

JUNE 2022 QUARTERLY ACTIVITIES REPORT

Wellfully Limited (ASX: WFL) (Wellfully or the Company) is pleased to provide an overview of its activities for the quarter ended 30 June 2022 (Q4 2022).

- **In FY 2022, cash receipts from customers increased to a record of \$1,579k a 2.5x growth compared to FY 2021:** with the Q4 2022 cash receipts from customers of \$274k for a total FY2022 of \$1,579k, representing a 150% increase as compared to \$632k in FY2021.
- **At the same time, the FY2022 operations cash outflows increased by 57%:** the operations outflows in FY2022 were \$10,394k, compared to the FY2021 operational outflows of \$6,608k – an increase of 57%, significantly smaller than the increase in cash receipts indicating an overall positive trend.
- **This positive trend is further strengthened by a continuous decrease in absolute operational cash outflows over the past three consecutive quarters:** the Q4 2022 operations cash outflows amounted to \$2,485k, representing a cash outflow reduction of 6% compared to the Q3 2022 operational cash outflows that amounted to \$2,642k, and a 15% reduction compared to the Q2 2022 operational cash outflows that amounted to \$3,130k.
- **Finally, the Company has also almost halved its capital raising costs in FY2022:** for the \$6,236k of proceeds from issues of equity securities in FY2022, the transaction costs related to these amounted to \$298k, only 5% as compared to the 9% of transaction costs incurred in FY2021 where 8,363k was raised at a cost of \$789k.

OPERATIONS

With the closing of Q4 and FY 2022, the Company has arrived at a critical inflection point building on its existing strategy and expanding from the beauty space (RÉDUIT) into healthcare and wellness (SWISSWELL). This is an important milestone, as laid out in the vision of the Company, which is “to become the world’s first fully integrated, sustainable, science-based company spanning beauty, health and wellness industries.”

After 2.5 years of building the science and developing the company’s infrastructure, we now have RÉDUIT bedded down and growing its presence in the beauty space. Importantly, RÉDUIT uses own patented technology (developed in Perth, WA), for products built in our own facilities (Switzerland and China), and marketed and sold by our own teams in Zagreb, Croatia and key markets. Revenue is building steadily, is in line with our expectations, and industry recognition has been high.

Directors

Mr Paul Peros
Mr Steven Schapera
Mr Jeffrey Edwards
Mr Anton Eaton

CFO

Mr Sergej Dolezil

Company Secretary

Mr Henko Vos

Registered Office

284 Oxford Street
Leederville
Western Australia
6007

Contact

Tel: +61 8 9443 3011
www.wellfully.net
ABN: 72 056 482 636

As can be expected with activities in the highly-regulated pain-relief space, SWISSWELL has taken a few years to reach commercialisation readiness. Where we are today is the result of a large capital investment – human and financial – committed because of an absolute belief in a drug-alternative solutions to the pain associated with joint osteoarthritis.

The ability for BOOST to capture valuable consumer/product data at the point-of-use of a 3rd party product in conjunction with the application is unique in both the beauty and health space, and is already showing extraordinary data critical for both marketing and product development effectiveness. With its proprietary technology and unique infrastructure, the consumer insights of the BOOST platform are expected to significantly contribute to the competitive advantages of Wellfully.

RÉDUIT

The development of Wellfully's premium beauty brand continued through the quarter across three main fronts: DTC marketing, B2B collaborations with new retailers, pre-launch activities as well as go-to-market preparations, focusing primarily on the RÉDUIT Boost.



RÉDUIT BOOST™ - the universal skincare applicator

In addition to the ongoing commercial activities, RÉDUIT BOOST has received awards across both of the Fair's competitions at Cosmoprof Worldwide Bologna, the world's largest and most famous cosmetics industry fair on April 29th and 30th. RÉDUIT BOOST received the Best Skin and Personal Care Product in Cosmoprof's own Award as well as

Directors

Mr Paul Peros
Mr Steven Schapera
Mr Jeffrey Edwards
Mr Anton Eaton

CFO

Mr Sergej Dolezil

Company Secretary

Mr Henko Vos

Registered Office

284 Oxford Street
Leederville
Western Australia
6007

Contact

Tel: +61 8 9443 3011
www.wellfully.net
ABN: 72 056 482 636

For personal use only

being named one of the four products selected by BEAUTYSTREAMS in the Beauty by Numbers category of CosmoTrends.



RÉDUIT Boost™ - POS in WOW Madrid

Finally, the “SWISS MADE” stamp and the Swiss cross has been approved for use on our RÉDUIT products, effective April 26th, 2022. Certification of products as “SWISS MADE” and using the Swiss cross allows further differentiation of Wellfully’s products on global markets and associates the Company’s brands with the high quality associated with Swiss made brands.

SWISSWELL

Following the successful DTC-only launch of SWISSWELL Lubricen Knee Patch in August, the Company has continued commercial scaling activities through the third quarter of FY2022.

The DTC platform, swisswell.com, has been evolved to encompass subscriptions, referrals, and a loyalty program. This was accompanied by organizational development activities focused on campaign management and wide-scale sampling opportunities.

Initial feedback from customers has been most positive, giving greater confidence to Management to make its first inroads into B2B distribution collaborations across several selected markets. These early discussions were successful, to the point that a presence in pharmacies and para-pharmacies is expected in 2022 following regulatory approval received in Q4 as detailed below.

Directors

Mr Paul Peros
Mr Steven Schapera
Mr Jeffrey Edwards
Mr Anton Eaton

CFO

Mr Sergej Dolezil

Company Secretary

Mr Henko Vos

Registered Office

284 Oxford Street
Leederville
Western Australia
6007

Contact

Tel: +61 8 9443 3011
www.wellfully.net
ABN: 72 056 482 636

The SWISSWELL Lubricen Knee Patch has achieved notification and registration with EUDAMED as a Class I medical device in the European Union. The SWISSWELL Lubricen Knee Patch has also been registered with the FDA as a medical device in the United States of America, the world's largest pain relief patch market (North America is the largest market in topical pain relief, accounting for 36% of the global market¹ for pain relief patches and expects to surpass USD 9.4 billion in 2026².

Both above registrations as a medical device enable substantiated medical claims to be made, substantially enhancing roll-out opportunities with pharmacy partners across the EU markets.

Currently a similar registration process is underway in Australia.

Finally, the Company has announced the SWISSWELL BOOST, the world's first science-based universal applicator designed to enhance the efficient delivery of diverse topical health products across many applications including inflammation and pain reduction, products that increase speed of recovery, and the delivery of specialized treatments for specific injuries such as wound care and skin conditions. As with the RÉDUIT device, the innovation is in the diamagnetic "push" to enhance transdermal delivery of the active ingredients. Over the past 20 years Wellfully's innovation centre in Perth has studied and developed a rich library of waveforms, each specifically designed to enhance the delivery of active ingredients found across various topical health products. These will now be easily accessible to consumers around the globe with the SWISSWELL BOOST universal applicator.

Following the extraordinary reception and early success of RÉDUIT BOOST, that already boasts prominent industry recognition such as Cosmoprof Worldwide Bologna 2022 Award, as well as outstanding interest from both press and premium retailers, the Company is now poised to continue its rapid pace of innovation, and announce the upcoming arrival of its health applications equivalent, the SWISSWELL BOOST.

With the SWISSWELL BOOST, the Company is tapping into the US\$ 100+ billion market of topical drug delivery, expected to grow at a CAGR of 5.8% to reach US\$ 158 billion in 2028³. This effectively increases the total addressable market by more than 20%, from around US\$ 500 billion⁴ to US\$ 600 billion.

- 1- *IndustryARC; Topical Pain Relief Market Industry Analysis, Market Size, Share, Trends, Application Analysis, Growth And Forecast 2022-2027*
- 2- *360 Research Reports; Global Pain Relief Patches Sales Market Report 2020*
- 3- *Topical Drug Delivery Market 2028 – The Brainy Insights Report, October 2021, TBI-12563;*
- 4- *Total market accessed of US\$ 500 billion: Global Beauty and Personal Care Market up to 2026, Research & markets, June 2021; Beauty Devices Market Research Report, Prescient & Strategic Intelligenece, May 2021, Pain Relief Patches Market Size 2021, Marketwatch, June 2021.*

Directors

Mr Paul Peros
Mr Steven Schapera
Mr Jeffrey Edwards
Mr Anton Eaton

CFO

Mr Sergej Dolezil

Company Secretary

Mr Henko Vos

Registered Office

284 Oxford Street
Leederville
Western Australia
6007

Contact

Tel: +61 8 9443 3011
www.wellfully.net
ABN: 72 056 482 636

The SWISSWELL BOOST is also expected to have a positive impact on the Company's short to mid-term financial results, as it successfully leverages the existing industrial and supply-chain infrastructure developed over the last 2 years, as well as the existing process, product and digital platforms developed for its beauty equivalent, the RÉDUIT BOOST. These synergies should all result in an improved bottom line.

The SWISSWELL BOOST supports an expansion of the digital platform (established with the RÉDUIT app) across new health applications, thereby assisting segmentation and understanding of customer needs and habits in the health space.

GLOBAL COLLABORATIONS

Through this reporting period, other industry collaborations have continued to evolve. One of the projects, with a prominent partner in personal care, has seen a successful completion of market tests and the subsequent go-live to market. New projects have also been initiated on several different enhanced drug delivery applications.

PAYMENTS TO RELATED PARTIES OF THE ENTITY

The Company notes that the cash payments made to related parties and their associates outlined in Section 6.1 of the Appendix 4C of \$102k represent payments made for director fees to one executive director and one non-executive director.

ABOUT WELLFULLY

Wellfully is a fully integrated, science-based wellness company. In addition to our own-brands, RÉDUIT and SWISSWELL, we also offer a portfolio of proprietary technologies and support partners by providing IP and expertise in magnetic array design, feasibility and efficacy, and claims testing, engineering and production.

ABOUT WELLFULLY'S TECHNOLOGIES

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

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

Directors

Mr Paul Peros
Mr Steven Schapera
Mr Jeffrey Edwards
Mr Anton Eaton

CFO

Mr Sergej Dolezil

Company Secretary

Mr Henko Vos

Registered Office

284 Oxford Street
Leederville
Western Australia
6007

Contact

Tel: +61 8 9443 3011
www.wellfully.net
ABN: 72 056 482 636

For personal use only

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

- Ends -

For more information:

Kira Bradbury

Advisir

Email: kira.bradbury@advisir.com.au

Phone: +61 405 928 128

Directors

Mr Paul Peros
Mr Steven Schapera
Mr Jeffrey Edwards
Mr Anton Eaton

CFO

Mr Sergej Dolezil

Company Secretary

Mr Henko Vos

Registered Office

284 Oxford Street
Leederville
Western Australia
6007

Contact

Tel: +61 8 9443 3011
www.wellfully.net
ABN: 72 056 482 636

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Wellfully Limited

ABN

056 482 636

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	274	1,579
1.2 Payments for		
(a) research and development	(15)	(259)
(b) product manufacturing and operating costs	(631)	(2,869)
(c) advertising and marketing	(449)	(1,780)
(d) leased assets	-	-
(e) staff costs	(958)	(3,839)
(f) administration and corporate costs	(432)	(1,647)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	71	486
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,140)	(8,329)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-

For personal use only

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,236	6,236
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(37)	(298)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,199	5,938

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,185	2,720
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,140)	(8,329)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,199	5,938
4.5	Effect of movement in exchange rates on cash held	25	(60)
4.6	Cash and cash equivalents at end of period	269	269

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	269	1,185
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	269	1,185

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	102
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,166)
8.2 Cash and cash equivalents at quarter end (item 4.6)	269
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	269
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.23
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	The Company expects receipts from customers to continue increasing in line with trends in this quarter while maintaining control over cash outflows. The Company does however expect net cash outflows for the foreseeable future as it implements various planned strategies and cost control measures in order to generate long term positive cash flows.
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	The Company is currently considering a number of funding options and will undertake further capital raisings, if and when required. The Company has also recently entered into a funding facility agreement with GEM, with a first draw down currently underway. The Company has a history of successfully raising funds.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The Company expects it will be able to continue operations and meet business objectives based on the uptake in commercial activities seen throughout and beyond the quarter.

The Company is working on the advancement of the following key activities:

- ❖ RÉDUIT marketing and sales initiatives
 - Consumer engagement via enhanced marketing (influencer, key opinion leader (KOL) and media engagement)
 - Execution of new B2B collaborations in new and existing jurisdictions
- ❖ Development and launch of new devices
 - Completion and launch of RÉDUIT Active Sunscreen and Boost Applicators
- ❖ Roll-out of SWISSWELL Lubricen pain patches - With regulatory approval just received, the B2B launch can now proceed.
- ❖ Global licensing, ODM and OEM collaborations - Continued collaborations with global partners.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2022

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.