



## Director's Address

Good morning Ladies and Gentlemen. I would like to welcome you to Wattle Health Australia's Annual General Meeting.

Today is a crucial step for Wattle Health in achieving re-quotations of its securities on the ASX. Shareholders will have the opportunity to approve the acquisition of Brand Solutions Australia, the conversion of shareholder loans and a name change of the Company to Wellnex Life Limited among other resolutions.

Before we consider the decision about the Company, it is worthwhile to briefly summarise how we arrived at this point.

In September 2019, the board of Wattle Health requested that the securities be placed into a trading halt to enable the Company to pursue potentially major corporate transactions.

The Company then faced challenges in attempting to raise sufficient funds to acquire additional shares in Blend & Pack, which was intensified by COVID-19's impact on the capital markets and investor confidence in the first half of 2020.

Later in mid 2020 Wattle Health's partner, Organic Dairy Farmers of Australia Limited (ODFA), a 50% co-shareholder with Wattle in Corio Bay Dairy Company Pty Ltd (**CBDG**), was placed into administration.

CBDG's value proposition was significantly impacted by the administration of ODFA and the loss of the exclusive supply of Australia's largest pool of organic milk, as this was the major point of difference for CBDG.

To protect shareholder interests and the Company's position, Wattle Health forced CBDG into administration which allowed for an orderly sale process of the partially completed spray drying facility. The sale of the CBDG assets to Korean Dairy Company - Maile Dairy Co. Ltd (as announced to the ASX market on 18 December 2020) recovered A\$13.5 million.

With the company released from these large capital intensive, unfinished assets, the Company's cash resources significantly improved with the interim payment from the CBDG liquidator of \$11 million, allowing for the Board to consider the company's strategy and opportunities.

We initiated a strategic review of the market and an internal review of Wattle's remaining business and concluded that the business was optimally placed to develop, market, and distribute health and wellness products into Australian and international retail channels. This however, required the board to scale and expand the company's portfolio of products.

After an extensive examination of the market for potential acquisition opportunities and mergers, BSA, a long-term partner of Wattle Health, was identified as a complementary acquisition with strategic benefits for the company.

The acquisition of BSA by Wattle Health allows the combined business to move forward with confidence and apply for re-quotation of the securities on the ASX.

Once approved, Wattle Health will have:

1. Annualised existing revenue of ~\$20 million,
2. A strong and diverse portfolio of established health and wellness brands,
3. An experienced team and resources to develop, market and distribute exciting new brands,
4. Capital to grow,
5. Change of name to Wellnex Life Limited, that captures the essence and future direction of the Company.

The board and management acknowledge the frustration all shareholders have with the previous failed transactions and the long-term suspension of its securities and have been working diligently to address all issues.

In the last 6 months, under a new direction, the Company has achieved a number of significant milestones that bring us to this point today with a plan for future growth including:

1. Raising of \$3.5 million via a convertible loan
2. Reduction of expenditure of circa 70%, whilst increasing distribution and sales
3. Agreement to acquire leading brand and distribution company, BSA
4. Realised \$13.5 million before costs on the disposal of the CBDG asset
5. Acquired the 20% balance of Little Innoscents
6. Agreement for all shareholder loans to be converted into equity at \$0.15 per share

7. Launched a Rights Issue to allow all shareholders the ability to acquire shares at the same value as the BSA transaction and the previous institutional placement.

With a bright future ahead, Wattle Health to be known as Wellnex Life Limited and is positioned to take advantage of the growing Health and Wellness sector with the acquisition of BSA, a well-established business, and future confirmed growth plans.

And lastly, thank you to all shareholders for their support and patience. We look forward to engaging with you all in this new exciting venture.

George Karafotias

Executive Director

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