

OBJ secures Loan Facilities for up to \$2.3m

Convertible Note Loan Facilities

OBJ Limited (**ASX: OBJ**) is pleased to advise that it has secured Loan Facilities for up to \$2.3 million via the issue of Convertible Notes.

The Company has agreed to issue convertible and secured notes valued at up to \$1.65m to non-related entities associated with Danny Pavlovich, John Palermo and Paul Peros. Key terms are detailed below. To date, the Company has issued notes to these parties with a value of \$615,000. The Company intends to issue further notes to these parties with a value of up to \$1,010,000 without seeking shareholder approval. In accordance with ASX listing rule 7.1, simultaneously with seeking approval for the issue of notes to the Related Parties, OBJ will seek shareholder approval for the issue of the remainder of these notes (beyond the Company's current placement capacity), being valued at \$25,000.

Also, the Company has entered into an agreement to issue convertible and secured notes valued at up to \$650k to an entity associated with the Company's directors Steven Schapera and Tony Varano (Related Entity), with identical terms to those above. In accordance with ASX listing rules 10.1 and 10.11, OBJ will seek shareholder approval for the issue of notes and the grant of security in respect of the notes to be issued to the Related Entity.

This funding is essential to secure the operations of OBJ, and in particular to drive the Redit business to commercialisation through the ongoing Covid-19 pandemic. The loan facility allows OBJ to progressively draw down funds at the discretion of the investors pending alternative funding options becoming available in the future.

Following a review of the Company's operations, Board and Management have significantly reduced costs over the next 12 months. It should also be noted that the Directors and Company Secretary of OBJ have agreed to temporarily forego their respective fees in an effort to preserve the Company's cash for the near term.

Convertible Note key terms:

- Note holders have the ability to:
 - o convert the notes into shares at any time from issue of the notes until maturity, or
 - o upon maturity, or following a default event (which in the case of the Related Entity, includes the removal of Steven Schapera or Tony Varano as a director of the Company) or a change of control, request repayment of the note
- Maturity date: 18 months from the date of the agreement
- Total value: up to \$2.3 million
- Note price: A\$5,000 per note
- Interest rate: 12.5% per annum

Directors

Mr Antonio Varano
Mr Steven Schapera
Mr Jeffrey Edwards
Mr Cameron Reynolds
Dr Chris Quirk

Company Secretary

Mr John Palermo

Registered

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20 April 2020

- Conversion: at equal to 80% of 5-day VWAP of the Company's share price prior to the written request for conversion
- Options: if converted, 1 Option will be issued for each converted share issued, exercisable at the conversion price for the notes, within 3 years of issue

Having secured the Company's funding through the Convertible Note facilities, the Board of Directors is pleased to announce it has appointed Paul Peros as Chief Executive Officer (CEO) of the Company, effective 14 April 2020. Mr Peros transitions to the CEO role from his current position as head of the device business, to which he was appointed on 1 June 2019, on terms set out below.

OBJ's founder and current CEO, Jeffrey Edwards, will continue as Managing Director of the Company.

In light of the decision not to proceed with the acquisition of Nutrition Systems, and in the context of the ongoing Covid-19 crisis, the Company is streamlining operations around the device business. Now in its execution phase, the device business is 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.

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

In addition to the Redit haircare beauty product architecture based on OBJ's enhanced delivery technologies, the Company is also fast-tracking its surface hygiene applications to meet growing global demand. In the short term, the Company's consumer-branded business will systematically target geographies less exposed to demand and supply-chain disruptions such as China, utilising its operations base in Dongguan, established last year.

"While we continue with never-before-seen challenges over the months to come, we are in a relatively good position compared to many of our competitors in the consumer business," Mr Peros said.

"Being at the verge of the launch of Redit, we have been able to adjust to the current environment without the burden of vested positions. Most of the global consumer brands are heavily exposed to hard-hit markets such as the US and Europe, as well as travel and retail channels that are now virtually non-existent. As a digital-first brand, we hope to safely navigate our way around this."

"Our work over the past nine months has produced a strong product platform and a well differentiated brand story. We have created an efficient operations base in China, presently the largest functioning market in the world, and adjusted our sourcing operations to help eliminate exposure to international shipping disruptions. Preparations are underway for the targeted launch of Redit beauty in June/July and surface hygiene August/September."

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“We are likely to face more challenges over the months to come. For this, we will continue to strive to maintain low exposure and maximum flexibility. From a streamlined organisation, to our every approach to both brand and technology, we will seek to create and execute on options that will not only ensure survival but ideally bring OBJ to a position of strength by the end of this crisis,” he said.

While Mr Peros’ role within OBJ has changed, the terms of the Service Agreement under which Mr Peros was employed in June 2019 have not. The key terms of this agreement remain as follows:

- Mr Peros is engaged full-time by OBJ.
- Remuneration is EUR 30,000 per month to be paid by a combination of cash and ordinary shares, with EUR 24,000 in cash and EUR 6,000 in ordinary shares. The equity component will be provided to Mr Peros twice annually at a 30-day VWAP value discounted by 10%. Subject to the achievement of the following milestones, Mr Peros will be entitled to a six-month bonus:
 - The first milestone target is the commercial go-live, and first sales of devices; and
 - The second milestone target is the cumulative positive cashflow from operations of the device business.

ABOUT OBJ

OBJ develops proprietary magnetic microarray drug delivery and product enhancement technologies for the pharmaceutical, healthcare and consumer goods sectors. OBJ partners companies in the design and development of next generation products using physical science rather than chemistry to provide new levels of product performance without the cost of reformulation or new ingredient approvals.

OBJ offers a portfolio of proprietary technologies and supports partners by providing IP-protected market exclusivity, expertise in magnetic array design, feasibility and efficacy and claims testing, engineering and production.

ABOUT OBJ’S TECHNOLOGIES

OBJ has developed a number of physical enhancement technologies based on the interactions between ingredient molecules and weak atomic forces. These influence the movement and penetration through the skin of drugs, active ingredients and formulations at the molecular level.

OBJ has significant expertise in the science of magnetic fields.

The first of OBJ’s magnetic technologies was the Magnetic Microarray. Complex 3-D magnetic fields produced by low-cost microarrays film was licensed to the Procter and Gamble Company in 2014 and incorporated into the SK-II Magnetic Eye Wand in the same year.

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The second magnetic technology, the programmable array technology, employs powered electromagnetic fields that could be altered to suit individual consumer's skincare needs. This was licensed to Procter & Gamble for skincare applications in 2018. This announcement pertains (inter alia) to the development of the first product under that license.

The third magnetic technology uses magnetic fields to alter the Wettability of a surface to allow enhanced contact between liquid and solids. Magneto-Wetting is being employed in current developments in haircare, skincare and surface hygiene, in conjunction with OBJ's recently developed Ultrasonic Misting technology.

FORWARD-LOOKING STATEMENTS

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

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

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

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

- Ends -

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