Wellnex Life Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Wellnex Life Limited
ABN:	77 150 759 363
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	111.4%	to	11,962
Loss from ordinary activities after tax attributable to the owners of Wellnex Life Limited	down	22.8%	to	(7,526)
Loss for the half-year attributable to the owners of Wellnex Life Limited	down	22.8%	to	(7,526)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax amounted to $7,526,000 (31 December 2023: $9,752,000), with the main driver being one-off share based payment expense of $0.15 million and finance costs of $2.16 million. The loss for the consolidated entity before exceptional items and one-off charges was $3.27 million.

Financial Performance

Revenue for the period was $11.96 million, an increase of 111.4% on the prior corresponding period (31 December 2023: $5.66 million), with brand sales comprising 71% of the total revenue with the balance coming from IP licensing. The company during the period strategically invested in one-off trade spend to increase revenue and distribution which impacted gross margins in the period. Trade spend is expected to reduce materially in H2 2025, allowing the company to focus on increasing margins in 2H FY25 to put the company on the path to a positive EBITDA. The company continues to focus on revenue growth in 2H FY25 and beyond driven by both brand sales and IP licensing with the global roll out of the Haleon arrangement.

Loss after income tax for the half-year of $7.52 million, a decrease of 22.8% on the prior corresponding period (31 December 2023: loss of $9.75 million), with the main drivers to the loss being one-off non-recurring costs associated with share based payment expense of $0.15 million, impairments and depreciation costs of $1.0 million, transaction and due diligence costs of $1.95 million associated with the dual listing on the LSE and $0.65 million incurred as additional costs due to the delays with the payment of the deferred consideration for Pain Away, and other non-operating expenses of $0.3 million.

Financial Position

The net assets of the entity at 31 December 2024 were $3.2 million (31 December 2023: $6.0 million). The change was mainly attributable to the completion of the Pain Away acquisition and recognised intangible assets related to the acquired brand and timing of the associated capital raising activities completed prior to 31 December 2023.

Post 31 December 2024, the Company is proposing a dual listing on the London Stock Exchange and an associated capital raise of a minimum of $14.3 million that will recapitalise the balance sheet of the group with the settlement of the deferred consideration and the convertible notes which on a proforma basis will increase the net assets of the company by circa $13 million.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(56.48)	(1.15)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-year financial report.

11. Attachments

Details of attachments (if any):

The Half-year financial report of Wellnex Life Limited for the half-year ended 31 December 2024 is attached.

12. Signed

Signed ______________________ Date: 28 February 2025

George Karafotias
Executive Director

Wellnex Life Limited

ABN 77 150 759 363

Half-year financial report - 31 December 2024

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Directors	George Tambassis (Non-Executive Chairman) Eric Jiang (Non-Executive Director) Andrew Vidler (Non-executive Director) George Karafotias (Executive Director) Zack Bozinovski (Executive Director) Jeffrey Yeh (Non-executive Director)
Company secretary	Kobe Li
Registered office and principal place of business	Building 2, Level 3, Suite 69, 574 Plummer Street Port Melbourne VIC 3207 Phone: +61 3 8399 9419
Share register	Computershare Investor Registry Services Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Phone: 1300 787 272 (within Australia) Phone: +61 3 9415 5000 (overseas callers)
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Solicitors	Piper Alderman Level 23, Governor Macquarie Tower 1 Farrer Place Sydney, NSW 2000
Stock exchange listing	Wellnex Life Limited securities are listed on the Australian Securities Exchange (ASX code: WNX and WNXO)
Website	https://www.wellnexlife.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Wellnex Life Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

The information in this report should be read in conjunction with the most recent annual financial report, being the report for the year ended 30 June 2024.

Directors
The following persons were directors of Wellnex Life Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

George Tambassis (Non-executive Chairman) - appointed 9 September 2024
Eric Jiang (Non-Executive Director)
George Karafotias (Executive Director and Chief Executive Officer)
Zack Bozinovski (Executive Director)
Andrew Vidler (Non-Executive Director)
Jeffrey Yeh (Non-Executive Director)

Principal activities
During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- Marketing and selling a portfolio of premium branded products for the health and wellness market.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

Financial Performance

Revenue for the period was $11.96 million, an increase of 111.4% on the prior corresponding period (31 December 2023: $5.66 million), with brand sales comprising 71% of the total revenue with the balance coming from IP licensing. The company during the period strategically invested in one-off trade spend to increase revenue and distribution which impacted gross margins in the period. Trade spend is expected to reduce materially in H2 2025, allowing the company to focus on increasing margins in 2H FY25 to put the company on the path to a positive EBITDA. The company continues to focus on revenue growth in 2H FY25 and beyond driven by both brand sales and IP licensing with the global roll out of the Haleon arrangement.

Loss after income tax for the half-year of $7.52 million, a decrease of 22.8% on the prior corresponding period (31 December 2023: loss of $9.75 million), with the main drivers to the loss being one-off non-recurring costs associated with share based payment expense of $0.15 million, impairments and depreciation costs of $1.0 million, transaction and due diligence costs of $1.95 million associated with the dual listing on the LSE and $0.65 million incurred as additional costs due to the delays with the payment of the deferred consideration for Pain Away, and other non-operating expenses of $0.3 million.

Financial Position

The net assets of the entity at 31 December 2024 were $3.2 million (31 December 2023: $6.0 million). The change was mainly attributable to the completion of the Pain Away acquisition and recognised intangible assets related to the acquired brand and timing of the associated capital raising activities completed prior to 31 December 2023.

Post 31 December 2024, the Company is proposing a dual listing on the London Stock Exchange and an associated capital raise of a minimum of $14.3 million that will recapitalise the balance sheet of the group with the settlement of the deferred consideration and the convertible notes which on a proforma basis will increase the net assets of the company by circa $13 million.

1. Pain Away

Since the acquisition of Pain Away brand in December 2023, the Company continues to see the benefits of this acquisition, and has strongly invested in increasing distribution primarily in the grocery channels. We are seeing continued growth in the revenue since the acquisition and with a proportionate investment in 2H FY25 we expect to see this brand anchor us towards the profitability of the company.

2. Wakey Wakey/Nighty Night

Wellnex Life's new brands continue to grow with its unique and innovative products that is seeing increasing brand awareness and sales. The company has invested a significant amount of money to continue to drive awareness and sales.

3. Wagner Health Liquigesic

Wellnex Life launched Australia's first TGA approved soft gel liquid paracetamol product in a jointly owned brand with leading retailer Chemist Warehouse under the Wagner Liquigesic brand. This brand continues to strengthen with increasing brand recognition and revenue. The success of the brand has seen the product offering increased by three new lines of mini ibuprofen that was announced in March 2024. The new products were launched into the market in CY24.

4. The Iron Company

Wellnex Life launched Australia's first slow-release iron gummy under the brand The Iron Company, which is in the growing iron segment of the complementary medicine category. The Company is currently working on further expanding the product offering under this brand to take advantage of its unique brand positioning.

5. Mr Bright

Wellnex Life's natural teeth whitening brand that is currently being sold in the UK through Boots and TJ Maxx and is available on-line domestically. Wellnex Life is preparing to increase the distribution of this brand to take advantage of the growing oral health and cosmetic market globally.

IP Licensing

Wellnex Life continues to grow it relationships with its IP licensing partners Haleon and Arrotex with ongoing discussions around increased product offerings and territory expansions with Haleon recently launching the innovative liquid paracetamol soft gels in the UK

Other matters

Wellnex Life during the period progressed the proposed dual listing on the AIM market of the London Stock Exchange and an associated capital raising. At the time of this report the company had conditional binding commitments of $14.3 million which will be used to pay the deferred consideration for Pain Away and redeem/convert the company's convertible notes that will save the company $1.4 million in finance costs, annually. The balance of the capital raised will be used to fund the international expansion of the company's brands and products.

Significant changes in the state of affairs

During the financial period the Company completed a number of share placements with the details of these transactions disclosed in Note 7 of the financial report.

On 15 August 2024, the Company announced it received its first order from Haleon to supply liquid paracetamol for the UK market.

On 16 August 2024, the Company launched new prescription only medicinal cannabis brand -Wellness Life, for the SAS market.

On 9 September 2024, the Company announced the appointment of highly experienced George Tambassis as Non-Executive Chairman.

On 26 September 2024, the Company held an extraordinary general meeting (EGM) with all resolutions passed including the consolidation of the Company's equities of 50:1 and the approval to issue 680 million fully paid ordinary shares at a floor price of $0.028 per share.

Matters subsequent to the end of the financial half-year
On 21 January 2025, the Company announced that it had secured multiple funding options to facilitate the payment of the next stage of the deferred consideration, which was due on 20 January 2025. Following the receipt of these proposals, the Company entered into discussions with 365 Health (the vendors of Pain Away) to further amend the extension agreement finalised in October 2024.

Under the revised terms of the agreement, as varied in January 2025, the Company was required to pay an additional $500,000 establishment fee, which was fully settled on 28 January 2025.

Following the January 2025 variation agreement, the final deferred consideration payment due for the Pain Away brand acquisition is as follows:

- $6.25 million; cash payment due on or before 3 March 2025
- $0.15 million payable in Wellnex shares on or before 27 January 2025
- 250,000 Wellnex shares to be issued on or before 3 March 2025

On 3 February 2025, the Company issued 1,211,111 fully paid ordinary shares with an issue price of $0.675 (67.5 cents) raising $817,500.

On 10 February 2025, the Company announced that it commenced its marketing campaign for the proposed dual listing on the London Stock Exchange with strong interest received from UK institutions and sophisticated investors.

At the same time the Company resolved to launch a 1:1 non-renounceable entitlement offer (Entitlement Offer) to ensure shareholders have the first right to subscribe for shares on the same terms as the proposed placement to UK investors. Funds raised will serve to redeem the convertible notes and pay the outstanding deferred consideration for Pain Away (saving the Company $1.4 million in annual costs) and fund general working capital requirements, including the costs of the Entitlement Offer and the proposed AIM listing.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

George Karafotias
Executive Director

28 February 2025

William Buck
ACCOUNTANTS & ADVISORS

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Wellnex Life Limited

As lead auditor for the review of Wellnex Life Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

— no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Wellnex Life Limited and the entities it controlled during the half-year.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 28 February 2025

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Wellnex Life Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

	Note	Consolidated 31 December 2024 $'000	31 December 2023 $'000
Revenue from sale of goods		11,962	5,658
Raw material and consumables used		(9,236)	(5,008)
Gross profit		2,726	650
Other income		-	95
Gain on extinguishment of convertible note liability		-	663
Expenses			
Administrative and corporate expenses		(1,328)	(2,874)
Share based payments expense		(150)	(436)
Employee benefits expense		(2,135)	(2,316)
Selling, marketing and distribution expenses		(1,578)	(1,325)
Depreciation and amortisation expense		(590)	(165)
Impairment of non-current assets		(368)	(3,346)
Payment for restructuring PainAway deferred consideration	6	(650)	-
Transaction and due diligence costs		(1,948)	-
Finance costs		(1,505)	(698)
Loss before income tax expense		(7,526)	(9,752)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Wellnex Life Limited		(7,526)	(9,752)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Wellnex Life Limited		(7,526)	(9,752)
		Cents	**Cents**
Basic loss per share		(28.14)	(1.93)
Diluted loss per share		(28.14)	(1.93)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Wellnex Life Limited
Statement of financial position
As at 31 December 2024

WELLNEXLIFE

	Note	Consolidated 31 December 2024 $'000	30 June 2024 $'000
Assets			
Current assets			
Cash and cash equivalents		280	903
Trade and other receivables		5,288	4,382
Inventories		3,599	3,630
Prepayments and deposits paid		2,429	980
Total current assets		11,596	9,895
Non-current assets			
Receivables		-	120
Property, plant and equipment		17	28
Right-of-use assets		22	46
Intangibles		20,281	20,835
Total non-current assets		20,320	21,029
Total assets		31,916	30,924
Liabilities			
Current liabilities			
Trade and other payables		9,861	7,438
Borrowings	5	12,340	10,615
Lease liabilities		25	52
Employee benefit provisions		442	459
Deferred consideration	6	6,100	5,650
Other liabilities		-	564
Total current liabilities		28,768	24,778
Non-current liabilities			
Employee benefit provisions		106	86
Total non-current liabilities		106	86
Total liabilities		28,874	24,864
Net assets		3,042	6,060
Equity			
Issued capital	7	135,065	130,557
Reserves		886	2,085
Accumulated losses		(132,909)	(126,582)
Total equity		3,042	6,060

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital $'000	Share-based payment reserve $'000	Convertible loan reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2023	112,424	3,250	477	(115,557)	594
Loss after income tax expense for the half-year	-	-	-	(9,752)	(9,752)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(9,752)	(9,752)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	15,141	-	-	-	15,141
Transfer to retained earnings from option reserve	-	(2,345)	-	2,345	-
Vesting charge for share based payments	-	436	-	-	436
Issue of options for extension of convertible note	-	95	-	-	95
Balance at 31 December 2023	127,565	1,436	477	(122,964)	6,514

Consolidated	Issued capital $'000	Share-based payment reserve $'000	Convertible loan reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2024	130,557	1,977	108	(126,582)	6,060
Loss after income tax expense for the half-year	-	-	-	(7,526)	(7,526)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(7,526)	(7,526)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	4,508	-	-	-	4,508
Expiry of performance rights and options	-	(1,199)	-	1,199	-
Balance at 31 December 2024	135,065	778	108	(132,909)	3,042

The above statement of changes in equity should be read in conjunction with the accompanying notes

Wellnex Life Limited
Statement of cash flows
For the half-year ended 31 December 2024

	Note	Consolidated 31 December 2024 $'000	Consolidated 31 December 2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		9,085	7,176
Payments to suppliers and employees (inclusive of GST)		(11,057)	(10,589)
Interest received		-	2
Interest and other finance costs paid		(422)	(406)
Net cash used in operating activities		(2,394)	(3,817)
Cash flows from investing activities			
Loans provided for One Life joint venture		-	(50)
Payments for intangibles		-	(13,300)
Payments for deferred consideration	6	(220)	-
Net cash used in investing activities		(220)	(13,350)
Cash flows from financing activities			
Proceeds from issue of shares		2,181	15,630
Transaction costs for capital raising and issuance of shares		(1,391)	(1,764)
Proceeds from borrowings		8,988	5,519
Proceeds from related party loans		45	-
Repayment of trade debtor finance facility funding		(7,806)	(2,216)
Payment of lease liabilities		(26)	(56)
Net cash from financing activities		1,991	17,113
Net decrease in cash and cash equivalents		(623)	(54)
Cash and cash equivalents at the beginning of the financial half-year		903	322
Cash and cash equivalents at the end of the financial half-year		280	268

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Wellnex Life Limited as a consolidated entity consisting of Wellnex Life Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Wellnex Life Limited's functional and presentation currency.

Wellnex Life Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Building 2, Level 3, Suite 69,
574 Plummer Street
Port Melbourne VIC 3207

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2025.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity, other than as disclosed in the financial statements.

Going Concern
The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and liabilities in the ordinary course of business. The going concern of the consolidated entity is dependent upon it maintaining sufficient funds for its operations and commitments.

The consolidated entity made a loss after tax of $7.526 million during the half year ended 31 December 2024 (31 December 2023: loss after tax of $9.752 million), incurred net operating cash outflows of $2.394 million (31 December 2023: $3.817 million) and as at 31 December 2024, recorded net current liabilities of $17.172 million (30 June 2024: $14.883 million).

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notwithstanding these results, the directors believe that the Company will be able to continue as a going concern and accordingly the financial statements have been prepared on a going concern basis, supported by the following reasons:

Note 2. Material accounting policy information (continued)

- The consolidated entity continues to grow its revenue and margins putting on a pathway to profitability, with growth to continue for the remainder of FY25;
- On 10 February 2025, the Company announced that it had commenced its marketing campaign for the proposed dual listing on the London Stock Exchange with strong interest received from UK institutions and sophisticated investors.

  The Company in consultation with SP Angel, Orana Capital and Barclay Pearce Capital (lead brokers) and following feedback from UK institutions have priced the capital raise in conjunction with the proposed dual listing on the AIM Market of the London Stock Exchange (AIM) at $0.65 per share, a 8.6% discount to the 30-day VWAP.

  The Company announced that it had resolved to launch a 1:1 non-renounceable entitlement offer (Entitlement Offer) to ensure shareholders have first right to subscribe for shares on the same terms as the proposed placement to UK investors.

  On 20 February 2025, the Company announced that it had secured conditional binding commitments of $14.3 million, with the receipt of funds conditional upon its successful listing on the AIM market of the London Stock Exchange. The dual listing is expected to be completed in March 2025. These funds will be used to pay the deferred consideration of Pain Away and the redemption/conversion of the convertible notes reducing the debt profile of the company by $13 million and reducing the annual finance cost by $1.4 million.

  Further as outlined in Note 5 of this report, the admission on AIM qualifies as an 'exit event' under the terms of the convertible notes. The Company is currently negotiating terms with the convertible noteholders to determine the proportion of notes that will be redeemed versus those that will be converted into shares.

  Convertible noteholders who choose to convert their notes will be issued shares that remain unsubscribed under the Offer or Shortfall Offer, with the subscription price applied towards the repayment of their convertible notes. Under the terms of the convertible notes, those opting for conversion will subscribe for shares at the same issue price as the Offer, with the subscription proceeds offsetting their outstanding note balance.

  This variation to the convertible note terms enables the Company to incentivise noteholders to convert their notes into equity, thereby reducing the cash outflow required to settle the liability.
- The Company and Haleon received regulatory approval for the sale of the innovative paracetamol sift gel liquid analgesic for the United Kingdom market with first sales achieved in FY25 and the imminent launch in the UAE;
- Director loans amounting to $2.78 million will not be repayable unless the Company has sufficient cash resources to repay.
- The Company is an ASX-listed entity and it has the ability to raise additional funds if required.
- The Company has reduced its operating expenses by over $1 million by finding efficiencies in the business and outsourcing some of its services.

In the event that the consolidated entity is unable to achieve the outcomes noted above and not be able to continue as a going concern, it may be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

Note 3. Critical accounting judgements, estimates and assumptions

There was no significant or material change in the formulation and usage of estimates and judgments made in preparing these interim financial statements from those applied in preparing the annual report for the year ended 30 June 2024.

Note 4. Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

During the 2024 financial year the consolidated entity acquired the assets of Pain Away. The business operates in the same business and geographical segment as the rest of the Group, being a provider of high quality Australian made health and wellness products throughout Australasia. All revenue and assets generated during the financial year were generated in Australia.

The Group only derives revenue solely through the sale of products for which revenue is recognised at a point in time.

Note 5. Current liabilities - Borrowings

	Consolidated	
	31 December 2024 $'000	30 June 2024 $'000
Trade and debtor facility	2,737	1,612
Convertible notes payable	6,823	6,490
Related party loan	2,780	2,513
	12,340	10,615

Included in the outstanding borrowings, are amounts due and payable to related parties of the Company of $2,780,000. Other borrowings include the Company’s trade and debtor facility as described below.

Trade and debtor facility

In July 2021, the Company entered into a secured revolving trade and debtor facility with Scottish Pacific, with the key terms of this facility as follows:

- total value of financing facility: $5,300,000
- amount drawn down as at 31 December 2024: $2,737,000
- interest rate: Bank Bill Swap Bid Rate (BBSY) plus 4%
- this financing facility is secured by general and specific security deeds over all of the Company's assets

Related party loans

The loans to related parties were previously non-interest bearing and repayable on call as disclosed in the 30 June 2024 annual report. However, the terms were modified during the report period to include an interest rate of 10% per annum with repayment due on 30 June 2026, or earlier if the Company is in a financial position to do so. The loans remain unsecured and do not carry any equity conversion features. The directors consider the revised terms to be at market rates and no more favourable to the related parties than comparable third-party arrangements.

Original Convertible Note Terms

- amount drawn down as at 30 June 2022: $6,150,000 (before costs);
- the secured note has a term of 24 months from issue;
- the secured note has a coupon rate of 9% per annum;
- conversion price: $0.21 (21 cents) per share, with the noteholder having the right to receive one option for every two shares converted at a strike price of $0.21 (21 cents) with a 24 month term from issue;
- the Company can at any time choose to repay the convertible note financing, with the note holders having the right on the issue of a redemption notice by the Company to convert the convertible note into fully paid ordinary shares;
- the convertible note financing is secured by general and specific security deeds over all of the Company's assets.

Note 5. Current liabilities - Borrowings (continued)

Revised Convertible Note Terms - 30 June 2024

- Conversion price: the conversion price be reduced from $0.21 to $0.08;
- Coupon rate: the coupon rate be increased from 9% to 13%, for the period from 6 October 2023 until the maturity date;
- Maturity date: the maturity date be extended by 12 months to 21 June 2025; and
- Redemption: the Company can redeem the Convertible Note at its election (with the Noteholder's consent) from 1 March 2024 onwards, subject to payment of an early redemption fee equal to the 3 months' interest.

Under the revised terms, the principal amount under the Convertible Note will be convertible into a maximum of 77,500,000 Conversion Shares and 38,750,000 Conversion Options (based on the new conversion price of $0.08, and assuming full conversion of the principal amount of $6.2m) (noting that this number of securities does not include any securities which the Company will be required to issue to the Noteholder in respect of accrued interest, which is convertible at the same conversion price).

Revised Convertible Note Terms - 31 December 2024

The listing of the Company's shares on the AIM board is considered an exit event under the convertible note terms. As a result, the Company renegotiated the terms with its convertible noteholders, allowing conversion at either $4.00 per share (previously $0.08 per share pre-50:1 consolidation) or at the AIM listing price. Additionally, interest payments terms were varied and are now payable in full on the maturity date.

The directors have assessed this variation and concluded that it does not constitute a substantial modification under AASB 9 Financial Instruments.

Note 6. Current liabilities - Deferred consideration

In October 2024, the Company entered into discussions with the vendors of the Pain Away brand to negotiate a delay in the payment terms. The initial agreement, referred to as the October 2024 variation, amended the payment deadline to 20 January 2025. A subsequent variation agreement was entered into in January 2025 to extend the payment to March 2025, and is disclosed as a subsequent event.

Under the October 2024 variation agreement, the Company agreed to:

(a) Payment of $200,000 in establishment fees prior to 31 December 2024.
(b) Increasing the deferred liabilities by an additional $300,000 in cash and $150,000 in Company shares.

Note 7. Equity - issued capital

	Consolidated			
	31 December 2024 Shares	30 June 2024 Shares	31 December 2024 $'000	30 June 2024 $'000
Ordinary shares - fully paid	30,517,321	1,289,554,351	135,065	130,557

Note 7. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	Cash ($'000)	Non-cash ($'000)	$'000
Balance	1 July 2024	1,289,554,351	-	-	-	130,557
Issue of Ordinary Shares to settle Employee Agreements	1 July 2024	435,438	$0.025	-	11	11
Issue of Ordinary Shares - Issued for Corporate Advisory Services	19 July 2024	12,500,000	$0.028	-	350	350
Issue of Ordinary Shares	7 August 2024	99,392,863	$0.028	1,452	-	2,783
Consolidation of shares 50:1		(1,373,843,902)	-	-	-	-
Issue of Ordinary Shares	19 November 2024	357,142	$1.40*	-	499	499
Issue of Ordinary Shares	27 December 2024	321,429	$1.40*	450	-	450
Issue of Ordinary Shares	30 December 2024	200,000	$1.40*	280	-	280
Issue of Ordinary Shares - Issued for Corporate Advisory Services	19 November 2024	1,600,000	$0.61**	-	968	968
Capital Raising costs		-	-	-	-	(833)
Balance	31 December 2024	30,517,321				135,065

** Pertains to corporate advisory costs settled via issuances of shares based on spot rate at the point of settlement
*** Pre-committed issuances which were based on the pre-consolidation share price of 2.8cents ($1.40, reflective of 50:1 consolidation)

Note 8. Events after the reporting period

On 21 January 2025, the Company announced that it had secured multiple funding options to facilitate the payment of the next stage of the deferred consideration, which was due on 20 January 2025. Following the receipt of these proposals, the Company entered into discussions with 365 Health (the vendors of Pain Away) to further amend the extension agreement finalised in October 2024.

Under the revised terms of the agreement, as varied in January 2025, the Company was required to pay an additional $500,000 establishment fee, which was fully settled on 28 January 2025.

Following the January 2025 variation agreement, the final deferred consideration payment due for the Pain Away brand acquisition is as follows:

- $6.25 million; cash payment due on or before 3 March 2025
- $0.15 million payable in Wellnex shares on or before 27 January 2025
- 250,000 Wellnex shares to be issued on or before 3 March 2025

On 3 February 2025, the Company issued 1,211,111 fully paid ordinary shares with an issue price of $0.675 (67.5 cents) raising $817,500.

On 10 February 2025, the Company announced that it commenced its marketing campaign for the proposed dual listing on the London Stock Exchange with strong interest received from UK institutions and sophisticated investors.

At the same time the Company resolved to launch a 1:1 non-renounceable entitlement offer (Entitlement Offer) to ensure shareholders have the first right to subscribe for shares on the same terms as the proposed placement to UK investors. Funds raised will serve to redeem the convertible notes and pay the outstanding deferred consideration for Pain Away (saving the Company $1.4 million in annual costs) and fund general working capital requirements, including the costs of the Entitlement Offer and the proposed AIM listing.

Note 8. Events after the reporting period (continued)

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

George Karafotias
Executive Director

28 February 2025

William Buck
ACCOUNTANTS & ADVISORS

For personal use only

Independent auditor's review report to the members of Wellnex Life Limited

Report on the half-year financial report

Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Wellnex Life Limited (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

— giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year then ended; and

— complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

— the consolidated statement of financial position as at 31 December 2024,

— the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,

— the consolidated statement of changes in equity for the half-year then ended,

— the consolidated statement of cash flows for the half-year then ended,

— notes to the financial statements, including material accounting policy information, and

— the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 of the financial report which indicates that the Group during the half-year ended 31 December 2024 incurred a net loss after income tax of $7,526,000, net operating cash outflows of $2,394,000 and recorded an excess of current liabilities relative to current assets of $17,172,000. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 28 Feburary 2025