



19 June 2024
ASX Market Release

Extraordinary General Meeting Corporate Investor Presentation

Nuchev Limited (ASX: NUC) (**Nuchev** or the **Company**) is pleased to release the Corporate Investor Presentation which will be delivered to Shareholders at the Company's Extraordinary General Meeting being held today.

For and on behalf of the Company

Tamara Barr
Company Secretary

This announcement has been approved for release by the Board.

Tamara Barr
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About Nuchev Limited

Nuchev is an Australian based, globally oriented food business with a dedicated focus on developing, marketing, and selling a range of premium Australian-made nutritional products. Nuchev's primary products include its Oli6® branded goat infant formula and nutritional range, which are sold across multiple sales channels currently focused predominantly in Australia and China. Oli6® products are formulated with the benefits of goat, supported by ongoing scientific research. Nuchev operates a capital-light business model, leveraging leading raw ingredient suppliers and Australian-based manufacturers in an established, secure, and scalable supply chain to deliver high quality products under a premium, trusted brand.



Extraordinary General Meeting

Wednesday 19 June 2024
at 10.00am AEST

Growth Strategy



1

Leading wellness, premium digestion, immunity and nutritional products across multiple categories

2

International growth (China, SE Asia) and stable ANZ business

3

Innovation & repositioning through new product development (NPD), and offshore growth through best-in-class partners

4

Diversified brand and product portfolio delivering sustainable profits

Our Purpose



Wellness and food for a better life

Leading wellness, premium digestion, immunity and nutritional products

What We Deliver



Brand Builders



Distribution Network



Product Innovation



Supply Chain Excellence



ASX-Listed

Drivers to Scale

Function

Digestion

Immunity

Wellness

+



Ingredients

Goat

Bovine

Plant

Other

bWellness Offering

Product Type

Infant Formula

Formulated Foods

Formulated Beverages

Health & Wellness

Established within Nuchev

Consumer

Infant

Child and Student

Adult

Seniors

Launching

Region

Australia/New Zealand

China

Asia

Middle East

Future Opportunity

Executive Summary | bWellness Acquisition



Overview

Acquisition overview

- On 17th May, Nuchev entered into an agreement to acquire 100% of the shares in bWellness Pty Limited ("**bWellness**") on a cash-free, debt-free basis for total consideration of \$7.0 million
- Implied acquisition multiple of 4.3x FY23 normalised EBITDA of \$1.6 million¹, 3.3x, post identified synergies
- Consideration of \$3.5 million in Nuchev scrip and \$3.5 million in cash consideration
- The cash component is payable on the following basis:
 - \$2.8 million upfront on acquisition completion; plus
 - \$0.7 million payable in 12-months subject to certain performance and key person retention conditions
 - The cash component of the acquisition to be funded via a \$5.1 million entitlement offer
- The scrip consideration consists of a placement to Brauer Natural Medicine ("**Brauer**²") a 50% shareholder of bWellness, of newly issued shares in Nuchev at \$0.1560 per New Share
- Retention of founders, major shareholders and key employees of bWellness

Overview of bWellness

- bWellness is a specialist supplier of prescription-only, high-efficacy, premium health products to practitioners
- Currently sells products in Australia and New Zealand under a variety of owned and licensed brands
- FY23A revenue of \$9.0 million and normalised EBITDA of \$1.6 million¹

Acquisition rationale

- Aligned to Nuchev's purpose, Wellness and food for a better life
- Important acquisition to scale Nuchev in its strategy to establish a diversified portfolio of profitable and sustainable businesses
- Attractive acquisition metrics, with meaningful identified synergies
- bWellness to leverage Nuchev's ANZ retail, and overseas distribution network, brand management and marketing capabilities
- Nuchev gains access to complementary distribution channel & material opportunity for growth through NPD in bWellness' own-brand BioPractica
- Increases scale, diversification & operating cashflow of Nuchev – pro-forma group revenue of \$11.7m in 1H FY24, represents 2.6x growth from previous half, at enhanced margins

Notes:

1. Normalisations are once-off expenses such as transaction and project-based costs

2. Brauer is 100% owned or controlled by entities or parties associated with the H&S Group, a major shareholder and strategic partner of Nuchev, who hold a 24.9% interest in Nuchev prior to the acquisition and equity raising

Equity Raising



Offer Overview

Equity raising detail	<ul style="list-style-type: none"> The cash component of the acquisition is funded by an entitlement offer (“Entitlement Offer”) for 1 fully paid ordinary share (New Share) for every 2.75 Shares held by eligible Nuchev shareholders to raise up to approximately \$5.1 million Funds to be applied: (i) to fund the acquisition of the shares of bWellness, (ii) to fund working capital and transaction costs and (iii) towards the Pro forma net cash balance of \$7.5m¹, with no debt Approximately 32.7 million new fully paid ordinary shares in Nuchev (“New Shares”) to be issued, representing approximately 36.4% of existing shares on issue The offer will be conducted at \$0.1560 per New Share (“Offer Price”)
Major shareholder support	<ul style="list-style-type: none"> The equity raising has received support from Nuchev’s major shareholders, with Ben Dingle (Founder and Chairman), Craig Silbery (Non-Executive Director) and H&S Group taking up some or all of their pro-rata entitlement under the Offer In addition, H&S Group has committed to taking any remaining shortfall in the Entitlement Offer, potentially taking their post-equity raising, post-acquisition holding in Nuchev up to approximately 46.6%² (including acquisition scrip issuance to Brauer who is an associate of H&S Group)
Shareholder approval and EGM	<ul style="list-style-type: none"> As a result of H&S Group beneficially owning or controlling 50% of bWellness (via its 100% ownership of Brauer), the acquisition is subject to Nuchev shareholder approval An Independent Expert Report in respect to the acquisition and equity raising will be provided to Nuchev shareholders as part of a Notice of Meeting expected to be dispatched to Nuchev shareholders on or about Tuesday, 21 May 2024 The acquisition and capital raising is subject to shareholder approval at an EGM of the Company to be held on or about 19 June 2024
H&S Group options exercise	<ul style="list-style-type: none"> In May 2023 Nuchev entered a distribution and strategic investment agreement with H&S Group³, which included a placement of Nuchev shares and the issuance of a three-year performance options package that, if all vested (subject to the achievement of the relevant annual performance hurdles) and exercised, would take H&S Group to a 34.9% ownership in Nuchev H&S Group achieved their annual performance hurdle in FY24 for Tranche One Performance Options, and the Tranche 1 Performance Options have therefore vested and been exercised at \$0.25 per share⁴ This has contributed \$1.4 million cash to Nuchev resulting in a pro forma cash balance of \$7.5m¹ following the acquisition and equity raising, with no debt and leaving the Company well-funded to execute its medium-term strategy

Notes:

- Pro forma cash balance based on Nuchev cash balance as at 31 March 2024 less upfront cash consideration for bWellness acquisition and transaction related costs.
- This does not include the Tranche 2 and Tranche 3 Performance Options that were approved at the extraordinary general meeting held on 19 June 2023 and issued to H&S Group in June 2023 which have not yet vested
- The H&S Transaction was approved by Nuchev shareholders at the extraordinary general meeting on 19 June 2023
- H&S. The Issue of shares on conversion of H&S’ Options resulted in H&S Group’s pre-acquisition and equity raising shareholding in Nuchev being 24.9%

Strategic Rationale



1. Alignment with Nuchev's Purpose & Strategy

- Purpose: *"Wellness and food for a better life"*
- Focus: Functional health products backed by clinical trials and research

2. Scaling the business

- Building a diversified brand and product portfolio delivering sustainable profits

3. Operational and Growth Synergies

- Leverage Nuchev's ANZ retail, and overseas distribution networks
- Enhancing brand management, marketing, governance, strategy and execution capabilities
- Optimising bWellness' operations and growth trajectory

4. Complementary Distribution Channels

- Access to ANZ practitioners and health food stores for product upsell and growth

5. New Product Development (NPD)

- Opportunity for growth through NPD in bWellness' BioPractica brand

6. Market Access

- Entry into the expanding complementary medicines market, with material export opportunities

7. Financial Impact

- Revenue uplift, strong margins and positive operating cashflows

Nuchev Group Overview | Post-Acquisition



PF FY23A
Revenue
~\$18.0m

PF 1H24A
Revenue
~\$11.5m

PF Net
Cash¹
~\$7.5m

PF Gross
Margin
~38%

Aligned with High Growth, Significant Global Markets

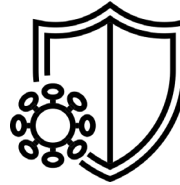


Infant Formula



- Well established in market with Oli6® as foundation product
- Stable demand from the market globally

Nutritional & Immunity



- Immunity+ launched and expanding
- In growth phase – with increasing demand from our target market

Health & Wellbeing



- bWellness European and own brand will facilitate growth into an expanding market
- In high demand

Addressable Market

Infant Formula & Baby Milk



Australia/New Zealand

~\$500 million



China / Asia

~\$50 billion



Rest of World

~\$30 billion

Complementary Medicine



Australia/New Zealand

~\$5.4 billion



Rest of World

~\$1 billion
(export market)

Expanding
Nuchev market
opportunity to

\$6.0bn+

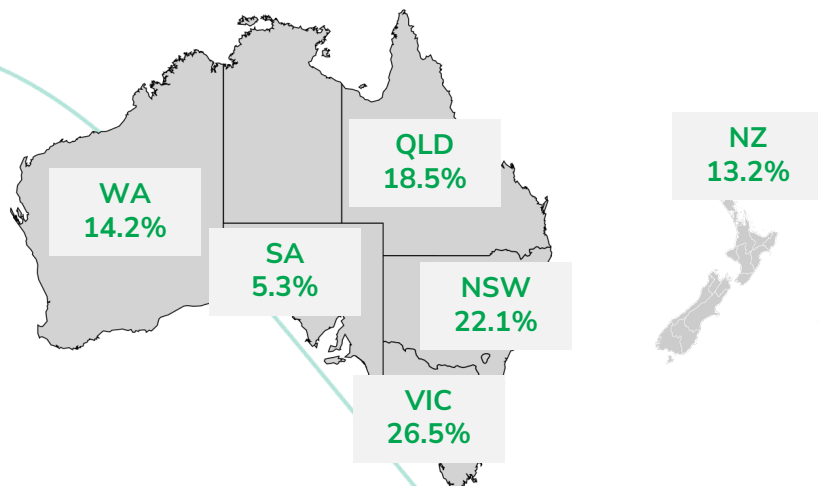
bWellness Overview



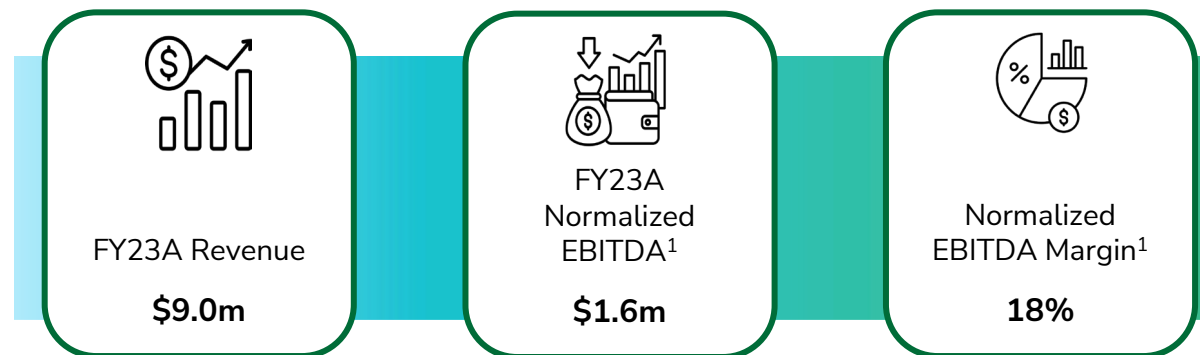
Overview of bWellness

- bWellness began its operations in 2001, specializing in prescription-only, high-efficacy, premium health products targeting practitioners
- Since its founding, bWellness has developed a selection of natural health products. The company owns the leading brand BioPractica and holds exclusive distribution rights for several global health product brands in Australia and New Zealand
- bWellness supplies products to over 9,500 health care professionals in Australia and New Zealand, including naturopaths, pharmacists, nutritionists, and chiropractors
- bWellness places an emphasis on education for practitioners, utilizing various platforms such as large seminars with over 600 attendees, online webinars, paid online courses, podcasts, clinical tools, a technical support hotline and online educational resources
- The company leverages educational initiatives as a key strategy for engaging practitioners, business development, and marketing

bWellness sales by geography in CY23A



Financial snapshot¹



1. Normalisations are one-off expenses such as transaction and project-based costs.

bWellness brand portfolio

1. Owned brand



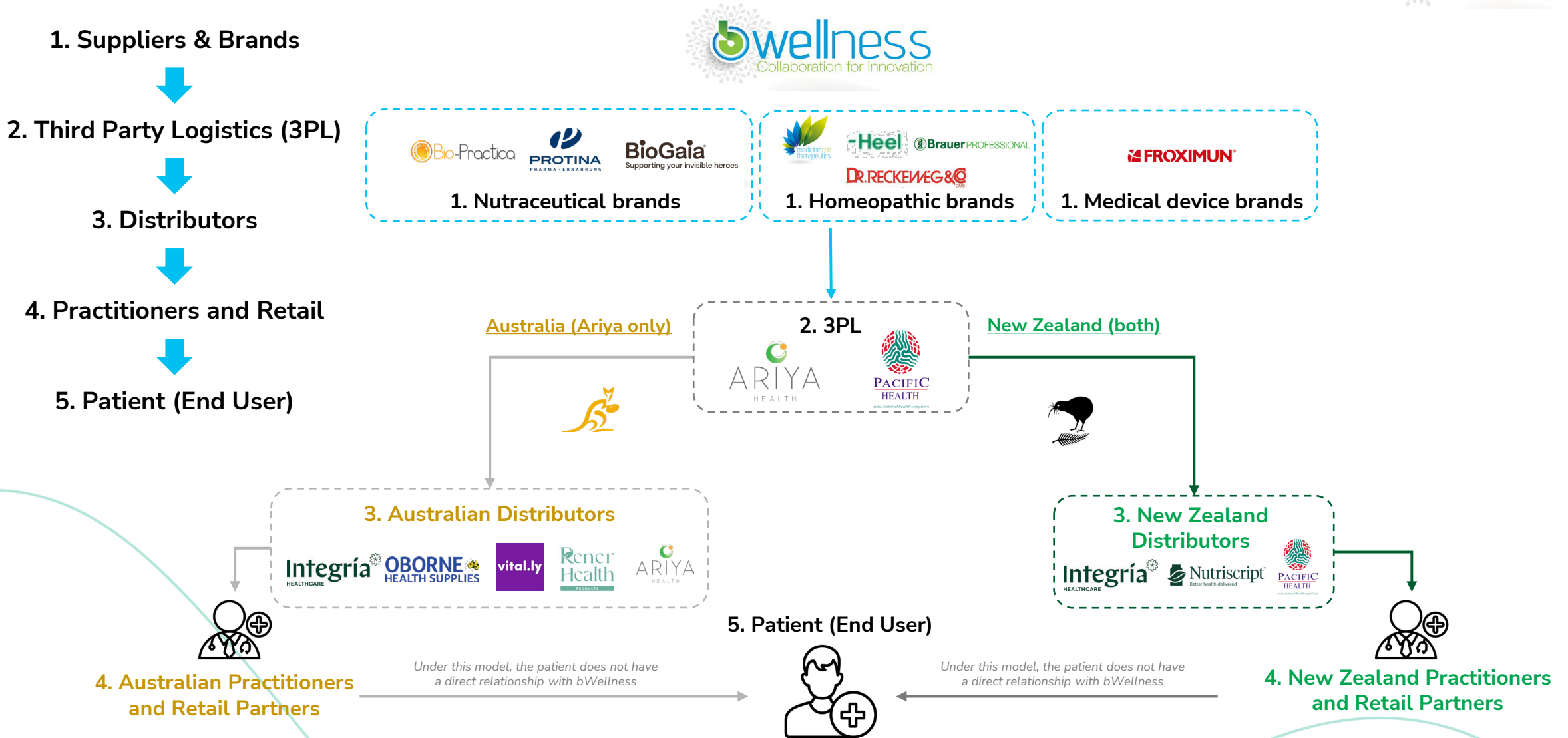
2. Exclusive brands



3. Other third-party brands



bWellness Business Model



bWellness Sales Growth Strategy



Item	Description
1. Develop new exclusive brand relationships	<ul style="list-style-type: none">• Establish new high quality brand relationships• bWellness is actively pursuing other brands for exclusivity to further grow sales in the near-term
2. Own brand (BioPractica) NPD	<ul style="list-style-type: none">• Development and manufacture of new products for sale under bWellness' own brand (BioPractica)• Advanced current pipeline of 5 - 6 new high margin products
3. Development of direct sales model (to practitioners or patient end users)	<ul style="list-style-type: none">• Use of the new bWellScript portal to achieve direct sales to retail end users in Australia and New Zealand
4. Sales of other new supplier products	<ul style="list-style-type: none">• Growth via the sales of new supplier products

Complementary Medicines | Market Overview



Approximately 75% of people in Australia regularly use complementary medicines



Sales in vitamin and dietary supplemental and herbal medicines are increasing, estimated at approximately \$2.0 million in 2022

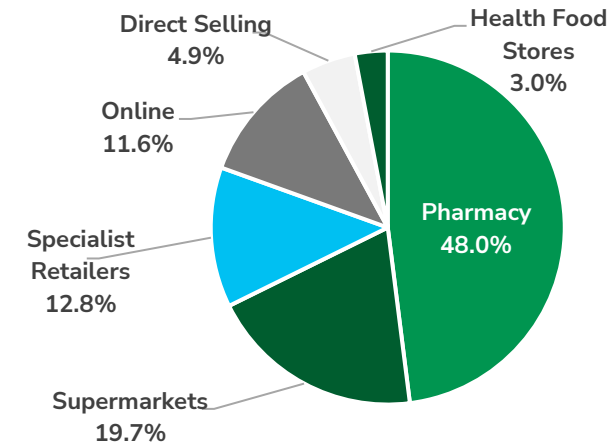


Complementary medicines are increasingly vital in addressing chronic health conditions, with immunity products emerging as the fastest growing segment



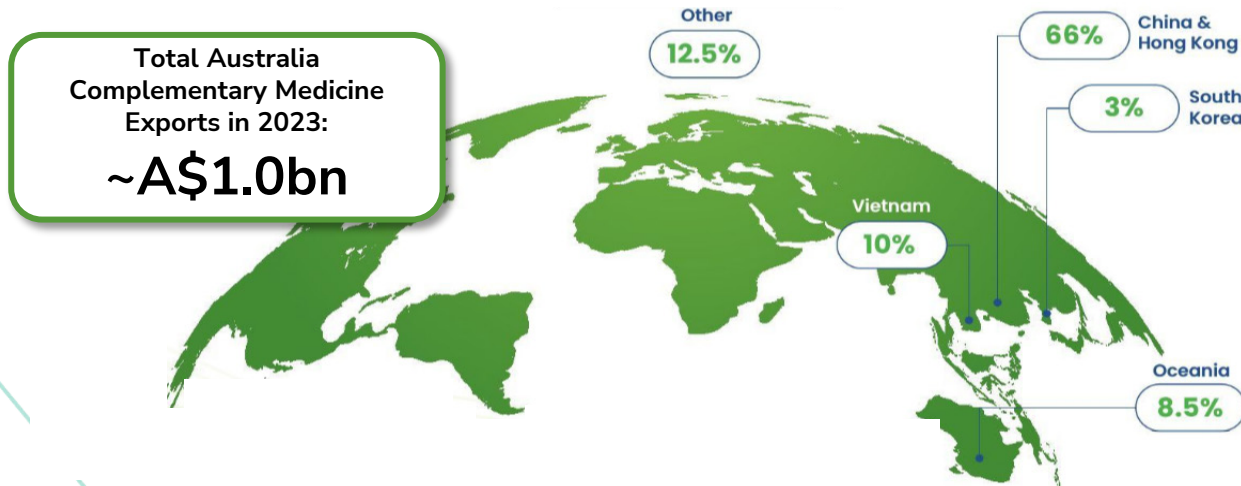
Total industry revenue for complementary medicine was \$5.4 billion in 2023

Sales channels for complementary medicines



Nuchev and bWellness have overlapping end market sales channels to optimise group distribution

There is a sizeable export market for Australian complementary medicines



Total Australia
Complementary Medicine
Exports in 2023:
~A\$1.0bn

Increased opportunity to access global markets for Nuchev and bWellness combined product suite with broader range of products

Proforma Profit & Loss



A\$m	Nuchev		bWellness		Pro Forma Group	
	FY23A	1H 24 ¹	FY23A	1H 24	FY23A	1H 24
Revenue	8.8	6.6	9.0	4.9	17.8	11.5
Revenue growth %						
Less: Cost of sales	(6.9)	(4.7)	(4.4)	(2.6)	(11.3)	(7.3)
Gross profit²	1.9	1.9	4.6	2.3	6.5	4.2
Gross profit margin %	21.6%	29.2%	51.2%	46.6%	36.6%	36.6%
Normalised gross profit margin %					40.3%	37.8%
Add: Other Income	0.2	0.1	0.1	0.0	0.3	0.1
Less: Operating expenses	(10.7)	(5.4)	(3.4)	(1.7)	(14.0)	(7.1)
EBITDA	(8.5)	(3.4)	1.3	0.6	(7.2)	(2.8)
Add: Normalisations	-	-	0.3	0.1	0.3	0.1
Normalised EBITDA	(8.5)	(3.4)	1.6	0.7	(6.9)	(2.7)
Add: Synergies					0.5	0.2
Normalised EBITDA (post-synergies)	(8.5)	(3.4)	1.6	0.7	(6.4)	(2.5)
EBITDA margin %	(97.2%)	(51.8%)	18.0%	14.5%	(36.2%)	(21.5%)

Commentary and assumptions:

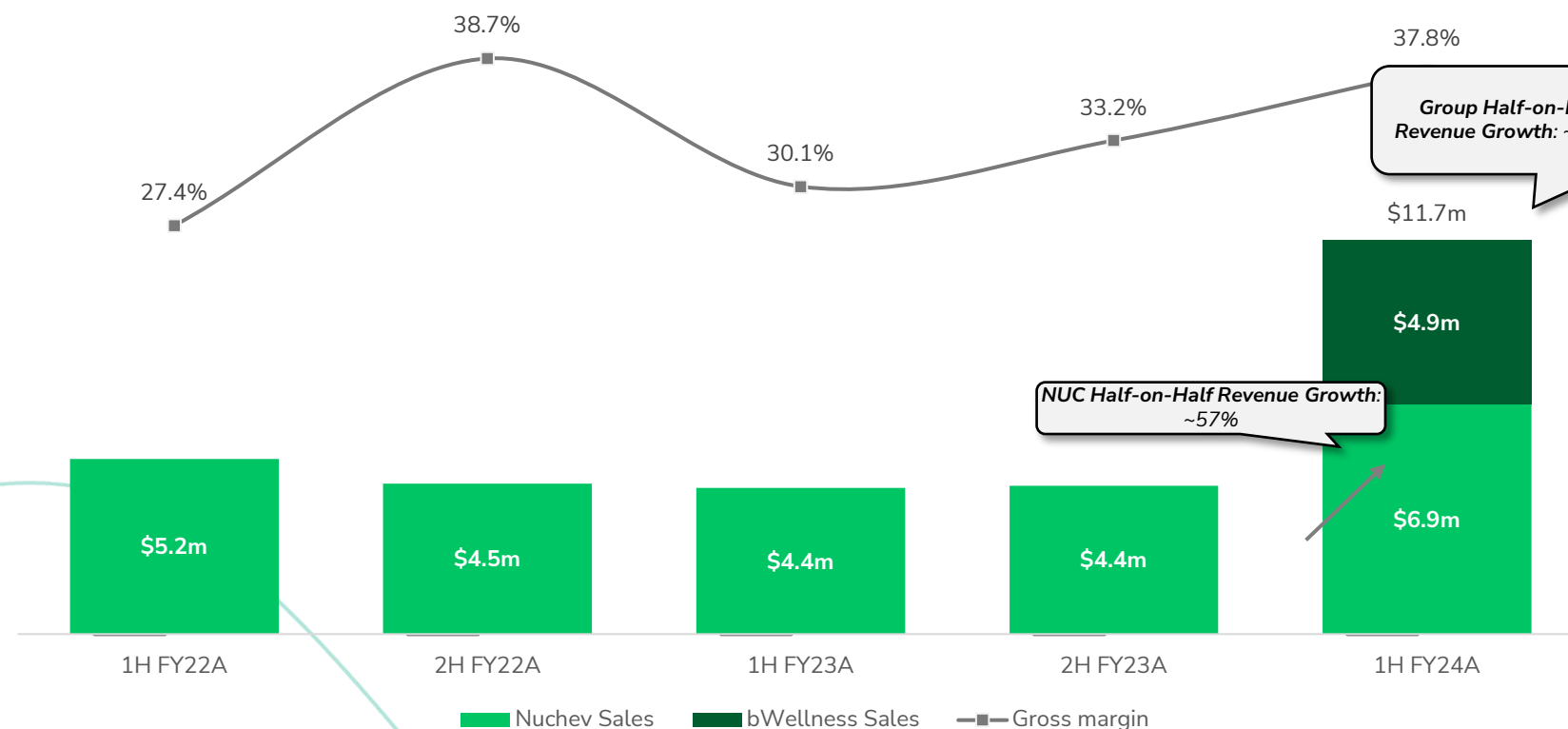
- Nuchev delivers combined revenues of **\$11.5m** 1HFY24; **\$17.8** million for FY23
- Normalised gross margin of 38% is a significant uplift on Nuchev's current margin. This reflects the efficiency potential of the enlarged entity
- Proforma cash balance is \$7.5 million, leaving Nuchev material capital for growth post transaction³
- Synergies of ~\$0.5 million have been identified, which the company believes is conservative

Note: 1. 1H24A revenue reflects ~\$200k fair value adjustment for H&S Group options previously not included in reported revenue. 2. Cost of sales and gross profit reflects end of year accounting adjustment for inventory obsolescence, which decreases reported gross profit. Normalised gross profit margin removes the margin impact of these adjustments. 3. Pro forma cash balance based on Nuchev cash balance as at 31 March 2024 less upfront cash consideration for bWellness acquisition and transaction related costs.

Nuchev Building Financial Scale



Pro forma Group half year sales and GM% for FY22A – 1H 24A1



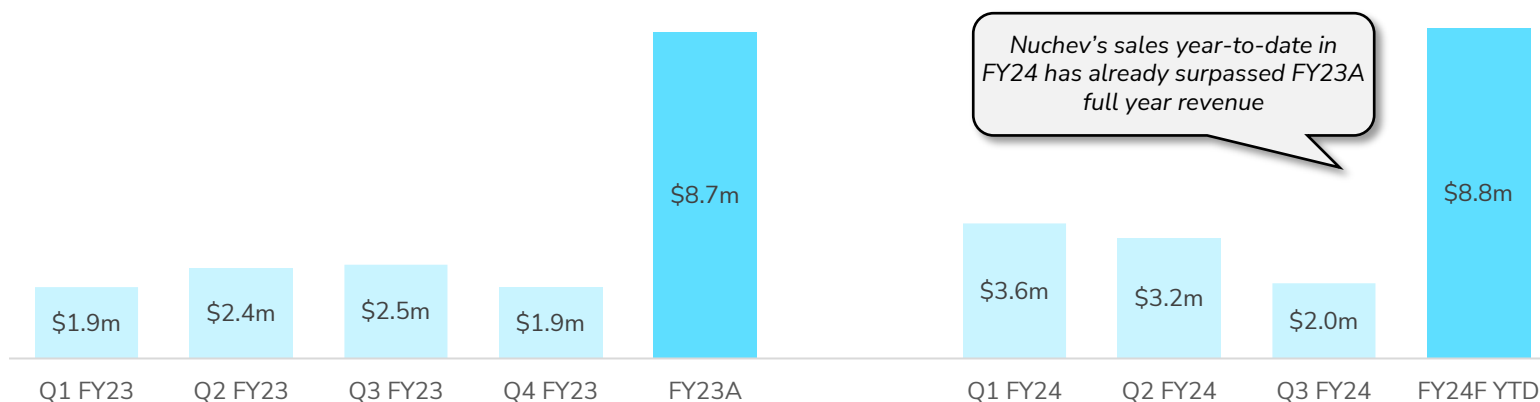
Commentary and assumptions:

- Half year Nuchev sales profile has remained relatively constant in recent times
- Material growth in Nuchev sales have occurred in 1HFY24 representing impact of H&S Group distribution agreement executed in May 2023
- The addition of bWellness to the Group materially enhances the scale and quality of the of the business
- **Pro-forma group revenue of \$11.7m in 1HFY24, represents 2.6x growth from previous half, at enhanced margins**
- Pro-forma group gross margin improves to ~38%, with upside potential from increased own-brand NPD and sales growth
- bWellness contributes meaningful positive EBITDA to Nuchev

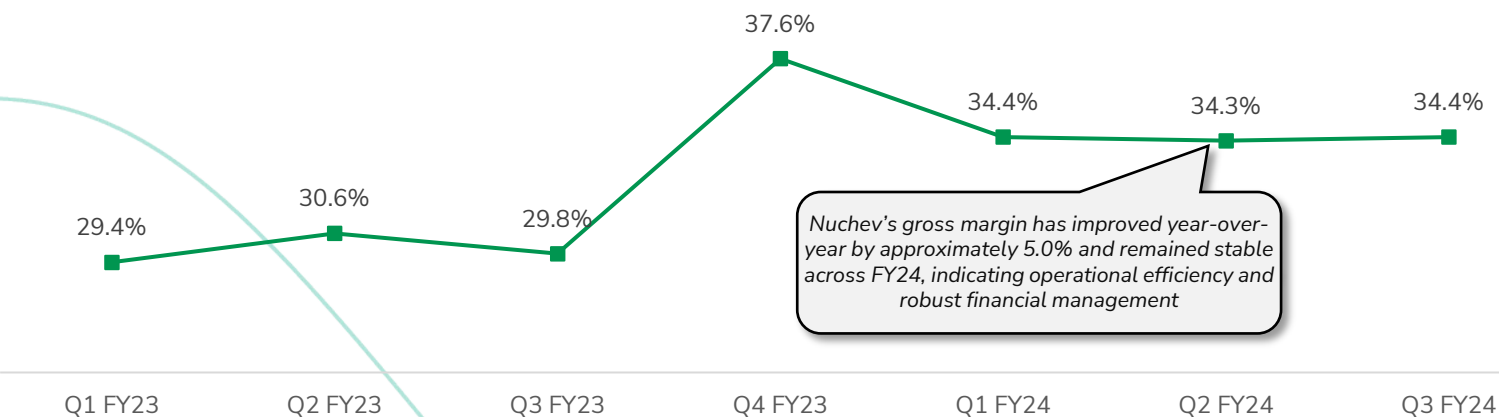
Q3 FY24 Financial Update



Quarterly sales FY23 and YTD FY24 F¹



Quarterly normalised gross margin FY23 and YTD FY24F²



Commentary and assumptions:

- Nuchev has had robust revenue growth, with FY24 year-to-date sales exceeding total FY23 revenue
- There has also been a notable uptick of around **5.0%** year-on-year in gross margin, highlighting Nuchev's improved cost management strategies and operational efficiencies
- Nuchev's adept control over costs will play a pivotal role in driving synergies post-transaction, laying the foundation for sustainable long-term growth

H&S Group performance update:

- H&S Group have achieved their year one sales performance hurdles, and therefore the first tranche of the H&S Group options vested and have been exercised at \$0.25, contributing an additional \$1.4 million in cash to the Group
- The Nuchev and H&S Group relationship is strong, and operating performance is expected to continue to improve year-on-year
- Nuchev pro forma 31 March 2024 cash of **\$7.5m³ with no debt**, leaving it well-funded to execute its medium-term strategy

Note: 1. Sales amount is presented excluding the ~\$200k fair value adjustment for H&S options. 2. Cost of sales and gross profit reflects end of year accounting adjustment for inventory obsolescence, which decreases reported gross profit. Normalised gross profit margin removes the margin impact of these adjustments. 3. Pro forma cash balance based on Nuchev cash balance as at 31 March 2024 less upfront cash consideration for bWellness acquisition and transaction related costs.

Details of the Offer



Offer Overview

Offer structure and size	<ul style="list-style-type: none"> Entitlement Offer (“Entitlement Offer” or the “Offer”) of 1 fully paid ordinary share (New Share) for every 2.75 Shares held by eligible shareholders to raise up to approximately \$5.1 million at a price of \$0.1560 per Share Approximately 32.7 million new fully paid ordinary shares in NUC (“New Shares”) to be issued, representing ~36.4% of existing shares on issue. This is based on the Entitlement Offer being fully subscribed.
Offer price	<ul style="list-style-type: none"> The offer will be conducted at \$0.1560 per New Share (“Offer Price”), representing Nuchev’s 30-Day VWAP up to and including 14 May 2024
Use of proceeds	<ul style="list-style-type: none"> Funds to be applied: <ul style="list-style-type: none"> To fund the acquisition of the target company, bWellness To fund working capital and transaction costs Contributes to the Pro forma net cash balance of \$7.5m¹, with no debt
Major shareholder and Board commitment	<ul style="list-style-type: none"> The equity raising has received support from Nuchev’s major shareholders, with Ben Dingle (Founder and Chairman), Craig Silbery (Non-Executive Director) and H&S Group taking up some or all of their pro-rata entitlement under the Offer In addition, H&S Group has committed to taking any remaining shortfall in the Entitlement Offer, potentially taking their post-equity raising, post-acquisition holding in Nuchev up to approximately 46.6%² (including acquisition scrip issuance to Brauer who is an associate of H&S Group)
Entitlement offer	<ul style="list-style-type: none"> The Entitlement Offer will open on Monday, 20 May 2024 and close on Thursday, 20 June 2024, and be eligible to Australian and New Zealand investors Under the Entitlement Offer, eligible shareholders that take up their full Entitlement may also apply for additional New Shares in excess of their Entitlement
Jurisdictions	<ul style="list-style-type: none"> Australia and New Zealand, as well as those covered by Regulation S of the U.S. Securities Act of 1933
Ranking	<ul style="list-style-type: none"> New Shares issued under the Entitlement Offer and Scrip Placement to Brauer will rank equally with all existing Nuchev shares from their date of issue
Lead manager	<ul style="list-style-type: none"> Wilsons Corporate Finance is Financial Advisor and Lead Manager for this transaction

1. Pro forma cash balance based on Nuchev cash balance as at 31 March 2024 less upfront cash consideration for bWellness acquisition and transaction related costs.

2. This does not include the Tranche 2 and Tranche 3 Performance Options that were approved at the extraordinary general meeting held on 19 June 2023 and issued to H&S Group in June 2023 which have not yet vested.

Capital Raising Timetable



Key Events	Date
Announce Entitlement Offer and bWellness acquisition	Monday 20 May 2024
Notice of Extraordinary General Meeting sent to shareholders	Monday 20 May 2024
Record Date	Friday 24 May 2024 at 7.00pm AEST
Entitlement Offer opens	Monday 27 May 2024
Extraordinary General Meeting	Wednesday 19 June 2024 at 10.00am AEST
Entitlement Offer closes	Thursday 20 June 2024 at 5.00pm AEST
Announce results of the Entitlement Offer to ASX	Monday 24 June 2024
Settlement Date for Entitlement Offer	Tuesday 25 June 2024
Acquisition of bWellness finalised	Friday 28 June 2024
Quotation of New Shares issued under the Capital Raising commences	Friday 28 June 2024

Concluding Highlights



Increased Scale & Diversity

1H FY24 proforma revenue **\$11.5m**;
FY23 proforma revenue **\$17.8m**, pro
forma net cash balance of **\$7.5m¹**



Institutional Relevance

Increased scale, diversification and
operating profitability will bring
Nuchev closer to institutional
relevance



Strong Margin Profile

bWellness has FY23A standalone
gross margin of **51.2%** with pro forma
FY23A Group normalised gross
margin of **40%**, and **positive EBITDA
contribution**



Improved Cashflow

The acquisition of bWellness is
anticipated to accelerate Nuchev's
trajectory toward achieving cash flow
positivity



Operating Efficiencies

Cross-business marketing, supply chain
and distribution expertise applied
across combined group



Strong Strategic Alignment

Nuchev and bWellness are
fundamentally aligned on purpose and
strategy, which is expected to deliver
synergistic benefits via complementary
products and operational efficiencies to
drive sustained long-term growth

