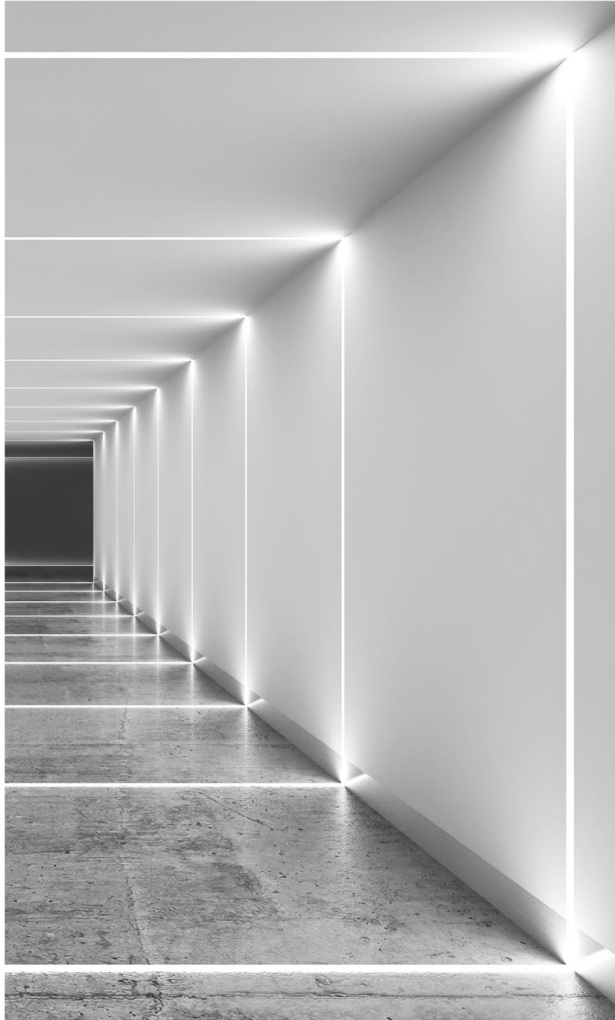


The background features a complex, abstract design. It consists of multiple layers of concentric circles and a grid of thin, intersecting lines. These elements are arranged to create a sense of depth and movement, with some areas appearing more prominent than others. The overall color palette is a range of greys, from light to dark, with the text in a contrasting blue.

WELLFULLY

(ABN 72 056 482 636)

2022 ANNUAL REPORT



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CHAIRMANS LETTER

Dear Shareholders,



I am delighted to present this report for Wellfully Group (“Wellfully” or “the Group”) for the year that ended 30 June 2022. I would also like to invite you to read the Chief Executive Officer report for a comprehensive review of our FY2022 operations and results.

I am happy to be able to report that with the work done through FY2022, Wellfully is now starting to see the results of being a fully-integrated science-based wellness company – in line with the mission of the company presented in 2018. The year has been marked by important developments on the product and commercial fronts.

The Company has continued to leverage its technology portfolio adding a second disruptive consumer brand, SWISSWELL that will focus on healthcare and wellness segments. While RÉDUIT has continued its commercial development across multiple high-visibility premium retail partners and introduced RÉDUIT BOOST, the world’s first universal enhanced delivery skincare applicator, SWISSWELL has successfully launched the long-awaited Lubricen™ Knee Pain Relief Patches in August 2021.

The existing products of Wellfully’s in-house brands are now selling into the blockbuster consumer markets of personal care and beauty, beauty devices and pain relief patches. With a combined annual growth rate of 7.3%, these are expected to reach US\$ 0.5T by 2026.

Leveraging two decades of enhanced drug delivery R&D, and the experience of numerous applications with international majors spanning beauty and healthcare, Wellfully is now delivering innovative, patented products, designed to disrupt these markets and claim its own positions in this multi-billion-dollar reality.

Sales of own branded products have continued to develop outgrowing traditional licensing revenues and research and development government subsidies in FY2022. In addition to its direct-to-consumer marketing activities, RÉDUIT has more than doubled its footprint in terms of retailers and markets. SWISSWELL is not too far behind: the brand initiated its sales with DTC (Direct-to-Consumer) campaigns in September 2021. Following successful product registrations as a Class I pain relief medical device in both the EU and the US, SWISSWELL also started shipping the first products to distribution partners.

The new infrastructure, engineering and industrialization capabilities and own product platforms have also proven highly attractive to global industry partners across health and beauty. In addition to ongoing technology licensing activities, Wellfully has also successfully engaged in joint development projects, as well as in 3rd party privately label collaborations in the course of the year.

I deem that with the 2022 Annual Report, we are finally seeing the fruits of the labour of the new Board and Management Team that are writing an exciting new chapter in their respective, already strong business development records.

Kind regards,

A stylized, handwritten signature in dark ink, appearing to read 'P. Peros'.

Paul Peros



CEO REPORT

With FY2022, Wellfully has completed its aim of becoming a global, fully-integrated science-based wellness company. The transformation from a technology company specialising in licencing its patents to large consumer and pharma partners was initiated back in 2018. This is a result of the efforts spanning FY2020 and FY2021, during which activities were primarily focused on developing the organisation, processes and infrastructures needed to engage across target markets.

The FY2022 revenues not only doubled vs. FY2021 to A\$ +2.6 million, but most of these were achieved through the sale of own products and brands across the beauty and wellness sector developed over the past two years. With its own brands, RÉDUIT and SWISSWELL, present across more than 20 markets, the company has initiated operations across multiple channels, more than doubling its commercial footprint in terms of doors reached over the past year.

This initial scaling of Wellfully's new product and brand infrastructures was also accompanied by important product introductions in FY2022. The first was the SWISSWELL Lubricen Knee Patch which was launched in the first quarter of FY2022. This was followed by another important first in Q4: the launch of the RÉDUIT BOOST, a universal skincare applicator whose unique digital platform is designed to provide consumer insights across millions of skincare applications for both own brand, as well as third-party skincare products.

Looking forward to FY2023, the Company will remain focused on accelerating commercial activities, many of which are already starting to show results in terms of new channels and markets across both brands.

SALES AND MARKETING

RÉDUIT Brand and the Device Business

The RÉDUIT brand is focused on technical performance, sustainability and design with the objective of delivering advanced beauty solutions in a user-friendly format. Based on Wellfully's patented Magnetic Misting and Enhanced Delivery technologies, the RÉDUIT range offers design-focused applicator devices that use a suite of interchangeable formulation pods to deliver premium haircare and skincare products, and, since Q3 FY2022, also the world's first universal skincare applicator designed to enhance the delivery of any third-party skincare product.

Commercial development of RÉDUIT continued with a focus on high-end retail placements in order to support the brand's qualification and positioning, and FY2022 saw numerous important launches:



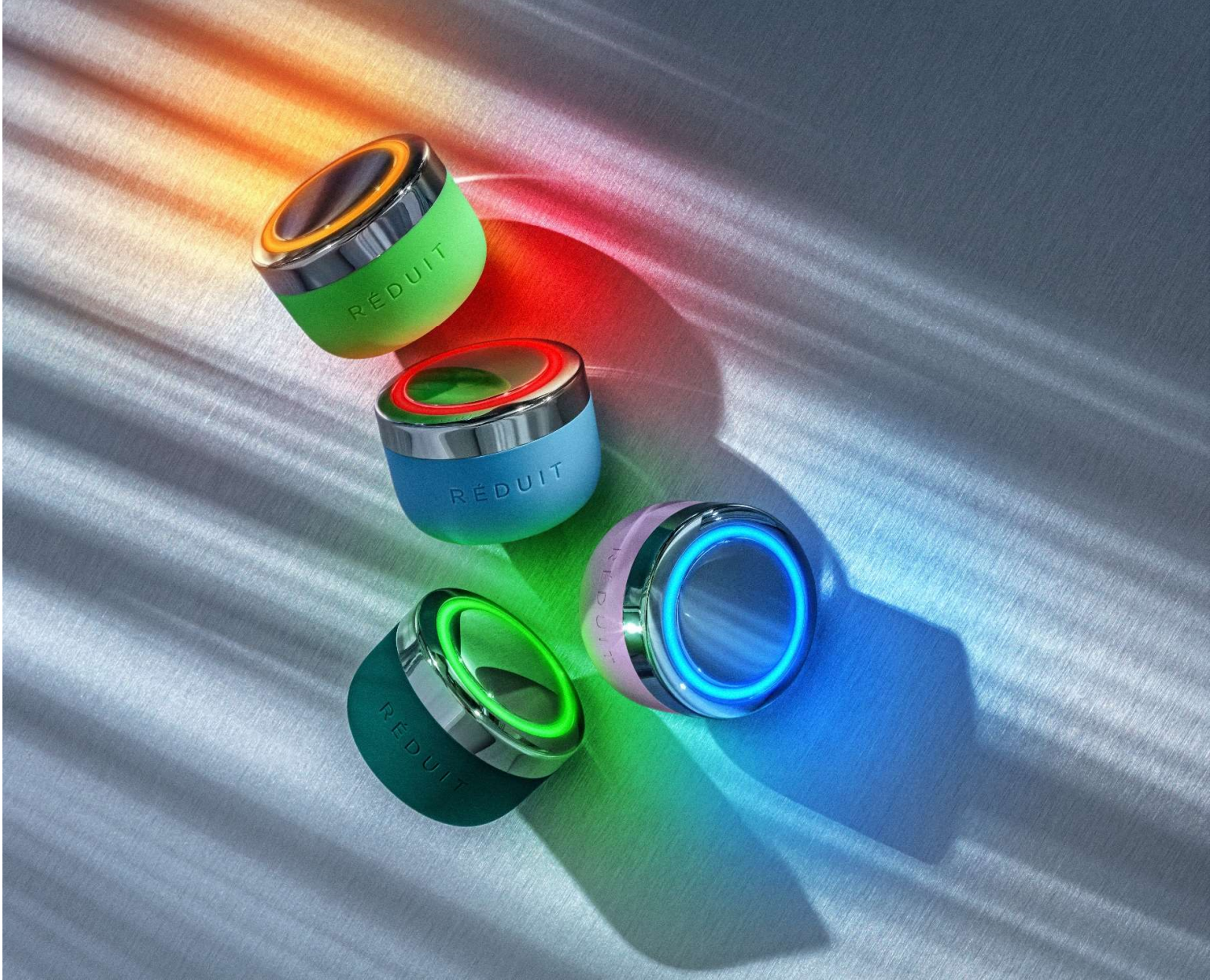
the most prominent luxury department store worldwide;



LVMH's premium beauty retail operation, and the strongest selective brand in the industry;



the largest European beauty retailer with 1,900 stores in 19 countries.



SALES AND MARKETING (CONTINUED)

Other important placements included WOW in Madrid, a newly launched concept department store where RÉDUIT was present in the opening of the store itself with the launch of RÉDUIT's BOOST product, an activation that led to a significant increase in visibility with industry press.

Participation in the first post-COVID Cosmoprof International Bologna, the world's largest beauty industry fair, has also had an important positive impact on the visibility and recognition of the brand. With its newly launched RÉDUIT BOOST range, RÉDUIT was the only brand that received two product awards – in its first presence at the fair.

In terms of geographical footprint, RÉDUIT is now present in the UK, Portugal, Spain, Brazil, Switzerland, Poland, Romania, Bulgaria, Croatia, Australia and China with new launches being prepared for Mexico, the US, the Netherlands, UAE, Qatar, KSA and elsewhere.

The BORK collaboration, initiated in late FY21, was executed through Wellfully's new operations base in Switzerland and was subsequently expanded across BORK's 130-strong store network in the course of the year.

The traditional industry collaborations, spearheaded by the P&G partnership, continued through FY2022 with steady and continuous reorders from a very successful project in personal care and grooming that was initiated in the FY2020-21 period.

SALES AND MARKETING (CONTINUED)

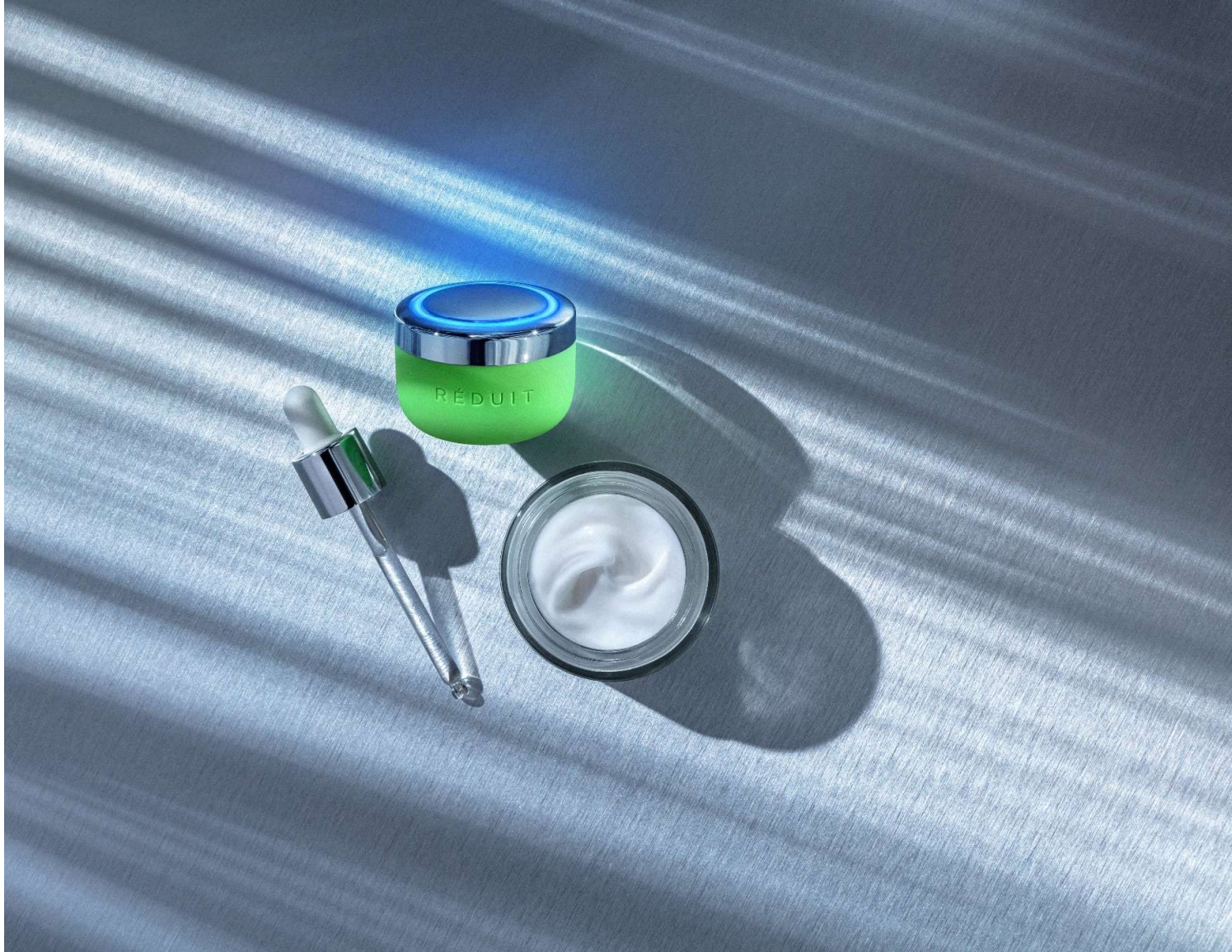
SWISSWELL brand and the Lubricen Knee Patch

Following more than five years of development activities, early FY2022 saw the launch of the SWISSWELL Lubricen Knee Patch product. From August 2021, the product was made available through the [swisswell.com](https://www.swisswell.com) site in the form of direct sales, as well as subscriptions.

In the course of the year, the company has managed to secure important product registrations in Australia, the US and the EU which allowed for engagement on the B2B front. Two major field tests were set up with pharmacy distributors in Europe covering over 7,000 doors each, and the go-live of the first was achieved in early FY2023.

The interest from both consumers and distribution partners was positive to the extent that the company has launched a project to insource production of the patches in order to be able to diversify the range to other patches and formulations, increase the flexibility of supply and reduce costs in order to have even greater access to markets.





RESEARCH & DEVELOPMENT

The RÉDUIT and SWISSWELL BOOST Platforms

The developments of the infrastructure of the Company, have also placed Wellfully in a unique position in terms of commercialization opportunities. A fully-integrated value chain, combined with proprietary technology and innovative products positioned to engage in and potentially disrupt blockbuster markets such as beauty and personal care, or wellness was quick to draw partner companies and open doors to novel collaboration opportunities.

The BOOST platform development was the most important project for the company in terms of bringing to life a world first, a universal applicator designed to enhance the delivery of active ingredients of third-party skincare products, and that also allows for the personalisation of both skincare and topical drug applications.

The project execution was managed across the Company's Perth Science & Innovation Laboratory, the Design & Industrialisation Centre in Dongguan, as well as the Digital Hub based in Zagreb. In addition to the creation of enhanced delivery waveform libraries, the definition and evaluation of personalisation parameters, and the design and execution of the device itself, the development of the BOOST platform also included the creation of a digital infrastructure and databases containing millions of third-party products, their descriptions, claims and ingredient lists. In addition, significant effort was dedicated to the digital interfaces, the supporting application and the related data analytics infrastructures.

RESEARCH & DEVELOPMENT (CONTINUED)

The pre-launch was performed through the Kickstarter platform, the world's largest crowdfunding site, where the RÉDUIT BOOST managed to reach its target funding within 24 hours, and closed its funding campaign with over USD 100,000 of pledges. The positive reception from the market continued at Cosmoprof International Bologna, where the RÉDUIT BOOST was the most awarded product – at the industry's most prestigious fair.

In addition to enabling additional placements, as well as increasing the scale of retail placements, the BOOST platform has also enriched the Company with its consumer insight infrastructure. Compared to any other device and application system on the market so far, the BOOST platform is unique in terms of gathering data on consumer behaviour not only for its own-branded products, but doing so across any third-party skincare products. At the same time, it provides real point-of-use data across different consumer profiles.

The above provides the Company with an important competitive advantage that is already being used to optimize marketing activities, as well as product development. In addition, it is also proving to be of utmost importance in retail collaborations, increasing effectiveness across the wider skincare category for RÉDUIT's business partners in terms of increasing sell-out and advertising effectiveness of the category.

Following the extremely positive feedback and development of RÉDUIT BOOST, the Company has already started activities on developing its health and wellness equivalent, the SWISSWELL BOOST, a universal topical drug applicator designed to enhance the delivery of actives of existing third-party products. With the experience gathered and the infrastructure developed from RÉDUIT BOOST, the Company expects to swiftly scale and develop SWISSWELL BOOST.

Topicals Facility Lugano

The Lugano facility, focused on the development and manufacture of bulk products and filling operations, initiated in early FY2022. In the course of the year the facility has received the ISO9001:2015, ISO22716:2007, as well as the ISO14001:2015 certification, effectively complying with all the GMPc (Good Manufacturing Practices for cosmetics) standards.

In addition, the Lugano facility was also cleared for the prestigious "SWISS MADE" label by the authorities in April, thereby adding an important differentiator for marketing activities of both RÉDUIT and SWISSWELL.

The RÉDUIT Active Sunscreen

The Company continued commercialisation planning for the world's first enhanced delivery sunscreen, building on Wellfully's in-situ mixture separation technology patent. Both the applicator, integrated in the product's primary packaging, and the formulations are being finalised with the launch planned in FY2023.

Advanced Patch Architecture Development

In early 2022, the Company commenced research and development into the design and construction of an advanced patch architecture that took advantage of the Company's enhanced skin delivery technology to overcome the performance limitations of standard Drug-In-Adhesive (DIA) patch designs. The aim of this program was to create a new patch architecture that provided early on-set of benefit with long-lasting treatment durations and larger active ingredient capacity. It was also a requirement of this program to allow manufacturing of all future Patch Products to be In-House and manufactured entirely at the Lugano Facility.

RESEARCH & DEVELOPMENT (CONTINUED)

Two early products to emerge from this program are:

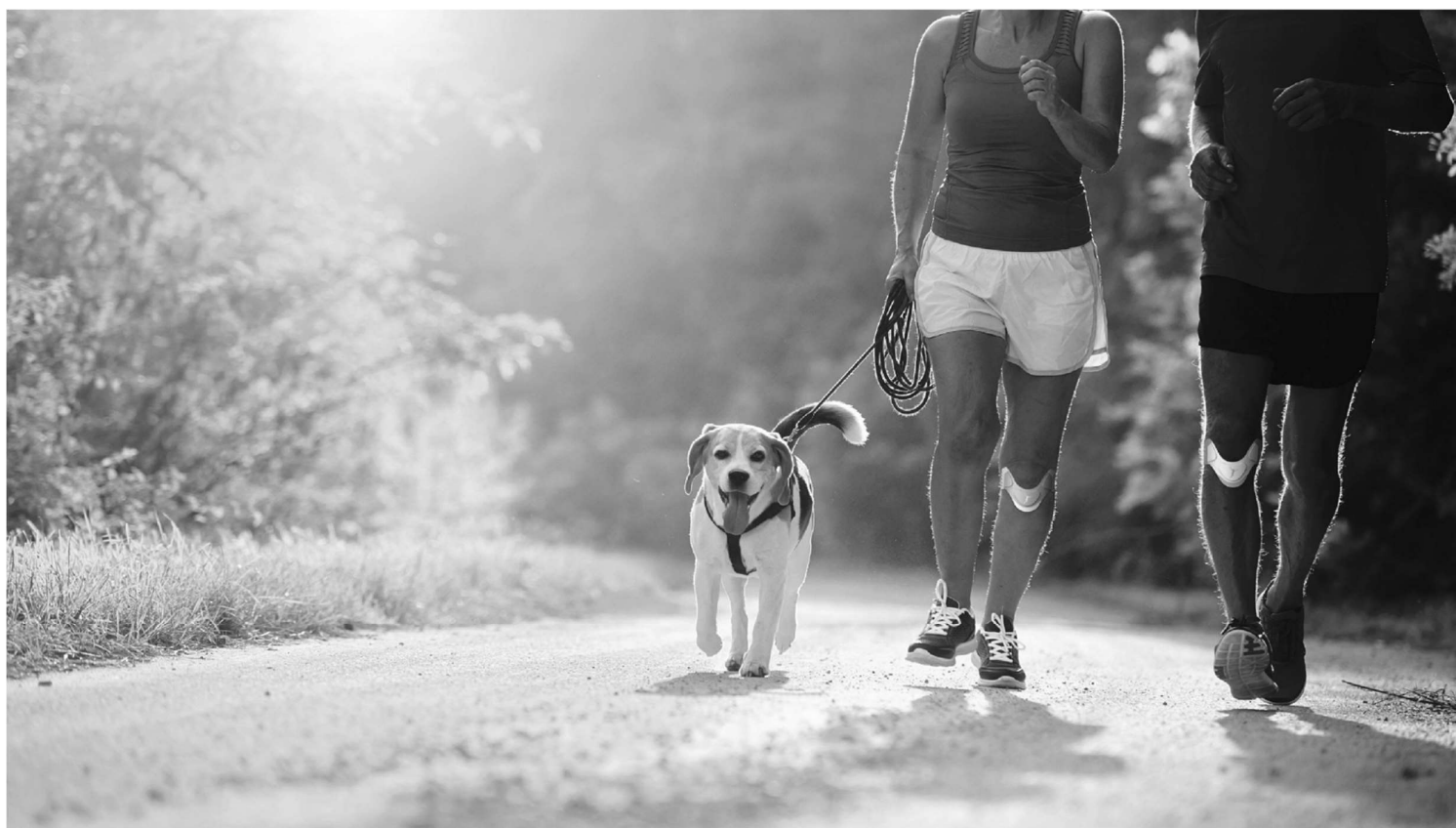
SWISSWELL Lubricen Patch

a new generation of the Lubricen Patch, optimised for reduction in the cost of goods, substantially enhanced manufacturing through-put and ease of introduction of new Lubricen product formats to address all the major joints of the body.

Reduit Eye Mask range

an advanced range of beauty treatments for the under-eye region.

Given the extraordinarily positive reactions from the market since its launch, the patch project represents an important development for FY2023 in terms of increasing availability and service levels of the SWISSWELL Lubricen Knee Patch, and, at the same time, significantly reducing the production costs and allowing for increased access to the market.



DIRECTORS' REPORT

The directors submit their report on the result of the consolidated entity consisting of Wellfully Limited and the entities it controlled ("Wellfully" the "Group" or the "consolidated entity") for the financial year ended 30 June 2022. The consolidated financial statements are presented in Australian dollars, which is Wellfully's functional and presentation currency.

DIRECTORS

The names of directors who held office during or since the end of the financial year are as follows.

Mr Antonio Varano Della Vergiliana (retired 30 June 2022)
Mr Jeffrey David Edwards
Mr Steven Lorn Schapera
Mr Cameron Reynolds (retired 1 December 2021)
Mr Anthony David Wright (retired 14 April 2022)
Mr Anton Eaton (appointed 14 April 2022, retired 3 August 2022)
Mr Paul Peros (appointed 14 April 2022)

Directors were in office for the entire period unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year ended 30 June 2022 were research and development for its Dermaportation and ETP transdermal drug delivery technologies, the industrialisation and supply-chain support for its existing product ranges, sales and marketing activities spanning its own brands REDUIT and SWISSWELL, as well as third-party collaborations.

There were no significant changes in the nature of the Group's principal activities during the financial year ended 30 June 2022.

OPERATING RESULTS AND FINANCIAL POSITION

The net consolidated loss of the Consolidated Entity after providing for income tax amounted to \$7,302,969 (2021: loss of \$6,397,257).

The net assets of the Consolidated Entity at 30 June 2022 were \$619,557 (2021: \$2,308,611). At that date, there was cash and cash equivalents of \$317,669 (2021: \$2,725,636).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid during the year ended 30 June 2022.

The Board has not made a recommendation to pay dividends for the period to 30 June 2022.

REVIEW OF OPERATIONS

Wellfully is at a critical inflection point as it moves from being a one vertical (Reduit) company, active solely in the beauty space, to a two-vertical (now with Swisswell) company also present in the healthcare space with its pain relief offering. 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 capability, we now have Reduit bedded down and growing its presence in the beauty space. Importantly, Reduit uses our own patented technology (developed in Perth, WA), is built in our own facilities (Switzerland and China), and is marketed and sold by our own team HQ'd in Zagreb, Croatia. Revenue is building steadily, is in line with our expectations, and industry recognition has been high.

DIRECTORS' REPORT (CONTINUED)

As expected with any activity in the highly regulated pain-relief space, Swisswell has taken many years to reach commercialisation. 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 solution to the pain associated with joint osteoarthritis. As the reality of receiving regulatory approval finally seemed likely, thereby enabling the B2B launch of Swisswell as early as April 2022, the Company quickly deployed significant cash resources in Q2 2022 to support inventory build and other assets required for launch.

RÉDUIT

The development of Wellfully's premium beauty brand continued across three main fronts: DTC marketing, B2B collaborations with new retailers, as well as go-to-market preparations for RÉDUIT's new product introductions for 2022.

Additionally, the establishment of Wellfully's robust vertically integrated operations enabled the Company to shift its focus to enhancing RÉDUIT's marketing initiatives.

Engagement with influencers, key opinion leaders and traditional media organisations continues to build valuable brand awareness, resulting in direct-to-consumer conversion through RÉDUIT's new online platform.

This resulted in an increase in the traffic through the brand's own site, Reduit.com, by more than 5x as compared to Q1 FY 2022, lifting from 20,000 to over 100,000 visits. This was accompanied by a 6.3x increase in DTC sales, from \$28k to \$178k. This trend is likely to continue with the activities planned for Q3 FY2022.

As announced (ASX Release: 21 September 2021), Wellfully delivered its RÉDUIT based technology to BORK, which hosts a retail network consisting of 130 owned stores, ten prominent third-party retailers and 350,000+ direct consumers. The products were completed and shipped per the initial schedule, finalising the first tranche (~A\$750k) of the A\$2.0M total anticipated contract value.

At the same time, we have doubled the number of retail partners since September 2021, reaching over 20 retail groups, with important new partners including Sephora and Harrods. Both of these should result in additional placements in 2022. Industry recognition was also positively impacted by the brand's participation at the Beauty World Dubai in October 2021.

It should be noted that we continue to operate with multiple Covid challenges, including cancellation of key industry appointments through 2020 and most of 2021. The same is likely true for 2022 with the largest beauty industry fair, Cosmoprof Bologna, already moved from early March to end of April 2022 due to the omicron variant outbreak in Europe.

In addition to the ongoing commercial activities, the second half of the period has been marked by scale-up and development of campaign-related asset preparations for new product introductions in 2022. These will be spearheaded by RÉDUIT Boost™, a universal skincare applicator unique in its ability to personalize enhanced delivery of actives, with simultaneous LED treatment.

Concurrently, first inroads were made in the commercialization of the new RÉDUIT Boost™ product. These encompass innovative point-of-sale (POS) concepts that will be part of the launch with selected retail partners. In addition to traditional display and product information, the new POS also have a unique experiential dimension allowing consumers to pre-configure their products at the time of purchase.

SWISSWELL

In August 2021 Wellfully launched its breakthrough, drug-free pain solution, SWISSWELL and its first product line, the Lubricen Knee Patch. This important milestone was reached after six years of diligent development and clinical validation.

The Company is pleased to announce that the soft launch of SWISSWELL exceeded expectations, with excellent consumer feedback and strong consumer engagement. Following the successful DTC-only launch of SWISSWELL Lubricen Knee Patch in August 2021, the Company has continued commercial scaling activities through the second quarter of FY2022.

DIRECTORS' REPORT (CONTINUED)

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 a number of selected markets. These early discussions were successful, to the point that a presence in pharmacies and para-pharmacies is expected in 2022, subject to the regulatory approval received at the end of January 2022.

Going forward, Wellfully plans to progressively enhance SWISSWELL's sales and marketing initiatives, initially focused on building direct-to-consumer channels and brand awareness, followed by B2B collaborations.

GLOBAL COLLABORATIONS

As announced (ASX Release: 21 September 2021), Wellfully delivered its RÉDUIT based technology to BORK, which hosts a retail network consisting of 130 owned stores, ten prominent third-party retailers and 350,000+ direct consumers. The products were completed and shipped per the initial schedule, finalising the first tranche (~A\$750k) of the A\$2.0M total anticipated contract value.

The success of the launch with the Bork retail operation in Russia was confirmed by a replenishment order received in December 2021. New product introductions for 2022 are currently being evaluated by both parties as well as exploring options to extend the collaboration beyond the initially contracted 1-year period.

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 a number of different enhanced drug delivery applications.

Wellfully's infrastructure, technology and product platforms remain highly attractive to global partners in healthcare and beauty. The Company is pleased to confirm that these collaborations (technology licensing & joint development projects), which are currently bound by non-disclosure agreements, continue to progress.

OVERSUBSCRIBED PLACEMENT RAISES \$5 MILLION

During October 2021 Wellfully completed a successful placement to new and existing institutional, sophisticated and professional investors. The placement raised \$5 million (before costs) through the issue of 38.4 million shares at \$0.13 per share. Placement participants received one (1) free attaching option (\$0.20 strike price and 2-year expiry) for every three (3) shares subscribed for. The proceeds from the Placement will facilitate the advancement of the following activities:

1. 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
2. Development and launch of new devices
 - Completion and launch of RÉDUIT Active Sunscreen and Boost Applicators
3. Global roll-out of SWISSWELL Lubricen pain patches
 - Initiation of marketing activities and engagement with potential collaborators
4. Global licensing, ODM and OEM collaborations

DIRECTORS' REPORT (CONTINUED)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial year ended 30 June 2022.

LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS

Certain information regarding future developments has been disclosed in the Chief Executive Officer's report. The disclosure of expected results of likely future developments is likely, in the opinion of the directors, to result in unreasonable prejudice to the interests of the Consolidated Entity and accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATION

The Consolidated entity is not affected by any specific environmental legislation.

INFORMATION ON DIRECTORS

MR ANTONIO VARANO DELLA VERGILIANA (RETIRED 30 JUNE 2022)

Mr Varano has more than 30 years experience across Australia, Europe and the USA, operating and managing successful entrepreneurial, corporate and investment pursuits. This experience has covered start up, funding and growth, corporate operations, executive management and business exits. His expertise spans retail, cosmetics, skincare, real estate, agriculture, publishing, construction, entertainment and the arts. Many of these businesses have achieved a dominant position in the markets in which they operate. New York-based, Mr Varano holds Board and investment positions in several companies he has either founded or invested in at an early stage. Mr Varano studied business at the Western Australian Institute of Technology, and an MBA at the University of Western Australia. During the past three years, Mr Varano has not held a directorship in any other listed companies.

Interest in shares at date of report: Not applicable as no longer a director

Interest in listed options at date of report: Not applicable as no longer a director

MR JEFFREY DAVID EDWARDS

Mr Edwards is the founder and Managing Director of the Company and has led the Science, Technology and Innovation activities from the Company's inception. Mr Edwards is responsible for Licensing and Partnering programs with Procter & Gamble and other partners, Intellectual Property and Technology Innovations. He is the recipient of an Australia Design award, and Product Innovation and Partnering awards from Procter & Gamble Consumer Products Divisions. During the past three years, Mr Edwards has not held a directorship in any other listed companies.

Indirect interest in shares at date of report: 2,413,706

Indirect interest in listed options at date of report: 1,347,701

MR STEVEN LORN SCHAPER

Mr Schapera founded the successful BECCA Cosmetic brand (www.beccacosmetics.com) and commercialised it into a range of cosmetic products that were distributed throughout Europe, Asia and North America. Mr Schapera guided BECCA from its infancy through to being a global player in the luxury cosmetic space. In 2016, BECCA was sold to Estee Lauder for more than US\$230 million. Mr Schapera is Chairman of BECCA Holdings Pty. Ltd.; he serves as a non-executive Director on the Board of Invincible Brands GmbH., arguably Europe's most successful influencer-marketing business, and recently assisted with their partial sale to Henkel. He is also Founder and Managing Director of London-based Lab Brands Limited and is a non-executive Director of Wild Nutrition Ltd, a fast-growing player in the vitamin and mineral supplement space. Mr Schapera is Chairman of ASX-listed Crowd Media Holdings Ltd, headquartered in the Netherlands. During the past three years, Mr Schapera has not held a directorship in any other listed companies other than those detailed above.

Interest in shares at date of report: 4,359,504

Interest in listed options at date of report: None

DIRECTORS' REPORT (CONTINUED)

MR CAMERON REYNOLDS (retired 1 December 2021)

Mr Reynolds is the President, Chief Executive Officer (CEO) and Director of VolitionRX, a biotech company which listed on the New York Stock Exchange (NYSE) in February 2015 after being founded by Mr Reynolds in 2010. He has extensive experience in the management, structuring, and strategic planning of start-up companies and has held positions including CEO, Chief Financial Officer and Non-Executive Director of public and private enterprises. During the past three years, Mr Reynolds has not held a directorship in any other listed companies.

Interest in shares at date of report: Not applicable as no longer a director

Interest in listed options at date of report: Not applicable as no longer a director

MR ANTHONY DAVID WRIGHT (retired 14 April 2022)

Mr Wright is an experienced senior executive with more than 20 years of experience across leadership, commercial, legal, governance, strategy, sales and marketing roles in leading global and Australian organisations including Transpacific Industries Group Ltd (now Cleanaway Ltd) and the PGA Tour. Until recently, Mr Wright was an Executive Director of LOD, a global leader in the legal, risk and compliance services market. He leads its consulting, services and innovation divisions. Prior to this, he founded and was Chief Executive Officer of Lexvoco, an award-winning legal, risk and compliance services and tech business commenced in 2014 which employed 100+ staff and operated in Australia, New Zealand and Japan. Lexvoco was acquired by LOD/Bowmark Capital in 2019. He held multiple senior executive roles at Transpacific Industries including Group General Counsel and General Manager, Strategy and Systems, and he was a Director for the PGA Tour, commercialising and promoting professional golf tournaments in Asia Pacific, after earlier legal and accountancy-related positions. His

qualifications include Bachelor of Laws, Bachelor of Business (Accounting), Master of Laws, MBA, and he is Lean Six Sigma (Green Belt) qualified and a Graduate of the Australian Institute of Company Directors. Anthony is admitted as a solicitor in Australia and New Zealand. In addition to his directorship with the Company, Anthony is also a director with Ausroad Blast Technologies, a joint venture with Ausroad Systems and the University of Queensland focused on the automation of drilling and blasting at mine and infrastructure sites. During the past three years, Mr Wright has not held a directorship in any other listed companies other than those detailed above.

Interest in shares at date of report: Not applicable as no longer a director

Interest in listed options at date of report: Not applicable as no longer a director

MR PAUL PEROS (APPOINTED 14 APRIL 2022)

For over 25 years, Paul has been working on growth-orientated performance strategies and disruptive innovation, developing brands and businesses for challenges in an ever-changing world and the 'new normal'. Prior to Wellfully, Paul led a number of successful engagements in luxury consumer products and beauty-tech. Paul was the CEO of Swedish brand FOREO, from its 2013 inception, to what was effectively global market leadership with over USD 1 billion in revenues and a presence in over 80 countries achieved in a short period of five years. In addition to his zeal for innovation across all activities of an organisation, Paul's drive is also rooted in his extensive experience in management consulting. He was part of the Milan-based GEA for over 10 years, engaging with global leaders on product and brand development. Paul holds an MBA from IMD, Lausanne and a BS in Physics from UCLA.

Indirect interest in shares at date of report: 7,618,160

Indirect interest in listed options at date of report: 1,500,000

Indirect interest in unlisted options at date of report: 1,200,000

DIRECTORS' REPORT (CONTINUED)

MR ANTON EATON (APPOINTED 14 APRIL 2022, RETIRED 3 AUGUST 2022)

Mr Eaton co-founded the corporate and commercial law firm Eaton Hall in 2014. He specialises in providing corporate advice to ASX listed companies, with a particular focus on the innovation and technology, agribusiness, and energy and resources sectors. Mr Eaton currently acts as legal counsel for the Company.

Interest in shares at date of report: Not applicable as no longer a director

Interest in listed options at date of report: Not applicable as no longer a director

COMPANY SECRETARY

MR HENKO VOS

Henko is a member of the Governance Institute of Australia, the Australian Institute of Company Directors, Chartered Accountants Australia and New Zealand and a Registered Company Auditor with more than 20 years' experience working within public practice, specifically within the area of corporate and accounting services both in Australia and South Africa.

He holds similar secretarial roles in various other listed public companies in both industrial and resource sectors. Mr Vos, is an employee of Nexia Perth, a mid-tier corporate advisory and accounting practice.

DIRECTORS' MEETINGS

During the financial year ended 30 June 2022, the Company held directors' meetings, including directors' resolutions. The total number of meetings attended and circular resolutions executed by each director were:

	Board Meetings	
	Number Eligible to Attend	Number Attended
Mr A Varano Della Vergiliana	12	12
Mr J D Edwards	12	12
Mr S L Schapera	12	12
Mr C Reynolds	5	5
Mr A D Wright	10	9
Mr A Eaton	2	2
Mr P Peros	2	2

EVENTS SUBSEQUENT TO REPORTING PERIOD

- On 4 July 2022, 2,600,000 shares were issued at \$0.05 per security.
- On 8 July 2022, 2,000,000 shares were issued at \$0.05 per security.
- On 3 August 2022, Mr Anton Eaton retired as a Director of the company.
- On 11 August 2022 3,537,000 shares were issued at \$0.0386 per security. Shares were issued to GEM Global Yield LLC CSC, further information can be found in ASX announcement lodged on 2 May 2022.
- On 10 August 2022 the Company resolved to borrow €70,000 from The Brand Laboratories FZ (Lender), a company associated with a Director of the Company, Steven Schapera, on the following terms:
 - the full amount borrowed but excluding setup fees, will be repaid within 30 days or less, but in any event as soon as possible after the Company complete a rights issue or similar fundraising;
 - interest will be at 16.5% per annum, calculated monthly, and foreign exchange risk is the Company's; i.e. the Loan plus interest will be repaid in the same currency in which funds were provided to the Company;

DIRECTORS' REPORT (CONTINUED)

EVENTS SUBSEQUENT TO REPORTING PERIOD (CONTINUED)

- o The interest rate will increase by 1% for each month repayment is delayed, capped at 21.5%;
 - o The loan will incur a facility setup fee of 2.5% payable by the Company to the lender, and deducted from the total loan amount at the time of setup. The net loan amount of €68,250 (approximately A\$100,000) will be drawn down in one tranche by the Company;
 - o In the event of default, the Lender will have the right to call the Loan and any accrued but unpaid interest and/or fees, plus all enforcement costs associated with the enforcement of its security and collection; and
 - o The Company, will at its cost, register the loan on the Australian Personal Property Securities Register (PPSR) at its own cost.
- On 7 July 2022 the Board of Wellfully Ltd approved the terms of a US\$70,000 loan from a Director of the Company, Paul Peros. On 9 August 2022 the board resolved to revise the agreement with Paul Peros thereby aligning the terms of the loan from Paul Peros and the loan from Steven Schapera.
- In September 2022 the board resolved to borrow A\$25,000 from Jeffrey Edwards (Director), €60,000 from Paul Peros (Director) and €20,000 from The Brand Laboratories FZ (Lender), a company associated with a Director of the Company, Steven Schapera. The terms of these loans align with the terms provided to Steven Schapera on 10 August 2022.

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, which has not been announced to the market.

SHARE OPTIONS

As at the date of this report, there existed the following options:

UNLISTED OPTIONS

6,150,000 unlisted options, exercisable at \$0.10 on or before 19 August 2023.

LISTED OPTIONS

161,983,434 listed options, exercisable at \$0.15 on or before 31 March 2023 and 32,820,513 listed options, exercisable at \$0.20 on or before 23 February 2024.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Wellfully Limited were issued during the year ended 30 June 2022 and up to the date of this report on exercise of options granted:

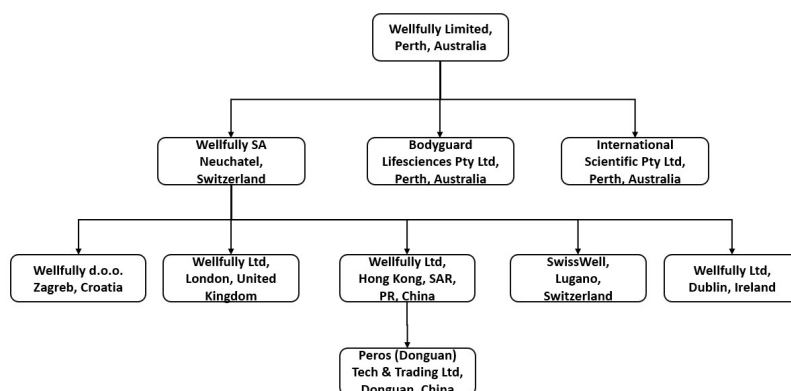
Date options granted	Exercise Price	Number of shares issued
23-Sep-21	0.15	1,000
29-Sep-21	0.15	1,000
27-Oct-21	0.15	1,000

DIRECTORS' REPORT (CONTINUED)

CORPORATE STRUCTURE

Wellfully Limited is a company limited by shares that is incorporated and domiciled in Australia with its principal place of business at Ground Floor, 284 Oxford Street, Leederville, Western Australia.

Wellfully Limited has prepared this consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration of the Consolidated Entity's corporate structure:



REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

REMUNERATION POLICY

The Board receives independent advice on remuneration policies and practices generally, and also receives specific recommendations on remuneration packages and other terms of employment for senior executives. There is no use of external remuneration consultants during the year ended 30 June 2022.

Executive remuneration and other terms of employment are reviewed annually by the Nomination and Remuneration Committee and the Board having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Consolidated Entity's operations.

Remuneration of non-executive directors is determined by the Board (following recommendations from the Nomination and Remuneration Committee) within the maximum amount approved by the shareholders from time to time.

The Board undertakes an annual review of its performance against goals set at the start of the year.

At the 2021 AGM, 65.32% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND EXECUTIVES' REMUNERATION

The Board is responsible for making recommendations on remuneration packages and policies applicable to board members and senior executives of the Consolidated Entity. The remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Directors' remuneration is arrived at after consideration of the level of expertise each director brings to the Consolidated Entity and the time and commitment required to efficiently and effectively perform the required tasks.

REMUNERATION OF EXECUTIVE DIRECTOR

Jeffrey David Edwards is paid a salary of \$209,000 per annum inclusive of compulsory superannuation contributions.

Paul Peros' remuneration is EURO 30,000 per month, paid by a combination of cash and ordinary shares with EURO 24,000 in cash and EURO 6,000 in ordinary shares. Paul Peros was appointed as CEO 1 July 2019, appointed Executive Chairman 14 April 2022. There was no change to the remuneration.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Antonio Varano Della Vergiliana (retired 30 June 2022) is paid \$40,000 per annum plus the USD equivalent of £6,300 per month, paid quarterly in arrears for consulting fees.

Steven Lorn Schapera is paid \$40,000 per annum plus £6,300 per month, paid quarterly in arrears for consulting fees.

Cameron Reynolds (retired 1 December 2021) was paid \$75,000 per annum, paid quarterly in arrears for director fees.

Anthony David Wright (retired 14 April 2022) was paid \$40,000 per annum, paid quarterly in arrears for director fees.

Anton Eaton (appointed 14 April 2022 & retired 3 August 2022) was paid \$40,000 per quarter, paid quarterly in arrears for director fees.

WELLFULLY LIMITED AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

DIRECTORS' REPORT (CONTINUED)

REMUNERATION OF DIRECTORS AND EXECUTIVES

	Primary Salary & Fees (\$)	Non- Monetary benefits (\$)	Post Employment Benefits (\$)	Cash Bonus (\$)	Equity settled shares (\$)	Performance related (\$)	Other Benefits (\$)	TOTAL (\$)
Parent Entity Directors and Executives								
Edwards, J D: Managing Director								
2022	190,000	-	19,000	-	-	-	-	209,000
2021	190,000	-	20,392	24,658	-	-	-	235,050
Peros, P: Executive Chairman (appointed CEO 1 July 2019, appointed Executive Chairman 14 April 2022)								
2022	577,676 ⁵	-	-	-	-	-	-	577,676
2021	903,461 ⁴	-	-	-	-	-	-	903,461
Varano Della Vergiliana, A: Non-executive Director (retired 30 June 2022)								
2022	179,416	-	-	-	-	-	-	179,416
2021	177,599 ¹	-	-	-	-	-	-	177,599
Schapera, S L: Non-executive Director								
2022	177,441	-	-	-	-	-	-	177,441
2021	178,650 ²	-	-	-	-	-	-	178,650
Reynolds, C: Non-executive Director (retired 1 December 2021)								
2022	37,500	-	-	-	-	-	-	37,500
2021	75,000 ³	-	-	-	-	-	-	75,000
Wright, A: Non-executive Director (appointed: 14 April 2021, retired 14 April 2022)								
2022	30,000	-	-	-	-	-	-	30,000
2021	8,571	-	-	-	-	-	-	8,571

WELLFULLY LIMITED AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

DIRECTORS' REPORT (CONTINUED)

REMUNERATION OF DIRECTORS AND EXECUTIVES (CONTINUED)

	Primary Salary & Fees (\$)	Non- Monetary benefits (\$)	Post Employment Benefits (\$)	Cash Bonus (\$)	Equity settled shares (\$)	Performance related (\$)	Other Benefits (\$)	TOTAL (\$)
Parent Entity Directors and Executives								
Eaton, A: Non-executive Director (appointed: 14 April 2022, retired 3 August 2022)								
2022	34,630	-	-	-	-	-	-	34,630
2021	-	-	-	-	-	-	-	-

1. Shares were issued in lieu of remuneration on 19 August 2020 and 9 April 2021- \$103,644
2. Shares were issued in lieu of remuneration on 19 August 2020 - \$45,988
3. Shares were issued in lieu of remuneration on 19 August 2020 and 9 April 2021 - \$38,750.
4. Shares were issued in lieu of remuneration on 19 August 2020, 22 February 2021 and 9 April 2021 - \$422,683.
5. Shares were issued in lieu of remuneration on 29 December 2021 - \$75,839, shares to be issued in lieu of remuneration - \$54,637

There are no other specified executives in positions of control or exercising management authority.

WELLFULLY LIMITED AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

DIRECTORS' REPORT (CONTINUED)

REMUNERATION OF DIRECTORS AND EXECUTIVES (CONTINUED)

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

SHARES

The number of shares in the Company held during the financial year by each director, including their personally related parties is set out below.

	Balance 1/07/2021 Number	Remuneration Received Number	Performance Rights/Options Exercised Number	Net Other Change Number	Balance 30/06/2022 Number
A Varano Della Vergiliana	3,393,997	-	-	-	3,393,997
J D Edwards	2,021,550	-	-	392,156 ¹	2,413,706
S L Schapera	4,359,504	-	-	-	4,359,504
C Reynolds	829,166	-	-	-	829,166 ²
A D Wright	833,333	-	-	-	833,333 ³
A Eaton	-	-	-	-	-
P Peros	10,800,000	1,068,160 ⁵	-	(4,250,000) ⁴	7,618,160
Total	22,237,550	1,068,160	-	(3,857,844)	19,447,866

1. Shares purchased 3 June 2022 under share purchase plan.
2. Shares balance on resignation at 1 December 2021.
3. Shares balance on resignation at 14 April 2022.
4. 5,000,000 shares were disposed off-market on 22 June 2022.
600,000 shares were purchased 2 November 2021.
150,000 shares were purchased 5 November 2021.
5. Shares issued in lieu of remuneration on 29 December 2021

WELLFULLY LIMITED AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

DIRECTORS' REPORT (CONTINUED)

REMUNERATION OF DIRECTORS AND EXECUTIVES (CONTINUED)

OPTIONS

The number of options over ordinary shares in the company held during the financial year by each director, including their personally related parties, is set out below.

	Balance 1/07/2021 Number	Granted as Remuneration Number	Options Exercised Number	Net Other Change Number	Balance 30/06/2022 Number	Total Vested 30/06/2022 Number	Total Exercisable 30/06/2022 Number
A Varano Della Vergiliana	477,778	-	-	-	477,778	477,778	477,778
J D Edwards	1,347,701	-	-	-	1,347,701	1,347,701	1,347,701
S L Schapera	-	-	-	-	-	-	-
C Reynolds	133,333	-	-	-	133,333	133,333	133,333
A D Wright	-	-	-	-	-	-	-
A Eaton	-	-	-	-	-	-	-
P Peros	1,200,000	-	-	1,500,000 ¹	2,700,000	2,700,000	2,700,000
Total	3,158,812	-	-	1,500,000	4,658,812	4,658,812	4,658,812

1. 1,500,000 listed options issued in lieu of fees.

DIRECTORS' REPORT (CONTINUED)

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

As of 30 June 2022, the following remuneration amounts remained payable:

- The Brand Laboratories FZ LLC, an entity related to the director, Steven Schapera - \$90,670
- Antonio Varano Della Vergiliana and Anthony Varano Inc., an entity related to the director, Antonio Varano Della Vergiliana - \$89,708
- Anton Eaton - \$34,630
- Paul Peros - \$300,632 (\$54,637 by way of issuance of shares)

As of 30 June 2021, the following remuneration amounts remained payable:

- PB Commodities Pte Ltd, an entity related to the director, Cameron Reynolds - \$8,750
- The Brand Laboratories FZ LLC, an entity related to the director, Steven Schapera - \$44,854
- Antonio Varano Della Vergiliana and Anthony Varano Inc., an entity related to the director, Antonio Varano Della Vergiliana - \$44,854
- The Wright Family Trust, a trust related to the director, Anthony Wright - \$8,571
- Paul Peros - \$58,861

ADDITIONAL INFORMATION

The earnings of the Consolidated Entity for the five years to 30 June 2022 are summarised below:

	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Revenue and other income	2,635,084	1,203,343	1,484,218	2,744,781	2,039,994
EBITDA	(7,062,016)	(6,288,694)	(3,729,866)	(1,623,108)	(1,587,933)
EBIT	(7,233,492)	(6,374,256)	(3,802,918)	(1,695,990)	(1,684,779)
Loss after income tax	(7,302,969)	(6,397,257)	(3,713,117)	(1,710,001)	(1,698,783)
	2022	2021	2020	2019	2018
Share price at financial year end (\$)	0.052	0.05	-*	0.015	0.028
Total dividends declared (cents per share)	-	-	-	-	-
Basic and diluted loss per share (cents per share)	(3.06)	(4.10)	(4.10)	(1.89)	(0.09)

*Company was suspended on 30 June 2020.

(END OF AUDITED REMUNERATION REPORT)

DIRECTORS' REPORT (CONTINUED)

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behavior and accountability, the directors of Wellfully Limited support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. The Company's Corporate Governance Statement is available on the Company's website at www.wellfully.net.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA

There are no officers of the Company who are former partners of RSM Australia.

NON-AUDIT SERVICES

Any non-audit services that may have been provided by the entity's auditor, RSM Australia Partners, is shown at Note 17. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act and the general principles relating to auditor independence set out in APES 110 Code of Ethics for Professional Accountants. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

DIRECTORS' REPORT (CONTINUED)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in dark ink, appearing to read 'Paul Peros', with a horizontal line drawn through it.

Paul Peros
Chairman/ CEO

Perth, Western Australia
3 October 2022

RSM Australia Partners

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www.rsm.com.au

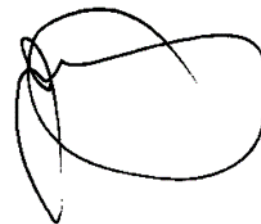
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Wellfully Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



JAMES KOMNINOS
Partner

Perth, WA
Dated: 3 October 2022

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

		Consolidated	
	Note	30 June 2022 \$	30 June 2021 \$
Revenue and other income	3	2,635,084	1,203,343
Cost of goods sold		(1,236,519)	(518,034)
Net foreign exchange gains/ (losses)		625,291	(384,253)
Borrowing fee expensed		(56,009)	(23,062)
Depreciation expenses		(171,476)	(85,562)
Administration fees		(244,129)	(397,425)
Auditor's remuneration		(77,389)	(80,437)
Consultants and consultants benefits expenses		(662,558)	(281,950)
Directors and employees benefits expenses		(3,301,203)	(3,400,612)
Freight and courier		(10,262)	(143,364)
Legal costs		(168,660)	(98,142)
Marketing and operations services		(2,470,599)	(988,016)
Materials and requisites		(881,326)	(365,667)
Occupancy expenses		(166,240)	(230,223)
Patent and trademark service fees		(19,898)	(121,808)
Product design and trial testing expenses		-	(18,209)
Travel and accommodation		(261,915)	(122,309)
Other expenses		(835,161)	(341,527)
Loss before income tax		(7,302,969)	(6,397,257)
Income tax benefit	4	-	-
Loss for the Year		(7,302,969)	(6,397,257)
Other comprehensive (loss)/ income		(419,944)	292,939
Total comprehensive loss for the year		(7,722,913)	(6,104,318)
Loss attributable to:			
Members of the parent entity		(7,302,969)	(6,397,257)
Total comprehensive loss attributable to:			
Members of the parent entity		(7,722,913)	(6,104,318)
Basic and diluted loss per share (cents per share)	20	(3.06)	(4.10)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

		Consolidated	
	Note	30 June 2022 \$	30 June 2021 \$
Current Assets			
Cash and cash equivalents	5	317,669	2,725,636
Trade and other receivables	6	1,322,052	163,365
Inventories	7	348,071	96,754
Total Current Assets		1,987,792	2,985,755
Non-Current Assets			
Plant and equipment	8	301,220	298,915
Right-of-use asset	9	331,195	107,388
Total Non-Current Assets		632,415	406,303
Total Assets		2,620,207	3,392,058
Current Liabilities			
Trade and other payables	10	1,258,956	449,814
Contract liabilities	11	130,989	276,763
Lease liabilities	9	198,167	47,513
Borrowings	12	168,000	154,000
Employee benefits provision		119,978	93,702
Total Current Liabilities		1,876,090	1,021,792
Non-Current Liabilities			
Lease liabilities	9	124,560	61,655
Total Non-Current Liabilities		124,560	61,655
Total Liabilities		2,000,650	1,083,447
Net Assets		619,557	2,308,611
Equity			
Issued capital	18	48,128,011	42,552,152
Reserves	19	635,329	597,273
Accumulated losses		(48,143,783)	(40,840,814)
Total Equity		619,557	2,308,611

The above consolidated statement of financial position should be read in conjunction with the accompanying note.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share based payment	CONSOLIDATED Foreign currency translation reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2020	33,043,514	232,334	(51,322)	(34,443,557)	(1,219,031)
Loss for the year	-	-	-	(6,397,257)	(6,397,257)
Other comprehensive income for the year	-	-	292,939	-	292,939
Total comprehensive income for the year	-	-	292,939	(6,397,257)	(6,104,318)
Issue of shares	10,351,319	-	-	-	10,351,319
Options issued during the year	-	123,322	-	-	123,322
Transaction costs	(842,681)	-	-	-	(842,681)
	9,508,638	123,322	-	-	9,631,960
Balance at 30 June 2021	42,552,152	355,656	241,617	(40,840,814)	2,308,611
Balance at 1 July 2021	42,552,152	355,656	241,617	(40,840,814)	2,308,611
Loss for the year	-	-	-	(7,302,969)	(7,302,969)
Other comprehensive loss for the year	-	-	(419,944)	-	(419,944)
Total comprehensive loss for the year	-	-	(419,944)	(7,302,969)	(7,722,913)
Issue of shares	6,259,959	-	-	-	6,259,959
Share issue costs	(684,100)	-	-	-	(684,100)
Options issued during the year	-	458,000	-	-	458,000
	5,575,859	458,000	-	-	6,033,859
Balance at 30 June 2022	48,128,011	813,656	(178,327)	(48,143,783)	619,557

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Consolidated	
	30 June 2022 \$	30 June 2021 \$
Cash Flows used in Operating Activities		
Receipts from customers (inclusive of GST)	2,247,325	631,716
Receipts from research and development tax incentives	414,767	524,409
Receipts from government subsidies	115,126	215,900
Payment to suppliers and employees (inclusive of GST)	(11,019,249)	(6,534,209)
Interest received	-	61
Borrowing costs	(7,050)	(39,759)
Net cash inflow used in operating activities	(8,249,081)	(5,201,882)
Cash Flows used in Investing Activities		
Payments for property, plant and equipment	(32,430)	(64,740)
Net cash outflow used in investing activities	(32,430)	(64,740)
Cash Flows from Financing Activities		
Proceeds from issue of shares and options	6,157,754	8,362,857
Share & Option issue costs	(331,650)	(842,681)
Repayment of lease liabilities	(157,907)	(33,517)
Net cash flows from financing activities	5,668,197	7,486,659
Net (decrease)/ increase in cash and cash equivalents	(2,613,314)	2,220,037
Cash and cash equivalents at the beginning of the year	2,725,636	612,172
Effect of exchange rate fluctuations on cash held	205,347	(106,573)
Cash and cash equivalents at the end of the year	317,669	2,725,636

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

1. Basis of preparation
2. Summary of significant accounting policies
3. Revenue and other income
4. Income tax
5. Cash and cash equivalents
6. Trade and other receivables
7. Inventories
8. Plant and equipment
9. Leases
10. Trade and other payables
11. Contract liabilities
12. Borrowings
13. Commitments
14. Cash flow information
15. Key management personnel
16. Controlled entities
17. Auditor's remuneration
18. Issued capital
19. Reserves
20. Loss per share
21. Risk management objectives and policies
22. Share-Based Payments
23. Events subsequent to the reporting date
24. Segment information
25. Contingent assets and liabilities
26. Related party transactions
27. Parent entity disclosures

NOTE 1: BASIS OF PREPARATION

These consolidated financial statements and notes represent those of Wellfully Limited and its controlled entities (the "Consolidated Entity"). In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the Parent Entity is disclosed in Note 27.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements of the Consolidated Entity also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Wellfully Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue by the Board on 3 October 2022.

The financial report has been prepared on an accruals basis and is based on historical costs. Cost is based on the fair values of the consideration given in exchange for assets.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1(x).

GOING CONCERN

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2022, the Consolidated Entity incurred a loss after income tax of \$7,302,969 and had net cash outflows from operating activities and investing activities of \$8,249,081 and \$32,430 respectively. As at 30 June 2022, the Consolidated Entity had net current assets and net assets of \$111,702 and \$619,557 respectively.

Based on the Group's cash flow forecast, the Consolidated Entity will need to access additional working capital in the next 12 months to advance its planned operations and to ensure the realisation of assets on an orderly basis and the extinguishment of liabilities as and when they fall due.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Consolidated Entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Consolidated Entity will be able to continue as a going concern, after consideration of the following factors:

- The directors are confident that the Consolidated Entity will be successful in raising additional funds through the issue of new equity, or through additional borrowings, should the need arise; and
- The directors are also aware that the Consolidated Entity has the option, if necessary, to defer expenditure or relinquish certain expenditures and reduce administration costs in order to minimise its capital raising requirements.

*NOTE 1: BASIS OF PREPARATION (CONTINUED)***GOING CONCERN (CONTINUED)**

Accordingly, the Directors believe that the Consolidated Entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Consolidated Entity does not continue as a going concern.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies, which have been adopted in the preparation of this financial report, are:

(A) NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

The Consolidated Entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Wellfully Limited as at 30 June 2022 and the results of all subsidiaries for the year then ended. Wellfully Limited and its subsidiaries together are referred to in these financial statements as the "Consolidated Entity".

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(D) INCOME TAX

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future profit will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(E) PLANT AND EQUIPMENT

Each class of plant and equipment is carried at historical cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) PLANT AND EQUIPMENT (CONTINUED)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

DEPRECIATION

The depreciable amount of all fixed assets is depreciated on either a diminishing value method or a straight-line method commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment 3% - 39%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date and where adjusted, shall be accounted for as a change in accounting estimate. Where depreciation rates or method are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method.

(F) FINANCIAL ASSETS

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model, within which, such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. Where there is no expectation of recovering all or part of a financial asset, its carrying value is written off.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

- held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
- designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income include equity investments which the Consolidated Entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(F) FINANCIAL ASSETS (CONTINUED)

IMPAIRMENT OF FINANCIAL ASSETS

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 1(h) for further details.

(G) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(H) TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance for expected credit losses of trade receivables is raised when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial recognition and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The Consolidated Entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortised cost, less any allowance for expected credit losses.

(J) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(J) EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognized in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(J) EMPLOYEE BENEFITS (CONTINUED)

OTHER LONG-TERM EMPLOYEE BENEFITS

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. These obligations are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

DEFINED BENEFIT SUPERANNUATION EXPENSE

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(K) REVENUE

The Consolidated Entity recognises revenue as follows:

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

SALE OF GOODS

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

INTEREST

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

RENDERING OF SERVICES

Revenue from licence and research fees are recognised over time as derived from work plan agreements with customers.

Royalties are recognised at a point in time in accordance with the terms of the agreements.

(K) REVENUE (CONTINUED)

OTHER REVENUE

Research and development tax incentive revenue is recognised at a point in time when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and service tax.

(L) GOODS AND SERVICES TAX ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amounts of GST recoverable from or payable to the ATO.

(M) BORROWINGS

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

(N) BORROWING COSTS

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges. Borrowing costs are expensed as incurred.

(O) SHARE-BASED PAYMENT TRANSACTIONS

Wellfully Limited provides benefits to employees (including directors) and consultants in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

There is currently one plan in place to provide these benefits:

- (i) the Employee Share Option Plan, which provides benefits to full-time or part-time employees and consultants of the Company..

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes option valuation model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects;

- (i) the extent to which the vesting period has expired, and
- (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received, provided this can be estimated reliably. If a reliable estimate cannot be made, the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(P) LOSS PER SHARE

BASIC LOSS PER SHARE

Basic loss per share is determined by dividing the operating loss after income tax attributable to members of Wellfully Limited by the weighted average number of ordinary shares outstanding during the financial year.

DILUTED LOSS PER SHARE

Diluted loss per share adjusts the amounts used in the determination of basic loss per share by taking into account unpaid amounts on ordinary shares and any reduction in loss per share that will probably arise from the exercise of options outstanding during the financial year.

(Q) ISSUED CAPITAL

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(R) LEASES

The Consolidated Entity leases various offices and warehouses. Rental contracts are typically made for fixed periods up to 3 years but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Consolidated Entity, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Consolidated Entity:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Wellfully Limited, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Consolidated Entity is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

(R) LEASES (CONTINUED)

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Consolidated Entity is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Consolidated Entity. These are used to maximise operational flexibility in terms of managing the assets used in the Consolidated Entity's operations. The majority of extension and termination options held are exercisable only by the Consolidated Entity and not by the respective lessor.

(S) CONTRACT LIABILITIES

Contract liabilities represent the Consolidated Entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Consolidated Entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Consolidated Entity has transferred the goods or services to the customer.

(T) BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

(T) BUSINESS COMBINATIONS (CONTINUED)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(U) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of each of the Company's controlled entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Consolidated Entity's functional and presentation currency.

TRANSACTION AND BALANCES

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of non-monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

CONTROLLED ENTITIES

The financial results and position of foreign controlled entities whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign controlled entities are transferred directly to the foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

(W) INVENTORIES

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(V) FINANCE COSTS

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(W) FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(X) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Detailed information about these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black- Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 22 for further information.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 6, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Revenue from contracts with customers</i>		
Research and development collaboration and product revenue	2,029,150	397,895
Royalties	68,447	65,078
	<u>2,097,597</u>	<u>462,973</u>
<i>Other income</i>		
Government grants and subsidies	537,408	740,309
Interest received	79	61
Total revenue and other income	<u>2,635,084</u>	<u>1,203,343</u>

DISAGGREGATION OF REVENUE

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
The disaggregation of revenue from contracts with customers is as follows:		
<i>Geographical region</i>		
Singapore	-	222,966
Europe	1,859,363	240,007
United States	238,234	-
	<u>2,097,597</u>	<u>462,973</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	2,097,597	65,078
Services transferred over time	-	397,895
	<u>2,097,597</u>	<u>462,973</u>

	30 June 2022	30 June 2021
The prima facie tax on loss before income tax is reconciled to the income tax as follows:		
Loss before income tax	(7,302,969)	(6,397,257)
Income tax calculated at 25% (2021: 26%)	(1,825,742)	(1,663,287)
Non-allowable expenditure	21,212	22,827
Non-assessable income	(134,347)	-
Deferred tax assets not recognised	2,023,309	1,308,936
Effect of temporary differences that would be recognised directly in equity	(109,311)	-
Impact from change in tax rate on unrecognised DTAs	42,417	-
Over provision for tax for prior periods	(17,538)	331,524
Income tax expenses	-	-

The following deferred tax assets have not been brought to account as assets:

Tax losses available at 25% (2021: 26%) tax rate	5,994,129	11,129,888
--	-----------	------------

Deferred tax assets in relation to tax losses are not brought to account unless it is probable that future taxable amounts within the entity will be available against which the unused tax losses can be utilised. The amount of these benefits is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Cash on hand	2,465	6,797
Cash at bank	315,204	2,718,839
Total cash & cash equivalents	317,669	2,725,636

	Consolidated	
	30 June	30 June
	2022	2021
	\$	\$
Current:		
Trade receivables	337,783	376
Prepayments	842,743	44,961
GST refundable	14,036	55,939
Loans	76,193	54,565
Leasehold deposit	8,261	7,524
Other receivables	43,036	-
Total trade and other receivables	1,322,052	163,365

ALLOWANCE FOR EXPECTED CREDIT LOSSES

The Consolidated Entity recognised \$107,431 (2021: nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

	Consolidated	
	30 June	30 June
	2022	2021
	\$	\$
<i>Past due but not impaired</i>		
Customers with balances past due but without provision for impairment		
0 to 6 months overdue	257,118	376
6 to 12 months overdue	80,665	-
12 to 18 months overdue	-	-
	337,783	376

NOTE 7: INVENTORIES

	Consolidated	
	30 June	30 June
	2022	2021
	\$	\$
Raw materials	306,800	96,754
Finished goods	41,271	-
	348,071	96,754

	Consolidated	
	30 June 2022	30 June 2021
Plant and equipment at cost	802,008	769,086
Accumulated depreciation	(500,788)	(470,171)
Total plant and equipment	301,220	298,915

Reconciliation of the carrying amount of plant and equipment is set out below:

Carrying amount at the beginning of year	298,915	270,928
Additions	32,430	64,524
Disposals	-	(4,780)
Depreciation expense	(30,125)	(31,757)
Carrying amount at the end of year	301,220	298,915

NOTE 9: LEASES

(a) Amounts recognized in the Statement of Financial Position

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Right-of-use asset		
Buildings	331,195	107,388
Lease Liabilities		
Current	198,167	47,513
Non-current	124,560	61,655
	322,727	109,168

Additions to the right-of-use assets during the year were \$374,709.

(b) Amounts recognized in the Statement of profit or loss

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Depreciation charge of right-of-use assets	150,902	65,047
Interest expense	6,308	23,062

Current

	Consolidated	
	30 June	30 June
	2022	2021
	\$	\$
Trade creditors	588,972	332,514
Other creditors and accruals	669,984	117,300
	<u>1,258,956</u>	<u>449,814</u>

NOTE 11: CONTRACT LIABILITIES

	Consolidated	
	30-Jun	30-Jun
	2022	2021
	\$	\$
Opening balance	276,763	203,358
Payments received in advance	-	73,405
Transfer to revenue- included in the opening balance	(145,774)	-
Closing balance	<u>130,989</u>	<u>276,763</u>

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$131,716 as at 30 June 2022 (2021: \$276,763) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	30-Jun	30-Jun
	2022	2021
	\$	\$
Within 6 months	-	-
6 to 12 months	<u>130,989</u>	<u>276,763</u>
	<u>130,989</u>	<u>276,763</u>

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Convertible notes - unsecured	140,000	140,000
Convertible notes - unpaid interest	28,000	14,000
	<u>168,000</u>	<u>154,000</u>

UNSECURED CONVERTIBLE NOTE TERMS:

Issue Date	Amount \$	Interest Rate	Convertible On or Before
4 June 2009	<u>140,000</u>	10% per annum	4 June 2012 ⁽ⁱ⁾

If the convertible notes which are convertible at \$0.003 have not been converted in their entirety into shares on the date which is 11 months after the date of issue, the Company may convert the amount of the convertible notes which has not been repaid (together with any accrued interest), into shares, upon giving 5 business days notice to the convertible note holder.

- (i) 140,000 convertible notes issued on 4 June 2009 were not converted by the due date being 4 June 2012. The terms of the agreement have not since that date been extended. Correspondingly, the principal amount outstanding including any interest outstanding has been classified as current.

In 30 April 2022 the Company entered into a capital funding facility agreement ("Capital Commitment Agreement") of up to A\$55 million over a three year period with Luxembourg based GEM Global Yield LLC SCS ("GGY").

Subject to the terms of a Capital Commitment Agreement, the Company may choose to, on one or more occasions within the three year period, and subject to conditions precedent, draw down on the facility by giving GGY notice to subscribe for fully paid ordinary shares in the Company of no more than being 7 times average daily numbers of Wellfully shares traded on ASX during the 15 trading days (subject to certain adjustments) prior to and excluding the date of the draw down notice.

If the Company issues a draw down notice, the subscription price of the shares to be issued to GGY (or its nominees) will be 90% of the higher of:

- the volume weighted average price of Wellfully shares as quoted by ASX over the pricing period, being the 15 consecutive trading days after Wellfully gives the draw down notice to GGY (subject to certain adjustments); or
- a fixed floor price nominated by the Company in its draw down notice, which must not be higher than the closing trade price of a Wellfully share on the trading day immediately preceding the date of the draw down notice.

NOTE 12: BORROWINGS (CONTINUED)

The Company has given to GGY warranties, representations and indemnities as are customary for agreements of this type.

The Company has agreed to pay a fee of A\$550,000 (exclusive of GST) to GGY in connection with the Capital Commitment Agreement. The Company may choose to pay part or all of such fee in shares calculated at 95% of the volume weighted average price of Wellfully shares during the 15 consecutive trading days prior to payment. In addition, the Company will issue to GGY or its nominee 19.3 million options, each exercisable by the option holder into one Wellfully share at an exercise price of \$0.15 within 5 years from grant date. If on 29 April 2023 the volume weighted average price of Wellfully shares for the 5 trading days immediately preceding 29 April 2023 (Market Price) is \$0.135 or less, then the exercise price will be adjusted to an amount equal to 105% of the Market Price.

The Capital Commitment Agreement has a three year term and is not secured.

NOTE 13: COMMITMENTS

There are no commitments outstanding at 30 June 2022 (30 June 2021: Nil).

NOTE 14: CASH FLOW INFORMATION

	Consolidated	
	30 June	30 June
	2022	2021
	\$	\$
Reconciliation of net cash and cash equivalents used in operating activities to loss for the year:		
Loss for the year	(7,302,969)	(6,397,257)
Borrowing costs expensed	169,812	23,062
Depreciation	171,476	85,562
Employee benefits provisions	26,275	3,468
Foreign exchange movements	(625,291)	242,327
Administrative fee, directors fee and salary paid via shares	207,755	1,108,605
Movements in assets and liabilities:		
Trade and other receivables	(1,266,118)	119,695
Inventories	(251,317)	(96,754)
Trade and other payables	767,070	(363,995)
Contract liabilities	(145,774)	73,405
Net cash used in operating activities	(8,249,081)	(5,201,882)

NOTE 15: KEY MANAGEMENT PERSONNEL

Names and positions of directors and specified executives in office at any time during the financial year are:

Mr Antonio Varano Della Vergiliana	Director – Non-Executive	(retired 30 June 2022)
Mr Jeffrey David Edwards	Director - Executive	
Mr Steven Lorn Schapera	Director – Non-Executive	
Mr Cameron Reynolds	Director – Non-Executive	(retired 1 December 2021)
Mr Anthony David Wright	Director – Non-Executive	(retired 14 April 2022)
Mr Paul Peros	CEO and Director - Executive	(appointed as Director 14 April 2022)
Mr Anton Eaton	Director – Non-Executive	(appointed 14 April 2022)

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid or payable to the Company's key management personnel for the year ended 30 June 2022.

NOTE 15: KEY MANAGEMENT PERSONNEL (CONTINUED)

The totals of remuneration paid to key management personnel during the year are as follows:

	Consolidated	
	30 June	30 June
	2022	2021
	\$	\$
Short term employee benefits	1,226,663	1,557,939
Post-employment benefits	19,000	20,392
	<u>1,245,663</u>	<u>1,578,331</u>

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no transactions with related parties other than directors' fees, which have been disclosed in the Remuneration Report.

NOTE 16: CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of Wellfully Limited and the subsidiaries listed in the following table.

	Country of Incorporation	% Equity Interest	
		2022	2021
		\$	\$
International Scientific Pty Ltd	Australia	100%	100%
Bodyguard Lifesciences Pty Ltd	Australia	100%	100%
Wellfully SA	Switzerland	100%	100%
Wellfully d.o.o.	Croatia	100%	100%
Wellfully Ltd	China	100%	100%
Peros Dongguan Technology & Trading Co. Ltd	China	100%	100%
Wellfully Limited	United Kingdom	100%	100%
Swisswell Sagl	Switzerland	100%	100%
Wellfully Ltd	Ireland	100%	NA

NOTE 17: AUDITOR'S REMUNERATION

AMOUNTS PAID OR DUE AND PAYABLE TO THE AUDITOR FOR:

	Consolidated	
	30 June	30 June
	2022	2021
	\$	\$
Audit and review services	100,000	75,000
R&D tax refund services	31,107	39,330
Information Technology consulting services	31,539	32,074
Total	162,646	146,404

NOTE 18: ISSUED CAPITAL

(A) ISSUED CAPITAL

	Consolidated	
	30 June	30 June
	2022	2021
	\$	\$
270,560,230 fully paid shares (2021: 270,560,230)	48,128,011	42,552,152

(B) MOVEMENTS IN ORDINARY SHARE CAPITAL OF THE COMPANY DURING THE YEAR WERE AS FOLLOWS:

Date	Details	Number of shares	Issue Price	\$
1/07/2021	Opening balance	209,820,466		42,552,152
23/09/2021	Conversion of options	1,000	0.150	150
29/09/2021	Conversion of options	1,000	0.150	150
21/10/2021	Capital raising	38,461,539	0.130	5,000,000
27/10/2021	Conversion of options	1,000	0.150	150
29/12/2021	Shares issued in lieu of fees	1,068,160	0.071	75,839
29/12/2021	Shares issued in lieu of fees	450,250	0.062	27,916
12/05/2022	Placement	3,600,000	0.080	288,000
3/06/2022	Capital raising	17,156,815	0.051	867,754
	Less: transaction costs arising on share issues			(684,100)
30/06/2022	Closing balance	270,560,230		48,128,011

(C) MOVEMENTS IN ORDINARY SHARE CAPITAL OF THE COMPANY DURING THE YEAR WERE AS FOLLOWS (CONTINUED)

Date	Details	Number of shares	Issue Price	\$
1/07/2020	Opening balance	90,473,939		33,043,514
19/08/2020	Rights issue	11,220,018	0.100	1,122,002
19/08/2020	Capital raising	25,539,982	0.100	2,553,998
19/08/2020	Oversubscription of share issue	635,351	0.100	63,535
19/08/2020	Convertible notes	8,400,000	0.100	840,000
19/08/2020	Shares issued in lieu of fees	10,217,843	0.100	1,021,784
22/02/2021	Capital raising	20,122,707	0.075	1,509,203
22/02/2021	Shares issued in lieu of fees	1,850,363	0.075	138,777
9/04/2021	Capital raising	39,877,293	0.075	2,990,797
9/04/2021	Shares issued in lieu of fees	1,482,970	0.075	111,223
	Less: transaction costs arising on share issues			(842,681)
30/06/2021	Closing balance	209,820,466		42,552,152

(C) CAPITAL ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Every member present at a meeting in person or by proxy shall have one vote for each share conducted via a poll.

There is no current on-market share buy-back.

(D) CAPITAL RISK MANAGEMENT

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Company.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The Company does not have a defined share buy-back plan.

No dividends were paid in 2022 and no dividends are expected to be paid in 2023.

The Company is not subject to any externally imposed capital requirements.

	Consolidated	
	30 June	30 June
	2022	2021
	\$	\$
Foreign currency translation reserve	(178,327)	241,617
Share-based payments reserve	813,656	355,656
	635,329	597,273

The share-based payments reserve records items recognised as expenses on valuation of consultant share options.

MOVEMENTS IN OPTIONS WERE AS FOLLOWS:

Movements in options		Number of Options		Fair Value of Options Issued \$	Exercise Price \$	Expiry Date
		Listed	Unlisted			
01/7/2021	Opening balance	154,986,434	6,150,000	355,656		
23/9/2021	Conversion	(1,000)	-	-	0.15	31/03/2023
29/9/2021	Conversion	(1,000)	-	-	0.15	31/03/2023
27/10/2021	Conversion	(1,000)	-	-	0.15	31/03/2023
29/12/2021	Listed option in lieu of fees	2,000,000	-	40,000	0.15	31/03/2023
29/12/2021	Listed option in lieu of fees	2,000,000	-	34,000	0.15	31/03/2023
23/2/2022	Listed options to lead manager	20,000,000	-	354,000	0.20	23/02/2024
23/2/2022	Free attaching Listed options for shareholder	12,820,513	-	-	0.20	23/02/2024
2/3/2022	Free attaching Listed options in lieu of fees	3,000,000	-	30,000	0.15	31/03/2023
30/6/2022	Closing balance	194,803,947	6,150,000	813,656		

2021 Date	Details	Number of options		Fair value of options issued \$	Exercise price \$	Expiry date
		Listed	Unlisted			
1/07/2020	Opening balance	-	-	232,334	-	-
19/08/2020	Free attaching unlisted options	-	6,150,000	-	0.10	19/08/2023
9/04/2021	Free attaching listed options	31,666,564	-	-	0.15	31/03/2023
9/04/2021	Broker listed options	19,500,000	-	19,500	0.15	31/03/2023
9/04/2021	Loyalty offer listed options	103,819,870	-	103,822	0.15	31/03/2023
30/06/2021	Closing balance	154,986,434	6,150,000	355,656		

NOTE 20: LOSS PER SHARE

Diluted loss per share is the same as basic loss per share.

The following reflects the income and data used in the calculations of basic and diluted loss per share:

	Consolidated	
	30 June 2022 \$	30 June 2021 \$
Loss for the year	(7,302,969)	(6,397,257)
Loss used in calculating basic and diluted loss per share	(7,302,969)	(6,397,257)
Weighted average number of ordinary shares used in calculating basic loss per share:	238,998,942	156,138,589
Weighted average number of ordinary shares used in calculating diluted loss per share:	238,998,942	156,138,589
Basic loss per share (cents per share)	(3.06)	(4.10)

Options outstanding are considered non-dilutive and therefore are excluded from the calculation of diluted loss per share.

NOTE 21: RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to finance the Consolidated Entity's operations. The Consolidated Entity has various other financial assets and liabilities such as trade and other receivables, lease liabilities and trade payables, which arise directly from its operations. It is, and has been throughout the entire period under audit, the Consolidated Entity's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Consolidated Entity's financial instruments is cash flow interest rate risk. Other minor risks are either summarised below or disclosed at Note 18 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

CASH FLOW INTEREST RATE RISK

The Consolidated Entity's exposure to the risks of changes in market interest rates relates primarily to the Consolidated Entity's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Consolidated Entity to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Consolidated Entity does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. The Consolidated Entity has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Consolidated Entity does not have a formal policy in place to mitigate such risks.

2022 Consolidated	Non-Interest Bearing	Fixed Interest Rate Maturing			Floating Interest Rate	Total	Weighted average interest rate
		1 Year or Less	Over 1 to 5 Years	More than 5 years			
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
Financial assets:							
Cash and cash equivalents	317,669	-	-	-	-	317,669	-
Trade and other receivables	1,322,052	-	-	-	-	1,322,052	-
	1,639,721	-	-	-	-	1,639,721	
Financial liabilities:							
Trade and other payables	1,258,956	-	-	-	-	1,258,956	-
Borrowings	28,000	140,000	-	-	-	168,000	10%
	1,286,956	140,000	-	-	-	1,426,956	
Net financial instruments	352,765	(140,000)	-	-	-	212,765	

2021 Consolidated	Non- Interest Bearing	Fixed Interest Rate Maturing			Floating Interest Rate	Total	Weighted average interest rate
		1 Year or Less	Over 1 to 5 Years	More than 5 years			
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
Financial assets:							
Cash and cash equivalents	6,797	-	-	-	2,718,839	2,725,636	-
Trade and other receivables	163,365	-	-	-	-	163,365	-
	170,162	-	-	-	2,718,839	2,889,001	
Financial liabilities:							
Trade and other payables	449,814	-	-	-	-	449,814	-
Borrowings	14,000	140,000	-	-	-	154,000	10%
	463,814	140,000	-	-	-	603,814	
Net financial instruments	(293,652)	(140,000)	-	-	2,718,839	2,285,187	

INTEREST RATE SENSITIVITY

At 30 June 2022, if interest rates had changed by 10% during the entire year with all other variables held constant, loss for the year and equity would have been \$1,347 (2021: \$6) lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short-term and long-term Australian dollar interest rates.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

CREDIT RISK EXPOSURE

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Consolidated Entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated Entity does not hold any collateral.

CREDIT RISK EXPOSURE (CONTINUED)

The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated Entity based on recent sales experience, historical collection rates and forward-looking information that is available.

The Consolidated Entity has no significant concentrations of credit risk with any single counterparty or group of counterparties.

LIQUIDITY RISK

The Consolidated Entity manages liquidity risk by maintaining sufficient cash reserves and marketable securities and through the continuous monitoring of budgeted and actual cash flows.

	Consolidated	
	30-Jun 2022	30-Jun 2021
	\$	\$
<i>Contracted maturities of liabilities at 30 June</i>		
Payables		
- one year or less	1,258,956	449,814
- between one and two years	-	-
Borrowings		
- one year or less	168,000	154,000
Lease Liabilities		
- one year or less	198,167	47,513
- between one and two years	102,211	61,655
- between two and five years	22,349	-
	<u>1,749,683</u>	<u>712,982</u>

FOREIGN EXCHANGE RISK

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The sensitivity analysis below detail the Consolidated Entity's sensitivity to an increase/decrease in the Australian dollar against the foreign currencies, including United States Dollar, Euro, British Pound Sterling, Croatian Kuna, Swiss Franc and Chinese Yen. The sensitivity analysis includes only outstanding foreign currency denominated monetary items within the Consolidated Entity.

200 basis points is the sensitivity rate used when reporting foreign currency risk internally to management and represents management's assessment of the possible change in foreign exchange rates.

At balance date, if foreign exchange rates had been 200 basis point higher or lower and all other variables were held constant, the Consolidated Entity's loss would increase/decrease by \$11,745.

For the year ending 30 June 2021 the Consolidated Entity was not exposed to significant foreign exchange risk at reporting date. Although foreign exchange transactions in numerous currencies were entered into during the year, resulting in a foreign exchange loss of \$384,253.

NET FAIR VALUES

For other assets and liabilities, the net fair value approximates their carrying value. The Consolidated Entity has no financial assets or liabilities that are readily traded on organised markets and has no financial assets where the carrying amount exceeds net fair values at the reporting date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

NOTE 22: SHARE-BASED PAYMENTS

On 29 December 2021, 1,518,410 shares were issued in lieu of fees and salaries with a total transactional value of \$103,755. During the year ended 30 June 2021, 13,551,176 shares were issued in lieu of fees and salaries a total transactional value of \$1,271,784.

No options were granted to Key management personnel in the year. For details of options issued in the year refer to note 19.

Weighted average exercise price is \$0.16 (2021: \$0.15).

200,953,947 options are exercisable at the end of the financial year (2021: 161,136,434)

The weighted average share price during the year was \$0.10 (2021: \$0.09)

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.9 years (2021: 1.8 years).

NOTE 22: SHARE-BASED PAYMENTS (CONTINUED)

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise Price	Expected volatility	Risk-free interest rate	Fair value at grant date
01/12/2021	23/02/2024	0.081	0.20	85%	0.54%	0.0176
29/04/2022	30/04/2027	0.077	0.15	85%	2.90%	0.0360

NOTE 23: EVENTS SUBSEQUENT TO THE REPORTING DATE

- On 4 July 2022, 2,600,000 shares were issued at \$0.05 per security.
- On 8 July 2022, 2,000,000 shares were issued at \$0.05 per security.
- On 3 August 2022 Mr Anton Eaton retired as a Director of the company.
- On 11 August 2022, 3,537,000 shares were issued at \$0.0386 per security. Shares were issued to GEM Global Yield LLC CSC, further information can be found in ASX announcement lodged on 2 May 2022.
- On 10 August 2022 The Company resolved to borrow €70,000 from The Brand Laboratories FZ (Lender), a company associated with a Director of the Company, Steven Schapera, on the following terms:
 - the full amount borrowed but excluding setup fees, will be repaid within 30 days or less, but in any event as soon as possible after the Company complete a rights issue or similar fundraising;
 - interest will be at 16.5% per annum, calculated monthly, and foreign exchange risk is the Company's; i.e. the Loan plus interest will be repaid in the same currency in which funds were provided to the Company;
 - The interest rate will increase by 1% for each month repayment is delayed, capped at 21.5%;
 - The loan will incur a facility setup fee of 2.5% payable by the Company to the lender, and deducted from the total loan amount at the time of setup. The net loan amount of €68,250 (approximately A\$100,000) will be drawn down in one tranche by the Company;
 - In the event of default, the Lender will have the right to call the Loan and any accrued but unpaid interest and/or fees, plus all enforcement costs associated with the enforcement of its security and collection; and
 - The Company, will at its cost, register the loan on the Australian Personal Property Securities Register (PPSR) at its own cost.
- On 7 July 2022 The Board of Wellfully Ltd approved the terms of a US\$70,000 loan from a Director of the Company, Paul Peros. On 9 August 2022 the board resolved to revise the agreement with Paul Peros thereby aligning the terms of the loan from Paul Peros and the loan from Steven Schapera.
- In September 2022 the board resolved to borrow A\$25,000 from Jeffrey Edwards (Director), €60,000 from Paul Peros (Director) and €20,000 from The Brand Laboratories FZ (Lender), a company associated with a Director of the Company, Steven Schapera. The terms of these loans align with the terms provided to Steven Schapera on 10 August 2022.

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, which has not been announced to the market.

NOTE 24: SEGMENT INFORMATION

The Consolidated Entity has considered the requirements of AASB8 – Operating Segments and has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

CONSOLIDATED – 30 JUNE 2022

The Consolidated Entity operates in two segments which are development of the dermaportation drug delivery technology and devices segments.

2022	Dermaportation and drug delivery technology \$	Devices \$	Total \$
Revenue			
Revenue and Royalties	250,360	1,847,237	2,097,597
Interest revenue	-	79	79
Government grants and subsidies	414,788	122,621	537,409
Net foreign exchange gains	9,413	615,878	625,291
Total revenue	674,561	2,585,815	3,260,376
EBITDA	(1,644,600)	(5,473,567)	(7,118,167)
Expenses			
Depreciation and amortisation	(83,934)	(87,542)	(171,476)
Interest revenue	-	79	79
Finance costs written off	(812)	(12,593)	(13,405)
Intersegment eliminations	-	-	-
Loss before income tax	(1,729,346)	(5,573,623)	(7,302,969)
Income tax	-	-	-
Loss after income tax	(1,729,346)	(5,573,623)	(7,302,969)
Assets			
Segment assets	12,820,000	2,084,363	14,904,363
Intersegment eliminations			(12,284,156)
Total Assets			2,620,207
Liabilities			
Segment liabilities	(1,130,712)	(13,441,974)	(14,572,686)
Intersegment eliminations			12,572,036
Total Liabilities			(2,000,650)

NOTE 24: SEGMENT INFORMATION (CONTINUED)

Segment revenues are allocated based on the country in which the customer is located. Operating revenues of \$1,261,537 or 56% are derived from a single external party. Segment assets are allocated to countries based on where the assets are located.

CONSOLIDATED – 30 JUNE 2021

The Consolidated Entity operates in two segments which are development of the dermaportation drug delivery technology and devices segments.

	Dermaportation and drug delivery technology	Devices	Total
2021	\$	\$	\$
Revenue			
Revenue and Royalties	222,976	239,997	462,973
Interest revenue	-	61	61
Government grants and subsidies	740,309	-	740,309
Net foreign exchange (losses)/ gains	(388,431)	4,178	(384,253)
Total revenue	574,854	244,236	819,090
EBITDA	(2,700,844)	(3,587,850)	(6,288,694)
Expenses			
Depreciation and amortisation	(31,757)	(53,805)	(85,562)
Interest revenue	-	61	61
Finance costs written off	(10,531)	(12,531)	(23,062)
Intersegment eliminations	-	-	-
Loss before income tax	(2,743,132)	(3,654,125)	(6,397,257)
Income tax expense	-	-	-
Loss after income tax	(2,743,132)	(3,654,125)	(6,397,257)
Assets			
Segment assets	9,312,343	600,722	9,913,065
Intersegment eliminations			(6,521,007)
Total Assets			3,392,058
Liabilities			
Segment liabilities	7,214,243	5,956,782	13,171,025
Intersegment eliminations			(12,087,578)
Total Liabilities			1,083,447

Segment revenues are allocated based on the country in which the customer is located. Operating revenues of \$191,495 or 41% are derived from a single external party. Segment assets are allocated to countries based on where the assets are located.

NOTE 25: CONTINGENT ASSETS AND LIABILITIES

The directors of the Company are unaware of any existing contingent assets and liabilities, other than the contingent liability matter regarding the Company being served with a writ over a Convertible Note, as announced to the market. The Company has retained legal representation for the active defence of the matter, to which mediation still continues.

NOTE 26: RELATED PARTY TRANSACTIONS

PARENT ENTITY

Wellfully Limited is the Parent Entity.

SUBSIDIARIES

Interests in subsidiaries are set out in Note 16.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in Note 15 and the remuneration report in the Directors' Report.

TRANSACTIONS WITH RELATED PARTIES

As set out in Note 15 and the remuneration report in the Directors' Report.

RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES

As of 30 June 2022, the following remuneration amounts remained payable:

- The Brand Laboratories FZ LLC, an entity related to the director, Steven Schapera - \$90,670
- Antonio Varano Della Vergiliana and Anthony Varano Inc., an entity related to the director, Antonio Varano Della Vergiliana - \$89,708
- Anton Eaton - \$34,630
- Paul Peros - \$300,632 (\$54,637 by way of issuance of shares)

As of 30 June 2021, the following remuneration amounts remained payable:

- PB Commodities Pte Ltd, an entity related to the director, Cameron Reynolds - \$8,750
- The Brand Laboratories FZ LLC, an entity related to the director, Steven Schapera - \$44,854
- Antonio Varano Della Vergiliana and Anthony Varano Inc., an entity related to the director, Antonio Varano Della Vergiliana - \$44,854
- The Wright Family Trust, a trust related to the director, Anthony Wright - \$8,571
- Paul Peros - \$58,861

There were no receivables from related parties at the current and previous reporting date.

LOANS TO/FROM RELATED PARTIES

There were no loans to or from related parties at the current and previous reporting date.

	Parent 2022 \$	Parent 2021 \$
<i>Statement of financial position</i>		
Total current assets	1,341,999	2,527,813
Total non-current assets	402,074	236,590
Total assets	1,744,073	2,764,403
Total current liabilities	1,078,755	617,838
Total non-current liabilities	45,761	-
Total liabilities	1,124,516	617,838
Net Assets	619,557	2,146,565
Issued capital	48,128,011	42,552,152
Share-based payment reserve	813,656	597,273
Accumulated losses	(48,322,110)	(41,002,860)
Total equity	619,557	2,146,565
<i>Statement of profit or loss and other comprehensive income</i>		
Loss for the year	(7,319,250)	(8,612,301)
Other comprehensive income	-	-
Total comprehensive income	(7,319,250)	(8,612,301)

(A) GUARANTEES

Wellfully Limited has not entered into any guarantees in relation to the debts of its subsidiaries.

(B) OTHER COMMITMENTS AND CONTINGENCIES

Wellfully Limited are unaware of any existing contingent assets and liabilities, other than the contingent liability matter regarding the Company being served with a writ over a Convertible Note, as announced to the market. The Company has retained legal representation for the active defence of the matter, to which mediation still continues.

Wellfully Limited has no commitments to acquire property, plant and equipment.

(C) SIGNIFICANT ACCOUNTING POLICIES

Wellfully Limited accounting policies do not differ from the Consolidated Entity disclosed in Note 2.

DIRECTORS' DECLARATION

In the opinion of the directors:

- a) The financial statements, notes and additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
- b) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as disclosed in Note 1(a); and
- c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.



Paul Peros
Chairman/ CEO
3 October 2022
Perth, Western Australia

AUSTRALIAN COMPANY NUMBER:

056 482 636

DIRECTORS:

Jeffrey David Edwards

Steven Lorn Schapera

Paul Peros

SECRETARY:

Henko Vos

REGISTERED OFFICE:

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AUDITORS:

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ASX CODE:

WFL

SHARE REGISTER:

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
WELLFULLY LIMITED**

Opinion

We have audited the financial report of Wellfully Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a loss of \$7,302,969 and had net cash outflows from operating activities and investing activities of \$8,249,081 and \$32,430, respectively for the year ended 30 June 2022. As at that date, the Group had net current assets and net assets of \$111,702 and \$619,557 respectively. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Revenue	
Refer to Note 3 in the financial statements	
<p>As disclosed in the statement of profit or loss and other comprehensive income for the year ended 30 June 2022, the Group has recognised revenue from contracts with customers of \$2,097,597. We determined revenue recognition to be a key audit matter due to the following:</p> <ul style="list-style-type: none"> The balances are material to the Group and there are risks associated with management judgements relating to the identification of contracts and performance obligations, determination of the transaction price and the timing of revenue recognition; and Revenue recognition is a presumed fraud risk under the Australian Auditing Standards. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Assessing the Group's revenue recognition policies for compliance with Australian Accounting Standards; On a sample basis, agreeing revenue transactions to supporting documentation to assess whether the revenue recognition criteria were met; Testing a sample of revenue transactions before and after the reporting date to assess whether revenue is recognised in the correct financial period; and Assessing the disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporation Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2022.

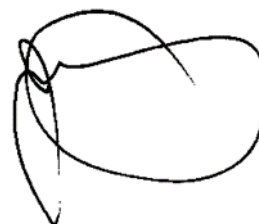
In our opinion, the Remuneration Report of Wellfully Limited, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS



JAMES KOMNINOS
Partner

Perth, WA
Dated: 3 October 2022

The shareholder information set out below was applicable at 14 September 2022.

(A) CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period can be found on the Company's website: <https://wellfully.net/corporate-governance/>.

(B) QUOTED SECURITIES – FULLY PAID ORDINARY SHARES

SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed on the company's register:

Name of Shareholder	No. of Ordinary Shares Held	Percentage of Shares Held %
Rokamaho Pty Ltd <Pumba Blossom A/C>	22,000,000	7.89%
KJM Security Pty Ltd	14,015,897	5.03%
Total	36,015,897	12.92%

NUMBER OF HOLDERS IN EACH CLASS OF EQUITY SECURITIES AND VOTING RIGHTS

There are 454 holders of ordinary shares.

Each shareholder is entitled to one vote per share held. Every shareholder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

DISTRIBUTION SCHEDULE OF THE NUMBER OF ORDINARY HOLDERS

The distribution of shareholders is as follows:

Spread of Holdings:	No. of Holders	No. of Shares	Percentage of Issued Capital %
1 – 1,000	206	26,506	0.01%
1,001 – 5,000	126	398,469	0.14%
5,001 – 10,000	291	2,442,116	0.88%
10,001 – 100,000	811	29,454,055	10.57%
100,000 +	361	246,376,084	88.40%
	1,795	278,697,230	100.00%

MARKETABLE PARCEL

There are 788 shareholders with less than a marketable parcel.

RESTRICTED SECURITIES

There are no restricted securities on escrow at the date of this report.

ON-MARKET BUY BACK

At the date of this report, the Company is not involved in an on-market buy back.

20 LARGEST HOLDERS OF EACH CLASS OF QUOTED EQUITY SECURITY

The 20 largest shareholders of ordinary shares:

Position	Name of Shareholder	No. of Ordinary Shares Held	Percentage of Issued Shares %
1	Rokamaho Pty Ltd <Pumba Blossom A/C>	22,000,000	7.89%
2	KJM Security Pty Ltd	14,015,897	5.03%
3	Via Pastura Limited	7,618,160	2.73%
4	Citicorp Nominees Pty Limited	7,405,058	2.66%
5	Mr Neville Hinrichsen & Mrs Annette Hinrichsen	5,426,500	1.95%
6	Nah Superannuation Pty Ltd <Nah Superannuation Fund A/C>	5,310,200	1.91%
7	Mr Danny Allen Pavlovich <Pavlovich Family Spec 2 A/C>	4,530,638	1.63%
8	Steven Schapera	4,359,504	1.56%
9	Neaverson Super Fund Pty Limited <Neaverson Super Fund A/C>	4,208,865	1.51%
10	Mr Gregory Mavin Parker	4,207,130	1.51%
11	Dr Alok Jhamb	4,015,196	1.44%
12*	Mr Victor Kuliveovski	4,000,000	1.44%
12*	RFID Systems Pty Ltd <The RFID Consulting A/C>	4,000,000	1.44%
13	Sunset Capital Management Pty Ltd <Sunset Superfund A/C>	3,981,539	1.43%
14	Gem Global Yield LLC SCS	3,537,000	1.27%
15	Geoffrey Blackshaw Superannuation Fund Pty Limited <Geoffrey Blackshaw S/F A/C>	3,402,500	1.22%
16	Antonio Vergiliana	3,393,997	1.22%
17	BNP Paribas Noms Pty Ltd <DRP>	2,749,468	0.99%
18	Jeffrey Edwards	2,413,706	0.87%
19	Ms Karen Sarah Hames & Mr Travis David Kane	2,392,976	0.86%
20	Mr Scott Jungwirth	2,200,000	0.79%
Total		115,168,334	41.32%

Note: * indicates Shareholders are ranked equally in terms of the number of ordinary fully paid shares held.

(C) QUOTED SECURITIES – WFLO LISTED OPTIONS AT \$0.15 EACH, EXPIRY 31 MARCH 2023

SUBSTANTIAL WFLO LISTED OPTIONHOLDERS

The names of the substantial WFLO optionholders listed on the company's register:

Name of WFLO Optionholder	No. of WFLO Options Held	Percentage of WFLO Options %
Rokamaho Pty Ltd <Pumba Blossom A/C>	12,536,250	7.74%
Otis Developments Pty Ltd	12,047,829	7.44%
Mr Neville Hinrichsen & Mrs Annette Hinrichsen	10,512,684	6.49%
Sunset Capital Management Pty Ltd <Sunset Superfund A/C>	10,000,000	6.17%
Mr Allan Keith Clarke	8,888,888	5.49%
Total	53,985,651	33.33%

NUMBER OF HOLDERS IN EACH CLASS OF EQUITY SECURITIES AND VOTING RIGHTS

There are 647 holders of WFLO options.

Holders of WFLO options are not entitled to vote at a General Meeting of Members in person, by proxy or upon a poll, in respect of their option holding.

DISTRIBUTION SCHEDULE OF THE NUMBER OF WFLO LISTED OPTIONS

The distribution of WFLO optionholders is as follows:

Spread of Holdings:	No. of WFLO Optionholders	No. of WFLO Options	Percentage of Issued WFLO Options %
1 – 1,000	43	17,796	0.01%
1,001 – 5,000	111	308,668	0.19%
5,001 – 10,000	63	444,908	0.27%
10,001 – 100,000	246	10,495,341	6.48%
100,000 +	184	150,716,721	93.05%
	647	161,983,434	100.00%

20 LARGEST HOLDERS OF EACH CLASS OF QUOTED EQUITY SECURITY

The 20 largest holders of WFLO listed options:

Position	Name of WFLO Optionholder	No. of WFLO Options Held	Percentage of WFLO Options %
1	Rokamaho Pty Ltd <Pumba Blossom A/C>	12,536,250	7.74%
2	Otis Developments Pty Ltd	12,047,829	7.44%
3	Mr Neville Hinrichsen & Mrs Annette Hinrichsen	10,512,684	6.49%
4	Sunset Capital Management Pty Ltd <Sunset Superfund A/C>	10,000,000	6.17%
5	Mr Allan Keith Clarke	8,888,888	5.49%
6	Happy Felix Pty Ltd <The Cords A/C>	5,862,000	3.62%
7	RFID Systems Pty Ltd <The RFID Consulting A/C>	7,179,971	4.43%
8	Black Wind Pty Ltd <Aloy Hooi Superfund A/C>	3,350,000	2.07%
9	Nah Superannuation Pty Ltd <Nah Superannuation Fund A/C>	2,550,134	1.57%
10	Mr Danny Allen Pavlovich <Pavlovich Family Spec 2 A/C>	2,507,605	1.55%
11	BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	2,283,846	1.41%
12	Mr Christopher John Middleton	2,200,000	1.36%
13	Mr Victor Kuliveovski	2,000,000	1.23%
14	Norris SMSF Pty Ltd <Norris S/F A/C>	1,799,464	1.11%
15	Dr Alok Jhamb	1,666,667	1.03%
16	Mr Samuel Anthony Hawkins	1,599,000	0.99%
17	Desert Monkey <The Desert Monkey A/C>	1,588,512	0.98%
18	Mr Pradeep Raghavan	1,541,182	0.95%
19*	Via Pastura Limited	1,500,000	0.93%
19*	Baowin Investments Pty Ltd	1,500,000	0.93%
20	Jrar Pty Ltd <Jrar A/C>	1,481,567	0.91%
Total		94,595,599	58.40%

Note: * indicates Optionholders are ranked equally in terms of the number of WFLO listed options held.

(C) QUOTED SECURITIES – WFLOA LISTED OPTIONS AT \$0.20 EACH, EXPIRY 23 FEBRUARY 2024

SUBSTANTIAL WFLOA LISTED OPTIONHOLDERS

The names of the substantial WFLOA optionholders listed on the company's register:

Name of WFLOA Optionholder	No. of WFLOA Options Held	Percentage of WFLOA Options %
Celtic Capital Pty Ltd	13,435,000	40.93%
CPS Capital No 5 Pty Ltd	3,958,334	12.06%
Rokamaho Pty Ltd <Pumba Blossom A/C>	2,000,000	6.09%
Total	19,393,334	59.08%

NUMBER OF HOLDERS IN EACH CLASS OF EQUITY SECURITIES AND VOTING RIGHTS

There are 124 holders of WFLOA options.

Holders of WFLOA options are not entitled to vote at a General Meeting of Members in person, by proxy or upon a poll, in respect of their option holding.

DISTRIBUTION SCHEDULE OF THE NUMBER OF WFLOA LISTED OPTIONS

The distribution of WFLOA optionholders is as follows:

Spread of Holdings:	No. of WFLOA Optionholders	No. of WFLOA Options	Percentage of Issued WFLOA Options %
1 – 1,000	-	-	-
1,001 – 5,000	2	5,362	0.02%
5,001 – 10,000	3	25,128	0.08%
10,001 – 100,000	83	3,609,574	11.00%
100,000 +	36	29,180,449	88.90%
	124	32,820,513	100.00%

20 LARGEST HOLDERS OF EACH CLASS OF QUOTED EQUITY SECURITY

The 20 largest holders of WFLOA listed options:

Position	Name of WFLOA Optionholder	No. of WFLOA Options Held	Percentage of WFLOA Options %
1	Celtic Capital Pty Ltd	13,435,000	40.93%
2	CPS Capital No 5 Pty Ltd	3,958,334	12.06%
3	Rokamaho Pty Ltd <Pumba Blossom A/C>	2,000,000	6.09%
4	Mr Russell Dean Thomson	1,295,635	3.95%
5	Sunset Capital Management Pty Ltd <Sunset Superfund A/C>	993,846	3.03%
6	Mr Shannon Damien Aria	735,500	2.24%
7	Altor Capital Management Pty Ltd <Altor Alpha Fund A/C>	534,615	1.63%
8*	Amal Trustees Pty Ltd <Magnolia Capital Ecmc A/C>	512,821	1.56%
8*	Dyamond Trading and Consulting Pty Ltd <Dyamond Family A/C>	512,821	1.56%
9	Mr Geoffrey Todd	500,000	1.52%
10	Scintilla Strategic Investments Limited	463,333	1.41%
11*	Phillip Asset Management Limited <61 Aust Emerging A/C>	333,333	1.02%
11*	Mr Pragasa Moorthi Krishnasamy	333,333	1.02%
12	Barradevil Pty Ltd <Aaco Super Fund 1 A/C>	328,808	1.00%
13	Rimoyne Pty Ltd	312,821	0.95%
14	Mr Gregory John Miller	290,000	0.88%
15	Mr Danny Allen Pavlovich <Pavlovich Family Spec 2 A/C>	256,410	0.78%
16*	Mr Nathan James Smith & Mrs Kelly Anne Smith <Nkes Family A/C>	250,000	0.76%
16*	Miss Chung Man Lau	250,000	0.76%
17	Mr Rhett Connolly	230,291	0.70%
18	Mr Allan Keith Clarke	216,667	0.66%
19	Mulloway Pty Ltd <John Hartley Poynton Fam A/C>	166,667	0.51%
20	Mr Thomas James Boorman & Mrs Peta Ellen Boorman <Pandt Superfund A/C>	150,000	0.46%
Total		94,595,599	58.40%

Note: * indicates Optionholders are ranked equally in terms of the number of WFLOA listed options held.

(D) UNQUOTED SECURITIES – UNLISTED OPTIONS AT \$0.10 EACH, EXPIRY 19 AUGUST 2023

The number of Unlisted options listed on the company's register:

Name of Unlisted Optionholder	No. of Unlisted Options Held	Percentage of Unlisted Options %
Vale Capital Pty Ltd <Vale Account>	4,950,000	80.49%
Via Pastura Limited	1,200,000	19.51%
Total	6,150,000	100.00%

NUMBER OF HOLDERS IN EACH CLASS OF EQUITY SECURITIES AND VOTING RIGHTS

There are 2 holders of Unlisted options.

Holders of Unlisted options are not entitled to vote at a General Meeting of Members in person, by proxy or upon a poll, in respect of their option holding.

(E) OTHER DETAILS

COMPANY SECRETARY

The name of the Company Secretary is Henko Vos.

ADDRESS AND TELEPHONE DETAILS OF THE COMPANY'S REGISTERED AND ADMINISTRATIVE OFFICE:

254 Oxford Street
Leederville WA 6007
Telephone: +61 8 9443 3011
Facsimile: +61 8 9443 9960

ADDRESS OF THE OFFICE AT WHICH A REGISTER OF SECURITIES IS KEPT:

Automic Pty Ltd
Level 5, 191 St Georges Terrace
Perth WA 6000

SECURITIES EXCHANGE ON WHICH THE COMPANY'S SECURITIES ARE QUOTED:

The Company's listed equity securities are quoted on the Australian Securities Exchange (ASX: WFL).

REVIEW OF OPERATIONS

A review of operations is contained in the Directors' Report.

CONSISTENCY WITH BUSINESS OBJECTIVES

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way consistent with its stated business objectives.