



29 May 2025

Reference: 109704

ASX Listing Compliance

By email: ListingComplianceMelbourne@asx.com.au

We refer to your letter dated 28 May 2025, regarding the Company's (ASX/AIM:WNX) announcement "Letter to Shareholders" released on 26 May 2025. We respond to your questions using the same numbering as in your letter and using the same defined terms.

1. The announcement was drafted by the Company and approved by the Company, including accepting the inclusion of the reference of the research report by SP Angel.
2. Gross profit is the dollar amount of profits left over after subtracting the cost of goods sold from net revenues (net revenue is sales minus trade investment). It is the same as gross margin (being the terminology used in the Trading Update). Both the Announcement and the Trading update refer to revenue growth on a 'PCP' basis using the same figures (revenue for the January to April period of \$8.0m, which has grown by 46% from the 'PCP'). The gross profit for April 2025 was \$1.13 million compared to \$0.48 million for April 2024, representing a 135.4% growth.
3. SP Angel is engaged as one of the Company's two UK based brokers. As part of that arrangement, SP Angel produced the Research Report. The arrangement is under a lead broking arrangement with normal terms and conditions for an agreement of this type that with a minimum term of 6 months with no incentive structure under this arrangement.
4. The Company received the final version of the research report on 13 May 2025, following the publication of the 'Trading Update' announcement.
5. The Company did receive drafts of the research report to review, and to provide comments on factual matters contained in the research report, prior to its finalization.
6. The Company provided SP Angel with its financial information that is publicly available, together with its internally generated non-public financial targets for revenue and cash flow for the period FY25 and FY26, which were then discussed with SP Angel. The financial forecasts in the research report were generated independently by SP Angel, having considered the Company's revenue and cash flow targets.
7. The financial targets for FY26 which were prepared by the Company, and considered by SP Angel as part of their independent research assessment were prepared based on the following assumptions:
 - a. Assumed continued revenue growth based on historical growth of the Company in FY25 compared to FY24;



- b. Increase in both product and distribution of the product offering of the Company, in accordance with the Company's previously announced growth targets; and
 - c. Realisation of product sales based on non-binding indicative targets provided to the Company from its customers.
8. Yes
9. N/A
10. The Company has made an announcement retracting the information contained in the financial forecasts.
11. Confirmed
12. Confirmed

George Karafotias
Executive Director
Wellnex Life Limited



28 May 2025

Reference: 109704

Mr George Karafotias
Chief Executive Officer
Wellnex Life Limited
574 Plummer Street,
Port Melbourne VIC 3207

By email

Dear Mr Karafotias

Wellnex Life Limited ('WNX'): Query Letter

ASX refers to the following:

- A. WNX's announcement entitled 'Letter to Shareholders' lodged on the ASX Market Announcements Platform and released at 8:24 AM AEST on 26 May 2025 referring to a research report by a UK broker, S.P. Angel Corporate Finance LLP ('SP Angel') that includes forward-looking forecasts available to view on WNX's website (the 'Announcement').
- B. The research report by SP Angel includes, among other things, contained financial forecasts from 2024 to 2029 (the 'Financial Forecasts').
- C. WNX's Trading Update lodged on the ASX Markets Announcements Platform and released at 9:18 AM AEST on 13 May 2025 (the 'Trading Update').
- D. WNX's share price increase on 26 May 2025 from \$0.265 to a high of \$0.41 following the release of the Announcement before trading in WNX securities was suspended by ASX before the commencement of trading on 27 May 2025 pending the release of satisfactory response to ASX's queries.
- E. Guidance provided by ASIC in Regulatory Guide 170: *Prospective financial information* and by ASX in Guidance Note 8: *Continuous Disclosure: Listing Rules 3.1 – 3.1B* and, in particular, the matters referred to in Annexure A of this letter.

Request for information

ASX is concerned that the Announcement does not meet the requirements of the Listing Rules or the Corporations Act 2001 (the 'Act').

In light of the above, we ask that you answer the following questions in a format suitable for release to the market under Listing Rule 18.7A.1.

Announcement

- 1. Who drafted the Announcement?
- 2. The Announcement refers to gross profit and revenue growth percentages. However, the Trading Update references gross margins in some cases as a quantum – see excerpt below. Please clarify the inconsistent terminology.

Wellnex Life Limited (ASX/AIM:WNX)

Trading Update

Wellnex Life Limited ("Wellnex" or the "Company") (ASX:WNX AIM:WNX), an innovative consumer healthcare business with a track record for developing, licensing, and marketing products and brands to customers in the growing healthcare market segment, is pleased to provide a trading update for the period January to April 2025 (the "Period").

Highlights

- Revenue for the Period of \$8.0 million represents an increase of 46% compared to the same period 12 months earlier ("PCP") of \$5.4 million
- Gross margins for the Period of \$2.99 million, an increase of 55% on PCP of \$1.93 million
- Revenue for April 2025 was up 75% to \$2.57 million compared to April 2024, with an equivalent growth in gross margins of 74% from \$0.48 million to \$1.13 million
- Revenue for FY25 to April was \$19.9 million with gross margins of \$5.7 million, despite a previously disclosed slower than anticipated start to 2025 and a strategic increase in trade investment in 1H FY25 reducing gross margins
- Successful admission on 21 March 2025 to the AIM Market of the London Stock Exchange ("AIM"), with funds used to extinguish circa \$13 million in debt with direct savings of circa \$1.4 million in annual costs

Research Report

3. Did WNX commission SP Angel to produce the research report? If so, what terms were agreed upon, if any?
4. When did WNX receive the final version of the research report from SP Angel for inclusion on WNX's website?
5. Did WNX receive any drafts of the research report for review or comment prior to the date it received the final version of the research report?
6. Was WNX the source of any of the financial forecasts contained within the research report? If it wasn't, what information did WNX provide to SP Angel for it to produce the forecasts in the research report? In answering this question, please identify which information was publicly available and which information was not.
7. To WNX's knowledge, what material assumptions have been made in relation to the financial forecasts?
8. Noting ASX's view that WNX has impliedly endorsed the financial forecasts by publishing the research report on its website and ASIC's disclosure requirements in Regulatory Guide 170, does WNX accept that the disclosure does not meet the requirements of the Listing Rules and Corporations Act?
9. If the answer to question 8 is 'no', please explain why not and provide the following information for the financial forecasts:
 - 9.1 The basis for the financial forecasts;
 - 9.2 The material assumptions underpinning the financial forecasts;
 - 9.3 The factors which WNX believes gave it a reasonable basis to publish the forecasts via the research report;
 - 9.4 What steps did WNX take to verify the reasonableness and reliability of the financial forecasts; and
 - 9.5 Any independent or objectively verifiable sources of information that WNX has to establish that there are reasonable grounds for the financial forecasts.
10. If the answer to question 8 is 'yes', please prepare an announcement in a form suitable for release to the market retracting the information contained in the Financial Forecasts.

General Compliance

11. Please confirm that WNX is in compliance with the Listing Rules, and in particular Listing Rule 3.1.
12. Please confirm that WNX's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of WNX with delegated authority from the board to respond to ASX on disclosure matters.

Once ASX has received and analysed the information above, it may make further enquiries of WNX.

In providing the information above, ASX would remind you that an officer or employee of a listed entity who gives, or authorises or permits the giving of, materially false or misleading information to ASX:

- knowingly breaches section 1309 (1) of the Act which is a criminal offence punishable by a fine of up to 200 penalty units and/or imprisonment for up to 5 years; or
- without taking reasonable steps to ensure that the information was not false or misleading, breaches section 1309 (2) of the Act, which is a criminal offence punishable by a fine of up to 100 penalty units and/or imprisonment for up to 2 years.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEST Friday, 30 May 2025**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, WNX's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require WNX to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsComplianceMelbourne@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to WNX's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that WNX's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

ASX Compliance

Annexure A

A. ASIC's Regulatory Guide 170: Prospective financial information, in particular:

- a. *RG 170.11 - We believe the general test of whether prospective financial information must be disclosed is whether it is:

(a) relevant to its audience; and

(b) reliable (i.e. there must be a reasonable basis for it: see GIO Australia Holdings Ltd v. AMP Insurance Investment Holdings Pty Ltd (1998) 29 ACSR 584).*
- b. *RG 170.17 - The making of a statement that contains prospective financial information (i.e. a forward looking statement) must have reasonable grounds or it will be taken to be misleading under s728(2) or 769C of the Corporations Act. What are 'reasonable grounds' should be determined objectively in light of all of the circumstances at the time of the statement, so that a reasonable person would view as reasonable the grounds for the statement.*
- c. *RG 170.18 - We consider that prospective financial information based on hypothetical assumptions (rather than reasonable grounds) is likely to be misleading and provide little information value to investors. In our view, prospective financial information without reasonable grounds is not material to investors, nor would an investor reasonably require it or reasonably expect to find it in a disclosure document or PDS. RG 170.41 - We generally consider that prospective financial information for a period of more than two years may require independent or objectively verifiable sources of information to establish that there are reasonable grounds to provide it. However, for an existing business preparing a statement on estimates for up to two years, we will generally not regard as necessary independent verification if there otherwise appear to be reasonable grounds to make the statement. Directors should state why they believe the information is objectively reasonable. We may still take action on a statement on estimates for up to two years if we believe there are no reasonable grounds to provide it.*
- d. *RG 170.42- The reasonable grounds requirement means that there should be a relevant factual foundation for the prospective financial information and that the information is not contrived: see George v. Rockett (1990) 170 CLR 104 and Re Aldred & Dept of the Treasury (1994) 35 ALD 685.*
- e. *RG 170.50 - The general principles in this regulatory guide also apply to advertising because of the interaction of s769C and 1041H. [emphasis added]*

Section 769C states:

For the purposes of this Chapter, or of a proceeding under this Chapter, if:

a person makes a representation with respect to any future matter (including the doing of, or refusing to do, any act); and (b) the person does not have reasonable grounds for making the representation; the representation is taken to be misleading. Section 1041H states:

A person must not, in this jurisdiction, engage in conduct, in relation to a financial product or a financial service that is misleading or deceptive or is likely to mislead or deceive.
- f. *RG 170.59 - Investors should be given enough information to enable them to: (a) assess whether the prospective financial information is relevant and reliable (i.e. to form their own view about how reasonable the grounds are for making the statement); and (b) identify with certainty the facts and circumstances that support prospective financial information, as well as being able to demonstrate that the information is reasonable.*

- g. *RG 170.61 - A disclosure document or PDS must specifically disclose any assumptions used in compiling prospective financial information that materially affect the forecast outcome. The assumptions should be detailed and specific enough to enable the investor to work through all of the prospective financial information. This may require details about how returns are calculated during each year that the information covers. Among other things, assumptions about expenditures, revenues, inflation rates and other such variables should be clearly disclosed and highlighted if different assumptions have been used for different parts of the term that the prospective financial information covers.*
- h. *RG 170.62 Investors must be able to assess:(a) the validity of the assumptions on which the prospective financial information is based;(b) the likelihood of the assumptions actually occurring; and(c) the effect on the prospective financial information if the assumptions vary.*
- i. *RG 170.63 - We expect a disclosure document or PDS to disclose material assumptions about: (a) specific future economic conditions; and (b) particular circumstances affecting a company or financial product and the industries relevant to that company or financial product.*
- j. *RG 170.64 - Disclosure of the material assumptions allows an investor or adviser to make an informed assessment of an issuer's prospects, or a person as a retail client to make an informed decision whether to acquire the product.*
- k. *RG 170.65 - An assessment of the impact of these assumptions on prospective financial information should also be included. However, a disclosure document or PDS does not have to: (a) state general assumptions, such as the absence of war or natural disasters, unless the forecast takes these events into account; or (b) disclose assumptions that would not materially affect the prospective financial information.*
- l. *RG 170.66 - It is not sufficient to state the general nature of an assumption. Specific quantities or amounts should be set out. For example, it may not be sufficient to state that prospective financial information is based on an anticipated recovery in equity markets, without setting out the amount of the required recovery: see GIO Australia Holdings Ltd v. AMP Insurance Investment Holdings Pty Ltd(1998) 29 ACSR 584.*
- m. *RG 170.67 - We consider that because the presence or absence of reasonable assumptions is a factor in any determination of whether an issuer has satisfied the relevant disclosure obligation, the basis for the assumptions underlying the prospective financial information should be stated in the disclosure document or PDS in order that an investor has some means of assessing that information: see Miba Pty Ltd v. Nescor Industries (1996) 141 ALR 525 and Wesfi Ltd v. Blend Investments Pty Ltd (1999) 31 ACSR69.*
RG 170.68 - Disclosure of the basis for prospective financial information may reduce the capacity of the information to mislead because such disclosure assists the assessment/decision of an investor or retail client.
- n. *RG 170.78 - Investors must be able to assess the reliability of prospective financial information. To do this, they should be able to assess whether the key assumptions are likely to occur. Therefore, a disclosure document or PDS must disclose material details about the enquiries and research undertaken and the process followed in preparing the information. A complete copy of the Regulatory Guide is available at:*

<http://download.asic.gov.au/media/1240943/rq170-010411.pdf>

- B. Section 4.15 of ASX's Guidance Note 8: *Continuous Disclosure: Listing Rules 3.1 – 3.1B ('GN8')* which includes the following:

Generally speaking, an entity should not submit:

- a broker or analyst research report about the entity; or
- an announcement about the issuance of, containing an extract from, or referring or including a hyperlink to, such a report,

for publication on MAP under Listing Rule 3.1. Any market sensitive fact-based material in such a report should already have been released by the entity under that rule beforehand and so it can reasonably be inferred that the entity is seeking to publish or draw attention to the report for its opinion-based material (such as the broker's or analyst's buy recommendation, price target or earnings estimates). This will raise an issue about whether the report is really being published for promotional rather than informational reasons. It may also raise concerns about whether the entity is impliedly endorsing any price target, earnings estimates or other forward-looking financial information in the report. For these reasons, ASX is likely to refuse to allow an entity to publish such a report or announcement on MAP without a detailed and acceptable explanation as to why the entity considers this information to be market sensitive.

C. Footnote 124 of GN8 which states that:

For the avoidance of doubt, [an announcement should not state] that a copy of the broker or analyst research report is available on the entity's website or on the research provider's website.

*ASX has no objection to an entity publishing a broker or analyst research report about it on its website provided it does not draw attention to the report in an announcement published on MAP and it does not otherwise contain material that ASX considers to be objectionable (see the examples mentioned in note **Error! Bookmark not defined.** below). An entity that does so, however, needs to be alert to the legal issues that this may raise and should take advice on those issues. For example, in the absence of a suitable disclaimer, the publication of the report may imply that the entity endorses the contents of the report, including any price target, earnings forecast or other statement about the entity's prospects. Also, the broker or analyst will most likely have copyright in the report and therefore their consent should be sought to its publication, in the form and context in which it will appear.*

If a broker or analyst research report has been commissioned or paid for by an entity, or there is some other material commercial relationship between the broker and the entity (eg, if the broker is acting as an underwriter or placement agent for an issue of securities by the entity), then that fact should generally be disclosed in the report itself (see ASIC Regulatory Guide 79 Research report providers: Improving the quality of investment and ASIC Regulatory Guide 264 Sell-side research). In addition, such a report should not be described on the entity's website or elsewhere as "independent", since that could be misleading.