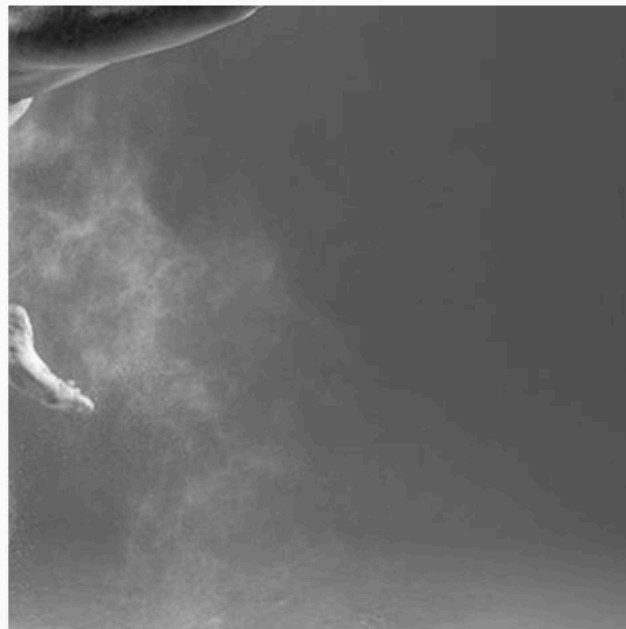


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# WELLFULLY

COMPANY PRESENTATION

DECEMBER 2022

This presentation 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.

# WELLFULLY INVESTMENT HIGHLIGHTS

A HIGHLY INNOVATIVE WELLNESS COMPANY WITH GLOBALLY DISRUPTIVE PRODUCTS

## About Wellfully Limited (ASX:WFL)

Wellfully Limited ('Wellfully' or 'the Company') is the world's first fully-integrated, science-based wellness company. Over the past two years, the Company has leveraged its vast enhanced drug deliveries technology inventory and developed industrial infrastructure and its own product portfolio.

Wellfully is active in the highly attractive beauty and personal care, beauty device, as well as the health and pain relief markets delivering innovative products through collaborations with industry majors spanning licensing, joint development and OEM, as well as with its own global cosmetic and healthcare brands, RÉDUIT and SWISSWELL, positioned to disrupt these global blockbuster markets.

Supported by a highly experienced Board and Management, Wellfully is poised to deliver notable and sustainable results.

## Corporate Snapshot\*

Share Price (28 December 2022)	\$0.015
Shares on Issue	~391.1m
Options on Issue	~342.7m
<b>Market Capitalisation</b>	<b>~\$5.86m</b>
Cash (30 September 2022)	~\$29k
Top 20	42.46%
Board & Management	7.79%

\*Share price, market capitalisation, share holdings as at 28 December 2022.

ASX:WFL – December 2022

## Share Price Performance



# FROM INFRASTRUCTURE TO PERFORMANCE

WITH THE CORE OF THE INFRASTRUCTURE IN PLACE, THE COMPANY IS SEEKING TO OPTIMISE PERFORMANCE

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## 1. TBB TRANSACTION

Proposed merger with DTC specialist in supplements with important synergies for both companies through an efficient transaction.

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## 2. COST PERFORMANCE

With infrastructure work completed, seeking efficiencies in corporate and operational cost structure through projects and organisation.

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## 3. TOP LINE DEVELOPMENT

Seeking momentum and efficient go-to-market and channel options suited for the current market environment.

# TBB – GENERAL LOGIC

COMPLEMENTARITIES ACROSS VIRTUALL ALL ACTIVITIES OF THE TWO COMPANIES



## TBB OPERATION

- Local sourcing
- OEM-level sourcing

- Established brands
- OEM- limited differentiation

- Established influencer network
- Evolved attribution modelling
- Top line of A\$ 12 M in past 12 months

- +1M existing customers
- DE, FR, IT, PL focus
- Food supplements
- Nutricosmetics

## WELLFULLY OPERATION

- Int'l sourcing network
- Own process technologies

- New brands
- Own technology products

- Premium beauty retailers
- Differentiated product content marketing

- US, UK and international focus
- Premium beauty
- Health

## KEY SYNERGIES

- TBB range COGS reductions
- In-house production & sourcing
- Shared services scale

- Complete wellness portfolio
- Differentiation for TBB ranges
- Range extensions for Wellfully

- DTC access for WFL brands
- Influencer differentiation w/ WFL products

- Carryover w/ existing consumers
- Beauty & nutricosmetics
- Health & supplements

TBB was part of a larger portfolio of brands, now not in line with investment parameters of the PE fund. Wellfully has a fit in terms of synergies to allow for both performance and scale of the joint operation.

# TBB – TRANSACTION APPROACH

SEEKING EFFICIENT OUTCOMES FOR THE MERGER

WELLFULLY

## VIA MOU WITH CAPITAL D



- A\$ 1M in shares (+ up to A\$ 1 M success fee)
- A\$ 0.6 in bridge financing
- Capital D as cornerstone



- Up to A\$ 2.7M in liabilities (including credit line of A\$ 1.4 M)

## TRANSACTIONING IN ADMINISTRATION\*



- More efficient – same, or lower price
- Clean balance sheet
- Potential to use initial bridge financing commitment - cashless



- Technical uncertainty of the bidding process

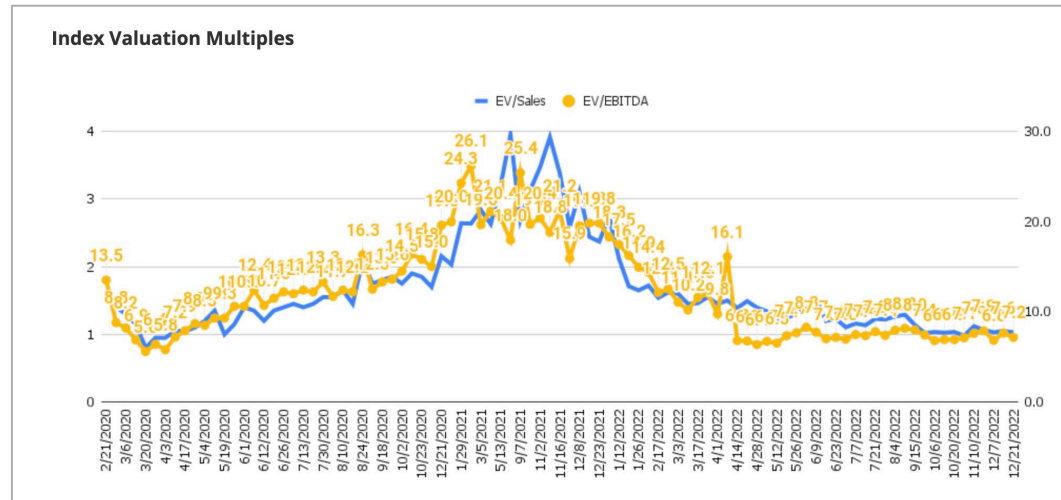
The administration scenario opened a second route to transaction that could be possibly more efficient resulting in an outcome at, or better than the MOU terms negotiated.

\*TBB is in voluntary temporary administration up to e-o-Jan

# TBB MERGER IS VALUE ACCRETIVE

SIGNIFICANT INCREASE IN VALUE FROM BOTH FIT AND SYNERGIES, AS WELL AS TRANSACTION ITSELF

## DTC EV/SALES MULTIPLES<sup>1</sup>



Average EV/sales of sample	1.5
TBB equivalent value of (min)	A\$ 15.3 M <sup>2</sup>
Current transaction value (max)	A\$ 7.6 M <sup>3</sup>
Additional value released (min)	A\$ 7.7 M
EV/sales equivalent (max) <sup>4</sup>	0.57

<sup>1</sup> Source: Bairbridge DTC Index, weekly benchmarks from a PANEL of 21 publicly traded DTC companies by Bainbridge, Dec 2022

<sup>2</sup> Assuming sales of last 12 months of A\$ 12 M, and total debt at A\$ 2,7 M with average multiplier of 1.5 EV/sales

<sup>3</sup> Transaction value includes A\$ 1M of initial payment, all of A\$ 1 M success fee, bridge financing at A\$ 0.6 M and the A\$ 5.0 M integration financing

<sup>4</sup> EV/sales equivalent is with the A\$ 5 M integration costs – usually not included in valuation (w/o these the figure is not 0.57, but 0.29).

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# DIRECTION AND FOCUS

FROM INFRASTRUCTURE DEVELOPMENT TO OPERATIONS PERFORMANCE

## 2019-2022 INFRASTRUCTURE DEVELOPMENT FOCUS



- Fully-integrated science-based wellness company
- From (only) technologies to industrial processes, products and brands



- Long lead-times & uncertainty
- Significant coordination costs

## 2023+ FOCUS ON OPERATIONS PERFORMANCE



- Top and bottom line optimisation
- Traditional business development
- Financial planning and performance



- Adjustment of direction
- Adjustment of organisation

Following three years infrastructure development, Wellfully has created a unique set of competences, and can now focus on efficiently capturing value from these.

# COST REDUCTIONS

OPTIMISING FOR PERFORMANCE

WELLFULLY

COSTS PERIMETER Interested perimeter costs, 000 A\$ per annum	Up to 2022	Beginning 2023	Reduction
<b>Corporate costs total</b>	<b>1.183</b>	<b>431</b>	<b>752</b>
BoD Remuneration	360	100	260
CEO Remuneration	557	275	282
Administration	306	96	210
<b>Operations structure total</b>	<b>2.272</b>	<b>1.747</b>	<b>525</b>
Australia	488	414	73
Switzerland	394	172	221
Croatia	496	351	145
China	894	808	86
<b>Total structure costs</b>	<b>3.455</b>	<b>2.178</b>	<b>1.277</b>

The structure cost reductions introduced and organized in the recent period amount to A\$ 1.3 M per annum. At comparable industry WACC<sup>1</sup>, its perpetuity value is at A\$ 11.4 M itself<sup>2</sup>.

<sup>1</sup> Source: - 11.2% as the maximum WACC for technology companies in eValuation for Technology Companies, PWC, September 2022

<sup>2</sup> Source: change in total structure costs of A\$ 1.3 M / WACC of 11.2% for a total estimated perpetuity value of A\$ 11.4 M

# FROM INFRASTRUCTURE TO PERFORMANCE

VALUE-CREATION PERSPECTIVE

WELLFULLY

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# MARKET ENVIRONMENT

## CURRENT SITUATION AND APPROACH

### MARKETS (OF RELEVANCE) TODAY

- Russia – significant exposure due to BORK – consumer market<sup>1</sup> shrank by 6% in 2022, and is expected to lose another 3.5% in 2023
- UK (and Europe) - consumers are spending significantly more on essentials (groceries, mortgages, energy), and reducing other non-essential spending<sup>2</sup>
- Traditional retail is extremely exposed and conservative reducing activities in novelty category

### OPPORTUNITIES IN GO-TO-MARKET

- Shorter channels with less exposure for retailers – such as the TBB DTC, beauty box businesses (REDUIT) and direct sales channels (QVC).
- Longer channels diversifying risk better – regional distributions (GCC, Korea), professional channels (US).
- The commercial activities are focused away from traditional retail placements currently under pressure.

The current market environment requires a focused approach to sales across more specialized channel formats such as direct and campaign sales, and/or more independent, longer channels.


<sup>1</sup> Source: HKTDC RESEARCH, NOV 2022

<sup>2</sup> Source: How Current Events are Shaping UK Consumer Behaviour, McKinsey, October 2022

# COMMERCIAL PORTFOLIO - REDUIT

## KEY COMMERCIAL PROJECTS

CLIENT	FORMAT	MARKET	STATUS	ESTIMATED SALES VALUE
QVC	TV sales	UK	Approved	A\$ 270 k/campaign (3-4/year)
QVC	TV sales	Germany	Approval WIP	A\$ 240 k/campaign (3-4/year)
BFA	Beauty box	US	Order	A\$ 300 k/campaign (2-3/year)
Beauty Solutions	Distributor	GCC	Order WIP	A\$ 225 k/pa min 1 <sup>st</sup> year
Cwell	Distributor	Korea	Order WIP	A\$ 375 k/pa min 1 <sup>st</sup> year
Face Foundrie	Pro distributor	US	Order WIP	A\$ 950 k/pa expected 1 <sup>st</sup> year

 The total of the above amounts to potential A\$ 4.1 million annual revenues<sup>1</sup> – on top of existing sales and traditional retail operations (Harrods, Sephora, Douglas, ...). At a conservative EV/sales multiple of 1, a significant possible addition to current market cap.

The large scale of the campaigns, in 000s of units will also bring important visibility - and qualification to the brand and the technology –and a change in magnitude in user data acquired through the REDUIT application.

 The orders are significantly larger requiring significantly more working capital. Eg. currently working on +30.000 units, securing inventory and AR coverage through bridge financing.

<sup>1</sup> Sum of the values per campaign and average frequency, or the 1<sup>st</sup> year minima contracted, or expected

# FROM INFRASTRUCTURE TO PERFORMANCE

WITH THE CORE OF THE INFRASTRUCTURE IN PLACE, THE COMPANY IS SEEKING TO OPTIMISE PERFORMANCE

1. TBB TRANSACTION	Accretive in fit and transaction completing portfolio and access to market with important top line.	A\$ 7.7 M potential value added at transaction
2. COST PERFORMANCE	Significant improvements in corporate and operations structure costs to lead into other operations optimisations	A\$ 11.4 M of estimated perpetuity equivalent
3. TOP LINE DEVELOPMENT	Addition of a larger-scale campaign portfolio to ensure commercial development during downturn.	A\$ 4.1 M of estimated additional annual revenue

At the current market cap of A\$ 5.9 M, the above projects represent a significant scaling Wellfully's infrastructure and organization, leading the way into performance-focused operations, and generating value for shareholders on the long term.