Supplementary Prospectus

Wellnex Life Limited ACN 150 759 363
(the Company)

1. Important information

This supplementary prospectus (**Supplementary Prospectus**) is dated 22 November 2023 and is supplementary to the prospectus dated 13 November 2023 (**Prospectus**) issued by Wellnex Life Limited ACN 150 759 363 (the **Company**).

This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on 22 November 2023. ASIC, the ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus.

All references to 'the Prospectus' in this Supplementary Prospectus are references to the Prospectus.

To the extent of a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus, copies of which can be downloaded from the website of the Company.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

2. Reasons for Supplementary Prospectus

2.1 Purpose of this document

This Supplementary Prospectus has been prepared to:

(a) provide further disclosure with respect to certain key risks associated with an investment in the Company (see Sections 3.1, 3.2 and 3.4 of this Supplementary Prospectus);

(b) provide further disclosure with respect to the use of funds raised under the Entitlement Offer and Shortfall Offer, if the Pain Away Transaction does not complete (see Section 3.3 of this Supplementary Prospectus);

(c) provide further disclosure about the effect of the Offers on the Homart Investor's control of the Company (see Section 3.5 of this Supplementary Prospectus);

(d) amend Section 13 *(Pro Forma consolidated statement of financial position)* of the Prospectus (see Section 3.6 of this Supplementary Prospectus), to:

(i) include, within the Statutory Historical Financial Information set out in Section 13 of the Prospectus:

(A) the Company's audited historical statement of profit or loss and other comprehensive income for the financial year ended 30 June 2023 (**FY23**); and

(B) the Company's audited historical statement of cash flows for FY23;

(ii) provide further disclosure with respect to going concern; and

(iii) include other minor amendments to the Pro Forma Historical Statement of Financial Information; and

(e) to include a replacement Investigating Accountant's Report, pursuant to which the Investigating Accountant has reviewed the updated Statutory Historical Financial Information and Pro Forma Historical Statement of Financial Information (see Section 3.7 of this Supplementary Prospectus).

3. Further disclosure

3.1 Going concern risk

The Company's audited annual financial report for the financial year ended 30 June 2023 (**FY23**), lodged with ASX on 2 November 2023 (**Financial Report**), was prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and liabilities in the ordinary course of business.

The Financial Report included a note regarding the basis of preparation of the financial statements on a going concern basis, the financial condition of the Company, and the existence of a material uncertainty about the Company's ability to continue as a going concern. As noted in the Risk Factors section of the Prospectus (refer to Section 19.1), the Company's financial results in the Financial Report disclose factors which indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Financial Report.

Notwithstanding the Company's FY23 financial results, the Directors believe that it is reasonably foreseeable that the Company will continue as a going concern, and that it was appropriate to adopt the going concern basis in the preparation of the Financial Report, after consideration of various factors, which are detailed in Section 19.1 of the Prospectus.

In addition to those factors detailed in Section 19.1 of the Prospectus, the Directors further note the following factors which support the going concern basis of preparation:

(a) The Group has a debtor finance facility with an external financier over its receivables accounts, to the extent of 70% of its outstanding accounts with customers. The debtor finance facility limit is $2.8 million, with $405K drawn down by Wellnex, as at 17 November 2023. The Directors note that, should the Pain Away Transaction complete, the additional headroom available under this facility will enable the Group to extend its financing of receivables accounts in line with the expected increase in sales turnover from the Pain Away product range.

(b) The Company is seeking to raise $13.6 million under the Entitlement Offer (and if applicable, the Shortfall Offer). In assessing the likelihood that the Company will be able to raise the full subscription amount of $13.6 million under the non-underwritten Entitlement Offer, the Directors note that the Company and Joint Lead Managers have sought and received indications of interest from:

(i) existing Shareholders, including the Homart Investor (a major shareholder) and the Directors) of their intent to participate in the Entitlement Offer; and

(ii) third party investors to participate in the Shortfall Offer.

3.2 Minimum subscription risk

As disclosed in the Prospectus, the $13.6 million sought to be raised by the Company under the Entitlement Offer will be used to fund the Completion Payment of $12.8 million (an additional $1.15 million in direct purchase of inventory at the target value of $1.15 million will be financed through a draw down of the Group's debt finance facility), and payment of the costs of the Pain Away Transaction and Offers.

The Company cautions that the Entitlement Offer is not subject to a minimum subscription condition. Accordingly, there is a risk that the Entitlement Offer will complete under the circumstances where insufficient capital is raised to fund the $12.8 million payable by the Company at Completion, in which event:

(a) the Company may seek to negotiate with the Pain Away Seller Parties to:

(i) extend the Sunset Date under the Sale Agreement, to allow for more time to raise the required funds, and/or

(ii) adjust the structure of the Purchase Price so as to reduce the upfront Completion Payment (and increasing the Deferred Consideration component); or

(b) the Pain Away Transaction may be terminated, and the Company would move forward with its existing operations and continue to progress along with its strategic direction.

In respect of section 3.2(a) above, there is no guarantee that the Pain Away Seller Parties will agree to revise the Sunset Date or the structure of the Purchase Price.

Section 3.3 below sets out the manner in which the Company intends to apply funds raised under the Entitlement Offer, in the event that the Pain Away Transaction is terminated in the manner contemplated by section 3.2(b) above, and the Board does not determine to withdraw the Entitlement Offer.

3.3 Use of funds raised under the Entitlement Offer and Shortfall Offer

In the event that the Pain Away Transaction is terminated (for example, as a result of insufficient funds being raised under the Entitlement Offer), and the Board does not otherwise determine to withdraw the Entitlement Offer, the Company intends to apply funds raised under the Entitlement Offer and Shortfall Offer in the following order of priority (noting that the exact application of the funds raised may vary at the Directors' discretion):

(a) to pay for the costs of the Pain Away Transaction and Offers (including the Entitlement Offer) (up to $1.3 million – refer to Section 37 of Prospectus);

(b) to pay for the Company's ongoing working capital requirements; and

(c) to the extent that the Company identifies any further growth or business opportunities, to pursue those opportunities (subject always to the ASX Listing Rules and Corporations Act).

The table below demonstrates the approximate funds available following payment of the costs and expenses of the Offers and the Pain Away Transaction, in the event that the Company raises:

(d) 25% of the $13.6 million sought under the Entitlement Offer (**Scenario A**);

(e) 50% of the $13.6 million sought under the Entitlement Offer (**Scenario B**); and

(f) 75% of the $13.6 million sought under the Entitlement Offer (**Scenario C**).

	$'000 [1]		
	Scenario A (25%)	**Scenario B (50%)**	**Scenario C (75%)**
Funds raised from the Entitlement Offer and Shortfall Offer	3,400	6,800	10,200
Allocation of funds			
Funds payable upon Completion of Pain Away Transaction [2]	0	0	0
Total costs of Offers and Pain Away Transaction [3]	**695**	**906**	**1,116**
Capital raising fees for Joint Lead Managers [4]	204	408	612
ASX quotation fees [5]	13	20	26
Costs and expenses of the Pain Away Transaction, Prospectus, and the Offers (ASIC lodgement fees, legal, registry, accounting fees, etc, but excluding JLM and ASX quotation fees) [6]	478	478	478
Balance of funds available for Ongoing Costs	**2,705**	**5,894**	**9,084**

Notes:

[1] The amounts expressed in the table above are approximate only.

[2] Assumes that (a) insufficient funds are raised to fund the $12.8 million payable at Completion; (b) the Pain Away Transaction does not complete; and (c) the Directors do not withdraw the Entitlement Offer.

[3] Refer to Section 37 of the Prospectus for details on the costs and expenses of the Offers and Pain Away Transaction.

[4] The JLMs are entitled to be paid 6% of gross proceeds raised under the Entitlement Offer and Shortfall Offer. Refer to the terms of the JLM Mandate as further detailed in Section 23.4 of the Prospectus.

[5] ASX quotation fees will vary, depending on the number of Shares that the Company issues and applies for quotation of.

[6] Fixed costs and expenses of the Offers, excluding variable costs (being Joint Lead Managers' capital raising fees, and ASX quotation fees)

In each of Scenarios A, B and C, the Company would apply the balance of funds available after payment of the costs of the Offers and the Pain Away Transaction, as follows:

(g) **Scenario A**

The balance of funds would be used to fund working capital requirements, including the general costs associated with the management and operation of the Company's business such as administration expenses, management, salaries, directors' fees, rent, costs associated with maintaining an ASX listing, and other associated costs (**Ongoing Costs**). The Company anticipates that the balance of funds available under Scenario A would provide the Company with sufficient funding for approximately 6 months following the Entitlement Offer, noting that the maturity date of the Convertible Note would be June 2024 (as the Convertible Note Variation Deed will not become effective where the Pain Away Transaction does not complete). Under these circumstances, the Company will take steps to refinance the Convertible Note, including by negotiating with the Noteholder for a potential conversion of the note, or an extension of the maturity date.

(h) **Scenario B**

The balance of funds would be used to the Company's Ongoing Costs. The Company anticipates that the balance of funds available under Scenario B would provide the Company with sufficient funding for its Ongoing Costs for approximately 24 months following the Entitlement Offer.

(i) **Scenario C**

The balance of funds would be used to the Company's Ongoing Costs. The Company anticipates that the balance of funds available under Scenario C would provide the Company with sufficient funding for its Ongoing Costs for approximately 36 months following the Entitlement Offer.

In the event that the Pain Away Transaction is terminated, the Company may take steps to scale the business to meet its financial profile, including by reducing its Ongoing Costs. This may include reducing head count, which the Company has been scaling up for the last 9 months in preparation for completion of the Pain Away Transaction. The Company may also delay the launch of new products and brands if required.

The above is a statement of current intentions as of the date of this Supplementary Prospectus. Shareholders should note that, as with any budget, the allocation of the funds may change depending on various intervening events and new circumstances, including potential other acquisition or investment opportunities, regulatory developments and market and general economic conditions. Accordingly, the Board reserves the right to alter the way funds are applied on this basis.

However, as noted above in Section 3.1(b), the Company has a reasonable level of confidence of raising the $13.6 million sought under the Entitlement Offer, on the basis of the indications of interest received by the Company and Joint Lead Managers.

3.4 Other key risks for emphasis

(a) **Company's securities remain in voluntary suspension**

As stated in the Prospectus, including in Section 19.12, the Company's Securities have been voluntarily suspended, at the Company's request, from quotation on the ASX since 22 May 2023. The Company's Securities remain suspended at the date of this Supplementary Prospectus.

The Company intends to seek reinstatement of its Securities to trading on the ASX, after completion of the Pain Away Transaction. Following the lifting of the voluntary suspension, it is not possible to predict what the value of the Company or its Shares will be. Accordingly, following completion of the Entitlement Offer, the Directors do not make any representations as to the value of the Company or the Shares.

(b) **Dilutionary impact of Entitlement Options issued**

Assuming that the Entitlement Offer is fully subscribed, the Company will issue approximately 162,427,437 Entitlement Options, which will result in a dilutionary impact to

Shareholders. The dilutionary impact is described in the table set out in Section 15.2 *(Shareholder dilution effect of Entitlement Offer)* of the Prospectus. The table:

(i) takes into account both the Entitlement Shares and Entitlement Options (on an as converted basis); and

(ii) assumes that all Entitlement Options issued under the Entitlement Offer have been exercised, and that all Shares underlying those Options have been issued.

If all 162,427,437 Entitlement Options are issued exercised, the Company will raise approximately $8.1 million.

3.5 Effect of the Offers on the Homart Investor's control of the Company

As disclosed in Section 2.10 of the Prospectus, the Company has not appointed a nominee for the purposes of Listing Rule 7.7.1(c) and section 615 of the Corporations Act in respect of the Entitlement Offer. Accordingly, the rights issue exception to the prohibition on persons acquiring control of a company, contained in item 10 of section 611 of the Corporations Act, will not apply.

The Company has cautioned investors to have regard to and comply with the takeovers prohibition in section 606 of the Corporations Act, when applying for Securities offered pursuant to the Prospectus. The Company reserves the right to reject or scale back any application under the Offers which it considers may result in a breach of section 606 of the Corporations Act.

The Homart Investor will not be permitted to acquire Shares under the Offers, to the extent that such acquisition will result in a breach of section 606 of the Corporations Act.

The tables below demonstrate the effect the Offers are expected to have, on the Homart Investor's control of the Company. The tables demonstrate the Homart Investor's anticipated shareholding, where the Entitlement Offer is subscribed:

(a) only by the Homart Investor, as to 100% of its Entitlement (**Scenario 1**);

(b) by the Homart Investor, as to 100% of its Entitlement, plus uptake by other Shareholders as to 25% of the Entitlement Shares offered under the Entitlement Offer (**Scenario 2**);

(c) by the Homart Investor, as to 100% of its Entitlement, plus uptake by other Shareholders as to 50% of the Entitlement Shares offered under the Entitlement Offer (**Scenario 3**);

(d) by the Homart Investor, as to 100% of its Entitlement, plus uptake by other Shareholders as to 75% of the Entitlement Shares offered under the Entitlement Offer (**Scenario 4**); and

(e) fully (uptake of 100% of the Entitlement Shares offered under the Entitlement Offer) (**Scenario 5**).

The tables below **<u>do not</u>** reflect the operation of the takeovers prohibition in section 606 of the Corporations Act, which will (if applicable) operate to prohibit the Homart Investor from acquiring Shares under the Offers, to the extent that such acquisition will result in a breach of section 606 of the Corporations Act.

	No. of Shares	No. of Options
Homart Investor's shareholding as at Record Date	92,882,130	27,500,000
Tranche 2 Balance Shares to be issued to Homart Investor[1]	11,000,000	
To be issued under Homart Offer[2]	23,571,428	26,190,476
To be issued under Consultant Offer[3]	20,000,000	
Homart Investor's 100% Entitlement under Entitlement Offer (1 for 1) with 1 for 3 Entitlement Options[4]	92,882,130	30,960,710
Homart Investor's holding post Entitlement Offer (assuming the Homart Investor subscribes for 100% of its Entitlement), post Homart Offer, and issue of Tranche 2 Balance Shares[5]	220,335,688	84,651,186

[1] Assumes the Tranche 2 Balance Shares are issued to the Homart Investor after the General Meeting.
[2] Assumes the maximum number of Homart Shares and Homart Options are issued to the Homart Investor under the Homart Offer.
[3] Assumes the maximum number of Consultant Shares are issued to the Pain Away Seller under the Consultant Offer.
[4] Assumes the Homart Investor subscribes for its full Entitlement under the Entitlement Offer.
[5] Assumes: (a) the Homart Investor subscribes for its full Entitlement under the Entitlement Offer; (b) the maximum number of Homart Shares and Homart Options are issued to the Homart Investor under the Homart Offer; and (c) the Tranche 2 Balance Shares are issued to the Homart Investor after the General Meeting.

		Homart Investor's shareholding					
Shares on issue		**Shareholding where no Options are exercised[6]**	**% (assuming no Options are exercised)**	**Shareholding where the Homart Investor exercises all Options[7]**	**% (assuming no other Optionholder exercises any Options)**	**Shareholding (assuming the Homart Investor (and no other Optionholder) exercises all Options except Initial Placement Options[8]**	**% (assuming no other Optionholder exercises any Options)**
At Record Date	487,282,310	92,882,130	19.06%	N/A	N/A	N/A	N/A
(**Scenario 1**) Post Entitlement Offer, and post Homart Offer, Consultant Offer and issue of Tranche 2 Balance Shares	634,735,868	220,335,688	34.71%	304,986,874	42.40%	277,486,874	40.11%
(**Scenario 2**) Post Entitlement Offer, and post Homart Offer, Consultant Offer and issue of Tranche 2 Balance Shares	756,556,446	220,335,688	29.12%	304,986,874	36.26%	277,486,874	34.10%
(**Scenario 3**) Post Entitlement Offer, and post Homart Offer, Consultant Offer and issue of Tranche 2 Balance Shares	878,377,023	220,335,688	25.08%	304,986,874	31.67%	277,486,874	29.66%
(**Scenario 4**) Post Entitlement Offer, and post Homart Offer, Consultant Offer and issue of Tranche 2 Balance Shares	1,000,197,601	220,335,688	22.03%	304,986,874	28.11%	277,486,874	26.24%
(**Scenario 5**) Post Entitlement Offer, and post Homart Offer, Consultant Offer and issue of Tranche 2 Balance Shares	1,029,136,048	220,335,688	21.41%	304,986,874	27.38%	277,486,874	25.54%

[6] The 220,335,688 number includes: (a) 92,882,130 Shares held by the Homart Investor as at the Record Date; (b) 92,882,130 Entitlement Shares issued to the Homart Investor under the Entitlement Offer; (c) 23,571,428 Homart Shares issued to the Homart Investor under the Homart Offer; and (d) 11,000,000 Tranche 2 Balance Shares to be issued to the Homart Investor under the Initial Placement.

[7] The 304,986,874 number includes: (a) 92,882,130 Shares held by the Homart Investor as at the Record Date; (b) 92,882,130 Entitlement Shares and 30,960,710 Entitlement Options issued to the Homart Investor under the Entitlement Offer; (c) 23,571,428 Homart Shares and 26,190,476 Homart Options issued to the Homart Investor under the Homart Offer; (d) 11,000,000 Tranche 2 Balance Shares to be issued to the Homart Investor under the Initial Placement; and (e) 27,500,000 Initial Placement Options issued to the Homart Investor under the Initial Placement, calculated on an "**as converted basis**", which assumes that all Options issued have been exercised, and that all Shares underlying those Options have been issued.

[8] The 277,486,874 number includes: (a) 92,882,130 Shares held by the Homart Investor as at the Record Date; (b) 92,882,130 Entitlement Shares and 30,960,710 Entitlement Options issued to the Homart Investor under the Entitlement Offer; (c) 23,571,428 Homart Shares and 26,190,476 Homart Options issued to the Homart Investor under the Homart Offer; and (d) 11,000,000 Tranche 2 Balance Shares to be issued to the Homart Investor under the Initial Placement, calculated on an "**as converted basis**", which assumes that all Options issued have been exercised, and that all Shares underlying those Options have been issued. Assumes the Initial Placement Options (which carry a $0.10 exercise price) are not exercised, but all other Options held by the Homart Investor (which carry a $0.05 exercise price) are exercised.

The tables above assume that:

(f) The Company has 487,282,310 Shares on issue as at the Record Date (being the number of Shares on issue as at the date of the Prospectus).

(g) The Homart Investor subscribes for 100% of its Entitlement under the Entitlement Offer, and not under the Shortfall Offer.

(h) The maximum number of Homart Shares and Homart Options are issued under the Homart Offer.

(i) The Tranche 2 Balance Shares are issued to the Homart Investor after the General Meeting.

(j) Where applicable, the Homart Investor exercises its Entitlement Options ($0.05 per Share), Homart Options ($0.05 per Share) and Initial Placement Options ($0.10 per Share).

(k) The maximum number of Consultant Shares are issued under the Consultant Offer.

(l) The resulting Shortfall for any Entitlements not taken up under the Entitlement Offer are not subsequently placed under the Shortfall Facility or Shortfall Offer.

(m) No Shares (other than those outlined in this Section 3.5) are issued in the interim period.

(n) The table above does not include the Shares or Options to be issued under the Consideration Offer, the Consultant Offer or the Advisor Offer (as applicable) and does not factor in the dilutionary impact of these offers.

(o) The tables above **do not** reflect the operation of the takeovers prohibition in section 606 of the Corporations Act. As disclosed in Section 2.10 of the Prospectus, the Company has not appointed a nominee for the purposes of Listing Rule 7.7.1(c) and section 615 of the Corporations Act in respect of the Entitlement Offer, and accordingly the rights issue exception to the prohibition on persons acquiring control of a company, contained in item 10 of section 611, will not apply.

In the event that all Entitlements are accepted, or the resulting Shortfall of any Entitlements that are not accepted are subsequently placed under the Shortfall Facility or Shortfall Offer (such that the maximum number of Entitlement Shares available under the Entitlement Offer are issued), the control effect of the Homart Investor outlined below would be a lesser percentage.

3.6 Pro forma consolidated statement of financial position

The Prospectus is amended by this Supplementary Prospectus by deleting Section 13 *(Pro Forma consolidated statement of financial position)*, and replacing it with the new Section 13 contained in **Annexure A**. The new Section 13 reflects amendments made to:

(a) include, within the Statutory Historical Financial Information:

  (i) the Company's audited historical statement of profit or loss and other comprehensive income for FY23; and

  (ii) the Company's audited historical statement of cash flows for FY23;

(b) provide further disclosure with respect to going concern; and

(c) include other minor amendments to the Pro Forma Historical Statement of Financial Information.

3.7 Investigating Accountant's Report

The Prospectus is amended by this Supplementary Prospectus by deleting Section 14 *(Investigating Accountant's Report)*, and replacing it with **Annexure B**, which contains a replacement Investigating Accountant's Report, pursuant to which the Investigating Accountant has reviewed the updated Statutory Historical Financial Information and Pro Forma Historical Statement of Financial Information.

4. No investor action required

The content of this Supplementary Prospectus is not considered by the Company to be materially adverse to investors, no action needs to be taken by investors who have already submitted Applications under the Offers, and there are no withdrawal rights offered pursuant to this Supplementary Prospectus.

5. Consents

The Company confirms that as at the date of this Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.

6. Directors' authorisation

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC.

Signed for and on behalf of **Wellnex Life Limited:**

George Karafotias
Director and Chief Executive Officer

Annexure A - Replacement Section 13 (Pro forma consolidated statement of financial position)

13. Pro forma consolidated statement of financial position

13.1 Introduction

The financial information relating to Wellnex contained in this Section 13 includes:

(a) the Group's consolidated statutory historical financial information for the financial ended 30 June 2023 (**FY23**) comprising the audited historical statements of profit or loss and other comprehensive income, cash flows and financial position as at 30 June 2023 (the **Statutory Historical Financial Information**); and

(b) the pro forma statements of financial position of the Group as at 30 June 2023, based on the capital raising scenario below (the **Pro Forma Historical Statement of Financial Position**),

(the Statutory Historical Financial Information and the Pro Forma Statement of Financial Position, together the **Financial Information**).

The information in this Section 13 should also be read in conjunction with all other information set out in this Document and in particular, the risk factors detailed in Part D.

All amounts disclosed in this Section 13 are unless otherwise noted, rounded to the nearest thousand Australian dollars. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in figures or tables contained in this Prospectus are due to rounding.

The Group has a 30 June financial year end.

13.2 Basis of preparation and presentation of the financial information

Overview of preparation and presentation of the Historical Financial Information

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flow and financial position of Wellnex.

Given that Wellnex is in an early stage of development, there are significant uncertainties associated with forecasting the future revenues and expenses of the Group. On this basis, the Directors believe that there is no reasonable basis for the inclusion of financial forecasts in the Prospectus.

The Statutory Historical Financial Information has been prepared in accordance with the recognition and measurement principles of Australian equivalents to International Financial Reporting Standards (**AIFRS**) issued by the Australian Accounting Standards Board. Following the listing, the Group will report under AIFRS in Australian Dollars, which is its elected presentation currency. The significant accounting policies are described in Section 13.8.

The Pro Forma Historical Statement of Financial Position has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) and AIFRS other than it includes certain adjustments which have been prepared in a manner consistent with AAS and AIFRS, that reflect the impact of certain transactions as if they had occurred on or before 30 June 2023.

The Financial Information is presented in an abbreviated form and it does not include all of the presentation and disclosures, statements or comparative information required by AAS and AIFRS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

In addition to the Financial Information, Section 13 describes certain non-AIFRS financial measures that Wellnex uses to manage and report on the business that are not defined under or recognised by AAS or AIFRS.

Preparation of the Financial Information

The Financial Information has been presented on both a statutory and a pro forma basis.

The Historical Statutory Financial Information for Wellnex has been derived from the audited general purpose financial statements of Wellnex for the year ended 30 June 2023.

The Pro Forma Historical Statement of Financial Position has been prepared for the purpose of inclusion in this Prospectus. The Pro Forma Historical Statement of Financial Position has been derived from the reviewed statutory historical consolidated statement of financial position of Wellnex and adjusted for the effects of the pro forma adjustments, including the impact of the Offers as if it had occurred as at 30 June 2023.

In preparing the Financial Information, the Group's accounting policies have been consistently applied throughout the periods presented.

Investors should note that past results are not a guarantee of future performance.

Going Concern

The financial information has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and liabilities in the ordinary course of business. The going concern of the group is dependent upon it maintaining sufficient funds for its operations and commitments.

The group made a loss after tax of $13,846,000 during the year ended 30 June 2023 (2022: loss of $7,449,000) and the net cash used in operating activities was $6,189,000 (2022: $8,611,000 net outflow). The cash balance as at 30 June 2023 was $322,000 (30 June 2022: $3,181,000). The deficiency of current assets over current liabilities as at 30 June 2023 was $2,919,000 (30 June 2022: there was a surplus of current liabilities over current assets of $4,034,000). The net asset surplus as at 30 June 2023 was $594,000 (30 June 2022: net asset deficiency of $4,359,000).

These factors indicate a material uncertainty which may cast significant doubt as to whether the group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notwithstanding these results, the Directors believe that the Group will be able to continue as a going concern and as a result the financial statements have been prepared on a going concern basis. The accounts have been prepared on the basis that the group will continue its business activities (and that, therefore, the Group is a going concern) for the following reasons:

(a) the Group has refocused on its core business strategy of developing, marketing, and distributing health and wellness products, including the scaling and expansion of its product portfolio;

(b) the Group acquired the Mr. Bright business, providing the group with a wider and more diverse range of consumer health and wellness brands and products as well as supporting capabilities, including experienced management, R&D, sales and marketing and supply relationships;

(c) the Group has signed an agreement for the acquisition of the assets of Pain Away, pursuant to the Pain Away Transaction. Once acquired, the Pain Away assets will provide the group with a wider and more diverse range of consumer health and wellness brands and products. The Group is undertaking the Entitlement Offer to raise up to $13.6 million via this Prospectus which, if raised, will be sufficient to satisfy the 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);

(d) the Group is in the process of restructuring the terms of the Convertible Note, to extend the maturity date of the Convertible Note. The restructure will be subject to shareholder approval at the upcoming Annual General Meeting;

(e) the Maturity Date of the Convertible Note will, subject to Shareholder Approval, and pursuant to the Convertible Note Deed Variation, be extended by 12 months from 21 June 2024 to 21 June 2025 (refer to section 24.4 of this Prospectus for further information about the Convertible Note Deed Variation); and

(f) the Group held a significant amount of inventory at the end of the financial year which will provide cashflow in future financial periods once sold to customers.

(g) the Group has a debtor finance facility with an external financier over its receivables accounts to the extent of 70% of its outstanding accounts with customers and should the Pain Away transaction proceed this facility will enable the Group to extend its financing of receivables accounts in line with the expected increase in sales turnover from the Pain Away product range.

Asset Acquisition and Pro forma impact on Intangible Assets

The Directors have determined that the acquisition of Pain Away brand and inventory represents an asset acquisition in accordance with the requirements of Accounting Standard AASB 3 Business Combinations because Wellnex will be acquiring only inventory and the Pain Away brand, and because Wellnex will not be acquiring inputs, (management, operational and resource management) processes and outputs as defined by AASB 3. Furthermore, there will be no customer contracts, relationships or distribution agreements included in the sale agreement.

(h) The impact of the asset acquisition accounting is that from the total acquisition value of $22.0m, inventory will be recognised in the pro forma transactions at the agreed value of $1.15m and the remaining balance will be accounted for as intangible assets.

13.3 Statutory Historical Financial Information

Set out below are the statutory audited historical statements of profit or loss and other comprehensive income, cash flows, and financial position of Wellnex and the pro forma adjustments that have been made to prepare the Pro Forma Historical Statement of Financial Position.

The table below sets out the Group's Statutory Historical Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2023.

	FY2023 Audited ($'000)
Revenue	27,876
Other income	16
Expenses	
Raw materials and consumables used	(23,138)
Administrative and corporate expenses	(2,660)
Share based payments issued to third parties	(278)
Employee benefits expense	(4,205)
Selling, marketing and distribution expenses	(4,434)
Depreciation and amortisation expense	(274)
Impairment of receivables	(1,037)
Impairment of goodwill	(4,030)
Finance costs	(1,682)
Loss before income tax expense	**(13,846)**
Income tax expense	-
Net loss after tax	**(13,846)**
Other comprehensive income for the period, net of tax	-
Total comprehensive (loss)	**(13,846)**

The table below sets out the Group's Statutory Historical Statement of Cash Flows for the year ended 30 June 2023.

	FY2023 Audited ($'000)
Operating cash flows	
Receipts from customers (inclusive of GST)	29,500
Payments to suppliers and employees (inclusive of GST)	(35,529)
Interest received	16
Interest and other finance costs paid	(176)
Net cash used in operating activities	**(6,189)**
Investing cash flows	
Transactions costs related to purchase of assets	(2,200)
Net cash used in investing activities	**(2,200)**
Financing cash flows	
Proceeds from the issue of shares	8,166

Transaction costs related to issues of equity	(710)
Proceeds from borrowings	10,446
Repayment of borrowings	(12,251)
Repayment of lease liabilities	(121)
Net cash from financing activities	**5,530**
Net decrease in cash and cash equivalents	(2,859)
Cash and cash equivalents at the beginning of the financial year	3,181
Cash and cash equivalents at the end of the financial year	**322**

13.1 Pro Forma Historical Statement of Financial Position

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of Wellnex's view of its financial position upon completion of the Offers or at a future date.

As at	30 June 2023			
	Wellnex		Pro forma	
	Audited $'000	Subsequent events $'000	Transactions $'000	Pro forma $'000
Current assets				
Cash and cash equivalents	322	466	(453)	335
Trade and other receivables	4,598	-	-	4,598
Inventory	3,029	-	1,100	4,129
Prepayments and other current assts	3,428	-	(2,200)	1,228
Total current assets	**11,377**	**466**	**(1,553)**	**10,290**
Non current assets				
Plant and equipment	48	-	-	48
Right of use of lease assets	153	-	-	153
Intangible assets	3,462	-	20,850	24,312
Total non current assets	**3,663**	**-**	**20,850**	**24,513**
Total assets	**15,040**	**466**	**19,297**	**34,803**
Current liabilities				
Trade and other payables	7,111	-	-	7,111
Borrowings	6,788	-	(5,118)	1,670
Lease liabilities	110	-	-	110
Employee benefits provisions	287	-	-	287
Total current liabilities	**14,296**	**-**	**(5,118)**	**9,178**
Non current liabilities				
Lease liability	52	-	-	52
Employee benefits provisions	98	-	-	98
Borrowings	-	-	6,218	6,218
Deferred consideration	-	-	5,650	5,650
Total non current liabilities	**150**	**-**	**11,868**	**12,018**

As at			30 June 2023	
	Wellnex		Pro forma	
	Audited	Subsequent events	Transactions	Pro forma
	$'000	$'000	$'000	$'000
Total liabilities	**14,446**	**-**	**6,750**	**21,196**
Net assets	**594**	**466**	**12,547**	**13,607**
Equity				
Issued capital	112,424	466	12,547	125,437
Reserves	3,727	-	-	3,727
Accumulated losses	(115,557)	-	-	(115,557)
Total equity	**594**	**466**	**12,547**	**13,607**

Subsequent events:

On 18 July 2023 the Group issued 9,313,120 Shares at $0.05 (5 cents) as part of an entitlement offer, raising $465,656.

Pro forma adjustments:

The following pro forma adjustments are expected in connection with the Offers and the Pain Away Transaction:

(a) the issue of 487,282,310 Entitlement Shares at $0.028 per Entitlement Share together with the issue of 162,427,437 Entitlement Options (exercisable at $0.05 per Option and expiring 30 June 2025) under the Entitlement Offer to raise approximately $13.6 million (before costs);

(b) the issue of 20 million Consultant Shares to the Pain Away Seller under the Consultant Offer for transitional services to be provided by the Pain Away Seller under the Services Deed;

(c) the issue of 70 million Advisor Options (exercisable at $0.05 per Option and expiring 31 December 2025) to the Joint Lead Managers and the Noteholder (and/or their nominee(s)) under the Advisor Offer;

(d) the issue of 23,571,428 Homart Shares to the Homart Investor together with the issue of 26,190,476 Homart Options (exercisable at $0.05 per Option and expiring 30 June 2025) under the Homart Offer in connection with the Initial Placement;

(e) cash expenses of the Offers and the Pain Away Transaction. The estimated costs and expenses (excluding GST) payable by the Group in relation to the Pain Away Transaction and the Offers are set out below:

Expenditure item	$'000
Maximum capital raising fees for Joint Lead Managers[9]	816
Legal fees in relation to Pain Away Transaction, Prospectus, and the Offers	400[10]
Investigating Accountant's fees	25
ASX quotation fees, ASIC lodgement fees	32
Share Registry fees, printing, mailing, and other miscellaneous expenses related to the Offers	50
Total	**1,323[11]**

(f) the impact of the Pain Away Transaction, being:

(i) payment of the Purchase Price, which is structured as:

(A) advance payments of $2.35 million which have already been paid to the Pain Away Seller;

(B) a completion payment of $13.95 million (plus or minus, as applicable, the net adjustment amount, which comprises an inventory adjustment amount and a prepayments and accruals adjustment amount), payable on completion; of the $13.95 million completion payment, $1.15 million (in direct purchase of inventory) will be financed through a draw down of the Group's debt finance facility);

(C) balance of cash consideration ($5.70 million) to be deferred, and paid in two instalments, being $2.925 million payable in November 2024 and $2.775 million payable in April 2025;

(D) Addition of an intangibles asset, being "Brands – at cost" of $20.65 million, being the total purchase cost of Pain Away less the cost value of inventory to be acquired in the transaction; and

(ii) the issue of 20 million Consideration Shares.

(g) Reclassification of the Group's convertible note liabilities to non-current, as a result of the Convertible Note Deed Variation, pursuant to which the Maturity Date of the Convertible Note will be extended by 12 months to 21 June 2025.

[9] This is the maximum amount of fees payable to the Joint Lead Managers, and assumes that the Entitlement Offer and Shortfall Offer are fully subscribed. Refer to the terms of the JLM Mandate as further detailed in section 23.4.

[10] This includes approximately $220,000 in legal fees paid or payable in respect of the period ended 30 June 2023, which has been recognised in the Statutory Historical Financial Information.

[11] This includes approximately $220,000 in legal fees paid or payable in respect of the period ended 30 June 2023, which has been recognised in the Statutory Historical Financial Information.

13.2 Pro forma capital structure

	Prospectus Ref	No. of shares	$'000
As at 30 June 2023		423,719,190	112,424
Subsequent events:			
July 2023 entitlement offer		9,313,120	466
Initial Placement Tranche 1		34,000,000	
Consideration Shares	5.2	20,000,000	
Pre-Offers capital structure		**487,282,310**	**112,890**
Pro forma transactions in relation to the Offers			
Entitlement Offer and Shortfall Offer (assuming full subscription)	3.1, 4.1	487,282,310	13,650
Costs of Offers (cash)	13.3(e)	-	(1,103)[12]
Homart Offer and Tranche 2 Balance Shares	8.2(c)	34,571,428	
Consultant Offer	6.4	20,000,000	
Total (undiluted)		**1,029,136,048**	**125,437**

13.3 Contractual obligations, commitments and contingent liabilities

There have been no changes to contractual obligations, commitments and contingent liabilities since the issue of the Group's annual report on 2 November 2023.

13.4 Critical Accounting Policies

Preparing financial statements in accordance with Australian Accounting Standards requires management to make judgements, estimates and assumptions about the application of accounting policies that affect the reported revenues and expenses, carrying values of assets and liabilities and the disclosure of contingent liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods. Judgements the Group has made in the application of Australian Accounting Standards that have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the next financial year are disclosed, where applicable, in the relevant notes to the financial statements. The following key judgments are relevant to the Group.

Share-based payment transactions

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the

[12] Estimated costs of the Offers, Prospectus and Pain Away Transaction, **excluding** approximately $220,000 in legal fees paid or payable in respect of the period ended 30 June 2023, which has been recognised in the Statutory Historical Financial Information.

terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Assessment of the carrying value of inventories

At each reporting date the directors consider the carrying values of inventory balances, at an individual SKU level to determine whether the net realisable value of those inventories is not below the carrying value. In cases where this arises, inventory is written down through a provision in the statement of financial position.

Assessment of acquisitions as either business or asset acquisitions

When an acquisition takes place, the directors assess whether or not the acquiree to the transaction meets the definition of a business. In assessing this, the directors consider the following matters which they also consider in their pre-transaction due diligence: the concentration of customers, suppliers and assets of the acquiree; the size of the workforce that joins the group post acquisition and an overall understanding of the acquiree’s trading activity pre-acquisition.

Borrowings with variable conversion terms

The Group’s historical borrowings (including convertible notes) include variable share conversion terms. Upon initial recognition, the directors considered that, as the Group was not listed, no "specified price" existed for the issue of those shares which would meet the accounting definition of a derivative. Consequently, these borrowings, including their equity conversion clauses are measured together at fair value at initial recognition, being the initial consideration received for the financial instrument and thereafter at amortised cost.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences or carry-forward tax losses only if the directors consider it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

13.5 Dividend Policy

The Group anticipates that significant expenditure will be incurred in the evaluation and development of the Group's Projects. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least, the first two-year period following the date of this Prospectus. Accordingly, the Group does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Group will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Group, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Group.

13.6 Summary of significant accounting policies in relation to the Financial Statements

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Wellnex, and all of its subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intergroup transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(b) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the Group's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) **Employee Benefits**

(i) Short-term Employee Benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

(ii) Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(d) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(e) **Revenue and other income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably.

All revenue is stated net of the amount of goods and services tax (GST).

(f) **Trade and other receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(g) **Trade and other payables**

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(h) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the

ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(i) **Share-based payments**

Equity-settled and cash-settled share-based compensation benefits may be provided to employees and third party suppliers.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions are initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

(i) during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period; and

(ii) from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability. Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited. If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(j) **Borrowings**

At initial recognition borrowings are recognised at fair value, less any costs to contract for those borrowings. Thereafter, borrowings are recognised at amortized cost.

Annexure B – Investigating Accountant's Report

See attached.

William Buck
ACCOUNTANTS & ADVISORS

22 November 2023

The Directors
Wellnex Life Limited
Port Park – Building 2, Level 3, Suite 72
574 Plummer Street
PORT MELBOURNE, VIC 3207

Dear Sirs

Investigating Accountant's Report on Wellnex Life Limited historical and pro-forma historical financial information

We have been engaged by *Wellnex Life Limited* and its controlled entities ("the Group") to report on the historical financial information and pro-forma historical financial information of the Group for inclusion in a Supplementary Prospectus document dated on or around 22 November 2023 and relating to the 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 free Entitlement Option (exercisable at $0.05 and expiring 30 June 2025) for every 3 Entitlement Shares issued ("the document").

Expressions and terms defined in the document have the same meaning in this report.

Scope

Historical Financial Information

You have requested William Buck to review the following historical financial information of the Group (the responsible party) included in the public document:

1. the Group's statutory historical financial information for the financial year ended 30 June 2023 (FY23) comprising:
    a. the audited Group Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2023;
    b. the audited Group Statement of Cash Flows for the year ended 30 June 2023;
    c. the audited Group Statement of Financial Position as at 30 June 2023.

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Group's adopted accounting policies, which are disclosed in the financial information section of the Supplementary Prospectus document. The historical financial information has been extracted from the general purpose financial report of the Group for the financial year ended 30 June 2023, which were audited by William Buck in accordance with the Australian Auditing Standards.

Scope *(Continued)*

Historical Financial Information

William Buck issued an unmodified audit opinion on the financial report, which included a material uncertainty relating the going concern basis. The historical financial information is presented in the public document in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro-forma historical financial information

You have requested William Buck to review the Group's audited statutory historical Group Statement of Financial Position as at 30 June 2023, and pro-forma Group Statement of Financial Position at 30 June 2023 based on the Subscription scenario set out in this Supplementary Prospectus referred to as "the **Pro Forma Historical Statement of Financial Position**".

The pro-forma historical financial information has been derived from the historical financial information of the Group, after adjusting for the effects of pro-forma adjustments described in the financial information section of the Supplementary Prospectus document. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events and transactions to which the pro-forma adjustments relate, as described in the financial information section of the Supplementary Prospectus document, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro-forma historical information does not represent the Group's actual or prospective financial position or financial performance.

The pro-forma historical financial information is inclusive of the financial impacts of subsequent events between the period of 1 July 2023 to the date of the Prospects. These subsequent events have also been reviewed by William Buck.

Directors' responsibility

The directors of the Group are responsible for the preparation of the historical financial information and pro-forma historical financial information, including the selection and determination of pro-forma adjustments made to the historical financial information and include in the pro-forma historical information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro-forma historical financial information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Accounting Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in the financial information section of the Supplementary Prospectus document, and comprising:

a. the audited Group Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2023;
b. the audited Group Statement of Cash Flows for the year ended 30 June 2023;
c. the audited Group Statement of Financial Position as at 30 June 2023.

…is not presented fairly, in all material aspects, in accordance with the stated basis of preparation, as described in the financial information section of the Supplementary Prospectus document.

Pro-forma historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the **Pro Forma Historical Statement of Financial Position** being the Group's audited statutory historical consolidated statement of financial position as at 30 June 2023, and pro-forma statement of financial position at 30 June 2023 based on the Subscription scenario set out in this Supplementary Prospectus is not presented fairly in all material aspects, in accordance with the stated basis of preparation as described in the financial information section of the Supplementary Prospectus document.

Restriction on Use

Without modifying our conclusions, we draw attention to the financial information section of the Supplementary Prospectus document which describes the purpose of the financial information, being for inclusion in the public document. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

William Buck has consented to the inclusion of this assurance report in the Supplementary Prospectus in the form and context in which it is included.

Liability

Responsibility

Consent to the inclusion of this Investigating Accountant's Report in the Supplementary Prospectus in the form and context in which it appears has been given but should not be taken as an endorsement of the Group or a recommendation by William Buck of any participation in the share issue by any intending investors. At the date of this report our consent has not been withdrawn.

General Advice Limitation

This Report has been prepared and included in the Supplementary Prospectus to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on this information contained in this Report. Before acting or relying on information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Declaration of Interest

William Buck does not have any interest in the outcome of the issue of shares other than in the preparation of this Investigating Accountant's Report for which normal professional fees will be received. William Buck is the auditor of Wellnex Life Limited and from to time, William Buck also provides Wellnex Life Limited with certain other professional services for which normal professional fees are received.

Yours faithfully

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

J.C. Luckins
Director

Dated in Melbourne, Australia this 22nd day of November 2023