Transformative Acquisition & Capital Raising

Wellnex Life Limited
ASX: WNX

May 2023

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Executive Summary

Executive Summary

Key Highlights of Acquisition

Item	Description
Transaction Overview	• Wellnex Life Limited (ASX: WNX) (“**Wellnex**”) has executed a binding Business Sale Agreement (**BSA**) to acquire 100% the business and assets of Pain Away (“**Pain Away**”) on a cash-free and debt-free basis • Pain Away is the number 2 player in the Australian market for topical pain relief, behind Voltaren • Acquisition for total consideration (**EV**) of $22.0m (includes minimum of $1.15m of inventory at cost) • Implies acquisition at an EV / FY23B Revenue of 1.5x and EV / FY23B Pro Forma EBITDA of 4.1x • Total consideration is payable in cash at completion • Completion subject to satisfaction of certain conditions, including any regulatory and ASX approvals, and no later than 31 July 2023 (**Completion**)
Pain Away	• Pain Away is a privately-owned business that was established in 1999 and has grown to be the #2 brand in the topical pain relief category in Australia • Develops and distributes topical spray and cream products for joint and muscle pain relief (applications include injury management and arthritis, amongst others) • Currently 25 SKU’s across five product categories, all manufactured in Australia using natural ingredients • Highly defensive target market with products registered with the Therapeutic Goods Administration of Australia (**TGA**) • Deep distribution networks with presence already established across c. 6,000 outlets including large pharmacy retailers including Chemist Warehouse, Terry White Chemmart, Priceline, Pharmacy and Amcal+, and grocery retailers Woolworths, Coles, and Aldi • FY23B-PF Revenue of $13.7m and Pro Forma EBITDA of $5.1m • Revenue has grown at a three-year CAGR of 17% through FY22-LTM and expected to continue through FY23B

Financial Impact & Outlook	• Post-completion, the consolidated group (existing Wellnex + Pain Away) will have a significantly improved fundamentals:
	  ○ FY23B-PF Revenue of $42.5m and EBITDA of $0.5m
	  ○ FY24B-PF Revenue of $62.9m (+48%) and EBITDA of $9.0m (+1,560%)
	• Acquisition materially improves all key financial metrics including gross margin %, net profit %

Executive Summary

Key Terms of Acquisition

Item	Description
Funding of Acquisition	• Capital raising of c. $25.0m (c. $20.0m conditional placement and c. $5.0m entitlement offer) to fund the acquisition of the Pain Away and provide working capital for the business • A deposit of $2.2m has been paid to the Vendor of Pain Away at signing of the BSA. If the BSA is terminated prior to Completion for any reason other than due to: an insolvency event having occurred in relation to any of the Sellers; a material breach of the BSA by any of the Sellers'; a material adverse change having occurred in relation to the Pain Away business; or the Manufacturing Agreement Condition not being fulfilled (despite the Company complying with its obligations to fulfil it to the best of its endeavours), then the Sellers will be entitled to retain the Deposit
Timing & Conditions	• Completion of the Transaction is subject to a number of conditions precedent being satisfied or waived, being: the Company obtaining all necessary ASX approvals (including shareholder approval) required under the ASX Listing Rules in relation to the Transaction; and the novation and extension of a key product manufacturing agreement, or in the alternative, a new manufacturing agreement being entered into by Wellnex and the manufacturer, on substantially similar terms. • The sunset date for Completion is 31 July 2023
Wellnex	• Wellnex (ASX: WNX) is an ASX-listed healthcare company that owns and develops brands and IP that deliver products to improve human health • 100%-owned brands include Pharmacy Own, The Iron Company, Wakey Wakey, and Mr Bright • Joint Venture with Chemist Warehouse for Wagner Liquigesics liquid-gel paracetamol brand, sold exclusively to Chemist Warehouse • Joint Venture with Chemist Warehouse and OneLife Botancial for launch of Special (**SAS-B**) medicinal cannabis products • Licensing and contract manufacturing agreements with Haleon (formerly known as GlaxoSmithKline) and Arrotex to use Wellnex's intellectual property (**IP**) for soft-gel analgesic product formulations, currently only in Australia and New Zealand • Secondary focus on the distribution of other third-party brands (**Non-Core**) • Total Revenue (excluding acquisition): FY22A – $18.6m FY23B – $28.8m FY24F – $47.2m

Executive Summary

Investment Highlights

Transformational acquisition of a leading healthcare brand strengthens Wellnex's position as an owner and developer of health-focussed brands and IP, and results in the material strengthening of the financial position of the consolidated group with forecast FY24B EBITDA of $9.0m

Key Highlights of Pain Away

- ✓ Pain Away is an established brand and #2 ranked company in the topical pain relief category of consumer healthcare in Australia
- ✓ Acquisition of Pain Away strengthens Wellnex's strategy to be an owner of brands and IP in defensive healthcare segments
- ✓ Consistent track record of revenue growth (three-year CAGR of 17%)
- ✓ Revenue of $13.7m for FY23B adds significant scale to Wellnex's growing business
- ✓ FY23B-PF EBITDA of $5.1m provides strong operating free cash flow post-acquisition
- ✓ Strong gross margins of c. 50% on a pro forma basis
- ✓ Significant operational and cost synergies to be realised upon completion leveraging Wellnex's existing infrastructure and resources

Future Potential and Strategic Benefits

- ✓ New customer expansion opportunity of Pain Away's products into Wellnex's broader customer base, for example grocery retailers
- ✓ Expansion of product portfolio using Wellnex's IP in the analgesic space e.g. liquid paracetamol soft gel
- ✓ Product expansion opportunity into the rapidly emerging animal health segment, just recently commenced by Pain Away
- ✓ International expansion opportunity, particularly into New Zealand and Asia
- ✓ Highly complementary brand for Wellnex's medicinal cannabis product launch strategy

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Wellnex

Wellnex
Mission Statement

We are an **owner** and **developer** of **innovative healthcare brands** and **IP** that **improve the health** of **people** in **Australia & overseas**

Business Model:

Identify target market opportunity → Conduct R&D using internal resources → Receive TGA (or equivalent) approvals → Select manufacturer to produce finished products → Marketing & distribution through various sales channels → End consumer health benefits

Innovation x **Speed to Market** = **Competitive Advantage**

Wellnex

Key Recent History

Significant commercial activity has focussed on developing and strengthening Wellnex's own healthcare brands and IP across numerous health segments

Jul 2021
- Started trading on ASX
- JV with Chemist Warehouse for Wagner Liquigesic
- Licensing agreement with Performance Inspired

Oct 2021
- Chemist Warehouse ranging for Wagner Liquigesic
- Launched Wakey Wakey and The Iron Company

Jan 2022
- Signed Pharmacy Own to major pharmacy wholesaler, CH2
- IP License agreement for Haleon (formerly GSK) to use Wellnex IP for soft gel paracetamol

Apr 2022

Jul 2022
- JV with One Life Botanicals for medicinal cannabis

Oct 2022
- Acquisition of natural teeth whitening brand, Mr Bright

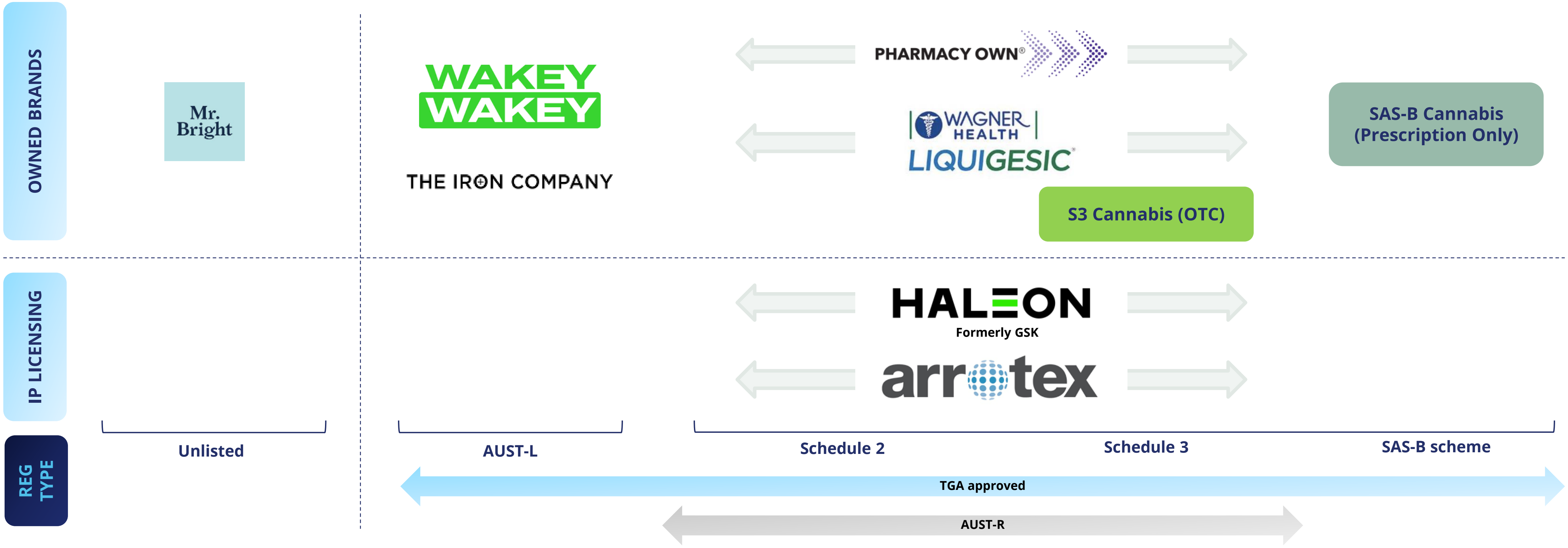
Jan 2023
- Delivered first Pharmacy Own products to major pharmacy wholesaler, CH2
- Added Chemist Warehouse to JV with OneLife Botanical for SAS-B medicinal cannabis

May 2023
- **Announced acquisition of Pain Away**

Wellnex

Target Markets

Wellnex is focussed on developing and commercialising its own healthcare brands and IP that have high barriers to entry (i.e. TGA-approved) and defensive characteristics



Unlisted: Not registered with the TGA
AUST L: Registered with the TGA and evaluated for safety but not efficacy. TGA approved lists
AUST R: Registered with the TGA and evaluated for safety and efficacy
Schedule 2: Medicines registered with the TGA that are evaluated for safety and efficacy and available on the shelf in Pharmacies
Schedule 3: Medicines registered with the TGA that are evaluated for safety and efficacy and available over the counter in Pharmacies
SAS-B Scheme: Unregistered medicine with TGA oversight

Wellnex
Customer Analysis

Wellnex has an extensive distribution network across Australia in all major sales channels, and has identified distribution partners for launch of selected products into priority international markets

Sales Channels and Key Customers

Pharmacy Wholesalers & Retailers	Supermarkets	Contract Manufacturers	Direct/Online
Sell to:			N/A
64% Total Revenue (FY23YTD)	**12%** Total Revenue (FY23YTD)	**24%** Total Revenue (FY23YTD)	**0%** Total Revenue (FY23YTD)

Wellnex
Business Segments

Strategy to grow portfolio of owned brands and IP in regulated segments of consumer healthcare, leveraging established sales & distribution channels

	100% Owned				IP-licensing	Joint Venture		Distribution
Brand	**Wakey Wakey**	**Pharmacy Own**	**The Iron Company**	**Mr Bright**	**Haleon / Arrotex**	**Wagner Liquigesics**	**SAS-B**	**Various**
Description	Contains caffeine, guarana, vitamin B1 & B3 to boost energy levels and increase concentration	Over the counter medicines with the latest in delivery formats for pain relief, digestive health & antifungal	Range of natural gummies with slow release Iron and Vitamin C for the relief of tiredness & fatigue	Teeth whitening products that do not contain harmful hydrogen or peroxide ingredients	Licensing and contract manufacturing of Wellnex's IP for soft gel analgesics	Joint Venture with Chemist Warehouse for liquid gel Paracetamol and Ibuprofen	Joint Venture with OneLife Botanical & Chemist Warehouse for SAS-B medicinal cannabis	Broking and distribution of third-party products (**non-core**)
First Revenue Year	FY22	FY23	FY22	FY23	FY22	FY22	FY24	FY22
Pharmacy Wholesaler	✓	✓	✓	✓				✓
Pharmacy Retailer	✓	✓	✓	✓		✓	✓	✓
Supermarket	✓		✓	Planned FY24				✓
Contract Manufacturer					✓			
Online	FY24	FY24	FY24	FY24				
Gross margin % range	40-50%	30-40%	30-40%	30-40%	5-20%	30-40%	30-40%	15-30%

Wellnex

FY24 Growth Levers

Momentum in expansion of recently launched brands during the 2nd half of FY23 is expected to accelerate during FY24 and lead to much improved gross margins and overall net profit

Brand	FY24 Growth	
	Product	**Sales & Marketing**
100% Owned Brands		
Wakey Wakey	• Expansion of product with 5 new SKUs	• 12 months of further brand recognition
Pharmacy Own	• SKU expansion	• Full year benefit given launched partway through FY23 • 12 months of further brand recognition
The Iron Company	• Product extension • SKU expansion	• 12 months of further brand recognition • Expansion of distribution channels (e.g. grocery plus overseas)
Mr Bright		• Increase of domestic distribution into pharmacy and grocery • Continue overseas expansion
IP-Licensing		
Haleon/Arrotex	• Expansion of product SKUs	• New international distribution territories (i.e. licensing fees)
Joint Venture Brands		
Wagner Liquigesics	• Expansion of product SKUs	• 12 months of further brand recognition
SAS-B	• New product launch during FY24	• First sales during FY24

Wellnex

Financial Performance

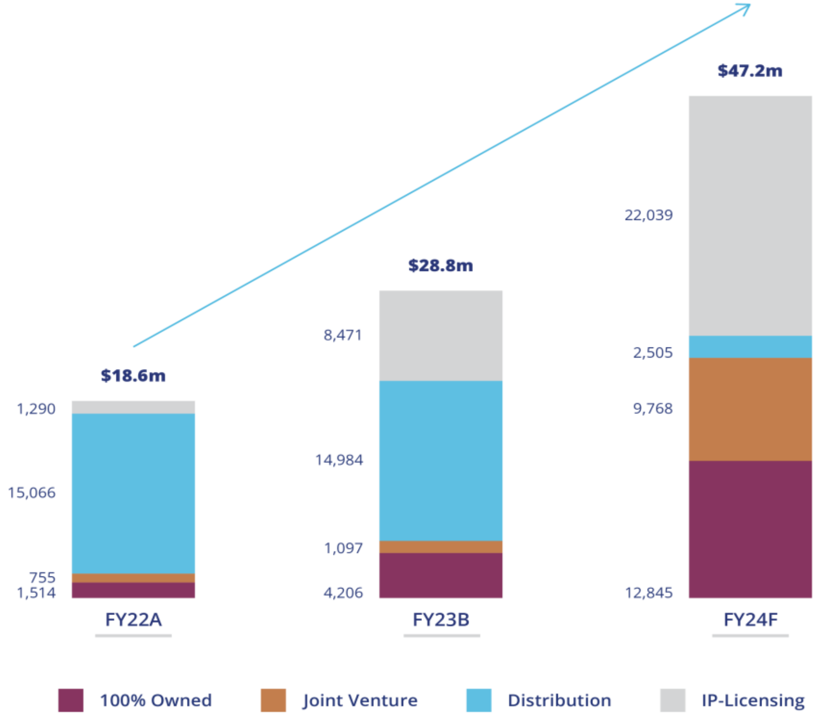
Strong revenue growth expected to continue, with shift in revenue mix towards owned brands (away from distribution revenue) which will improve gross margins and is expected to drive Wellnex to profitability during FY24

P&L

A$, m	FY22A	FY23B	FY24F
Revenue	**18.6**	**28.8**	**47.2**(1)
Cost of sales	(14.5)	(23.8)	(34.8)
Gross margin	**4.1**	**4.9**	**12.4**
Operating expenses			
General & Admin	(1.9)	(1.7)	(1.3)
Distribution	(2.1)	(1.8)	(2.2)
R&D	(0.2)	(0.4)	(0.2)
Employment expenses	(3.4)	(4.2)	(4.2)
Sales & Marketing	(2.1)	(1.6)	(1.9)
Other revenue and expenses	(0.2)	0.2	-
Total operating expenses	**(9.8)**	**(9.6)**	**(9.8)**
EBITDA	**(5.7)**	**(4.6)**	**2.6**
Normalisations	0.9(2)	1.9(3)	
Underlying EBITDA	**(4.8)**	**(2.7)**	**2.6**

Revenue mix by source

Estimated underlying EBITDA loss for H2 FY23 period FY23 of -$1.1m highlights that the existing Wellnex business is already on a pathway to profitability



Notes:

1. *Assumptions supporting revenue growth of Wellnex's underlying business include: growth in gross margins, as Wellnex's higher margin wholly-owned brands increase as a portion of total revenue (refer to Wellnex's ASX announcement dated 12 April 2023 titled "Company Update"); continuing growth of Wellnex's wholly-owned brands through brand recognition and increased distribution channels; and extension of brands with new products being progressively brought to market. By way of example, Wellnex has recently secured new SKU's in Coles, Woolworths and Chemist Warehouse. Wellnex has also launched its 'Pharmacy Own' brand, and is in the process of securing distribution for its 'Mr Bright' brand. FY24 EBITDA forecast is based on current margins for Pain Away, and reflects a growth in gross margins for Wellnex (on the basis that Wellnex's higher margin wholly-owned brands will increase as a portion of total revenue).*
2. *$0.5m in costs associated with re-listing costs of Wellnex in July 2021, $0.4m in marketing costs associated with rebranding to Wellnex*
3. *$1.5m in samples and write off in cost of sales, plus $400k in costs involved in the issue of Convertible Note and Rights Issue*

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Pain Away

Pain Away

Company Snapshot

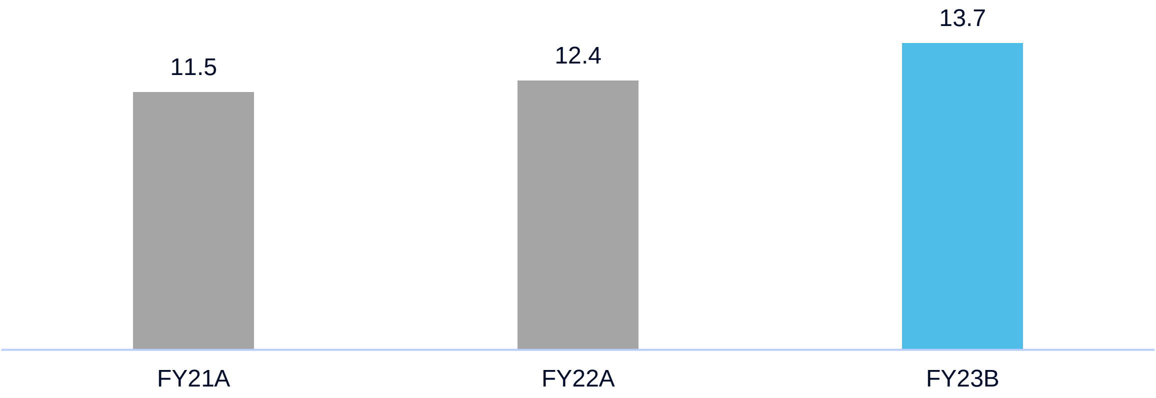
Pain Away is Australia's number 2 topical pain relief brand, delivering a broad range of creams and sprays to consumers that are distributed across an extensive network of pharmacy retailers and grocery channels. The business has experienced strong revenue growth and is now well positioned for the next stage of growth

About Pain Away

- Pain Away was established in 1999 and has since grown to become the number 2 provider of topical pain relief products in Australia
- Develops and manufactures topical pain relief products focused on joint and muscle pain (using all natural ingredients)
- Current product range consists of 25 individual product SKUs across five main categories: creams, sprays, patches, lotions, and other (primarily tablets, capsules and bath salts)
- Long-standing distribution primarily through pharmacy (over 6,000 pharmacy outlets across Australia) and grocery retail channels, with key stockists including Chemist Warehouse, Terry White Chemmart, Priceline Pharmacy, Amcal+, Woolworths, Coles and Aldi
- Strong brand awareness created through sponsorship of professional sporting organisations including the AFL and NRL State of Origin, highlighted by over 70,000 followers on Facebook and over 60,000 followers on Instagram
- Pain Away's IP including trade marks and internet domains, has been registered in Australia
- Highly attractive financial performance with three-year revenue CAGR to FY22-LTM of 17% complemented by gross margins around 50%, all executed with a very lean fixed operational base of just six full-time equivalent employees

Products

Financials (A$m)



Pain Away

Customer Analysis

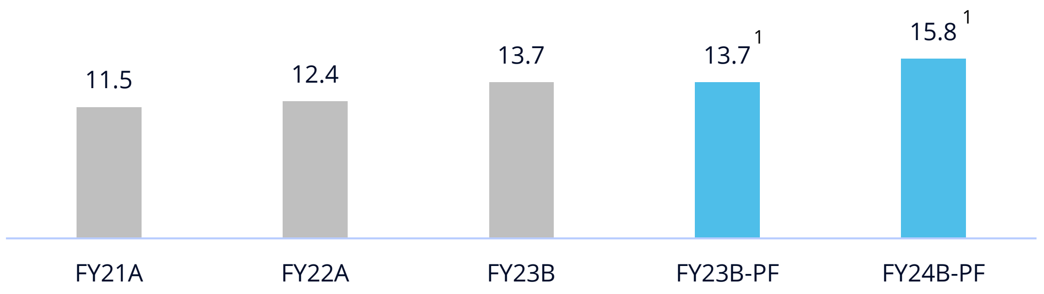
Pain Away has broad distribution across Australia primarily into the pharmacy and grocery channels, managed by third-party sales reps.

Sales Channels and Key Customers			
Pharmacy Wholesalers & Retailers	**Supermarkets**	**Contract Manufacturers**	**Direct/Online**
symbion, SIGMA, api, Chemist Warehouse, priceline pharmacy, TerryWhite Chemmart, Amcal+	coles, Woolworths, ALDI	N/A	N/A

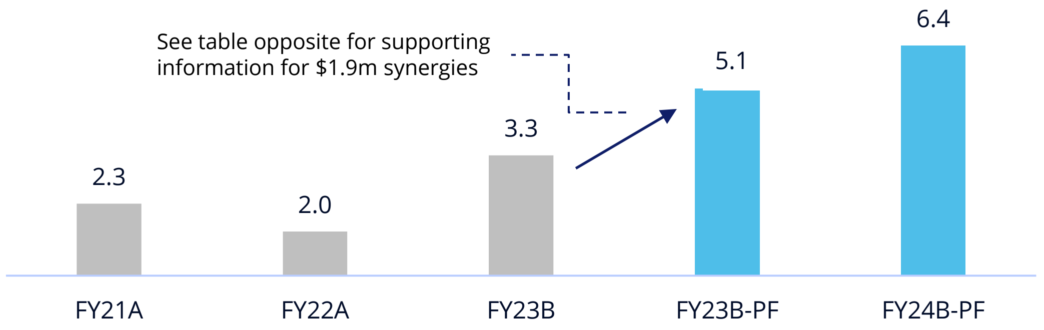
Pain Away
Financials

Pain Away is expected to generate revenue of $13.7m and EBITDA of $5.1m during FY23B on a Pro Forma basis, with gross margins of c. 51%.

Revenue ($m)



EBITDA ($m)



Post-Acquisition Synergies

Wellnex has identified approximately $1.9m of synergies as a result of acquiring the assets of Pain Away and absorbing the business and operations into its existing infrastructure.

Description	$m
Pain Away currently utilises third party sales reps that will be replaced by existing Wellnex resources, plus other reductions in marketing spend as a result of scale efficiencies	0.7
Wellnex has sufficient capacity to absorb the majority of Pain Away's roles, however allowance has been made for two employees	0.8
Wellnex incurs its own professional fees and does not expect incremental costs following the integration of Pain Away	0.2
Wellnex forecasts approx. $0.2m of incremental general and administration costs following the integration of Pain Away, resulting in a $0.1m synergy benefit	0.1
Wellnex has adequate resourcing in its existing R&D team to service Pain Away's products and growth	0.1
Total	**1.9**

Note 1: Forecast revenue contribution from the Pain Away business is based on Pain Away's FY23 year to date revenue and historical growth rate.

Pain Away

Strategic Rationale & Growth Opportunities

The acquisition of Pain Away 1) strengthens Wellnex's strategy to be an owner of brands and IP in the healthcare segment and 2) is transformative to its financial performance with consolidated FY24F-PF Revenue of $62.9m and EBITDA of $9.0m

Highlight	Explanation
✓ **Established brand**	• Established #2 ranked brand in the defensive topical pain relief category of consumer healthcare • Strong awareness created through sponsorship of professional sporting organisations
✓ **Strong revenue growth and gross margins**	• Three-year CAGR for period ending Dec-22 LTM of 17%, with several near term growth opportunities • Strong gross margins of c. 50% with opportunity for improvement with economies of scale
✓ **Significant "day 1" synergies**	• Carve-out nature of acquisition leverages Wellnex's existing resourcing and infrastructure • $1.9m of synergies identified (mostly day 1 upon completion)
✓ **High profit margins**	• FY23B-PF EBITDA of $5.1m provides a 37% EBITDA margin for the business unit on a standalone basis • High operating free cash flow generation with further opportunities for profit margin expansion
✓ **Adds to defensive product portfolio**	• Acquisition reinforces Wellnex's strategic focus to be an owner of brands and IP in defensive healthcare segments • Pain Away provides immediate scale to the "100% Owned" business segment of the group
✓ **Customer expansion opportunity**	• 90% of Pain Away's revenue is through the pharmacy channel, there is significant upside in grocery • Dedicated internal sales reps at Wellnex are expected to drive closer customer relationships
✓ **Geographic expansion opportunity**	• Almost 85% of revenue generated from the eastern seaboard of Australia, growth opportunity in other states is significant • International expansion into New Zealand and Asia are priority targets post-Completion
✓ **Product expansion opportunity into pets**	• Animal-related products have been released but have not been a focus area • Further upside expansion into pet and veterinary channels represents an upside to existing revenue
✓ **Medicinal cannabis opportunity**	• Wellnex has previously announced joint ventures with Chemist Warehouse and OneLife Botanical for medicinal cannabis strategy • Pain Away's brand positioning in pain relief is highly complementary to the medicinal cannabis strategy

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Risks

Risks

General Risks

Risks	Description
Market and an Investment in Shares	The market price of WNX's shares will fluctuate due to various factors, many of which are non-specific to WNX, including the number of potential buyers or sellers of WNX shares on the ASX at any given time, recommendations by brokers and analysts, Australian and international general economic conditions (including as a result of the impacts of COVID-19), inflation rates, interest rates, changes in government, fiscal, monetary and regulatory policies, changes in law, fire, flooding, extreme weather events, natural disasters, global geo-political events and hostilities, acts of terrorism, state of emergency declarations, outbreaks of pandemics, outbreaks of war, and investor perceptions. These factors may cause WNX shares to trade at a lower price than the issue price under the offer.
General Economic Conditions	The trading price of WNX shares may be adversely impacted by various factors, including new or changed governmental measures, new variants of COVID-19, business closures, lockdowns, quarantines, travel and other restrictions and resultant impacts on economies and financial markets. The historic share price performance of WNX provides no guidance as to its future share price performance. Any deterioration in the domestic and global economy may have a material adverse effect on the performance of WNX's business and WNX's share price. It is possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks, may manifest themselves in ways that are not currently foreseeable. The equity markets have in the past and may in the future be subject to significant volatility.
Dividends	Any decisions regarding the payment of dividends in respect in respect of WNX's shares is determined at the discretion of WNX's board of directors, having regard to relevant factors, which include WNX'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 WNX in future periods or, if paid, paid at historical levels.
Liquidity Risk	WNX is an ASX-listed entity. Therefore the ability to sell WNX shares will be a function of the turnover the WNX shares at the time of sale. Turnover itself is a function of the size of WNX and also the cumulative investment intentions of all current and possible investors in WNX at any one point in time.
Risks of Dilution	Current shareholders in WNX who do not participate in the Offer as per their entitlement will have their percentage shareholding in WNX diluted. Investors may also have their investment diluted by future capital raisings or issues of new equity securities by WNX. WNX may issue new equity securities in the future to finance acquisitions or reduce debt which may, under certain circumstances, dilute the value of a shareholder's interest in WNX.
COVID-19 Risk	Due to the COVID-19 global pandemic, there are a number of additional risks faced by WNX and its businesses. These include the risk of: a) Retail partners of WNX being unable to operate due to lockdown or mandatory quarantine, impacting sales; b) Key distributors or retailers of WNX products being impacted by store closures; c) WNX or its manufacturing partners being unable to operate their factories due to lockdown or mandatory quarantine, impacting supply of products; d) WNX and its supply chains being interrupted due to lockdown or mandatory quarantine, impacting supply of products; and e) A general downturn in the global economy due to the COVID-19 pandemic causing consumers to reduce discretionary purchases, impacting on the overall sales of WNX.

Risks

Specific Risks

Risks	Description
Acquisition Funding Risk	Completion of the acquisition is not subject to a financing condition precedent, and accordingly there is a risk that the acquisition will not proceed and the BSA will be terminated if WNX is unable to successfully complete its capital raising. There is also a risk that the up-front Deposit will be forfeited, if the BSA is terminated prior to Completion for any reason other than due to: an insolvency event having occurred in relation to any of the Sellers; a material breach of the BSA by any of the Sellers'; a material adverse change having occurred in relation to the Pain Away business; or the Manufacturing Agreement Condition not being fulfilled (despite WNX complying with its obligations to fulfil it to the best of its endeavours). WNX's shares have been placed into a trading halt whilst the Company finalises the terms and structure of its capital raising.
Business Strategy Execution	WNX's success will depend on its ability to successfully executive its business strategy. WNX's future growth, profitability and cash flows depend on the ability of WNX's management to successfully execute its business strategy, which is dependent on a number of factors, including its ability to: a. Develop its brands portfolio through new product development and market execution; b. Ensure the brands of WNX deliver their promise; c. Identify and support new and existing brands with the potential to develop into global brands; d. Innovate and develop new products that are appealing to consumers; e. Continue to expand its distribution into direct to consumer channels
Competition Risk	The health and wellness market is highly competitive and if WNX's customers and partners are unable to compete effectively, the Company's results may suffer. WNX faces competition from companies throughout Australia, including large multinational consumer health companies. Some of these competitors have greater resources than WNX, and may be able to respond more effectively to changing business and economic conditions. WNX's products compete with other widely advertised brands. Competition in the health and wellness market is based on pricing of products, quality of products and packaging, perceived value and quality of brands, innovation, in-store presence and visibility, promotional activities, advertising, editorials e-commerce and other activities. WNX's ability to compete also depends on the following factors: a) The continued strength of its products and brands; b) Ongoing growth and innovation in the health and wellness segments; c) The success of WNX's branding, execution and integration strategies; d) The successful management of new products; e) The successful integration of acquisitions.
Synergies Risk	On completion of the acquisition, there is a risk that the expected synergies for WNX may not be realised to their full extent or at all. Furthermore, the expected synergies may be realised over a longer period or involve greater costs to achieve than anticipated. The ability to realise the expected synergies will be dependent on, among other things, the success of management in maintaining and growing the Partnership in an efficient, effective and timely manner without disruption to the respective businesses. There is a risk that any issues arising from the acquisition not being implemented in the desired or effective manner will result in key personnel, distributors and/or customers departing the business and lead to increased expenses.

Risks

Specific Risks

Risks	Description
New Product Risk	WNX's new products may not be as successful as anticipated, which could have a material adverse effect on WNX's business, financial condition or results of operations. A failure to successfully develop and commercialise these products could lead to loss of opportunities and adversely impact WNX's operating results and financial position. Each new product launch carries risks, as well as the possibility of unexpected consequences, including: a) The advertising, promotional and marketing strategies for new products may be less effective than planned and may fail to effectively reach the Pain Awayed consumers; b) Product purchases by consumers may not be as high as anticipated; c) The Company may experience product shortages and/or product returns exceeding expectations as a result of new product launches. In addition, retailer space reconfigurations may be impacted by retailer inventory management or changes in retailer pricing or promotional strategies; d) Costs may exceed expectations as a result of the continued development and launch of new products, including, for example, advertising, promotional and marketing expenses, sales return expenses or other costs related to launching new products; e) Product pricing strategies for new products may not be accepted by retail customers or their consumers, which may result in sales being less than anticipated.
Growth Risk	Should the Company's growth accelerate at a higher rate than anticipated, the Company may, through 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 Company may risk the loss of either third party manufacturing clients or suffer a reduction in the customer base for its own products. Such events could have an adverse affect on both the reputation of the Company as well as its financial results.
Market and Consumer Trends	Rapid changes in market trends and consumer preferences could adversely affect the Company's financial results. WNX'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 and attitudes health products. WNX must continually work to develop, produce and market new products and maintain and enhance the recognition of its existing brands, in order to achieve a favourable mix of products. However, WNX cannot predict consumer trends which may change rapidly. Additionally, due to the increasing use of social and digital media by consumers and the speed by which information and opinions are shared, trends may vary more rapidly than in the past. If WNX is unable to anticipate and respond to trends in the consumer health and personal care markets and changing consumer demands, its financial results may suffer.
Counterfeit Products	Third parties may distribute and sell counterfeit versions of WNX's products, which may be inferior in quality and/or pose safety risks for consumers. Consumers could confuse WNX's products with these counterfeit products, which could cause them to refrain from purchasing the Company's brands in the future and in turn could adversely affect sales revenue. The presence of counterfeit versions of WNX's products in the market could also dilute the value of the Company's brands or otherwise have a negative impact on its reputation and business. WNX believes its trademarks, copyrights, and other intellectual property rights are important to its success and its competitive position. WNX 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 WNX may be unable to prevent all counterfeiting of its products or the infringement of its intellectual property rights. For the reasons outlined above, the counterfeiting of WNX's products may have an adverse impact on WNX's business reputation and financial performance

Risks

Specific Risks

Risks	Description
Failure to Acquire	If for any reason the acquisition does not proceed, including because of a failure to satisfy conditions precedent or other breach of the business sale agreement between WNX and the seller, WNX will need to redirect the use of the majority of the funds raised under the capital raising to working capital, another acquisition, or a potential return of capital to Shareholders or other uses to be determined by the board of WNX.
Counterparty Risk	WNX is heavily reliant on its main customers, suppliers and strategic partners, including its distribution partners. WNX is reliant on its retail partners who are responsible for a majority of the sales and distribution of WNX's products to Australian pharmacies, grocery, mass market and health stores and other retailers. These distribution partners each purchase and carry in their store networks a broad variety of WNX's product range. Each of them are large commercial entities with significant bargaining leverage in contractual negotiation. As is customary in the health personal care market, WNX and/or its distributors are a party to each of their pharmacy customers' or grocery customers' standard trading terms which do not contain minimum purchase volumes. Accordingly, if underlying consumer demand for WNX's products diminishes then the distributors and direct customers will reduce the volume of their orders for WNX's products WNX's distributors may cause damage to WNX's brand reputation by breaching distribution agreements. A failure by any of WNX's distributors or agency partners to comply with their commitments could lead to a loss of opportunities for WNX and adversely impact WNX's operating results and financial position. Inputs for WNX's products consist of raw materials and packaging components and are purchased from various third-party suppliers. The loss of multiple suppliers or a significant disruption or interruption in the supply chain could have a material adverse effect on the manufacturing and packaging of WNX's products. Increases in the costs of raw materials or other commodities may adversely affect the Company's profit margins if higher costs cannot be passed on in the form of price increases or unless the Company can achieve further cost efficiencies in its manufacturing and distribution processes. In addition, failure by WNX's third party suppliers to comply with ethical, social, product, labour and environmental laws, regulations or standards, or their engagement in politically or socially controversial conduct, such as animal testing, could negatively impact their reputations. Any of these failures or behaviours could lead to various adverse consequences, including damage to WNX's reputation, decreased sales and consumer boycotts.
Reputational Risk	WNX'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 WNX's brands. WNX's ability to maintain its reputation is critical to the image and consumer perception of its various brands. WNX's reputation could be jeopardised if it fails to maintain high standards for merchandise quality and integrity or if the Company, 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 WNX's products. Failure to comply with ethical, social, product, labour and environmental standards, or related political considerations, such as animal testing, could also jeopardise WNX'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 WNX's reputation. WNX depends on the reputations of its third-party clients, which can be affected by matters outside of the Company's control. Damage to WNX's reputation or the reputations of its third-party clients could have a material adverse effect on WNX's results of operations, financial condition and cash flows, as well as require additional resources to rebuild the Company's reputation

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Appendices

Glossary of Key Terms

Item	Detail
ASX	Australian Securities Exchange
BSA	Business Sale Agreement
CAGR	Cumulative Annual Growth Rate
Dec-22 LTM	Actual financials for the 12 months ending 31 December 2022
EBITDA	Earnings Before Interest Tax Depreciation & Amortisation
EV	Enterprise Value
FY22A	Actual financials for the 12 months of the financial year ended 30 June 2022
FY23B	Budget financials for the 12 months ending 30 June 2023, comprising 6 months actual results until 31 December 2022 and 6 months budget financials for the period ending 30 June 2023
FY23B-PF	Budget financials for the 12 months ending 30 June 2023, comprising 6 months actual results until 31 December 2022 and 6 months budget financials for the period ending 30 June 2023, adjusted for the impact of the Proposed Transaction based on 100% ownership of Pain Away for the full period, on a post-synergies basis
FY24B	Budget financials for the 12 months of the financial year ending 30 June 2024
FY24B-PF	Budget financials for the 12 months of the financial year ending 30 June 2024, adjusted for the impact of the Proposed Transaction based on 100% ownership of Pain Away for the full period, on a post-synergies basis
IP	Intellectual Property
OTC	Over-the-Counter
SKU	Stock Keeping Unit
TGA	Therapeutic Goods Administration

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COMPANY:

George Karafotias
Executive Director & CEO
george.k@wellnexlife.com.au

Zack Bozinovski
Managing Director
zack.b@wellnexlife.com.au

JOINT LEAD MANAGERS:

Ryan Legudi
Managing Director
ryan.legudi@salterbrothers.com.au

Chris Sarpa
Senior Associate
chris.sarpa@salterbrothers.com.au

Ben Callanan
Director
ben@jbadvisory.com.au

Michael Pegum
Director
michael@jbadvisory.com.au

Wellnex Life Limited
ABN 77 150 759 363
Level 21, 459 Collins Street
Melbourne VIC 3000, Australia

www.wellnexlife.com.au
Email: info@wellnexlife.com.au
Phone: +61 3 8399 9419