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WELLFULLY LIMITED

(ABN 72 056 482 636)

(formerly OBJ Limited)

2020 ANNUAL REPORT

WELLFULLY LIMITED AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

CORPORATE DIRECTORY

AUSTRALIAN COMPANY NUMBER:

056 482 636

DIRECTORS:

Antonio Varano Della Vergiliana
Jeffrey David Edwards
Steven Lorn Schapera
Cameron Reynolds

SECRETARY:

John Joseph Palermo

CEO:

Paul Peros

REGISTERED OFFICE:

Level 1
284 Oxford Street
LEEDERVILLE WESTERN AUSTRALIA 6007

Telephone: +61 8 9443 3011

SHARE REGISTER:

Automic Registry Services
Level 2, 267 St Georges Terrace
PERTH WA 6000

Telephone: 1300 288 664 (Local)

Telephone: +61 2 9698 5414 (International)

AUDITORS:

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
PERTH WESTERN AUSTRALIA 6000

Telephone: +61 8 9261 9100

Facsimile: +61 8 9261 9101

HOME EXCHANGE:

Australian Securities Exchange Limited
Central Park, 152-158 St Georges Terrace
PERTH WESTERN AUSTRALIA 6000

ASX CODE:

WFL

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REVIEW OF OPERATIONS

Device Business

In May, the Company launched its first wholly-owned consumer brand, RÉDUIIT, a luxury beauty technology brand. 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 Wellfully Ltd's patented Magnetic Misting technologies and is initially aimed at the haircare and hair styling space.



The rechargeable RÉDUIIT One applicator device is used to apply the haircare and styling products contained within the Hairpods™, another Wellfully Ltd innovation. Each pod delivers RÉDUIIT's proprietary product formulations in the form of a super-fine mist, with the distribution and deposition of individual droplets being controlled by the Company's Magneto-Wetting technology, for which international patents have been filed.

With the same level of active ingredients as a traditional 100 to 250ml bottle, each RÉDUIIT Hairpods™ offers the same number of treatment applications - yet has a far lower carbon footprint than bulky old-style products. Each pod is fully recyclable through RÉDUIIT's own Return & Refurbishment program,

ensuring that both the formulation and delivery system have the lowest possible environmental impact.

During September 2019, the Company announced the establishment of subsidiaries for the device business, known as Wellfully. Some of the subsidiaries were acquired from Wellfully Ltd's CEO Mr Paul Peros. The consideration for this acquisition was agreed to be \$120,000 worth of ordinary shares in the Company.

The new subsidiaries enable the Company to pursue new opportunities in the beauty technology and consumer device sector under its own brand, thereby retaining full control over the commercialisation of its technology and capturing a higher proportion of sales revenue.

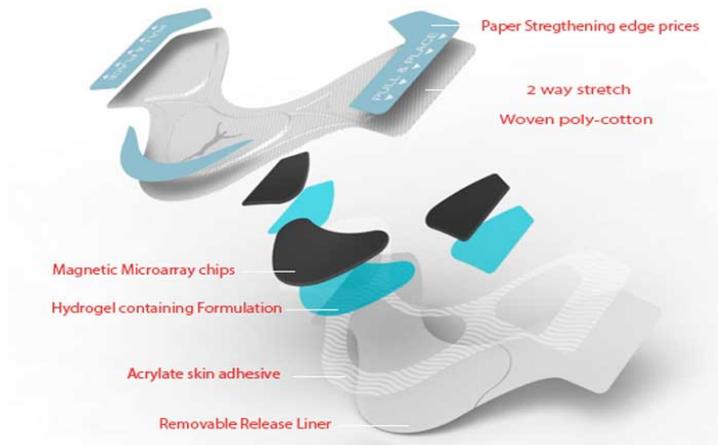
Wellfully SA, a beauty and technology/consumer products holding company for the device business, has been established in Switzerland. Within Wellfully SA are three subsidiaries:

- Wellfully d.o.o. – a sales and marketing support, back-office and service company which has been established in Croatia;
- Wellfully Ltd – a China holding, Asia trading company which has been established in Hong Kong; and
- Peros (Dongguan) Technology & Trading Co, Ltd – an operations and trading base which has been established in China (this name will be changed to Wellfully in due course).

REVIEW OF OPERATIONS (*continued*)

Bodyguard

Wellfully Ltd has continued to progress its Bodyguard program and 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 (TGA) of Australia to market the product as a medical device. Once home market approval is achieved, submissions can be made in other jurisdictions.



Surface Hygiene

The Company's Surface Hygiene work has recently joined Reduit's Haircare and Skincare programs under the Magneto-Misting platform. The focus is now on the development and commercial launch of the first two Surface Hygiene devices.

The first is to be a Personal Hygiene device, using the portability of the Reduit Pod architecture and systems. The Personal Hygiene device will provide portable disinfection and anti-viral Mists for hands, surfaces, clothes, bags, footwear and shopping in the field.

The second device will be a larger capacity Household hygiene device for disinfection and anti-viral Misting of benchtops, floors, surfaces, as well as food, shopping, packaging, school bags and footwear. The ambitious program is expected to deliver market ready products by the end of this calendar year.



REVIEW OF OPERATIONS *(continued)*

Procter & Gamble Partnership

In November 2019, Wellfully Ltd announced it has executed two new Licensing Agreements with Procter & Gamble (P&G), a Third Addendum and Release under the Product Development Agreement of April 2016, and a First Amendment to five Licensing Term Sheets under the Master Licensing Agreement of August 2016.

These Agreements were designed to harmonise and unify a number of separate Agreements already in existence between the two companies and improve the practical aspects of their operation.

Highlights for Wellfully Ltd included:

- Improved royalty rates;
- Revised payment schedules, and exclusivities & distribution routes for existing Wellfully Ltd products & technologies;
- More clearly defined exclusivity provisions; and
- The release back to Wellfully Ltd of all Beauty sub-categories other than Skin care.

The agreements also provide a clearer definition of each company's freedom to operate across various Beauty and Grooming sub-categories.

Under the Agreements, Addenda and Amendments, P&G will hold a worldwide exclusive license for certain existing Wellfully Ltd technology platforms, enabling research, development and commercialisation of products within defined fields of use. The Wellfully Ltd technology platforms covered by the license are Permanent Magnetic Technology, Electromagnetic Technology, Pre-programmed Electromagnetic Technology, and Programmable Electromagnetic Technologies.

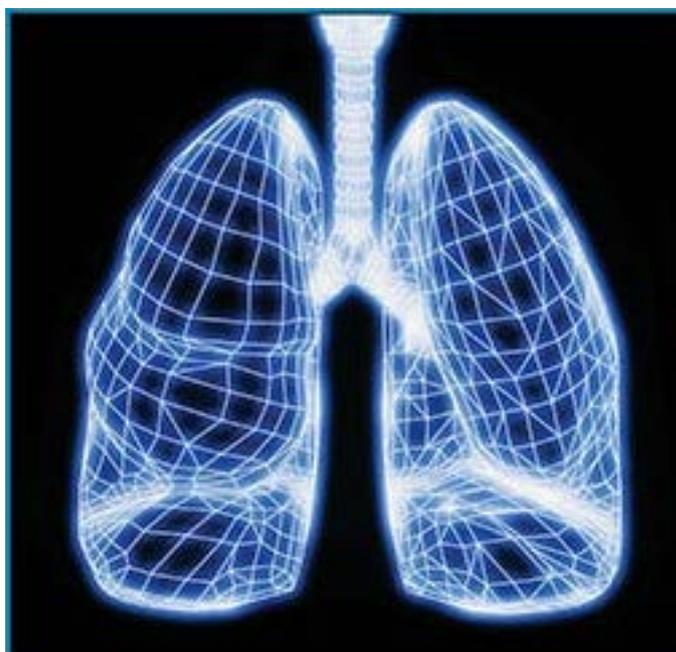
While the Company has renegotiated improved royalty rates on products commercialised by P&G, specific details around these rates and related terms remain confidential for commercial reasons. The Company deems the change in royalty is not material to its agreements but will recognise revenue and payment at the point of shipment rather than the wholesale sale.

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

Research & Development

Wellfully Ltd's R&D team explored applications for the Company's Magnetic Misting technologies during the period, 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 authentication and auto-activation, all of which pose considerable technical barriers for existing propellant or dry powder nebulizers.

REVIEW OF OPERATIONS (*continued*)



Intellectual Property

The Company bolstered its intellectual property position with 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.

In November 2019, the Company reported that the Australian Patent Office had issued a Notice of Acceptance for Bodyguard Patent No. 2015274237, covering the range of Bodyguard products. The patent expires 10 June 2035, while the Company awaits responses to the same patent application filed in USA, Europe, China and Hong Kong.

Corporate

Key Appointments / Board Changes

Effective 14 April 2020, Wellfully Ltd appointed Paul Peros as Chief Executive Officer (CEO) of the Company. Mr Peros transitioned to the CEO role from his position as head of the device business, to which he was appointed on 1 June 2019. Wellfully Ltd's founder and former CEO, Jeffrey Edwards, continues as Managing Director of the Company.



Mr Peros appointment came as the Company moved to streamline operations around the device business, which has been well positioned to swiftly react to the challenges of a volatile environment in terms of capital efficiency, as well as tactical go-to-market and range adjustments.

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REVIEW OF OPERATIONS *(continued)*

The Board identified Mr Peros as having the experience and skillset required to lead the Company's operations through the challenging times experienced during the period.

Long-time board member Dr Chris Quirk resigned from his role as Wellfully Ltd's Non-Executive Director, effective 30 April 2020. Dr Quirk, who has worked in both the public and private sector as a consultant dermatologist for the past 30 years, served on the Board since 19 November 2004 and played an important role in Wellfully Ltd's development during his long involvement with the Company.

Capital Raising

In April, the Company secured Loan Facilities for up to \$2.3 million via the issue of Convertible Notes. This funding was 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.

Subsequent to the end of the financial year, the Company announced a proposed pro-rata non-renounceable entitlement offer, followed by a proposed placement, together raising up to approximately \$4.5 million before costs. The proceeds from the entitlement offer and placement are intended to fund BodyGuard's regulatory/compliance and commercial launch, device division development and go-to-market activities, redemption of the aforementioned Convertible Notes, as well as providing for general working capital.

Nutrition Systems transaction

In November 2019, the Company announced it has entered into a share sale agreement to acquire 100% of the shares in Export Corporation (Australia) Pty Ltd (Export Corporation or Nutrition Systems), the owner and operator of Nutrition Systems, a business in the distribution and wholesale of nutritional wellness products in Australia and New Zealand.

In March 2020, Wellfully Ltd advised that the Company and the sole shareholder of Export Corporation, Mr Danny Pavlovich, had mutually agreed to terminate the share sale agreement between the parties. Extreme market volatility and restrictions on travel and investor presentations due to COVID-19 meant the Company was unable to raise the required funds on the agreed terms and within a known or adequate timeframe.

Separately, the Company and Nutrition Systems remain motivated to work closely together to pursue a number of mutually beneficial programmes including the Bodyguard launch and distribution, and manufacturing opportunities for brands within the Nutrition Systems portfolio.

DIRECTORS' REPORT

The directors present their report on the results of Wellfully Limited and its controlled entities (the "Consolidated Entity") (formerly OBJ Limited) for the year ended 30 June 2020.

DIRECTORS

The names of directors in office at any time during or since the end of the financial year are:

Mr Antonio Varano Della Vergiliana
Mr Jeffrey David Edwards
Mr Steven Lorn Schapera
Mr Cameron Reynolds
Dr Christopher John Quirk (resigned: 30 April 2020)

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year ended 30 June 2020 were research and development for its Dermaportation and ETP transdermal drug delivery technologies.

There were no significant changes in the nature of the Consolidated Entity's principal activities during the financial year other than those referred to in the Review of Operations.

OPERATING RESULT AND FINANCIAL POSITION

The net consolidated loss of the Consolidated Entity after providing for income tax amounted to \$3,713,117 (2019: loss of \$1,710,001).

The net liabilities of the Consolidated Entity at 30 June 2020 were \$1,219,031 (2019: net assets \$2,545,408). At that date, there was cash and cash equivalents of \$612,172 (2019: \$2,251,910).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid during the year ended 30 June 2020.

The Board has not made a recommendation to pay dividends for the period to 30 June 2020.

REVIEW OF OPERATIONS

The Consolidated Entity continues to pursue development of its Dermaportation and Enhanced Transdermal Polymer (ETP) technologies, review its intellectual property assets and evaluate new business opportunities to strengthen its technology and/or product portfolio with the objective of enhancing shareholder value. Further details are noted in the Review of Operations section of the annual report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Consolidated Entity other than those referred to in the Review of Operations.

LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS

Certain information regarding future developments has been disclosed in this report under the heading "Review of Operations". The disclosure of expected results of likely future developments is likely, in the opinion of the directors, to result in unreasonable prejudice to the interests of the Consolidated Entity and accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATION

The Consolidated Entity is not affected by any specific environmental legislation.

DIRECTORS' REPORT *(continued)*

INFORMATION ON DIRECTORS

Mr Antonio Varano Della Vergiliana

Mr Varano has more than 30 years experience across Australia, Europe and the USA, operating and managing successful entrepreneurial, corporate and investment pursuits. This experience has covered start up, funding and growth, corporate operations, executive management and business exits. His expertise spans retail, cosmetics, skincare, real estate, agriculture, publishing, construction, entertainment and the arts. Many of these businesses have achieved a dominant position in the markets in which they operate. New York-based, Mr Varano holds Board and investment positions in several companies he has either founded or invested in at an early stage. Mr Varano studied business at the Western Australian Institute of Technology, and an MBA at the University of Western Australia. During the past three years, Mr Varano has not held a directorship in any other listed companies.

Interest in shares at 30 June 2020: 200,000

Mr Jeffrey Edwards

Mr Edwards is the founder and Managing Director of the Company and has led the Science, Technology and Innovation activities from the Company's inception. Mr Edwards is responsible for Licensing and Partnering programs with Procter & Gamble and other partners, Intellectual Property and Technology Innovations. He is the recipient of an Australia Design award, and Product Innovation and Partnering awards from Procter & Gamble Consumer Products Divisions. During the past three years, Mr Edwards has not held a directorship in any other listed companies.

Interest in shares at 30 June 2020: 2,021,550

Mr Steven Schapera

Mr Schapera founded the successful BECCA Cosmetic brand (www.beccacosmetics.com) and commercialised it into a range of cosmetic products that were distributed throughout Europe, Asia and North America. Mr Schapera guided BECCA from its infancy through to being a global player in the luxury cosmetic space. In 2016, BECCA was sold to Estee Lauder for more than US\$230 million. Mr Schapera is Chairman of BECCA Holdings Pty. Ltd.; he serves as a non-executive Director on the Board of Invincible Brands GmbH., arguably Europe's most successful influencer-marketing business, and recently assisted with their partial sale to Henkel. He is also Founder and Managing Director of London-based Lab Brands Limited and is a non-executive Director of Wild Nutrition Ltd, a fast-growing player in the vitamin and mineral supplement space. Mr Schapera is Chairman of ASX-listed Crowd Media Holdings Ltd, headquartered in the Netherlands. During the past three years, Mr Schapera has not held a directorship in any other listed companies other than those detailed above.

Interest in shares at 30 June 2020: 461,200

Mr Cameron Reynolds

Mr Reynolds is the President, Chief Executive Officer (CEO) and Director of VolitionRX, a biotech company which listed on the New York Stock Exchange (NYSE) in February 2015 after being founded by Mr Reynolds in 2010. He has extensive experience in the management, structuring, and strategic planning of start-up companies and has held positions including CEO, Chief Financial Officer and Non-Executive Director of public and private enterprises. During the past three years, Mr Reynolds has not held a directorship in any other listed companies.

Interest in shares at 30 June 2020: None

WELLFULLY LIMITED AND ITS CONTROLLED ENTITIES

(ABN 72 056 482 636)

DIRECTORS' REPORT (continued)

COMPANY SECRETARY

Mr John J Palermo B.Bus, FCA, AGIA

Mr Palermo is a Chartered Accountant with over 20 years experience in Public Practice. His areas of expertise are in corporate advisory, strategic business management and business structuring. Currently a Director of Palermo Chartered Accountants, he has experience in public company accounting and administration. Mr Palermo is a Director and Chairman of Chartered Accountants Australia and New Zealand and Deputy Chairman of the Royal Perth Hospital Medical Research Foundation. He is also a Director of ASX listed Alterra Ltd and Crowd Media Holdings Ltd.

CEO

Mr Paul Peros

For over 25 years, Paul has been working on growth-orientated performance strategies and disruptive innovation, developing brands and businesses for challenges in an ever-changing world and the 'new normal'. Prior to Wellfully, Paul led a number of successful engagements in luxury consumer products and beauty-tech. Paul was the CEO of Swedish brand FOREO, from its 2013 inception, to what was effectively global market leadership with over USD 1 billion in revenues and a presence in over 80 countries achieved in a short period of five years. In addition to his zeal for innovation across all activities of an organisation, Paul's drive is also rooted in his extensive experience in management consulting. He was part of the Milan-based GEA for over 10 years, engaging with global leaders on product and brand development. Paul holds an MBA from IMD, Lausanne and a BS in Physics from UCLA.

DIRECTORS' MEETINGS

During the financial year ended 30 June 2020, the Company held directors' meetings, including directors' resolutions. The total number of meetings attended and circular resolutions executed by each director were:

	Board Meetings		Resolutions
	Number Eligible to Attend	Number Attended	Number Executed
Mr A Varano Della Vergiliana	9	9	13
Mr J D Edwards	9	9	14
Mr S L Schapera	9	9	13
Mr C Reynolds	9	9	14
Dr C J Quirk (resigned: 30/04/2020)	7	4	10

EVENTS SUBSEQUENT TO REPORTING PERIOD

- Wellfully raised \$4.5m via a rights issue to existing shareholders and a placement to sophisticated investors;
- On 19 August 2020, the Company held an Extraordinary General Meeting where all 9 resolutions were passed in favour;
- The Company also lifted the suspension in its securities to resume trading on the Australian Securities Exchange on 21 August 2020;
- On 14 September 2020, the Company announced it had undertaken a name change from OBJ Limited to Wellfully Limited (ASX: WFL); and
- Wellfully Ltd entered a supply agreement with the Hut Group and also a content partnership agreement with Victoria Beckham.

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

WELLFULLY LIMITED AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

DIRECTORS' REPORT *(continued)*

EVENTS SUBSEQUENT TO REPORTING PERIOD *(continued)*

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, which has not been announced to the market.

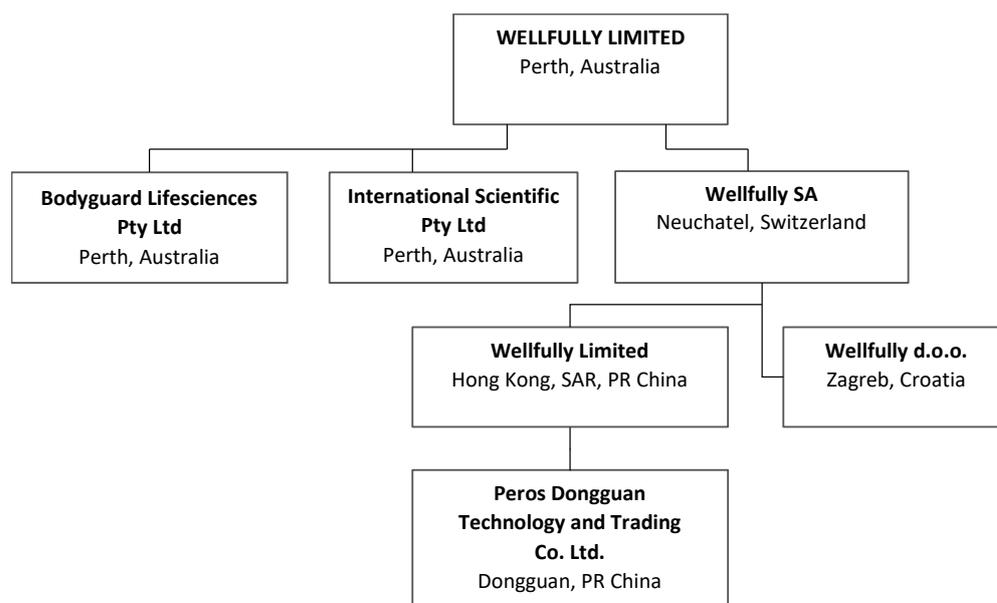
SHARE OPTIONS

As at 30 June 2020, no outstanding options existed.

CORPORATE STRUCTURE

Wellfully Limited is a company limited by shares that is incorporated and domiciled in Australia with its principal place of business at Ground Floor, 284 Oxford Street, Leederville, Western Australia.

Wellfully Limited has prepared this consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration of the Consolidated Entity's corporate structure:



DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of the Consolidated Entity.

Remuneration policy

The Board receives independent advice on remuneration policies and practices generally, and also receives specific recommendations on remuneration packages and other terms of employment for senior executives. There is no use of external remuneration consultants during the year ended 30 June 2020.

Executive remuneration and other terms of employment are reviewed annually by the Board having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Consolidated Entity's operations.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time.

The Board undertakes an annual review of its performance against goals set at the start of the year.

At the 2019 AGM, 87% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019.

Directors and Executives Remuneration:

The Board is responsible for making recommendations on remuneration packages and policies applicable to board members and senior executives of the Consolidated Entity. The remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Directors' remuneration is arrived at after consideration of the level of expertise each director brings to the Consolidated Entity and the time and commitment required to efficiently and effectively perform the required tasks.

Remuneration of Executive Director

Jeffrey Edwards is paid a salary of \$208,050 per annum inclusive of compulsory superannuation contributions (effective from 19 March 2020).

Remuneration of Non-Executive Directors

Antonio Varano is paid \$40,000 per annum plus the USD equivalent of £6,300 per month, paid monthly in arrears for consulting fees.

Steven Schapera is paid \$40,000 per annum plus £6,300 per month, paid monthly in arrears for consulting fees.

Cameron Reynolds is paid \$75,000 per annum, paid quarterly in arrears for director fees.

Remuneration of CEO

Paul Peros' remuneration is EURO 30,000 per month, paid by a combination of cash and ordinary shares with EURO 24,000 in cash and EURO 6,000 in ordinary shares.

WELLFULLY LIMITED AND ITS CONTROLLED ENTITIES
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DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Remuneration of Directors and Executives

	Primary Salary & Fees (\$)	Cash Bonus (\$)	Non- Monetary (\$)	Post Employment Superann- uation (\$)	Retirement Benefits (\$)	Equity (\$)	Other Benefits (\$)	TOTAL (\$)
Parent Entity Directors and Executives								
Varano Della Vergiliana, A: Director (non-executive)								
2020	140,233 ¹	--	--	--	--	--	--	140,233
2019	223,870*	--	--	--	--	--	--	223,870
Edwards, J D: Director (executive)								
2020	271,263	--	--	20,207	--	--	16,000	307,470
2019	301,202	--	--	20,532	--	--	24,000	345,734
Schapera, S L: Director (non-executive)								
2020	173,301 ²	--	--	--	--	--	--	173,301
2019	183,767	--	--	--	--	--	--	183,767
Reynolds, C: Director (non-executive)								
2020	56,250 ³	--	--	--	--	--	--	56,250
2019	75,000	--	--	--	--	--	--	75,000
Quirk, C J: Director (non-executive) (resigned: 30/04/2020)								
2020	33,333	--	--	--	--	--	--	33,333
2019	40,000	--	--	--	--	--	--	40,000
Peros, P: CEO (appointed: 14/04/2020)								
2020	470,982 ⁴	--	--	--	--	--	--	470,982
2019	--	--	--	--	--	--	--	--
Total								
2020	1,145,362	--	--	20,207	--	--	16,000	1,181,569
2019	823,839	--	--	20,532	--	--	24,000	868,371

¹ Shares were issued in lieu of remuneration on 19 August 2020 - \$81,589

² Shares were issued in lieu of remuneration on 19 August 2020 - \$127,313

³ Shares were issued in lieu of remuneration on 19 August 2020 - \$37,500

⁴ Shares were issued in lieu of remuneration on 19 August 2020 - \$120,000

* Includes consulting fees of \$32,155 paid for services to be rendered in the financial year ended 30 June 2020.

There are no other specified executives in positions of control or exercising management authority.

WELLFULLY LIMITED AND ITS CONTROLLED ENTITIES
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DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Interests in Shares of the Company

As at 30 June 2020, the directors' interests in shares of Wellfully Limited were:

Shares

	Balance 01/07/19 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Performance Rights/Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/20 (No. of Shares)
A Varano Della Vergiliana	4,000,000	--	--	(3,800,000) *	200,000
J D Edwards	40,430,995	--	--	(38,409,445) *	2,021,550
S L Schapera	9,224,010	--	--	(8,762,810) *	461,200
C Reynolds	--	--	--	--	--
Total	53,655,005	--	--	(50,972,255) *	2,682,750

* Consolidated 1 for 20 on 18/02/2020.

Other Transactions with Key Management Personnel and their Related Parties

As of 30 June 2020, the following remuneration amounts remained payable:

- PB Commodities Pte Ltd, an entity related to the director, Cameron Reynolds - \$37,500*
- Steven Schapera and The Brand Laboratories FZ LLC, an entity related to the director, Steven Schapera - \$127,313*
- Antonio Varano Della Vergiliana and Anthony Varano Inc., an entity related to the director, Antonio Varano Della Vergiliana - \$81,589*
- Jeffrey Edwards - \$46,158
- Paul Peros - \$120,000*

* Shares were issued in lieu of remuneration on 19 August 2020.

As of 30 June 2019, director's remuneration of \$18,750 remained payable to PB Commodities Pte Ltd, an entity related to the director, Cameron Reynolds. An amount of \$30,188 also remained payable to The Brand Laboratories FZ LLC, an entity related to the director, Steven Schapera.

Additional Information

The earnings of the Consolidated Entity for the five years to 30 June 2020 are summarised below:

	2020 \$	2019 \$	2018 \$	2017 \$	2016 \$
Sales revenue	1,484,218	2,744,781	2,039,994	1,966,224	1,521,573
EBITDA	(3,729,866)	(1,623,108)	(1,587,933)	(2,883,975)	(3,465,064)
EBIT	(3,802,918)	(1,695,990)	(1,684,779)	(3,030,203)	(3,541,373)
Loss after income tax	(3,713,117)	(1,710,001)	(1,698,783)	(3,044,208)	(3,555,381)
	2020	2019	2018	2017	2016
Share price at financial year end (\$)	--*	0.015	0.028	0.048	0.082
Total dividends declared (cents per share)	--	--	--	--	--
Basic and diluted loss per share (cents per share)	(4.10)	(1.89)	(0.09)	(0.17)	(0.20)

* Company was suspended on 30 June 2020.

WELLFULLY LIMITED AND ITS CONTROLLED ENTITIES

(ABN 72 056 482 636)

DIRECTORS' REPORT *(continued)*

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Wellfully Limited support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. The Company's Corporate Governance Statement is contained in the annual report.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA

There are no officers of the Company who are former partners of RSM Australia.

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 on page 15.

NON-AUDIT SERVICES

Any non-audit services that may have been provided by the entity's auditor, RSM Australia Partners, is shown at Note 13. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act and the general principles relating to auditor independence set out in APES 110 Code of Ethics for Professional Accountants. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

Signed in accordance with a resolution of the board of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.



Jeffrey Edwards
Director

Perth, Western Australia
30th September 2020

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 92619100

F +61 (0) 8 92619111

www.rsm.com.au

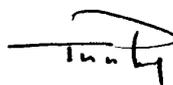
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Wellfully Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 30 September 2020

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WELLFULLY LIMITED AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated	
		30 June 2020 \$	30 June 2019 \$
Revenue	2	1,484,218	2,744,781
Net foreign exchange gains/(losses)		75,105	(26,390)
Borrowing costs written off/(expensed)		83,310	(14,011)
Bad debt written off		(52,781)	--
Depreciation expenses		(73,052)	(72,882)
Administration fees		(505,681)	(629,604)
Auditor's remuneration		(61,249)	(40,750)
Consultants and consultants benefits expenses		(501,446)	(667,528)
Directors and employees benefits expenses		(2,273,156)	(1,769,638)
Intangible assets written off		(372,982)	--
Legal costs		(215,345)	(276,696)
Marketing and operations services		(165,644)	--
Materials and requisites		(271,699)	(65,675)
Occupancy expenses		(146,780)	(135,592)
Patent and trademark service fees		(189,579)	(219,271)
Product design and trial testing expenses		(35,938)	(115,286)
Travel and accommodation		(132,738)	(91,870)
Other expenses		(357,680)	(329,589)
Loss before income tax		(3,713,117)	(1,710,001)
Income tax expense	3	--	--
Loss for the year		(3,713,117)	(1,710,001)
Other comprehensive loss		(51,322)	--
Total comprehensive loss for the year		(3,764,439)	(1,710,001)
Loss attributable to:			
Members of the parent entity		(3,713,117)	(1,710,001)
Total comprehensive loss attributable to:			
Members of the parent entity		(3,764,439)	(1,710,001)
Basic and diluted losses per share (cents per share)	16	Cents (4.10)	Cents (1.89)

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

WELLFULLY LIMITED AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Consolidated	
		30 June 2020 \$	30 June 2019 \$
Current Assets			
Cash and cash equivalents	4	612,172	2,251,910
Trade and other receivables	5	271,193	560,813
Total Current Assets		883,365	2,812,723
Non Current Assets			
Plant and equipment	6	308,181	323,846
Total Non Current Assets		308,181	323,846
Total Assets		1,191,546	3,136,569
Current Liabilities			
Trade and other payables	7	1,072,068	255,157
Contract liabilities		203,358	--
Lease liabilities		28,635	--
Borrowings	8	1,007,053	252,000
Employee benefits provision		90,234	84,004
Total Current Liabilities		2,401,348	591,161
Non Current Liabilities			
Lease liabilities		9,229	--
Total Non Current Liabilities		9,229	--
Total Liabilities		2,410,577	591,161
Net (Liabilities)/Assets		(1,219,031)	2,545,408
Equity			
Issued capital	14	33,043,514	33,043,514
Reserves	15	181,012	232,334
Accumulated losses		(34,443,557)	(30,730,440)
Total (Deficiency)/Equity		(1,219,031)	2,545,408

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

WELLFULLY LIMITED AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Issued Capital	Share Based Payments Reserves	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
<u>Consolidated</u>					
Balance at 1 July 2018	33,043,514	232,334	--	(29,020,439)	4,255,409
Loss after income tax expense for the year	--	--	--	(1,710,001)	(1,710,001)
Total comprehensive loss for the year	--	--	--	(1,710,001)	(1,710,001)
Balance at 30 June 2019	33,043,514	232,334		(30,730,440)	2,545,408
Balance at 1 July 2019	33,043,514	232,334	--	(30,730,440)	2,545,408
Loss after income tax expense for the year	--	--	--	(3,713,117)	(3,713,117)
Exchange differences on translation of foreign operations	--	--	(51,322)	--	(51,322)
Total comprehensive loss for the year	--	--	(51,322)	(3,713,117)	(3,764,439)
Balance at 30 June 2020	33,043,514	232,334	(51,322)	(34,443,557)	(1,219,031)

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

WELLFULLY LIMITED AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated	
		30 June 2020 \$	30 June 2019 \$
Cash flows from operating activities			
Receipts from customers		1,099,419	1,635,002
Receipts from research and development tax incentives		776,675	758,069
Receipts from government subsidies		118,000	--
Payments to suppliers and employees		(4,680,562)	(4,326,372)
Interest received		11,539	56,912
Borrowing costs		(1,637)	(11)
Net cash used in operating activities	10	(2,676,566)	(1,876,400)
Cash flows from investing activities			
Payments for plant and equipment		--	(21,362)
Cash obtained from acquisition of subsidiaries		336,246	--
Net cash from/(used) in investing activities		336,246	(21,362)
Cash flows from financing activities			
Proceeds from borrowings		645,000	--
Repayment of lease liabilities		(19,523)	--
Net cash provided by financing activities		625,477	--
Net decrease in cash and cash equivalents held		(1,714,843)	(1,897,762)
Cash and cash equivalents at the beginning of the financial year		2,251,910	4,176,062
Effect of exchange rate changes on cash holdings		75,105	(26,390)
Cash and cash equivalents at the end of the financial year	4	612,172	2,251,910

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Wellfully Limited and its controlled entities (the "Consolidated Entity"). In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the Parent Entity is disclosed in Note 24.

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. Wellfully Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue by the Board on 30 September 2020.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs. Cost is based on the fair values of the consideration given in exchange for assets.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1(z).

Going concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Consolidated Entity incurred a loss of \$3,713,117 and had net cash outflows from operating activities of \$2,676,566 for the year ended 30 June 2020. As at that date, the Consolidated Entity had net liabilities of \$1,219,031 and net current liabilities of \$1,517,983. The ability of the Consolidated Entity to continue as a going concern is principally dependent upon the ability of the Consolidated Entity to secure funds by raising capital from equity markets and managing cash flows in line with available funds.

The Directors believe that it is reasonably foreseeable that the Consolidated Entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- As disclosed in Note 18, subsequent to the reporting date, the Consolidated Entity has raised \$4.5m via a rights issue to existing shareholders and a placement to sophisticated investors;
- The Company has the ability to issue additional equity securities under the Corporations Act 2001 to raise further working capital; and

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Going concern (*continued*)

- The Consolidated Entity has the ability to curtail administrative, discretionary research and development, and overhead cash outflows as and when required.

The significant policies, which have been adopted in the preparation of this financial report, are:

(a) **Statement of Compliance**

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (“IFRS”). Compliance with IFRS ensures that the financial statements and notes comply with International Financial Reporting Standards.

(b) **New and Revised Accounting Standards and Interpretations**

The Consolidated Entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board 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 following Accounting Standards and Interpretations are most relevant to the Consolidated Entity:

AASB 16 Leases

The Consolidated Entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New and Revised Accounting Standards and Interpretations (continued)

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. During the year ended 30 June 2020, the Consolidated Entity has also adopted the practical expedient for short-term leases.

The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019 \$
Operating lease commitments as at 1 July 2019 (AASB 117)	59,567
Operating lease commitments discount based on the weighted average incremental borrowing rate of 5% (AASB 16)	<u>(2,827)</u>
Right-of-use assets (AASB 16)	<u>56,740</u>
Lease liabilities - current (AASB 16)	(27,644)
Lease liabilities - non-current (AASB 16)	<u>(29,096)</u>
	<u>(56,740)</u>
Reduction in opening accumulated losses as at 1 July 2019	<u><u> --</u></u>

Subsequent recognition

The Group will recognise a lease liability based on the discounted payments under the lease. The lease liability is to be measured with reference to an estimate of the lease term. The Group will use the cost model to recognise the right-of-use asset and amortise it over the remaining of its lease term.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(c) **Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Wellfully Limited as at 30 June 2020 and the results of all subsidiaries for the year then ended. Wellfully Limited and its subsidiaries together are referred to in these financial statements as the “Consolidated Entity”.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(d) **Current and Non-Current Classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(d) **Current and Non-Current Classification** (*continued*)

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(e) **Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future profit will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(f) **Plant and Equipment**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on either a diminishing value method or a straight-line method commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment 2.5-100%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date and where adjusted, shall be accounted for as a change in accounting estimate. Where depreciation rates or method are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(g) **Impairment of Assets**

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) **Financial Assets**

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Consolidated Entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(h) **Financial Assets** (*continued*)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(i) **Intangibles**

Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred.

Development costs are capitalised only when feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(j) **Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(k) **Trade and Other Receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Trade and Other Receivables *(continued)*

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance for expected credit losses of trade receivables is raised when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The Consolidated Entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(l) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Employee Benefits

Short-Term Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other Long-Term Employee Benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability.

Defined Contribution Superannuation Expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(n) **Revenue**

The Consolidated Entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rendering of services

Revenue from licence and research fees are recognised over time as derived from work plan agreements with customers.

Royalties are recognised at a point in time in accordance with the terms of the agreements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(n) **Revenue** (*continued*)

Other revenue

Research and development tax incentive revenue is recognised at a point in time when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and service tax.

(o) **Goods and Services Tax ("GST")**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amounts of GST recoverable from or payable to the ATO.

(p) **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

(q) **Borrowing Costs**

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges. Borrowing costs are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(r) **Share-Based Payment Transactions**

Wellfully Limited provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (“equity-settled transactions”).

There is currently one plan in place to provide these benefits:

- (i) the Employee Share Option Plan, which provides benefits to full-time or part-time employees and consultants of the Company.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes option valuation model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“vesting date”).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects; (i) the extent to which the vesting period has expired, and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(r) **Share-Based Payment Transactions** (*continued*)

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made, the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(s) **Loss per share**

(i) **Basic Loss per share**

Basic loss per share is determined by dividing the operating profit/(loss) after income tax attributable to members of Wellfully Limited by the weighted average number of ordinary shares outstanding during the financial year.

(ii) **Diluted Loss per share**

Diluted loss per share adjusts the amounts used in the determination of basic loss per share by taking into account unpaid amounts on ordinary shares and any reduction in loss per share that will probably arise from the exercise of options outstanding during the financial year.

(t) **Issued Capital**

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(u) **Right-of-use Assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Consolidated Entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(v) **Contract Liabilities**

Contract liabilities represent the Consolidated Entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Consolidated Entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Consolidated Entity has transferred the goods or services to the customer.

(w) **Business Combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(w) **Business Combinations** (*continued*)

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(x) **Foreign Currency Transactions and Balances**

Functional and Presentation Currency

The functional currency of each of the Company's controlled entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Consolidated Entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Controlled Entities

The financial results and position of foreign controlled entities whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign controlled entities are transferred directly to the foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(y) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2020. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Consolidated Entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Consolidated Entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Consolidated Entity's financial statements.

(z) Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Consolidated Entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Consolidated Entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Consolidated Entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

There are no judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
NOTE 2: REVENUE		
<i>Revenue from contracts with customers</i>		
Research and development collaboration revenue	66,756	491,291
Royalties	503,796	1,444,939
	570,552	1,936,230
<i>Other income</i>		
Government grants and subsidies	907,175	758,069
Interest received	6,491	50,482
	913,666	808,551
Revenue	1,484,218	2,744,781

Disaggregation of Revenue

The disaggregation of revenue from contracts with customers is as follows:

Development of the dermaportation drug delivery technology*Geographical region*

Singapore	570,552	1,837,971
Japan	--	98,259
	570,552	1,936,230

Timing of revenue recognition

Services transferred at a point in time	503,796	1,444,939
Services transferred over time	66,756	491,291
	570,552	1,936,230

NOTE 3: INCOME TAX

The prima facie tax on loss before income tax is reconciled to the income tax as follows:

Loss before income tax	(3,713,117)	(1,710,001)
Income tax calculated at 27.5% (2019: 27.5%)	(1,021,107)	(470,250)
Non-allowable expenditure	115,237	7,929
Deferred tax assets not recognised	905,870	462,321
Income tax expenses	--	--

The following deferred tax assets have not been brought to account as assets:

Tax losses available at 27.5% (2019: 27.5%) tax rate	4,204,968	3,348,938
Tax losses available	13,597,855	11,621,649

Deferred tax assets in relation to tax losses are not brought to account unless it is probable that future taxable amounts within the entity will be available against which the unused tax losses can be utilised. The amount of these benefits is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated	
	30 June	30 June
	2020	2019
	\$	\$
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash on hand	12,132	2,358
Cash at bank	600,040	249,552
Cash on deposit	--	2,000,000
	612,172	2,251,910
NOTE 5: TRADE AND OTHER RECEIVABLES		
Trade debtors	60,521	223,962
Prepayments	73,583	41,388
Accrued income	35,203	242,600
GST refundable	51,664	52,863
Loans	43,995	--
Leasehold deposit	6,227	--
	271,193	560,813
Allowance for expected credit losses		
The Consolidated Entity recognised \$52,781 in profit or loss in respect of the expected credit losses for the year ended 30 June 2020. The Consolidated Entity did not recognise any losses in profit or loss in respect of the expected credit losses for the year ended 30 June 2019.		
<i>Past due but not impaired</i>		
Customers with balances past due but without provision for impairment:		
0 to 6 months overdue	60,521	--
6 to 12 months overdue	--	171,181
12 to 18 months overdue	--	52,781
	60,521	223,962
NOTE 6: PLANT AND EQUIPMENT		
Plant and equipment at cost	800,609	800,611
Accumulated depreciation	(529,681)	(476,765)
Total plant and equipment (a)	270,928	323,846
Office building	56,740	-
Accumulated depreciation	(19,487)	-
Total right-of-use assets	37,253	-
	308,181	323,846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Consolidated
30 June **30 June**
2020 **2019**
\$ **\$**

NOTE 6: PLANT AND EQUIPMENT *(continued)*

(a) Reconciliation of the carrying amount of plant and equipment is set out below:

Carrying amount at the beginning of year	323,846	375,366
Additions	20,134	21,362
Disposals	--	--
Depreciation expense	(73,052)	(72,882)
	270,928	323,846

NOTE 7: TRADE AND OTHER PAYABLES

Other creditors and accruals	1,072,068	255,157
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NOTE 8: BORROWINGS

Convertible notes – unsecured	140,000	140,000
Convertible notes – secured	840,000	--
Convertible notes – unpaid interest	27,053	112,000
	1,007,053	252,000

Unsecured convertible note terms:

Issue Date	Amount \$	Interest Rate	Convertible On or Before
4 June 2009	140,000	10% per annum	4 June 2012 ⁽ⁱ⁾

If the convertible notes which are convertible at \$0.003 have not been converted in their entirety into shares on the date which is 11 months after the date of issue, the Company may convert the amount of the convertible notes which has not been repaid (together with any accrued interest), into shares, upon giving 5 business days notice to the convertible note holder.

- (i) 140,000 convertible notes issued on 4 June 2009 were not converted by the due date being 4 June 2012. The terms of the agreement have not since that date been extended. Correspondingly, the principal amount outstanding including any interest outstanding has been classified as current.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 8: BORROWINGS (*continued*)

Secured convertible note terms:

Issue Date	Amount \$	Interest Rate	Convertible On or Before
15 April 2020	<u>840,000</u>	12.5% per annum	15 October 2021 ⁽ⁱⁱ⁾

(ii) \$840,000 convertible notes issued on 15 April 2020 were converted to shares on 19 August 2020.

NOTE 9: COMMITMENTS

(a) *Capital expenditure commitments*

There were no capital expenditure commitments as at 30 June 2020 (30 June 2019: Nil).

(b) *Lease commitments*

Due to the adoption of AASB 16 the lease commitments shown in this Note 9 reduced to nil at 30 June 2020 and are now recognised as a right of use asset and lease liability, see Note 1 and Note 6 (30 June 2019: Nil).

There are no other material commitments as at 30 June 2020 (2019: Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Consolidated	
30 June	30 June
2020	2019
\$	\$

NOTE 10: CASH FLOW INFORMATION

Reconciliation of net cash and cash equivalents used in operating activities to loss for the year:

Loss for the year	(3,713,117)	(1,710,001)
Bad debt written off	52,781	--
Borrowing costs written off	(84,944)	--
Depreciation	73,052	72,882
Employee benefits provisions	6,230	14,568
Foreign exchange movements	(75,105)	26,390
Intangible asset written off	372,982	--
Movements in assets and liabilities:		
Trade and other receivables	289,620	(305,904)
Trade and other payables	198,577	25,665
Contract liabilities	203,358	--
Net cash used in operating activities	(2,676,566)	(1,876,400)

NOTE 11: KEY MANAGEMENT PERSONNEL

Names and positions of directors and specified executives in office at any time during the financial year are:

Mr Antonio Varano Della Vergiliana	Director – Non-Executive	
Mr Jeffrey David Edwards	Director – Executive	
Mr Steven Lorn Schapera	Director – Non-Executive	
Mr Cameron Reynolds	Director – Non-Executive	
Dr Christopher John Quirk	Director – Non-Executive	(resigned: 30/04/2020)
Mr Paul Peros	CEO	(appointed: 14/04/2020)

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid or payable to the Company's key management personnel for the year ended 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Consolidated
30 June **30 June**
2020 **2019**
\$ **\$**

NOTE 11: KEY MANAGEMENT PERSONNEL *(continued)*

The totals of remuneration paid to key management personnel during the year are as follows:

Short term employee benefits	1,145,362	823,839
Post-employment benefits	20,207	20,532
Other benefits	16,000	24,000
	1,181,569	868,371

Transactions with Key Management Personnel

There were no transactions with related parties other than directors' fees and consultants' fees which have been disclosed in the Remuneration Report.

NOTE 12: CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of Wellfully Limited and the subsidiaries listed in the following table.

	Country of Incorporation	% Equity Interest		Book Value of Shares held by Parent Entity	
		2020	2019	2020	2019
		\$	\$	\$	\$
International Scientific Pty Ltd	Australia	100%	100%	--	--
Bodyguard Lifesciences Pty Ltd	Australia	100%	100%	1,000	1,000
Wellfully SA	Switzerland	100%	--	120,000	--
Wellfully d.o.o.	Croatia	100%	--	--	--
Wellfully Ltd	China	100%	--	--	--
Peros Dongguan Technology & Trading Co. Ltd	China	100%	--	--	--
				121,000	1,000

Consolidated
30 June **30 June**
2020 **2019**
\$ **\$**

NOTE 13: AUDITOR'S REMUNERATION

Amounts paid or due and payable to the auditor for:

Audit and review services	60,750	40,750
Information technology consulting services	23,753	--
	84,503	40,750

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

Consolidated	
30 June	30 June
2020	2019
\$	\$

NOTE 14: ISSUED CAPITAL**(a) Issued Capital**

90,473,939 fully paid ordinary shares
(2019: 1,809,462,635)

<u>33,043,514</u>	<u>33,043,514</u>
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(b) Movements in ordinary share capital of the Company during the year were as follows:

Date	Details	Number of Shares	Issue Price	\$
01/07/2019	Opening balance	1,809,462,635	--	33,043,514
18/02/2020	Conversion of shares 1 for 20*	(1,718,988,696)	--	--
	Less: transaction costs arising on share issues	<u> --</u>		<u> --</u>
30/06/2020	Closing balance	<u>90,473,939</u>		<u>33,043,514</u>

* Weighted average number of ordinary shares used in calculating basic and diluted loss per share had been adjusted as if the conversion of shares 1 for 20 had occurred at the beginning of the earliest period presented. The basic and diluted loss per share for 30 June 2019 had been adjusted accordingly.

(c) Capital Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There is no current on-market share buy-back.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 14: ISSUED CAPITAL *(continued)*

(d) Capital Risk Management

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Company.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The Company does not have a defined share buy-back plan.

No dividends were paid in 2020 and no dividends are expected to be paid in 2021.

There is no current intention to incur debt funding on behalf of the Company as on-going expenditure will be funded via cash reserves or equity.

The Company is not subject to any externally imposed capital requirements.

The capital risk management policy remains unchanged from the prior year.

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
NOTE 15: RESERVES		
Foreign currency translation reserve	(51,322)	--
Share based payments reserve	232,334	232,334
	181,012	232,334

The share based payments reserve records items recognised as expenses on valuation of consultant share options from prior years.

Movements in options were as follows:

Date	Details	Number of Options		Exercise Price	Fair Value of Options Issued \$	Expiry Date
		Listed	Unlisted			
01/07/2019	Opening balance	--	--	--	232,334	--
30/06/2020	Closing Balance	--	--		232,334	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 16: LOSS PER SHARE

Diluted loss per share is the same as basic loss per share.

The following reflects the income and data used in the calculations of basic and diluted loss per share:

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
Loss for the year	(3,713,117)	(1,710,001)
Loss used in calculating basic and diluted loss per share	(3,713,117)	(1,710,001)
Weighted average number of ordinary shares used in calculating basic loss per share:	90,473,939*	90,473,939*
Weighted average number of ordinary shares used in calculating diluted loss per share:	90,473,939*	90,473,939*
Basic and diluted losses per share (cents per share)	(4.10)	(1.89)

* Weighted average number of ordinary shares used in calculating basic and diluted loss per share had been adjusted as if the conversion of shares 1 for 20 had occurred at the beginning of the earliest period presented (see Note 14). The basic and diluted loss per share for 30 June 2019 had been adjusted accordingly.

Options outstanding are considered non-dilutive and therefore are excluded from the calculation of diluted loss per share.

NOTE 17: RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to finance the Consolidated Entity's operations. The Consolidated Entity has various other financial assets and liabilities such as other receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period under review, the Consolidated Entity's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Consolidated Entity's financial instruments is cash flow interest rate risk. Other minor risks are either summarised below or disclosed at Note 14 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

Cash Flow Interest Rate Risk

The Consolidated Entity's exposure to the risks of changes in market interest rates relates primarily to the Consolidated Entity's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Consolidated Entity to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Consolidated Entity does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. The Consolidated Entity has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Consolidated Entity does not have a formal policy in place to mitigate such risks.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 17: RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Consolidated

2020	Non-Interest Bearing (\$)	Fixed Interest Rate Maturing			Floating Interest Rate (\$)	Total (\$)	Weighted average interest rate
		1 Year or Less (\$)	Over 1 to 5 Years (\$)	More than 5 years (\$)			
Financial assets:							
Cash and cash equivalents	5,036	--	--	--	607,136	612,172	1.07%
Trade and other receivables	271,193	--	--	--	--	271,193	--
	276,229	--	--	--	607,136	883,365	
Financial liabilities:							
Trade and other payables	1,072,068	--	--	--	--	1,072,068	--
Borrowings	27,053	980,000	--	--	--	1,007,053	11.25%
	1,099,121	980,000	--	--	--	2,079,121	
Net financial instruments	(822,892)	(980,000)	--	--	607,136	(1,195,756)	

Consolidated

2019	Non-Interest Bearing (\$)	Fixed Interest Rate Maturing			Floating Interest Rate (\$)	Total (\$)	Weighted average interest rate
		1 Year or Less (\$)	Over 1 to 5 Years (\$)	More than 5 years (\$)			
Financial assets:							
Cash and cash equivalents	2,358	2,000,000	--	--	249,552	2,251,910	1.92%
Trade and other receivables	560,813	--	--	--	--	560,813	--
	563,171	2,000,000	--	--	249,552	2,812,723	
Financial liabilities:							
Trade and other payables	255,157	--	--	--	--	255,157	--
Borrowings	112,000	140,000	--	--	--	252,000	10.00%
	367,157	140,000	--	--	--	507,157	
Net financial instruments	196,014	1,860,000	--	--	249,552	2,305,566	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 17: RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest Rate Sensitivity

At 30 June 2020, if interest rates had changed by 10% during the entire year with all other variables held constant, loss for the year and equity would have been \$649 (2019: \$5,048) lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short-term and long-term Australian dollar interest rates.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

Credit Risk Exposure

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Consolidated Entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated Entity does not hold any collateral.

The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated Entity based on recent sales experience, historical collection rates and forward-looking information that is available.

The Consolidated Entity has no significant concentrations of credit risk with any single counterparty or group of counterparties.

Commodity Price Risk

The Consolidated Entity is not exposed to commodity price risk.

Liquidity Risk

The Consolidated Entity manages liquidity risk by maintaining sufficient cash reserves and marketable securities and through the continuous monitoring of budgeted and actual cash flows.

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
<i>Contracted maturities of liabilities at 30 June</i>		
Payables		
- less than 6 months	1,072,068	255,157
Borrowings		
- less than 6 months	1,007,053	252,000
	2,079,121	507,157

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 17: RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Foreign Exchange Risk**

The Consolidated Entity is not exposed to significant foreign exchange risk at reporting date. Although foreign exchange transactions in US Dollars, GB Pounds and EURO were entered into during the year, resulting in a foreign exchange gain of \$75,105 (2019: exchange loss of \$26,390), the Consolidated Entity is unlikely to enter into any material foreign exchange transactions in the next reporting period.

Reconciliation of Net Financial Assets to Net Assets	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
Net financial (liabilities)/assets	(1,195,756)	2,305,566
Plant and equipment	308,181	323,846
Contract liabilities	(203,358)	--
Lease liabilities	(37,864)	--
Employee benefits provision	(90,234)	(84,004)
Net (liabilities)/assets	<u>(1,219,031)</u>	<u>2,545,408</u>

Net Fair Values

For other assets and liabilities, the net fair value approximates their carrying value. The Consolidated Entity has no financial assets or liabilities that are readily traded on organised markets and has no financial assets where the carrying amount exceeds net fair values at the reporting date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

NOTE 18: EVENTS SUBSEQUENT TO REPORTING PERIOD

- Wellfully raised \$4.5m via a rights issue to existing shareholders and a placement to sophisticated investors;
- On 19 August 2020, the Company held an Extraordinary General Meeting where all 9 resolutions were passed in favour;
- The Company also lifted the suspension in its securities to resume trading on the Australian Securities Exchange on 21 August 2020;
- On 14 September 2020, the Company announced it had undertaken a name change from OBJ Limited to Wellfully Limited (ASX: WFL); and
- Wellfully Ltd entered a supply agreement with the Hut Group and also a content partnership agreement with Victoria Beckham.

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, which has not been announced to the market.

NOTE 19: ECONOMIC DEPENDENCY

The Consolidated Entity is not economically dependent upon any third parties.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 20: SEGMENT INFORMATION

The Consolidated Entity has considered the requirements of AASB8 – Operating Segments and has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Consolidated – 30 June 2020

The Consolidated Entity operates in two segments which are development of the dermaportation drug delivery technology and devices segments.

	Dermaportation drug delivery technology	Devices	Total
	\$	\$	\$
Revenue			
Revenue and royalties	570,552	--	570,552
Interest revenue	6,440	51	6,491
Government grants and subsidies	907,175	--	907,175
Net foreign exchange gains	75,105	--	75,105
Total revenue	1,559,272	51	1,559,323
EBITDA			
Depreciation and amortisation	(52,918)	(20,134)	(73,052)
Interest revenue	6,440	51	6,491
Finance costs written off	83,310	--	83,310
Intersegment eliminations	--	--	--
(Loss)/ profit before income tax	(2,132,247)	(1,580,870)	(3,713,117)
Income tax expense	--	--	--
(Loss)/ profit after income tax	(2,132,247)	(1,580,870)	(3,713,117)
Assets			
Segment assets	3,016,932	460,763	3,477,695
Intersegment eliminations			(2,286,149)
Total assets			1,191,546
Liabilities			
Segment liabilities	8,385,886	2,205,803	10,591,689
Intersegment eliminations			(8,181,112)
Total liabilities			2,410,577

Segment revenues are allocated based on the country in which the customer is located. Operating revenues of \$570,552 or 100% are derived from a single external party. Segment assets are allocated to countries based on where the assets are located.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 20: SEGMENT INFORMATION *(continued)***Consolidated – 30 June 2019**

The Consolidated Entity operates as a single segment which is development of the dermaportation drug delivery technology within Australia.

The Consolidated Entity is domiciled in Australia. All revenue from external parties is generated from Singapore and Japan. Segment revenues are allocated based on the country in which the party is located. Operating revenues of approximately \$1,866,987 or 68% are derived from a single external party.

All the assets are located in Australia only. Segment assets are allocated to countries based on where the assets are located.

NOTE 21: BUSINESS COMBINATIONS

On 5 November 2019, Wellfully Limited acquired 100% of the ordinary shares of Wellfully SA for \$120,000 payable with ordinary shares of Wellfully Limited. The acquisition is deemed to be a business combination and the details of the acquisition are as follows.

Details of the acquisition are as follows:

	Fair value
	\$
Cash and cash equivalents	336,246
Other assets	88,175
Related party loan	(582,834)
Trade and other payables	<u>(94,569)</u>
Net liabilities acquired	<u>(252,982)</u>
<i>Representing:</i>	
Shares payable to vendor	<u>120,000</u>
Intangibles recognised at acquisition date	<u><u>372,982</u></u>

From the date of acquisition to 30 June 2020, Wellfully SA incurred a loss of \$1,506,736.

At 30 June 2020, intangibles of \$372,982 has been written off.

NOTE 22: CONTINGENT ASSETS AND LIABILITIES

The directors of the Company are unaware of any existing contingent assets and liabilities, other than the contingent liability matter regarding the Company being served with a writ over a Convertible Note, as announced to the market. The Company has retained legal representation for the active defence of the matter, to which mediation still continues.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 23: RELATED PARTY TRANSACTIONS

Parent Entity

Wellfully Limited is the Parent Entity.

Subsidiaries

Interests in subsidiaries are set out in Note 12.

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 11 and the remuneration report in the Directors' Report.

Transactions with Related Parties

As set out in Note 11 and the remuneration report in the Directors' Report.

Receivables from and Payables to Related Parties

As of 30 June 2020, the following remuneration amounts remained payable:

- PB Commodities Pte Ltd, an entity related to the director, Cameron Reynolds - \$37,500*
- Steven Schapera and The Brand Laboratories FZ LLC, an entity related to the director, Steven Schapera - \$127,313*
- Antonio Varano Della Vergiliana and Anthony Varano Inc., an entity related to the director, Antonio Varano Della Vergiliana - \$81,589*
- Jeffrey Edwards - \$46,158
- Paul Peros - \$120,000*

* Shares were issued in lieu of remuneration on 19 August 2020.

As of 30 June 2019, director's remuneration amount of \$18,750 remained payable to PB Commodities Pte Ltd, an entity related to the director, Cameron Reynolds. An amount of \$30,188 also remained payable to The Brand Laboratories FZ LLC, an entity related to the director, Steven Schapera.

There were no receivables from related parties at the current and previous reporting date.

Loans to/from Related Parties

There were no loans to or from related parties at the current and previous reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 24: PARENT ENTITY DISCLOSURES

(a) Financial Position

	2020	2019
	\$	\$
Total Current Assets	443,333	2,769,718
Total Non-Current Assets	2,538,772	324,846
Total Assets	2,982,105	3,094,564
Total Current Liabilities	2,096,816	550,404
Total Liabilities	2,096,816	550,404
Net Assets	885,289	2,544,160
Issued Capital	33,043,514	33,043,514
Reserves	232,334	232,334
Accumulated Losses	(32,390,559)	(30,731,688)
Total Equity	885,289	2,544,160

(b) Financial Performance

	2020	2019
	\$	\$
Loss for the year	(1,658,871)	(1,720,682)
Other comprehensive loss	--	--
Total Comprehensive Loss	(1,658,871)	(1,720,682)

(c) Guarantees

Wellfully Limited has not entered into any guarantees in relation to the debts of its subsidiaries.

(d) Other Commitments and Contingencies

Wellfully Limited are unaware of any existing contingent assets and liabilities, other than the contingent liability matter regarding the Company being served with a writ over a Convertible Note, as announced to the market. The Company has retained legal representation for the active defence of the matter, to which mediation still continues.

(e) Plant and Equipment Commitments

Wellfully Limited has no commitments to acquire property, plant and equipment.

(f) Lease commitment

There were no lease commitments as at 30 June 2020 as the Company pays rent on a month-by-month basis (30 June 2019: Nil).

(g) Significant Accounting Policies

Wellfully Limited accounting policies do not differ from the Consolidated Entity disclosed in Note 1.

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DIRECTORS' DECLARATION

In the opinion of the directors:

- a) The financial statements, notes and additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
- b) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as disclosed in Note 1(a); and
- c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.



Jeffrey Edwards
Director

Perth, Western Australia
30th September 2020

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

F +61 (0) 8 9261 9111

www.rsm.com.au

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
WELLFULLY LIMITED**

Opinion

We have audited the financial report of Wellfully Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Revenue Recognition Refer to Note 2 in the financial statements	
<p>As reported in the statement of profit or loss and other comprehensive income for the year ended 30 June 2020, the Group has recognised total revenue of \$1,484,218. We determined revenue recognition to be a key audit matter due to the following:</p> <ul style="list-style-type: none"> The balance is material to the Group and there are risks associated with management judgements for recognising revenue including identification of contracts and performance obligations, determination of the transaction price and its timing; and Revenue recognition is a presumed fraud risk under the Australian Auditing Standards. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Ensuring the Group's revenue recognition accounting policy is in accordance with Australian Accounting Standards; Reviewing contracts with customers to obtain an understanding of the contractual arrangements; On a sample basis, vouching revenue recognised to appropriate supporting documentation; Reviewing revenue transactions before and after the reporting date to ensure that revenue is recognised in the correct financial period; and Assessing the appropriateness of the disclosures in the financial report.
Acquisition of Wellfully SA Refer to Note 21 in the financial statements	
<p>During the year, the Company acquired 100% of the ordinary shares of Wellfully SA for \$120,000 payable with ordinary shares of Wellfully Limited.</p> <p>Accounting for this acquisition is a key audit matter as it involves management judgements in determining the acquisition accounting treatment, the acquisition date, the fair value of net assets acquired and the fair value of the purchase consideration.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Reviewing the share exchange and transfer agreement to understand the key terms and conditions of the transaction and the related accounting considerations; Evaluating management's determination that the acquisition is a business combination in accordance with Australian Accounting Standards; Assessing management's determination of the acquisition date, fair value of consideration paid and the fair value of the net assets acquired; and Reviewing the adequacy and accuracy of the relevant disclosures in the financial statements.
Going Concern Refer to Note 1 in the financial statements	
<p>The Group incurred a loss of \$3,713,117 and had net cash outflows from operating activities of \$2,676,566 for the year ended 30 June 2020. As at that date, the Group had a net current liabilities and net liabilities of \$1,517,983 and \$1,219,031 respectively.</p> <p>The directors' have prepared the financial report on a going concern basis based on a cash flow forecast, which considers the factors disclosed in Note 1 to the financial statements.</p> <p>We determined this assessment of going concern to be a key audit matter due to the significant judgements involved in preparing the cash flow forecast.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Assessing the appropriateness and mathematical accuracy of the cash flow forecast prepared by management; Challenging the reasonableness of the key assumptions used in the cash flow forecast; Critically assessing the directors' reasons of why they believe it is appropriate to prepare the financial report on a going concern basis; and Assessing the adequacy of the going concern disclosures in the financial report.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2020.

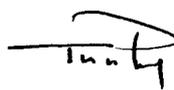
In our opinion, the Remuneration Report of Wellfully Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 30 September 2020

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ASX ADDITIONAL INFORMATION

1. QUOTED SECURITIES

(a) ORDINARY FULLY PAID SHARES AS AT 24 SEPTEMBER 2020

(i) DISTRIBUTION OF SHAREHOLDERS:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 - 1,000	1,364	476,401	0.33
1,001 - 5,000	1,302	3,616,795	2.47
5,001 - 10,000	531	4,006,024	2.73
10,001 - 100,000	1,012	36,279,213	24.77
100,001+	279	102,108,700	69.70
	4,488	146,487,133	100.00

The number of shareholdings held in less than marketable parcels is 1,870.

(ii) TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES:

The names of the twenty largest shareholders of ordinary fully paid shares are listed below:

NAME	NO. OF ORDINARY SHARES HELD	PERCENTAGE OF ISSUED SHARES %
1. VIA PASTURA LIMITED	6,720,000	4.59
2. MR DANNY PAVLOVICH <PAVLOVICH FAMILY A/C>	3,825,000	2.61
3. SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	3,500,000	2.39
4. RFID SYSTEMS PTY LTD <THE RFID CONSULTING A/C>	2,950,000	2.01
5. THE BRAND LABORATORIES FZ LLC	2,858,013	1.95
6. CITICORP NOMINEES PTY LTD	2,533,738	1.73
7. ROKAMAHO PTY LTD <PUMBA BLOSSOM A/C>	1,903,334	1.30
8. VIRTUS CAPITAL PTY LTD	1,846,559	1.26
9. ANTONIO VARANO DELLA VERGILIANA	1,402,330	0.96
10. JEB HOLDINGS PTY LTD <EDWARDS FAMILY A/C>	1,371,886	0.94
11. JOMIMA PTY LTD <INTERNAL EQUITY A/C>	1,207,180	0.82
12. DR ALOK JHAMB	1,160,000	0.79
13. SABINA PTY LTD <AUSTRALIAN ENTERPRISE A/C>	1,125,000	0.77
14. J P MORGAN NOMINEES AUSTRALIA PTY LTD	1,074,945	0.73
15. MR PETER FEDELE	981,657	0.67
16. HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	910,708	0.62
17. DAUGHTERS & CO PTY LTD <DAUGHTERS & CO A/C>	881,608	0.60
18. MR JASON MICHAEL HARKESS	820,000	0.56
19. MULLOWAY PTY LTD <JOHN HARTLEY POYNTON FAM A/C>	750,000	0.51
20. PROVENDORE PTY LTD <THE WILKS SUPER FUND A/C>	740,000	0.51
	38,561,958	26.32

ASX ADDITIONAL INFORMATION (continued)

1. QUOTED SECURITIES (continued)

(a) ORDINARY FULLY PAID SHARES AS AT 24 SEPTEMBER 2020 (continued)

(iii) VOTING RIGHTS

No restrictions - on a show of hands every member present in person or by proxy shall have one vote and upon a poll, each fully paid share shall have one vote.

(iv) SUBSTANTIAL SHAREHOLDERS

There were no Substantial Shareholders as recorded in the Register of Members as at 24 September 2020.

2. UNQUOTED SECURITIES

(a) OPTIONS

As at 24 September 2020, there existed the following unquoted options:

(i) 6,150,000 OPTIONS EXERCISABLE AT \$0.10 EACH ON OR BEFORE 19 AUGUST 2023

NAME	NO. OF OPTIONS	%
VALE CAPITAL PTY LTD <VALE ACCOUNT>	4,950,000	80.49
VIA PASTURA LIMITED	1,200,000	19.51
	6,150,000	100.00

(ii) VOTING RIGHTS

Holders of options are not entitled to vote at a General Meeting of Members in person, by proxy or upon a poll, in respect of their option holding.

CORPORATE GOVERNANCE STATEMENT

Wellfully Limited (“the Company”) is committed to implementing and maintaining the highest standards of corporate governance. The primary responsibility of the Board of the Company (“the Board”) is to represent and advance the Company’s shareholders’ (“the Shareholders”) interests and to protect the interests of all stakeholders. To fulfil this role, the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for its employees and monitoring achievement of these goals.

The Company adopts the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations 3rd edition*, (“the Recommendations”) to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

The Company’s compliance with the Recommendations is summarised in the table below:

	ASX P & R ¹	If not, why not ²		ASX P & R ¹	If not, why not ²
Recommendation 1.1	✓		Recommendation 4.2		✓
Recommendation 1.2		✓	Recommendation 4.3	✓	
Recommendation 1.3	✓		Recommendation 5.1	✓	
Recommendation 1.4	✓		Recommendation 6.1	✓	
Recommendation 1.5		✓	Recommendation 6.2	✓	
Recommendation 1.6	✓		Recommendation 6.3	✓	
Recommendation 1.7	✓		Recommendation 6.4	✓	
Recommendation 2.1		✓	Recommendation 7.1		✓
Recommendation 2.2		✓	Recommendation 7.2		✓
Recommendation 2.3	✓		Recommendation 7.3	✓	
Recommendation 2.4	✓		Recommendation 7.4	✓	
Recommendation 2.5	✓		Recommendation 8.1	✓	
Recommendation 2.6		✓	Recommendation 8.2	✓	
Recommendation 3.1		✓	Recommendation 8.3		✓
Recommendation 4.1	✓				

¹ Indicates where the Company has followed the Recommendations and summarised those practices below.

² Indicates where the Company has provided an “if not, why not” disclosure below.

The Company has provided disclosure for each of the 29 recommendations. Where the Company has departed from a recommendation, the Company has provided substantive reasons and refers to material containing additional disclosure, as relevant.

CORPORATE GOVERNANCE STATEMENT (continued)

The “if not, why not” disclosure of the Company is summarised in the table below:

Recommendation	Explanation of Departure from Recommendation
1.2	Given the Company’s small size and stage of development, the Company does not have formal procedures relating to senior executive included in its Policy and Procedure for Selection and Appointment of New Directors.
1.5	Given the Company’s small size and stage of development, it is not appropriate to establish a formal gender diversity policy. However, its recruitment is fundamentally driven by identifying the best candidate for all positions regardless of gender.
2.1	Owing to the size and composition of the Board, it is not appropriate to establish an independent Nomination Committee, or to establish a formal nomination policy and that its resources would be better utilised in other areas. In accordance with the Company’s policy and procedure for selection and appointment of new Directors, the full Board currently carries out the duties that would ordinarily be assigned to the Nomination Committee. Candidates for the Board are considered and selected by reference to a number of factors including their relevant experience and achievements, compatibility within the Company’s scope of activities and intellectual and physical ability to undertake Board duties and responsibilities.
2.2	The Board does not have, and has not disclosed, a skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. Owing to the size of the Company and its operations, the Board does not consider the need to have a skills matrix as it considers the Board to have the appropriate skills for the operation and governance of the Company. Should the Company’s operations expand or change, the Board will re-consider the needs for a skills matrix.
2.6	The Board does not have a program for periodically reviewing whether there is a need for existing directors to undertake professional development. Owing to the size of the Company and its operations, the Board does not consider the need to have such a program as it considers the Board to have the appropriate skills for the operation and governance of the Company. Should the Company’s operations expand or change, the Board will re-consider the needs for such a program.
3.1	Given the Company’s small size and stage of development, the Company does not have a formal statement of values. Owing to the size of the Company and its operations, the Board does not consider the need to have such a statement as it considers the Board to have general oversight of the Company’s practices. Should the Company’s operations expand or change, the Board will re-consider the needs for such a statement.

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CORPORATE GOVERNANCE STATEMENT (continued)

4.2	<p>As at the date of this Annual Report, the Company has not appointed a chief financial officer (“the CFO”), accordingly it cannot comply with this Recommendation. Due to the size and scale of the Company’s operations, this role is currently performed by the CEO and the Board, specifically Mr Jeffrey David Edwards and Mr Steven Schapera, who are primarily responsible for financial matters in relation to the Company. These Directors provide the declaration required by section 295A of the Corporations Act.</p>
7.1 and 7.2	<p>Due to the size and scale of the Company and the Board, a separate committee has not been established to oversee risk management. However, the Board has established a formal risk management policy to recognise and manage risk. The Audit Committee also oversees risk management.</p> <p>Risk oversight, management and internal control are dealt with on a continuous basis by the Company Secretary and the Board, with differing degrees of involvement from various Directors and the Company Secretary, depending upon the nature and materiality of the matter.</p> <p>The Board continuously reviews material business risks to identify whether the system for identifying and reporting risks is being managed effectively and whether the Company is operating with due regard to the risk appetite set by the Board.</p>
8.3	<p>Whilst the Company has a policy for dealing in the Company’s securities which sets out circumstances in which the Company’s Directors, management and employees are prohibited from dealing with the Company’s securities (including shares and options), there is no specific prohibition on transactions which limit the economic risk of participating in the Company’s equity-based remuneration scheme.</p> <p>However, the Directors note that there is no market for exchange-traded options in respect of the Company’s securities and, for all practical purposes, there is no capacity for scheme participants to directly limit the economic risk associated with their holdings of the Company’s securities pursuant to the Company’s equity-based remuneration scheme.</p> <p>The Company’s policy for dealing in the Company’s securities is available on the Company’s website.</p>

It is noted that as the Company’s activities develop in size, nature and scope, the Company’s corporate governance policies and processes will continue to be reviewed and improved as resources permit.

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CORPORATE GOVERNANCE STATEMENT (*continued*)

1. BOARD OF DIRECTORS

1.1. Role of Board

The Board is responsible for setting the strategic direction and establishing and overseeing the policies and financial position of the Company, and monitoring the business and affairs on behalf of its Shareholders, by whom the directors of the Company (“the Directors”) are elected and to whom they are accountable.

Further, the Board takes specific responsibility for:

- Protecting and enhancing Shareholder value;
- Formulating, reviewing and approving the objectives and strategic direction of the Company;
- Approving all significant business transactions including acquisitions, divestments and capital expenditure;
- Monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results;
- Ensuring that adequate internal control systems and procedures (including financial, risk management, occupational health and safety, environmental management systems and procedures) exist and that compliance with these systems and procedures is maintained;
- Identifying significant business risks and ensuring that such risks are adequately managed;
- Appointing Directors to the Board;
- Monitoring and reviewing the performance and remuneration of Directors;
- Monitoring and evaluating the Company Secretary’s performance;
- Monitoring and evaluating the CEO’s performance;
- Establishing and maintaining appropriate ethical standards; and
- Evaluating and, where appropriate, adopting with or without modification, the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations*.

The Board is responsible for establishing a culture and framework that supports corporate governance, including creating the strategic direction for the Company, establishing goals for employees and the management and monitoring the achievement of these goals.

The Company has a formal Board Charter, which is available from the Company on request. In broad terms, the Board is accountable to the Shareholders and must ensure that the Company is properly managed to protect and enhance Shareholders’ wealth and other interests. The Board Charter sets out the role and responsibilities of the Board within the governance structure of the Company and its related bodies corporate (as defined in the Corporations Act).

1.2. Terms of Office of Directors

The constitution of the Company (“the Constitution”) specifies that one third of the Directors, excluding the Managing Director, Mr Jeffrey Edwards, shall rotate on an annual basis.

CORPORATE GOVERNANCE STATEMENT (continued)

1.3. Composition of the Board and Independence

The Directors in office at the date of this statement are:

Name	Position	Independent	Expertise
Mr Jeffrey David Edwards	Managing Director	No	Refer to Director's Report
Mr Antonio Varano Della Vergiliana	Non-Executive Director	Yes	Refer to Director's Report
Mr Steven Lorn Schapera	Non-Executive Director	Yes	Refer to Director's Report
Mr Cameron Reynolds	Non-Executive Director	Yes	Refer to Director's Report

The Board considers the majority of Directors to be independent, commensurate with Recommendation 2.3. Mr Steven Schapera was appointed as a Non-Executive Director on 1 August 2017 and is considered to be independent. Mr Antonio Varano Della Vergiliana was appointed as a Non-Executive Director on 15 May 2018 and is considered to be independent. Mr Cameron Reynolds was appointed as a Non-Executive Director on 2 July 2018 and is considered to be independent. Mr Jeffrey Edwards is not considered to be independent, owing to the nature of his relationship with the Company.

In accordance with Recommendation 2.5, the Chair of the Company is Mr Antonio Varano Della Vergiliana, who is considered by the Board to be independent.

1.4. Composition of the Board and Board Skills

The Company has not established a formal policy for the nomination and appointment of Directors. However, the composition of the Board is determined using the following principles:

- The Board comprises four Directors; however, this number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified; and
- The Board should comprise Directors with a broad range of expertise.

The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board selects a panel of candidates with the appropriate expertise and experience. Potential candidates are identified by the Board with advice from an external consultant, if necessary. The Board then appoints the most suitable candidate who must stand for election at a general meeting of Shareholders.

1.5 Monitoring of Board Performance

In accordance with Recommendation 1.6, the Directors' performance is reviewed by the Chair on an ongoing basis. In the event that any Director's performance is considered to be unsatisfactory, that Director will be asked to retire from the Board. The Chair performed this review during the reporting period.

The Chair's performance is reviewed by the remaining three Board members on an ongoing basis. The remaining three Board members undertook this review during the reporting period.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the Directors' performance during the course of the year ("the Guidelines"). Those Guidelines include minimum requirements for attendance at all Board and Shareholder meetings, whereby the non-attendance of a Director at more than three consecutive meetings without reasonable excuse will result in that Director's position being reviewed.

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CORPORATE GOVERNANCE STATEMENT *(continued)*

1.6 Professional Development and Independent Professional Advice

In accordance with Recommendation 2.6, each Director has the right, in connection with his/her duties and responsibilities as a Director, to seek professional development opportunities to develop and maintain the necessary skills and knowledge and independent professional advice at the Company's expense. However, prior approval of the Chairman (as elected) is required, which will not be unreasonably withheld.

2. EXECUTIVE MANAGEMENT

2.1 Role and Responsibility of Executive Management

In accordance with Recommendation 1.1, the Company's board charter specifies that the role of management is to support the Board and to implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

In accordance with Recommendation 1.4, the Company's Company Secretary is accountable directly to the board, through the Chair of the Company, Mr Antonio Varano Della Vergiliana.

2.2 Monitoring of Executive Management's Performance

In accordance with Recommendation 1.7, the executive management's performance is reviewed by the Board on an annual basis.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the executive management's performance during the course of the year ("the Guidelines"). Those Guidelines include a Board competency questionnaire and Chairman's assessment.

The Board undertook an executive management performance review during the reporting period.

2.3 CEO and CFO Attestations

As at the date of this Annual Report, the Company has not appointed a chief financial officer ("the CFO"). Due to the size and scale of the Company's operations, these roles are currently performed by the CEO and the Board, specifically Mr Jeffrey David Edwards and Mr Steven Schapera who are primarily responsible for financial matters in relation to the Company.

In lieu of the CFO's attestation, the CEO, Mr Jeffrey David Edwards and Mr Steven Schapera certifies to the Board that:

- The Company's financial reports are complete and present a true and fair view, in all material aspects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards ("the Executive Director's Statement"); and
- The Executive Director's Statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating effectively and efficiently in all material aspects.

CORPORATE GOVERNANCE STATEMENT *(continued)*

3. BOARD COMMITTEES

3.1. Nomination Committee

Owing to its size and composition, the Company has not established a separate nomination committee.

Rather, the Board considers that the selection and appointment of Directors should be the responsibility of the full Board and that no benefits or efficiencies are to be gained by delegating this function to a separate committee.

The Board does not have a separate charter for its nomination and succession planning functions. However, the Company does have a separate policy and procedure for selection and appointment of new Directors, pursuant to which candidates are considered and selected by the Board by reference to a number of factors including their relevant experience and achievements, compatibility within the Company's scope of activities and intellectual and physical ability to undertake Board duties and responsibilities.

3.2. Audit Committee

The Company has an Audit Committee, which comprises Mr Steven Schapera (Non-Executive Director), Mr Cameron Reynolds (Non-Executive Director) and Mr John Palermo (Company Secretary).

The majority of the Auditor Committee members are independent and all Directors are financially literate. In addition, the Company Secretary holds financial qualifications. The Directors and Company Secretary have, together, accumulated sufficient technical expertise in other directorships to provide valuable insight and technical knowledge, allowing the Board to verify and safeguard the integrity of the Company's financial reports.

Preserving the spirit of Principle 4, the external auditor has full access to the Board throughout the year.

The Audit Committee has a separate charter for its audit functions, which charter specifies the following responsibilities:

- to monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgments;
- to review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
- to monitor and review the effectiveness of the Company's internal audit function (if any);
- to monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services; and
- to perform such other functions as assigned by law, the Company's constitution, or the Board.

The Audit Committee also reviews the performance of the external auditors on an annual basis and ensures that the external auditor is required to attend the AGM of the Company and is available to answer questions from shareholders.

3.3. Remuneration Committee

The Company has established a Remuneration Committee, which comprises Mr Steven Schapera (Non-Executive Director), Mr Antonio Varano (Non-Executive Chairman), Mr Jeffrey Edwards (Managing Director) and Mr John Palermo (Company Secretary).

CORPORATE GOVERNANCE STATEMENT (*continued*)

The Remuneration Committee has a separate charter for its remuneration functions, which charter specifies the following responsibilities:

- to make decisions with respect to appropriate remuneration and incentive policies for executive directors and senior executives;
- to ensure that executive remuneration involve a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the Company's circumstances and objectives;
- to ensure that fees paid to non-executive directors are within the aggregate amount approved by shareholders;
- to ensure that non-executive directors are not entitled to retirement benefits other than statutory superannuation entitlements or to participate in equity-based remuneration schemes without due consideration and appropriate disclosures to shareholders;
- to review and make recommendations concerning long-term incentive compensation plans; and
- to ensure that incentive plans are designed around appropriate and realistic performance targets.

The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages.

In making decisions with respect to appropriate remuneration and incentive policies for Executive Directors, the CEO and the Company Secretary, the Remuneration Committee's objectives are to:

- motivate executive Directors, the CEO and the Company Secretary to pursue the long term growth and success of the Company within an appropriate control framework;
- demonstrate a clear correlation between key performance and remuneration; and
- align the interests of key leadership with the long-term interests of the Company's shareholders.

Shareholder approval is also required to determine the maximum aggregate remuneration for Non-Executive Directors. The maximum aggregate remuneration approved for Non-Executive Directors is currently set at \$250,000 per annum.

Full disclosure of the Company's remuneration philosophy and framework, and the remuneration received by Directors and the CEO in the current period, is set out in the Remuneration Report, which is contained within the Directors' Report.

The Remuneration Committee meets as and when required and did not meet during the reporting period.

4. DIVERSITY

The Company does not currently have a formal gender diversity policy in place. However, its recruitment is fundamentally driven by identifying the best candidate for all positions regardless of gender. Based on the current scale of activities of the Company, there is no set objective to achieve a certain percentage of female employees in the workforce.

The Board does not currently believe that the adoption of a formal gender diversity policy would significantly improve the functions currently performed by the Board.

Given the Company's small size and stage of development, the Board considers it impractical at this time to set measurable diversity objectives and adopt a formal gender diversity policy.

CORPORATE GOVERNANCE STATEMENT *(continued)*

The Company currently has 36 employees, of which 23 are male and 13 are female. There are no women in senior executive positions or on the Board. However, while the Board considers this to be appropriate at this stage of the Company's development, the Company will review this requirement annually as the circumstances of the Company change.

5. ETHICAL STANDARDS

The Company has established a formal Code of Conduct ("the Code") as per Recommendation 3.1, which is available from the Company on request.

The Code outlines the Company's expectations of the Board, the management and employees and its related bodies corporate in relation to their behaviour and the way business is conducted in the workplace on a range of issues. The Board, the management and employees are committed to acting with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Board, the management and employees must conduct themselves in a manner consistent with the expectations of its stakeholders, commensurate with prevailing community and corporate standards, and must take responsibility for upholding the Company's legal obligations. In addition, the Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors.

6. DIRECTORS' DEALINGS IN COMPANY SHARES

The Company has implemented a formal trading policy as required by ASX Listing Rule 12.9. This policy applies to Directors, management, employees and contractors of the Company, and is available from the Company on request.

In addition, Directors must notify the Australian Securities Exchange of any acquisition or disposal of shares by lodgement of a Notice of Director's Interests. Board policy is to prohibit Directors, management and employees from dealing in shares of the Company whilst in possession of price sensitive information.

7. CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

The Company has implemented a formal Disclosure Policy and Shareholder Communication Strategy as suggested in Recommendation 5.1, which is available from the Company on request. This policy was introduced to ensure the Company achieves compliance with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules.

The Board aims to ensure that the Shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to Shareholders through:

- The Annual Report which is distributed to all Shareholders;
- Half-yearly reports, quarterly reports and all ASX announcements which are posted on the Company's website;
- The Annual General Meeting and other meetings so called to obtain Shareholder approval for Board action as appropriate;

CORPORATE GOVERNANCE STATEMENT *(continued)*

- Compliance with the continuous disclosure requirements of the ASX Listing Rules; and
- The Company's auditor is required to be present, and be available to Shareholders, at the Annual General Meeting.

The Company encourages full participation of Shareholders at a general meeting of Shareholders (including an annual general meeting). The Company also informally adopts several of the suggestions in Recommendation 6.1 and 6.4, including communicating to Shareholders electronically, and uploading its formal codes and policies to the Company's website.

In addition, the Company has implemented an investor relation program as suggested in Recommendation 6.2 and has engaged an external investor relations consultant to manage this program. The key responsibilities of the investor relations consultant include the following:

- distributing shareholder news electronically through setting up a mail-out system with latest announcements and news;
- dealing with requests from shareholders or potential shareholders;
- assisting in the writing, editing and managing content for any key report, communication, press release, advertisement and news article for newspapers and magazines;
- developing and editing investor presentations; and
- developing and maintaining website content.

8. RESPECT THE RIGHTS OF SHAREHOLDERS

The Company has a formal privacy policy ("the Privacy Policy"), which is available from the Company on request. The Company is committed to respecting the privacy of Shareholders' personal information. The Privacy Policy sets out the Company's personal information management practices and covers the application of privacy laws, personal information collection, the use and disclosure of personal information, accessing and updating Shareholders' information and the security of that information.

9. RECOGNISE AND MANAGE RISK

Due to the size and scale of the Company and the Board, a separate committee has not been established to oversee risk management. However, the Board has established a formal risk management policy to recognise and manage risk. This risk management policy is available from the Company on request.

Risk management is a priority for the Board who remains vigilant in creating a culture, processes and structures directed to optimising the Company's opportunities whilst minimising and managing potential material business risks.

Risk oversight, management and internal control are dealt with on a continuous basis by the CEO and the Board, with differing degrees of involvement from various Directors and the CEO, depending upon the nature and materiality of the matter.

The Board continuously reviews material business risks to identify whether the system for identifying and reporting risks is being managed effectively. Determined areas of risk which are regularly considered include:

CORPORATE GOVERNANCE STATEMENT *(continued)*

- Performance and funding of research and development activities;
- Budget control and asset protection;
- Status of intellectual property;
- Compliance with government laws and regulations;
- Safety and the environment;
- Continuous disclosure obligations; and
- Sovereign risk.

The Company does not have a formal internal audit function to assist the Board in evaluating risk management and internal control processes. Rather the CEO and the Managing Director perform this function for the benefit of the Board.

The Annual Report sets out the major categories of risk applicable to the Company, which is set out in the Notes to the Financial Statements in the Annual Report.

This Corporate Governance Statement has been approved by the Board and is current as at 30 September 2020.

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