

Wellnex Life Limited (ASX:WNX) Q4 FY23 Quarterly Report and Appendix 4C

Key Highlights

- Revenue for FY23 was \$28 million (unaudited), an increase of 51% compared to FY22, meeting guidance provided on 1 July 2022
- Cash receipts for the June quarter 2023 (Q4 FY23) was \$4.4 million for a total of \$23.4 million for FY23, increase of 31% compared to FY22
- Net operating cash outflow for Q4 FY23 of -\$1.2 million, 19% improvement vs. Q3 FY23, and 65% improvement vs. corresponding quarter during FY22
- Total available funding at end of Q4 FY23 was \$5.5 million
- Transformational acquisition of Pain Away announced and to be completed during the September quarter

Wellnex Life Limited (ASX:WNX) ("**Wellnex**" or "**Company**") is pleased to provide the following operational update along with its Appendix 4C for the quarter ended June 2023 ("**Q4 FY23**").

Wellnex Chief Executive Officer George Karafotias:

"FY23 has been a year of growth across the whole business that has set us up for long term success. Over the last two financial years, we have launched six new brands that are ranged across all major pharmacy and grocery retailers, secured two joint ventures with Chemist Warehouse, and have expanded our supply agreement with Haleon leveraging our intellectual property into international markets. Wellnex is well and truly on the path to being an innovative and respected company in the pharmaceutical market both domestically and internationally."

Strong Cash and Revenue

Cash receipts for Q4 FY23 was \$4.3 million providing total cash receipts for FY23 of \$23.4 million, an increase of 31% compared to FY22.

Net operating cash flow for Q4 FY24 was -\$1.2 million, 19% lower than Q3 FY23 and 65% lower than the corresponding quarter during FY22, highlighting the trajectory towards cash flow breakeven.

Unaudited revenue of \$28 million achieved in FY23, an increase of 51% compared to FY22, with an additional \$2.3 million in purchase orders received in June but not yet invoiced.

The Company had available funding at the end of the quarter of \$5.5 million, and after quarter end launched an entitlement issue to raise up to \$5.3 million.

In addition, the Company through the administrator of Corio Bay Dairy Group (CBDG) continues to pursue preferential creditor claims of \$4.2 million with proceedings commenced. One party has settled for c.40% of their debt and we have entered negotiations with another party and are awaiting responses from three further parties.

Marketing Cost for the quarter was circa \$393,000 down from \$1.2 million in the previous quarter and inventory purchases for the quarter was \$3.25 million.

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

Continued expansion and growth of our I.P and brands in the pharmaceutical market

During the quarter Wellnex announced the acquisition of Pain Away, a leading Australian pain relief brand. This is a transformational acquisition that will accelerate our growth in the pharmaceutical market. Wellnex is working to close the acquisition during the September quarter. See announcements on 25 May 2023 for further information.

On 29 June 2023, the Company announced that it secured global expansion of its supply agreement with Haleon into the UK, Ireland and United Arab Emirates with an additional 8 products comprising of Paracetamol, Paracetamol and Ibuprofen and Paracetamol and Caffeine. This partnership further validates the valuable assets and intellectual property (dossiers) the Company has developed over a long period of time, and highlights the trust and confidence our customers have in our Company and our products.

During the quarter, Wellnex also launched four new products under the successful “Wakey Wakey” brand, including 2 flavour extensions (Berry and Lemon Lime) and 2 products as “Wakey Wakey+” showcasing the Wakey Wakey caffeine product with added (+) Magnesium and Vitamin C and Zinc. The products have been accepted by major grocery and pharmacy retailers including Coles, Woolworths and Chemist Warehouse.

To compliment the launch of these new products under “Wakey Wakey” brand we also launched a new brand – “Nighty Night”, which aims to improve sleep quality. Wellnex has received strong interest in this exciting launch with the brand accepted by major grocery and pharmacy retailers including Coles, Woolworths and Chemist Warehouse.

This exciting growth and expansion of our brands will continue to drive our revenue and increase our margins that will put the Company on the pathway to profitability.

This ASX announcement has been authorised by the Board of Wellnex Life Limited (ASX:WNL).

For further information, please contact:

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About Wellnex Life

Wellnex Life Limited (ASX: WNX) is a consumer healthcare business with a track record for developing, licensing, and marketing registered products and brands to customers in the growing healthcare market segment. Since listing in 2021, Wellnex Life has successfully launched a host of brands and products now ranged in major retailers in the healthcare market space, pharmacies and supermarkets included. Its distribution arrangements have seen Wellnex Life secure significant licensing arrangements with major pharmaceutical companies in Australia and globally that have given the company's registered products a distribution channel with a steadily increasing global geographic footprint.

Wellnex Life has more recently acquired leading Australian topical pain relief brand Pain Away. Its addition to Wellnex Life's product offering both compliments and accelerates the potential growth of the company's business operations. This transformational acquisition gives added impetus to Wellnex Life's financial growth and scale and reinforces its place as a major and respected participant in the growing healthcare market, both in Australia and overseas.

To learn more, please visit: www.wellnexlife.com.au/

Appendix 4C

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

Name of entity

WELLNEX LIFE LIMITED

ABN

77 150 759 363

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,352	23,349
1.2 Payments for		
(a) research and development	(56)	(296)
(b) product manufacturing and operating costs	(3,702)	(18,101)
(c) advertising and marketing	(393)	(2,648)
(d) leased assets	-	-
(e) staff costs	(726)	(4,525)
(f) administration and corporate costs	(465)	(1,946)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	16
1.5 Interest and other costs of finance paid	(168)	(809)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST refund/(paid))	(74)	(56)
1.9 Other (costs for CBDG administration)	-	-
1.9 Net cash from / (used in) operating activities	(1,230)	(5,016)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	(144)	(776)
(c) property, plant and equipment	-	(15)
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(e) intellectual property	(30)	(30)
	(f) other non-current assets	(91)	(133)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	(35)
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Loan repayment from other entity	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (cash acquired from CBDG Administration)	(146)	(58)
2.6	Net cash from / (used in) investing activities	(410)	(1,046)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	5,930
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	(8)	(978)
3.5	Proceeds from borrowings	1,374	10,446
3.6	Repayment of borrowings	(1,245)	(12,245)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Share applications to be refunded	-	-
3.9	Other (repayment of lease liabilities)	-	-
3.10	Net cash from / (used in) financing activities	121	3,154

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,243	3,642
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,230)	(5,026)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(410)	(1,046)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	121	3,154
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	724	724

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	321	1,694
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (funds held in trust)	403	551
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	724	2,244

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	189
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	5,300	(542)
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	5,300	(542)
7.5	Unused financing facilities available at quarter end		4,758
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.		
	Secured Revolving Trade and Debtor Facility with Scottish Pacific of \$5.3 million Term: Minimum of 24 months (July 2023) Interest Rate: BBSY plus 4%.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,230)
8.2	Cash and cash equivalents at quarter end (item 4.6)	724
8.3	Unused finance facilities available at quarter end (item 7.5)	4,758
8.4	Total available funding (item 8.2 + item 8.3)	5,483
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.5
	<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?	
	N/A	
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?	
	N/A	
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?	
	N/A	
	<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.

1 August 2023

Date:

The Board of Directors

Authorised by:
(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.