

MARCH 2024 QUARTERLY REPORT

Wellfully Limited (Administrators Appointed) (ASX: WFL) (**Wellfully** or the **Company**) is pleased to provide an overview of its activities for the quarter ended 31 March 2024 (Q3 FY2024).

About Wellfully

Wellfully is a fully integrated, science-based wellness company. 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.

Sales operations

Magnetic Micro-Array

The Administrators received a purchase order from Proctor and Gamble (**P&G**) for 100,000 units of Wellfully's microarray product that were to be sourced, produced and delivered by Wellfully in four 25,000-unit instalments over a period of 12 months (from that time).

The Administrators subsequently arranged for the sourcing of the materials and requisite works to be completed, and in January 2024, the first two instalments (i.e. 50,000 units) were shipped to P&G from a storage depot in Singapore. Wellfully subsequently received payment for this order in January 2024.

P&G has recently confirmed its intention to complete the remaining two orders in June and August 2024, and has also expressed its interest in continued supply thereafter.

Research and Development Tax Incentive

The Administrators attended to the preparation and lodgement of Wellfully's outstanding taxation lodgements (based on information disclosed in its historical records and discussions with its former management). The Administrators also prepared a Research and Development (**R&D**) tax incentive application to accompany the 2023 income tax return.

Wellfully expects to receive \$29,047 for lodgement of the pre-appointment BAS and IAS and \$217,538 for the R&D rebate, less costs of \$24,444.

Administrators' Realisation Program

In late February 2024, it appeared that the potential transaction with the interested party was no longer viable. However, in late February 2024, Wellfully's secured creditor advised that it was still considering assisting with a recapitalisation of Wellfully.

The secured creditor is currently in the process of negotiating the requisite funding and agreements required for the recapitalisation / restructure to proceed.

Directors
Mr John Forrester
Mrs Lea Clothier

Company Secretary
Mr Bill Pavlovski

Registered Office
Pitcher Partners
Level 11
12 The Esplanade
PERTH WA 6000

Contact
Pitcher Partners
Tel: (08) 9322 2022
ABN: 72 056 482 636

The future of Wellfully will be determined at the upcoming meeting of creditors on 26 April 2024.

Payments To Related Parties

No payments were made to related parties during the quarter.

Incomplete Records

To prepare this report, the Administrators have reconstructed the financial records of the Group, using digital records, management account information obtained from current and former directors and officers of Wellfully as well as announcements posted to the Australian Securities Exchange (**ASX**).

Given the Administrators were not in control of the Group for the entire period, there may be information that has not been brought to their attention or they have been unable to obtain information where the impact of which may or may not be material to the accounts.

- Ends -

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Appendix 4C

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

Name of entity

Wellfully Limited (Administrators Appointed)

ABN

056 482 636

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	129	214
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(8)	(41)
(d) leased assets	-	-
(e) staff costs	-	(8)
(f) administration and corporate costs	(130)	(177)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	
1.6 Income taxes paid	-	
1.7 Government grants and tax incentives	2	4
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(7)	(8)

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 (9 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)	-	-
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	-	-
3.5	Proceeds from borrowings	-	6
3.6	Repayment of borrowings	-	-
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	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	275	270
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7)	(8)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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)	-	6
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	268	268

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	268	275
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)	268	275

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	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>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.</i>		
7.1 Loan facilities	845	845
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	845	845
7.5 Unused financing facilities available at quarter end		nil ^a
<i>Note a – this excludes the GEM facility described in item 7.6(a) below.</i>		
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 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

- c) 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.

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

- U\$80,000 from Via Pastura Pty Ltd, a company associated with Paul Peros, and
- A\$40,000 from Andrew Wortlock (A20,000 repaid in February 2023).

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

- e) 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, an 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 Redit-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.

- f) On **21 March 2023** the Company resolved to borrow \$14,000 from Andy Wortlock on the following terms:
- the full amount borrowed but excluding setup fees, will be repaid within 10 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;
 - 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
- g) On **6 April 2023** the Company resolved to borrow \$11,000 from Andy Wortlock on the following terms:
- the full amount borrowed but excluding setup fees, will be repaid within 10 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;
 - 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

On **30 May 2023** the company repaid \$55,000 to Geoffrey Blackshaw with the remaining \$55,000 to be paid in Q1 FY2024

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(7)
8.2	Cash and cash equivalents at quarter end (item 4.6)	268
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	268
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	38.29

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: N/A

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: N/A

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: N/A

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: 24 April 2024



Authorised by: Bryan Hughes
Joint and Several Administrator

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.
6. The Administrators have based the above consolidated statement of cash flows based on the Company's unreconciled books and records recovered on the date of their appointment (18 August 2023).