

COMPANY UPDATE

Wellfully Limited (ASX: WFL) (Wellfully or Company), the world's first fully-integrated, science-based wellness company, is pleased to provide an update on the Company including:

- In-house direct-to-consumer (DTC) strategy
- Debt Restructuring
- Cost Restructuring
- Investor Relations consultant engaged

Strategic Review

Given the current economic climate and rapidly changing business environment, the company, post a strategic cost review has raised \$1.5 million to fully satisfy and fund its current working capital obligations. By cutting unnecessary costs, waste and negotiating with existing creditors the company has avoided extra dilution for current shareholders.. Wellfully considers an in-house solution for DTC market access to be the best approach to manage the growth and scale of the Wellfully business without the significant upfront cash outflows.

DTC Strategy

The in-house DTC strategy is to provide for a more sustainable and valuable solution for the Company and the shareholders in two key areas:

1. Increasing inflows - accessing the most efficient commercial opportunities:
 - a. Additional revenues – leveraging industry-specific knowledge and experience across multiple DTC platforms and placements;
 - b. Brand awareness - scaling the momentum of the US-based Beauty Box campaign for brand notoriety;
 - c. Higher margins - focus on current in-house products to ensure superior unit contributions.
2. Reducing cost and risk and increasing the cash runway:
 - a. Continuation of vital cost reductions initiated in October 2022;
 - b. Lowering of monthly cash outflows;
 - c. Reducing the required break-even volumes.

Combined, the two will ease the Company's path to cash-positive operations, reducing reliance on external funding and the related dilution effects for existing shareholders.

Debt Restructuring

In addition, and, in order to limit the reliance on the Placement announced earlier today, and to reduce dilution to existing shareholders, the Company has embarked on a debt restructuring projects to further bolster the Company's Balance Sheet and working capital position (Debt Restructuring).

The debt restructuring projects are spearheaded by the conversion of loans and outstanding fees of Paul Peros, a related party of the Company, in the amount of \$410,000 that will be converted, if approved by shareholders, into 16,400,000 ordinary WFL shares at a conversion price of \$0.025 vs the \$0.011 placement price (refer ASX announcement of 4 April 2023 for further detail).

The Company has also agreed to convert a \$100,000 convertible loan with AL Hinrichsen & NW Hinrichsen, being a partnership associated with an existing non-substantial shareholder of Wellfully, Mr Neville Hinrichsen (Hinrichsen loan), into shares. The loan was previously advised to the market on 30 December 2022. Conversion will occur at the same price as the Placement announced on 5 April 2023).

The Company will seek shareholder approval for the conversion of both Mr Paul Peros' loans and fees and the Hinrichsen loan under Listing Rules 10.11 and 7.1 respectively at a proposed General Meeting in May 2023.

The Company is also in negotiations with creditors to settle certain positions via shares and will advise the market when appropriate. Shareholder approvals will be obtained if required based on available placement capacities and negotiated terms.

Cost Restructuring

The Company is also continuing to work on organisational restructuring with a view to streamlining operations and reducing operational costs. The bulk of the cost restructuring is related to the consolidation of a number of projects, in particular the transfer of the Perth innovation center, and its activities, to the

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Company's Swiss facility, which is estimated to reduce overhead costs by approximately \$0.9 million per annum.

Business Specialist

Under separate agreement and independent of the capital raise, the Company has engaged Dyamond Trading and Consulting to support the Company's Investor Relation activities with existing and potential investors over the next six months. Dyamond Trading will assist the Company in:

- a) strategy and organizational development;
- b) quarterly and annual planning processes; and
- c) activities for further funding from cornerstone and overseas investors as required.

Key Terms of the Dyamond Agreement are set about below:

Fees

Dyamond Trading (or its nominees) is entitled to be issued 30,000,000 ordinary shares; and 30,000,000 options at 1.1c exercisable within 4 years.

2.7 million Consultant Shares will be issued 7 days from closing of the contract. The 27.3 remaining million Consultant Shares and the 30 million Consultant Options to be issued are intended to be put to shareholders for approval pursuant to Listing Rule 7.1 and offered pursuant to a subsequent Prospectus to be issued by the Company.

Additional terms

Furthermore, Dyamond Trading is entitled to appoint a director to the Board of the Company. The Company may terminate the Dyamond Agreement upon 2 weeks' notice, or immediately upon any serious misconduct by Dyamond Trading. The agreement contains other terms considered standard for agreements of this nature.

ABOUT WELLFULLY

Wellfully is a fully integrated, science-based wellness company. In addition to its own-brand, RÉDUIT, the Company also offers a portfolio of proprietary technologies and supports partners by providing IP-protected market exclusivity, expertise in magnetic array design, feasibility and efficacy, and claims testing, engineering and production.

Wellfully's established operations via its wholly-owned business units are:

- The Innovation & R&D unit provides technology to the other business units of the Company, as well as licensing and development services to international partners.
- The Design & Technology and Supply-chain hub in Dongguan, China has the ability to rapidly develop and industrialize the Company's technologies and innovations in an agile, efficient, secure and cost-effective manner.
- The Digital Communications and Marketing & Sales units are focused on supporting Wellfully's own consumer brands.
- BodyGuard is the Company's therapeutic unit and develops advanced "direct to site of injury" patch products for the wellness and pain management sectors. This technology also has applications across supplement, healthcare, and musculoskeletal sectors.

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 commercialized 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

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hygiene, in conjunction with Wellfully's recently developed Ultrasonic Misting technology. International patents have been filed.

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.

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