

WELLFULLY

By email: ListingsCompliancePerth@asx.com.au
daniel.nicholson@asx.com.au

8 February 2021

Daniel Nicholson
ASX Limited
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

Dear Daniel

WELLFULLY LIMITED – RESPONSE TO APPENDIX 4C QUERIES

Wellfully Limited (ASX: WFL) (Wellfully or the Company) refers to your letter dated 4 February 2021 in relation to the queries concerning the Company's recently announced Appendix 4C.

The Company responds to ASX's queries (copied in bold italics below) as follows:

1. Does WFL expect that it will continue to have negative operating cash flow for the time being, and, if not, why not? In answering this question, please comment on the December quarter operating cash flows.

Yes, whilst the Company continues to build its Redit business. However, the Company anticipates that going forward cash outflows will reduce from the levels of December quarter operating cash flows.

2. Has WFL taken any steps, or does it propose to take any steps, to raise further cash to fund its operations? If the answer to this question is 'yes', please specifically address the following:

The Company refers to its announcement of today's date concerning its request for a trading halt pending a proposed capital raising.

2.1 What are those steps?

The Company refers to its announcement of today's date concerning its request for a trading halt pending a proposed capital raising.

2.2 How likely does WFL believe that the steps outlined in response to question 2.1 will be successful?

The Company expects the share placement component of the capital raising to be finalised within a matter of days.

3. Does WFL expect to be able to continue its operations and to meet its business objectives? If the answer to this question is 'yes', on what basis?

Yes, on the basis that the proposed capital raising will deliver the Company sufficient funds for the

Wellfully Limited
ABN 72 056 482 636
284 Oxford Street, Leederville 6007 Perth, Western Australia
Telephone +61 8 9443 3011 | www.wellfully.net

WELLFULLY

Company in the short to medium term.

4. Please confirm that WFL is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.

The Company confirms that it is in compliance with Listing Rule 3.1.

5. Please confirm that WFL's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of WFL with delegated authority from the board to respond to ASX on disclosure matters.

The Company's responses have been authorised by the Board.

Should you have any queries, please do not hesitate to contact me.

Yours sincerely



John Palermo
Company Secretary



4 February 2021

Reference: 30518

Mr John Palermo
Company Secretary
Wellfully Limited

By email

Dear Mr Palermo

Wellfully Limited ('WFL'): Appendix 4C - Query

ASX refers to the following:

- A. WFL's Appendix 4C quarterly reports for the period ended 31 December 2020 lodged with the ASX Market Announcements Platform ('MAP') and released on 29 January 2021 (the 'Appendix 4C').
- B. WFL has reported less than 2 estimated quarters of funding available.
- C. The following disclosures in the Appendix 4C:
 - a. A net cash from / (used in) operating activities position of negative \$1,474,000.
 - b. A cash and cash equivalents position at the end of the period of \$983,000.
 - c. Nil funds available in unused finance facilities at the end of the quarter.
 - d. In response to question 8.6.1 which asked whether WFL expects that it will continue to have the current level of net operating cash flows for the time being and, if not, why not, WFL responded 'Yes'.
 - e. In response to question 8.6.2 which asked whether WFL has 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, WFL response 'Yes'.
 - f. In response to question 8.6.3 which asked whether WFL expects to be able to continue its operations and to meet its business objectives and, if so, on what basis, WFL responded 'Yes'.
- D. WFL's announcement titled 'Wellfully Confirms Receipt of R&D Tax Refund' lodged and released with MAP on 1 February 2021 which disclosed, among other things, that WFL received an R&D Tax Incentive Refund of \$524,409.47 before costs ('Tax Refund').

Request for information

Notwithstanding the Tax Refund, it is possible to conclude that WFL has less than 2 estimated quarters of funding available.

ASX asks WFL to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

- 1. Does WFL expect that it will continue to have negative operating cash flow for the time being, and, if not, why not? In answering this question, please comment on the December quarter operating cash flows.
- 2. Has WFL taken any steps, or does it propose to take any steps, to raise further cash to fund its operations? If the answer to this question is 'yes', please specifically address the following:
 - 2.1 What are those steps?

2.2 How likely does WFL believe that the steps outlined in response to question 2.1 will be successful?

3. Does WFL expect to be able to continue its operations and to meet its business objectives? If the answer to this question is 'yes', on what basis?
4. Please confirm that WFL is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that WFL's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of WFL with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that WFL considers may be relevant to ASX forming an opinion on whether WFL is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:30 PM AWST Tuesday, 9 February 2021**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, WFL's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require WFL to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in WFL's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in WFL's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to WFL's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that WFL's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours faithfully

Daniel Nicholson
Adviser, Listings Compliance (Perth)