

20 May 2024

ASX Market Release

**Nuchev announces acquisition of health products supplier bWellness and
Non-Renounceable Entitlement Offer to raise \$5.1 million
Appointment of Mick Myers as Chief Executive Officer
H&S Group achieves sales performance hurdle**

Nuchev Limited (**Nuchev** or the **Company**) is delighted to announce that it has entered into an agreement to acquire 100% of the shares in bWellness Pty Ltd (**bWellness**) on a cash-free, debt-free basis for total consideration of \$7.0 million (**Acquisition**):

- Consideration will be a combination of cash and scrip, comprising of \$3.5 million in Nuchev scrip and \$3.5 million in cash consideration, with cash consideration being 80% (\$2.8 million) payable upfront on acquisition completion and 20% (\$0.7 million) payable in 12-months subject to certain performance and key person retention conditions
- The Acquisition is in line with the Company's growth strategy and will provide Nuchev with the opportunity to:
 - Scale and diversify the existing business, more than doubles prior year revenue for FY23¹, represents an uplift of 74% on proforma revenue of the combined group for H1 FY24² and adds positive earnings of approximately \$1.6m
 - Add new sales channels and approximately 200 new complementary health and wellness products to the Group's brand portfolio
 - Improves future operating cashflows
 - Leverage the Company's existing sales channels, organisational structure, supply chain, marketing, and finance functions
- The purchase price equates to ~4.3x enterprise value / normalised FY23 EBITDA (pre-synergies), or approximately 3.3x post-synergies
- The cash consideration will be funded by a \$5.1 million pro-rata entitlement offer (**Entitlement Offer** or the **Offer**). Nuchev will issue 1 fully paid ordinary share (**New Shares**) for every 2.75 Shares currently held by eligible shareholders at an offer price of \$0.156 (**Offer Price**)
- The Offer has received strong support from existing shareholders, with Nuchev receiving commitments from;
 - H&S Investments Australia Pty Ltd ACN 643 475 601 as trustee for the H&S Investment Unit Trust ABN 62 122 826 764 (**H&S Investments**) to take up 100% of its pro rata entitlement in the Offer, and has committed to take up to 15.2 million additional shares should there be any Entitlement Offer shortfall
 - Nuchev's Founder Ben Dingle, via his holding in Nuchev held by the Whiti Trust, has committed to take up approximately 50% of his pro rata entitlement in the Offer (at a minimum)
 - Craig Silbery, a director of Nuchev, to take up 100% of his pro rata entitlement in the Offer, and has committed to take up to 2.3 million additional shares should there be any Entitlement Offer shortfall
- The record date for the Entitlement Offer is 7:00pm Friday, 24 May 2024 with the Offer opening on Monday, 27 May 2024
- Assuming the Offer is fully subscribed, Nuchev's pro forma net cash position would be approximately \$7.5 million.

¹ Proforma revenue of the combined group for FY23 is \$17.8m – an increase of 102% on Nuchev's FY23 Audited Accounts combined with bWellness' unaudited management accounts for the 12 months ended 30 June 2023 (Source: Nuchev Investor Presentation for Capital Raising, 20 May 2024)

² Proforma revenue of the combined group for H1 FY24 is \$11.5m – an increase of 74% on Nuchev's H1 FY24 revenue reported in Nuchev's H1 FY24 Audit Reviewed accounts combined with bWellness' unaudited management accounts for the 6 months to 31 December 2023 (Source: Nuchev Investor Presentation for Capital Raising, 20 May 2024)

Overview of bWellness and the proposed transaction

bWellness is a leading distributor specialising in prescription only, high-efficacy, premium health products. The acquisition provides Nucheve with the opportunity to scale and diversify its existing business and improve its operating cashflows, while leveraging the Company's organisational structure, supply chain, marketing and finance functions. Furthermore, the Acquisition strongly aligns with its strategy to establish a diversified portfolio of profitable and sustainable businesses delivering a range of branded products providing nutritional health & dietary benefits to its consumers.

The Acquisition involves an associate of H&S Investments and H&S International (Aust) Pty Ltd (**H&S International**) (collectively **H&S Group**), being Brauer Natural Medicine Pty Ltd (**Brauer Natural Medicine**). Brauer Natural Medicine is a 50% shareholder in bWellness and has agreed to take scrip consideration for its holding (escrowed for two years post-issuance) (**Consideration Shares**). Accordingly, the Acquisition and issue of Consideration Shares will be subject to shareholder approval (**Shareholder Approval**) at the Extraordinary General Meeting (**EGM**) to be held on Wednesday, 19 June 2024.

For more information on the Acquisition and Shareholder Approval, please refer to:

- the investor presentation lodged with ASX today, 20 May 2024; and
- the Notice of Meeting for the EGM (**NOM**) accompanied by an Independent Expert Report lodged with ASX today, 20 May 2024. It is anticipated that this Acquisition will deliver meaningful scale and growth to Nucheve, with FY23 pro forma revenue of \$17.8 million and normalised EBITDA of \$(6.9) million.

For more information relating to bWellness and the acquisition, please refer to the Investor Presentation lodged on the ASX today, 20 May 2024.

Entitlement Offer

The Entitlement Offer will consist of a 1 for 2.75 traditional Entitlement through the issue of approximately 32.7 million new fully paid ordinary shares in Nucheve, representing 36.4% of Nucheve's existing fully paid ordinary shares on issue.

The Entitlement Offer is expected to raise up to approximately \$5.1m. The raising is being offered at an issue price of \$0.156 per New Share. All New Shares will rank equally with existing Shares on the date of issue.

For more information relating to Entitlement Offer, please refer to the attached Entitlement Offer booklet.

Nucheve CEO Mick Myers commented:

"The acquisition of bWellness is a compelling deal for Nucheve and is in line with our growth strategy. bWellness' product set is aligned with our existing purpose and growth focus, bringing a new sales channel in the large and growing complementary medicines sector. The acquisition will deliver increased scale, diversification and importantly, improves Nucheve's operating cashflows. In addition, there are exciting opportunities to leverage our existing retail and distribution capabilities as we expand our combined business"

Appointment of Chief Executive Officer

Nucheve Limited is pleased to announce the appointment of Mick Myers as Chief Executive Officer. Mick has been acting as Interim CEO and CFO since November 2023.

The Board has undertaken an extensive and robust recruitment process to find the right capability to lead the organisation going forward.

Nucheve Chair, Ben Dingle said, "Alongside our other announcements made today, the Board is delighted to confirm Mick's appointment as CEO. Over the last 6 months Mick has demonstrated exceptional leadership capabilities and has successfully delivered the bWellness acquisition and worked closely with H&S to ensure delivery of their sales performance targets. We look forward to the benefits of Mick's leadership as we complete the bWellness acquisition and integration as we continue to grow and scale the combined Nucheve business."

Mick's biography is included in Annexure A and a summary of the material terms of his employment agreement is included in Annexure B of this ASX Announcement.

H&S Group Performance Options

The Company is pleased to announce that H&S Group has achieved the annual performance hurdle for tranche 1 of its performance options (that were issued to H&S International on 28 June 2023), and accordingly, these tranche 1 performance options have vested. The Company previously obtained shareholder approval under item 7 of section 611 of the Corporations Act to issue shares in the capital of the Company following vesting and exercise of tranches 1, 2 and 3 of the performance options at the extraordinary general meeting held on 19 June 2023. Upon confirmation of H&S Group exercising their tranche 1 performance options, Nuchev will issue 5,619,659 fully paid ordinary shares to H&S Investments. If H&S Group exercises their vested tranche 1 performance options, the Company would receive an additional \$1.4 million of proceeds providing Nuchev with further financial flexibility.

Key dates

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	7:00pm Friday, 24 May 2024
Entitlement Offer opens	Monday, 27 May 2024
Extraordinary General Meeting	10am AEST, Wednesday, 19 June 2024
Entitlement Offer closes	5pm AEST, Thursday, 20 June 2024
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

All dates and times are indicative only and subject to change. Unless otherwise specified, all dates and times refer to time in Melbourne, Australia. Nuchev and the Lead Manager reserve the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Nuchev reserves the right to extend the closing date for the Entitlement Offer, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the allotment date of New Shares. Nuchev also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Shares. In that event, the relevant application monies (without interest) will be returned in full to applicants.



Additional Information

Further details on Nuchev's business and the Entitlement Offer and Acquisition are set out in the investor presentation provided to the ASX today and are also available at the Company's website at <http://investor.nuchev.com.au/>. The investor presentation contains important information that shareholders should consider including key risks relating to Nuchev and an investment in Nuchev shares and the foreign selling restrictions with respect to the Offer. Any person considering an investment in Nuchev shares should read the investor presentation and seek their own independent advice before making any decision in this regard.

Wilson Corporate Finance Limited is acting as financial adviser to the Acquisition and sole lead manager to the Entitlement Offer.

HWL Ebsworth is acting as legal adviser to Nuchev.

For and on behalf of the Company

Ben Dingle
Chair

This announcement has been authorised for release by the Board.

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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.

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Appendix A

Biography of Mick Myers

Mick Myers joined Nuchev as the Interim Chief Financial Officer in March 2022 and was appointed as the permanent Chief Financial Officer in May 2022. Mick was then appointed as Interim Chief Executive Officer in November 2023.

Mick has over 30 years experience working with publicly listed and private companies, most recently as the Group Chief Financial Officer of Simonds Group Limited. His previous finance executive and CFO roles were with Toll Group, MMG Limited, Oz Minerals Limited, and Zinifex Limited.

Prior to his corporate career, Mick held roles in audit, forensic and enterprise risk services over an 18-year career with Deloitte.

Mick is recognised for driving, high performance standards, strong talent management and developing others to unlock their full potential and deliver real benefits to the business.

Mick's major successes have been achieved through strong, proactive stakeholder engagement, leadership and drive exhibited by: Leadership, Finance Transformation & Business Integration

Appendix B
Summary of Materials Terms of Executive Contract
Mick Myers

The material terms and conditions of Mick Myers' Employee Agreement as Chief Executive Officer is set out below:

Name & Position	Mick Myers, Chief Executive Officer
Commencement Date	1 July 2024
Term	M Myers will be appointed for an ongoing term subject to termination by either party.
Remuneration	\$420,000 per annum (excluding superannuation)
Short Term Incentive (STI)	M Myers will be eligible for an annual STI of up to 40% of Total Fixed Remuneration (TFR). The STI will be payable upon achievement of performance targets agreed upon with the Board from time to time.
Long Term Incentive (LTI)	M Myers will be eligible for an annual LTI of up to 60% of TFR. The LTI will be payable upon achievement of performance targets agreed upon with the Board from time to time.
Termination	<p>Either party may terminate the employment by providing 6 months' notice.</p> <p>Termination of employment (without cause)</p> <p>Mr Myers' entitlement to the STI will be at the discretion of the board. Unvested LTI will remain on foot subject to achievement of the performance targets at the original date of vesting. The Board has discretion to award a greater or lower amount.</p> <p>Termination of employment (with cause) or by resignation of the individual Where the employment is terminated with cause or by resignation of Mr Myers the STI will not be awarded, and all unvested LTI will lapse. Vested and unexercised LTI can be exercised in accordance with the Company's Securities Dealing Policy.</p>