

Half-Year Financial Report – December 2022

Period of Growth and Investment

- Revenue from ordinary activities was \$13.3 million, up 54.5% compared with prior corresponding period (PCP; half-year ended 31 December 2021: \$8.56 million).
- On track to meet guidance of \$29 million revenue for FY23.
- Loss from ordinary activities was \$4.16 million primarily due to \$1.9 million of one-off expenses in product and brand development and corporate costs associated with capital raising.
- Launch of three innovative brands in the period expected to further accelerate revenue and margins in the second half of FY23:
 - *Pharmacy Own* medicines
 - *Mr. Bright* premium teeth whitening
 - *The Set.Co* skincare
- Launch of medicinal cannabis products under the SAS-B scheme planned in the second half of FY23.
- Continued growth of existing brands and contract manufacturing orders with investment made to expand product lines in remainder of CY23.

Wellnex Life Limited (ASX: WNX) customer-focused health and wellness company, is pleased to release their half-year financial report for the period ending 31 December 2022. This period has been one of growth and investment as Wellnex continues to expand its brand portfolio and the product offerings for these brands, coupled with the launch of three new exciting brands in December 2022. These launches are expected to further accelerate the growing revenue and increase the margins of the wider group.

Wellnex recorded \$13.3 million in revenue for the first half of FY23, an increase of 54% compared to \$8.6 million in H1 FY22. The company is on track to meet guidance of \$29 million in revenue for FY23. During the period, Wellnex invested significantly into marketing and trade spend which had an impact on margins. However, it is expected that margins will improve over the remainder of CY23, in part due to enhanced margins of new brands in excess of 40%.

The loss for H1 FY23 was \$4.2 million, reflected in one off expenses of \$1.9 million and significant investment into an aggressive sales and marketing campaign to grow awareness and sales of Wellnex's brands. This spend will reduce in the remainder of CY23. Investment was made in the

launch of *Pharmacy Own*, *The Set.Co* and medicinal cannabis products, as well as costs associated with the acquisition of *Mr. Bright*. One-off costs attributable to capital raises conducted during the period also impacted on the loss.

Net assets for Wellnex Life increased to \$7.9 million as at 31 December 2022, up from \$4.4 million as of 30 June 2022, giving the company a strong platform to execute its strategic objectives. Wellnex invested in its inventory to mitigate supply chain issues, with inventory increasing to \$7 million as at 31 December 2022, from \$4.3 million as of 30 June 2022.

Wellnex continue to expand its presence in the growing health market and has seen increasing sales and margins across the portfolio.

Pharmacy Own

Wellnex Life launched the *Pharmacy Own* brand to provide consumers with equivalent products to major brands at competitive prices. These products will be exclusively distributed by CH2, Australia's only fully integrated pharmaceutical and medical consumable distributor. CH2's distribution network includes over 2,500 pharmacies that will fast-track the distribution of the *Pharmacy Own* brand. The first products were delivered to CH2 in February 2023, and sales will be recorded from this brand in H2 FY23 with strong margins expected.



Mr. Bright

Wellnex finalised the acquisition of premium teeth whitening business, *Mr. Bright*, in December 2022 via the issue of 15,000,000 fully paid ordinary shares. *Mr. Bright* has delivered immediate revenue and has further scope to substantially increase sales by expanding the sales channels in the domestic market – which have historically been limited and into Europe and the USA. Mr Bright is expected to enhance profitability for the wider Wellnex group, with margins for these products in excess of 40%.



The Set.Co

Wellnex launched new e-commerce brand and platform in November 2022, *The Set.Co*, to take advantage of the growing online health and wellness market. *The Set.Co* was launched with 19 initial products - with a further expansion of the product offering planned in H2 FY23 – and is expected to drive significant sales and margins of circa 50%.



Wagner Health Liquigesics

Wellnex Life launched Australia's first TGA-approved soft gel liquid paracetamol product in a joint venture with leading retailer Chemist Warehouse under the *Wagner Liquigesic* brand. This new brand commenced ranging in Chemist Warehouse in October 2021, with sales growing quarter on quarter. The launch was complemented with a paracetamol plus ibuprofen product with further products to be added in H2 FY23.

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Wakey Wakey

The Company launched a new energy brand, *Wakey Wakey*, in both an effervescent tablet and gummy format. This innovative product secured ranging in major pharmaceutical and grocery retailers including Coles, Woolworths and Chemist Warehouse and has seen above budget growth in sales. To capitalise on the success of the brand, multiple new products will be launched into the market in H1 2023. Wellnex is also planning to launch a new vitamin brand that will complement the *Wakey Wakey* brand also in H2.



The Iron Company

Wellnex Life launched Australia's first slow-release iron gummy under the brand *The Iron Company*, which secured ranging in major pharmacy and grocery retailers. The brand continued to grow and will be expanded in CY23 to further accelerate its growth.



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George Karafotias, CEO of Wellnex Life, said: “We are continuing to drive sales and are pleased to have delivered \$13.3 million in revenue in the first half of FY23. This has been a period of growth and investment into our substantial portfolio of health and wellness products, with three new brands launched. While we recorded a net loss for the period, many of these costs will not reoccur and we can see the path to profitability ahead. We are keenly focused on delivering value for shareholders and innovating new and exciting products to meet consumer demand and establish ourselves as a major player in the health and wellness market.”

This announcement has been authorised for release on the ASX by the Board of Directors.

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About Wellnex Life:

Wellnex Life (ASX: WNX) is an Australian brand and distribution company of customer-focused health and wellness products. The company’s large portfolio, first-to-market strategy and established retail distribution network provide an attractive business model for growth and profitability. Wellnex’s mission is to deliver health, wellness, and vitality solutions to consumers in Australia and worldwide.

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