

Wellnex Life Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Wellnex Life Limited
ABN:	77 150 759 363
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	down	39.3% to	16,936
Loss from ordinary activities after tax attributable to the owners of Wellnex Life Limited	up	6.4% to	(14,737)
Loss for the year attributable to the owners of Wellnex Life Limited	up	6.4% to	(14,737)

Dividends

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

Comments

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 FY25 compared to 17% in FY24, 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 \$14.7 million was up 5.8% 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 \$7.8 million.

The EBITDA loss (including one-off expenses associated with the acquisition of Pain Away) for the period was \$5.0 million a decrease of 33% on the prior corresponding period 30 June 2023: \$6.8 million, with circa 90% of the loss incurred in the first half of FY24 with the second half of FY24 the EBITDA loss was \$0.5 million.

Wellnex Life expects revenue to increase strongly in FY25 with gross margin expected to be between 36% and 40%, with the growth to come from:

- 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 20234 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 2022: \$0.6 million).

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.

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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. On a pro-forma basis and if Wellnex Life had a full 12 months trading of Pain Away in FY24 the EBITDA loss (including the one-off transaction costs of the acquisition of Pain Away) would have resulted in a break-even EBITA for the company.

Wellnex Life in FY25 has many growth drivers across the business that will continue to increase revenue, maintain a healthy margin of between 36% and 40%, and profits. We have growing brands across all the main categories of the health and pharmaceutical market, growing IP licensing arrangements with Haleon and Arrotex, and 2 joint ventures with Chemist Warehouse.

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. We anticipate that over 50% of FY25 revenue to be derived from brand sales.

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. The strength of this brand can be evidenced that major retailers have ranged the complete product offering of this new and innovative brand that will continue to grow in FY25 and beyond.

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. Wellnex Life anticipated to see significant growth of Nighty Night to continue in FY25 in both distribution and sales.

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.

The Company anticipates further growth in sales in FY25 as brand awareness continues to increase, with the Company looking at the possibilities of expanding the product offering in FY25.

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. Wellnex in FY25 will look at further expanding the distribution of Mr Bright both domestically and internationally to take advantage of the growing oral care market and high margins.

Wagner Health Liquigesics

The joint venture brand with Chemist Warehouse continues to go from strength to strength with strong sales in FY24 that are expected to continue to show good growth in FY25. 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.

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Medicinal Cannabis

Wellnex in July 2025 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.

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.

The growth in this arrangement will result in significant revenue for the company and increased profitability in FY25 and beyond and this is a testament to the innovation being undertaken at Wellnex Life.

Other matters

Wellnex Life announced during the period that to 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.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(1.058)</u>	<u>3.580</u>

4. Control gained over entities and date control gained

The Pain Away acquisition was a legal acquisition of assets.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding	
	Reporting period %	Previous period %
1LH Pty Ltd	50.00%	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i> Profit/(loss) from ordinary activities before income tax		

9. Foreign entities

Not applicable.

10. Audit qualification or review

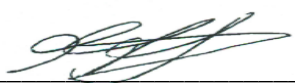
Details of audit/review dispute or qualification (if any):

This report, and the accompanying preliminary final report, are based upon accounts which are in the process of being audited. There is likely to be a material uncertainty on going concern disclosure within the audit report.

11. Attachments

Unaudited summary consolidated preliminary final report for Wellnex Life Limited and its controlled entities for the year ended 30 June 2024 are attached.

12. Signed

Signed  _____

Date: 30 August 2024

George Karafotias
Director

Wellnex Life Limited

ABN 77 150 759 363

Preliminary Final Report - 30 June 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		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	7	(3,393)	(4,030)
Impairment of inventory		(409)	-
Transaction costs of the Pain Away acquisition		(2,668)	-
Finance costs		(2,395)	(1,682)
		<u>(14,737)</u>	<u>(13,846)</u>
Loss before income tax expense		(14,737)	(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		(14,737)	(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		(14,737)	(13,846)
		<u><u>(14,737)</u></u>	<u><u>(13,846)</u></u>
		Cents	Cents
Basic loss per share	13	(1.73)	(3.43)
Diluted loss per share	13	(1.73)	(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	3	4,382	4,598
Inventories	4	4,188	3,029
Prepayments and other current assets	5	980	1,228
Deposits paid - Pain Away acquisition		-	2,200
Total current assets		<u>10,453</u>	<u>11,377</u>
Non-current assets			
Other receivables	3	120	-
Property, plant and equipment		28	48
Right-of-use assets		46	153
Intangibles	7	20,835	3,462
Total non-current assets		<u>21,029</u>	<u>3,663</u>
Total assets		<u>31,482</u>	<u>15,040</u>
Liabilities			
Current liabilities			
Trade and other payables		7,438	7,111
Borrowings	8	10,615	6,788
Lease liabilities		52	110
Employee benefit provisions		459	287
Deferred consideration		5,650	-
Total current liabilities		<u>24,214</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>24,300</u>	<u>14,446</u>
Net assets		<u>7,182</u>	<u>594</u>
Equity			
Issued capital	9	131,083	112,424
Reserves		3,550	3,727
Accumulated losses		(127,451)	(115,557)
Total equity		<u>7,182</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 9)	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	-	-	-	(14,737)	(14,737)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(14,737)	(14,737)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 9)	19,115	-	-	-	19,115
Vesting charge for share based payments	(456)	2,666	-	-	2,210
Expiry of options	-	(2,474)	-	2,474	-
Derecognition of reserve upon modification of the terms of convertible loans	-	-	(369)	369	-
Balance at 30 June 2024	<u>131,083</u>	<u>3,442</u>	<u>108</u>	<u>(127,451)</u>	<u>7,182</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)	(21,359)	(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	<u>(6,872)</u>	<u>(6,189)</u>
Cash flows from investing activities		
Loans provided for One Life joint venture	(66)	-
Pain Away acquisition payments	7 (13,300)	(2,200)
Net cash used in investing activities	<u>(13,366)</u>	<u>(2,200)</u>
Cash flows from financing activities		
Proceeds from issue of shares	9 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	322	3,181
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 preliminary final report
30 June 2024

Note 1. General information

The preliminary final 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 preliminary final report 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 preliminary final report.

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

Note 2. 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.

Note 3. 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>
Non-Current Asset		
Loan - One Life	120	-
	<u>120</u>	<u>-</u>

Wellnex Life Limited
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Note 3. Current assets - trade and other receivables (continued)

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 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	%	%	\$'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	-	-	37	52	-	-
			<u>4,329</u>	<u>4,143</u>	<u>-</u>	<u>-</u>

Note 4. Current assets - inventories

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
Finished goods - at cost	4,597	3,029
Less: Provision for impairment	(409)	-
	<u>4,188</u>	<u>3,029</u>

Note 5. Current assets - prepayments and other current assets

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
Prepayments	980	954
Other current assets	-	274
	<u>980</u>	<u>1,228</u>

Note 6. Non-current assets - other receivables

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
Loan - One Life	<u>120</u>	<u>-</u>

Wellnex Life Limited
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Note 7. 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>20,835</u>	<u>3,462</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. The impairment charge occurred

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 \$3.369 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%). A further impairment post 31 December 2023 was recognised and the total impairment loss as at 30 June 2024 amounted to \$3.393 million.

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Note 7. 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

Note 8. 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 (including prepaid borrowing costs)	6,490	6,216
Related party borrowings	2,513	-
	10,615	6,788

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

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:

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Note 8. Current liabilities - borrowings (continued)

- amount drawn down as at 30 June 2024: \$6,600,000 (before costs);
- the secured note has a term of 18 months from issue;
- the secured note has a coupon rate of 13% per annum;
- 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.

As at 30 June 2024 the Group continued to meet all covenant requirements and events of default set out under its borrowings arrangements.

Note 9. Equity - issued capital

	Consolidated			
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>1,289,554,351</u>	<u>423,719,190</u>	<u>131,083</u>	<u>112,424</u>

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	\$0.100	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	\$0.050	478
Issue of shares for placement of Pain Away	13 October 2023	34,000,000	\$0.028	952
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	168
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	\$0.050	-
Capital raising costs		-	-	(5,297)
Balance	30 June 2024	<u>1,289,554,351</u>		<u>131,083</u>

* These are non-cash considerations for the acquisition of Pain Away. Refer to Note 11 shares issued by the company as part of consideration

** 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.

Note 10. Commitments

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
<i>Chemist Warehouse marketing support</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	2,500
One to five years	-	1,400
	<u>-</u>	<u>3,900</u>

The Company no longer has commitments with Chemist Warehouse.

Note 11. 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)
Deferred consideration	(5,650)
Shares issued by company as part of consideration	<u>(1,360)</u>
Consideration paid	<u><u>(22,510)</u></u>

Note 12. 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.

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Note 12. Events after the reporting period (continued)

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 13. 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>(14,737)</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	(1.73)	(3.43)
Diluted loss per share	(1.73)	(3.43)

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.