

## Quarterly Report for the Period Ended 31 March 2020

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### Financials

OBJ Limited banked cash receipts of \$181k during the quarter.

The Company's cash balance at the end of the period was approximately \$787k.

### Operational Activities

In March, due to the uncertainty regarding global markets, and restrictions on travel and investor presentations, the Company and shareholder of Export Corporation (Australia) Pty Ltd (Nutrition Systems), agreed to terminate the share sale agreement between the parties (first announced on 7 November 2019) pursuant to which OBJ proposed to acquire all of the issued share capital in Nutrition Systems.

OBJ will continue to promote and expand its current portfolio of assets. This includes the existing royalty arrangements in place with Procter & Gamble, the Bodyguard programme and the Company's device business. The Company is also fast-tracking development of its surface hygiene business utilising its technology.

Separately, OBJ and Nutrition Systems are motivated and still keen to work closely together to pursue several mutually beneficial programmes including the Bodyguard launch and distribution, as well as exploring manufacturing opportunities for brands within the Nutrition Systems portfolio. Vitamin, Mineral and Supplement (VMS) patch developments are in discussion to be co-developed through the combined expertise of both parties.

OBJ will advise the market as and when a commercial arrangement materialises.

OBJ has appointed Paul Peros as Chief Executive Officer (CEO) of the Company, effective 14 April 2020. Mr Peros transitioned to the CEO role from his current position as head of the device business, to which he was appointed on 1 June 2019. Terms of his employment can be found in the ASX Announcement dated 20 April 2020.

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

Also in April as announced to the market, the Company agreed to issue convertible and secured notes valued at up to \$1.65m to non-related entities. OBJ issued these notes without seeking shareholder approval. In accordance with ASX listing rule 7.1, simultaneously with seeking approval for the issue of notes to related parties, OBJ will seek shareholder approval for the issue of the notes beyond the Company's current placement capacity.

#### Directors

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

#### CEO

Mr Paul Peros

#### Company Secretary

Mr John Palermo

#### Registered Office:

284 Oxford Street  
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Western Australia 6007  
Tel: +61 8 9443 3011  
www.obj.com.au  
ABN: 72 056 482 636

30 April 2020

OBJ also 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, 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, particularly to drive its 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
- 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

The Company will shortly seek to update shareholders in relation to the re-quoting of its securities.

## ABOUT OBJ

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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.

**Directors**

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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

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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.

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

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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

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OBJ RELEASE

30 April 2020

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:**

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