

Wellnex Life Limited announces \$13.6 million entitlement offer to fund the acquisition of Pain Away

A transformative acquisition with compelling strategic and economic rationale.

Highlights

- Wellnex to acquire Pain Away for \$20.85 million total consideration (plus inventory to a targeted value of \$1.15 million)
- To be funded through a \$13.6 million equity raising, drawing on existing funding facilities and current cash reserves
- Strategically and financially compelling acquisition that delivers significant growth for Wellnex and repositions the business as a leading health brand
- Interest and commitments from Wellnex directors and largest shareholder, Homart Pharmaceuticals, to participate in the entitlement offer
- Target return to trading on ASX on Monday, 11 December 2023

Wellnex Life Limited (**Wellnex**, **WNX** or **Company**) (ASX:WNX), owner and developer of some of Australia's leading health brands, announces a \$13.6 million pro rata traditional non-renounceable entitlement offer to fund the acquisition of Pain Away and support the Company's balance sheet and working capital requirements.

As previously disclosed, Wellnex has entered into binding agreements to acquire Pain Away on new terms, with the completion payment reducing from \$19.8 million to \$12.8 million plus inventory (target inventory of \$1.15 million). Wellnex's Board and management have determined that an equity raise and drawing on existing financing facilities is the most efficient combination to fund this transformational acquisition.

Wellnex's Managing Director Zack Bozinovski said, "the Pain Away brand is a strong strategic fit for the business. The Pain Away brand not only has strong revenue growth and gross margins, but will also be highly complementary to our current brands and provide Wellnex with significant customer, geographic and product expansion opportunities. With the acquisition of Pain Away, our plan is to continue to grow the base business and then further accelerate growth through a strong innovation pipeline. We want to position Pain Away nationally as the leading topical pain relief brand in the category."

Wellnex's Chief Executive Officer George Karafotias said, "Wellnex is pleased to be in the position to launch the entitlement offer to complete the acquisition of Pain Away. This is a transformative acquisition that enhances Wellnex's capabilities in the product distribution pain relief categories whilst growing shareholder value."

"The announcement of the acquisition and Entitlement Offer follows on from the strengthening of the Wellnex Board following the pending appointment of Messrs Andrew Vidler and Jeffrey Yeh as directors."

“We are thankful for the support from our major shareholder and are well positioned to return to trading on the ASX following completion of the Entitlement Offer.”

Overview of 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. The business develops and manufactures topical pain relief products focused on joint and muscle pain using all natural ingredients. The 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).

Pain Away has long-standing distribution channels 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.

The business has created strong brand awareness through the 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. Furthermore, Pain Away's IP includes trade-marks and internet domains which have all been registered in Australia.

Acquisition Detail

Wellnex has entered into a binding agreement to acquire Pain Away for total consideration of \$20.85 million (plus inventory to a targeted value of \$1.15 million). The consideration is comprised of cash and 20 million fully paid ordinary shares, which were issued on 3 November 2023, and escrowed to 31 May 2024. The cash component of the consideration comprises an advance payment of \$2.35 million (which has already been paid by the Company); a completion payment of \$12.8 million (plus \$1.15 million in direct purchase of inventory at the target value of \$1.15 million, which will be financed through a draw down of the Group's debt finance facility); deferred cash consideration (\$5.70 million) to be paid in two instalments, \$2.925 million payable by November 2024 and \$2.775 million payable by April 2025, respectively. The Company has multiple options to fund the deferred consideration payments, including internal cashflow generation.

Equity Raising

Wellnex is undertaking a pro-rata non-renounceable Entitlement Offer to Eligible Shareholders to raise up to \$13.6 million (before costs), on the basis of 1 Entitlement Share (at an issue price of \$0.028) for every 1 Share held on the Record Date, together with 1 attaching option (exercisable at \$0.05 and expiring 30 June 2025) for every 3 Entitlement Shares issued (**Offer**).

The issue price of \$0.028 (2.8 cents) (**Offer Price**) represents a:

- 28.4% discount to TERP¹ of \$0.039;
- 47.2% discount to last close of \$0.053 on 17 May 2023; and
- 46.6% discount to the last close of \$0.052 adjusted for the June 2023 entitlement offer.

The Offer is open to existing Wellnex shareholders on the register as at 7.00pm (AEDT) on the Record Date of Thursday, 16 November 2023.

Entitlements may only be exercised by persons with a registered address on the Company's share register in Australia and New Zealand (**Eligible Shareholders**). Ineligible shareholders are all those shareholders with registered addresses as at the Record Date outside these jurisdictions (**Ineligible Shareholders**).

All Eligible Shareholders who accept and pay for their entitlement in full will be entitled to apply for "overs" (subject to compliance with applicable laws and the ASX Listing Rules) (**Oversubscription Facility**). Additional new Shares will only be available under the Oversubscription Facility to the extent that there is any shortfall under the Offer. To the extent there is greater demand than there is shortfall, Eligible Shareholders who have applied for additional new Shares will have their applications scaled back on a pro rata basis and to the extent considered necessary to prevent the issue of securities contrary to the law or ASX Listing Rules.

Following completion of the Offer period, the joint lead managers and the Company will determine the number of any shortfall shares after acceptances by eligible shareholders (after taking into account any allotment of new Shares under the Oversubscription Facility). These shortfall shares will be offered at the Offer Price to new and existing institutional and sophisticated investors in a bookbuild process (**Shortfall Bookbuild**) which is intended to be a bookbuild as to volume only.

The Offer provides Eligible Shareholders with the opportunity to take up all or part of their entitlements. Approximately 487.3 million Shares, representing 100% of WNX's issued capital will be issued under the Offer. New Shares issued under the Offer (including new Shares issued under the Oversubscription Facility and following the Shortfall Bookbuild, if any) will rank pari passu with existing shares from their respective dates of issue.

Full details and effects of the Entitlement Offer are set out in the Prospectus on the ASX platform.

Director and Major Shareholding Participation

At the date of the Prospectus, all of Wellnex's Directors have committed to participate in the entitlement offer. Wellnex's largest shareholder, Homart Pharmaceuticals, has indicated its support for the Offer and has committed to participate in the entitlement offer in addition to the 23,571,428 shares to be issued to Homart Pharmaceuticals under the Homart Offer outlined in the Prospectus.

¹ The Theoretical Ex-Rights Price ('TERP') is the theoretical price at which WNX shares should trade immediately after the ex-date of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which WNX shares will trade on the ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP. TERP is calculated by reference to the last close price of the Company's shares as traded on the ASX of \$0.053 on 17 May 2023.

Underwriting

The Entitlement Offer is not underwritten.

Advisers

Holding Redlich are acting as legal adviser to Wellnex on the Equity Raising. Ord Minnett Limited and Barclay Pearce Capital Investment Pty Ltd are acting as Joint Lead Managers to the Equity Raising. Reach Markets are acting as Co-manager to the Equity Raising.

Timetable

Event	Date (2023)
Company announces Entitlement Offer under Listing Rule 3.10.3	Monday, 13 November
Lodgement of prospectus with ASIC	Monday, 13 November
Lodgement of prospectus and Appendix 3B with ASX	Monday, 13 November
“Ex” Date (date from which shares commence trading with the entitlement to participate in the Entitlement Offer)	Wednesday, 15 November
Record Date (date for determining shareholder entitlements to participate in the Entitlement Offer) (7.00pm AEDT)	Thursday, 16 November
Prospectus and personalised application forms sent to eligible shareholders and Company announces that dispatch has been completed	Friday, 17 November
Opening date of Entitlement Offer	Friday, 17 November
Last date to extend closing date (12.00pm AEDT)	Thursday, 23 November
Closing date of Entitlement Offer (5.00pm AEDT)	Tuesday, 28 November
Announcement of results of Entitlement Offer and Shortfall Offer	Friday, 1 December
Issue of Entitlement Offer shares and lodgement of Appendix 2A applying for quotation of the shares (12.00pm AEDT)	Tuesday, 5 December
Issue of Shortfall Offer shares and lodgement of Appendix 2A applying for quotation of the shares (12.00pm AEDT)	Wednesday, 6 December
Completion of Pain Away Transaction	By Friday, 8 December

Note: the above timetable is indicative only and subject to change without notice. All dates and times are Australian Eastern Daylight Time.

Request Entitlement Offer Form

The Entitlement Offer is expected to open Friday, 17 November 2023. Once the Entitlement Offer opens, Eligible Shareholders can request a copy of their Entitlement Offer form be sent to them once available, from the following link:

[Entitlement Offer Form](#)

Shareholder Briefing

A live and online shareholder briefing will take place via webinar on Friday, 17 November 2023 at 12.00pm (AEDT):

[Register for the webinar here](#)

Following registration, you will receive a calendar invite with the details to join the online briefing.

Additional Information

Further details of the Offer, including the effect of the Offer on the Company, are set out in the accompanying prospectus also provided to the ASX today. The prospectus contains important information including key risks with respect to the Offer. This announcement should be read together with the disclosures made in the prospectus (together, the **Announcements**).

If you have any questions in relation to the details of the Offer, please contact Reach Markets on +61 3 8080 5975 or investors@reachmarkets.com.au at any time between 8.30am to 5.00pm (AEDT) Monday to Friday during the Entitlement Offer Period, or if you require advice about your participation in the Entitlement Offer, consult your stockbroker, accountant or other independent professional adviser.

The Board has authorised that this document be given to the ASX.

- ENDS -

For further information, please contact:

Reach Markets

P: +61 3 8080 5975

E: investors@reachmarkets.com.au

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 agreed to acquire 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/

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be registered, under the US Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the Securities Act and applicable US state securities laws. This announcement contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Wellnex, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions. You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the ongoing impact of COVID-19 as well as the military conflict in the Middle East and Ukraine. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of Wellnex's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the ongoing impact of COVID-19 as well as the military conflict in the Middle East and Ukraine, and except as required by law or regulation, none of Wellnex, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to Wellnex as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of Wellnex, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. The information in this announcement is in summary form and does not contain all the information necessary to fully evaluate the transaction or investment. It should be read in conjunction with Wellnex's other periodic and continuous disclosure announcements lodged with the ASX. The announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any securities and does not form the basis of any contract or commitment. All persons should consider seeking appropriate professional advice in reviewing this announcement.