

## **Quarterly Activities and Cashflow Statement**

### **Highlights:**

- Transformational quarter for Wellnex Life including preparing to relist the business with a new name and under the code WNX
- The acquisition of Brand Solutions Australia (BSA), a leading Australian health and wellness company, was progressed during the quarter
- Group revenue (including BSA) for the quarter at \$4.65 million (the attached Appendix 4C does not take into account of financial performance of the BSA business)
- Net Cash outflows reduced by 43% for the 12-month period to 30 June 2021, compared to prior corresponding period
- Launch of Rights Issue raising circa \$2.1 million, with funds received post-quarter
- Development of new products during the quarter progressed exceptional well, including a Joint Venture product range (Wagner Liquigesic) with Chemist Warehouse

**Wellnex Life Limited (ASX: WNX)** (the **Company** or **WNX**) is pleased to release the quarterly activities and cashflow statement for the quarter ended 30 June 2021.

The quarter was transformational for Wellnex Life, with the announcement and approval of the Brand Solutions Australia (BSA) acquisition. The acquisition was completed post-quarter, with this significant milestone triggering the re-quotation of the Company's securities on the ASX. With the BSA acquisition completed, Wellnex Life came back to market with annual revenue of \$18.3m, exceptional relationships and distribution agreements with national retailers, a diversified portfolio of health and wellness products and a strong pipeline of new products under development and ready to ship.

### **Product development**

The revenue for Wellnex (including BSA) for the quarter was circa \$4.65 million, with the acquisition transforming the Company's ability to quickly and efficiently identify consumers trends in the health and wellness space and then develop innovative, purpose-built products to address these unmet needs. Our first or fast-to-market business model allows Wellnex to do this in partnership with leading Australian manufacturers, distributors, and retailers. The launch of Australia's first paracetamol liquid soft gel range, Wagner Liquigesic (announced on 26 July), demonstrates this new capability well.



There are significant new products under development through which the company believes it can meet consumer and retailer needs and capture significant market share in the health and wellness industry. This includes the release of a range of iron-vitamin gummies (The Iron Company) and an energy gummy and effervescent (Wakey Wakey).

### **Cash flow**

Wellnex has reduced net cash outflows by 43% for the 12 months to 30 June 2021 compared to PCP, and this result would have been further improved, if not for the one-off costs associated with the acquisition of BSA. This includes an increase in one-off marketing expenses associated with the rebranding and promotional activity regarding the name change of Wellnex, as well as associated promotional activities and legal expenses in regard to the acquisition of BSA and the Rights Issue.

Wellnex also during the quarter made an initial payment under the BSA agreement of \$466,000.

Payment made to related parties as outlined under section 6.1 of the Appendix 4C relate to director fees and salaries paid during the quarter.

### **CBDG Administration and Liquidation**

The Company will receive a final dividend from the sale of Corio Bay Dairy Group (CBDG) on the completion of the administration. The administrator of CBDG advised Wellnex during the quarter that they have identified circa \$3.7 million in preferential creditor payments, with the administrator commencing actions to recover these funds. If successful, this will substantially increase the final dividend to Wellnex (the Company cannot guarantee the success of this claim and if successful the quantum to be received by the Company).

### **Investor Briefing**

The Company would like to invite investors to a briefing at 11am on Thursday, 5 August 2021 to provide a business update as the Company moves forward as Wellnex Life.

**When:** Thursday, 5 August

**Time:** 11am AEST

[Click here to register for the briefing.](#)

Please [click here to register your details](#) on our website to stay up to date with news and announcements.



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

**ENDS**

Further Information:

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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.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

WELLNEX LIFE LIMITED (formerly WATTLE HEALTH AUSTRALIA LIMITED)

**ABN**

77 150 759 363

**Quarter ended ("current quarter")**

30 June 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	268	1271
1.2 Payments for		
(a) research and development	-	(2)
(b) product manufacturing and operating costs	(237)	(1,099)
(c) advertising and marketing	(858)	(2,476)
(d) leased assets	-	-
(e) staff costs	(191)	(801)
(f) administration and corporate costs	(379)	(1,590)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(108)	(222)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	62
1.8 Other (GST refund/(paid))	40	523
1.9 Other (costs for CBDG administration)	-	(108)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,465)</b>	<b>(4,442)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(791)
(d) investments	(466)	(666)
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Loan repayment from other entity	-	11,000
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(466)</b>	<b>9,543</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(1,139)
3.5 Proceeds from borrowings	(200)	3,311
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans, borrowings and acquisition	(370)	(370)
3.8 Share applications to be refunded	-	(81)
3.9 Other (repayment of lease liabilities)	(7)	(71)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(577)</b>	<b>1,650</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	10,282	1,023
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,465)	(4,442)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(466)	9,543

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(577)	1,650
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>7,774</b>	<b>7,774</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	7,774	10,282
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,774</b>	<b>7,774</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	197
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	3,500	3,500
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,464)
8.2 Cash and cash equivalents at quarter end (item 4.6)	7,774
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	7,774
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	5
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2021

Authorised by: the Board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.