

Wellnex Life Limited (ASX:WNX)
FY23 Appendix 4E & Preliminary Financial Accounts
“Growth & Investment”

CORRECTION

Wellnex Life Limited (ASX: WNX) (Company or Wellnex) refer to the results announcement released earlier today and makes the correction so that the third bullet point under ‘Summary Highlights’ should read as:

- “Underlying EBITDA loss at circa \$5.0 million.”

The full revised announcement is as follows.

SUMMARY HIGHLIGHTS

- Sales Revenue increased by 50% to \$27.9 million (FY22: \$18.6 million).
- EBITDA loss in line with FY22 at \$6.8 million.
- Underlying EBITDA loss at circa \$5.0 million.
- Gross Margins for FY23 were 17%.
- Statutory Loss Before Tax of \$13.9 million, including non-cash impairment of \$5.6 million.
- Total assets \$15.0 million at 30 June 2023.
- Substantial investment in marketing and employee resources to accelerate the launch of new brands and products.
- Revenue expected to continue to grow in FY24 with higher gross margins and no increase in operating expenses.

Wellnex Life Limited (ASX: WNX) (Company or Wellnex), a customer-focused healthcare company, is pleased to provide its Appendix 4E for FY23, that has seen a second consecutive financial year of revenue growth of at least 50%, which we anticipate will continue in FY24.

FINANCIAL PERFORMANCE

Revenue for the period was \$27.9 million, an increase of 50% on FY22 which builds on the 55% increase in revenue in FY22 from FY21. The revenue growth has been achieved noting Wellnex commenced terminating low margin agreements for its third-party sales and marketing services which provide limited long-term value to shareholders.

The result was impacted by the following:

Wellnex Life Limited

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- Reduction in Gross Margin from 24% in FY22 to 17% in FY23 due to stock write-offs as well as investment into inventory costs associated with the new brand and product launches.
- Gross Margin for the first 2 months of FY24 is 25-28% driven by the growth of our high margin owned-brands and transition away from lower margin third-party activities.
- The growth of our brands business is reflected in it accounting for 25% of total revenue in FY23, up 100% from 14% in FY22.
- There will also be substantial revenue and margin increase in our IP licensing arrangements as more higher value products and global expansion take effect in FY24.
- Employee expenses increased by 27% for FY23 compared to FY22 as we accelerated our growth but will remain around these levels for FY24 even taking into account our continued revenue growth.
- Selling, marketing and distribution costs increased by 166% compared to FY22 to \$4.4 million, due to one-off costs associated with new brand launches and elevated logistic costs. Marketing costs for FY24 will be in line with FY23, with logistics costs being reduced by 25% in FY24 after signing a new agreement with our logistics partner.
- Total Revenue is expected to continue to grow in FY24 with increased margins with no increase in operating expenses providing a pathway to profitability in FY24.

Total assets at 30 June was \$15.0 million, with the Company completing an entitlement shortfall raise and placement to fund the proposed acquisition of Pain Away and provide working capital. The proposed acquisition of Pain Away is anticipated to be complete in September 2023.

OPERATING PERFORMANCE

During FY23 Wellnex invested in expanding its presence in the health and pharmaceutical market with the launch of various brands and products that resulted in the continued growth of the business. Wellnex now has six innovative brands that are available in all major grocery and pharmacy retailers.

As announced on 29 June 2023, Wellnex has extended its agreement with Haleon that will see expansion of products and distribution into new global markets including the UK, Ireland and the UAE products, a testament to the trust major industry players have in partnering with Wellnex.

The major operating achievements in FY23 include:

- Launch of four new products for Wakey Wakey complementing the existing product offering with new products available in all major grocery and pharmacy retailers.
- Launch of new innovative sleep aid brand Nighty Night, with initial sales very encouraging across all major grocery and pharmacy retailers.
- Continued growth of over-the-counter medicines under the Pharmacy Own brand being distributed by CH2.

- Mr Bright further expanded its presence in overseas markets, with a focus in FY24 to expand its minimal domestic retail distribution to take advantage of its strong offering as an all-natural teeth whitening brand.
- The Iron Company continues to gain traction in the growing iron supplement market with its unique propositions, with the company developing additional products for this category.
- Continued growth of our IP licensing arrangements that resulted in significant revenue growth in FY23, that will continue to accelerate in FY24 on the back of the expansion of the Haleon agreement with additional products and global expansion.

Wellnex also announced on 25 May 2023 that it executed a binding agreement to acquire Pain Away. The acquisition of Pain Away adds significant scale to Wellnex's "100%-owned" brand portfolio, whilst materially strengthening its financial profile given its strong gross margins (c.50%) and profitability. The acquisition is anticipated to be complete in September 2023 upon satisfaction of remaining conditions precedent.

Wellnex Chief Executive Officer George Karafotias:

"FY23 has been a year of investment growth across the whole business and has set the foundations for strong financial performance and growth in FY24 and beyond. In the 2 years since listing we have increased our revenue by 50% each year, with FY24 on track to show a similar increase. Our primary focus in FY24 is to grow our gross margin whilst maintaining our operational expenses at current levels to drive Wellnex to profitability during FY24. Wellnex is well on the pathway to being one of Australia's most respected and trusted participants in the pharmaceutical market evidenced by our arrangements with Haleon and Chemist Warehouse.."

This ASX announcement has been authorised by the Board of Wellnex Life Limited.

ENDS

Further Information:

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About Wellnex Life

Wellnex Life Limited (ASX: WNX) is a consumer healthcare business that develops and licenses healthcare brands and products to improve consumer health. Listed in 2021, Wellnex has successfully launched and licensed cutting-edge brands in emerging specialty categories and has established key partnerships and agreements with leading companies in the Australian and global health segment. Wellnex is focused on



building a portfolio of brands and intellectual property that can improve the health of consumers, that will ultimately create value for shareholders.

To stay updated with the latest company news and announcements, please visit www.wellnexlife.com.au

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