

Preliminary Final Report – Growth and Transformation

- **Operating Revenue:** \$18.61 million, up 1,458% compared with prior corresponding period (PCP) (30 June 2021: \$1.2 million).
- **Operating Revenue July 2022:** \$1.7 million, up 31% compared to PCP.
- **Operating Loss:** \$7.45 million, down 70% compared with PCP (30 June 2021: \$24.69 million), includes non-cash and one-off expenses of ~ \$4.1 million:
 - \$1.5 million in costs associated with the acquisition of Brand Solutions Australia and Capital Raises
 - \$470,000 in goodwill write downs
 - \$628,000 in non-cash share based payments
 - \$1.5 million in preparation for launch of new brands and products.
- **Total Assets:** \$20.23 million, up 94% compared to PCP (30 June 2021: \$10.4 million)
- **Net Assets:** \$4.4 million (30 June 2021: -\$200,000)
- Brand Solution Australia independent valuation up 56% compared to purchase price.
- Strong pipeline of revenue and margin growth in FY23 driven by;
 - Ocean Road Dairies, Organic A2 Infant Formula launch – September 2022
 - Mark Wahlberg's Performance Inspired brand launch– October 2022
 - Pharmacy Own exclusive supply agreement with CH2 launch – December 2022
 - Medicinal cannabis product for the SAS market – January 2022
 - Continued growth of contract manufacturing orders across all partners
 - Continued growth of existing brands

Wellnex Life Limited (ASX: WNX) is pleased to release our Preliminary Financial Report for the period ending 30 June 2022.

Revenue for the period increased to \$18.61 million, up by 1,458% compared to the full year ending 30 June 2021, with strong growth recorded across all areas of the business, in particular the Company's wholly owned brands Wakey Wakey and The Iron Company. A pleasing aspect of this positive result was that it was achieved despite the well-publicised disruptions caused by the Covid-19 pandemic.

Loss for the full-year reduced by 69% to \$7.45 million (30 June 2021: \$20.12 million), with the result impacted by one-off and non-cash expenses of ~\$4.1 million. The loss from normal business operations excluding one-off and non-cash expenses was ~\$3.25 million, and with the strong pipeline of product and brand launches and increased margins the company is on a positive trajectory to profitability.

Revenue in July 2022 was up 31% compared to PCP to ~\$1.7 million with an additional ~\$5 million in purchase orders received for contract manufacturing work.



Total assets for Wellnex increased by 94% to \$20.2 million (30 June 2021: \$10.4 million)_and Net Assets increased to \$4.4 million (30 June 2021: -\$200,000). The accounts payable of circa \$5.0 million is primarily from one supplier with payment terms of circa five months, in line with when stock is received and sold.

Wellnex independently valued the acquisition of Brand Solutions Australia, which showed an increase in value of circa 56% to the purchase price and as revenue continues to grow, coupled with margin growth we will continue to see increases in the business.

Wellnex Life in the coming period has exciting growth drivers that will see a string trajectory of revenue and margin growth.

Wagner 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 2021 which was complimented soon after with a paracetamol plus ibuprofen soft gel. Initial sales have been strong with demand increasing, the Company continues to receive increasing purchase orders.

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 nationally in all major pharmaceutical retailers and Coles and Woolworths.

The Company is seeing good initial revenue growth, which will continue to increase as investment in brand awareness drives strong company revenue and margins.

Wakey Wakey

The Company launched a new energy brand, Wakey Wakey, in both an effervescent tablet and gummy format. This innovative product has secured ranging nationally in all major pharmaceutical retailers and grocery retailers Coles and Woolworths with strong initial consumer acceptance and sales.

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 has first right to distribute into the Asian market. The Performance Inspired brand has secured an exclusive distribution arrangement with Chemist Warehouse with initial sales and distribution to commence in October 2022.

Recently, Wellnex Life has managed to secure local manufacturing for much of the launch range which in return will give Wellnex Life improved margins, reduced logistics costs and greatly minimise potential supply issues.



Pharmacy Own

During the period Wellnex Life signed an exclusive supply agreement with one of Australia's largest pharmaceutical and medical consumable distributors, CH2, for the launch of our wholly owned "Pharmacy Own" brand. In this current price sensitive environment, the Company has been developing a suite of products that will provide consumers equivalent, efficacious health and wellness products, as a price conscious alternative to the major brands found in the Australian pharmacy channel.

The Supply Agreement with CH2 will allow Wellnex Life to gain significant national distribution in around 2000 domestic pharmacies for the "Pharmacy Own" brand. This launch builds on the existing brand launches in FY22 that is providing high margin products to meet growing consumer demand. Products are expected to be available through CH2's network of pharmacies in the second quarter of this financial year.

Ocean Road Dairies

Wellnex Life and Australian Dairy Nutritionals (ASX:AHF) formed a joint venture to launch Australia's first locally made organic A2 infant formula range under the new brand Ocean Road Dairies. Ocean Road Dairies sources and manufactures its products from land surrounding the iconic Great Ocean Road in Victoria. Ocean Road Dairies has secured an initial exclusive distribution arrangement in Chemist Warehouse with ranging and sales expected to commence in October 2022.

Pathway to profitability

The launch and licensing of these six new brands coupled with the growth of the company's existing business, will drive revenue growth for the remainder of FY23 and beyond. The company has budgeted to achieve a revenue of \$29 million for FY23. With a greater portion of revenue being derived from our wholly owned higher margin brands, we are on a pathway to profitability.

George Karafotias, CEO of Wellnex Life, said: "The Company is pleased to release the first preliminary full year financial results for Wellnex, continuing a positive trend of increasing revenue growth and shrinking losses, in what was an important period of growth and transformation for the company. FY22 saw the birth of Wellnex Life, establishing itself as a major participant in the fast-growing Australian health and wellness market, valued at \$10.7 billion per annum and growing. (IQVIA Scan Data, February 2022). Following the strong Company performance throughout FY22 and into the new financial year, we expect FY23 will continue this upward trajectory. This is expected to be achieved through continued organic growth of our current brand offerings, and staged release of exciting new brands and products available through its high quality established distribution and channel partner networks.



Following the continued strong performance in July 2022, Wellnex revenue guidance for Financial Year 2023 of \$29 million is re-affirmed. I want to thank everyone who supported us over the last 12 months in helping to position Wellnex as a respected and major participant in the growing health and wellness market.”

This announcement has been authorised for release on the ASX by the Company’s Board of Directors.

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About Wellnex Life

Wellnex Life (ASX: WNX) is an Australian brand and distribution company of customer-focused health and wellness products. The company’s large portfolio, first-to-market strategy and established retail distribution network provide an attractive business model for growth and profitability. Wellnex’s mission is to deliver health, wellness, and vitality solutions to consumers in Australia and worldwide.