

Pre-Quotation Disclosure

Wellnex Life Limited (ASX: WNX) (the **Company** or **WNX**) is pleased to announce its securities will be reinstated to trading on the ASX on **Thursday, 15 July 2021**.

The Company provides the following pre-quotation disclosure.

1. The Company confirms the receipt of cleared funds of \$1,319,567 under the entitlement component of its recent Entitlement Offer, and \$857,826 under the shortfall component of the Entitlement Offer (total funds of \$2,177,393 raised under the Entitlement Offer, before costs).
2. The Company confirms the upfront consideration including completion adjustments of \$4,135,840 has been paid for the acquisition of BSA.
3. The Company's business plan and revised statement of objectives of the combined entity following the acquisition of BSA, is set out in **Annexure A** to this announcement.
4. The Company provides a clarification of the dates referred in the Notice of General Meeting released to the ASX on 20 April 2021 (**Notice**) in relation to the pro-forma financial performance section on page 45 of the Notice. The dates should read 1 July 2020 – 31 December **2020**.
5. The Company confirms that Mr Zlatko (Zack) Bozinovski has been appointed as a Director of the Company, as announced to the ASX on 13 July 2021. An Appendix 3X in relation to Mr Bozinovski's appointment was lodged with ASX on 13 July 2021.
6. Names of Top 20 largest holders of each class of securities to be quoted (being fully paid ordinary shares and Class B Options), are set out in **Annexure B** to this announcement.
7. A distribution schedule of the number of holders in each class of securities to be quoted is set out in **Annexure C** to this announcement.
8. The Company confirms that following completion of the issue of securities under the prospectus dated 13 May 2021 (**Prospectus**), and as at the time of reinstatement of the Company's securities to trading on the ASX, the Company's issued capital will be:

Fully Paid Ordinary Shares (Shares)	300,305,815
Class A Unquoted Options exercisable at \$0.15 expiring on 30 September 2023	13,500,000
Class B Quoted Options exercised at \$0.20 expiring on 10 July 2023	47,525,221
Consideration Options issued to BSA vendors under the Prospectus	3

*Note: The Company may still issue up to 4,704,856 Shares under the shortfall component of the Entitlement Offer, and, subject to further conversion, up to 16,666,667 Shares and 8,333,333 Class B Options under the Noteholder Offer.

9. The Company confirms that it is in compliance with the Listing Rules, in particular, Listing Rule 3.1.

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

ENDS

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About Wellnex Life

Wellnex Life is an Australian brand and distribution company of customer-focused health and wellness products. The ASX-listed company (ASX: WNX) was established when Wattle Health acquired Brand Solutions Australia. The combined company is now on a mission to deliver health, wellness and vitality solutions to consumers worldwide.

Annexure A – Business Plan

Business Overview and Strategy

1. Overview

Wellnex Life Limited (**Wellnex**) is an Australian Brand and Distribution company of customer-focused health and wellness products. Wellnex will offer innovative and sustainable Australian health and wellness brands and products domestically and throughout the world.

Following the completion of the entitlement offer and the Company shares achieving reinstatement to official quotation on the ASX, the Company intends to:

- Continue the development of brands and products that complement the Company's current offerings
- Organically grow customers and revenue; and
- Seek and implement inorganic growth through product and business acquisitions.

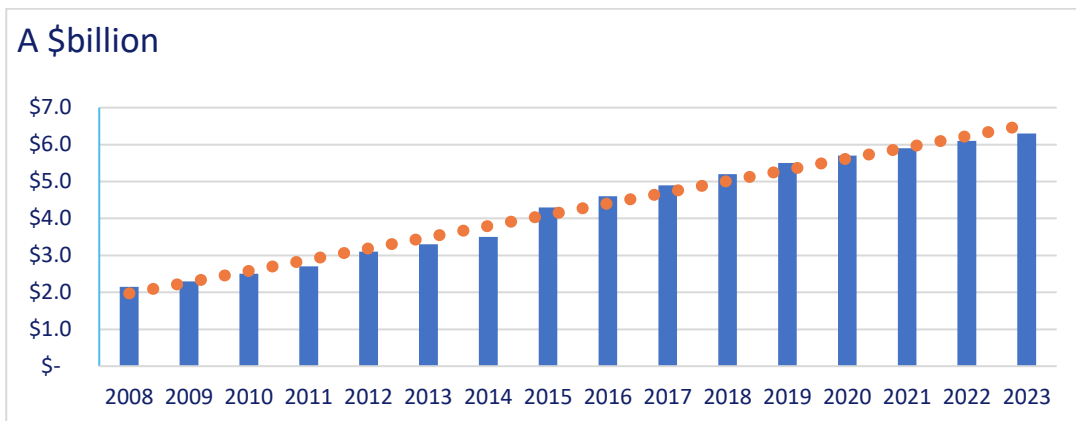
2. Industry Overview

The health and wellness Industry is one of the fastest growing markets globally, as consumers worldwide are becoming more health conscious. This has become even more prevalent during the Covid-19 pandemic as preventative health and wellness solutions are being sought by consumers at a growing rate.

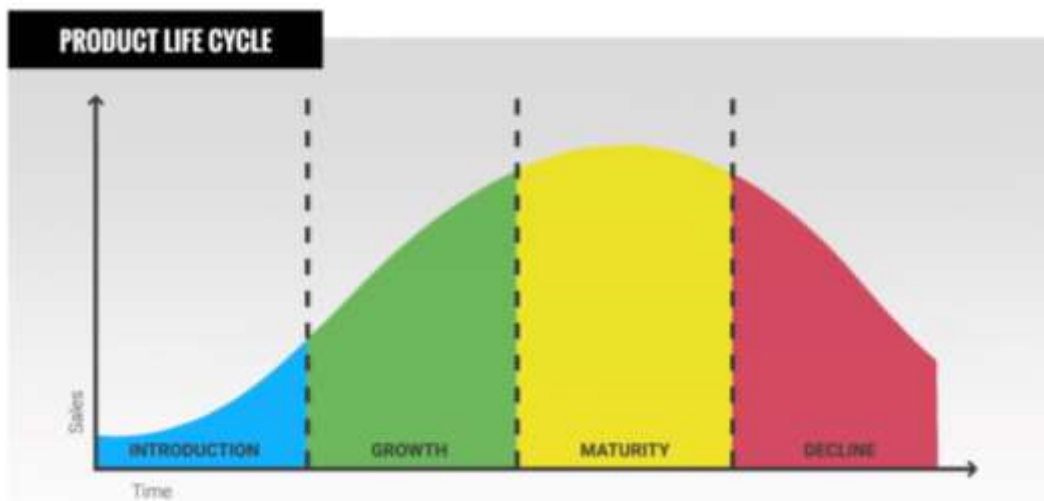
The growth in health and wellness is across the whole segment including Vitamins, Sports Nutrition and Nutritional products, to name a few. Retailers across the board are increasing their presence in these categories to enable them to take advantage of this growing opportunity.

3. Market Size

In Australia, the health and wellness market is currently a \$5.6 Billion industry which is anticipated to grow to circa \$7 Billion by 2023. With the market still in the growth phase in the category life cycle, continued accelerated growth will be seen in future years.



Source: Complementary Medicines Australia Industry Audit and Trends 2020. IRI state of the industry 2020



• 3.1 Market Segments

The Australian health and wellness market is made up of various segments and all of these have experienced substantial growth domestically, with Wellnex having exposure to these growing markets.

These include the following:

- Vitamin and Dietary Supplements (\$3.1 Billion)
- Sport Nutrition (\$1.31 Billion)
- Herbal / Traditional products (\$0.76 Billion)
- Immunity subcategory (+16% growth since Covid-19 pandemic)

Source: Complementary Medicines Australia Industry Audit and Trends 2020. IRI state of the industry 2020

- **3.2 Market Growth**

The health and wellness market is in a growth phase in the category life cycle, and will further accelerate due to:

- Increased consumer focus on preventive health solutions - with an even larger emphasis due to the Covid-19 pandemic as health and wellness is front and centre of consumers' minds.
- Retailers seeking market relevant products to cater for the growing market.
- Increase demand for product innovation driven by changes in consumer behaviours, with an emphasis on non-traditional health products.

- **3.3 Market Barriers**

The health and wellness market, while a lucrative market, has high barriers to entry that Wellnex's existing operations and agreements have addressed.

- **3.3.1 Customer Relationships**

Wellnex has supply agreements with all major grocery/pharmacy customers including Coles, Woolworths, Chemist Warehouse and API, which account for over 90% of the domestic sales for health and wellness products. This is further solidified with the Joint Venture with Chemist Warehouse in the launch of the unique Wagner-Liquigesic brand planned for August 2021. Under the 50/50 Joint Venture, Wellnex is responsible for product range development, procurement and regulatory compliance and Chemist Warehouse is responsible for sales and marketing. The agreement is valid for the life of the brand with no end date.

- **3.3.2 Experienced Sales and Distribution Team**

Wellnex has a national sales and field force team that has the capacity to service over 2,000 grocery stores and 3,500 pharmacy stores nationally. The Sales and Distribution team is led by experienced and respected executive, Zack Bozinovski, who with over 30 years' experience in the FMCG space was the co-founder of Voost Vitamins which in April 2021 was sold to Procter and Gamble.

- **3.3.3 Branding and Regulatory Ability**

Wellnex has an experienced marketing and regulatory capability that ensures all brands and products launched are compliant with all regulatory requirements and are accepted and recognised by consumers to ensure sell through. Wellnex provides this service not only for in-house brands but also to clients who recognise the high level of expertise in this field.

- **3.3.4 Manufacturing Capability**

Wellnex has longstanding supply agreements both domestically and internationally to supply it with products to specification. This is recognised by clients as we provide not only products for our own brands but also undertake white-label products for both other brands and retailers.

Wellnex also holds a 5% interest in leading CNCA nutritional dairy manufacturer, Blend and Pack, where all nutritional products can be manufactured for Wellnex.

4. Business Model

The Company's business model is:

- **Brand and Product Development.** Develop new and innovative brands and products internally to distribute across established channels
- **Product licensing and joint ventures.** Seek out innovative brands that will fit into the Company's existing portfolio of brands that we can leverage off our extensive manufacturing, marketing, and distribution network
- **Contract Manufacturing.** The use of our extensive manufacturing arrangements to procure and produce products for companies to bring product to market.
- **Sales and Marketing as a service.** Provide sales and marketing services to other brands to assist them achieve distribution and sales in the domestic market.

The Company considers its key competitive advantage is its infrastructure, expertise, and key relationships in being able, in an efficient manner, to develop, market, distribute and ensure sell through of products in the highly lucrative health and wellness market.

The Company has a number of competitive advantages including:

- **Expertise and Knowledge.** The Company internally has an experienced team that covers all aspects of product and brand development from inception to commercialisation.
- **Scalability.** The business model allows the Company to ensure resources are used in an efficient manner that can be scaled up or down to meet demand.
- **Large Target Market.** The Company having an extensive agreement in various forms with all major retailers are able to target a large addressable market in an efficient and timely manner.
- **Established Business.** The Company been a long-term participant in the health and wellness market and has built key relationships that can be relied upon to grow the business.

5. Company Assets

The Company's main assets comprise the following:

- **Agreements.** The Company has key agreements with both manufacturers and retailers, including a joint venture agreement with Chemist Warehouse.
- **Products and Brands.** The Company has developed innovative products and brands that are currently ranged domestically and further products and brands to be commercialised in the coming months.
- **Intellectual Property.** The Company has a wide range of Intellectual Property that can be leveraged to open up further opportunities for the business.
- **Tangible Assets.** The Company as of 1 July 2021 will have Tangible Assets of circa \$13 million with Net Tangible Assets of circa \$8 million.

6. Business strategy and plans

The business strategy for the Company is to achieve:

- **Organic Growth.** The Company will seek to continue and accelerate its historical growth through increasing its product offering, increasing distribution channels and continued emphasis on identifying and implementing efficiencies across the business.



- **Inorganic Growth.** The Company will seek to achieve growth inorganically by acquiring new opportunities in the form of licensing, joint ventures and acquisition of new brands and businesses.

The goal of these strategies is to create shareholder value which will be reflected in an increasing share price.

Wellnex's immediate plan to achieve both organic and inorganic growth is summarised below:

- **Expansion of Current Brands:** To further expand the brand awareness, distribution, and sales of our existing portfolio of brands.
- **Launch of new Brands:** Execute on the launch of three new brands in the first quarter of FY22 (including the joint venture brand with Chemist Warehouse) and continued development of the offering of current brands and expansion of brands brought to market.
- **Identifying Opportunities.** Continue to review opportunities that will complement our existing business from expanding our licensing, joint venture and service arrangements to acquisitions.

7. Financials

The table below shows the working capital the Company will have at re-quotation of its securities on the ASX on a pro-forma basis as of 30 April 2021.

Current Assets	\$15,501,000
Current Liabilities	<u>(\$7,374,000)</u>
Working Capital	\$8,127,000

The table below represents the budget for FY22, based on figures for FY21.

Revenue	\$18,300,000 (Based on FY21 with zero revenue growth)
Gross Profit	\$2,760,000 (Based on FY21 with zero improvement for FY22)
Operating Expenses	<u>(\$3,900,000)</u> (Based on FY21 with zero improvement for FY22)
Operating Profit	(\$1,140,000)



The major variable in the budget in the “Gross Profit”; as new internal brands are launched the Gross Profit will increase. The revenue from these sales will return a higher margin to the Company. So, the success of these launches will determine the increase in Gross Profit for the group.

Marketing Expense is included in the Cost of Goods Sold.

The revenue is primarily contracted so there is less variability, with any growth to come from an increase in product offerings, distribution and from acquisitions/licensing.

The Operating Expenses take into account all expenses of the business on current operations but could be subject to change in the event of acceleration of product and brand development.



Annexure B – Top 20 for Quoted Classes of Securities

CLASS: OPB/ CLASA B LISTED OPTIONS EXPIRING 10/07/23 @ \$0.20

HOLDER NO	NAME AND ADDRESS	UNITS	% I/C	RANK
	CLASSIQUE CAPITAL PTY LTD	7,500,000	15.78	1
	GGP INVESTMENTS PTY LTD <GGP SUPERANNUATION FUND A/C>	6,720,000	14.14	2
	MR XUAN KHOA PHAM	6,029,641	12.69	3
	JLO ENTERPRISES PTY LTD <CALLANAN FAMILY A/C>	5,600,000	11.78	4
	MR ANDREW GRANT	2,712,333	5.71	5
	NO BULL HEALTH PTY LTD	2,000,000	4.21	6
	CITICORP NOMINEES PTY LIMITED	1,712,359	3.60	7
	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	1,666,667	3.51	8
	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,620,975	3.41	9
	MR DAVID JAMES STEWART	933,334	1.96	10
	TOLLY & LILLA SAKELLARIOU PTY LTD <SAKELLARIOU SUPER FUND A/C>	916,667	1.93	11
	723 PTY LTD <THE JEFFERY FAMILY A/C>	833,334	1.75	12
	FIRST INVESTMENT PARTNERS PTY LTD	666,667	1.40	13
	MR ZHEN XIN GAO	500,000	1.05	14
	MR SHENGPEI CHEN	440,167	0.93	15
	MR STEVEN LIONEL TATE & MRS SHARLENE NORMA TATE	416,750	0.88	16
	GILLARD SUPERANNUATION PTY LTD <THE GILLARD SUPER FUND A/C>	333,334	0.70	17
	SKANDALELLIS PTY LTD <SKANDA SUPER FUND A/C>	333,334	0.70	18
	OOLINE PTY LTD	333,333	0.70	19
	HIRSCH FINANCIAL PTY LTD	216,667	0.46	20

CER/COMPUTERSHARE INVESTOR SERVICES PTY LTD ***
WELLNEX LIFE LIMITED/WNX

T O P 2 0 H O L D E R S ***
RUN NUMBER 1333 09/07/21

(RSP520:12.05:090721)
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CLASS: OPB/CLS B L\OPT X10/07/23 @ \$0.20

HOLDER NO	NAME AND ADDRESS	UNITS	% I/C	RANK
***	REPORT TOTAL ***	41,485,562	87.29	
***	REMAINDER ***	6,039,659	12.71	

***	GRAND TOTAL ***	47,525,221	100.00	
		=====		

ISSUED CAPITAL

HOLDER NO	NAME AND ADDRESS	UNITS	% I/C	RANK
	GGP INVESTMENTS PTY LTD <GGP SUPERANNUATION FUND A/C>	32,732,760	10.90	1
	WATTLE TRADING PTY LTD	22,027,890	7.34	2
	MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	17,750,302	5.91	3
	MR XUAN KHOA PHAM	12,736,481	4.24	4
	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,227,201	4.07	5
	ZLJ PTY LTD <THE BOZINOVSKI FAMILY A/C>	11,998,500	4.00	6
	JAMATA PTY LTD & LLEA LK PTY LTD <LMB WATTLE TRADING UNIT A/C>	11,986,844	3.99	7
	BRILLIANT RIVER LIMITED	7,480,801	2.49	8
	MR ANDREW GRANT	6,424,767	2.14	9
	CITICORP NOMINEES PTY LIMITED	6,032,448	2.01	10
	NO BULL HEALTH PTY LTD	4,000,000	1.33	11
	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	3,333,333	1.11	12
	CW RETAIL HOLDINGS PTY LTD <CW RETAILS HOLDINGS A/C>	3,000,000	1.00	13
	MR DAVID JAMES STEWART	2,566,667	0.85	14
	ELZED HOLDINGS PTY LTD	1,963,540	0.65	15
	ACEE GROUP PTY LTD	1,872,371	0.62	16
	SKANDALELLIS PTY LTD <SKANDA SUPER FUND A/C>	1,676,667	0.56	17
	723 PTY LTD <THE JEFFERY FAMILY A/C>	1,666,667	0.55	18
	FIRST INVESTMENT PARTNERS PTY LTD	1,333,333	0.44	19
	AFTHARTOS PTY LTD <THE CHRİKOM A/C>	1,333,167	0.44	20

CER/COMPUTERSHARE INVESTOR SERVICES PTY LTD ***
WELLNEX LIFE LIMITED/WNX

T O P 2 0 H O L D E R S ***
RUN NUMBER 1333 09/07/21

(RSP520:11.58:090721)
PAGE : 2

CLASS GROUP: *G1/ISSUED CAPITAL
HOLDER NO NAME AND ADDRESS

UNITS % I/C RANK

*** REPORT TOTAL ***

164,143,739 54.66

*** REMAINDER ***

136,162,076 45.34

*** GRAND TOTAL ***

300,305,815 100.00

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Annexure C – Distribution Schedules for Quoted Securities

WELLNEX LIFE LIMITED/WNX

Range Of Units Summary

(RSP510:12.05:090721)

PAGE : 1

* TOTAL *

1	1001	5001	10001	100001
to	to	to	to	to
1000	5000	10000	100000	(MAX)

CLASS B LISTED OPTIONS EXPIRING 10/07/23 @ \$0.20

Holders

Issuer		7	2	9
Chess	1	57	37	95
Total	1	64	39	104

Units

Issuer		259169	14220000	14479169
Chess	7012	3043560	29995480	33046052
Total	7012	3302729	44215480	47525221

TOTAL HOLDERS FOR CLASSES SELECTED

104

TOTAL UNITS " " "

47525221

WELLNEX LIFE LIMITED/WNX

Range Of Units Summary

(RSP510:12.00:090721)

PAGE : 1

* TOTAL *

1	1001	5001	10001	100001
to	to	to	to	to
1000	5000	10000	100000	(MAX)

ISSUED CAPITAL

Holders

Issuer	20	23	24	58	22	147
Chess	1334	1891	833	1400	285	5743
Total	1354	1914	857	1458	307	5890

Units

Issuer	6742	73572	195274	2128048	57188987	59592623
Chess	763360	5219304	6417964	43591819	184720745	240713192
Total	770102	5292876	6613238	45719867	241909732	300305815

TOTAL HOLDERS FOR CLASSES SELECTED

5890

TOTAL UNITS " " "

300305815

