

Wellnex Life Limited (ASX:WNX)

Q1 FY25 Quarterly Report and Appendix 4C

Highlights

- Record cash inflows from brand sales of \$4.1 million for the quarter
- IP licensing cash inflows of \$1.1 million plus \$3.6 million in purchase orders to be invoiced Q2 FY25
- Quarterly cash receipts of \$5.2 million, an increase of 6% compared to previous quarter (Q4 FY24 \$4.9 million)
- Continued strong margin with brand sales accounting for 78% of all cash inflows
- Strong investment in the quarter in inventory increasing to \$4.3 million at cost compared to \$3.6 million at the end of Q4 FY24
- Placement completed during quarter with UK based investor participation at \$1.40 per share progressing the proposed dual listing of the company on the London Stock Exchange's Main Board
- Global expansion with Haleon continuing, with first orders received for the UK market
- Launch of new medicinal cannabis brand – Wellness Life, for the Special Access Market with Instant Consult launching medicinal cannabis appointments in October 2024
- Appointment of Consumer Health & Pharmaceutical industry expert as Chair of the board

Wellnex Life Limited (ASX:WNX) ("Wellnex Life" or the "Company") is pleased to provide the following operational update along with its Appendix 4C for the quarter ended September 2024 ("Q1 FY25").

The Company recorded cash receipts for Q1 FY25 of \$5.2 million, an increase of 23% on the prior corresponding period (Q1 FY24: \$4.2 million), with \$4.1 million of cash inflows coming from brands sales.

IP licensing cash inflows for the quarter were \$1.1 million, with an additional \$3.6 million in purchase orders received during the quarter to be delivered and invoiced in Q2 FY25.

Net cash loss for the quarter was down 27% compared to the previous quarter of \$1 million (Q4 FY24: \$1.4 million), with this being attributed to an increase in marketing for the period of \$0.95 million compared to \$0.72 million in the previous quarter and a substantial investment in inventory increasing to \$4.3 million at cost compared to \$3.6 million at the commencement of the quarter.

Production and operating costs for the quarter were \$3.2 million, a reduction of 10.3% compared to the previous quarter (Q4FY24: \$3.6 million) while at the same time increasing its inventory holdings by 25% for the same period.

Transaction Costs

Transaction costs were \$0.7 million, comprising the completion of the placement in July 2024, costs associated with progressing the proposed dual listing on the London Stock Exchange's Main Board and other general expenses associated with the capital raising activities.

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Related Parties Payments

Payments made to related parties as outlined under section 6.1 of the Appendix 4C relate to the director fees and salaries paid during the quarter.

London Stock Exchange

Wellnex Life, as announced on 23 April, and further updated on 24 October, continues to progress its proposed dual listing on the London Stock Exchange's (LSE) Main Board with clear advancement of the majority of work streams required to facilitate the finalisation of the prospectus.

Wellnex Life, as announced on 24 July 2024, completed a placement, raising \$[x], with UK based investors participating at \$1.40 per share with the strong support and interest from UK based investors validating the Company's intention to pursue a London dual listing.

Haleon

Wellnex Life, as announced on 15 August 2024, received the first purchase order from Haleon for the TGA registered paracetamol soft gel liquid analgesic for the UK market, with this innovative product to be sold in the world's most trusted pain relief brands – Panadol.

The global expansion into the UK market builds on the successful Australian market launch which commenced in FY23. It is expected that the expansion will soon be extended into the United Arab Emirates.

This is a significant milestone for Wellnex Life, both financially and in recognition that an innovative product developed by the Company is being supplied to one of the world's largest consumer health businesses, within the range of its world renowned pain relief brands.

Medicinal Cannabis

Wellnex Life, as announced on 16 August 2024, launched the new brand Wellness Life, which commenced sales of its product only available by prescription from a registered medical professional for the growing TGA governed Special Access Scheme (SAS).

Wellness Life is now available to be prescribed by registered medical professionals through multiple channels, including through Chemist Warehouse associated telehealth provider [InstantConsult](#), which has commenced taking medicinal cannabis appointments earlier this month.

The medicinal cannabis market in Australia is projected to reach USD 356.7 million in 2024, with a compound annual growth rate (CAGR) of 4.58% from 2024 to 2029, potentially reaching USD 446.3 million by 2029 ([Source:Statista](#)).

Chairman

As announced on 9 September 2024, Wellnex Life appointed Mr George Tambassis as Non-executive Chair of Wellnex Life. Mr Tambassis has a long and distinguished career in consumer health and the pharmaceutical industry spanning over [35] years.

Mr Tambassis with his experience, including as director of Australian Pharmaceutical Industries (ASX:API) and Pharmacy Guild of Australia, will assist in driving the Company to being a major participant in the health and pharmaceutical market in Australia and internationally.

This ASX announcement has been authorised by the Board of Wellnex Life Limited (ASX:WNX)

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About Wellnex Life

Wellnex Life Limited (ASX:WNX) is a consumer healthcare business with a track record for developing, licensing, and marketing registered products and brands to customers in the growing healthcare market segment. Since listing in 2021, Wellnex Life has successfully launched a host of brands and products now ranged in major retailers in the healthcare market space, pharmacies and supermarkets included. Its distribution arrangements have seen Wellnex Life secure significant licensing arrangements with major pharmaceutical companies in Australia and globally that have given the Company's registered products a distribution channel with a steadily increasing global geographic footprint.

Wellnex Life has more recently acquired leading Australian topical pain relief brand Pain Away. Its addition to Wellnex Life's product offering both compliments and accelerates the potential growth of the company's business operations. This transformational acquisition gives added impetus to Wellnex Life's financial growth and scale and reinforces its place as a major and respected participant in the growing healthcare market, both in Australia and overseas.

To learn more, please visit: www.wellnexlife.com.au/

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

WELLNEX LIFE LIMITED

ABN

77 150 759 363

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,194	5,194
1.2 Payments for		
(a) research and development	(130)	(130)
(b) product manufacturing and operating costs	(3,281)	(3,281)
(c) advertising and marketing	(977)	(977)
(d) leased assets		
(e) staff costs	(1,043)	(1,043)
(f) administration and corporate costs	(360)	(360)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(271)	(271)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST refund/(paid))	(153)	(153)
1.9 Other (costs for CBDG administration)	-	-
1.9 Net cash from / (used in) operating activities	(1,021)	(1,021)

*Product manufacturing of circa \$1.5 million for the launch of Pharmacy Own and the launch of Nighty Night and new products for Wakey Wakey

**Circa one off marketing expenses of \$400,000 for the preparation for the launch of new Wakey Wakey lines and Nighty Night

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	(165)	(165)
(c) property, plant and equipment	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) investments	-	-
	(e) intellectual property	(7)	(7)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Loan repayment from other entity	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (cash acquired from CBDG Administration)	(82)	(82)
2.6	Net cash from / (used in) investing activities	(255)	(255)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	982	982
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(678)	(678)
3.5	Proceeds from borrowings	5,276	5,276
3.6	Repayment of borrowings	(5,041)	(5,041)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Share applications to be refunded	-	-
3.9	Other (repayment of lease liabilities)	-	-
3.10	Net cash from / (used in) financing activities	539	539

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,040	1,040
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,021)	(1,021)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(255)	(255)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	539	539
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	302	302

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	249	904
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (funds held in trust)	53	136
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	302	1,040

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	218
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	5,300	(1,881)
7.2 Credit standby arrangements	-	-
7.3 Other (Director's loan)	2,513	(2,480)
7.4 Total financing facilities	7,813	(4,361)
7.5 Unused financing facilities available at quarter end		3,452
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Secured Revolving Trade and Debtor Facility with Scottish Pacific of \$5.3 million Term: Minimum of 24 months (July 2023) Interest Rate: BBSY plus 4%.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,021)
8.2 Cash and cash equivalents at quarter end (item 4.6)	302
8.3 Unused finance facilities available at quarter end (item 7.5)	3,452
8.4 Total available funding (item 8.2 + item 8.3)	3,754
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.7
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

31 October 2024

Date:

The Board of Directors

Authorised by:
 (Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.