director and Chief Executive Officer)

Zack Bozinovski (Executive Director)

Andrew Vidler (Non-Executive Director)

Jeffrey Yeh (Non-Executive Director)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- Marketing and selling a portfolio of premium branded products for the health and wellness market.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

Financial Performance

Revenue for the period was \$11.96 million, an increase of 111.4% on the prior corresponding period (31 December 2023: \$5.66 million), with brand sales comprising 71% of the total revenue with the balance coming from IP licensing. The company during the period strategically invested in one-off trade spend to increase revenue and distribution which impacted gross margins in the period. Trade spend is expected to reduce materially in H2 2025, allowing the company to focus on increasing margins in 2H FY25 to put the company on the path to a positive EBITDA. The company continues to focus on revenue growth in 2H FY25 and beyond driven by both brand sales and IP licensing with the global roll out of the Haleon arrangement.

Loss after income tax for the half-year of \$7.52 million, a decrease of 22.8% on the prior corresponding period (31 December 2023: loss of \$9.75 million), with the main drivers to the loss being one-off non-recurring costs associated with share based payment expense of \$0.15 million, impairments and depreciation costs of \$1.0 million, transaction and due diligence costs of \$1.95 million associated with the dual listing on the LSE and \$0.65 million incurred as additional costs due to the delays with the payment of the deferred consideration for Pain Away, and other non-operating expenses of \$0.3 million.

Financial Position

The net assets of the entity at 31 December 2024 were \$3.2 million (31 December 2023: \$6.0 million). The change was mainly attributable to the completion of the Pain Away acquisition and recognised intangible assets related to the acquired brand and timing of the associated capital raising activities completed prior to 31 December 2023.

Post 31 December 2024, the Company is proposing a dual listing on the London Stock Exchange and an associated capital raise of a minimum of \$14.3 million that will recapitalise the balance sheet of the group with the settlement of the deferred consideration and the convertible notes which on a proforma basis will increase the net assets of the company by circa \$13 million.

1. Pain Away

Since the acquisition of Pain Away brand in December 2023, the Company continues to see the benefits of this acquisition, and has strongly invested in increasing distribution primarily in the grocery channels. We are seeing continued growth in the revenue since the acquisition and with a proportionate investment in 2H FY25 we expect to see this brand anchor us towards the profitability of the company.

2. Wakey Wakey/Nighty Night

Wellnex Life's new brands continue to grow with its unique and innovative products that is seeing increasing brand awareness and sales. The company has invested a significant amount of money to continue to drive awareness and sales.

3. Wagner Health Liquigesic

Wellnex Life launched Australia's first TGA approved soft gel liquid paracetamol product in a jointly owned brand with leading retailer Chemist Warehouse under the Wagner Liquigesic brand. This brand continues to strengthen with increasing brand recognition and revenue. The success of the brand has seen the product offering increased by three new lines of mini ibuprofen that was announced in March 2024. The new products were launched into the market in CY24.

4. The Iron Company

Wellnex Life launched Australia's first slow-release iron gummy under the brand The Iron Company, which is in the growing iron segment of the complementary medicine category. The Company is currently working on further expanding the product offering under this brand to take advantage of its unique brand positioning.

5. Mr Bright

Wellnex Life's natural teeth whitening brand that is currently being sold in the UK through Boots and TJ Maxx and is available on-line domestically. Wellnex Life is preparing to increase the distribution of this brand to take advantage of the growing oral health and cosmetic market globally.

IP Licensing

Wellnex Life continues to grow its relationships with its IP licensing partners Haleon and Arrotex with ongoing discussions around increased product offerings and territory expansions with Haleon recently launching the innovative liquid paracetamol soft gels in the UK

Other matters

Wellnex Life during the period progressed the proposed dual listing on the AIM market of the London Stock Exchange and an associated capital raising. At the time of this report the company had conditional binding commitments of \$14.3 million which will be used to pay the deferred consideration for Pain Away and redeem/convert the company's convertible notes that will save the company \$1.4 million in finance costs, annually. The balance of the capital raised will be used to fund the international expansion of the company's brands and products.

Significant changes in the state of affairs

During the financial period the Company completed a number of share placements with the details of these transactions disclosed in Note 7 of the financial report.

On 15 August 2024, the Company announced it received its first order from Haleon to supply liquid paracetamol for the UK market.

On 16 August 2024, the Company launched new prescription only medicinal cannabis brand -Wellness Life, for the SAS market.

On 9 September 2024, the Company announced the appointment of highly experienced George Tambassis as Non-Executive Chairman.

On 26 September 2024, the Company held an extraordinary general meeting (EGM) with all resolutions passed including the consolidation of the Company's equities of 50:1 and the approval to issue 680 million fully paid ordinary shares at a floor price of \$0.028 per share.

Matters subsequent to the end of the financial half-year

On 21 January 2025, the Company announced that it had secured multiple funding options to facilitate the payment of the next stage of the deferred consideration, which was due on 20 January 2025. Following the receipt of these proposals, the Company entered into discussions with 365 Health (the vendors of Pain Away) to further amend the extension agreement finalised in October 2024.

Under the revised terms of the agreement, as varied in January 2025, the Company was required to pay an additional \$500,000 establishment fee, which was fully settled on 28 January 2025.

Following the January 2025 variation agreement, the final deferred consideration payment due for the Pain Away brand acquisition is as follows:

- \$6.25 million; cash payment due on or before 3 March 2025
- \$0.15 million payable in Wellnex shares on or before 27 January 2025
- 250,000 Wellnex shares to be issued on or before 3 March 2025

On 3 February 2025, the Company issued 1,211,111 fully paid ordinary shares with an issue price of \$0.675 (67.5 cents) raising \$817,500.

On 10 February 2025, the Company announced that it commenced its marketing campaign for the proposed dual listing on the London Stock Exchange with strong interest received from UK institutions and sophisticated investors.

At the same time the Company resolved to launch a 1:1 non-renounceable entitlement offer (Entitlement Offer) to ensure shareholders have the first right to subscribe for shares on the same terms as the proposed placement to UK investors. Funds raised will serve to redeem the convertible notes and pay the outstanding deferred consideration for Pain Away (saving the Company \$1.4 million in annual costs) and fund general working capital requirements, including the costs of the Entitlement Offer and the proposed AIM listing.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



George Karafotias
Executive Director

28 February 2025

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Wellnex Life Limited

As lead auditor for the review of Wellnex Life Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Wellnex Life Limited and the entities it controlled during the half-year.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



N. S. Benbow

Director

Melbourne, 28 February 2025

Wellnex Life Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024



	Note	Consolidated	
		31 December 2024 \$'000	31 December 2023 \$'000
Revenue from sale of goods		11,962	5,658
Raw material and consumables used		(9,236)	(5,008)
Gross profit		2,726	650
Other income		-	95
Gain on extinguishment of convertible note liability		-	663
Expenses			
Administrative and corporate expenses		(1,328)	(2,874)
Share based payments expense		(150)	(436)
Employee benefits expense		(2,135)	(2,316)
Selling, marketing and distribution expenses		(1,578)	(1,325)
Depreciation and amortisation expense		(590)	(165)
Impairment of non-current assets		(368)	(3,346)
Payment for restructuring PainAway deferred consideration	6	(650)	-
Transaction and due diligence costs		(1,948)	-
Finance costs		(1,505)	(698)
Loss before income tax expense		(7,526)	(9,752)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Wellnex Life Limited		(7,526)	(9,752)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Wellnex Life Limited		(7,526)	(9,752)
		Cents	Cents
Basic loss per share		(28.14)	(1.93)
Diluted loss per share		(28.14)	(1.93)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

		Consolidated	
	Note	31 December 2024 \$'000	30 June 2024 \$'000
Assets			
Current assets			
Cash and cash equivalents		280	903
Trade and other receivables		5,288	4,382
Inventories		3,599	3,630
Prepayments and deposits paid		2,429	980
Total current assets		11,596	9,895
Non-current assets			
Receivables		-	120
Property, plant and equipment		17	28
Right-of-use assets		22	46
Intangibles		20,281	20,835
Total non-current assets		20,320	21,029
Total assets		31,916	30,924
Liabilities			
Current liabilities			
Trade and other payables		9,861	7,438
Borrowings	5	12,340	10,615
Lease liabilities		25	52
Employee benefit provisions		442	459
Deferred consideration	6	6,100	5,650
Other liabilities		-	564
Total current liabilities		28,768	24,778
Non-current liabilities			
Employee benefit provisions		106	86
Total non-current liabilities		106	86
Total liabilities		28,874	24,864
Net assets		3,042	6,060
Equity			
Issued capital	7	135,065	130,557
Reserves		886	2,085
Accumulated losses		(132,909)	(126,582)
Total equity		3,042	6,060

The above statement of financial position should be read in conjunction with the accompanying notes

Wellnex Life Limited
Statement of changes in equity
For the half-year ended 31 December 2024



Consolidated	Issued capital \$'000	Share-based payment reserve \$'000	Convertible loan reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2023	112,424	3,250	477	(115,557)	594
Loss after income tax expense for the half-year	-	-	-	(9,752)	(9,752)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(9,752)	(9,752)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	15,141	-	-	-	15,141
Transfer to retained earnings from option reserve	-	(2,345)	-	2,345	-
Vesting charge for share based payments	-	436	-	-	436
Issue of options for extension of convertible note	-	95	-	-	95
Balance at 31 December 2023	<u>127,565</u>	<u>1,436</u>	<u>477</u>	<u>(122,964)</u>	<u>6,514</u>
Consolidated	Issued capital \$'000	Share-based payment reserve \$'000	Convertible loan reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2024	130,557	1,977	108	(126,582)	6,060
Loss after income tax expense for the half-year	-	-	-	(7,526)	(7,526)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(7,526)	(7,526)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	4,508	-	-	-	4,508
Expiry of performance rights and options	-	(1,199)	-	1,199	-
Balance at 31 December 2024	<u>135,065</u>	<u>778</u>	<u>108</u>	<u>(132,909)</u>	<u>3,042</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Wellnex Life Limited
Statement of cash flows
For the half-year ended 31 December 2024



Note	Consolidated	
	31 December 2024 \$'000	31 December 2023 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	9,085	7,176
Payments to suppliers and employees (inclusive of GST)	(11,057)	(10,589)
Interest received	-	2
Interest and other finance costs paid	(422)	(406)
Net cash used in operating activities	(2,394)	(3,817)
Cash flows from investing activities		
Loans provided for One Life joint venture	-	(50)
Payments for intangibles	-	(13,300)
Payments for deferred consideration	6 (220)	-
Net cash used in investing activities	(220)	(13,350)
Cash flows from financing activities		
Proceeds from issue of shares	2,181	15,630
Transaction costs for capital raising and issuance of shares	(1,391)	(1,764)
Proceeds from borrowings	8,988	5,519
Proceeds from related party loans	45	-
Repayment of trade debtor finance facility funding	(7,806)	(2,216)
Payment of lease liabilities	(26)	(56)
Net cash from financing activities	1,991	17,113
Net decrease in cash and cash equivalents	(623)	(54)
Cash and cash equivalents at the beginning of the financial half-year	903	322
Cash and cash equivalents at the end of the financial half-year	280	268

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Wellnex Life Limited as a consolidated entity consisting of Wellnex Life Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Wellnex Life Limited's functional and presentation currency.

Wellnex Life Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Building 2, Level 3, Suite 69,
574 Plummer Street
Port Melbourne VIC 3207

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2025.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity, other than as disclosed in the financial statements.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and liabilities in the ordinary course of business. The going concern of the consolidated entity is dependent upon it maintaining sufficient funds for its operations and commitments.

The consolidated entity made a loss after tax of \$7.526 million during the half year ended 31 December 2024 (31 December 2023: loss after tax of \$9.752 million), incurred net operating cash outflows of \$2.394 million (31 December 2023: \$3.817 million) and as at 31 December 2024, recorded net current liabilities of \$17.172 million (30 June 2024: \$14.883 million).

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notwithstanding these results, the directors believe that the Company will be able to continue as a going concern and accordingly the financial statements have been prepared on a going concern basis, supported by the following reasons:

Note 2. Material accounting policy information (continued)

- The consolidated entity continues to grow its revenue and margins putting on a pathway to profitability, with growth to continue for the remainder of FY25;
- On 10 February 2025, the Company announced that it had commenced its marketing campaign for the proposed dual listing on the London Stock Exchange with strong interest received from UK institutions and sophisticated investors.

The Company in consultation with SP Angel, Orana Capital and Barclay Pearce Capital (lead brokers) and following feedback from UK institutions have priced the capital raise in conjunction with the proposed dual listing on the AIM Market of the London Stock Exchange (AIM) at \$0.65 per share, a 8.6% discount to the 30-day VWAP.

The Company announced that it had resolved to launch a 1:1 non-renounceable entitlement offer (Entitlement Offer) to ensure shareholders have first right to subscribe for shares on the same terms as the proposed placement to UK investors.

On 20 February 2025, the Company announced that it had secured conditional binding commitments of \$14.3 million, with the receipt of funds conditional upon its successful listing on the AIM market of the London Stock Exchange. The dual listing is expected to be completed in March 2025. These funds will be used to pay the deferred consideration of Pain Away and the redemption/conversion of the convertible notes reducing the debt profile of the company by \$13 million and reducing the annual finance cost by \$1.4 million.

Further as outlined in Note 5 of this report, the admission on AIM qualifies as an 'exit event' under the terms of the convertible notes. The Company is currently negotiating terms with the convertible noteholders to determine the proportion of notes that will be redeemed versus those that will be converted into shares.

Convertible noteholders who choose to convert their notes will be issued shares that remain unsubscribed under the Offer or Shortfall Offer, with the subscription price applied towards the repayment of their convertible notes. Under the terms of the convertible notes, those opting for conversion will subscribe for shares at the same issue price as the Offer, with the subscription proceeds offsetting their outstanding note balance.

This variation to the convertible note terms enables the Company to incentivise noteholders to convert their notes into equity, thereby reducing the cash outflow required to settle the liability.

- The Company and Haleon received regulatory approval for the sale of the innovative paracetamol sift gel liquid analgesic for the United Kingdom market with first sales achieved in FY25 and the imminent launch in the UAE;
- Director loans amounting to \$2.78 million will not be repayable unless the Company has sufficient cash resources to repay.
- The Company is an ASX-listed entity and it has the ability to raise additional funds if required.
- The Company has reduced its operating expenses by over \$1 million by finding efficiencies in the business and outsourcing some of its services.

In the event that the consolidated entity is unable to achieve the outcomes noted above and not be able to continue as a going concern, it may be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

Note 3. Critical accounting judgements, estimates and assumptions

There was no significant or material change in the formulation and usage of estimates and judgments made in preparing these interim financial statements from those applied in preparing the annual report for the year ended 30 June 2024.

Note 4. Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

During the 2024 financial year the consolidated entity acquired the assets of Pain Away. The business operates in the same business and geographical segment as the rest of the Group, being a provider of high quality Australian made health and wellness products throughout Australasia. All revenue and assets generated during the financial year were generated in Australia.

The Group only derives revenue solely through the sale of products for which revenue is recognised at a point in time.

Note 5. Current liabilities - Borrowings

	Consolidated	
	31 December 2024 \$'000	30 June 2024 \$'000
Trade and debtor facility	2,737	1,612
Convertible notes payable	6,823	6,490
Related party loan	2,780	2,513
	<u>12,340</u>	<u>10,615</u>

Included in the outstanding borrowings, are amounts due and payable to related parties of the Company of \$2,780,000. Other borrowings include the Company's trade and debtor facility as described below.

Trade and debtor facility

In July 2021, the Company entered into a secured revolving trade and debtor facility with Scottish Pacific, with the key terms of this facility as follows:

- total value of financing facility: \$5,300,000
- amount drawn down as at 31 December 2024: \$2,737,000
- interest rate: Bank Bill Swap Bid Rate (BBSY) plus 4%
- this financing facility is secured by general and specific security deeds over all of the Company's assets

Related party loans

The loans to related parties were previously non-interest bearing and repayable on call as disclosed in the 30 June 2024 annual report. However, the terms were modified during the report period to include an interest rate of 10% per annum with repayment due on 30 June 2026, or earlier if the Company is in a financial position to do so. The loans remain unsecured and do not carry any equity conversion features. The directors consider the revised terms to be at market rates and no more favourable to the related parties than comparable third-party arrangements.

Original Convertible Note Terms

- amount drawn down as at 30 June 2022: \$6,150,000 (before costs);
- the secured note has a term of 24 months from issue;
- the secured note has a coupon rate of 9% per annum;
- conversion price: \$0.21 (21 cents) per share, with the noteholder having the right to receive one option for every two shares converted at a strike price of \$0.21 (21 cents) with a 24 month term from issue;
- the Company can at any time choose to repay the convertible note financing, with the note holders having the right on the issue of a redemption notice by the Company to convert the convertible note into fully paid ordinary shares;
- the convertible note financing is secured by general and specific security deeds over all of the Company's assets.

Note 5. Current liabilities - Borrowings (continued)

Revised Convertible Note Terms - 30 June 2024

- Conversion price: the conversion price be reduced from \$0.21 to \$0.08;
- Coupon rate: the coupon rate be increased from 9% to 13%, for the period from 6 October 2023 until the maturity date;
- Maturity date: the maturity date be extended by 12 months to 21 June 2025; and
- Redemption: the Company can redeem the Convertible Note at its election (with the Noteholder's consent) from 1 March 2024 onwards, subject to payment of an early redemption fee equal to the 3 months' interest.

Under the revised terms, the principal amount under the Convertible Note will be convertible into a maximum of 77,500,000 Conversion Shares and 38,750,000 Conversion Options (based on the new conversion price of \$0.08, and assuming full conversion of the principal amount of \$6.2m) (noting that this number of securities does not include any securities which the Company will be required to issue to the Noteholder in respect of accrued interest, which is convertible at the same conversion price).

Revised Convertible Note Terms - 31 December 2024

The listing of the Company's shares on the AIM board is considered an exit event under the convertible note terms. As a result, the Company renegotiated the terms with its convertible noteholders, allowing conversion at either \$4.00 per share (previously \$0.08 per share pre-50:1 consolidation) or at the AIM listing price. Additionally, interest payments terms were varied and are now payable in full on the maturity date.

The directors have assessed this variation and concluded that it does not constitute a substantial modification under AASB 9 Financial Instruments.

Note 6. Current liabilities - Deferred consideration

In October 2024, the Company entered into discussions with the vendors of the Pain Away brand to negotiate a delay in the payment terms. The initial agreement, referred to as the October 2024 variation, amended the payment deadline to 20 January 2025. A subsequent variation agreement was entered into in January 2025 to extend the payment to March 2025, and is disclosed as a subsequent event.

Under the October 2024 variation agreement, the Company agreed to:

- Payment of \$200,000 in establishment fees prior to 31 December 2024.
- Increasing the deferred liabilities by an additional \$300,000 in cash and \$150,000 in Company shares.

Note 7. Equity - issued capital

	Consolidated			
	31 December 2024 Shares	30 June 2024 Shares	31 December 2024 \$'000	30 June 2024 \$'000
Ordinary shares - fully paid	<u>30,517,321</u>	<u>1,289,554,351</u>	<u>135,065</u>	<u>130,557</u>

Note 7. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	Cash (\$'000)	Non-cash (\$'000)	\$'000
Balance	1 July 2024	1,289,554,351	-	-	-	130,557
Issue of Ordinary Shares to settle Employee Agreements	1 July 2024	435,438	\$0.025	-	11	11
Issue of Ordinary Shares - Issued for Corporate Advisory Services	19 July 2024	12,500,000	\$0.028	-	350	350
Issue of Ordinary Shares	7 August 2024	99,392,863	\$0.028	1,452	-	2,783
Consolidation of shares 50:1		(1,373,843,902)	-	-	-	-
Issue of Ordinary Shares	19 November 2024	357,142	\$1.40*	-	499	499
Issue of Ordinary Shares	27 December 2024	321,429	\$1.40*	450	-	450
Issue of Ordinary Shares - Issued for Corporate Advisory Services	30 December 2024	200,000	\$1.40*	280	-	280
Capital Raising costs	19 November 2024	1,600,000	\$0.61**	-	968	968
						(833)
Balance	31 December 2024	<u>30,517,321</u>				<u>135,065</u>

** Pertains to corporate advisory costs settled via issuances of shares based on spot rate at the point of settlement

*** Pre-committed issuances which were based on the pre-consolidation share price of 2.8cents (\$1.40, reflective of 50:1 consolidation)

Note 8. Events after the reporting period

On 21 January 2025, the Company announced that it had secured multiple funding options to facilitate the payment of the next stage of the deferred consideration, which was due on 20 January 2025. Following the receipt of these proposals, the Company entered into discussions with 365 Health (the vendors of Pain Away) to further amend the extension agreement finalised in October 2024.

Under the revised terms of the agreement, as varied in January 2025, the Company was required to pay an additional \$500,000 establishment fee, which was fully settled on 28 January 2025.

Following the January 2025 variation agreement, the final deferred consideration payment due for the Pain Away brand acquisition is as follows:

- \$6.25 million; cash payment due on or before 3 March 2025
- \$0.15 million payable in Wellnex shares on or before 27 January 2025
- 250,000 Wellnex shares to be issued on or before 3 March 2025

On 3 February 2025, the Company issued 1,211,111 fully paid ordinary shares with an issue price of \$0.675 (67.5 cents) raising \$817,500.

On 10 February 2025, the Company announced that it commenced its marketing campaign for the proposed dual listing on the London Stock Exchange with strong interest received from UK institutions and sophisticated investors.

At the same time the Company resolved to launch a 1:1 non-renounceable entitlement offer (Entitlement Offer) to ensure shareholders have the first right to subscribe for shares on the same terms as the proposed placement to UK investors. Funds raised will serve to redeem the convertible notes and pay the outstanding deferred consideration for Pain Away (saving the Company \$1.4 million in annual costs) and fund general working capital requirements, including the costs of the Entitlement Offer and the proposed AIM listing.

Note 8. Events after the reporting period (continued)

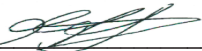
No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



George Karafotias
Executive Director

28 February 2025

Independent auditor's review report to the members of Wellnex Life Limited

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Wellnex Life Limited (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2024,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 of the financial report which indicates that the Group during the half-year ended 31 December 2024 incurred a net loss after income tax of \$7,526,000, net operating cash outflows of \$2,394,000 and recorded an excess of current liabilities relative to current assets of \$17,172,000. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



N. S. Benbow
Director

Melbourne, 28 February 2025

Section C: Accountant's Report on the Pro Forma Financial Information



18 March 2025

The Directors
Wellnex Life Limited
Port Park – Building 2
574 Plummer Street
Port Melbourne VIC 3207
Australia

Strand Hanson Limited
26 Mount Row
London W1K 3SQ

Dear Sirs and Madams,

We report on the unaudited pro forma statement of net assets of Wellnex Life Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at 31 December 2024 (the “*Pro Forma Financial Information*”) as set out in Section D “*Pro Forma Financial Information*” of Part III “**Historical Financial Information of the Group**” of the Company’s AIM admission document dated 18 March 2025.

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the directors of the Company (the “**Directors**”) to prepare the *Pro Forma Financial Information*.

It is our responsibility to form an opinion as to the proper compilation of the *Pro Forma Financial Information* and report that opinion to you.

No reports or opinions have been made by us on any financial information used in the compilation of the *Pro Forma Financial Information*. In providing this opinion, we are not providing any assurance on any source financial information on which the *Pro Forma Financial Information* is based beyond the above opinion.

Basis of preparation

The *Pro Forma Financial Information* has been prepared on the bases described, for illustrative purposes only, to provide information about how:

- the issue of ordinary shares on 3 February 2025 to the value of A\$750,000;
- the amendments made to the Pain Away Acquisition Agreement and the part-payments in cash and equity made in accordance therewith since 31 December 2024;
- the redemption of the convertible notes for cash and equity;
- the issue of ordinary shares on 5 March 2025 in relation to the rights offer; and
- the issue of the gross placing proceeds from the Placing and settlement of the related costs,

might have affected the financial information presented on the basis of the accounting policies adopted by the Group in the preparation of the Group's unaudited consolidated interim financial information for the six-month period ended 31 December 2024.

Basis of opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Financial Reporting Council in the United Kingdom (the "FRC"). We are independent of the Company and Group in accordance with relevant ethical requirements. In the United Kingdom this is the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of paragraph (a) of Schedule 2 AIM Rules for Companies, we are responsible for this report as part of the document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully,

Crowe U.K. LLP
Chartered Accountants

Section D: Pro Forma Financial Information

Set out below is the unaudited pro forma Statement of Net Assets of the Group as at 31 December 2024 (the “**Pro Forma Financial Information**”), which has been prepared on the basis of the accounting policies adopted by the Group in preparing the unaudited Interim Financial Information included in Section B “*Interim Financial Information*” of Part III “*Historical Financial Information of the Group*” of this document, to illustrate the effects of:

- the issue on 3 February 2025 of 1,111,111 Ordinary Shares at A\$0.675 each to the value of A\$750,000;
- the issue on 5 March 2025 of the Ordinary Shares in relation to the Rights Issue;
- the amendments made to the Pain Away Acquisition Agreement and the part-payments in cash and equity made in accordance therewith since 31 December 2024;
- the issue of the CLN Shares and cash redemption of the Convertible Notes; and
- the Placing; and
- the Placing and issue of the Fee Shares and cash settlement of the Admission and Placing costs,

on the assets and liabilities of the Group had the issue of equity Ordinary Shares equity on 3 February 2025, the Rights Issue, the amendments to the Pain Away Acquisition Agreement and related equity and cash part-payments made and due thereunder of the deferred consideration in relation to the Pain Away Acquisition, the redemption of the Convertible Notes, the Rights Offer, the Placing and the issue of the Fee Shares and settlement of the Admission and Placing costs occurred on 31 December 2024.

The Pro Forma Financial Information has been prepared for illustrative purposes only. Due to its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Group’s actual financial position as at 31 December 2024. It is based on the unaudited Interim Financial Information included in Section B “*Interim Financial Information*” of Part III “*Historical Financial Information of the Group*” of this document.

Users should read the whole of this document and not rely solely on the Pro Forma Financial Information.

The accountant’s report on the Pro Forma Financial Information is set out in Section C “*Accountant’s Report on the Pro Forma Financial Information*” of Part III “*Historical Financial Information of the Group*” of this document.

Pro Forma Financial Information

	<i>(Unaudited)</i>		<i>Adjustment</i>					<i>(Unaudited)</i>	
	<i>Group As at 31 December 2024 (Note 1) A\$'000</i>	<i>Equity issue 3 February 2025 (Note 2) A\$'000</i>	<i>Rights Issue (Note 3) A\$'000</i>	<i>Pain Away Acquisition agreement and payments (Note 4) A\$'000</i>	<i>Redemption of Convertible Notes (Note 5) A\$'000</i>	<i>Placing (Note 6) A\$'000</i>	<i>Settlement of costs (Note 7) A\$'000</i>	<i>Pro forma Balances A\$'000</i>	
Cash and cash equivalents	280	750	2,191	(6,800)	(4,509)	10,679	(1,477)	1,114	
Trade and other receivables	5,288	–	–	–	–	–	–	5,288	
Inventories	3,599	–	–	–	–	–	–	3,599	
Prepayments and other current assets	2,429	–	–	–	–	–	–	2,429	
Current assets	11,596	750	2,191	(6,800)	(4,509)	10,679	(1,477)	12,430	
Property, plant and machinery	17	–	–	–	–	–	–	17	
Intangibles assets	20,281	–	–	1,213	–	–	–	21,494	
Right-of-use assets	22	–	–	–	–	–	–	22	
Non-current assets	20,320	–	–	1,213	–	–	–	21,533	

	<i>(Unaudited)</i>		<i>Adjustment</i>					<i>(Unaudited)</i>	
	<i>Group As at 31 December 2024 (Note 1) A\$'000</i>	<i>Equity issue 3 February 2025 (Note 2) A\$'000</i>	<i>Rights Issue (Note 3) A\$'000</i>	<i>Pain Away Acquisition agreement and payments (Note 4) A\$'000</i>	<i>Redemption of Convertible Notes (Note 5) A\$'000</i>	<i>Placing (Note 6) A\$'000</i>	<i>Settlement of costs (Note 7) A\$'000</i>	<i>Pro forma Balances A\$'000</i>	
Trade and other payables	(9,861)	–	–	–	–	–	(164)	(10,025)	
Trade and debtor facility	(2,737)	–	–	–	6,823	–	–	(2,737)	
Convertible Notes	(6,823)	–	–	–	–	–	–	–	
Related party loans	(2,780)	–	–	–	–	–	–	(2,780)	
Deferred consideration	(6,100)	–	–	5,900	–	–	–	(200)	
Lease liabilities	(25)	–	–	–	–	–	–	(25)	
Employee benefit provisions	(442)	–	–	–	–	–	–	(442)	
Current liabilities	(28,768)	–	–	5,900	6,823	–	(164)	(16,209)	
Employee benefit provisions	(106)	–	–	–	–	–	–	(106)	
Non-current liabilities	(106)	–	–	–	–	–	–	(106)	
Net assets	3,042	750	2,191	313	2,314	10,679	(1,641)	17,648	

Notes:

- The financial information of the Group as at 31 December 2024 has been extracted, without adjustment, from the unaudited Interim Financial Information included in Section B “*Interim Financial Information*” of Part III “*Historical Financial Information of the Group*” of this document.

The Pro Forma Financial Information has been prepared on the basis of the accounting policies adopted by the Group in preparing the unaudited Interim Financial Information.

- The adjustment represents the issue of 1,111,111 Ordinary Shares at A\$0.675 per Ordinary Share on 3 February 2025 to the value of A\$750,000. The issue of the Ordinary Shares results in an increase to “*cash and cash equivalents*” within “*current assets*” of A\$750,000.
- The adjustment represents the Rights Offer, comprising the issue of 3,371,073 Ordinary Shares at A\$0.65 per Ordinary Share to the value of A\$2,191,000. The rights issue results in an increase to “*cash and cash equivalents*” within “*current assets*” of A\$2,191,000.
- The adjustment represents the amendments to the Pain Away Acquisition agreement and the subsequent settlement thereof in both cash and equity, as set out in paragraph 14.13 “*Pain Away Acquisition Agreement*” of Part VI “*Additional Information*” of this document. The adjustments comprise:
 - a repayment deferral charge of A\$550,000 and its subsequent payment in cash on the 24th and 28th January 2025. The deferral charge results in an increase to the carrying value of “*intangible assets*” within “*non-current assets*” of A\$550,000 and a corresponding reduction to “*cash and cash equivalents*” within “*current assets*” of the same amount;
 - an additional amount of A\$150,000 to the principal amount repayable. The additional amount results in an increase to the carrying value of “*intangible assets*” within “*non-current assets*” of A\$150,000 and a corresponding increase to “*deferred consideration*” within “*current liabilities*” of the same amount;
 - the issue of 230,770 Ordinary Shares at A\$0.65 each to the value of A\$150,000 to affect the amendment of the Pain Away Acquisition agreement. The issue of the Ordinary Shares results in an increase to the carrying value of “*intangible assets*” within “*non-current assets*” of A\$150,000;
 - the issue of 250,000 Ordinary Shares at A\$0.65 each to the value of A\$162,500 to affect the amendment of the Pain Away Acquisition agreement. The issue of the Ordinary Shares results in an increase to the carrying value of “*intangible assets*” within “*non-current assets*” of A\$162,500;
 - the monthly management fees payable to the PA Sellers during each of April to July 2025 to the value of A\$200,000, resulting in an increase to the carrying value of “*intangible assets*” within “*non-current assets*” of A\$200,000 and a corresponding increase to “*deferred consideration*” within “*current liabilities*” of the same amount;
 - the payment of A\$1,000,000 on 7 March 2025, resulting in a decrease to “*cash and cash equivalents*” within “*current assets*” of A\$1,000,000 and a decrease to “*deferred consideration*” within “*current liabilities*” of the same amount; and
 - the payment of A\$5,250,000 to be made by 21 March 2025, resulting in a decrease to “*cash and cash equivalents*” within “*current assets*” of A\$5,250,000 and a decrease to “*deferred consideration*” within “*current liabilities*” of the same amount.
- The adjustment represents the redemption of the Convertible Notes on Admission by way of a combination of cash and the issue of the CLN Shares. Of the balance of Convertible Notes payable of A\$6,823,000 as at 31 December 2024, A\$4,509,000 will be redeemed for cash and A\$2,314,000 by the issue of the CLN Shares.

The cash redemption to the value of A\$4,509,000 results in a decrease to “*cash and cash equivalents*” within “*current assets*” of same amount. The aggregate value of the cash redemption of A\$4,509,000 and the issue of the CLN Shares to the value of A\$2,314,000 results in a decrease to “*borrowings*” within “*current liabilities*” of the A\$6,823,000.

6. The adjustment represents the issue of the Placing Shares at A\$0.65 per Placing Share to the value of A\$10,679,000. The issue of the shares results in an increase to “*cash and cash equivalents*” within “*current assets*” of A\$10,679,000.
7. The adjustment represents the settlement of the cash costs of the Admission and Placing to the value of A\$1,477,000 and the deferment of an additional A\$164,000 of costs to be paid in cash within nine months of Admission. The settlement of the costs results in a decrease to “*cash and cash equivalents*” within “*current assets*” of A\$1,477,000 and an increase to “*trade and other payables*” of A\$164,000.

The issue of the Fees Shares has no effect on the net assets of the Group.

8. With respect to the above adjustments, none will have an ongoing effect on the results of the Group.

PART IV

MEDICINAL CANNABIS JOINT VENTURE AND LEGAL AND REGULATORY FRAMEWORK

1. MEDICINAL CANNABIS JOINT VENTURE

On 18 July 2022, Wellnex’s subsidiary BSPS agreed to form a 50/50 joint venture with OneLife Botanicals Ltd (“OneLife”), via a joint venture entity, 1LH Pty Ltd (“1LH” or the “JV”) which was incorporated on 29 March 2023 in Victoria, Australia, with each of Wellnex and OneLife holding 100 shares. The JV was formed for the distribution and sale in Australia of medicinal cannabis under schemes which are set out in the Therapeutic Goods Act and Regulations, and overseen by the Therapeutic Good Administration (“TGA”).

Subject to OneLife’s subsidiaries emerging from the voluntary administration process with their operations and licences intact, OneLife, along with its wholly-owned subsidiary OneLife Labs Pty Ltd (“OLL”), has a state of the art pharmaceutical manufacturing facility in Australia, and with certainty of supply and the ability of OLL to manufacture bespoke products, and it is expected that 1LH will be one of the few companies in Australia that will have full traceability of the whole production and manufacturing process of medicinal cannabis products, using Australian product and knowledge.

In March 2023, Wellnex announced that Australian national pharmacy chain, Chemist Warehouse, would be joining the JV. Chemist Warehouse is the largest owner of retail pharmacies in Australia and New Zealand, and has been acquired by ASX-listed Sigma Healthcare (ASX:SIG) for c. A\$8.8 billion. Wellnex expects to conclude Chemist Warehouse’s participation in the JV as soon as practicable after Admission.

In July 2024, Wellnex’s wholly owned subsidiary, BSPS, launched the “Wellness Life” products brand which incorporates medicinal cannabis. The brand was initially sponsored by BSPS, and will be sponsored by the JV. A pilot program is in place with select Chemist Warehouse stores to stagger the rollout, and first sales in Australia occurred in August 2024.

1.1 *Joint Venture Shareholders’ Agreement*

The JV is governed by the joint venture shareholders’ agreement (“JV Shareholders’ Agreement”) between the JV, Wellnex and OneLife, key terms of which are as follows:

- The JV will only operate in the Australian market and the JV must not, and the shareholders must procure that the JV does not, expand into any other jurisdictions.
- The JV and its shareholders (if applicable) must at all times have the required licences to distribute and sell only medicinal cannabis products including complying with all state and federal regulatory requirements.
- The JV must also monitor, or require its contract counterparties to monitor, that supply chain parties are fully licensed at all times. Suspension, revocation or removal of any such licenses will result in immediate cessation of that supply chain activity until the licensee’s status can be remedied, or an appropriately licensed entity can be appointed in replacement, as required.
- For each holding of 20 per cent of 1LH’s shares, a shareholder shall have the right to appoint a director of the JV. Currently, the JV’s board comprises of two directors, being one appointee from Wellnex (being George Karafotias) and one appointee from OneLife (being Andrew James Grant, major shareholder of OneLife and authorised person on OneLife’s licenses).
- Reserved Shareholder Matters (“RSMs”) require approval from holders of at least 75 per cent. of JV’s issued shares. RSMs include a material change to the JV’s business. The shareholders expressly agree that the JV’s business will not be altered:

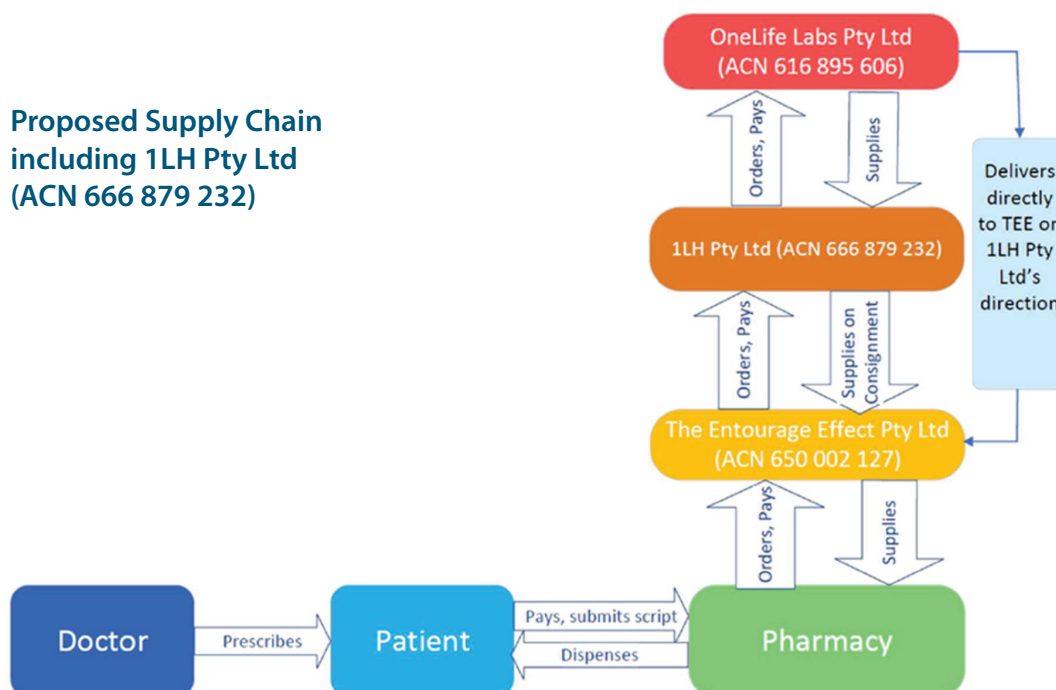
- to include the manufacture or distribution of, or otherwise dealing with, cannabis-products for recreational purposes;
 - to deal with cannabis products in any other manner which would breach the applicable laws of Australia and/or the United Kingdom;
 - such that the JV’s business would result in Wellnex being in breach of POCA or any other applicable law of the United Kingdom; or
 - to include activities the purpose of which are not legal in the United Kingdom.
- Furthermore, it is noted that Wellnex has a veto right in the event the other JV shareholders wish to expand the JV business into a territory outside of Australia.

It should also be noted that the JV’s constitution provides that neither it, nor any of its subsidiaries, shall carry out any business involving, nor shall they make any investment in or have any involvement with any company or business that carries out any business or has any investment in or involvement with: (a) any form of recreational cannabis; or (b) any other form of cannabis, other than in accordance with all applicable laws and regulations and following the grant to the JV (or, as applicable, its relevant subsidiary or the company or business in which the JV or any of its subsidiaries has made an investment) of all necessary and valid licences, approvals, authorisations permits and/or registrations.

Further information on the JV Shareholders’ Agreement is set out in paragraph 14.15 of Part VI.

1.2 Supply Chain

The proposed supply chain structure including the JV will be as follows:



Below is a summary of the regulatory position of each of the entities that are involved in the manufacture and supply of medicinal cannabis products in the supply chain summarised in the diagram above.

OneLife Labs Pty Ltd (Product Supply Agreement and Quality Agreement)

OLL, which is wholly owned by OneLife, is licensed in Victoria, Australia, to manufacture medicinal cannabis products and supply medicinal cannabis products by wholesale. It has a state of the art cannabis production, research and product development facility, with the capability and licence to

produce 20 tonnes of product per annum. The manufacturing facility is located approximately 100-120 minutes from Melbourne, and includes fit for purpose glasshouses for growing medicinal cannabis in a controlled environment. The glasshouses facilitate the optimum growing environment through temperature and climate control, allowing natural sunlight to be maximised in a protected and secure environment. In October 2022, OneLife acquired one of Australia's leading cannabis manufacturing facilities, Medipharm Australia, that allowed it to manufacture and bring to market medicinal cannabis products immediately.

For the purposes of BSPS's and the JV's activities involving medicinal cannabis products, OLL manufactures medicinal cannabis products using plant materials obtained from an Australian company licensed to cultivate, produce and supply medicinal cannabis products (the "**Upstream Supplier**"). The Upstream Supplier is licensed in Australia to cultivate, produce and supply cannabis plants, cannabis or cannabis resin for medicinal or scientific purposes and licensed to supply such products to parties who are licensed to manufacture cannabis drugs.

George Karafotias, CEO of Wellnex, is a non-executive director on the board of OneLife, which allows Wellnex to have oversight of OneLife on behalf of the JV.

OneLife, OLL, Wellnex and BSPS are party to a product supply agreement ("Product Supply Agreement").

- (1) Under the Product Supply Agreement, OLL must:
 - (a) manufacture the medicinal cannabis products in accordance with applicable laws;
 - (b) maintain and comply with all necessary licences;
 - (c) make its premises and records available for inspection by government authorities; and
 - (d) maintain and comply with all necessary licences. BSPS also undertakes to maintain and comply with all necessary licences.
- (2) OLL and BSPS are also party to a Quality Agreement. It details the compliance obligations of OLL, as manufacturer, including compliance with regulatory requirements for good manufacturing practices (GMP) strictly to specification and providing Certificates of Analysis (confirming quality and specifications) for each batch of finished products.

The Entourage Effect Pty Ltd

The Entourage Effect Pty Ltd (the "Entourage Effect") is one of Australia's largest medicinal cannabis distributors to pharmacies in Australia. Entourage Effect holds the required state poisons licences to supply medicinal cannabis products by wholesale.

Entourage Effect will hold all the JV's product under consignment and will be responsible for the distribution to pharmacies and payments, with the agreement being only for Australia and for products only to be delivered to pharmacies under the SAS-B or AP pathways.

Entourage Effect and BSPS are party to a distribution agreement ("Distribution Agreement") and a quality agreement ("TEE Quality Agreement"):

- (1) The Distribution Agreement requires Entourage Effect to:
 - (a) obtain and maintain all requisite licences, approvals, permits and authorisations to possess, store, supply, distribute and on-sell the products to authorised customers (i.e. chemists or pharmacies), including licensing requirements for Schedule 4 or Schedule 8 products;
 - (b) provide wholesale distribution services and ensure that its handling, storage, supply and distribution of the products is strictly in accordance with each relevant regulatory approval regime; and

- (c) make or have arrangements with authorised customers which ensure that the customer only dispenses the products to authorised patients in accordance with each relevant regulatory approval regime, and BSPS must at all times comply with all legal and regulatory requirements relating to the Distribution Agreement and the products.
- (2) The TEE Quality Agreement sets out detailed compliance obligations on Entourage Effect, as distributor, including the maintenance of an effective system for traceability of products, and checking that customer (i.e. the pharmacies to whom products are despatched) hold the relevant licences to enable the supply of Schedule 4 or Schedule 8 products (as applicable).

State poisons licences

BSPS holds two state poisons licences (issued by the Victorian Department of Health and Human Services) that allows it to distribute all types of medicines including medicinal cannabis.

1.3 ***OneLife Subsidiaries' Ongoing Voluntary Administration***

On 3 December 2024, OLL and One Life Cultivation Pty (“OLC”), subsidiaries of OneLife, each commenced a voluntary administration process in order to provide protection from creditors. OneLife has not commenced a voluntary administration process. The “Wellness Life” brand of products, which incorporate medicinal cannabis, are manufactured in Australia by OLL and currently sold by wholesale in Australia by BSPS and will be sold by the JV. Neither Wellnex, nor any member of its Group, has a trading relationship with OLC.

This voluntary administration process is often undertaken in Australia to ensure directors of a company do not at any time in the future allow a company to trade while insolvent. This process will allow OLL to formalise funding without any risk to the business or breaches of its licenses and director duties. The OneLife Group’s medicinal cannabis licences are held by OLL, and OneLife, and during the administration, OneLife Group has ceased all production of medicinal cannabis until such time as OLL come out of administration. However, OneLife Group’s medicinal cannabis licenses continue to be valid and in force, with key staff responsible for the maintenance of the license being retained by OLL. Whilst current expectations are that OneLife’s Group’s financing plans will be successfully completed, there can be no certainty as to the outcome of the administration process at the current time. It is possible that the assets of OLL and OLC businesses may be sold to unrelated parties by the administrators. Should this occur, such acquirer and all parties associated with the acquirer will be required to provide evidence to State and Federal agencies they are of good standing to take over the OLL licenses or to be granted equivalent licences in the name of the acquiring entity. The acquiring entity would need to nominate the responsible persons who will be responsible for compliance under each of the licences and provide evidence such as police checks and professional CVs for those individuals to demonstrate they do not have any prior convictions and that they are fit and proper persons to be responsible for compliance.

Wellnex may seek to replace OneLife as supplier following Admission, either in the event the administration and financing plans set above did not result in OLL continuing as a fully licensed supplier or if Wellnex directed OneLife to source products from a different upstream supplier for more advantageous commercial reasons (which it is permitted to do under the Exclusivity Deed associated with the supply agreement with OneLife). Wellnex would ensure that any new supplier is licenced in accordance with prevailing legal and regulatory requirements in Australia. Also, prior to any proposed change in supplier and as part of the due diligence process, Wellnex would provide updates to the legal and POCA opinions delivered in connection with Admission and would consult with AIM Regulation. In the event the due diligence process on a potential new supplier fails to confirm that the supplier is fully licensed, the Group would cease medicinal cannabis operations until such time as an alternative suitable supplier could be identified, albeit that BSPS/the JV would continue to sell existing product sponsored by each company.

It should be noted that, the JV currently has c. 6 to 8 months’ supply (based on current estimates which are based on the run-rate of stock between October 2024 and December 2024) of medicinal cannabis

product from the final batch of product sponsored by BSPS, so any supplier change is not expected to have a material effect on Wellnex's medicinal cannabis business in the near term. Furthermore, medicinal cannabis does not form a material part of the Group's overall business activities and at this stage is expected to represent only 1 per cent. of revenues in the year ending 30 June 2025.

1.4 *Special Condition to Admission under AIM Rule 9*

The Company's Admission to AIM will be on the basis that its business relating to medicinal cannabis is conducted in Australia only, for which the Group and the JV have in place at Admission all relevant consents and permits as set out in this document. Admission to AIM is subject to a special condition pursuant to AIM Rule 9 that, in the event that the Company undertakes any business relating to cannabis or cannabis-related activities in any jurisdiction beyond Australia, such change will be deemed to constitute an acquisition resulting in a fundamental change in the Company's business for the purposes of AIM Rule 14 and require publication of a new admission document, until which time trading in the Ordinary Shares would be suspended, and shareholder approval. If the Company breaches this special condition, trading in the Ordinary Shares on AIM may be suspended or cancelled.

2. REGULATORY COMPLIANCE COMMITTEE

The Regulatory Compliance Committee ("RCC") comprises two members of the Board (one of whom, who must be an independent non-executive director, will chair the RCC) along with Mr Chris Kominatos (in his role as Scientific and Regulatory Director) and Dr Sylvia Victor (in her role as General Manager – Cannabis) (or persons subsequently fulfilling their roles) as core members. The RCC will oversee, review and supervise the regulatory compliance of the Group and affiliated entities, including BSPS and the JV, with respect to the Group's activities involving medicinal cannabis ("MC Activities"). The RCC will also monitor the regulatory compliance of the Group's supply chain parties for MC Activities, including the regulatory compliance of the upstream suppliers of cannabis plants, cannabis or cannabis resin to manufacturers of medicinal cannabis products supplied to the Group and the manufacturers of medicinal cannabis products supplied to the Group, and assist the Board in discharging its responsibilities relative to regulatory compliance of the Group's MC Activities.

The RCC will operate under Regulatory Compliance Committee Charter adopted by Board which will, *inter alia*;

- require, that between them, the RCC members must have the relevant technical expertise and a sufficient understanding of the medicinal cannabis sector in Australia and relevant applicable laws to be able to discharge the RCC's mandate effectively;
- require the RCC to meet not less than four times annually and empower any RCC member to convene an urgent meeting if that member becomes aware of an issue or potential risk of non-compliance with applicable laws in relation to the MC Activities affecting the Group's MC Activities or relevant to the Company's supply chain parties for MC Activities or other JV shareholders;
- require the RCC to regularly verify (at least quarterly) that the licences of supply chain parties for MC Activities are in good standing and make appropriate investigations to ensure that the supply chain parties and the other JV shareholders are not in breach of any applicable laws in relation to the MC Activities, and in particular to ensure that the supply chain parties and the JV shareholders have no involvement in recreational cannabis;
- require the RCC to oversee BSPS's and the JV's preparation and submission of reports to the TGA and Victorian Department of Health;
- require the RCC to review the monthly reports received from Entourage Effect to ensure that Entourage Effect (or such other company providing logistics services) is only supplying products to appropriately licensed pharmacies;

- provide the RCC with authority from the Company’s Board to investigate any matter within its terms of reference and to seek any information it requires from any employee, contractor, consultant or other providers of services or products to the Company, the Group’s supply chain parties for the MC Activities and the other shareholders in the JV that the RCC requires to perform its duties and call any such person to be questioned at a RCC meeting, as and when required;
- ensure that any apparent deficiencies in the licences of supply chain parties for MC Activities are promptly rectified and, if not, ensure that non-compliances are reported to relevant regulators and make recommendations to the Board on actions necessary to ensure that the Supply Chain Party’s non-compliance does not affect the Group’s ability to conduct the MC Activities in compliance with all applicable laws;
- empower the RCC to seek legal (including from Australian and English legal counsel) and other professional advice as and when required on all RCC matters and for the purpose of discharging its responsibilities; and
- require the RCC to escalate material concerns to the full Board and make such recommendations to the Board as it deems appropriate on any area within its remit.

The RCC will not have the power or authority to make a decision in the name of the Company’s Board or on its behalf. Any amendments to RCC’s Terms of Reference must be approved by the Company’s Board.

3. GENERAL

Federal Regulation

In Australia, therapeutic goods for human use are regulated under the Therapeutic Goods Act 1989 (Act), which is administered by the TGA. ‘Therapeutic goods’ are defined as goods to be used in connection with:

- preventing, diagnosing, curing or alleviating a disease, ailment, defect or injury;
- influencing, inhibiting or modifying a physiological process;
- testing susceptibility to a disease or ailment;
- influencing, controlling or preventing conception;
- testing for pregnancy; and
- replacement or modification of parts of the anatomy.

In practice, these include prescription medicines, over-the-counter medicines, complementary medicines, medical devices (including in vitro diagnostic devices), vaccines, blood and blood products, sunscreens and cosmetics that make therapeutic claims.

Any product for which therapeutic claims are made must be listed or registered in the Australian Register of Therapeutic Goods (“ARTG”) before it can be legally manufactured, exported, imported and supplied in Australia. However, there are exceptions which provide for limited and restricted use of unapproved products including:

- for the purpose of conducting clinical trials; and
- where prescribed by a medical practitioner authorised by the TGA to do so, where already-listed products do not provide adequate treatment (for example, medicinal cannabis products may be supplied under this exception).

Any medicine supplied in Australia must be included in the ARTG, either by way of registration or listing. To be registered or listed in the ARTG, therapeutic goods must satisfy standards of quality, safety and efficacy. Different requirements and standards apply for different types of therapeutic goods according to the associated level of risk.

Registered medicines

Medicines registered in the ARTG are those that are considered higher risk and assessed for safety, quality and efficacy prior to sale. After registered medicines are made available, the TGA monitors their safety on an ongoing basis, and may suspend or cancel registration in the event that issues with the medicine arise. Some registered medicines are available over-the-counter, or subject to consultation with a pharmacist, while others may only be supplied to valid prescription-holders.

Listed Medicines

Medicines listed in the ARTG are those that are considered lower risk and available off the shelf at pharmacies or supermarkets. There are two categories:

- (1) listed medicines are medicines that are not assessed for efficacy and can only contain pre-approved low risk ingredients and make low level health claims; and
- (2) assessed listed medicines are medicines that make slightly riskier health claims than other listed medicines and are assessed for efficacy before going on sale. Due to this pre-market review process, an assessed listed medicine may be labelled with a symbol or statement indicating that the substance is “TGA assessed”.

In general, sponsors of listed medicines are required to certify that they have complied with all relevant regulation and hold evidence of the efficacy of their sponsored medicine. In the event that the TGA selects a listed medicine for a post-market review, the sponsor must produce evidence of compliance and efficacy. Should a sponsor fail to meet the requirements of a post-market review, the TGA may suspend or cancel that sponsored medicine’s listing.

Standard for the Uniform Scheduling of Medicines and Poisons (Poisons Standard)

The Secretary to the federal Department of Health, or a delegate, classifies medicines and poisons into Schedules, within the Standard for the Uniform Scheduling of Medicines and Poisons (Poisons Standard), based on the level of regulatory control of a substance deemed necessary to protect public health and safety. The operations of BSPS involve supply of substances that fall within Schedules 2, 3, 4 and 8, where:

- Schedule 2 substances are defined as “pharmacy medicines” and are available for sale from pharmacies, or licensed retailers in rural areas. Examples of Schedule 2 substances include painkillers or products used to treat minor coughs and colds;
- Schedule 3 substances are defined as “pharmacist only medicines” and do not require a prescription but are only available from pharmacies and must be handed to a buyer by the pharmacist who may provide professional advice;
- Schedule 4 substances are defined as “prescription only medicines”, obtained from a pharmacist after a buyer produces a valid prescription. Some Schedule 4 substances are subject to additional requirements for supply, such as in circumstances where a medicine may be abused or may cause dependence; and
- Schedule 8 substances are defined as “controlled drugs”, obtained from a pharmacist after a buyer produces a valid prescription. Schedule 8 substances, such as fentanyl, oxycodone and morphine, are those which have a potential to produce addiction amongst users and are therefore tightly controlled under Australia’s legislative framework.

State and territory governments classify most medicines and poisons according to the Poisons Standard, which results in a generally uniform approach to the classification of substances.

State Regulation

In addition to the federal legislative framework that governs therapeutic goods, each Australian state and territory has its own laws governing matters such as where medicines or poisons can be purchased, and how medicines or poisons can be packaged and labelled.

For example, in Victoria, (where BSPS is located), substances classified in the Poisons Standard are controlled under the Drugs, Poisons and Controlled Substances Act 1981 (VIC). This legislation sets out requirements for lawful possession, storage, prescription and supply of scheduled substances. Compliance with these requirements is monitored and addressed by the Victorian Department of Health.

4. MEDICINAL CANNABIS

Overview of Federal Legislation

In Australia, the key elements of the federal regulatory framework for medicinal cannabis products are:

- Narcotic Drugs Act 1967 (Cth) (“**NDA**”);
- Therapeutic Goods Act 1989 (Cth) (“**TGA**”);
- Customs Act 1901 (Cth) (“**CA**”); and
- Therapeutic Goods (Poisons Standard – February 2025) Instrument 2025 (“**Poisons Standard**”)

Narcotic Drugs Act 1967

The NDA gives effect to Australia’s international obligations under the Single Convention on Narcotic Drugs 1961 (the “**Convention**”). The NDA uses the Convention’s definition of “Cannabis”, being the flowering or fruiting tops of the cannabis plant (excluding the seeds and leaves when not accompanied by the tops) from which the resin has not been extracted under the Convention.

The NDA regulates the cultivation and production of cannabis in Australia through a licensing and permit scheme. It introduced a single licence model in 2021 where organisations may apply for a **medicinal cannabis** licence which:

- authorises the obtaining, cultivation or production of cannabis plants for medicinal or scientific purposes, the manufacture of a cannabis drug for permitted supplies, such as research, or sale to a licensed manufacturer of medicinal cannabis products;
- is granted by the Secretary of the Department of Health and Aged Care (the “**Secretary**”) upon satisfaction on reasonable grounds that the applicant is a fit and proper person. This is a matter of discretion for the Secretary based upon the applicant’s background, facilities of storage and standards of service;
- generally, is perpetual, unless granted for a specified period, although a medicinal cannabis licence may be revoked or surrendered if certain conditions are met; and
- if successful in obtaining the medicinal cannabis licence, the holder must then apply for a permit in relation to the activities that are authorised by the licence before undertaking any obtaining, cultivation or production.

It is an offence under the NDA to cultivate and produce cannabis without appropriate authorisation.

It is also an offence under the NDA to breach a term of a licence. The determination of whether or not to grant a medicinal cannabis licence or permit is made by the Secretary, who may require access to the premises at which the activities proposed to be authorised by the licence will take place, for the purposes of inspection. Medicinal cannabis licences are conditional upon the licence holder allowing the Secretary to enter premises in which the licence holder is present and conducts their cultivation, production, manufacture or activity, for the purposes of inspecting, monitoring or checking that the activity complies with the licence conditions. The Secretary may also take, remove and test samples from the site. Once in possession of a medicinal cannabis licence, licence holders must comply with conditions that allow entry onto their premises for inspection or monitoring of manufacture or activity and must not obstruct an authorised inspector that is acting in accordance with its functions. A contravention of this provision constitutes a strict liability offence, a contravention of which may carry a maximum fine of 30 penalty units (the value of one penalty unit currently being A\$330).

The Secretary must revoke a medicinal cannabis licence if it is satisfied on reasonable grounds that:

- the licence holder, or any of its directors, has engaged in conduct that constitutes a serious offence since the licence was granted; or
- the licence holder is no longer a fit and proper person to hold the licence; or
- a relevant business associate of the licence holder is not a fit and proper person (whether in relation to a business relating to the licence or in relation to any other business) to be associated with the holder of a medicinal cannabis licence.

The Secretary may revoke a licence in other situations, such as where the facilities at which activities take place are not suitable, or there are insufficient security measures.

Where a medicinal cannabis licence authorises its holder to cultivate cannabis plants in accordance with a medicinal cannabis permit, and a condition of that permit is breached, a contravention of this strict liability offence may carry a maximum fine of 60 penalty units (currently A\$19,800)

Therapeutic Goods Act 1989

Under the TGA, supplemented by the Therapeutic Goods Regulations 1990, a person must not import, export, manufacture or supply therapeutic goods unless:

- the goods are entered on the Australian Register of Therapeutic Goods (“**ARTG**”) as a listed or registered good (currently, the only medicinal cannabis products entered on the ARTG are Epidyolex (cannabidiol) and Sativex (nabiximols)); or
- the goods are exempt (for example, ‘starting materials’, being active pharmaceutical ingredients that are not in a form that can be given to a patient, are characterised as ‘exempt goods’); or
- the goods are the subject of a particular approval or authority including these two pathways, which are the pathways relevant to the JV’s business model:
 - the ‘Special Access Scheme B’ pathway allows certain health practitioners, such as nursing, medical, pharmacist or psychologist practitioners, to access therapeutic goods that are not included in the ARTG for a single patient; and
 - the ‘Authorised Prescriber Scheme’ allows authorised medical practitioners to supply therapeutic goods that are not included in the ARTG to a class of patients with a particular medical condition; or
- the goods are for use in clinical trials.

Where medicinal cannabis products are supplied under the Special Access Scheme B or the Authorised Prescriber Scheme, the sponsor (in this case, BPS or the JV) must provide six-monthly reports to the TGA. The Secretary may also request by way of written notice specified information or documents regarding the supply, handling, monitoring or results of the goods that are the subject of an approval or authority under the schemes. To the extent that it is reasonably necessary and for the purposes of ensuring compliance with the TGA, an authorised person is able to enter the business premises of the approved prescriber and may inspect any books, documents or records on the premises and may search and/or observe the activities of the premises. If the authorised person has a warrant and the approved prescriber refuses to grant them access to the premises, this contravention may carry a maximum fine of 30 penalty units.

The TGA may pursue monitoring, inspection or enforcement measures in response to signals and reports of non-compliance from a range of external sources. Each signal of non-compliance will be investigated by the TGA. For example, in June 2024, the TGA alleged that the unlawful advertising of medicinal cannabis via the internet had been carried out by six business and two individuals. As a result of this breach of the TGA, the TGA issued 35 infringement notices with a total sum of A\$627,252.

The Guidance on quality requirements for medicinal cannabis products, Conforming with Therapeutic Goods (Standard for Medicinal Cannabis) (TGO 93) Order 2017 - including 2022 Amendments, includes requirements as to labelling/child resistant packaging, testing and microbiological attributes.

Customs Act 1901

All of the medicinal products to be supplied by BSPS or to be supplied by the JV are sourced from within Australia and therefore not imported, but for completeness, it is noted that all forms of medicinal cannabis require a licence and permit to import under the Customs (Prohibited Imports) Regulations 1956.

Before obtaining a licence and/or permit under the NDA, TGA or CA, the importer will need to hold a state/territory licence allowing possession of cannabis material and must provide the relevant licence at the time of their Federal application for cultivation/production under the NDA and import/export/manufacture/supply under the TGA and CA.

Therapeutic Goods (Poisons Standard – February 2025) Instrument 2025

The Poisons Standard is a classification tool for different drugs and poisons. Medicinal cannabis products are currently classified as Schedule 4 (“prescription only medicines”) or Schedule 8 (“controlled drug”) substances depending on cannabinoid content.

Schedule 4 medicinal cannabis products are those in which cannabidiol (i.e. CBD) content makes up at least 98 per cent. of the total cannabinoid content, with any other cannabinoids (such as THC) merely accounting for no more than 2 per cent. of the total cannabinoids. All other medicinal cannabis products are classified as Schedule 8 substances.

The medicinal cannabis supplied by BSPS or products to be supplied by the JV in Australia constitute Schedule 4 (prescription only) and Schedule 8 (controlled substance and prescription only) medicinal cannabis products under the Poisons Standard.

Overview of legislation in the State of Victoria

Regulation

In Victoria, Commonwealth controls of medicinal cannabis are supplemented by the Drugs, Poisons and Controlled Substances Act 1981 (“**DPCSA**”), and regulatory measures, that restrict the import, manufacture, possession, sale, supply, including supply by wholesale, prescription and use of medicinal cannabis.

In addition, Victoria has its own Therapeutic Goods Act that largely mirrors the Federal TGA.

Importing cannabis products into Victoria is permitted provided the relevant import licence and permit has been granted by the Australian Government. Import is only allowed from countries where medicinal cannabis is approved at the Federal level.

The DPCSA regulates the possession and supply of poisons and controlled substances through licences and permits in Victoria. The phrase ‘poison or controlled substance’ includes a Schedule 4 poison or a Schedule 8 poison.

A ‘Schedule 4’ medicine is a prescription only substance, including pure CBD preparations that contain 2 per cent. or less of any other cannabinoids. For example, an oil capsule with CBD 10mg, and including Epidyolex (Cannabidiol).

A ‘Schedule 8’ medicine is a controlled drug in Victoria, including medicinal cannabis products other than pure CBD preparations. For example, plant material with THC 18.3 per cent. - 27.2 per cent., or oral spray with 2.7mg THC and 2.5mg CBD per 100 microlitre spray; also including Sativex (nabiximols).

The Drugs, Poisons and Controlled Substances Regulation 2017 (VIC) (“**DPCSR**”) regulates licences and permits in relation to Schedule 4 or Schedule 8 substances, including:

- permits to purchase or obtain for research/industrial/advisory/educational purposes;

- permits to purchase or obtain for the provision of health services;
- licences to manufacture, sell or supply by wholesale; and
- licences for wholesale supply by indent (where the licence holder directs the wholesale supply, but does not take possession of or store the substances).

As a supplier by wholesale of medicinal cannabis, each of BSPS and the JV must obtain authorisation to possess, sell or supply medicinal cannabis, such as a licence to supply by wholesale. The concept of wholesale is defined in Victoria to include:

- sale or supply for the purposes of resale;
- sale or supply to a person for the purposes of supply by that person to another person; and
- sale or supply for the purposes of use in connexion with a trade, business, profession or industry.

Holders of a licence for wholesale supply in Victoria are required to:

- nominate a “responsible person” who is qualified/experienced on the licence. Each of BSPS and the JV has nominated Christopher Kominatos, the Group’s Scientific and Regulatory Director as their “responsible person”;
- comply with the requirements of the Australian Code of Good Wholesaling practice for Medicines; and
- have appropriate premises and procedures in place to ensure that supply, storage, security, transport, destruction and record keeping complies with legal and regulatory requirements.

Prior to the issue, renewal or amendment of a licence, permit or warrant under the DPCSA, the premises or mobile facility in question may be inspected at the direction of the Secretary of the Department of Health, Victoria. Additional search and seizure powers are available to police officers, such as those executing a warrant who may enter, even by force, the premises, arrest any persons on that land and search the land before destroying or disposing of a poison or controlled substance as required under the DPCSA.

Enforcement

The Secretary may suspend or cancel a licence where, for example:

- the holder has not complied with the terms of the licence; or
- the holder proves not to be a fit and proper person; or
- prior to the issue, renewal or amendment of a licence, permit or warrant under the DPCSA, the premises or mobile facility in question may be inspected at the direction of the Secretary. Additional search and seizure powers are available to police officers, such as those executing a warrant who may enter, even by force, the premises, arrest any persons on that land and search the land before destroying or disposing of a poison or controlled substance as required under the *DPCSA*; or
- the holder is convicted of an offence under the *DPCSA*.

Overview of legislation in the state of New South Wales

Regulation

Similarly, in New South Wales (“NSW”), Commonwealth control of the manufacture and supply of medicinal cannabis is supplemented by state-specific legislation. The Poisons and Therapeutic Goods Act (“PTGA”) and associated regulation impose licensing requirements for the manufacture and supply, including supply by wholesale, of medicinal cannabis, requiring applications to be lodged with the NSW Health Department.

The PTGA and its regulation apply to the substances set out in the Poisons List. A ‘restricted substance’ is any substance specified in Schedule Four of the Poisons List. A ‘drug of addiction’ is any substance specified in Schedule Eight of the Poisons List.

Licensing requirements apply to companies located in NSW seeking to import; manufacture; or supply by wholesale medicinal cannabis, whilst packaging and labelling requirements apply to all medicinal cannabis products supplied by wholesale in or from NSW. This means that the activities of The Entourage Effect and the dispensing pharmacies in NSW give rise to licensing obligations for the purposes of the PTGA.

Importantly, the concept of supply under the PTGA includes authorising or directing the supply, sale, dispensing or distribution of medicinal cannabis, as well as possession or receipt of medicinal cannabis for the purpose of supply, sale, dispensing or distribution. Entities whose activities are captured by this definition of supply must apply for and obtain a licence from the Secretary for any of the:

- supply by wholesale of Schedule 4 medicinal cannabis;
- supply by wholesale of Schedule 8 medicinal cannabis; or
- manufacture and supply by wholesale of Schedule 8 medicinal cannabis.

Any of the above licences remain in force until ‘suspended, cancelled or surrendered’. The licence application may be refused if the Secretary of NWS Health is of the opinion that the supplier is not a fit and proper person to hold the licence or if the Secretary is not satisfied that the premises are appropriate for the supply of medicinal cannabis. Authorised inspectors include police officers or other persons who may be appointed by the Secretary and are empowered to:

- enter and search any premises reasonably believed by the inspector to be used in or in connection with the manufacture, distribution, storage or supply of regulated goods;
- inspect stocks or records found at the premises; and
- open, examine, seize and remove samples of goods or any things reasonably believed by the inspector to be in contravention of the Drug Misuse and Trafficking Act 1985 or any corresponding licence issued.

Any intentional delay or obstruction of an inspector in the exercise of their powers constitutes an offence.

Enforcement

The Secretary must suspend or cancel a licence in situations including where:

- the holder is convicted of a serious offence against the Drug Misuse and Trafficking Act 1985; or
- the Secretary forms the opinion that the holder is no longer a fit and proper person.

The Secretary may suspend or cancel a licence where:

- the holder breaches a condition of the licence; or
- the holder of the licence has made a false or materially misleading representation in their application for the licence.

Overview of Requirements for Authorised Pharmacists

The dispensing or distribution of medicinal cannabis by a pharmacist, acting in the ordinary course of their profession, in accordance with a prescription scheme or other licence or permit, is lawful supply. On this matter, the Australian states and territories align.

In Australia, pharmacies are not permitted to hold stocks of medicinal cannabis products in anticipation of an authority being issued to a medical practitioner to prescribe the product for supply. A pharmacy can only hold and dispense stock of unregistered medicine where it has been authorised by the Commonwealth, either under the Special Access scheme or Authorised Prescriber scheme. Supply of some medicinal cannabis

products, such as Schedule 8 cannabis products, must be recorded in a drug register. Pharmacies are required to secure and store medicinal cannabis products according to State-based regulatory requirements.

Particular caution may be required where the prescription or supply of medicinal cannabis involves a drug dependent person. For example, in New South Wales, an approval (being an authority issued under the Poisons and Therapeutic Goods Act) from NSW Health is required where Schedule 8 cannabis medicines are prescribed or supplied to a drug dependent person. A drug dependent person is a person who has acquired, as a result of repeated administration of a drug of addiction ‘an overpowering desire for the continued administration’ of that drug.

PART V

TAXATION

1. TAXATION IN THE UNITED KINGDOM

The following information is based on UK tax law and HMRC practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional adviser immediately.

1.1 *Tax treatment of the Company*

The following information is based on the law and practice currently in force in the UK.

Provided that the Company is not resident in the UK for taxation purposes and does not carry out any trade in the UK (whether or not through a permanent establishment situated there), the Company should not be liable for UK taxation on its income and gains, other than in respect of interest and other income received by the Company from a UK source such as income from a UK incorporated subsidiary company (to the extent that income from the UK subsidiary company could be subject to the withholding of basic rate income tax in the UK).

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the UK in order that the Company does not become resident in the UK for taxation purposes. The Directors intend, insofar as this is within their control, that the affairs of the Company are conducted so the Company is not treated as carrying on a trade in the UK through a permanent establishment. In respect of the intention to incorporate a UK subsidiary company this company via incorporation in the UK will automatically become UK tax resident.

1.2 *Tax treatment of UK investors*

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), 10 per cent. or more, of the shares in the Company; or
- who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

1.3 ***Dividends***

Where the Company pays dividends, no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK-resident individual Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received by UK tax resident individuals after 6 April 2024 will have a £500 per annum dividend tax allowance.

Dividend receipts received after 6 April 2024 in excess of £500 will be taxed at 8.75 per cent. for basic rate taxpayers, 33.75 per cent. for higher rate taxpayers, and 39.35 per cent. for additional rate taxpayers.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received, but will not be entitled to claim relief in respect of any underlying tax.

1.4 ***Disposals of Ordinary Shares***

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

For disposals before 30 October 2024 the rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10 per cent., rising to 20 per cent. for higher rate and additional rate taxpayers. In the budget on 30 October 2024, it was announced that the rates of capital gains tax on the disposal of Ordinary Shares by basic rate taxpayers will rise to 18 per cent. and 24 per cent. for higher rate and additional rate taxpayers.

Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently 25 per cent. for profits in excess of £250,000, with profits below £50,000 to be taxed at 19 per cent., and a marginal rate on profits between these values. The profit limits are reduced under certain circumstances, with close investment-holding companies not being entitled to the lower rate.

1.5 ***Further information for Shareholders subject to UK income tax and capital gains tax “Transactions in securities”***

The attention of Shareholders, whether corporates or individuals, within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which, in each case, give powers to HMRC to raise tax assessments so as to cancel “*tax advantages*” derived from certain prescribed “*transactions in securities*”.

1.6 ***Stamp duty and stamp duty reserve tax***

No stamp duty or stamp duty reserve tax will generally be payable on the issue of Ordinary Shares.

Neither UK stamp duty nor stamp duty reserve tax should arise on transfers of Ordinary Shares on AIM, including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares, based on the following assumptions:

- the Ordinary Shares are admitted to trading on AIM, but are not listed on any market, with the term “*listed*” being construed in accordance with section 99A of the Finance Act 1986, and this has been certified to Euroclear; and
- AIM continues to be accepted as a “*recognised growth market*” as construed in accordance with section 99A of the Finance Act 1986.

In the event that either of the above assumptions does not apply, stamp duty or stamp duty reserve tax may apply to transfers of Ordinary Shares in certain circumstances.

HMRC has accepted that it will no longer seek to impose the 1.5 per cent. charge in respect of new issues of shares so long as they are an integral part of a capital raising, on the basis that the charges were not compatible with EU law. On 14 September 2023 HMRC introduced draft legislation confirming that it will not reintroduce the 1.5 per cent. charge on the issue of shares into clearance following the UK's exit from the EU and the withdrawal of the appropriate EU legislation from 31 December 2023. This measure was enacted in Finance (No 2) Bill 2023-24 with the legislation effective from 1 January 2024.

Any transfer of Ordinary Shares for consideration prior to admission to trading on AIM is likely to be subject to stamp duty or stamp duty reserve tax.

The above comments are intended as a guide to the general stamp duty and stamp duty reserve tax position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO THEIR TAX POSITION OR WHERE THEY ARE RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT THEIR PROFESSIONAL ADVISER.

2. TAXATION IN AUSTRALIA

For Australian income tax purposes, an Australian resident taxpayer's assessable income includes ordinary and statutory income derived directly or indirectly from all sources, whether Australian or foreign, during the income year. The taxpayer may be entitled to a deduction for certain deductions and/or losses in respect of that income and must generally lodge an Australian income tax return and pay Australian income tax to the Australian Taxation Office on that net Australian taxable income at Australian resident taxpayer rates, with a tax-free threshold for certain taxpayers.

A non-Australian resident taxpayer includes in Australian assessable income certain ordinary income and statutory income from Australian sources and may be entitled to a deduction for certain deductions and or losses in respect of that income and must generally lodge an Australian income tax return and pay Australian income tax to the Australian Taxation Office on that net Australian taxable income at non-resident taxpayer rates, without a tax-free threshold.

Taxation of future Ordinary Share transactions

2.1 *Australian resident Shareholders – General*

Shares held on revenue account

Australian resident Shareholders who acquire, hold and cease to hold Ordinary Shares in the ordinary course of their business (such as in the business of trading shares) will hold their Ordinary Shares as trading stock. These Shareholders will include profits from the disposal of their Ordinary Shares in their Australian assessable income in the Australian income tax year in which they cease to hold those Ordinary Shares. These Shareholders must elect to value their trading stock of Ordinary Shares at the end of an income year at cost, market selling value or replacement value. Any difference between the value of their opening and closing trading stock value of Ordinary Shares on hand for an income year will be brought to account as either Australian assessable income (in the case of an increase in the

value of their trading stock of Ordinary Shares on hand) or as a deduction from their Australian tax assessable income (in the case of a decrease) as at the end of each Australian income tax year the Ordinary Shares are held as trading stock.

Australian resident Shareholders who acquire, hold and cease to hold Ordinary Shares for the purpose of re-sale at a profit (but do not hold those shares as trading stock) will hold those Ordinary Shares on revenue account. Australian resident Shareholders must include any profits made on ceasing to hold those Ordinary Shares held on revenue account in their Australian assessable income in the Australian income tax year in which they cease to hold those Ordinary Shares.

Losses realised by Australian resident Shareholders who cease to hold Ordinary Shares held as trading stock or on revenue account may be entitled to deduct the loss against their Australian tax assessable income in the Australian income tax year in which they cease to hold those Ordinary Shares. Non-individual Shareholders are required to satisfy certain loss recoupment tests before tax losses can be offset against their exempt income and assessable income.

Shares held on capital account

All other Australian resident Shareholders will hold their Ordinary Shares on capital account. These Australian resident Shareholders must consider the impact of Australian capital gains tax rules on transacting in their Ordinary Shares. Australian resident Shareholders derive a capital gain on the disposal (or other specified capital gains tax event) of Ordinary Shares where the capital proceeds received or receivable exceed the cost base of the Ordinary Shares, unless the capital gain is disregarded or deferred by rollover. Australian resident Shareholders incur a capital loss on the disposal (or other specified capital gains tax event) of Ordinary Shares where the capital proceeds received or receivable are less than the reduced cost base of the Ordinary Shares, unless the capital loss is denied. All capital gains and losses for the Australian tax year are offset to produce a net capital gain or loss. A net capital gain for an Australian tax year is included in the Australian resident taxpayer's assessable income and is subject to taxation in Australia. A net capital loss can only be used to offset other capital gains and cannot be used to offset ordinary income. Net capital losses may generally be carried forward to future years to be deducted against future capital gains, with non-individual Shareholders subject to satisfying certain loss recoupment tests.

2.2 *Non-Australian resident Shareholders – General*

Non-Australian resident Shareholders who acquire, hold and cease to hold Ordinary Shares as trading stock or on revenue account may need to include profits from ceasing to hold those Ordinary Shares in their Australian assessable income on the same basis as that described above for Australian resident Shareholders. Applicable double taxation agreements may provide relief from Australian taxation.

Non-Australian resident Shareholders who acquire, hold and cease to hold Ordinary Shares on capital account would only be subject to Australian capital gains tax upon ceasing to hold their Ordinary Shares where the following conditions are met:

- if the non-Australian resident Shareholders (together with their associates) held 10 per cent. or more of the company's issued capital at the time of or for any 12-month period in the 24 months preceding ceasing to hold the Ordinary Shares; and
- at the time of ceasing to hold the Ordinary Shares, more than 50 per cent. of the market value of the assets of the company are represented (either directly or indirectly) by real property interests situated in Australia or mining rights in respect of certain resources situated in Australia (indirect Australian real property).

Australian double taxation agreements with the country applicable to the non-Australian resident Shareholder may provide relief from Australian taxation.

2.3 ***Capital gains tax discount***

Australian resident Shareholders that are qualifying individuals, the trustee of trusts or complying superannuation funds (and in some cases a life insurance company) may be entitled to the capital gains tax discount in relation to capital gains derived from ceasing to hold Ordinary Shares, provided that the Ordinary Shares were held for at least 12 months prior. If the capital gains tax discount applies, the amount of the capital gain will be reduced by 50 per cent. (in the case of Shareholders who are individuals or trusts) and 33.33 per cent. (in the case of complying superannuation funds and, in certain circumstances, life insurance companies). Shareholders that are companies (other than acting as a trustee) are not eligible for the capital gains tax discount.

Non-Australian resident Shareholders are not entitled to the capital gains tax discount in relation to capital gains derived from ceasing to hold Ordinary Shares acquired on or after 8 May 2012.

2.4 ***Foreign Resident CGT Withholding***

For completeness, in circumstances where non-Australian Shareholders acquire, hold and cease to hold Ordinary Shares off-market on capital account that are indirect Australian real property interests with a market value of A\$750,000 or more, the purchaser must withhold 12.5 per cent. non-final withholding tax from the capital proceeds and remit the amount to the Australian Taxation Office, unless exempt. Transactions on an approved stock exchange are, however, excluded from the Foreign Resident CGT Withholding. When the Non-Australian Shareholder lodges an Australian income tax return in respect of that capital gain, the Australian Taxation Office will set-off the withheld amount and refund any amounts in excess of the Australian taxation liability.

Dividends

An Australian resident company will pay Australian income tax on Australian taxable income at corporate tax rates and records a “franking credit” for that tax. The company does not receive a deduction for any dividends paid to Shareholders, but may allocate a franking credit to a dividend, which may be a tax-offset to the Shareholder when calculating their own assessable income referable to the tax paid by the company.

Dividends paid to Shareholders out of after-tax profits may be unfranked, partially franked or fully franked with that tax offset.

It should be noted that the definition of dividend for Australian tax purposes is broad and can include certain capital returns and off-market share buy-backs.

2.5 ***Australian resident Shareholders – non-corporate***

Australian resident non-corporate Shareholders will include dividends in their Australian assessable income for the income year in which they receive the dividends. The amount to be included in their Australian assessable income is the amount of the dividend plus the amount of the franking credit notified by the company, if any. The grossed-up amount is used to calculate the tax payable.

Australian resident non-corporate Shareholders who are individuals, trustees who are assessed on a resident beneficiary’s share of income, complying superannuation funds, certain exempt institutions and certain life insurance companies may reduce the tax payable on that grossed up dividend to the extent of the franking credit tax offset in respect of the dividends.

Australian resident non-corporate Shareholders, who are trustees, may distribute the dividends to the beneficiaries of the trust. The Australian resident beneficiaries who receive that flow-through dividend and franking credit (if any) calculate the tax payable on the dividends and may reduce the tax payable on that grossed up dividend to the extent of the franking credit tax offset in respect of the dividends. Australian resident non-corporate Shareholders, who are a partnership, will similarly distribute the dividends to the Australian resident partners who treat the dividend in the same manner.

Australian resident non-corporate Shareholders (or flow-through dividend beneficiaries and partners) might receive a tax refund if the franking credit tax offset in respect of the dividends exceeds the tax

payable on their Australian taxable income. In the case of certain exempt institutions, a refund of the whole of the franking credit may be obtained.

Non-corporate Shareholders (or flow-through dividend beneficiaries and partners) will be liable to pay additional Australian income tax if the tax payable as a result of receiving the dividend exceeds the franking credits which are notified in respect to the dividend.

2.6 *Australian resident Shareholders – corporate*

Australian resident corporate Shareholders will include the dividend in their assessable income in the income year in which they receive the dividend.

The amount to be included in the Australian assessable income is the amount of the dividend plus the amount of the franking credit notified by the company, if any, and the grossed-up amount is used to calculate the tax payable.

Australian resident corporate Shareholders may reduce the tax payable on that grossed up dividend to the extent of the franking credit tax offset in respect of the dividends. This would result in no further tax being paid by the Australian resident corporate Shareholder to the extent that it is franked. A fully franked dividend should effectively be free of tax to an Australian resident corporate Shareholder.

Australian resident corporate Shareholders would record the franking credit, and upon subsequent distribution of that dividend to the shareholder of that company, may allocate a franking credit to a dividend, which may be a tax-offset to the Shareholder referable to the tax paid by the company. The Shareholder of the company would be subject to tax in the way previously described.

Australian resident corporate Shareholders will have excess franking tax offsets if the total franking credits to which they are entitled for the year exceed the income tax that they would have to pay for that year. Excess franking tax offsets of the Australian resident corporate Shareholders are non-refundable and converted to a tax loss in the income year to prevent loss of the franking credits.

2.7 *Non-Australian resident Shareholders – general*

Non-Australian resident Shareholders do not include in Australian assessable income the amount of a fully franked dividend, which is, therefore, not subject to Australian tax.

An Australian resident company must withhold a final dividend withholding tax of 30 per cent on a dividend to the extent that it is unfranked and paid to foreign shareholders and is not conduit foreign income. An Australian double tax agreement may reduce the withholding tax rate to a rate range of between 5 per cent and 15 per cent., depending on the country of residence of the non-Australian resident Shareholder.

Where the Australian resident company pays an unfranked dividend out of certain profits derived from non-Australian sources, the company may declare a portion of the unfranked dividend to be conduit foreign income. Where this is the case, the portion of the unfranked dividend that consists of conduit foreign income will not be subject to Australian dividend withholding tax and will not be subject to further Australian income tax in the hands of non-Australian resident Shareholders.

The franked part of a dividend paid to a non-Australian resident Shareholder is not subject to dividend withholding tax and again is not subject to further Australian income tax in the hands of non-Australian resident Shareholders.

The non-resident trustee of a foreign trust is required to pay Australian income tax at the top marginal rate on any dividends not distributed to a beneficiary.

Non-Australian resident Shareholders may be assessable for tax on any dividends in their country of residence. Non-Australian resident Shareholders may be able to reduce any foreign tax by a foreign tax credit under the domestic laws in their country of residence. They should consider the impact of dividends under their domestic tax regime.

2.8 *Other Australian withholding taxes*

Australian resident Shareholders will be required to provide their Tax File Number or Australian Business Number (as applicable) to the Australian resident company paying the dividend otherwise the company is required to withhold the top rate of 47 per cent. of tax from dividends paid by the company to the extent that they are unfranked. The amount withheld will be credited against the Shareholder's Australian income tax liability. No amount should be withheld in respect of the franked part of a dividend.

The Australian resident trustee of an Australian trust is assessable on the income to which a non-resident beneficiary is presently entitled at corporate or foreign resident marginal tax rates. Where the trustee is liable to pay tax, the foreign beneficiary includes the amount in the beneficiary's assessable income and claims a credit for the tax paid and is entitled to a refund of any excess tax.

Every Australian person holding money withheld from a non-resident who derives Australian source income or capital gains must when required by the Australian Taxation Office pay the tax due and payable by the non-resident or become personally liable for the tax it failed to withhold.

An Australian resident trustee of an Australian trust must withhold an amount of up to 47 per cent. of a distribution to an Australian resident beneficiary if the beneficiary has not notified a Tax File Number to the trustee.

2.9 *Australian tax avoidance rules*

Where an Australian resident Shareholder (or flow-through dividend beneficiaries and partners) that is not a "qualified person" does not continuously hold the shares for an "at risk" period of at least 45-days (or 90-days in the case of preference shares), the franking tax offset may be reduced (including to nil) for the Australian resident Shareholder (or flow-through dividend beneficiaries and partners).

If an Australian resident Shareholder undertakes a tax avoidance scheme by which Ordinary Shares are sold on an ex-dividend basis while retaining the entitlement to any franked dividend and then reacquiring a substantially identical parcel of shares on the ASX on a cum-dividend basis to obtain two sets of franking credits, the Australian Taxation Office may cancel the franking tax offset entitlement for any franking credit in relation to the shares acquired.

2.10 *Goods and services tax and stamp duty*

No Australian goods and services tax or stamp duty is payable on the acquisition or disposal of the Ordinary Shares by Australian resident Shareholders or non-Australian resident Shareholders.

However, any Shareholders who are registered for Australian goods and services tax need to consider their entitlement to claim back any goods and services tax incurred on acquisitions made that directly and/or indirectly relate to the acquisition or disposal of the Ordinary Shares.

No Australian goods and services tax is payable on dividends paid to Shareholders, on the basis that payment of a dividend is not regarded as consideration for a supply by the Shareholders. Additionally, no stamp duty is payable on dividends paid to Shareholders.

Where dividends are forgone by Shareholders in exchange for Ordinary Shares this may constitute consideration for a financial supply and any Shareholders who are registered for Australian goods and services tax need to consider their entitlement to claim back any goods and services tax incurred on acquisitions made that directly and/or indirectly relate to the acquisition of the Ordinary Shares.

PART VI

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

- 1.1 The Company (whose registered office appears on page 10 of this document) and the Directors (whose names, business address and functions appear on page 10 of this document) accept responsibility for the information contained in this document, including individual and collective responsibility, for the Company's compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information.

2. INCORPORATION AND STATUS OF THE COMPANY

- 2.1 The Company was incorporated and registered in Victoria, Australia on 6 May 2011 as a company limited by shares, with the name Safe Health Australia Pty Ltd. The Company's Legal Entity Identifier is ACN 150 759 363.
- 2.2 On 20 February 2012, the Company changed its name from Safe Health Australia Pty Ltd to Wattle Health Australia Pty Ltd.
- 2.3 On 13 October 2016, the Company converted to a public company, and changed its name from Wattle Health Australia Pty Ltd to Wattle Health Australia Limited. The Company listed on the Australian Securities Exchange on 14 March 2017.
- 2.4 On 1 June 2021, the Company changed its name from Wattle Health Australia Limited to Wellnex Life Limited.
- 2.5 The Company is domiciled and incorporated in Australia as a public company limited by shares. The principal legislation under which the Company operates and under which the Ordinary Shares are issued is the Corporations Act and the regulations made under such legislation.
- 2.6 The registered office of the Company is at Building 2, Level 3, Suite 69, 574 Plummer St Port Melbourne, Victoria 3207, Australia. The telephone number of the principal place of business of the Company is +61 3 8399 9419.
- 2.7 The address of the Company's website, at which the information required by Rule 26 of the AIM Rules for Companies can be found, is www.wellnexlife.com.au. Information contained in the Company's website does not form part of this document unless that information is incorporated by reference.

3. THE GROUP

- 3.1 The Company has three operational wholly owned subsidiaries, BSPS Aust Pty Ltd, BSPSPA Pty Ltd, and Wellnex Life UK Ltd, and a 50 per cent. shareholding in a joint venture company, 1LH Pty Ltd.

3.1.1 *BSPS Aust Pty Ltd ("BSPS")*

BSPS Aust Pty Ltd was incorporated in Victoria, Australia on 6 April 2021 with ACN 649 257 063 and its registered office is at Building 2 Suite 69 Level 3 574 Plummer Street Port Melbourne VIC 3207. The principal legislation under which BSPS Aust Pty Ltd was incorporated and operates is the Corporations Act.

There are 100 shares in issue in BSPS, which are all held by Wellnex.

3.1.2 *BSPSPA Pty Ltd (“BSPSPA”)*

BSPSPA Pty Ltd was incorporated in Victoria, Australia on 28 August 2023, with ACN 670 837 028 and its registered office is at Building 2 Suite 69 Level 3 574 Plummer Street Port Melbourne VIC 3207. The principal legislation under which BSPSA Pty Ltd was incorporated and operates is the Corporations Act.

There are 120 shares in issue in BSPSPA, which are all held by Wellnex.

3.1.3 *Wellnex Life UK Limited (“Wellnex Life UK”)*

Wellnex Life UK was incorporated in England and Wales on 24 May 2024, with registered number 15739069 and its registered office is at 64 Baker Street, London, England, W1U 7GB. The principal legislation under which Wellnex Life UK was incorporated and operates under is the Companies Act 2006.

3.1.4 *1LH Pty Ltd (“1LH” or the “JV”)*

1LH Pty Ltd is a special purpose joint venture company set up with respect to the supply and sale of medicinal cannabis products in Australia. 1LH is incorporated in Victoria, Australia on 29 March 2023, with ACN 666 879 232 and its registered office is at Level 20 181 William Street Melbourne VIC 3000. The principal legislation under which 1LH was incorporated and operates is the Corporations Act.

There are 200 shares in issue in 1LH, 100 of which are held by OneLife and 100 of which are held by Wellnex. On 14 March 2023, the Company announced that the Australian national pharmacy chain, Chemist Warehouse, would be joining the JV with a 10 per cent. interest, resulting in Wellnex and OneLife each retaining 45 per cent. The Company expects to conclude Chemist Warehouse’s participation in the JV as soon as practicable after Admission. Further details of the joint venture can be found at paragraph 4.2.2 of Part I and a summary of the terms of the Joint Venture Shareholders’ Agreement is set out in paragraph 14.15 of this Part VI of this document.

3.2 The Group also holds shares in two dormant subsidiaries, as set out below.

3.2.1 *Ocean Dairy Pty Ltd*

Ocean Dairy Pty Ltd, which is dormant, was incorporated in Victoria, Australia on 2 February 2022, with Australian Company Number 656 982 580 and its registered office is at 160 Depot Road, Camperdown VIC 3260. The principal legislation under which Ocean Dairy Pty Ltd was incorporated and operates under is the Corporations Act. The Company holds 50 ordinary shares in Ocean Dairy Pty Ltd, being 50 per cent. of the issued share capital. This company was formed as a proposed joint venture with Australian Dairy Nutritionals Ltd, which holds the other 50 per cent. of the issued share capital, but is now dormant.

3.2.2 *Cann Comm Pty Ltd*

Cann Comm Pty Ltd, which is dormant, was incorporated in Victoria, Australia on 3 April 2023, with Australian Company Number 667 005 227 and its registered office is at Level 20, 181 William Street, Melbourne, VIC 3260. The principal legislation under which Cann Comm Pty Ltd was incorporated and operates under is the Corporations Act. The Company holds 100 ordinary shares in Cann Comm Ltd, being 50 per cent. of the issued share capital, and One Life Botanicals Ltd owns the other 100 issued ordinary shares. This company was formed in relation to the branding of the JV, but was not used and is dormant.

4. SHARE CAPITAL OF THE COMPANY

- 4.1 The Company has no authorised share capital. The issued share capital of the Company, at the date of this document and immediately following Admission, is and will be as follows, all of which Ordinary Shares are and will be fully paid and issued and have no par value:

	<i>Number of Ordinary Shares</i>
At the date of this document	37,951,704
On Admission	66,233,933

- 4.2 On 6 May 2011, the Company was incorporated and registered in Victoria, Australia as a company limited by shares, with 2,000 Ordinary Shares, 1,000 of which were issued to Jamata Pty Ltd ACN 150 734 848 at A\$1.00 per share and the other 1000 were issued to LLEA LK Pty Ltd ACN 132 357 870 at A\$1.00 per share.

- 4.3 Since 1 July 2021 (being the commencement of the period of the Historical Financial Information) until the date of this document, there have been the following changes in the issued share capital of the Company:

4.3.1 on 1 July 2021, 13,331,667 Ordinary Shares at A\$0.15 were issued to satisfy part of consideration for the BSA transaction (referenced in paragraph 14.18 of this Part VI);

4.3.2 on 5 July 2021, 8,797,087 Ordinary Shares at A\$0.15 were issued under an entitlement offer arrangements;

4.3.3 on 7 July 2021, 5,718,844 Ordinary Shares at A\$0.15 were issued under a shortfall offer in connection with the entitlement offer arrangements;

4.3.4 on 9 July 2021, 41,808,781 Ordinary Shares at A\$0.15 were issued in connection with a rights issue;

4.3.5 on 20 July 2021, 1,333,333 Ordinary Shares at A\$0.15 were issued in connection with a rights issue;

4.3.6 on 20 August 2021, 1,666,666 Ordinary Shares at A\$0.15 were issued under a noteholder offer in accordance with a prospectus released on the ASX on 13 May 2021;

4.3.7 on 24 October 2022, 37,543,584 Ordinary Shares at A\$0.075 were issued in connection with a share purchase plan;

4.3.8 on 7 December 2022, 72,869,792 Ordinary Shares at A\$0.075 were issued as consideration shares payable under the Mr Bright Asset Sale Agreement for the acquisition of Mr Bright;

4.3.9 on 19 May 2023, 10,000,000 Ordinary Shares at A\$0.050 were issued to fund the Pain Away Acquisition (defined in paragraph 14.14 of this Part VI);

4.3.10 on 28 July 2023, 9,563,120 Ordinary Shares at A\$0.050 were issued to fund the Pain Away Acquisition;

4.3.11 on 13 October 2023, 34,000,000 Ordinary Shares at A\$0.050 were issued to fund the Pain Away Acquisition and associated transaction costs;

4.3.12 on 3 November 2023, 20,000,000 Ordinary Shares at A\$0.050 were issued as consideration shares for the Pain Away Acquisition;

4.3.13 on 14 December 2023, 487,282,310 Ordinary Shares at A\$0.028 were issued under the Company's 2023 Entitlement Offer;

4.3.14 on 15 December 2023, 53,839,556 Ordinary Shares at A\$0.028 were issued as part of a share placement in connection with the Pain Away Acquisition;

- 4.3.15 on 20 December 2023, 20,000,000 Ordinary Shares at A\$0.050 were issued for consulting and transitioning services;
- 4.3.16 on 20 December 2023, 34,571,428 Ordinary Shares at A\$0.028 were issued to Homart Group Pty Ltd and its nominee in connection with the Pain Away Acquisition;
- 4.3.17 on 29 February 2024, 35,714,284 Ordinary Shares at A\$0.028 were issued for working capital purposes;
- 4.3.18 on 14 March 2024, 63,571,428 Ordinary Shares at A\$0.028 were issued for working capital purposes;
- 4.3.19 on 18 March 2024, 68,000,000 Ordinary Shares at A\$0.022 were issued for capital raising fees and corporate advisory relating to capital raisings;
- 4.3.20 on 1 May 2024, 39,284,285 Ordinary Shares at A\$0.028 were issued for working capital purposes;
- 4.3.21 on 31 May 2024, 8,750 Ordinary Shares at A\$0.050 were issued as a result of options and other convertible securities being converted;
- 4.3.22 on 1 July 2024, 435,438 Ordinary Shares at A\$0.025 were issued under employment agreements to former employees;
- 4.3.23 on 19 July 2024, 12,500,000 Ordinary Shares at to A\$0.028 were issued to Ord Minnett in lieu of corporate advisory services;
- 4.3.24 on 31 July 2024, 36,032,614 Ordinary Shares at A\$0.028 were issued as part of a pre-IPO fundraising;
- 4.3.25 on 7 August 2024, 63,360,249 Ordinary Shares at A\$0.028 were issued as part of a pre-IPO fundraising;
- 4.3.26 on 7 October 2024, the Company consolidated its share capital in a 50:1 consolidation such that the total number of Ordinary Shares in issue was consolidated from 1,401,882,652 to 28,038,750;
- 4.3.27 on 19 November 2024, 357,142 Ordinary Shares at A\$1.40 were issued as a placement to a strategic investor at a 133 per cent. premium;
- 4.3.28 on 19 November 2024, 1,600,000 Ordinary Shares at A\$0.605 were issued for corporate advisory services fees as part of London Stock Exchange listing process;
- 4.3.29 on 23 December 2024, 200,000 Ordinary Shares at A\$1.40 were issued to Homart Group Pty Limited;
- 4.3.30 on 24 December 2024, 321,429 Ordinary Shares at A\$1.40 were issued for working capital purposes;
- 4.3.31 on 3 February 2025 1,211,111 Ordinary Shares at A\$0.675 were issued in connection with the Pain Away Acquisition, working capital purposes and capital raising fees;
- 4.3.32 on 7 February 2025, 1,000,000 Ordinary Shares at A\$0.80 were issued in connection with varying the terms of the Convertible Notes;
- 4.3.33 on 7 February 2025, 871,429 Ordinary Shares at A\$0.80 were issued to Homart Group Pty Limited;
- 4.3.34 on 7 February 2025, 500,000 Ordinary Shares at A\$0.80 were issued in connection with the refinance of the Convertible Notes and postponement of interest payments;
- 4.3.35 on 5 March 2025, 3,371,073 Ordinary Shares were issued to various Shareholders under the Rights Offer; and

- 4.3.36 on 7 March 2025, 480,770 Ordinary Shares were issued to 365 Health Pty Ltd in connection with the Pain Away Acquisition.
- 4.4 At an Extraordinary General Meeting of the Company held on 7 February 2025:
- 4.4.1 the Shareholders ratified the prior issue of 678,571, thereby increasing the Company's authority to issue Ordinary Shares without shareholder approval by the same amount;
- 4.4.2 the Shareholders approved the adoption of an amended constitution suitable for a public company limited by shares listed on the ASX and the AIM market; and
- 4.4.3 the Shareholders approved the issue of up to 3,500,000 Ordinary Shares to Barclay Pearce and Orana following Admission.
- 4.5 On 5 March 2025, the Company completed the Rights Offer being a 1 for 1 non-renounceable entitlement offer, under which it issued 3,371,073 Ordinary Shares to Shareholders, leaving a shortfall of 30,728,788 Ordinary Shares which the Company may issue at the Rights Offer price without shareholder approval prior to 5 June 2025.
- 4.6 At Admission, the Company will have authority to issue 2,103,411 equity securities (including Ordinary Shares) without shareholder approval, and has further authority to issue 6,109,279 Ordinary Shares which must be issued for cash consideration which is not less than 75% of the volume weighted average market price for Ordinary Shares calculated over the 15 ASX trading days on which trades of Ordinary Shares were recorded immediately before the Ordinary Shares were issued or agreed to be issued. If the Company proceeds with the Retail Offer after the date of this document, any Retail Offer Shares to be issued pursuant to the Retail Offer will be issued under this authority.
- 4.7 The Placing Shares, the Fee Shares and the CLN Shares will be issued within the Company's existing authority to issue Ordinary Shares, as summarised in paragraphs 4.4.1 and 4.5 above.
- 4.8 A total of 16,429,627 new Ordinary Shares will be issued by the Company in relation to the Placing, raising a total of £5,216,406 (A\$10,679,257) before transaction costs; a total of 3,369,231 new Ordinary Shares will be issued by the Company to the holders of Convertible Notes who will apply A\$2,190,000 outstanding under such Convertible Notes (representing 32.7 per cent. of the Convertible Notes) in subscribing for such Ordinary Shares at a price equal to the Placing Price; interest (including interest which would have accrued for the three months after the redemption date) per the terms of the Convertible Notes, will be satisfied by the issue of 840,546 Ordinary Shares; and the 7,642,825 Fee Shares will be issued to certain advisers in connection with Admission and who have provided historical services to the Company and have agreed to apply certain of their fees and/or commission due from the Company in subscribing for such Fee Shares. The holders of Existing Ordinary Shares will be diluted by the issue of the Placing Shares, the Fee Shares and the CLN Shares. The effective dilution rate, assuming none of the holders of the Existing Ordinary Shares participates in the Placing or applies amounts owing under the Convertible Notes held by them in subscribing for CLN Shares, is 42.70 per cent.
- 4.9 The net asset value per Ordinary Share as of 30 June 2024, being the latest balance sheet before the completion of the Placing, is A\$0.10 (£0.05) compares to the Placing Price of £0.3175 (A\$0.65).
- 4.10 The Ordinary Shares have been created under the Corporations Act and shall have the rights and be subject to the restrictions referred to in paragraph 8 of this Part VI.
- 4.11 The Placing Shares are Ordinary Shares of no par value, created under the Corporations Act, and with ISIN AU0000162281. The UK Placing Shares will be issued at the Placing Price in British Pounds Sterling, and the Australian Placing Shares will be issued at the Placing Price in Australian Dollars. The Placing Price of £0.3175 (or A\$0.65) per Placing Share is payable in full on Admission. As the Ordinary Shares have no par value, this represents a premium over par value of £0.3175 (A\$0.65) per Ordinary Share.

- 4.12 The Placing Shares, CLN Shares and Fee Shares in issue following Admission will rank in full for all dividends and distributions declared, made or paid after their issue or otherwise *pari passu* in all respects with the Existing Ordinary Shares, including, but not limited to, voting rights and the right to receive all dividends and other distributions declared, made or paid on the ordinary share capital of the Company.
- 4.13 The Placing Shares, CLN Shares and Fee Shares will, as applicable, be issued in uncertificated registered form in Australia on the CHESS or issuer sponsored subregister, or in the UK in the form of Depositary Interests, in CREST. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument. Accordingly, it is intended that, following Admission, the settlement of transactions in the Ordinary Shares may take place in CREST via holdings in Depositary Interests if the relevant Shareholders so wish. The records in respect of Ordinary Shares held in uncertificated form will be maintained by the Registrars.
- 4.14 In respect of Depositary Interests, it is expected that each Shareholder's CREST stock accounts will be credited at 8.00 a.m. on 25 March 2025.
- 4.15 The Company will apply for any new Ordinary Shares issued to participate in ASX's Clearing House Electronic Sub-register System ("CHESS"). Existing Ordinary Shares on issue in the Company already participate in CHESS. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in electronic form. When Ordinary Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in the electronic CHESS sub-register.
- 4.16 Holders of Ordinary Shares will be sent a holding statement that sets out the number of Ordinary Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number ("HIN") or Securityholder Reference Number (SRN). Shareholders will subsequently receive statements showing any changes to their holding. Share certificates will not be issued.
- 4.17 Additional holding statements may be requested at any other time directly through the Shareholder's sponsoring broker.
- 4.18 Other than the Options, Convertible Notes, the Strand Warrants and the Orana Warrants (which are to be issued after Admission subject to the ASX Approval being obtained) and the options to be granted to investors as referred to in paragraphs 5, 6, 14.8, 14.9 and 14.10 of this Part VI, there are no listed or unlisted securities of the Company not representing share capital.
- 4.19 None of the Ordinary Shares are or will be in issue on Admission with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 4.20 Save in connection with the Placing, the issue of the Fee Shares, the application of amounts owing under the Convertible Notes in subscription for CLN Shares and repayment of the Convertible Notes, the Retail Offer or as otherwise disclosed in paragraphs 5,6, 14.8 and 14.9 of this Part VI:
- 4.20.1 no share or loan capital of the Company has been issued or is proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
- 4.20.2 no share or loan capital of the Company is under option or is the subject of an agreement, conditional or unconditional, to be put under option;
- 4.20.3 no commission, discounts, brokerage or other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share or loan capital of the Company;
- 4.20.4 there are no Ordinary Shares held by or on behalf of the Company in itself or by any other member of the Group;

4.20.5 there are no acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the authorised capital;

4.20.6 no persons have preferential subscription rights in respect of any share or loan capital of the Company; and

4.20.7 there is no present intention to issue any share capital of the Company nor is there an undertaking to increase the capital of the Company at the date of this document.

5. SHARE OPTIONS

5.1 As at the date of this document, the Company has 7,971,439 Options in issue, being as follows:

<i>ASX security code</i>	<i>Description</i>	<i>Total number on issue</i>
WNXAN	Options expiring 1 January 2026 Exercise Price – A\$2.50	1,400,000
WNXAB	Options expiring 6 February 2026 Exercise Price – A\$7.50	146,316
WNXAK	Options expiring 20 July 2025 Exercise Price – A\$5.00	550,000
WNXAM	Options expiring 30 June 2025 Exercise Price – A\$2.50	5,055,123
WNXAP	Options expiring 7 February 2027 Exercise Price – A\$2.50	820,000

5.2 *WNXAN Option Terms*

The 1,400,000 Options expiring on 1 January 2026 (“WNXAN Options”) were issued with shareholder approval at the Company’s 2023 Annual General Meeting. 400,000 of the Options were issued to the Reach Corporate, and the remaining 1,000,000 Options to the Joint Lead Managers, Ord Minnett and Barclay Pearce.

The key terms of the WNXAN Options are:

Expiry:	1 January 2026
Exercise Price:	A\$2.50
Notice of Exercise:	The WNXAN Options may be exercised in whole or in part by the holder by giving written notice to the Company.
Issue of New Shares:	New Ordinary Shares will be issued by the Company to the WNXAN Option holder within 5 Business Days of the Company receiving an exercise notice and the Exercise Price.
Transferability:	WNXAN Options are transferable by written notice to the Company and, if quoted on ASX, in accordance with ASX Listing Rules
Reorganisations:	If the Company undertakes a reorganisation of its issued capital, the WNXAN Options are adjusted and reorganised in accordance with ASX Listing Rules
Voting:	Holders of WNXAN Options have no entitlement to vote at any meeting of the Company’s shareholders, in respect of their WNXAN Options
Dividends:	WNXAN Options do not entitle the holder to dividends
Liquidation:	WNXAN Options do not entitle the holder to any distribution on liquidation of the Company

5.3 *W NXAB Option Terms*

The 146,316 Options expiring on 6 February 2026 (“W NXAB Options”) were issued to corporate advisers to the Company in relation to the Company’s offer of new Ordinary Shares under a Share Purchase Plan dated 14 September 2022, and to other advisers to the Company.

The terms of the W NXAB Options are not governed by a fulsome set of terms. The only terms contemplated in relation to the W NXAB Options are set out in the Company’s notice of Annual General Meeting announced on ASX on 28 October 2022. These terms are:

Expiry: 3 years from the date of issue (ie 6 February 2026)
Exercise Price: A\$7.50

5.4 *W NXAK Option Terms*

The 550,000 Options expiring on 20 July 2025 (“W NXAK Options”) were issued to Homart Group Pty Ltd and nominee JYSF Management Pty Ltd as “attaching options” to shares placed to the holders under a share placement to help fund the Pain Away Acquisition in 2023.

The key terms of the W NXAK Options are:

Expiry: 20 July 2025
Exercise Price: A\$5.00
Notice of Exercise: The W NXAK Options may be exercised in whole or in part by the holder by giving written notice to the Company.
Issue of New Shares: New Ordinary Shares will be issued by the Company to the W NXAK Option holder within 5 Business Days of the Company receiving an exercise notice and the Exercise Price.
Transferability: W NXAN Options are transferable
Reorganisations: If the Company undertakes a reorganisation of its issued capital, the W NXAK Options are adjusted and reorganised in accordance with ASX Listing Rules
Dividends: W NXAK Options do not entitle the holder to dividends
Liquidation: W NXAK Options do not entitle the holder to any distribution on liquidation of the Company
Participation in New Issues: The W NKAK Options do not entitle the holder to participate in any new issues of capital offered to shareholders.

5.5 *W NXAM Options*

The vast majority of the 5,055,123 Options expiring 30 June 2025 (“W NXAM Options”) were issued as attaching options for every 3 Ordinary Shares subscribed for by participants in the Company’s 2023 Entitlement Offer. The remaining W NXAM Options were issued under the “follow on placement” to the 2023 Entitlement Offer, or to Homart under the prospectus issued in connection with the 2023 Entitlement Offer, or to Pearl Funds Management Pty Ltd pursuant to the EGM.

The key terms of the W NXAM Options are:

Expiry: 30 June 2025
Exercise Price: A\$2.50
Notice of Exercise: The W NXAM Options may be exercised in whole or in part by the holder by giving written notice to the Company.

Issue of New Shares:	New Ordinary Shares will be issued by the Company to the WNXAM Option holder within 5 Business Days of the Company receiving an exercise notice and the Exercise Price.
Transferability:	WNXAM Options are transferable by written notice to the Company and, if quoted on ASX, in accordance with ASX Listing Rules
Reorganisations:	If the Company undertakes a reorganisation of its issued capital, the WNXAM Options are adjusted and reorganised in accordance with ASX Listing Rules
Voting:	Holders of WNXAM Options have no entitlement to vote at any meeting of the Company’s shareholders, in respect of their WNXAM Options
Dividends:	WNXAM Options do not entitle the holder to dividends
Liquidation:	WNXAM Options do not entitle the holder to any distribution on liquidation of the Company

5.6 *WNXAP Option Terms*

The 820,000 Options expiring on 7 February 2027 (“WNXAP Options”) were issued with shareholder approval obtained at the Company’s 2024 Annual General Meeting. The WNXAP Options were issued to Reach Markets Pty Ltd in consideration for their agreement to vary the terms of the Convertible Notes in December 2024.

The key terms of the WNXAP Options are:

Expiry:	7 February 2027
Exercise Price:	A\$2.50
Notice of Exercise:	The WNXAP Options may be exercised in whole or in part by the holder by giving written notice to the Company
Issue of New Shares:	New Ordinary Shares will be issued by the Company to the WNXAP Option holder within 5 Business Days of the Company receiving an exercise notice and the Exercise Price
Transferability:	WNXAP Options are transferable by written notice to the Company and, if quoted on ASX, in accordance with ASX Listing Rules
Reorganisations:	If the Company undertakes a reorganisation of its issued capital, the WNXAP Options are adjusted and reorganised in accordance with ASX Listing Rules
Voting:	Holders of WNXAP Options have no entitlement to vote at any meeting of the Company’s shareholders, in respect of their WNXAP Options
Dividends:	WNXAP Options do not entitle the holder to dividends
Liquidation:	WNXAP Options lapse on liquidation of the Company

6. CONVERTIBLE NOTES

The Company issued a convertible note to Reach Wholesale Nominees Pty Ltd (previously called Wholesale Holdings Pty Ltd) as trustee for Wholesale Holdings WNX 2022 Trust (the “**2022 Noteholder**”) in June

2022, which has a principal amount of up to A\$6,200,000. As at the date of this document, the 2022 Noteholder had advanced A\$5,473,565 to the Company.

The Company entered into a second convertible note deed in February 2024 with Reach Wholesale Nominees Pty Ltd as trustee for Wholesale Holdings WNX 2023 Trust (the “**2024 Noteholder**”), which has a principal amount of up to A\$1,500,000. As at the date of this document, the 2024 Noteholder had advanced A\$1,225,000 to the Company.

All of the Convertible Notes have a conversion price which is the lesser of A\$4.00 and, if conversion occurs as a result of an initial public offering (such as the Placing), the issue price of the Company’s Ordinary Shares under that initial public offering. All of the Convertible Notes have a coupon of 13 per cent. and a maturity date of 21 June 2025.

Admission is considered an ‘exit event’ under the deeds constituting the Convertible Notes. It has therefore been agreed with the holders of the Convertible Notes that, upon Admission, they will apply in the amounts of A\$2,190,000 due to them under the Convertible Notes in subscribing for a total of 3,369,231 Ordinary Shares at a price equal to the Placing Price, and the balance of the Convertible Notes, with a principal value of A\$4,508,650, will be repaid in full. Interest (including interest which would have accrued for the three months after the redemption date) per the terms of the Convertible Notes, will be satisfied by the issue of 840,546 Ordinary Shares at a price equal to the Placing Price.

Further details of the Convertible Notes summarised above are set out in paragraph 14.11 of this Part VI.

7. CONSTITUTION

An electronic version of the Constitution is available to download from the Company’s website at <https://wellnexlife.com.au>. The following is a description of the rights attaching to the Ordinary Shares based on the Constitution, and Australian Law. This description does not purport to be complete and is qualified in its entirety by the full terms of the Constitution.

7.1 *Objects*

The Constitution does not contain any provision for objects or purposes of the Company.

7.2 *Shares*

The issue and the terms of issue of shares in the Company, including preference shares, options and other securities of the Company is under the control of Directors. The Directors may make calls on shareholders in respect of money unpaid on shares. The Company has an exclusive first lien on every share for any amount due and unpaid. The Company may sell any shares on which the Company has a lien, in the manner that the Directors think fit. The Directors may also accept surrendered or forfeited shares if a shareholder fails to pay a call or instalment of a call when due. Subject to the provisions of the Corporations Act and the Constitution, holders of Ordinary Shares shall have the right to receive notice of, and to attend, and to vote at all general meetings of the Company. A holder of Ordinary Shares may appoint one or more proxies to exercise all or any of his rights to attend and to speak at the meeting. Save as otherwise provided in the Constitution, on a vote on a show of hands (irrespective of the number of shares held by such holder) each holder of Ordinary Shares present in person shall have one vote and every person present who represents more than one shareholder, either personally, by proxy, attorney, or as representative, has one vote. Any resolution to be considered at a general meeting will be decided on a show of hands unless a poll is demanded. On a vote on a poll every holder of Ordinary Shares present in person or by proxy shall have one vote for each share held by him.

7.3 *Variation or alteration of shares*

If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class of shares may, subject to the Corporations Act, be varied or abrogated either with the consent in writing of the holders of at least 75 per cent. of the issued Ordinary Shares of that class

or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class but not otherwise.

To every such separate general meeting the provisions of the Constitution relating to general meetings apply. Any holder of shares of the relevant class present in person or by proxy may demand a poll upon which every holder of shares of that class present in person or by proxy shall be entitled to one vote for every such share held by him. The rights attached to any class of shares shall, unless otherwise expressly provided by the terms of issue of such shares or by the terms upon which such shares are for the time being held, be deemed not to be modified, abrogated or varied by the creation or issue of further shares. The issue of any shares ranking in priority to an existing class of preference shares, or conversion of securities converting to shares ranking in priority, is a variation or abrogation of the rights attaching to those preference shares.

7.4 *Transfer of shares*

Ordinary Shares may be transferred by a transfer effected in accordance with the ASX Settlement Operating Rules, a written instrument of transfer in any form authorised by the Corporations Act or any other method of transfer permitted by the Corporations Act and the ASX Listing Rules. Subject to the following paragraph, the instrument of transfer of a Share shall be signed by or on behalf of the transferor and transferee and the transferor shall be deemed to remain the holder of the Ordinary Shares until the transfer has been effected in accordance with the ASX Settlement Operating Rules or the name of the transferee is entered in the register of members.

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Directors may, in their absolute discretion, ask ASX Settlement to apply a holding lock to prevent a transfer under the ASX Settlement Operating Rules, or refuse to register a paper-based transfer of Ordinary Shares if the Company has a lien on it, the Company is served with a court order that restricts the relevant shareholder's capacity to transfer Ordinary Shares, registration of the transfer may breach an Australian Law, the Constitution or ASX Listing Rules permit them to do so, if it is not duly stamped, it does not comply with the terms of any employee incentive scheme or the shareholder has agreed in writing to the application of a holding lock or that the Company may refuse to register a paper-based transfer.

If the Directors refuse to register a transfer of a share, they shall notify the transferee of the refusal and the reasons for it within 5 business days after the date on which the transfer was lodged with the Company or the instructions to the relevant system received.

The Directors may suspend registrations of transfer of Ordinary Shares at any times and for period as they decide from time to time.

7.5 *Dividend rights*

The Directors may resolve to pay any dividend, including interim dividends, they think appropriate and fix the time for payment. No dividends shall be payable otherwise than in accordance with the Corporations Act, being that a Company must not pay a dividend unless the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend, the payment of the dividend is fair and reasonable to the Company's shareholders as a whole and the payment of the dividend does not materially prejudice the Company's ability to pay its creditors. Subject to any priority, preference or special rights, all dividends shall be declared and paid equally on all fully paid Ordinary Shares and proportionately to the amounts paid for the Ordinary Shares for all partly paid Shares. Preference shares will confer the right to receive preferential dividends, in priority of the payment of a dividend on any other class of shares.

The Directors may by resolution direct payment of any Dividend by the distribution of specific assets, including paid up Ordinary Shares, other securities or debentures in the Company or any other body corporate. The Directors may establish one or more plans under which each shareholder may elect that dividends to be paid may be satisfied by the issue of fully paid ordinary shares or such other option as the Directors consider appropriate. All unclaimed Dividends may be invested or otherwise used by

the Directors for the benefit of the Company until claimed, or may be disposed of. According to the Corporations Act, if a liquidator has in their hand any amount that remains unclaimed as a dividend for more than 6 months after the day it becomes payable, the liquidator must pay the money to ASIC.

7.6 *Alteration of capital*

Subject to the Corporations Act and the ASX Listing Rules, the Company may, by resolution, make any reduction or alteration to the Company's share capital.

7.7 *General meetings*

The Directors may convene a general meeting of shareholders whenever they think fit or if requested by Shareholders representing at least 5 per cent. of the votes that may be cast at the meeting. The Company must, in respect of each financial year, hold a general meeting as its annual general meeting in accordance with the Corporations Act and ASX Listing Rules. Subject to the foregoing and to the provisions of the Corporations Act, the Annual General Meeting shall be held at such time and place as the Directors may determine which can be by means of electronic facility or facilities that gives shareholders a reasonable opportunity to participate.

Subject to the provisions of the Corporations Act, notices of meetings must be provided to shareholders at least 28 clear days before the meeting is to be held. Notices may be provided to shareholders electronically. The accidental omission to give notice (or any document intended to accompany any notice) to, or non-receipt of notice (or any document intended to accompany any notice) by, any person entitled to it shall not invalidate the proceedings at any General Meeting.

No business may be transacted at any general meeting unless a quorum is present which will be constituted by five shareholders entitled to vote at the meeting (including by proxy or by means of an electronic facility or facilities). If within fifteen minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of, or by, Shareholders, will be dissolved or in any other case, the meeting stands adjourned to a day and at a time and place as the directors decide or if no decision is made, same day in the next week at the same time and place. If a quorum is not present at this adjourned meeting, the meeting must be dissolved.

A chairman must chair every general meeting. If there is no chairman, the Directors present may choose a chairman or if no directors are present, the Shareholders present must elect a chairman. The chairman may and must, if directed by the meeting, adjourn the meeting from time to time and from place to place.

At a general meeting a resolution put to the vote will be decided on a show of hands unless, before or on the declaration of the show of hands, a poll is demanded. Unless a poll is demanded as above, a declaration by the chairperson that a resolution has been passed, or passed with a particular majority is conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. An entry in respect of such a declaration in the book containing the minutes of the proceedings of general meetings of the Company is also conclusive evidence of the fact without such proof. The chairman has a casting vote in the case of an equality of votes on a show of hands or on a poll in addition to any vote to which the chairman may otherwise be entitled.

No Shareholder is entitled to vote at any general meeting either personally or by proxy or to exercise any privilege as a member, unless all calls or other sums presently payable to him in respect of shares in the Company have been paid.

The appointment of a proxy must be in such form as may be approved by the Directors, and must be signed by the appointor or by their agent.

The proxy will be deemed to include the right to demand or join in demanding a poll and generally to act at the meeting for the member giving the proxy.

An instrument appointing a proxy is not treated as valid unless the instrument and power of attorney (if any) are lodged not less than 48 hours before the time of the meeting.

7.8 **Directors**

The number of Directors of the Company shall be not less than three but not exceeding 10 as the Directors think fit.

The Company may by ordinary resolution elect any person to be a Director or remove any Director from office. The Directors may also appoint a person as a Director but such person will only hold office until the next annual general meeting and will then be eligible for re-election.

In accordance with the ASX Listing Rules, no director may hold office for a period in excess of 3 years, or beyond the third annual general meeting following the director's election, without submitting for re-election. A retiring director is eligible for re-election without needing to give any prior notice.

A director shall not be required to hold shares in the Company but shall be entitled to attend and speak at any general meeting of the Company or any meeting of the holders of any class of shares in the Company. The office of a Director will be vacated if the Director resigns, becomes bankrupt or is the subject of other insolvency-related proceedings, the Director is removed as an employee of the Company or any of its subsidiaries, in certain circumstances where the Director is suffering from mental disorder, if the Director is absent from meetings of the Directors for six successive months without leave and the Directors resolve that the Director's office should be vacated.

No person other than a retiring Director or a Director vacating office is eligible to be elected a Director at any general meeting unless a written notice of the person's nomination for election is given to the Company at least 35 Business Days (or in the case of a meeting that Members have requested the Directors to call, 30 Business Days) before the meeting.

The Company has power by ordinary resolution (of which special notice has been given) to remove any Director from office before the expiration of his period of office and may by ordinary resolution appoint another person in his place.

At meetings of the Directors, questions are determined by a majority of votes and in the case of an equality of votes the chairperson of the meeting shall have a second or casting vote. The quorum at Directors' meetings may be fixed by the Directors but otherwise shall be three directors entitled to vote. The Directors may delegate any of its powers to committees. Decisions of the Directors may also be taken by written resolution approved by all or a majority of the Directors eligible to vote on the matter. Directors may appoint alternate directors in their place during any period that the Directors think fit. The Directors may appoint a director to the office of the Managing Director for the period and on terms they think fit.

If the number of directors is less than 3 (which is also the quorum of directors), the remaining Directors may only act for the purposes of increasing the number of directors to 3 directors.

7.9 **Directors' Conflicts of Interest**

A Director is liable to account to the Company for any profits derived in respect of a matter in which the Director has a material interest, unless the Director declares their interest to the other Directors in the matter as soon as practicable and does not breach the Constitution or the Corporations Act in relation to the matter. A contract or arrangement made by the Company with a Director or in which a Director is in any way directly or indirectly interested may not be avoided merely because the Director is interested in it.

A Director must not participate in and vote at, or be present at a meeting of the Directors in which the matter being considered is a matter in which the Director has a direct or indirect material interest, except as permitted by the Corporations Act and ASX Listing Rules.

7.10 *Directors' fees and expenses*

The Directors shall be paid out of the funds of the Company for their services as Directors such aggregate sums as the Directors may determine, provided the annual fees payable to non-executive directors do not exceed the maximum sum that is approved by shareholders, or if no maximum is set, \$450,000.

Any Director may elect to have their remuneration paid in cash or in any other form agreed by the Director and the Company.

The Directors are entitled to be paid all reasonable expenses as he may incur in attending and returning from meetings of the Directors, committees of the Directors, general meetings or otherwise in connection with the business of the Company or the proper exercise of his duties.

Subject to the limitations under the Corporations Act, the Company may indemnify any person who is or has been an officer of the Company, or a related body corporate, against all losses, liabilities, damages, costs, charges and expenses of any kind incurred by the officer. The Directors may authorise the Company to enter into any documentary indemnity or insurance policy in this respect.

7.11 *Sale of Small Holdings of Shares*

The Directors may undertake a sale of small holdings (being holdings of less than a marketable parcel as defined in the ASX Listing Rules to be securities of at least \$500), in which case they will send a notice to each shareholder holding a small holding stating that the Company intends to sell the relevant shares, unless within 6 weeks from the date of the notice, the shareholder can increase to at least a marketable parcel, the shareholder no longer holds the shares or the shareholder gives written notice to the Company stating that it wishes to retain its holding. The Company may only exercise its power to sell once in every 12 month period. The proceeds of sale will be sent to the shareholder.

7.12 *Proportional Takeover Approval Provisions*

The Constitution includes proportional takeover provisions, which must be renewed by shareholder approval every three years in order to be effective. The proportional takeover provisions in the Company's constitution have not been renewed in the last three years and therefore are not presently in effect. If they are renewed and a proportional takeover bid (as defined in the Corporations Act) in respect of the Company's Ordinary Shares is made, an approving resolution must be passed. Each member has one vote for each Share and neither the person making the offer for Ordinary Shares under the proportional bid (as defined therein as "Bidder") nor an associate may vote on the approving resolution. An approving resolution is passed if more than 50 per cent. of the votes cast are in favour of the resolution. 14 days before the last day of the bid period, the Company must give to the Bidder and serve on the ASX a written notice with the outcome of the resolution on the proportional bid. If the resolution is passed the transfer of Ordinary Shares under the proportional takeover bid may be registered. If the resolution is not passed, all offers under the proportional bid that have not resulted in binding contracts are deemed to be withdrawn, the bidder must immediately return any documents that were sent by Shareholders to the bidder, the bidder must rescind each contract resulting from the acceptance of an offer and any Shareholder who has accepted an offer is entitled to rescind the contract.

7.13 *Disclosure of Interests in Ordinary Shares*

At all times when the Ordinary Shares are admitted to trading on AIM, DTR5, which governs the disclosure of interests in shares in the United Kingdom to, and the announcement of such information by, issuers who have their registered office in the United Kingdom, shall be deemed to be incorporated into the Constitution and shall bind the Company and its Shareholders as if the Company were an "issuer" (and not a "non-UK issuer") as such terms are defined in DTR 5, and accordingly each Shareholder must notify the Company of the percentage of its voting rights he holds as shareholder (as such term is defined in DTR 5) or holds or is deemed to hold through his direct or indirect holding of financial instruments falling within DTR 5 (or a combination of such holdings) where such percentage reaches, exceeds or falls below a threshold specified in DTR 5 in accordance with the

requirements of DTR 5 and so as to enable the Company to announce such information without delay in compliance with its obligations under the AIM Rules for Companies. Further details of the obligations on Shareholders to disclose their interests in Ordinary Shares are set out in paragraph 8.6 of this Part VI.

7.14 *Restrictions on cannabis-related business*

Neither the Company, nor any of its subsidiaries, shall carry out any business involving, nor shall they make any investment in or have any involvement with any company or business that carries out any business or has any investment in or involvement with: (a) any form of recreational cannabis; or (b) any other form of cannabis, other than in accordance with all applicable laws and regulations and following the grant to the Company (or, as applicable, its relevant subsidiary or the company or business in which the Company or any of its subsidiaries has made an investment) of all necessary and valid licences, approvals, authorisations permits and/or registrations.

8. CORPORATE LAWS, REGULATIONS AND POLICY IN AUSTRALIA

Below is a general description of certain relevant corporate laws and policies in Australia. This should not be relied upon by Shareholders or any other person. The law, policies and practice are subject to change from time to time. It does not purport to be a comprehensive analysis of all the consequences resulting from holding, acquiring or disposing of Ordinary Shares and interests in Ordinary Shares. If you are in any doubt as to your own legal position, you should seek independent advice without delay. The Company is obliged to comply with the Corporations Act and the ASX Listing Rules and also with specific obligations arising from other laws that relate to its activities.

8.1 *Takeovers*

As the Company is incorporated in Australia, the UK's Takeover Code does not apply to it and, accordingly, Shareholders are not entitled to the protections afforded by the Takeover Code or the Takeover Panel. However, the Company is subject to the Australian Corporations Act and Shareholders will have the benefit of the protections afforded by Chapter 6 of the Australian Corporations Act, which are similar or analogous to certain provisions of the UK's Takeover Code.

The Corporations Act prohibits the acquisition of a "relevant interest" (becoming a registered holder of a share or having the power to exercise, or control the exercise of, the right to vote or the power to dispose of, or control the exercise to dispose of, a share) in the Ordinary Shares of the Company (for so long as it has more than 50 members), where, as a result of the acquisition, that person's or someone else's voting power in the Company increases from under 20 per cent. to over 20 per cent. or increases from a starting point that is above 20 percent and below 90 per cent.

Generally, such acquisitions cannot be made unless the person does not acquire more than three per cent of the voting shares in the company than they had six months before the acquisition (subject to holding at least 19 per cent. throughout that six month period), the acquisition is made with shareholder approval, the acquisition is made under a takeover bid (or pursuant to a scheme of arrangement) made in accordance with Australian law, the acquisition results from a pro-rata rights issue to shareholders, it is a downstream acquisition resulting from an acquisition of relevant interests in another listed entity or an acquisition resulting from a court approved scheme of arrangement. Takeover bids must treat all shareholders alike and must not involve any collateral benefits. Various restrictions about conditional offers exist and there are also substantial restrictions concerning the withdrawal and suspension of offers.

8.2 *Compulsory Acquisition*

A person who holds more than 90 per cent. of the shares in a company may conduct a compulsory acquisition of all remaining shares under the Corporations Act.

8.3 *Disclosure of Substantial Shareholdings*

Shareholders should note that they will be subject to certain obligations to disclose their interests in Ordinary Shares and other securities of the Company under Australian law and, with effect from Admission, under provisions of the Company's Constitution that seek to incorporate the provisions of DTR 5. Shareholders should note that they are required to comply with both regimes.

(a) *ASX disclosure requirements*

Under the Corporations Act, a person has a "substantial holding" in the Company if that person and his/her associates have a relevant interest in five per cent. or more of the total number of Ordinary Shares in a company.

A person who:

- begins to or ceases to have a substantial holding in a company; or
- has a substantial holding in a company and there is movement by at least one per cent in their holding,

must give notice to the company and to the ASX. The contents of the notice are prescribed in the Australian Corporations Act, section 671B(3) and section 671B(4).

(b) *AIM disclosure requirements*

Under the AIM Rules for Companies, with effect from Admission, the Company will be obliged to announce any changes to the holding of a significant Shareholder (i.e. any person with a holding of 3 per cent. or more of the issued Ordinary Shares (excluding treasury shares)) above 3 per cent. (excluding treasury shares) which increase or decrease such holding through any single percentage. This reflects the disclosure requirements of DTR 5. However, because the Company is an Australian incorporated company whose Ordinary Shares will be admitted to trading on AIM, it and its Shareholders are not subject to DTR 5. Accordingly, the guidance to the AIM Rules for Companies states that the Company is required to use all reasonable endeavours to comply with its obligations to announce changes to the holdings of significant Shareholders notwithstanding that Australian law does not contain provisions that are similar to DTR 5 (in this case, being that the disclosure thresholds under Australian law are different to those specified by DTR 5). Such guidance advises the Company to include provisions in its Constitution requiring significant Shareholders to notify it of any relevant changes to their shareholdings in similar terms to DTR 5.

Accordingly, the Company has incorporated into its Constitution provisions that oblige its Shareholders to inform it of any relevant changes to their interests in Ordinary Shares as if DTR5 applied to the Company. From Admission, a person must notify the Company of the percentage of its voting rights he holds as Shareholder or holds or is deemed to hold through his direct or indirect holding of financial instruments (or a combination of such holdings) if the percentage of those voting rights reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as a result of an acquisition or disposal of shares or financial instruments. Such a notification must be made as soon as possible, but not later than two trading days after the date of the relevant trade or change of circumstances that resulted in the disclosure requirement. Such a notification must be made by way of a Form TR-1, which is available via the FCA's website – www.fca.org.uk.

Shareholders are advised to take their own independent legal advice in relation to their disclosure obligations under Australian law and the Company's Constitution.

8.4 *Issues of New Shares*

The power to issue new shares in the Company vests in the Company's directors under both the Company's Constitution and the Australian Corporations Act. Whilst there are no rights of

pre-emption over the issue of new shares in the Company's Constitution, the Australian Corporations Act or the ASX Listing Rules, there are a number of restrictions in the Australian Corporations Act and the ASX Listing Rules which limit the Company's ability to issue new securities.

The ASX Listing Rules prohibit the issue of "equity securities" (as defined in the ASX Listing Rules) in the Company without shareholder approval if the number of "equity securities" issued (together with any "equity securities" issued in the 12 months preceding the relevant issue) would exceed 15 per cent. of the number of fully paid ordinary shares on issue in the Company 12 months prior to the relevant issue ("15 per cent. Placement Capacity"). The Company may obtain an additional 10 per cent. placement capacity for a period of 12 months if the Company's shareholders approve the additional 10 per cent. placement capacity by passing a special resolution at the Company's annual general meeting.

The restriction on the Company issuing "equity securities" in excess of its 15 per cent. Placement Capacity (or additional 10 per cent. placement capacity, if applicable) without shareholder approval is subject to a number of exceptions which are set out in ASX Listing Rule 7.2. Broadly, these exceptions include issues of "equity securities":

- to underwriters of pro-rata issues;
- under employee incentive schemes;
- under a takeover bid or scheme of arrangement; and
- on conversion of convertible securities which were issued in compliance with the ASX Listing Rules.

The ASX Listing Rules and the Australian Corporations Act further prohibit the issue of securities to related parties of the Company, other persons of influence, and each of their associates, without shareholder approval.

8.5 ***ASX Listing Rules***

As a company admitted to the official list of the ASX, the Company is bound to comply with the ASX Listing Rules, as they exist from time to time. The ASX Listing Rules address such matters as admission to listing, quotation of securities, continuous disclosure, periodic disclosure, certain requirements for the terms of securities, issues of new capital, transfers of securities, escrow (lock-in) arrangements, transactions with related/controlling parties, significant transactions, shareholder meetings, trading halts and suspensions and fees payable. ASX also publishes guidance notes regarding the interpretation of parts of the ASX Listing Rules.

8.6 ***ASX Disclosure Requirements***

(a) *Periodic Disclosure*

The Company is required to prepare financial reports in accordance with the Corporations Act, including financial statements and directors' reports. Once audited, an auditor's report will also need to be prepared. The Company then provides the reports to shareholders (including tabling it at the annual general meeting) followed by lodgement of the report with ASIC. As the Company is listed with the ASX, all documents lodged with ASIC under the relevant provisions of the Corporations Act must also be given to ASX no later than the time they are lodged with ASIC. Specifically, the Company is required to lodge the following reports with ASIC and ASX:

- Half yearly report within 75 days after the end of the half-year; and
- Annual report (including the financial report, director's report and auditor's report) by the earlier of the first day the report is sent to shareholders and within 3 months after the end of the financial year.

Shareholders should note that these reporting deadlines are more stringent than those required under the AIM Rules for Companies.

ASX also requires additional disclosure documents from the Company in prescribed form, including a preliminary final report, corporate governance statement and accompanying appendix and quarterly cash flow and activities reports (if requested).

(b) *Continuous Disclosure*

In addition to periodic disclosure requirements, the Company also has an obligation to inform ASX immediately once it becomes aware of any information that a reasonable person would expect to have a material effect on the price or value of the Company's securities. Information ought to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell, the securities. There are exceptions to this disclosure requirement in the ASX Listing Rules. Provided the information is confidential and a reasonable person would not expect the information to be disclosed, then if such information, amongst other things, is also a matter of supposition, an incomplete proposal, or information generated for internal management purposes, then it is not required to be disclosed. In this regard, it should be noted that, from the date of its application for Admission, the Company will be required to comply with UK MAR and the AIM Rules for Companies, which have similar disclosure obligations in relation to inside information and have restricted rights for the Company to delay such disclosure. Accordingly, the Company has adopted a Continuous Disclosure Policy to ensure that it is compliant with its disclosure obligations under the ASX Listing Rules, the AIM Rules for Companies and UK MAR.

(c) *Disclosure in relation to false markets.*

The Company must immediately give ASX the information to correct or prevent a false market, if ASX considers that there is or is likely to be a false market in the Company's securities.

(d) *Information must be given to ASX first*

The Company must not release information to any person that is for release to the market until it has given the information to the ASX and received an acknowledgement from ASX that it has released the information to the market. However, if the Company is required to release information to an overseas stock exchange (such as AIM) it outside of the hours of the ASX market announcement office, the Company may do so as long as it gives the information to the ASX market announcement office at the same time with advice that it has released it to an overseas stock exchange.

9. INTERESTS OF THE DIRECTORS

9.1 The interests of the Directors and of members of their respective families (as defined in the AIM Rules for Companies) in the issued share capital of the Company, were as at the date of this document and are expected to be immediately following Admission, to the extent their existence is known to, or would with reasonable diligence be ascertained by, a Director, are as follows:

9.1.1 Prior to, and on, Admission, interests in the Ordinary Shares are and will be as follows:

<i>Name</i>	<i>At the date of this document</i>		<i>On Admission</i>		
	<i>No. of Ordinary Shares</i>	<i>Percentage of Existing Share Capital per cent.</i>	<i>No. of Existing Options</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital per cent.</i>
George Tambassis	nil	n/a	nil	nil	n/a
George Karafotias	149,825	0.39	15,239	149,825	0.23
Zack Bozinovski ²	741,285	1.95	143,098	741,285	1.12
Andrew John Vidler ⁴	17,858	0.05	Nil	17,858	0.03
Jeffrey Yeh ¹	7,063,195	18.61	1,554,844	7,063,195	10.66
Eric Jiang ³	42,552	0.11	1,191	42,552	0.06
Ruari McGirr	nil	n/a	nil	nil	n/a
Vivienne Zhang	nil	n/a	nil	nil	n/a
TOTAL:	8,014,715	21.12	1,714,372	8,014,715	12.10

Notes:

- 1 3,427,010 Ordinary Shares (9.03 per cent. of the issued share capital pre-Admission) and 931,291 options are held by Homart Group Pty Ltd, a company in which Jeffrey Yeh and connected persons are the beneficial owners of certain shares. 2,629,181 Ordinary Shares (6.93 per cent. of the issued share capital pre-Admission) and 524,743 options are held by JYSF Management Pty Ltd, a company in which Jeffrey Yeh and connected persons are the beneficial owners. 903,296 Ordinary Shares (2.38 per cent. of the issued share capital pre-Admission) and 98,810 options are held by Kirby Superannuation Pty Ltd, a company in which Jeffrey Yeh and connected persons are the beneficiaries. 103,708 Ordinary Shares (0.27 per cent. of the issued share capital pre-Admission) are held by MYLY Management Pty Ltd (ATF MYLY Trust), a company in which Jeffrey Yeh's sister and her connected persons are the beneficiaries.
- 2 Includes 667,473 Ordinary Shares (1.76 per cent. of the issued share capital pre-Admission) held by ZLJ Pty Ltd, a company in which Zack Bozinovski and connected persons are the beneficial owners.
- 3 200 Ordinary Shares (0.00 per cent. of the issued share capital pre-Admission) are held by Coweal Pty Limited and 42,352 Ordinary Shares (0.11 per cent. of the issued share capital pre-Admission) are held by Acee Group Pty Ltd, both companies in which Eric Jiang is the beneficial owner and a director.
- 4 Includes 17,858 Ordinary Shares (0.05 per cent. of the issued share capital pre-Admission) held directly by Caren Lee Vidler, the spouse of Andrew Vidler.

9.1.2 The Options in which the Directors are interested, have been granted on the following terms:

<i>Name</i>	<i>Options</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
George Karafotias	15,293	A\$2.50	30 June 2025
Zack Bozinovski	143,098	A\$2.50	30 June 2025
Jeffrey Yeh	1,004,488	A\$2.50	30 June 2025
	550,000	A\$5.00	30 June 2025
Eric Jiang	1,191	A\$2.50	30 June 2025

- 9.2 Save as disclosed above, none of the Directors (or any members of their respective families (as defined in the AIM Rules for Companies)) has any interest, whether beneficial or non-beneficial, in any share or loan capital of the Company.
- 9.3 There are no outstanding loans made or guarantees granted or provided by the Company or the Subsidiaries to or for the benefit of any of the Directors.
- 9.4 Save as disclosed in paragraphs 9 and 15 of this Part VI, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by any member of the Group in the current or immediately preceding financial year or which were effected during an earlier financial year and which remains in any respect outstanding or under-performed.
- 9.5 None of the Directors (or any members of their respective families (as defined in the AIM Rules for Companies)) has any interest (whether beneficial or non-beneficial) in any financial product referenced to the Ordinary Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Ordinary Shares including a contract for difference or a fixed odds bet).

10. ADDITIONAL INFORMATION ON THE DIRECTORS

10.1 Other than in respect of the Company and its Subsidiaries, the names of all companies and partnerships of which each of the Directors has been a director or partner at any time in the five years preceding the date of this document and indicating whether they are current or past are set out below:

<i>Director</i>	<i>Current directorships and partnerships</i>	<i>Past directorships and partnerships</i>
George Tambassis	BANDINA PTY LTD ROSEBEE LANE PTY. LTD TELBENE PTY. LTD. ZIPKIN PTY. LTD	AUSTRALIAN ASSOCIATION OF CONSULTANT PHARMACY PTY LIMITED AUSTRALIAN PHARMACEUTICALS INDUSTRIES BLUE CIRCLE TRANSPORT PTY LTD BUILDING LOGISTICS MANAGEMENT (AUST) PTY LTD FAXTON DEVELOPMENTS PTY. LTD FLEET ADMINISTRATION (WA) PTY LTD FLEET ADMINISTRATION (SA) PTY LTD FLEET ADMINISTRATION (NSW) PTY LTD FLEET ADMINISTRATION (QLD) PTY LTD FLEET CONSOLIDATED GROUP PTY LTD FLEET EXPRESS PTY LTD FLEET HEALTHCARE LOGISTICS PTY LTD FLEET IP PTY LTD FLEET REMOVALS PTY LTD FLEET TRANSPORT (TAS) PTY LTD FLEET TRANSPORT INTERNATIONAL PTY LTD FLEET TRANSPORT & LOGISTICS (NSW) PTY LTD FLEET TRANSPORT (NT) PTY LTD FLEET TRANSPORT & LOGISTICS (AUST) PTY LTD FLEET TRANSPORT & LOGISTICS (WA) PTY LTD FLEET TRANSPORT NZ PTY LTD FLEET TRANSPORT & LOGISTICS (SA) PTY LTD FLEET TRANSPORT & LOGISTICS (QLD) PTY LTD FLEET TRANSPORT (ACT) PTY LTD FLEET TRANSPORT & LOGISTICS (VIC) PTY LTD

<i>Director</i>	<i>Current directorships and partnerships</i>	<i>Past directorships and partnerships</i>
George Tambassis <i>(continued)</i>		FLEET WAREHOUSE ADMINISTRATION PTY LTD FLEET WAREHOUSING PTY LTD FORUM TRANSPORT PTY LTD G & M WALKER HAULAGE PTY LTD NATIONAL FLEET ADMINISTRATIVE SERVICES PTY. LTD NATIONAL FLEET SERVICES PTY. LTD NATIONAL FLEET SERVICES (NSW) PTY LTD NATIONAL TRANSPORT & LOGISTICS (NSW) PTY LTD TRANSPORT FLEET SERVICES (QLD) PTY LTD TRANSPORT FLEET SERVICES (VIC) PTY LTD TRANSPORT FLEET SERVICES (NSW) PTY LTD TRANSPORT FLEET SERVICES (SA) PTY LTD TRANSPORT FLEET SERVICES (WA) PTY LTD WORLD PHARMACY COUNCIL LTD
George Karafotias	ONELIFE HEALTH PTY LTD MUTUAL WIDE CORPORATION (AUSTRALIA) PTY LTD OCEAN DAIRY PTY LTD ONELIFE BOTANICALS LTD ONELIFE HEMP PTY LTD WATTLE HEALTH AUSTRALIA INVESTMENTS PTY LTD ILH PTY LTD CORIO BAY DAIRY GROUP PTY. LTD	ONELIFE CULTIVATION PTY ONELIFE LABS PTY LTD AUSTRALIA DRAUGHT PTY LTD MILDURA BREWERY (BROO) PTY LTD MILDURA BREWERY PUB (BROO) PTY LTD SORRENTO BREWERY PTY LTD LITTLE INNOCENTS PTY LTD PERPETUAL RESOURCES LTD BROO LTD BROO BEVERAGES PTY LTD BROO BIO MEDICAL PTY LTD BROO BREWERY PTY LTD KEGGA HOLDINGS PTY LTD LOB4 PTY LTD NEO RESOURCES LIMITED PERPETUAL CONSULTING GROUP PTY. LTD THE SET COLLECTIVE GROUP CO PTY LTD THE SET COLLECTIVE GROUP IP CO PTY LTD

<i>Director</i>	<i>Current directorships and partnerships</i>	<i>Past directorships and partnerships</i>
Zack Bozinovski	ZLJ PTY LTD LTTZ PTY LTD BOZDEN PTY LTD SWIFTSHIP PTY LTD BOZSKI PTY LTD WELLNEX LIFE UK LIMITED OCEAN DAIRY PTY LTD THE SET COLLECTIVE GROUP CO PTY LTD THE SET COLLECTIVE GROUP IP CO PTY LTD ZWANENBERG AUSTRALIA PTY LTD BOZINOVSKI INVESTMENTS CO PTY LTD V7CO PTY LTD CANN COMM PTY LTD	1LH PTY LTD ECOPURE HEALTH PTY LTD RETAIL SALES ANALYTICS PTY LTD SIEBELCO PTY LTD ZACK TRADING CO. PTY. LTD ZLJ HOLDING CO PTY LTD ZLJ TRADING CO PTY LTD VITAMINHAUS PTY LTD BRAND SOLUTIONS INTERNATIONAL PTY. LTD FERROMEDICA PTY LTD FERROMEDICA HOLDINGS PTY LTD
Vivienne Zhang	NONE	MARKET BRANDS NZ LIMITED MARKET BRANDS PTY LTD PACIFIC SMILES GROUP LIMITED DENTAL ASSISTANT TRAINING SOLUTIONS PTY LIMITED EVERYTHING DENTURES PTY LTD DENTIST SMILES GROUP PTY LIMITED PACIFIC EYES PTY LIMITED
Andrew John Vidler	NONE	AUSTRALIAN HERITAGE DEVELOPMENT PTY LTD MEDIGO PHARMA PTY LTD CARNARVON 81 PTY LIMITED AUSTRALIAN HERITAGE DEVELOPMENT 2 PTY LTD AUSSIE KEYLINK PTY LTD VITAMINS DIRECT PTY LTD GOESWELL PTY LTD GREENSTATE MANAGEMENT PTY LTD
Jeffrey Yeh	KIRBY PET NZ PTY LTD KIRBY PHARMACEUTICALS PTY LTD HOMART DAIRY AUSTRALIA PTY LTD HOMART PHARMACEUTICALS PTY LTD HOMART GROUP PTY LTD HOMART WELLNESS NZ PTY LIMITED HOMART NZ PTY LIMITED HOMART WELLNESS AUST PTY LTD AWD LABORATORY PTY LTD WUYEH PTY LTD URVITA PTY LTD JYSF FINANCE PTY LTD JYSF MANAGEMENT PTY LTD SC2014 PTY LTD KIRBYMERE PTY LIMITED KIRBY SUPERANNUATION PTY LIMITED	

<i>Director</i>	<i>Current directorships and partnerships</i>	<i>Past directorships and partnerships</i>
Eric Jiang	MUTUAL WIDE CORPORATION HEYINGTON CAPITAL PTY LTD MUTUAL WIDE AUSTRALIA PTY LTD ACEE GROUP PTY LTD AUSTRALIAN RENEWABLE GAS PTY LTD SOUTH PACIFIC BOTANICALS PTY LTD MUTUAL WIDE CORPORATION LIMITED MW BOTANICALS LIMITED	JEK SPORTS PTY LTD BLEND AND PACK PTY LTD HEYINGTON CONSULTING PTY. LTD PERPETUAL CONSULTING GROUP PTY. LTD. LITTLE INNOCENTS PTY LTD SOUTH PACIFIC LOBSTER LIMITED
Ruari McGirr	NONE	NONE

- 10.2 George Karafotias is a director of Corio Bay Dairy Group Pty Ltd, a company with whom Wellnex had a trading relationship. Corio Bay Dairy Group Pty Ltd went into company voluntary administration in August 2020 and a liquidator was appointed on 17 December 2020. The liquidation is ongoing and the outcome of the liquidation is unknown at this stage.
- 10.3 George Karafotias was a director of OneLife Cultivation Pty until 25 September 2024. OneLife Cultivation Pty went into voluntary administration on 2 December 2024. The deed of company arrangement is being filed and the administration is ongoing.
- 10.4 George Karafotias was a director of OneLife Labs Pty Ltd until 26 August 2024. OneLife Labs Pty Ltd went into voluntary administration on 3 December 2024. The deed of company arrangement is being filed and the administration is ongoing.
- 10.5 George Karafotias was a director of Australia Draught Pty Ltd (until 23 March 2024), and its associated companies Mildura Brewery (Broo) Pty Ltd (until 18 January 2024), Mildura Brewery Pub (Broo) Pty Ltd (until 19 August 2023) and Sorrento Brewery Pty Ltd (until 16 May 2024), having been appointed a director of each of these companies on 7 April 2022 to assist a restructure of the business, during which time the companies were not operationally trading. Each of the above companies went into company voluntary administration on 6 May 2022. As a result of each administration, all creditors were paid in full.
- 10.6 George Karafotias and Eric Jiang were directors of Little Innoscents Pty Ltd, a subsidiary of the Company. In November 2022 Wellnex determined to discontinue the Little Innoscents Pty Ltd product line and to wind up the company. George Karafotias resigned on 16 November 2022. Eric Jiang resigned on 15 May 2024. Little Innoscents Pty Ltd was put into voluntary liquidation on 23 November 2022, and all third party creditors were paid in full.
- 10.7 Eric Jiang was a director of Blend and Pack Pty Ltd until 26 June 2023, having been a nominated director to represent Wellnex's interest in Blend and Pack Pty Ltd. Blend and Pack Pty Ltd went into voluntary company administration on 3 October 2023 and subsequent liquidation. The liquidation is ongoing and the liquidator anticipates a return to unsecured creditors.
- 10.8 Save as disclosed above, none of the Directors has:
- 10.8.1 any unspent convictions in relation to indictable offences;
- 10.8.2 had any bankruptcy order made against him or entered into any voluntary arrangements;
- 10.8.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration, been subject to a voluntary arrangement or entered into any composition or arrangement with its creditors generally or with any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director;

10.8.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

10.8.5 been the owner of any asset or been a partner in any partnership which owned, any asset which while he owned that asset, or while he was a partner or within the 12 months after he ceased to be a partner in the partnership which owned the asset, entered into receivership;

10.8.6 been the subject of any public criticism by any statutory or regulatory authority (including recognised professional bodies); or

10.8.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

11. DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

11.1 *Current terms of office*

<i>Director</i>	<i>Date of Last Appointment</i>	<i>Re-election year*</i>
George Tambassis	29 November 2024	2027
George Karafotias	9 November 2020	N/A**
Zack Bozinovski	14 December 2023	2026
Andrew John Vidler	26 September 2024	2027
Jeffrey Yeh	26 September 2024	2027
Eric Jiang	29 November 2024	2027
Ruari McGirr	17 March 2025	2025
Vivienne Zhang	17 March 2025	2025

Notes:

* In accordance with the ASX Listing Rules, no director may hold office for a period in excess of three years, or beyond the third annual general meeting following the director's election, without submitting for re-election. A retiring director is eligible for re-election without needing to give any prior notice. There must be an election of directors at every annual general meeting of the Company. If no director is due to stand for re-election then the director who has been in office the longest since being last elected will be required to stand for re-election.

** Managing directors are not subject to mandatory retirement (and re-election) every 3 years. Where there are multiple managing directors (such as here in this situation with George Karafotias and Zack Bozinovski), only one of those managing directors, being George Karafotias in this case, is exempt from mandatory retirement.

11.2 *Executive Services Agreements*

11.2.1 *George Karafotias*

Mr Karafotias was appointed as an executive director and assumed the role of chief executive officer of the Company on 9 November 2020. Mr Karafotias also acts as Joint Managing Director with Zack Bozinovski. The material terms of his Executive Services Agreement are as follows:

- either the employer or the employee may terminate the employment by giving the other party three months' written notice;
- Mr Karafotias has confidentiality obligations which survive the termination of his employment;
- Mr Karafotias is restrained from performing duties for, or being interested or involved in, a business or activity that is the same, substantially similar or competitive with the Company's business, and from soliciting any clients, customers or employees away from the Company, throughout Australia and for a period of 12 months following the termination of his employment; and

- Mr Karafotias’s remuneration is as follows:
 - Cash salary and fees – A\$365,000
 - Annual leave – A\$28,007
 - Superannuation – A\$41,975
 - Long service leave – A\$6,079
 - Total – A\$441,131

11.2.2 Zack Bozinovski

Mr Bozinovski was appointed as Managing Director on 13 July 2021 (acting in a joint capacity with George Karafotias). The material terms of his Executive Services Agreement are as follows:

- either the employer or the employee may terminate the employment by giving the other party six months’ written notice;
- Mr Bozinovski has confidentiality obligations which survive the termination of his employment;
- Mr Bozinovski is restrained from performing duties for, or being interested or involved in, a business or activity that is the same, substantially similar or competitive with the Company’s business, and from soliciting any clients, customers or employees away from the Company, throughout Australia and for a period of 12 months following the termination of his employment; and
- Mr Bozinovski’s remuneration is as follows:
 - Cash salary and fees – A\$365,000
 - Annual leave – A\$28,007
 - Superannuation – A\$41,975
 - Long service leave – A\$6,079
 - Total – A\$441,131

11.2.3 Vivienne Zhang

Ms Zhang was appointed as Executive Director on 17 March 2025. The material terms of her appointment letter are as follows:

- either the employer or the employee may terminate the employment by giving the other party three months’ written notice; and
- Ms Zhang’s remuneration is as follows:
 - Cash salary and fees – A\$180,995
 - Annual leave – A\$13,923
 - Superannuation – A\$20,814
 - Long service leave – A\$3,014
 - Total – A\$218,746

11.3 *Appointment letters for non-executive directors*

Mr George Tambassis, Mr Eric Jiang, Mr Andrew Vidler, Mr Jeffrey Yeh and Mr Ruari McGirr are non-executive directors of the Company. The appointment of the non-executive directors are on substantially similar terms.

11.3.1 *George Tambassis*

Mr Tambassis was appointed as a non-executive director on 9 September 2024. The material terms of his appointment letter are as follows:

- the engagement continues until the director resigns or is not re-elected by shareholders; and
- Mr Tambassis' remuneration is A\$80,000 in cash salary and fees.

11.3.2 *Eric Jiang*

Mr Jiang was appointed as a non-executive director on 13 September 2016. The material terms of his appointment letter are as follows:

- the engagement continues until the director resigns or is not re-elected by shareholders; and
- Mr Jiang's remuneration is A\$50,000 in cash salary and fees.

11.3.3 *Andrew Vidler*

Mr Vidler was appointed as a non-executive director on 15 January 2024. The material terms of his appointment letter are as follows:

- the engagement continues until the director resigns or is not re-elected by shareholders; and
- Mr Vidler's remuneration is A\$50,000 in cash salary and fees.

11.3.4 *Jeffrey Yeh*

Mr Yeh was appointed as a non-executive director on 15 January 2024. The material terms of his appointment letter are as follows:

- the engagement continues until the director resigns or is not re-elected by shareholders; and
- Mr Yeh's remuneration is A\$50,000 in cash salary and fees.

11.3.5 *Ruari McGirr*

Mr McGirr was appointed as a non-executive director on 17 March 2025. The material terms of his appointment letter are as follows:

- the engagement continues until the director resigns or is not re-elected by shareholders; and
- Mr McGirr's remuneration is A\$50,000 in cash salary and fees.

11.4 *Deeds of Indemnity, Insurance and Access*

As is customary for ASX listed companies, the Company has entered into deeds of indemnity, insurance and access with each of the Directors. Under the terms of these deeds, to the extent permitted by law and subject to certain limitations and exceptions, the Company agrees to indemnify each Director against loss, cost or other liability suffered or incurred by them in their role as a director

of the Company or as a consequence of having been a director of the Company, for at least seven years after they cease to hold office.

11.5 *General*

11.5.1 Save as disclosed in this paragraph 11, the Company has not amended or entered into any service agreements with any Director within the last six months and no Director has a service agreement that has more than 12 months to run.

11.5.2 Save as disclosed in this paragraph 11, there are no service contracts or agreements existing or proposed between any Director, or parties in which they are interested, and the Company.

11.5.3 Other than payment of salary and benefits in lieu of notice, the Directors' service agreements and/or letters of appointment (as applicable) do not provide for benefits upon termination of employment or in connection with retirement from office.

12. SIGNIFICANT SHAREHOLDERS

12.1 As at the date of this document and on Admission, save for the interests of the Directors, which are set out in paragraph 9 above, the Company is aware of the following persons who are or will hold, directly or indirectly, voting rights representing three per cent. or more of the issued share capital of the Company to which voting rights are attached.

<i>Name</i>	<i>Registered Shareholder</i>	<i>At the date of this document</i>		<i>On Admission</i>	
		<i>No. of Ordinary Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Jeffrey Yeh (& his associates)	Homart Group Pty Ltd	3,427,010	9.03	3,427,010	5.17
	JYSF Management Pty Ltd	2,629,181	6.93	2,629,181	3.97
	Kirby Superannuation Pty Ltd	903,296	2.38	903,296	1.36
	MYLY Management Pty Ltd	103,708	0.27	103,708	0.16
Citicorp Nominees Pty Limited		2,137,589	5.63	2,137,589	3.23
Kobella Holdings Pty Ltd (The Kobella Holding Unit A/C)		1,371,429	3.61	1,371,429	2.07
Premier Miton Group		–	–	3,149,606	4.76
Pentwater Capital Management		–	–	3,149,606	4.76
Total		10,572,213	27.86%	16,871,425	25.47%

12.2 Neither the Directors nor any significant holder of Ordinary Shares, as listed above in paragraph 9 and this paragraph 12 of this Part VI, has voting rights different to other Shareholders.

12.3 To the best of the Directors' knowledge, the Company is not directly or indirectly owned or controlled by any Shareholder or any other person.

12.4 To the best of the Directors' knowledge, there are no arrangements in place which may at a subsequent date result in a change in control of the Company.

13. EMPLOYEES

13.1 As at 31 December 2024 the Group has 14 employees, comprising 14 full time employees. All the Group's employees are located in Australia in office and management roles.

13.2 The table below sets out the number of employees employed by the Group during the last three financial years:

<i>As at Financial year to 30 June</i>	<i>Number of persons employed</i>
2024	31
2023	34
2022	29

14. MATERIAL CONTRACTS

Other than as set out below, and other than contracts entered into in the ordinary course of business, neither the Company nor any member of the Group, has entered into any contract in the two years immediately prior to the date of this document which is or may be material, or which contains any provision under which the Company or any member of the Group has any obligation or entitlement which is material to the Company as at the date of this document:

14.1 *Placing Agreement between the Company, the Directors, the Joint Brokers and Strand Hanson*

The Company has entered into a Placing Agreement dated 18 March 2025 with the Directors, the Joint Brokers and Strand Hanson, pursuant to which the Joint Brokers were appointed as agents of the Company to use their respective reasonable endeavours to procure subscribers for the UK Placing Shares at the Placing Price. The Placing Agreement is conditional, among other things, on Admission taking place no later than 31 March 2025, or such later date as may be agreed between the Company, the Joint Brokers and Strand Hanson, and the Company and its Directors complying with their respective obligations under the Placing Agreement. The UK Placing is not being underwritten. Under the terms of the Placing Agreement, Admission and completion of the UK Placing are *inter alia* conditional upon the Company completing the payment to the PA Sellers (as defined in paragraph 14.4 below) of the cash payment of A\$5,250,000 due to be paid on or before 21 March 2025.

Pursuant to the Placing Agreement, the Company and its Directors have given certain warranties to Strand Hanson and the Joint Brokers regarding, among other things, the accuracy of information in this document, and the Company has given a customary indemnity to Strand Hanson and the Joint Brokers.

In consideration for the services provided by Strand Hanson under the Placing Agreement, the Company will pay to Strand a fee.

In consideration for the services provided by the Joint Brokers under the Placing Agreement, the Company will pay to the Joint Brokers certain fees and commissions.

In addition to the fees and commissions referred to above, conditional on Admission and subject to the ASX Approval being obtained within four months from the date of the Placing Agreement, the Company has agreed to issue the Strand Warrants and the Orana Warrants referenced in paragraphs 14.8 and 14.9 of this Part VI.

Between the date of the Placing Agreement and 6 months after Admission, the Joint Brokers' and Strand Hanson's prior written consent (not to be unreasonably withheld or delayed) must be obtained by the Company prior to the standard restricted actions including the Company entering into or terminating any commitment or agreement which could materially affect the business of the Group or Admission, the Company despatching any public announcement concerning the Group (including, any profits and losses related announcements) and any further issues of shares, options or convertibles by the Company (save as referred to in this document).

Each of Strand Hanson and the Joint Brokers is entitled, in certain limited circumstances, to terminate the Placing Agreement prior to Admission and to the payment of its outstanding costs on such termination.

The agreement is governed by English law and the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this agreement.

14.2 ***Lock-in Agreements between each of the Locked-In Shareholders, the Company, the Joint Brokers and Strand Hanson***

Lock-in Agreements were entered into between each of the Directors who has a direct interest in Ordinary Shares held at Admission (being each of Zack Bozinovski, George Karafotias, Jeffrey Yeh, Andrew Vidler and Eric Jiang) (the “Locked-In Shareholders”), the Company, the Joint Brokers, Barclay Pearce, and Strand Hanson, on 18 March 2025.

Pursuant to the terms of the Lock-In Agreements, each of the Locked-In Shareholders has agreed not to dispose of any direct interest in Ordinary Shares held at Admission for the period of 12 months following Admission, except in certain limited circumstances and for a further period of 12 months following the expiry of the initial 12 month period, only to dispose of an interest in any Ordinary Shares which they legally and beneficially own at Admission through a Joint Broker, Barclay Pearce or their successors or, in each case, such broker’s or replacement broker’s authorised or appointed brokers, and in such manner as they may reasonably require with a view to maintenance of an orderly market in the Ordinary Shares, save where a Joint Broker, Barclay Pearce or their successors (or, as applicable, their authorised or appointed broker), within three Business Days of being formally instructed to make the disposal are unable to arrange it at a price and on such terms as to commission and execution which are acceptable to the Locked-In Shareholder subject to the Lock-in Agreement, the disposal may be effected through a third party broker but only:

- where such Ordinary Shares are disposed at a price higher than the price quoted by, and otherwise on terms no less favourable than those offered by the Joint Brokers or Barclay Pearce or their successors (or, as applicable, their authorised or appointed broker);
- within a further three Business Days of the expiry of the period of three Business Days referred to above; and
- with the intention that an orderly market should be maintained in the share capital of the Company.

The circumstances in which the Locked-In Shareholders may dispose of an interest in Ordinary Shares are as follows:

- any disposal in acceptance of a takeover bid for the whole or part of the issued equity share capital of the Company (other than any equity share capital held by or committed to the bidder and/or persons acting in concert with the bidder) made under Chapter 6 of the Corporations Act, that, if successful, would result in the bidder having a relevant interest in more than 50 per cent. of the equity share capital of the Company on issue;
- any disposal pursuant to a scheme of arrangement under Part 5.1 of the Corporations Act in relation to the Company;
- any disposal pursuant to an offer by the Company to purchase its own shares which is made on identical terms to all holders of Ordinary Shares in the Company, and which otherwise complies with all applicable legal and regulatory requirements;
- any disposal pursuant to an intervening court order; or
- with the consent of the Company, Strand Hanson, the Joint Brokers or Barclay Pearce (or their successors). The Lock-in Agreements are each governed by English law.

The Ordinary Shares subject to lock-in arrangements with Jeffrey Yeh relate only to his holding via JYSF Management Pty Ltd and do not include Ordinary Shares held by Homart Group Pty Ltd, Kirby Superannuation Fund, MYLY Trust or his wider family.

14.3 *Nominated Adviser Agreement*

A Nominated Adviser Agreement dated 18 March 2025 has been entered into between the Company and Strand Hanson pursuant to which the Company has appointed Strand Hanson to act as its nominated adviser to the Company for the purposes of the AIM Rules for Companies.

The Nominated Adviser Agreement has a minimum term of 18 months and thereafter is subject to termination, among other things, by either the Company or Strand Hanson on the giving of not less than 3 months' prior written notice. Either party may nevertheless terminate the agreement with immediate effect if the other party is in material breach of its obligations under the Nominated Adviser Agreement.

The Company has agreed to pay an annual advisory fee to Strand Hanson for its services pursuant to the agreement.

The Nominated Adviser Agreement contains certain undertakings by the Company and indemnities given by the Company in respect of, among other things, compliance with all applicable regulations.

In connection with the Nominated Adviser Agreement, the Directors have given an undertaking that, for as long as they remain a director of the Company, they will, *inter alia*, use all reasonable endeavours to procure that the Company complies with the AIM Rules for Companies, including without limitation, the continuing obligations for companies trading on AIM and the Company complies with all undertakings, commitments and statements of intent made by the Company in this document.

The Nominated Adviser Agreement is governed by English Law and the courts of England and Wales have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Nominated Adviser Agreement.

14.4 *Broker Agreement*

14.4.1 *Broker Agreement with Orana*

The Company has entered into a broker agreement with Orana pursuant to which Orana has been appointed to act as a joint broker (the "**Orana Broker Agreement**") for the purposes of the AIM Rules for Companies.

The Orana Broker Agreement is for an initial period of 24 months from Admission, and is subject to termination, among other things, by either the Company or Orana on the giving of not less than 3 months' prior written notice, however such notice cannot be given by the Company until a date 18 months following the date of Admission.

Under the terms of the Orana Broker Agreement, the Company will pay an annual retainer of £30,000 plus fees and expenses reasonably incurred in connection with Orana's appointment.

The Orana Broker Agreement contains certain undertakings by the Company and indemnities given by the Company in respect of, among other things, compliance with all applicable regulations.

This Orana Broker Agreement is subject to English law and any claims or disputes arising out of, or in connection with, this Orana Broker Agreement are subject to the exclusive jurisdiction of the English Courts.

14.4.2 *Broker Agreement with SP Angel*

The Company has entered into a broker agreement with SP Angel pursuant to which SP Angel has been appointed to act as a joint broker (the “**SP Angel Broker Agreement**”) for the purposes of the AIM Rules for Companies.

The SP Angel Broker Agreement is for an initial period of 24 months from Admission and is subject to termination, among other things, by either the Company or SP Angel on the giving of not less than 3 months’ prior written notice, however such notice cannot be given by the Company until a date 18 months following the date of Admission.

Under the terms of the SP Angel Broker Agreement, the Company will pay an annual retainer of £30,000 as well as commission on any fundraising.

The SP Angel Broker Agreement contains certain undertakings by the Company and indemnities given by the Company in respect of, among other things, compliance with all applicable regulations.

This SP Angel Broker Agreement is subject to English law and any claims or disputes arising out of, or in connection with, this SP Angel Broker Agreement are subject to the exclusive jurisdiction of the English Courts.

14.5 *Registrar Agreement between the Company and the Registrar*

On 17 August 2016, the Company entered into an agreement with the Registrar (“**Registrar Agreement**”) pursuant to which the Company appointed the Registrar as its share registrar to provide, or procure the provision of, share registration services and certain online services.

Pursuant to the terms of the Registrar Agreement, the Company is to pay certain fees and charges to the Registrar including annual fees, set-up fees and in certain circumstances fees for transfers. The Registrar Agreement is for an initial period of 2 years and thereafter will be renewed automatically every 2 years but will be terminable by either party giving six months’ written notice to the other. In certain circumstances the parties will be entitled to terminate the Registrars Agreement within a shorter notice period. The Registrar Agreement is governed by Australian law.

14.6 *Depositary Agreement*

On 19 February 2025, the Company and the Depositary entered into a depositary and custody services agreement which provides for the Depositary’s appointment as Depositary and custodian in relation to the Ordinary Shares and for the Depositary to provide certain depositary services, custody services and dividend services in connection with the Depositary Interests.

The Depositary was appointed for an initial term of five years and thereafter the appointment may be terminated by either party giving no less than six months’ notice. The depositary services include the issue and cancellation of Depositary Interests and maintaining the Depositary Interests register.

In the event of termination, the parties agree to take all reasonable steps to ensure the phasing out the Depositary’s operations are implemented in an efficient manner without adverse effect on Depositary Interest holders and the Depositary shall deliver to the Company (or as it may direct) all documents and other records relating to the Depositary Interests which is in its possession and which is the property of the Company.

The agreement is governed by English law.

14.7 *Depositary Deed Poll*

Under the terms of a deed poll entered into by the Depositary on 18 February 2025 (the “**Depositary Deed Poll**”), the Depositary will hold (itself or through its nominated custodian), as bare trustee, the Ordinary Shares issued by the Company that underlie the Depositary Interests and all and any rights and other securities, property and cash attributable to the Ordinary Shares and pertaining to the Depositary Interests for the benefit of the holders of the relevant Depositary Interests.

The Depositary shall re-allocate any Ordinary Shares or distributions which are allocated to the custodian and which arise automatically out of any right or entitlement of Ordinary Shares already held by the custodian to holders of Depositary Interests *pro rata* to the Ordinary Shares held for their respective accounts provided that the Depositary shall not be required to account for any fractional entitlements arising from such reallocation and shall donate the aggregate fractional entitlements to charity.

Holders of the Depositary Interests warrant, among other things, that the securities in the Company transferred or issued to the custodian on behalf of the Depositary and for the account of the holders of Depositary Interests are free and clear from all liens, charges, encumbrances or third party interests (other than the interests arising pursuant to the Depositary Deed Poll) and that such transfers or issues are not in contravention of the Constitution nor any contractual obligation, law or regulation. The holders of Depositary Interests shall indemnify and keep indemnified the Depositary for any losses it incurs as a result of breach of this warranty.

The Depositary and the custodian must pass on to holders of Depositary Interests and exercise on behalf of Depositary Interest holders all rights and entitlements received or to which they are entitled in respect of the Ordinary Shares which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information to make choices and elections and to attend and vote at meetings shall, subject to the Depositary Deed Poll, be passed on to the holders of Depositary Interests upon being received by the custodian and in the form in which they are received by the custodian together with any amendments and additional documentation necessary to effect such passing-on.

The Depositary warrants that it is an authorised person under the FSMA and is duly authorised to carry out custodian and other activities under the Depositary Deed Poll. It also undertakes to maintain that status and authorisation. The Depositary Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not be liable to any Depositary Interest holder or any other person for liabilities in connection with the performance or non-performance of its obligations under the Depositary Deed Poll or otherwise except as may result from its negligence or wilful default or fraud or that of any person for whom the Depositary is vicariously liable, provided that the Depositary shall not be liable for the negligence, wilful default or fraud of any custodian or agent, which is not a member of its group, unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such custodian and agent.

Each holder of Depositary Interests is liable to indemnify the Depositary and any custodian (and their agents, officers and employees), and hold each of them harmless from and against all liabilities arising from or incurred in connection with, or arising from any act related to, the Depositary Deed Poll so far as they relate to the property held for the account of that holder, other than those caused by or resulting from the wilful default, negligence or fraud of (i) the Depositary or (ii) the custodian or any agent if such custodian or agent is a member of the Depositary's group or if, not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use of such custodian or agent.

The Depositary is entitled to make deductions from the deposited property or any income or capital arising therefrom, or to sell such deposited property and make deductions from the sale proceeds thereof, in order to discharge the indemnification obligations of Depositary Interest holders.

The Depositary may compulsorily withdraw the Depositary Interests (and the holders of Depositary Interests shall be deemed to have requested their cancellation) if certain events occur. These events include where the Depositary believes that ownership of the Depositary Interests may result in a pecuniary, fiscal or material regulatory disadvantage to the Depositary or the custodian or where the Depositary Interests are held by a person in breach of the law. If these events occur the Depositary shall make such arrangements for the deposited property as it sees fit, including sale of the deposited property and delivery of the net proceeds thereof to the holder of the Depositary Interests in question. The Depositary may terminate the Depositary Deed Poll by giving not less than 30 days' prior written notice. During such notice period, Depositary Interest holders may cancel their Depositary Interests

and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination, the Depositary shall, as soon as reasonably practicable, and amongst other things, (i) deliver the deposited property in respect of the Depositary Interests to the relevant Depositary Interest holder or, at the Depositary's discretion, (ii) sell all or part of such deposited property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Depositary Deed Poll pro rata to the Depositary Interest holders in respect of their Depositary Interests.

The Depositary Deed Poll is governed by English law.

14.8 *Strand Warrant Instrument*

Conditional on Admission, under the terms of the Placing Agreement, the Company has agreed, subject to the ASX Approval being obtain by the Company within four months from the date of the Placing Agreement, to grant Strand Hanson warrants to subscribe for, in aggregate, 1,023,622 Ordinary Shares (being 1.55 per cent. of the Enlarged Share Capital) at an exercise price per share equal to the Placing Price ("**Strand Warrants**") under the terms of a warrant instrument, the key terms of which are summarised in this paragraph 14.8 ("**Strand Warrant Instrument**").

Upon receipt of the ASX Approval, the Strand Warrant Instrument is to be executed by the Company and the Strand Warrants are to be issued by the Company under its terms which provide the Strand Warrants are exercisable, in whole or in part, at any time during the period of three years commencing on the date of the Strand Warrant Instrument subject to adjustment in accordance with the terms of the Strand Warrant Instrument. The Strand Warrants can be exercised by Strand Hanson by submitting a completed exercise notice and the relevant exercise monies. A request to exercise the Strand Warrants is irrevocable once submitted to the Company, save with the consent of the Company.

The number of Ordinary Shares which would be granted upon exercise of the Strand Warrants and/or the applicable subscription price may be adjusted in the event that changes are made to the Ordinary Shares (including sub-division and consolidation of the Ordinary Shares).

14.9 *Orana Warrant Instrument*

Conditional on Admission, under the terms of the Placing Agreement, the Company has agreed, subject to the ASX Approval being obtain by the Company within four months from the date of the Placing Agreement, to grant Orana warrants to subscribe for, in aggregate, 708,611 Ordinary Shares (being 1.07 per cent. of the Enlarged Share Capital) at an exercise price per share equal to the Placing Price ("**Orana Warrants**") under the terms of a warrant instrument, the key terms of which are summarised in this paragraph 14.9 ("**Orana Warrant Instrument**").

Upon receipt of the ASX Approval, the Orana Warrant Instrument is to be executed by the Company and the Orana Warrants are to be issued by the Company under its terms which provide the Orana Warrants are exercisable, in whole or in part, at any time during the period of three years commencing on that date of the Orana Warrant Instrument subject to adjustment in accordance with the terms of the Orana Warrant Instrument. The Orana Warrants can be exercised by Orana by submitting a completed exercise notice and the relevant exercise monies. A request to exercise the Orana Warrants is irrevocable once submitted to the Company, save with the consent of the Company.

The number of Ordinary Shares which would be granted upon exercise of the Orana Warrants and/or the applicable subscription price may be adjusted in the event that changes are made to the Ordinary Shares (including sub-division and consolidation of the Ordinary Shares).

14.10 *Investor Option Terms*

On 18 March 2025, the Company executed the terms constituting options to subscribe for, in aggregate, 847,826 Ordinary Shares (being 1.28 per cent. of the Enlarged Share Capital) at an exercise price per share equal to A\$1.40 ("**Investor Options**") (the "**Investor Option Terms**"). The Investor Options have been granted to certain pre-IPO investors in the Company conditional upon Admission.

Under the terms of the Investor Option Terms, the Investor Options are exercisable, in whole or in part, at any time during the period until 20 March 2026 subject to adjustment in accordance with the terms of the Investor Option Terms. The Investor Options can be exercised by the holder by submitting a completed exercise notice and the relevant exercise monies. A request to exercise the Investor Options is irrevocable once submitted to the Company, save with the consent of the Company.

The number of Ordinary Shares which would be granted upon exercise of the Investor Options and/or the applicable subscription price may be adjusted in the event that changes are made to the Ordinary Shares (including sub-division and consolidation of the Ordinary Shares).

14.11 *Convertible Notes*

The Company issued a convertible note to Reach Wholesale Nominees Pty Ltd (previously called Wholesale Holdings Pty Ltd) as trustee for Wholesale Holdings WNX 2022 Trust (the “**2022 Noteholder**”) in June 2022, which has a principal amount of up to A\$6,200,000. The terms of this Convertible Note are set out in a convertible note deed between Wellnex and the 2022 Noteholder dated 10 May 2022 (the “**2022 Deed**”), which was subsequently amended and refinanced in November 2023, and further amended on 5 December 2024. The terms were initially amended to reduce the conversion price to A\$0.08 (which increased to A\$4.00 as a result of the Company’s 50:1 share consolidation on 7 October 2024), extend the maturity date to 21 June 2025, and increase the coupon rate to 13 per cent. (such increase to apply only from the date of refinancing). On 5 December 2024 the terms were further amended in anticipation of Admission, as summarised below. As at the date of this document, the 2022 Noteholder had advanced A\$5,473,565 to the Company.

The Company entered into a second convertible note deed in February 2024 (the “**2024 Deed**”) with Reach Wholesale Nominees Pty Ltd as trustee for Wholesale Holdings WNX 2023 Trust (the “**2024 Noteholder**”), which has a principal amount of up to A\$1,500,000. The 2024 Deed shares the same key terms with the 2022 Deed, being that the Convertible Note has a conversion price of A\$0.08 (which increased to A\$4.00 as a result of the Company’s 50:1 share consolidation on 7 October 2024), a maturity date of 21 June 2025 and a coupon rate of 13 per cent. On 5 December 2024, the terms were further amended in anticipation of Admission, as summarised below. As at the date of this document, the 2024 Noteholder had advanced A\$1,225,000 to the Company.

In connection with the issue of the Convertible Notes, the Company entered into a general security deed with the 2022 Noteholder on 17 June 2022 and another general security deed with the 2024 Noteholder on 14 December 2023. The collateral under these two general security deeds is all present and after-acquired property of the Company.

In anticipation of Admission, which is an ‘exit event’ under the deeds constituting the Convertible Notes, the 2022 Deed and the 2024 Deed were both amended:

- to allow conversion of the Convertible Notes to occur upon Admission with a conversion price equal to the lower of A\$4.00 and the Placing Price; and
- to the extent the relevant Convertible Note is being redeemed as a result of an ‘exit event’, to increase the ‘redemption amount’ by an amount equal to an additional three months interest.

As consideration for these amendments the Company agreed to issue the 2022 Noteholder and 2024 Noteholder with 817,125 and 182,875 Ordinary Shares respectively.

Admission is considered an ‘Exit Event’ under the terms of the Convertible Notes. The Company has agreed with the holders of the Convertible Notes that, upon Admission, Convertible Notes with a principal value of A\$2,190,000 will be “converted” into a total of 3,369,231 Ordinary Shares. This ‘conversion’ will occur by issue of the CLN Shares, with the subscription price payable by the relevant Noteholders for the CLN Shares being applied to repayment / redemption of the Convertible Notes. The balance of the Convertible Notes, with a principal value of A\$4,508,650, will be repaid in full. Interest (which under the terms of the CLNs includes interest which would have accrued for the three months after the redemption date) will be repaid through the issue of 840,546 Ordinary Shares

at the Placing Price. Once the Convertible Notes have been converted and the balance redeemed in full, the Company may require the 2022 Noteholder and the 2024 Noteholder to release its security interest under the general security deed mentioned in this paragraph 14.11.

14.12 *Loan Agreement with Zack Bozinovski and Lence Bozinovski*

The Company is party to a loan agreement with Zack Bozinovski and Lence Bozinovski, who are related parties to the Company (“**Bozinovski Loan**”). Under the Bozinovski Loan, Zack Bozinovski and Lence Bozinovski agreed to provide the Company with a loan facility which has a facility limit of A\$2,000,000. As at the date of this Admission Document, the Company has drawn down A\$1,775,000. The amount owing to the lenders under the Bozinovski Loan at the date of this Admission Document is A\$1,820,000.

The key terms of the Bozinovski Loan are:

Interest rate	10 per cent. per annum (fixed)
Repayment date	On the day that is 18 months after Admission plus five business days
Prepayments	Permitted without penalty
Security	None
Conditional repayment	The Company’s obligation to repay the outstanding amounts is subject to the Company having sufficient funds in excess of its working capital requirements. In such circumstances, the Company and the lender must negotiate in good faith to agree an appropriate extension to the repayment date.

14.13 *Loan Agreement with George Karafotias*

The Company is party to a loan agreement with George Karafotias, who is a related party to the Company (“**Karafotias Loan**”). Under the Karafotias Loan, George Karafotias agreed to provide the Company with a loan facility which has a facility limit of A\$750,000. As at the date of this Admission Document, the Company has drawn down A\$738,000. The amount owing to the lender under the Karafotias Loan at the date of this Admission Document is A\$705,000.

The key terms of the Karafotias Loan are:

Interest rate	10 per cent. per annum (fixed)
Repayment date	On the day that is 18 months after Admission plus five business days
Prepayments	Permitted without penalty
Security	None
Conditional repayment	The Company’s obligation to repay the outstanding amounts is subject to the Company having sufficient funds in excess of its working capital requirements. In such circumstances, the Company and the lender must negotiate in good faith to agree an appropriate extension to the repayment date.

14.14 *Pain Away Acquisition Agreement*

The Company and BSPSPA entered into a business sale agreement dated on or around 4 October 2023 with 365 Health Australia Pty Limited, Ziptime Pty Limited, One Zero Pty Limited, Twisobell Health Pty Limited and Elias Nassar (the “**PA Sellers**”) (“**Pain Away Acquisition**”). As part of this agreement, a range of intellectual property rights were purchased, including the “Pain Away” trademarks, domain names, ingredients lists, a manufacturing agreement, TGA registrations, goodwill, records, approvals, stock and plant and equipment.

The purchase price for the assets (including inventory) was initially A\$22,000,000 in cash (which included two deferred payments of A\$2,925,000) and 20,000,000 Ordinary Shares at an issue price of A\$0.05 (subject to an escrow which ended on 31 May 2024).

In order to delay the payment dates for the two deferred payments, the Company and the PA Sellers agreed amendments to the business sale agreement. As part of this arrangement, the Company issued 480,770 Ordinary Shares to 365 Health Pty Ltd on 7 March 2025. The Company also paid A\$550,000 to the PA Sellers. This payment was made in two tranches: A\$250,000 on 24 January 2025 and \$300,000 on 28 January 2025.

Under the amended terms, the following payments by the Company to the PA Sellers remain outstanding:

- the two deferred payments were increased to an aggregate of A\$6,250,000 payable originally on or before 3 March 2025. As per a deferral agreement reached on 5 March 2025, A\$1,000,000 of this amount was paid on 7 March 2025, with the remaining A\$5,250,000 due on or before 21 March 2025;
- 403,226 Ordinary Shares (being A\$250,000 worth of Ordinary Shares as A\$0.62) which must be issued to 365 Health Pty Ltd on or before 21 March 2025; and
- following satisfaction in full of the cash payment and the shares issue described above, four monthly payments of A\$50,000 each will commence the following month. For instance, if on 21 March 2025 the cash payment is satisfied in full and the above mentioned shares are issued, then the first payment will be due on 21 April 2025 and the final payment will be due on 21 July 2025.

In consideration for entering into the 5 March 2025 deferral, the Company has agreed to pay to 365 Health Pty Ltd \$500,000 on or before 31 March 2025, however the parties have agreed to waive this payment if the Company complies with its obligation to pay remaining A\$5,250,000 on or before 21 March 2025.

Performance of the sale agreement by BSPSPA is guaranteed and indemnified by the Company. The obligations of BSPSPA under the sale agreement are further secured by the securities granted by BSPSPA and the Company. BSPSPA entered into a general security deed with the PA Sellers on 18 December 2023 pursuant to which the PA Sellers have been granted a security interest over the all personal property of BSPSPA, and property other than personal property (including land) (“**PA General Security Deed**”). Additionally, in connection with this general security deed, the Company entered into a specific security deed with the PA Sellers on 18 December 2023 and the collateral under this specific security deed is the Company’s shares in BSPSPA (“**PA Specific Security Deed**”). Once the final payment to the PA Sellers has been made, the Company and BSPSPA may request the discharge of the security interest granted by BSPSPA under the PA General Security Deed and by the Company under the associated PA Specific Security Deed.

14.15 *Joint Venture Shareholders’ Agreement*

On 29 March 2023, 1LH Pty Ltd (“1LH” or the “JV”) was registered as the special purpose vehicle to carry out activities under the joint venture between the Company and OneLife, being the distribution and sale in Australia of medicinal cannabis under schemes which are set out in the Therapeutic Goods Act and Regulations and overseen by the TGA. Details of the joint venture are set out in paragraph 4.2.2 of Part I.

1LH is governed by its constitution and a shareholders’ agreement entered into between the JV, Wellnex and OneLife on 25 February 2025.

The JV’s constitution specifies that notwithstanding any other provision of the constitution, neither the JV, nor any of its subsidiaries, shall carry out any business involving, nor shall they make any investment in or have any involvement with any company or business that carries out any business or has any investment in or involvement with: (a) any form of recreational cannabis; or (b) any other

form of cannabis, other than in accordance with all applicable laws and regulations and following the grant to the JV (or, as applicable, its relevant subsidiary or the company or business in which the JV or any of its subsidiaries has made an investment) of all necessary and valid licences, approvals, authorisations permits and/or registrations.

The JV shareholders' agreement sets out the terms on which the joint venture will operate, and in particular, sets out that:

- The joint venture will only operate in the Australian market and the JV must not, and the shareholders must procure that the JV does not, expand into any other jurisdictions.
- The JV will cease operation in the event that recreational cannabis becomes legal in the Australian market. In any event, the JV is restricted from carrying out any business involving, making any investment in or having any involvement with any company or business that carries out business or has any investment in or involvement with, any form of recreational cannabis.
- If the joint venture business is conducted in a way that would result in Wellnex being in breach of POCA, or the joint venture's medicinal cannabis business being in breach of UK law, the business must be adjusted so that it is compliant, or if that is not possible the medicinal cannabis business must cease entirely.
- The JV and its shareholders (if applicable) must at all times have the required licences to distribute and sell medicinal cannabis products including complying with all state and federal regulatory requirements, and must monitor or procure the monitoring of the compliance of supply chain parties.
- For each holding of 20 per cent of the JV's shares, a shareholder shall have the right to appoint a director to the board of the JV. Currently the board comprises two directors, being one appointee from the Company (being George Karafotias) and one appointee from OneLife (being Andrew James Grant, major shareholder of OneLife and authorised person on OneLife's licenses).
- OneLife, and its nominee director(s) may not vote on decisions relating to OneLife's role as supplier to the joint venture, or on the selection of alternate suppliers if the supply arrangement with OneLife is terminated.
- Reserved Shareholder Matters ("**RSMs**") require approval from holders of at least 75 per cent. of JV's issued shares. RSMs include a material change to the JV's business. The shareholders expressly agree that the JV's business will not be altered to:
 - to include the manufacture or distribution of, or otherwise dealing with, cannabis-products for recreational purposes;
 - to deal with cannabis products in any other manner which would breach the applicable laws of Australia and/or the United Kingdom;
 - such that the JV's business would result in Wellnex being in breach of POCA or any other applicable law of the United Kingdom;
 - to expand its business into any jurisdiction other than Australia; or
 - to include activities the purpose of which are not legal in the United Kingdom.
- For as long as the Company's Ordinary Shares are admitted to trading on AIM, the JV must and its shareholders must procure that the JV does not appoint an alternative supplier (or require the relevant counterparty to appoint an alternative supplier) until that alternative supplier's possession of the necessary permits, consents, authorities, approvals and licences to conduct their proposed activities and its compliance with the applicable regulatory requirements has been verified by the Company and, if necessary, their proposed appointment has been cleared with AIM.

- Other terms and conditions which are customary and consistent with an agreement of this type.

On March 2023, the Company announced that Australian national pharmacy chain, Chemist Warehouse, would be taking an interest in 1LH, resulting in the Company and OneLife each retaining a 45 per cent. interest, and Chemist Warehouse acquiring a 10 per cent. interest. The Company expects to conclude Chemist Warehouse's participation in 1LH, including Chemist Warehouse's accession to the JV shareholders' agreement, as soon as practicable after Admission.

14.16 *Distribution Agreement with The Entourage Effect Pty Ltd*

There is a distribution agreement between BSPS and The Entourage Effect Pty Ltd ("Entourage Effect"). This agreement provides that Entourage Effect will take delivery of medicinal cannabis products (currently, products manufactured by OneLife Labs Pty Ltd) and delivered to Entourage Effect at the direction of BSPS, hold those products on consignment from BSPS and sell those products to pharmacies for supply to patients who have prescriptions for the products.

Under the agreement, both parties are required to comply with all relevant regulatory requirements for the supply of the products. For example, Entourage Effect undertakes to only supply Products to pharmacies who hold all necessary licences, and to ensure that such pharmacies only dispense Products to patients who have received prescriptions under the Authorised Prescriber Scheme or Special Access Scheme.

The agreement also requires each party to provide reasonable assistance to the other party to facilitate the other party's compliance with that party's legal and regulatory requirements.

The distribution agreement allows BSPS to assign the agreement without Entourage Effect's prior consent. This provision facilitates the assignment by BSPS to the JV.

A Quality Agreement is also in place between the parties. This sets out detailed compliance obligations on Entourage Effect, as distributor, including the maintenance of an effective system for traceability of products, and checking that customers (i.e. the pharmacies to whom products are despatched) hold the relevant licences to enable the supply of Schedule 4 or Schedule 8 products (as applicable).

14.17 *Product Supply Agreement with OneLife Botanicals Pty Ltd*

There is a product supply agreement between the Company, BSPS (as Purchaser), OneLife Botanicals Ltd and OneLife Labs Pty Ltd ("OLL") (as supplier). OLL is a licensed manufacturer and supplier of cannabis for medical and research purposes.

This agreement provides that BSPS, as the sponsor of the medicinal cannabis products, will supply and sell the medicinal cannabis products until the JV obtains all the necessary licenses to become the sponsor. BSPS will purchase medicinal cannabis products from OLL and OLL will fulfil purchase orders. Each of OLL and BSPS undertake that they are compliant with all laws, regulations and guidelines governing the sale or supply of medicinal cannabis products upon the Company.

An associated Quality Assurance Agreement, exclusivity appointment deed and flow of funds deed are also in place between the parties:

- (a) The Quality Agreement between OLL and BSPS details the compliance obligations of OLL, as manufacturer, including compliance with regulatory requirements for GMP manufacturing strictly to specification and providing Certificates of Analysis (confirming quality and specifications) for each batch of finished products.
- (b) Under the Exclusivity Appointment Deed, the Company and BSPS appoint OLL as exclusive supplier of medicinal cannabis products for a term of 10 years from 1 January 2024.
- (c) The Flow of Funds Deed sets out the practical arrangements for payments between the parties.

14.18 *Licence and Supply Agreement with Olive Healthcare*

BSPS acquired a licence and supply agreement between Olive Healthcare and Ecopure Health Pty Ltd (“Ecopure Health”) from Ecopure Health under the Brand Solutions Australia asset sale agreement (“**BSA transaction**”). This licence and supply agreement has been partially assigned to BSPS. The terms which have not yet been assigned relate to the right of the licensee to become the registered sponsor of the Wagner Liquigesic products with the TGA. While an application to transfer sponsorship from Ecopure Health to the Company has been lodged with the TGA, the transfer has not yet been processed. Assignment of the remainder of the licence and supply agreement with Olive Healthcare will occur simultaneously with the transfer of the TGA registration.

Under the agreement, Olive Healthcare manufactures liquigesic products and supplies them to the Group under the Panadol, Wagner, Wakey Wakey, Pharmacy Own, Apohealth and Chemists’ Own brands for international distribution, including throughout Australia, New Zealand, South Africa, Russia, the UAE and various countries throughout Asia and Europe.

The agreement remains valid for seven years from the date of the commercial launch of each product in the ‘territory’. The agreement may be renewed for such further period as mutually agreed in writing by the parties. Notwithstanding the above, BSPS also has a right to terminate the agreement for convenience by giving six months advance written notice. Olive Healthcare has no such termination for convenience right.

The manufacture of Panadol branded products for Haleon are governed separately by the tripartite agreement between the BSPS, Haleon UK and Olive Healthcare referenced in paragraph 14.19 below. Supply to Haleon UK under this separate tripartite agreement accounts for around 80 per cent. of the products manufactured for the Group by Olive Healthcare. The remaining 20 per cent. of Olive Healthcare’s supply to the Group is governed by the supply and licence agreement described in this paragraph.

14.19 *Supply Agreement with Haleon*

Haleon is a world-leading consumer healthcare company that owns brands including Panadol, Sensodyne, Voltaren, Polident, Centrum, Otrivin and Advil. BSPS entered into a licensing and supply agreement with Haleon UK (which is part of Haleon’s group) and Olive Healthcare during FY22 being the tripartite agreement mentioned above. The agreement governs the supply of soft gel liquid paracetamol products, on a non-exclusive basis, to Haleon UK from BSPS. BSPS does not supply products to Haleon UK other than the soft gel liquid paracetamol products produced by Olive Healthcare under this agreement.

The relationship with Haleon UK is ongoing, and Haleon UK places orders for various products via purchase orders.

The Group intends to supply new lines of product to Haleon in due course, which may occur under the existing supply agreement terms, or under new terms (if the Group’s supply to Haleon expands beyond paracetamol products). No formal documentation has been entered into between the Group or BSPS and Haleon in relation to any further supply of new product lines.

14.20 *Supply Agreement with Chemist Warehouse*

The Group supplies Chemist Warehouse with products under its Pain Away, Wakey Wakey, Nighty Night, The Iron Company and Wagner Liquigesic brands.

Under the terms of the supply agreement, Chemist Warehouse issues BSPS with purchase orders requesting the supply of specified amounts of BSPS products.

This agreement’s term expires on 28 October 2025. The current terms of this agreement allow for a one year extension beyond this date, but do not contemplate an extension for a further term beyond this, so any further extension to this agreement must be negotiated between the parties.

Chemist Warehouse may terminate the agreement without cause by providing at least one month's written notice to BSPS.

The supply agreement includes extensive product-specific warranties concerning the standard and quality of the goods and Chemist Warehouse has the discretion to recall or reject goods after delivery by BSPS.

The agreement also contains provisions that apply specifically to the supply of products under the Wagner Liquigesic brand which gives Chemist Warehouse worldwide exclusivity over these products.

14.21 *Scot Pac Facility*

BSPS has entered into a debtor finance facility and a trade finance facility with Scottish Pacific Business Finance Pty Ltd ("**ScotPac**"), each of which are guaranteed by the Company and BSPSPA. Each of these facilities has a minimum term which ends on 13 December 2025 ("**Facility End Date**"). The Company, BSPS and BSPSPA have each granted security to ScotPac over all present and after acquired property to secure payment of amounts owed under these facilities.

14.21.1 *Debtor Finance Facility*

The ScotPac Debtor Finance Facility has a limit of A\$2,800,000. Under the terms of this facility, ScotPac purchases all invoices of BSPS, which must be paid within 90 days of the end of the month in which that invoice is issued. If ScotPac 'approves' an invoice, BSPS may request the early payment of up to 70% of the value of that invoice as a draw-down from the facility.

The interest rate on amounts owing to ScotPac by BSPS is the 30-day bank bill rate as represented by BBSY plus, at ScotPac's determination (based on certain factors, including whether there is a continuing default by BSPS), either 6.8% or 12.8%.

After the Facility End Date, ScotPac may terminate the Trade Finance Facility on 1 months' written notice to BSPS. The facility otherwise contains conventional termination rights.

14.21.2 *Trade Finance Facility*

The Scotpac Trade Finance Facility has a limit of A\$2,500,000. Under the terms of this facility, ScotPac may advance funds to BSPS in the form of an irrevocable letter of credit, or by paying a third party directly on BSPS' behalf.

The interest rate on amounts owing to ScotPac by BSPS is the 30-day bank bill rate as represented by BBSY plus, at ScotPac's determination (based on certain factors, including whether there is a continuing default by BSPS), either 6.8% or 12.8%.

After the Facility End Date, ScotPac may terminate the Debtor Finance Facility on 2 months' written notice to BSPS. The facility otherwise contains conventional termination rights.

14.22 *Barclay Pearce Capital Investments Mandate and Firm Commitment*

The Company has executed a mandate letter with Barclay Pearce dated 18 March 2025 for Barclay Pearce to provide services in relation to raising capital from Australian investors to fund the Pain Away Acquisition and to participate in the Australian Placing. The Barclay Pearce mandate continues until it is terminated by either party in accordance with its terms. Either party may terminate the mandate by giving 12 months' written notice to the other party. Other conventional termination rights are also set out in this mandate.

Barclay Pearce will be paid certain fees and commissions by the Company for its services in connection with the Pain Away Acquisition and the Australian Placement. Certain of the fees and commissions are to be settled by the issue to Barclay Pearce of Ordinary Shares.

14.23 *Reach Markets Mandate and Firm Commitment*

Reach was appointed as lead manager of the Rights Offer, as announced on 10 February 2025.

The Company has executed a mandate with Reach dated 17 March 2025 for Reach to provide services in relation to the Rights Offer, subscriptions by the holders of the Convertible notes for CLN Shares, and the Australian Placing. The term of this mandate commenced on 13 March 2025 and continues until terminated in writing by a party. Either the Company or Reach may terminate the mandate by giving 30 days' written notice to the other party. Other conventional termination rights are also set out in this mandate. Reach will be paid certain fees and commissions by the Company for its services in connection with the Rights Offer, the subscriptions for CLN Shares and the Australian Placing. Certain of the fees and commissions are to be settled by the issue to Reach of Ordinary Shares.

14.24 *Barclay Pearce Undertaking*

By an agreement entered into on 18 March 2025, which is conditional upon and with effect from publication of this document, Barclay Pearce Capital Investment Pty Limited ("**BPCI**") has given an undertaking to the Company in respect of BSPS's debtor finance facility and trade finance facility with ScotPac (the "**ScotPac Facilities**"), summaries of which are set out in paragraphs 14.21.1 and 14.21.2 of this Part VI. BPCI has undertaken to the Company that if, prior to 30 November 2026, either or both of the ScotPac Facilities is terminated by ScotPac for convenience and the Group is unable to secure alternative financing to such terminated ScotPac Facility or ScotPac Facilities by way of debt finance, an issue of new Ordinary Shares in a placement managed by BPCI, or otherwise, in each case sufficient to replace the working capital shortfall to the Group as a result of the termination of such ScotPac Facility or ScotPac Facilities, on terms that are acceptable to the Board (acting reasonably and in good faith), then BPCI shall at the Company's request provide a secured loan facility for such an amount as determined by the Board and up to a maximum of A\$3,500,000 to the Group, repayable no earlier than 30 November 2026 and subject to an interest rate of 15% per annum. BPCI receives a fee for giving the undertaking ("**Undertaking Fee**"), which the Company may (at its election) satisfy by issuing such number of Ordinary Shares to BPCI (or as BPCI may direct) as is equal to the amount of the Undertaking Fee divided by A\$0.65, rounded up to the nearest whole number of Ordinary Shares.

15. RELATED PARTY TRANSACTIONS

- 15.1 The Company's non-executive director, Jeffrey Yeh, co-founded the Homart group and is currently a director of Homart Group Pty Ltd and its subsidiaries and Homart Pharmaceuticals Pty Ltd. Homart previously manufactured and supplied the Company with sports nutrition products under the Performance Inspired brand; however, it has now ceased selling the Performance Inspired brand and no longer engages Homart on this. Nevertheless, the Company is party to a distribution and licensing agreement with Homart Group Pty Ltd, wherein the Company appoints Homart Group Pty Ltd as its exclusive distributor of all products under the Pharmacy Own, Mr Bright, Wakey Wakey, Nighty Night, The Iron Company, Pain Away, and all new future products developed by the Company, throughout Asia.
- 15.2 As set out in paragraphs 14.12 and 14.13 above, the Company is party to two related party loans which are on substantially the same terms and under which a combined total of A\$2,513,000 has been drawn down. The loan with George Karafotias, a director of the Company, has a facility limit of A\$750,000, under which A\$738,000 has been drawn down. The related party loan with Zack Bozinovski (a director of the Company) and Lence Bozinovski (an associate of Zack Bozinovski) has a facility limit of A\$2,000,000, under which A\$1,775,000 has been drawn down.
- 15.3 BSPS leases the premises at Suites 71 and 72, 574 Plummer Street, Port Melbourne 3207. In relation to Suite 71, the premise is leased from the Bozinovski Superannuation Fund and D I Rebus Pty Ltd. In relation to Suite 72 the premise is leased from the Bozinovski Superannuation Fund and the Sibel Family Superannuation Fund. The Bozinovski Superannuation Fund is an entity associated with Zack Bozinovski, who is a director of the Company.

- 15.4 During the financial year ending 30 June 2024, the Company provided an unsecured loan of A\$120,000 to 1LH Pty Ltd. The loan is repayable from the earnings of the JV and has no fixed term.
- 15.5 During the period covered by the Historical Financial Information, the Group paid A\$1,889,861 (in the financial year ending 30 June 2023) and A\$803,609 (in the financial year ending 30 June 2024) to BOZDEN PTY LTD, a company controlled by Bozinovski Investments Co Pty Ltd of which Lence and Zack Bozinovski are joint directors, in relation to third party logistics services provided to the Group by that company.
- 15.6 On 16 February 2022, the Company formed a 50/50 joint venture company, Ocean Dairy Pty Ltd (“ORPL”) with Australian Dairy Nutritionals Ltd to launch ‘Ocean Road Dairies’, an organic A2 infant formula range using Australian milk. Zack Bozinovski and George Karafotias are directors of ORPL but have no shareholding or other economic interest in that company. Subsequently, this joint venture was shut down and is no longer in operation, however ORPL is still in existence but is dormant.
- 15.7 On 3 April 2023, the Company formed a 50/50 joint venture company, Cann Comm Pty Ltd (“CCPL”) with OneLife Botanicals Ltd in relation to the branding of the JV. Zack Bozinovski is a director of CCPL, but has no shareholding or other economic interest in that company. This company was not used, and is dormant.
- 15.8 Save as set out in above, there are no related party transactions that the Group has entered into during the period covered by the historic financial information set out in Part III up to the date of this document.

16. INTELLECTUAL PROPERTY

- 16.1 The Group’s material proprietary intellectual property is comprised of trademarks, domain names and unregistered intellectual property for its various brands. Further details are set out below.

16.1.1 *Wellnex*

The Company owns 27 trademarks relating to the Wellnex brand, as well as one domain name.

16.1.2 *Pain Away*

BSPSPA acquired a suite of trademarks and domain names relating to the ‘Pain Away’ brand under the Pain Away Acquisition; however, not all registrations have been transferred to the Company as at the date of this document. The registrations that have not yet been transferred are not considered material by the Group but will be transferred eventually under the Pain Away business sale agreement.

BSPS also acquired TGA registrations, and the ingredient lists, for all of the ‘Pain Away’ products under the Pain Away Acquisition.

16.1.3 *Wakey Wakey*

BSPS has acquired a trademark relating to ‘Wakey Wakey’, as well as all unregistered IP in Wakey Wakey. BSPS also acquired a domain name under the asset sale agreement; however, the transfer has not occurred. The Company does not consider the domain name to be material to the operation of its business but will procure its transfer eventually under the Brand Solutions Australia asset sale agreement.

16.1.4 *Nighty Night*

BSPS owns the ‘Nighty Night’ trademark and a domain name. There is also another trademark in the same name (but for a different class) that is not registered to the Company nor BSPS. As it is held by a third party in class 30, which is for tea and tea products, it is not likely to limit the Group’s exploitation of its Nighty Night product. BSPS also owns all unregistered IP in Nighty Night.

16.1.5 *The Iron Company*

BSPS acquired a trademark and domain name relating to the ‘The Iron Company’ brand. The domain name was not transferred to BSPS as part of the acquisition. The Company does not consider the domain name to be material to the operation of its business but will procure its transfer eventually under the Brand Solutions Australia asset sale agreement.

16.1.6 *Mr Bright*

The Company acquired a suite of trademarks and domain names relating to the ‘Mr Bright’ brand under the Mr Bright acquisition; however, not all domain names have been transferred to the Company as at the date of this document. The domain names that have not yet been transferred are not considered material by the Company but will be transferred eventually under the Mr Bright Asset Sale Agreement.

16.1.7 *Pharmacy Own*

BSPS has acquired two trademarks and one domain name relating to the ‘Pharmacy Own’ brand.

16.1.8 *Other Intellectual Property*

BSPS has acquired the ‘Liquigesic’ trademark.

- 16.2 Save as disclosed in this document, there are no patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are or may be of material to the Company’s business or profitability.

17. NO GOVERNMENTAL, LEGAL OR ARBITRATION PROCEEDINGS

The Company is not and has not been involved in any governmental, legal or arbitration proceedings, which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position or profitability of the Company or the Group, and so far as the Directors are aware, there are no such proceedings pending or threatened against the Company or the Group.

18. WORKING CAPITAL

In the opinion of the Directors, having made due and careful enquiry, and taking into account the net proceeds of the Placing, the working capital available to the Company and the Group is sufficient for its present requirements, that is, for at least the next 12 months from the date of Admission.

19. ACCOUNTING MATTERS

- 19.1 Save for the Placing and as disclosed in this document, there has been no significant change in the financial position of the Group since 31 December 2024, being the date to which the Interim Financial Information in Section D “*Interim Financial Information*” of Part III (“*Historical Financial Information of the Group*”) of this document has been prepared, save for the following:

- on 24 and 28 January 2025, the Company paid aggregate cash of A\$550,000 to the PA Sellers in relation to affect the amendment to the Pain Away Acquisition Agreement;
- on 3 February 2025, the Company issued 3,371,073 Ordinary Shares at A\$0.65 per Ordinary Shares in relation to the Rights Offer for cash consideration of A\$2,191,197;
- in February 2025, the company issued 230,770 Ordinary Shares at A\$0.65 per Ordinary Shares to the value of A\$150,000 to affect the amendment of the Pain Away Acquisition Agreement;
- on 3 March 2025, the Company issued 250,000 Ordinary Shares at A\$0.65 per ordinary shares to the value of A\$162,500 to affect the amendment of the Pain Away Acquisition Agreement;

- on 5 March 2025, the Company paid aggregate cash of A\$550,000 to the PA Sellers in relation to affect the amendment to the Pain Away Acquisition Agreement; and
- on 7 March January 2025, the Company paid cash of A\$1,000,000 to the PA Sellers as part payment of the deferred consideration in relation to the Pain Away Acquisition Agreement.

19.2 The financial information set out in this document relating to the Group does not constitute statutory accounts. William Buck Audit (Vic) Pty Ltd, of Level 20, 181 William Street, Melbourne VIC 3000, Australia, which is registered with the Australian Securities and Investments Commission to carry on audit work in Australia, have been the auditors of the Group for the period covered by the Historical Financial Information.

19.3 The gross proceeds of the Placing are expected to be £5.22 million (A\$10.68 million), with net proceeds expected to be approximately £4.49 million (A\$9.20 million). The total costs and expenses relating to the Placing and Admission payable by the Company are estimated to be approximately £1.61 million (A\$3.29 million), of which £0.28 million (A\$0.58 million) have been settled by the Company prior to publication of this document. Certain of the Company's advisers have agreed, conditional on Admission becoming effective, to apply certain of their fees and/or commission due from the Company in subscription for the Fee Shares.

The accounting reference date of the Company is (and has been for the duration of the period covered by the Historical Financial Information) 30 June.

20. CONSENTS

- 20.1 Strand Hanson Limited of 26 Mount Row, London, W1K 3SQ has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 20.2 Orana Corporate LLP of Eccleston Yards, 25 Eccleston Place, London, SW1W 9NF has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 20.3 S.P. Angel Corporate Finance LLP of Prince Frederick House, 35-39 Maddox Street, London, England, W1S 2PP has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 20.4 Barclay Pearce Capital Management Pty Limited of Level 17, 115 Pitt Street, Sydney, NSW 2000, Australia has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 20.5 Reach Markets Pty Ltd, which is a Corporate Authorised Representative of Reach Financial Group Pty Ltd, of Level 12, 303 Collins Street, Melbourne 3000, Australia, has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 20.6 Crowe U.K. LLP of 55 Ludgate Hill, London, EC4M 7JW has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 20.7 William Buck Audit (Vic) Pty Ltd of Level 20 181 William Street Melbourne VIC 3000 has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 20.8 OneLife Botanicals Ltd, which is the holding company of OneLife Labs Pty Ltd and OneLife Cultivation Pty Ltd, of 140 Officer Road Officer VIC 3809 has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.

21. ADDITIONAL INFORMATION

ScotPac, who provide trade and debtor finance to the Group, has a charge over all assets of the Company's business, including assets in transit.

22. GENERAL

22.1 Where information has been sourced from a third party, the Company confirms that the information has been accurately reproduced and that as far as it is aware and is able to ascertain from the information published by those third parties, no facts have been omitted which would render the information produced inaccurate or misleading.

22.2 Save as disclosed in this document, the Group has not made any investments during the period covered by the Historical Financial Information up to the date of this document, nor are there any investments by the Group in progress or anticipated which are significant.

22.3 No public takeover bids have been made by third parties in respect of the Company's issued share capital during the financial year to 30 June 2024 or in the current financial year.

22.4 Save as disclosed in this Part VI of this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

22.4.1 received, directly or indirectly, from the Company within the 12 months preceding the date of application for Admission; or

22.4.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

22.4.2.1 fees totalling £10,000 or more;

22.4.2.2 securities in the Company with a value of £10,000 or more calculated by reference to the expected price of an Ordinary Share at Admission; or

22.4.2.3 any other benefit with a value of £10,000 or more at the date of Admission.

23. AVAILABILITY OF THIS DOCUMENT

Copies of this document are available free of charge from the Company's registered office and at the offices of Strand Hanson Limited at 26 Mount Row, London, W1K 3SQ during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) and shall remain available for at least one month after Admission. An electronic version of this document is also available to download from the Company's website at www.wellnexlife.com.au.

18 March 2025

PART VII

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

Admission	the admission of the Ordinary Shares, issued and to be issued pursuant to the UK Placing, the Australian Placing, the issue of the CLN Shares in part satisfaction of amounts outstanding under the Convertible Notes, and the Fee Shares, to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies
AIM	the market of that name operated by the London Stock Exchange
AIM Rules for Companies	the AIM Rules for Companies issued by the London Stock Exchange governing admission to and the operation of AIM, as amended or re-issued from time to time
AIM Rules for Nominated Advisers	the AIM Rules for Nominated Advisers issued by the London Stock Exchange setting out the eligibility, ongoing responsibilities and certain disciplinary matters in relation to nominated advisers, as amended or re-issued from time to time
Aldi	Aldi Stores (a limited partnership)
Amcal+	Allied Master Chemists of Australia Limited
APS	means Authorised Prescriber Scheme
Arrotex	Arrotex Pharmaceuticals Pty Limited
ARTG	Australian Register of Therapeutic Goods
APS	Authorised Prescriber Scheme
ASIC	the Australian Securities and Investments Commission
ASX	ASX Limited (ACN 008 624 691) or, as applicable, the ‘Australian Securities Exchange’ financial market operated by ASX Limited, where the Company’s Ordinary Shares are currently admitted to trading
ASX Approval	the necessary ASX approval of the terms of the Strand Warrants and the Orana Warrants to be obtained by the Company to enable the Company to issue the Strand Warrants and the Orana Warrants to Strand Hanson and Orana respectively
ASX Listing Rules	the listing rules of ASX
ASX Settlement	ASX Settlement Pty Limited (ACN 008 504 532)
ASX Settlement Operating Rules	the official settlement and operating rules of ASX Settlement
Australian Co-lead Managers	means Barclay Pearce and Reach
Australian Corporations Act or Corporations Act	Corporations Act 2001 (Cth)

Australian Placing	the placing of the Australian Placing Shares to certain institutional and other investors in Australia by the Australian Co-lead Managers as agents for the Company
Australian Placing Shares	the 6,012,310 new Ordinary Shares to be issued at the Placing Price by the Company pursuant to the Australian Placing
Authorised Prescriber Scheme	a scheme overseen by the TGA which allows authorised medical practitioners to prescribe a category of therapeutic goods that are not included in the Australian Register of Therapeutic Goods to a class of patients with a particular medical condition
Barclay Pearce	means, as appropriate, Barclay Pearce Capital Management Pty Limited and/or Barclay Pearce Capital Investment Pty Limited, the Company's Australian Financial Adviser and Australian Co-lead Manager in relation to the Australian Placing
BSPS	means BSPS Aust Pty Ltd (ACN 649 257 063), a wholly owned subsidiary of the Company, registered on 6 April 2021 in Victoria
BSPSPA	means BSPSPA Pty Ltd (ACN 670 837 028), a wholly owned subsidiary of the Company, registered on 28 August 2023 in Victoria
CGT	Capital Gains Tax
CGPR	Corporate Governance Principles and Recommendations (4th Edition) published by the ASX Corporate Governance Council
Chemist Warehouse	CW Management Pty Ltd
Clifford Hallam Healthcare	Clifford Hallam Healthcare Pty Ltd
Coles	means each of Grocery Holdings Pty Ltd, Coles Supermarkets Australia Pty Ltd, Bi-Lo Pty Ltd and Eureka Operations Pty Ltd
Company or Wellnex	Wellnex Life Limited (ACN 150 759 363)
Constitution	the Company's constitution, a summary of which is set out in paragraph 7 of Part VI of this document
Convertible Notes	the convertible notes issued by the Company in June 2022 (with a principal amount of up to A\$6,200,000) and February 2024 (with a principal amount of up to A\$1,500,000), details of which are summarised in paragraph 14.11 of Part VI of this document
CLN Shares	4,209,777 new Ordinary Shares, comprising the 3,369,231 new Ordinary Shares to be issued to the holders of Convertible Notes upon Admission pursuant to the subscription by such holders for such new Ordinary Shares at a price per Ordinary Share equal to the Placing Price, such consideration to be set off against amounts owed by the Company under such Convertible Notes and 840,546 new Ordinary Shares to be issued to holders of Convertible Notes in respect of interest under the terms of the Convertible Notes
CREST or CREST System	means the paperless settlement system operated by Euroclear UK & International Limited in the UK enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instruments

CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
Depository	Computershare Investor Services PLC
Depository Deed Poll	the deed poll relating to the holding of Ordinary Shares and the issue of the Depository Interests, dated 18 February 2025 and made by the Depository in favour of the DI Holders
Depository Interests or DIs	the interests representing Ordinary Shares issued through the Depository, further information on which is contained in Part I and Part VI of this document
DI Holder	the holder(s) of a Depository Interest, from time to time, pursuant to the Depository Deed Poll
DI Register	Register of Depository Interest Holders
Directors or Board	the directors of the Company whose names are set out on page 14 of this document
DTR	the Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority under section 73A of the FSMA, as amended from time to time
DTR 5	Disclosure and Transparency Rule 5 published by the Financial Conduct Authority, as amended from time to time, which <i>inter alia</i> governs the obligations of persons to disclose their interests in securities of a company to which the DTR apply
EGM	Extraordinary General Meeting of the Shareholders of the Company held on 7 February 2025
Enlarged Share Capital	the Ordinary Shares in issue immediately following Admission, comprising the Existing Ordinary Shares, the Placing Shares, the CLN Shares and the Fee Shares
Entourage Effect	The Entourage Effect Pty Ltd
Euroclear	Euroclear UK & International Limited, the operator of CREST
Existing Ordinary Shares or Existing Share Capital	37,951,704 Ordinary Shares, comprising all of the Ordinary Shares in issue immediately prior to Admission including Ordinary Shares issued pursuant to the Rights Offer, but excluding the Placing Shares, the CLN Shares and the Fee Shares
FCA	the United Kingdom's Financial Conduct Authority
Federal Government	the Australian Federal Government
Fee Shares	the 7,642,825 new Ordinary Shares to be issued to certain of the Company's advisers on Admission, where such advisers have agreed to apply certain of the fees and/or commission due to them in relation to Admission and in respect of services provided to the Company historically in subscribing for such Ordinary Shares
FMCG	means fast-moving consumer goods
FSMA	the United Kingdom Financial Services and Markets Act 2000, as amended

Group	the Company and its wholly owned Subsidiaries, being BSPS, BSPSPA, Wellnex Life UK, and where applicable, its 50 per cent. interest in the JV
Haleon	Haleon PLC
Haleon UK	Haleon UK Trading Services Limited, which is part of Haleon’s group
Historical Financial Information	the audited, consolidated financial information of the Group for the three years ended 30 June 2024, 30 June 2023 and 30 June 2022, as included in Section A “ <i>Historical Financial Information of the Group</i> ” of Part III “ <i>Historical Financial Information of the Group</i> ” of this document
Homart	Homart Group Pty Ltd
HMRC	HM Revenue and Customs
IFRS	UK-adopted international accounting standards
Interim Financial Information	the unaudited, consolidated financial information of the Group for the six-month period ended 31 December 2024, as included in Section B “ <i>Interim Financial Information</i> ” of Part III “ <i>Historical Financial Information of the Group</i> ” of this document
ISIN	international security identification number
Joint Brokers	each of Orana and SP Angel
JV Agreement	the agreement governing the terms of the JV, details of which are summarised in paragraph 14.15 of Part VI of this document
JV or 1LH	means 1LH Pty Ltd (ACN 666 879 232), a company in which Wellnex has a 50 per cent. shareholding, subject to the terms of the JV Agreement
Latest Practicable Date	means 17 March 2025
Locked-in Shareholders	each of the Directors who has an interest in Ordinary Shares, being Zack Bozinovski, George Karafotias, Jeffrey Yeh, Andrew Vidler and Eric Jiang
Lock-in Agreements	the lock-in agreements between the Company, Strand Hanson, the Joint Brokers, Barclay Pearce and each of the Locked-in Shareholders summary details of which are set out in paragraph 14.2 of Part VI of this document
London Stock Exchange	London Stock Exchange plc
Mr Bright Asset Sale Agreement	means the asset sale agreement entered into by the Company and Mr Bright on 9 September 2022 for the acquisition of Mr Bright
NDA	Narcotic Drugs Act 1967
Official List	the Official List maintained by the FCA
OLC	One Life Cultivation Pty (ACN 633 170 386)
OLL	OneLife Labs Pty Ltd (ACN 616 895 606)
OneLife	OneLife Botanicals Ltd (ACN 662 339 611)

OneLife Group	OLC, OLL and OneLife
Option	an option to acquire an Ordinary Share on the terms summarised in paragraph 5 of Part VI of this document
Orana	Orana Corporate LLP, one of the Joint Brokers to the Company
Orana Warrants	means the warrants to subscribe for, in aggregate, 708,661 Ordinary Shares to be granted to Orana upon receipt of the ASX Approval under the terms of the Orana Warrant Instrument
Orana Warrant Instrument	means the warrant instrument to be executed by the Company upon receipt of the ASX Approval creating the Orana Warrants to be granted to Orana
OTC	means over the counter medicines
Ordinary Shares	ordinary shares of no-par value each in the capital of the Company
Placing	together, the UK Placing and the Australian Placing
Placing Agreement	the conditional placing agreement dated 18 March 2025 between the Company, the Directors, Strand Hanson and the Joint Brokers, details of which are set out in paragraph 14.1 of Part VI of this document
Placing Price	£0.3175 (A\$0.65) per Placing Share
Placing Shares	together, the UK Placing Shares and the Australian Placing Shares
Priceline Pharmacy	API Services Australia Pty Ltd (as agent for Australia Pharmaceutical Industries Pty Ltd)
Poisons Standard	Therapeutic Goods (Poisons Standard – June 2024) Instrument 2024
POCA	means the United Kingdom’s <i>Proceeds of Crime Act 2002</i> , as amended from time to time
Pro Forma Financial Information	the unaudited pro forma Statement of Net Assets of the Group as at 31 December 2024, as included in Section D “ <i>Pro Forma Financial Information of the Group</i> ” of Part III “ <i>Historical Financial Information of the Group</i> ” of this document
Retail Offer	means the separate proposed offer of the Retail Offer Shares to be made by the Company following this document being published in accordance with Rule 3 of the AIM Rules for Companies and conditional on Admission becoming effective via Winterflood Securities Limited’s WRAP platform
Retail Offer Participants	means persons who agree to participate in the Retail Offer
Retail Offer Shares	means new Ordinary Shares proposed to be offered by the Company to Retail Offer Participants pursuant to the Retail Offer
Reach	Reach Markets Pty Ltd (ABN 36 145 312 232), which is a Corporate Authorised Representative (No. 431191) of Reach Financial Group Pty Ltd (ABN 17 090 611 680; AFSL No. 333297), which is the Company’s Australian Co-lead Manager in relation to the Australian Placing

Rights Offer or Rights Issue	the non-renounceable entitlement offer of one new Ordinary Share for every one Ordinary Share on issue in the Company held by eligible shareholders at an issue price of A\$0.65 which opened on 10 February 2025 and closed on 5 March 2025
SAS B	means Special Access Scheme – B Pathway
ScotPac	Scottish Pacific Business Finance Pty Ltd
Share Registrar	Computershare Investor Services Pty Limited
Shareholder	a holder of Ordinary Shares from time to time
Sigma	Sigma Company Limited
SKU	means stock keeping units
SP Angel	S.P. Angel Corporate Finance LLP, one of the Joint Brokers to the Company
Special Access Scheme – B pathway	A scheme overseen by the TGA which allows a health practitioners to prescribe therapeutic goods that are not included in the Australian Register of Therapeutic Goods for a single patient
Strand Hanson or Nominated Adviser	Strand Hanson Limited, the nominated adviser to the Company
Strand Warrants	means the warrants to subscribe for, in aggregate, 1,023,622 Ordinary Shares to be granted to Strand Hanson upon receipt of the ASX Approval under the terms of the Strand Warrant Instrument
Strand Warrant Instrument	means the warrant instrument to be executed by the Company upon receipt of the ASX Approval creating the Strand Warrants to be granted to Strand Hanson
Subsidiary or Subsidiaries	the subsidiaries of the Company as at the date of this document, being BSPS, BSPSPA, and Wellnex Life UK
Symbion	Symbion Pharmacy Services
Takeover Code	the City Code on Takeovers and Mergers, administered by the Panel on Takeovers and Mergers in the UK
Takeover Panel	the Panel on Takeovers and Mergers
Terry White Chemmart	TW&CM Pty Ltd
TGA	Therapeutic Goods Administration
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Market Abuse Regulation or UK MAR	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and any implementing legislation as it forms part of retained EU law in the UK as defined in the European Union (Withdrawal) Act 2018 (as amended from time to time)
UK Placing	the placing of the UK Placing Shares to certain institutional and other investors in the United Kingdom by the Joint Brokers as agents for the Company, pursuant to the terms of the Placing Agreement

UK Placing Shares	the 10,417,317 new Ordinary Shares to be issued at the Placing Price by the Company pursuant to the UK Placing
uncertificated or in uncertificated form	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
Wellnex Life UK	means Wellnex Life UK Limited (CRN 15739069), a wholly owned subsidiary of the Company, registered on 24 May 2024 in England
Woolworths	Woolworths Group Limited

Note: Any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension of it, words importing the singular include the plural and vice versa and words importing the masculine gender shall include the feminine or neuter gender.

