

Quarterly Report for the period ended 30 June 2020

Operational Activities

In May, the Company launched its first wholly-owned consumer brand, RÉDUIT, a luxury beauty technology brand based in Neuchâtel, Switzerland. The brand is focused on technical performance, sustainability and design, with the objective of delivering advanced beauty solutions in a user-friendly format. Suitable for use at home as well as in selected professional applications, this device is based on OBJ's patented Magnetic Misting technologies and is initially aimed squarely at the hair-care space.

RÉDUIT's "20-20" launch campaign is now well underway – this first-of-its-kind initiative in the beauty marketing sector sees RÉDUIT introducing 20 new formulation products – one each week – for 20 weeks. RÉDUIT's new skincare line will be launched in August and here again the route to market is digital first, targeting direct-to-consumer sales through the brand's own website. This will be augmented with Amazon Launchpad, as well as other key marketplaces including Alibaba's TMall, Jd.com and Little Red Book in China. Selected retail partners will complete the distribution assortment.

In April, OBJ secured Loan Facilities for up to \$2.3 million via the issue of Convertible Notes. This funding has been essential in securing the operations of the Company, in particular establishing the infrastructure and driving the RÉDUIT business to commercialisation throughout the COVID-19 pandemic.

Directors

Mr Antonio Varano
Mr Steven Schapera
Mr Jeffrey Edwards
Mr Cameron Reynolds

CEO

Mr Paul Peros

Company Secretary

Mr John Palermo

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Tel: +61 8 9443 3011
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Partnering Programs

During the period, the Company executed a new Licensing Term Sheet and Work Plan with Procter and Gamble (P&G) for the development of a new skincare device based on the Company's Programmable Array technologies ("Second Technology").

All technical developments and product claims support materials are now complete, and the Company will assist P&G with manufacturing establishment in coming weeks.

Research and Development

In recent months, OBJ's R&D team has been exploring applications for the Company's Magnetic Misting technologies beyond the current Beauty and Hygiene focus. The increasing global interest in buccal and inhalation drug delivery for the treatment of COVID-19 and other respiratory conditions has led the team to explore potential opportunities in the nebulizer field for the Company's misting technologies.

Through the team's previous experience in areas such as personalization and smart phone connectivity, it has been able to quickly develop solutions for secure prescriptions, compliance monitoring, in-field programmability, peer to peer

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authentication and auto-activation, all of which pose considerable technical barriers for existing propellant or dry powder nebulizers.

Bodyguard

Bodyguard has been working toward achieving regulatory approval for its core product – the Lubricen™ knee patch. The company is fulfilling the necessary testing and data submission requirements as outlined by the Therapeutics Goods Administration of Australia to market the product as a medical device. Once home market approval is achieved, submissions can be made to other jurisdictions. In anticipation of market launch, a dedicated marketing resource has been appointed to supplement the Wellfully e-commerce and marketing team in Zagreb.

Intellectual Property

The period was a particularly busy one for the Company's Intellectual Property programs with receipt of notice of the granting of new important patents by the Japanese, USA and Chinese Patent Offices. These new patents expand the Company's exclusivity in a range of innovations employed in its Magnetic Misting and Programmable Arrays technologies.

Corporate

Entitlement Offer and Placement

On 10 July 2020, OBJ announced a proposed pro-rata non-renounceable entitlement offer, to be followed by a proposed placement, together raising up to approximately \$4.5 million before costs (Capital Raising).

The proceeds from the planned Capital Raising will be used to continue the build-out infrastructure, fund BodyGuard regulatory/compliance and commercial launch, device division development and go-to-market activities, redemption of the Convertible Notes, as well as providing for general working capital.

Entitlement Offer

A non-renounceable pro-rata entitlement offer to existing shareholders is intended to raise up to \$3,016,000 before costs (Entitlement Offer). Under this, shareholders will be offered one (1) new share for every three (3) shares held at the record date, at an issue price of \$0.10 per share. Therefore, the Company intends to issue 30,160,000 shares as part of the Entitlement Offer.

The Prospectus and Entitlement and Acceptance Form for the non-renounceable pro-rata entitlement offer were despatched to eligible shareholders on 20 July 2020, and notifications sent to ineligible shareholders pursuant to ASX Listing Rule 7.7.1(b).

The Entitlement Offer closes on 29 July 2020.

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Placement

A placement is proposed to sophisticated and professional investors in excess of the Company's placement capacities under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A, therefore requiring shareholder approval, to raise up to \$1.5 million before costs (Placement). The Placement will comprise of an issue of up to 15,000,000 shares at \$0.10 per share.

OBJ has lodged a Notice of General Meeting to convene a shareholder meeting at the offices of RSM Perth, Sir Cyril Bird Boardroom, Level 32 Exchange Tower, 2 The Esplanade, Perth on 19 August 2020.

In addition to approval pursuant to ASX Listing Rule 7.1, the Company will also seek shareholder approval pursuant to ASX Listing Rule 10.11 to allow OBJ Directors Tony Varano and Steven Schapera to participate in the Placement and convert their debt into the Placement.

Board Changes

As reported last quarter, the Company appointed Paul Peros as Chief Executive Officer, effective 14 April 2020. Mr Peros transitioned to the role from his previous position as head of the device business. OBJ's founder and former CEO, Jeffrey Edwards, is continuing as Managing Director of the Company.

Long-time board member Dr Chris Quirk resigned from his role as Non-Executive Director in April. Dr Quirk had served on the OBJ board since 2004 and played an important role in OBJ's development during his long involvement with the Company.

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ABOUT OBJ

OBJ is a fully integrated Wellness company with an in-house Innovation and R&D unit in Perth, Western Australia, as well as Neuchatel, Switzerland. The Design & Technology and Supply-chain hub operates from Dongguan, China, and the Digital Communications team is based in Zagreb, Croatia. Regional Marketing & Sales teams are located in Switzerland, Korea and the UK.

In addition to OBJ's own-brand, RÉDUIT, OBJ also offers a portfolio of proprietary technologies and supports partners by providing IP-protected market exclusivity, expertise in magnetic array design, feasibility and efficacy, and claims testing, engineering and production.

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OBJ's established operations via its wholly-owned business units are:

- The **Innovation & R&D** Unit provides technology to the other business units of the Company, as well as licensing and development services to international partners.
- The **Design & Technology and Supply-chain** hub in Dongguan, China has the ability to rapidly develop and industrialise the Company's technologies and innovations in an agile, efficient, secure and cost-effective manner.
- The **Digital Communications** and **Marketing & Sales** units are focused on supporting OBJ's own consumer brands, namely RÉDUIT and WELLFULLY.
- **BodyGuard** is the Company's therapeutic unit and develops advanced "direct to site of injury" patch products for the wellness and pain management sectors. This technology also has applications across supplement, healthcare, and musculoskeletal sectors.

ABOUT OBJ'S TECHNOLOGIES

OBJ has developed a number of physical enhancement technologies based on the interactions between ingredient molecules and weak atomic forces, positioning the Company as a world leader in the science of magnetic fields as they relate to drug or active-ingredient delivery.

The first of OBJ's magnetic technologies was the Magnetic Microarray. Complex 3-D magnetic fields, produced by low-cost microarray film, influence the movement and penetration through the skin of drugs, active ingredients and formulations at the molecular level. This was licensed and commercialised in 2014.

The second magnetic technology, the Programmable Array technology, employs powered electromagnetic fields that can be altered to suit individual consumer's skincare needs. This was licensed for skincare applications in 2020.

The third magnetic technology uses magnetic fields to alter the wettability of a surface, substantially enhancing contact between liquid and solids. Magneto-Wetting underpins the Company's current developments in haircare, skincare and surface hygiene, in conjunction with OBJ's recently developed Ultrasonic Misting technology. International patents have been filed.

FORWARD-LOOKING STATEMENTS

This announcement contains certain "forward-looking statements" concerning OBJ. Where OBJ expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis.

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Forward-looking statements provided in this announcement are based on assumptions and contingencies which are subject to change without notice. Such forward-looking statements including statements regarding intentions, planned events and potential results are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements, and there are risks associated with OBJ and the industry which may affect the accuracy of the forward-looking statements. OBJ does not undertake any obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this announcement or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

This release has been issued with the authorisation of the Board.

- Ends -

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