WELLFULLY

DECEMBER 2022 QUARTERLY REPORT

Wellfully Limited (ASX: WFL) (Wellfully or the Company) is pleased to provide an overview of its activities for the quarter ended 31 December 2022 (Q2 FY2023).

- **Operations cash inflows remained stable, and advertising and marketing outflows didn't increase significantly** - the continued focus on cash efficiency allowed for alignment with the market environment marked by further decreases in disposable income, increased energy costs and the related rise in marketing and advertising costs through Q2 FY2023;
- **The increase in operating and manufacturing outflows from A$ 157k in Q1 to A$ 398k in Q2 is in line with commercial focus on larger, campaign channel sales –** through Q2 FY2023, the company started preparations for the fulfillment of orders 10-20x larger than ones executed in the past, with first completion and shipping planned for Q3 FY2023.
- **Structure cost reductions expected to provide benefits of A$ -1.3m annually from CY2023 -** decreases in corporate and operations structure costs have been secured through Q2 FY2023 of A$752k and A$525k p.a. respectively (37%); The additional administration and corporate outflows - increasing from A$280k to A$498k through Q2 FY 2023 - were related to the preparation and execution of the above structure cost reductions.

OPERATIONS & TECHNOLOGY

Cash outflows from operations, at A$ 1.8m, continued to decrease as compared to FY2022, significantly below the A$-2.5m in Q4 (-30%), the A$-2.6m in Q3 (-34%), and the A$-3.1m in Q2 (-43%) FY2022.

Through Q2 FY2023 the focus was kept on activities related to scaling Wellfully's technology, process and product infrastructures. In addition to the patch insourcing project that was designed to allow for better product economics and supply-chain responsiveness, as well as faster time-to-market, innovation and technology activities were centred on optimising the performance and scaling of existing applications, and advancing complementary extensions of the Company's current ranges.

SWISSWELL Lubricen Insourcing

The chassis used in the SWISSWELL Lubricen products is in constant revision as new applications and manufacturing options become available. The move to a high bloom

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Gelatine has now been shown to enhance stability and reduce the gels time-to-saturation during production.

Work also progressed in Eutetic mixtures research, that has allowed our formulation team to match the Gel's melting point to that of skin.

The product architecture changes were performed in parallel with the production process design that has advanced from concept to T1 prototyping in Q2 FY2023.

RÉDUIT Boost capability expansion

Vitamin E anti-aging: an ongoing program of Reduit Boost capability expansion continued with the development of Boost waveforms for the enhanced delivery of Tocopherol Acetate (Vitamin E), a potent anti-aging compound found in high-end cosmetic formulations.

SWISSWELL Boost

Work continued during the Quarter to refine the product claims and documentation to bring it in line with the FDA's recent "General Wellness: Policy for Low-Risk Devices" which potentially offers the Company USA market entry without the traditional FDA Pre-Market Approval evaluations.

Skin Elasticity Testing

The poor quality and unreliability of many current skin elasticity evaluation tools has prompted our Engineers to develop a highly accurate and easy to use skin elasticity analysis tool capable of use at the cosmetic counter as a means of demonstrating the near-immediate efficacy benefits provided by RÉDUIT Boost.

RÉDUIT Beauty Masks

Formulation work continued on the RÉDUIT Beauty masks and eye patches including revised gel formulations for skin brightening and anti-wrinkle eye masks.

Cannabinoids (CBD)

The increasing popularity of CBD for cosmetic and medicinal applications have resulted in the development and testing of CBD in gels, suitable for cosmetic patch and beauty eye masks to be undertaken across a wide range of approved CBD concentrations.

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New RÉDUIT Skinpod and Hairpod CBD formulations were developed and successfully misted and applied using the Reduit Magnetic Misting technology.

Skin Hygiene Formulation testing

Gel formulations for the two leading skin hygiene products were tested during the Quarter. Cetylpyridinium Chloride (CPC) and Chlorhexidine Digluconate (Chlorhexidine) were found to be **stable and effective and suitable for further developments as Pre-Surgical Patch products.**

SALES & MARKETING

While Q2 FY023 itself was marked by a very difficult market environment with both consumer and retail trade confidence indices in decline, the Company has managed to maintain inflows from operations and outflows in advertising and marketing stable while, at the same time, developing new, more efficient go-to-market alternatives such as campaign and long channel, distribution sales.

RÉDUIT

Following the success of some of the smaller pilot campaign projects and beauty boxes in Q1 FY2023, focus on similar account acquisitions has increased through the current quarter securing an **important collaboration with over 40.000 REDUIT BOOST units** currently in execution. Aside from a paradigm shift in visibility of RÉDUIT's products and brand, such engagements include important marketing and activation support through partner companies strengthening the footprint of the brand on the market that would otherwise be extremely difficult and costly to secure.

In addition, these large projects also bring important benefits for direct-to-consumer marketing activities significantly growing the digital platform of RÉDUIT BOOST. It will provide important insights into consumer behaviour and skincare routines that will allow for more effective targeting and communication.

SWISSWELL

In addition to continued activities with distributors in existing and new markets, Q2 FY2023 has also seen **increased interaction with opinion leaders and influencers across a multitude of segments**, ranging from the medical and health segments to

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authorities in sports and wellness, supporting both retail and direct-to-consumer channels.

PAYMENTS TO RELATED PARTIES OF THE ENTITY

The Company notes that the cash payments made to related parties and their associates outlined in Section 6.1 of the Appendix 4C of $274k represent payments made for director fees to one executive director and non-executive directors.

Other transactions with related parties noted in Appendix 4C

a) 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 o The Company, will at its cost, register the loan on the Australian Personal Property Securities Register (PPSR) at its own cost.

b) 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.

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c) 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.

The loans noted under items b) and d) were subsequently repaid in October 2022. The loan noted under c) from Mr Peros was converted into ordinary shares following shareholder approval at the 25 November 2022 Annual General Meeting (being part of Resolution 6).

d) On 16 December 2022 the Company resolved to borrow the following amounts

from the Company's directors:

- U$50,000 from Via Pastura Pty Ltd, a company associated with Paul Peros,
- €50,000 from The Brand Laboratories FZ , a company associated with a Steven Schapera,
- A$40,000 from Andy Wortlock, and
- A$25,000 from Jeff Edwards (together the Lender)

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.
- 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 up to the value of the loan but irrespective to a limit of no more than 4.9% of the equity interest of the Company, as set out in the latest accounts given to ASX under the ASX Listing Rules

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The Company received all funds during the quarter, other than the A$40,000 from Mr Andy Wortlock which was received in January 2023.

e) On 18 January 2023 the Company resolved to borrow the following amounts from the Company's directors:

- U$50,000 from Via Pastura Pty Ltd, a company associated with Paul Peros, and
- A$40,000 from Andy Wortlock.

The loans have the same terms as those noted for the director loans of 16 December 2022 above other than Mr Wortlock's loan having a 15 day repayment term.

ABOUT WELLFULLY

Wellfully is a fully integrated, science-based wellness company. In addition to our own-brands, RÉDUIT and SWISSWELL, we also offer a portfolio of proprietary technologies and support partners by providing IP and expertise in magnetic array design, feasibility and efficacy, and claims testing, engineering and production.

ABOUT WELLFULLY'S TECHNOLOGIES

Wellfully has developed a number of physical enhancement technologies based on the interactions between ingredient molecules and weak atomic forces, positioning the Company as a world leader in the science of magnetic fields as they relate to drug or active-ingredient delivery.

The first of Wellfully's magnetic technologies was the Magnetic Microarray. Complex 3-D magnetic fields, produced by low-cost microarray film, influence the movement and penetration through the skin of drugs, active ingredients and formulations at the molecular level. This was licensed and commercialised in 2014.

The second magnetic technology, the Programmable Array technology, employs powered electromagnetic fields that can be altered to suit individual consumer's skincare needs. This was licensed for skincare applications in 2020.

The third magnetic technology uses magnetic fields to alter the wettability of a surface, substantially enhancing contact between liquid and solids. Magneto-Wetting underpins the Company's current developments in haircare, skincare and surface hygiene, in conjunction with Wellfully's recently developed Ultrasonic Misting technology. International patents have been filed.

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FORWARD-LOOKING STATEMENTS

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

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

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

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

- Ends -

For more information:

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Wellfully Limited	
ABN	**Quarter ended ("current quarter")**
056 482 636	31 December 2022

Consolidated statement of cash flows			Current quarter $A'000	Year to date (6 months) $A'000
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		137	273
1.2	Payments for			
	(a)	research and development	(8)	(15)
	(b)	product manufacturing and operating costs	(398)	(555)
	(c)	advertising and marketing	(90)	(145)
	(d)	leased assets	-	-
	(e)	staff costs	(763)	(1,470)
	(f)	administration and corporate costs	(498)	(778)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		2	2
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		-	4
1.8	Other (provide details if material)		-	-
1.9	**Net cash from / (used in) operating activities**		**(1,618)**	**(2,684)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire or for:			
	(a)	entities	-	-
	(b)	businesses	-	-
	(c)	property, plant and equipment	-	-
	(d)	investments	-	-
	(e)	intellectual property	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,943	2,230
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(156)	(179)
3.5	Proceeds from borrowings	276	826
3.6	Repayment of borrowings	(251)	(251)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**1,812**	**2,626**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	29	269
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,618)	(2,684)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,812	2,626
4.5	Effect of movement in exchange rates on cash held	(175)	(163)
4.6	**Cash and cash equivalents at end of period**	**48**	**48**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	48	29
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**48**	**29**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	274
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	315,000	315,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	315,000[a]	315,000 [a]

7.5	**Unused financing facilities available at quarter end**	nil[a]

Note a – this excludes the GEM facility described in item 7.6(a) below and further loans post quarter end noted below.

7.6

Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

a) On **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.

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.

b) 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.

c) 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.

d) 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.

The loans noted under items b) and d) were subsequently repaid in October 2022. The loan noted under c) from Mr Peros was converted into ordinary shares following shareholder approval at the 25 November 2022 Annual General Meeting (being part of Resolution 6).

f) On **16 December 2022** the Company resolved to borrow the following amounts from the Company's directors:

- U$50,000 from Via Pastura Pty Ltd, a company associated with Paul Peros,
- €50,000 from The Brand Laboratories FZ , a company associated with a Steven Schapera,
- A$40,000 from Andy Wortlock, and
- A$25,000 from Jeff Edwards (together the Lender)

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.
- 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 up to the value of the loan but irrespective to a limit of no more than 4.9% of the equity interest of the Company, as set out in the latest accounts given to ASX under the ASX Listing Rules

The Company received all funds during the quarter, other than the A$40,000 from Mr Andy Wortlock which was received in January 2023.

g) On **30 December 2022** the Company entered into a loan agreement with A.L Hinrichsen & N.W Hinrichsen being a partnership associated with an existing non-substantial shareholder of Wellfully Limited, Mr Neville Hinrichsen, to provide additional working capital funding of A$100,000 to the Company.

Key terms of the loan are as follows:

- The loan is for a total of $100,000, with (i) interest accruing at 16.5% per annum over the first 60 days, increasing by 1% per annum every subsequent month, and capped at a 21% per annum maximum, and (ii) a transaction fee of 2.5% of the total amount owing.
- The loan may, at the option of the lender but subject to the Company obtaining any requisite approvals (if and as required by the Company), be settled through the issue of shares in the Company, in which case the conversion price will be calculated as the price of ordinary shares in the Company's next capital raising.
- The loan is repayable by 28 February 2023, unless otherwise mutually agreed.
- The loan deed contains standard warranties, undertakings, default and termination clauses normally found in agreements of this nature.

h) On **18 January 2023** the Company resolved to borrow the following amounts from the Company's directors:

- U$50,000 from Via Pastura Pty Ltd, a company associated with Paul Peros, and
- A$40,000 from Andy Wortlock.

The loans have the same terms as those noted for the director loans of 16 December 2022 (under item 7.6(e) other than Mr Wortlock's loan having a 15 day repayment term.

i) On **19 January 2023** the Company entered into a further loan agreement with A.L Hinrichsen & N.W Hinrichsen being a partnership associated with an existing non-substantial shareholder of Wellfully Limited, Mr Neville Hinrichsen, to provide additional working capital funding of A$57,000 to the Company.

Key terms of the loan are as follows:

- The loan is for a total of $57,000, with (i) interest accruing at 16.5% per annum over the first 60 days, increasing by 1% per annum every subsequent month, and capped at a 21% per annum maximum, and (ii) a transaction fee of 2.5% of the total amount owing.
- The loan may, at the option of the lender but subject to the Company obtaining any requisite approvals (if and as required by the Company), be settled through the issue of shares in the Company, in which case the conversion price will be calculated as the price of ordinary shares in the Company's next capital raising.
- The loan is repayable by 29 January 2023, unless otherwise mutually agreed. The loan was subs
- The loan deed contains standard warranties, undertakings, default and termination clauses normally found in agreements of this nature.

The loan noted under item i) was subsequently repaid in January 2023.

j) On **25 January 2023** the Company advised that it had entered into a secured convertible loan facility agreement (Loan Facility Agreement) with Celtic Capital Pty

Ltd, a entity associated with the Company's corporate advisor CPS Capital Pty Ltd. The Loan Facility raise $260,000 which the Company will use for general working capital purposes, including costs associated with a 40,000 Reduit-brand Boost device production order.

Under the terms of the Loan Facility Agreement, the Company must, at the sole discretion of the lender, settle any funds drawn by converting outstanding amounts into ordinary shares in the Company, or by payment in cash, or by a combination of these methods, on the date that is 3 months after the drawdown date.

Interest accrues at an annual interest rate of 40%, with a minimum interest amount payable of $50,000 under the Loan Facility Agreement. The Company will also become liable for interest at the rate of 50% if certain default events occur. Default events include payment default, a breach of any obligations under the Loan Facility Agreement, an insolvency event, any prosecution event against the Company or any security provided becoming unenforceable or ceases to be fully binding for any reason. The conversion price is to be determined as the lesser of an issue price per conversion share equal to the closing price of the Company's shares on the drawdown date and 90% of the issue price of any shares issued under a capital raise within the repayment period, which is determined as the date of issuing any conversion shares, if applicable or 3 months post the drawdown date.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,618)
8.2	Cash and cash equivalents at quarter end (item 4.6)	48
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	48
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	0.03

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The Company expects receipts from customers to continue increasing in line with trends in this quarter while maintaining control over cash outflows. The Company does however expect net cash outflows for the foreseeable future as it implements various planned strategies and cost control measures in order to generate long term positive cash flows.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company is considering a number of funding options and will undertake further capital raisings, if and when these are required. The Company also obtained shareholder approval at its EGM held on 25 January 2023 to raise up to A$5million through the issue of new equity. The Company also previously announced a proposed transaction with The Brandbase (proposed TBB Transaction) (refer ASX announcement of 6 December 2022). The Company intends to raise funds as part of the proposed TBB Transaction. The Company has a history of successfully raising funds.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The Company expects it will be able to continue operations and meet business objectives based on the uptake in commercial activities seen throughout and beyond the quarter.

The Company is working on the advancement of the following key activities:

❖ 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

❖ Development and launch of new devices

- Completion and launch of the SWISSWELL Boost Applicator

❖ Roll-out of SWISSWELL Lubricen pain patches - With regulatory approval received, the B2B launch can now proceed.

❖ Global licensing, ODM and OEM collaborations - Continued collaborations with global partners.

The Company further believes that, if successfully completed, the proposed TBB Transaction will provide significant opportunity for the Company to add to its revenue lines.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2023

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been

prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.