Appendix 4D

Name of Entity	**Wellfully Limited**
ABN	**72 056 482 636**
Financial Period Ended	**31 December 2022**
Previous Corresponding Reporting Period	**31 December 2021**

Preliminary financial statements for the half-year ended 31 December 2022 as required by ASX listing rule 4.2A

Results for announcement to the market (All comparisons to half-year ended 31 December 2022)	**$**	**Up/ (down)**	**Movement %**
Revenue from ordinary activities	274,542	Down	-78%
Loss for the period	(4,812,840)	Up	12%

Dividend information	**Amount per share (cents)**	**Franked amount per share (cents)**	**Tax rate for franking credit**
Final Dividend	Nil	Nil	NA
Interim Dividend	Nil	Nil	NA
Previous corresponding period	Nil	Nil	NA
Record date for determining entitlements to the dividends	NA	NA	NA

	31 Dec 2022	**31 Dec 2021**
Net tangible (liabilities) / assets per ordinary security	($0.0007)	$0.0115

Commentary on the Results for the Period

The earnings per security and nature of any dilution aspects:

Refer to the Statement of Profit or Loss and Other Comprehensive Income included.

Returns to shareholders including distributions and buy backs:

N/A

Significant features of operating performance:

Refer to Review of Operations section of the Directors' Report included.

The results of segments that are significant to an understanding of the business as a whole:

N/A

Discussion of trends in performance:

Refer to Review of Operations section of the Directors' Report included.

Any other factor which has affected the results in the period or which are likely to affect the results in the future, including those where the effect could not be quantified:

N/A

Control Gained or Loss of Control Over Entities

N/A

Details of Associates and Joint Venture Entities

N/A

This information should be read in conjunction with the 2022 Annual Report.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2022.

The financial statements were subject to a review by the Company's auditor and the review report is attached as part of the Interim Report.

The Interim Financial Report of Wellfully Limited for the half-year ended 31 December 2022 is attached.

Paul Peros
Director

Perth, Western Australia
5 April 2023

WELLFULLY LIMITED

(ABN 72 056 482 636)

INTERIM FINANCIAL REPORT

For the period ended 31 December 2022

CONTENTS

DIRECTORS' REPORT

The directors submit their Interim Financial Report on the consolidated entity consisting of Wellfully Limited ("Wellfully") and the entities it controlled (the "Group") for the financial half year ended 31 December 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 interim period and until the date of this report are as follows.

Mr Paul Peros
Mr Jeffrey David Edwards (resigned on 21 March 2023)
Mr Steven Lorn Schapera (resigned on 31 December 2022)
Mr Anton Eaton (resigned on 3 August 2022)
Mr Andy Wortlock (appointed on 18 November 2022)
Mr David Wheeler (appointed on 1 February 2023)

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

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial half-year ended 31 December 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 half-year ended 31 December 2022.

OPERATING RESULTS

The net consolidated loss of the Group after income tax for the period covered by this Interim Financial Report was $4,812,840 (31 December 2021: loss of $4,313,555).

REVIEW OF OPERATIONS

Wellfully continued its activities of transitioning 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 Group, 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.

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. Regulatory approval was received allowing for the B2B launch of Swisswell in Q1 2023, the Group also quickly deployed cash resources in Q2 2023 to support in-house technology development in order to advance competitiveness.

RÉDUIT

The development of Wellfully's premium beauty brand continued across three main fronts: DTC marketing, and B2B collaborations with new retailers.

Additionally, the establishment of Wellfully's robust vertically integrated operations enabled the Group 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.

RÉDUIT Boost™ - the universal skincare applicator

In addition to the ongoing commercial activities, the second half of the period has been marked by scale-up and development of new commercial collaborations spanning international distribution and beauty box campaign sales. Following the successfully execution of the 40,000-product strong campaign, the latter are expected to more than compensate the revenue gap suffered by the Russia-Ukraine conflict and the absence of related BORK sales in this period.

International distribution was expanded with agreements in the Gulf Council Countries, as well as in South Korea. It is expected that this channels will allow for cost-effective growth of the brand's footprint across key markets.

In addition to the first placements of the new RÉDUIT Boost™ product, important advances have been made in the development of the App platform that is starting to produce results in terms of visibility of use of both RÉDUIT and 3rd part products of great value to pre- and post-sales marketing activities. It is expected that with the large product volumes of the box sales campaign, the availability of high-quality data will significantly increase. In addition to in-house application of the market intel, the Group has already initiated collaborations aimed at maximising campaign results with 3rd party retailers by using the RÉDIUI app data.

SWISSWELL

Having received relevant regulatory approvals for the SWISSWELL Lubricen Knee Patch in Q3-4 FY2022, the Company has initiated B2B and general partner-marketing activities in 1H FY2023.

In addition to an important distribution agreement in Italy with a network counting over 6,000 points-of-sale and the subsequent market pilot executed in the September-December 2023 period, Swisswell has continued its marketing and distribution activities across multiple fronts:

- Retail placements with online verticals,
- Extended sampling campaigns with opinion leaders,
- Product-in-hand and subscriptions in DTC channels.

The Group is continuing both commercial inroads and corresponding market-specific regulatory approvals across a series of geographies.

In addition, the Group has engaged in an important process technology development project designed to allow for in-house production of the patches with the aim of:

- Significant unit cost reductions
- Reductions in production lead-times
- Ability to expand the range to other formulations and applications

Last, but not least, SWISSWELL has also already adopted the RÉDUIT BOOST product and digital platforms with the aim of extending the range to topical drug applications of 3rd-party products and brands. The Group is currently executing a market test with about 1,000 units across key markets in order to optimise application parameter settings and usage patterns.

GLOBAL COLLABORATIONS

An important operation with P&G has moved to execution with positive results, a steady infol of replenishment order for one of the personal care applications developed a few years back.

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 Group is pleased to confirm that these collaborations (technology licensing & joint development projects), which are currently bound by non-disclosure agreements, continue to progress.

PLACEMENT RAISES $2 MILLION

During October 2022 Wellfully completed a successful placement to new and existing institutional, sophisticated and professional investors. The placement raised $2 million (before costs) through the issue of 90.9 million shares at $0.022 per share, a discount of ~18% to the 20-day VWAP. Placement participants received one (1) free attaching option ($0.20 strike price and 2-year expiry) for every three (3) shares subscribed for. The placement includes an attaching option on a 1:1 basis, with an exercise price of $0.033 per option and an expiry date two years from date of issue ("Placement Options"). The issue of Placement Options will be subject to shareholder approval and subject to ASX approval, the Company will seek to list the options. This represents a discount of 21% to the last close price of $0.028 (excluding the Option Value of circa $0.005) and a discount of 24% to the 10 Day VWAP of $0.029. This will be a 2 Tranche placement with issued under Tranche 1 (under the Company's 15% placement capacity), and shares to be issued under Tranche 2 subject to shareholder approval.

The proceeds from the Placement will facilitate the advancement of the following activities:

- Fund the insourcing of the patch production at its Swiss operations facility in order to:
    - Decrease costs of the SWISWELL Lubricen Knee Patch from USD 1.50 to USD 0.50 and increase its gross margins from 54% to 85%,
    - Use this competitiveness in order to increase B2B sales and access a larger, mainstream market segment,
    - And ensure production capacity and product availability accordingly by significantly reducing sourcing and production lead times.

- Support the continuation of the commercial development of its brands and industry collaborations, and the related working capital needs in order to maintain the current top line growth trend.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During this period, Wellfully issued 120,587,999 new ordinary shares.

There were no other significant changes in the state of affairs of the Group during the financial half-year ended 31 December 2022.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

Paul Peros
Director

Perth, Western Australia
5 April 2023

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Wellfully Limited for the half-year ended 31 December 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 review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 5 April 2023

JAMES KOMNINOS
Partner

	Consolidated	
	31 December 2022 $	31 December 2021 $
Revenue and other income	276,886	1,248,373
Net foreign exchange (losses) / gain	(51,866)	74,837
Borrowing costs expensed	(37,009)	-
Depreciation expenses	(79,644)	(63,851)
Administration fees	(115,575)	(156,468)
Auditor's remuneration	(96,303)	(28,319)
Consultants and consultants benefits expenses	(244,117)	(343,209)
Directors and employees benefits expenses	(1,768,085)	(1,901,840)
Freight and courier	(107,424)	(99,599)
Legal costs	(54,374)	(58,943)
Marketing and operations services	(716,551)	(1,071,148)
Materials and requisites	(1,015,733)	(1,284,687)
Occupancy expenses	(110,695)	(190,479)
Patent and trademark service fees	(3,774)	(8,551)
Travel and accommodation	(50,739)	(70,218)
Public and investor relations	(148,011)	(12,000)
Other expenses	(489,826)	(347,453)
Loss before income tax	(4,812,840)	(4,313,555)
Income tax benefit	-	-
Loss for the half year	(4,812,840)	(4,313,555)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation, net of tax	583,005	16,068
Total comprehensive loss for the half year	(4,229,835)	(4,297,487)
Loss attributable to:		
Members of Wellfully	(4,812,840)	(4,313,555)
Total comprehensive loss attributable to:		
Members of Wellfully	(4,229,835)	(4,297,487)
Basic and diluted loss per share (cents per share)	(1.52)	(1.92)

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

	Note	Consolidated 31 December 2022 $	30 June 2022 $
Current Assets			
Cash and cash equivalents		279,125	317,669
Trade and other receivables		848,747	1,322,052
Inventories		1,891,419	348,071
Total Current Assets		3,019,291	1,987,792
Non-Current Assets			
Property, plant and equipment		287,394	301,220
Right-of-use assets		147,239	331,195
Total Non-Current Assets		434,633	632,415
Total Assets		3,453,924	2,620,207
Current Liabilities			
Trade and other payables	3	3,042,896	1,258,956
Contract liabilities		130,989	130,989
Lease liabilities		127,495	198,167
Borrowings	4	270,207	168,000
Employee benefits provision		137,501	119,978
Total Current Liabilities		3,709,088	1,876,090
Non-Current Liabilities			
Lease liabilities		18,707	124,560
Total Non-Current Liabilities		18,707	124,560
Total Liabilities		3,727,795	2,000,650
Net (Liabilities) / Assets		(273,871)	619,557
Equity			
Issued capital	5	50,708,587	48,128,011
Reserves	6	1,974,165	635,329
Accumulated losses		(52,956,623)	(48,143,783)
(Shareholders' Deficit) / Total Equity		(273,871)	619,557

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

	Issued Capital $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Shareholders' deficit / Total Equity $
Balance at 1 July 2021	42,552,152	355,656	241,617	(40,840,814)	2,308,611
Loss after income tax expense for the period	-	-	-	(4,313,555)	(4,313,555)
Exchange differences on translation of foreign operations	-	-	16,068	-	16,068
Total comprehensive income / (loss) for the period	-	-	16,068	(4,313,555)	(4,297,487)
Shares issued during the period	5,104,205	-	-	-	5,104,205
Options issued during the period	-	428,000	-	-	428,000
Transaction costs	(659,500)	-	-	-	(659,500)
Balance at 31 December 2021	46,996,857	783,656	257,685	(45,154,369)	2,883,829
Balance at 1 July 2022	48,128,011	813,656	(178,327)	(48,143,783)	619,557
Loss after income tax expense for the period	-	-	-	(4,812,840)	(4,812,840)
Exchange differences on translation of foreign operations	-	-	583,005	-	583,005
Total comprehensive income / (loss) for the period	-	-	583,005	(4,812,840)	(4,229,835)
Shares issued during the period	2,920,450	-	-	-	2,920,450
Options issued during the period (including transaction cost)	(136,525)	755,831	-	-	619,306
Transaction costs	(203,349)	-	-	-	(203,349)
Balance at 31 December 2022	50,708,587	1,569,487	404,678	(52,956,623)	(273,871)

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

	Consolidated	
	31 December 2022 $	31 December 2021 $
Cash Flows used in Operating Activities		
Receipts from customers (inclusive of GST)	276,886	1,003,324
Payment to suppliers and employees (inclusive of GST)	(2,640,311)	(5,340,103)
Borrowing costs paid	(37,009)	(3,230)
Net cash outflow used in operating activities	(2,400,434)	(4,340,009)
Cash Flows used in Investing Activities		
Payments for property, plant and equipment	-	(32,571)
Net cash outflow used in investing activities	-	(32,571)
Cash Flows from Financing Activities		
Proceeds from issue of shares	2,205,679	5,000,000
Proceeds from issue of options	1,500	2,000
Share and option issue costs	(180,800)	(307,500)
Repayment of lease liabilities	(60,158)	(54,397)
Proceeds from borrowings	831,291	-
Repayment of borrowings and fees	(383,756)	-
Net cash inflows from financing activities	2,413,756	4,640,103
Net increase in cash and cash equivalents	13,322	267,523
Cash and cash equivalents at the beginning of the period	317,669	2,725,636
Effect of exchange rate fluctuations on cash held	(51,866)	90,905
Cash and cash equivalents at the end of the period	279,125	3,084,064

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 of half year report

This general purpose financial statement for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Wellfully Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Going concern

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

For the half year ended 31 December 2022 the Group incurred a net loss of $4,812,840, and at 31 December 2022 had net current liabilities of $689,797 and a net liability position of $273,871. The Group also had net cash outflows from operating activities of $2,400,434. These factors indicate a material uncertainty which may cast significant doubt as to whether the Group 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 it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- Wellfully has the ability to issue additional debt and equity securities under the Corporations Act 2001; and
- The Group has the ability to curtail administrative, discretionary research and development and overhead cash outflows as and when required.

Accordingly, the directors believe that the Group will be able to continue as a going concern and that 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 Group does not continue as a going concern.

1. Basis of preparation of half year report (continued)

New and amended standards adopted by the Group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') 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.

Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities and contingent liabilities, revenue and expenses. Management bases its judgement and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results many differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Going concern

Management had used judgement in deriving the Group cash flow estimates for the assessment of the going concern basis of accounting. Management understands that there are a number of inherent uncertainties relating to the Group's future plans including but not limited to:

- whether the Group is able to generate sufficient revenue from REDUIT;
- whether the Group is able to generate sufficient revenue from SWISSWELL;
- whether the Group is able to successfully capitalise on and implement the in-house go-to-market strategy;
- receipt of the cash refund under the Federal Government's Research and Development Tax Incentive Scheme;
- whether the Group draws down on its Capital Commitment Agreement;
- whether the Company will be able to raise equity in this current market; and
- whether the Group would be able to secure any other sources of funding.

2. Segment Information

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

The Group operates in two segments:

- Dermaportation drug delivery technology
- Devices

31 December 2022	Dermaportation and drug delivery technology $	Devices $	Total $
Revenue			
Revenue and other income	99,574	177,312	276,886
Total revenue	99,574	177,312	276,886
EBITDA	(1,721,676)	(2,974,547)	(4,696,223)
Expenses			
Depreciation and amortisation	(48,869)	(30,775)	(79,644)
Interest revenue	-	36	36
Finance costs	(34,189)	(2,820)	(37,009)
Total expenses	(83,058)	(33,559)	(116,617)
Loss before income tax	(1,804,734)	(3,008,106)	(4,812,840)
Income tax	-	-	-
Loss after income tax	(1,804,734)	(3,008,106)	(4,812,840)
Assets			
Segment assets	14,584,690	3,053,725	17,638,415
Intersegment eliminations			(14,184,491)
Total Assets			3,453,924
Liabilities			
Segment liabilities	(2,131,364)	(17,149,068)	(19,280,432)
Intersegment eliminations			15,552,637
Total Liabilities			(3,727,795)

2. Segment Information (continued)

Consolidated 31 December 2021	Dermaportation drug delivery technology	Devices	Total
	$	$	$
Revenue			
Revenue and other income	53,155	1,195,170	1,248,325
Government grants	22	26	48
Net foreign exchange gains	1,151	73,686	74,837
Total revenue	54,328	1,268,882	1,323,210
EBITDA	(1,546,723)	(2,699,629)	(4,246,352)
Depreciation and amortisation	(11,283)	(52,568)	(63,851)
Finance costs	-	(3,352)	(3,352)
Intersegment eliminations	-	-	-
Loss before income tax	(1,558,006)	(2,755,549)	(4,313,555)
Income tax expense	-	-	-
Loss after income tax	(1,558,006)	(2,755,549)	(4,313,555)
Assets			
Segment assets	12,339,442	921,409	13,260,851
Intersegment eliminations			(9,092,750)
Total assets			4,168,101
Liabilities			
Segment liabilities	7,600,354	8,903,816	16,504,170
Intersegment eliminations			(15,219,898)
Total liabilities			1,284,272

3. Trade and other payables

	31 December 2022	30 June 2022
	$	$
Trade creditors	2,715,934	588,972
Other payables and accruals	326,962	669,984
	3,042,896	1,258,956

4. Borrowings

	31 December 2022 $	30 June 2022 $
Convertible notes - unsecured	175,000	168,000
Convertible loan	95,207	-
	270,207	168,000

i. Convertible notes - unsecured

140,000 convertible notes were issued on 4 June 2009 with 10% interest rate. They are convertible at $0.003 on or before 4 June 2012.

If the convertible notes 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.

The convertible notes issued on 4 June 2009 were not converted by the due date and the terms of the agreement have not been extended. Correspondingly, the principal amount outstanding including any interest outstanding has been classified as current.

ii. Related party loans

During this period several related party loans were received and paid.

The following loans have occurred during this period:

a) On 10 August 2022 the Company resolved to borrow €70,000 from The Brand Laboratories FZ (Lender), a company associated with an ex-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;
   - 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 $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.

4. Borrowings (continued)

ii. Related party loans (continued)

b) On 7 July 2022 the Board of Wellfully Ltd approved the terms of a USD70,000 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 (item “a” above).

c) In September 2022 the board resolved to borrow $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 an ex-director of the Company, Steven Schapera. The terms of these loans align with the terms provided to Steven Schapera on 10 August 2022 (item “a” above).

The loans noted under items a) and b) 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:

- USD50,000 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,
- $40,000 from Andy Wortlock, and
- $25,000 from Jeff Edwards

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;
- 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 $40,000 from Mr Andy Wortlock which was received in January 2023.

4. Borrowings (continued)

iii. Convertible loan

On 28 December 2022 the Company signed a convertible loan agreement with NW & AL HINRICHS with the following key terms:

- 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.

5. Issued capital

a) Issued capital

	31 December 2022 $	30 June 2022 $
Ordinary shares fully paid	54,353,158	51,432,708
Cost of capital raising	(3,644,571)	(3,304,697)
	50,708,587	48,128,011

b) Movements in ordinary share capital

Date	Details	Number of shares	Issue Price	$
1/07/2022	Opening balance	270,560,230		48,128,011
4/07/2022	Placement	2,600,000	0.050	130,000
8/07/2022	Placement	2,000,000	0.050	100,000
11/08/2022	Placement	3,537,000	0.039	136,528
18/10/2022	Placement	53,104,544	0.022	1,168,300
21/10/2022	Placement	12,427,272	0.022	273,400
21/10/2022	Placement Celtic loan payment (1)	10,101,000	0.022	222,222
3/11/2022	Placement	21,954,549	0.022	483,000
3/11/2022	Placement	772,724	0.022	17,000
3/11/2022	Shares issued in lieu of fees (2)	5,000,000	0.038	190,000
9/12/2022	Placement	9,090,910	0.022	200,000
	Less: transaction costs arising on share issues			(339,874)
31/12/2022	Closing balance	391,148,229		50,708,587

5. Issued capital (continued)

(1) On 31 August 2022 Wellfully 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 raising $200,000. Under the terms of the Loan Facility Agreement, the Company agreed to settle any funds drawn by converting outstanding amounts into ordinary shares in the Company where it has conducted a placement of at least $2 million within 3 months of the drawdown date, or by payment in cash on the date that is 3 months after the drawdown date. Where conversion occurs, the conversion price is determined as 90% of the issue price of any shares issued under a capital raise greater than $2m within 3 months after a drawdown.

The loan incurred interest of $20,000.

This loan was settled through the issue of 10,101,000 ordinary shares as part of the Placement and Debt Restructure announced to the market on 10 October 2022.

(2) On 3 November 2022 Wellfully issued 5,000,000 shares in lieu of cash payment for investors relation services, including social media and business media services. The shares were issued at the same price at the capital raised on the same date.

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

6. Reserves

	31 December 2022 $	30 June 2022 $
Foreign currency translation reserve	404,678	(178,327)
Share-based payments reserve	1,569,487	813,656
	1,974,165	635,329

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars and foreign currency gains and losses on net investments in foreign operations

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

	31 December 2022 $	30 June 2022 $
Options reserve	1,412,487	813,656
Performance rights reserve	157,000	-
	1,569,487	813,656

a) Movements in options reserve

Date	Details	Listed options No.	Unlisted options No.	Fair value $	Exercise price $	Expiry date
1/07/2022	Opening balance	194,803,947	6,150,000	813,656		
22/08/2022	Grant of options in lieu of fees	-	10,000,000	167,508	0.022	22/08/2025
22/12/2022	Issue of options in lieu of fees	-	19,300,000	121,581	0.150	30/04/2027
23/12/2022	Issue of options in lieu of fees	15,000,000	-	138,025	0.033	23/12/2024
23/12/2022	Issue of free attaching options	87,486,365	-	-	0.033	23/12/2024
23/12/2022	Issue of free attaching options	772,724	-	-	0.033	23/12/2024
23/12/2022	Issue of options in lieu of fees	10,101,000	-	98,990	0.033	23/12/2024
23/12/2022	Issue of options in lieu of fees	9,090,910	-	72,727	0.033	23/12/2024
31/12/2022	Closing balance	317,254,946	35,450,000	1,412,487		

Refer to Note 7 for inputs on valuations of options issued during the current period.

6. Reserves (continued)

a) Movements in options reserve (continued)

Date	Details	Listed Options No.	Unlisted options No.	Fair value $	Exercise price $	Expiry date
1/07/2021	Opening balance	154,986,434	6,150,000	355,656		
23/09/2021	Conversion	(1,000)	-	-	0.150	31/03/2023
29/09/2021	Conversion	(1,000)	-	-	0.150	31/03/2023
27/10/2021	Conversion	(1,000)	-	-	0.150	31/03/2023
29/12/2021	Listed options in lieu of fees	2,000,000	-	40,000	0.150	31/03/2023
29/12/2021	Listed options in lieu of fees	2,000,000	-	34,000	0.150	31/03/2023
23/02/2022	Listed options to lead manager	20,000,000	-	354,000	0.200	23/02/2024
23/02/2022	Free attaching listed options for shareholder	12,820,513	-	-	0.200	23/02/2024
2/03/2022	Listed options in lieu of fees	3,000,000	-	30,000	0.150	31/03/2023
30/06/2022	Closing balance	194,803,947	6,150,000	813,656		

b) Movements in performance rights reserve

Date	Details	Performance Rights No.	Fair value $	Exercise price $	Expiry date
1/07/2022	Opening balance	-	-		
8/12/2022	Issue of performance rights	15,000,000	157,000	-	9/12/2025
31/12/2022	Closing balance	15,000,000	157,000		

Refer to Note 7 for inputs on valuations of options issued during the current period.

There were no movement on performance rights during the prior year.

7. Share based payments

<u>Performance rights</u>

On 25 November 2022 the Board approved the issue of 15,000,000 performance rights in 3 tranches. These performance rights were issued on 8 December 2022 with nil exercise price. The valuation of the Performance Rights was achieved using a combination of Hoadley's Barrier1 Model and Hoadley's Parisian Model with the following assumptions:

Grant date	Expiry date	Quantity No.	Share price at grant date $	Target price $	Expected volatility %	Risk-free interest rate %	Fair value at grant date $
25/11/2022	9/12/2025	5,000,000	0.021	0.100	100	3.21	0.0126
25/11/2022	9/12/2025	5,000,000	0.021	0.150	100	3.21	0.0102
25/11/2022	9/12/2025	5,000,000	0.021	0.200	100	3.21	0.0086

7. Share based payments (continued)

Options

22 December 2022 19,300,000 options were issued to consultants, after Board approval. The value of the options components were calculated using Hoadley's ESO1 Model. The share price and exercise price inputs for the valuation of the options were calculated using a Monte Carlo Model. The inputs are as follows:

Grant date	Expiry date	Quantity	Share price at grant date	Exercise Price	Expected volatility	Risk-free interest rate	Fair value at grant date
		No.	$	$	%	%	$
29/04/2022	29/04/2023	11,230,000	0.077	0.150	85	2.90	0.011
18/10/2022	18/10/2023	8,070,000	0.029	0.150	85	3.60	0.001

On 22 August 2022 10,000,000 options were granted to a contractor in lieu of services to be rendered during 6 months period. These options have not been issued before 31 December 2022. Trinomial Lattice option model was the valuation model used to determine the fair value of these options on the grant date and the inputs are as follows:

Grant date	Expiry date	Quantity	Share price at grant date	Exercise Price	Expected volatility	Risk-free interest rate	Fair value at grant date
		No.	$	$	%	%	$
22/08/2022	22/08/2025	10,000,000	0.038	0.022	100	3.22	0.023

On 25 November 2022 15,000,000 options were granted to a contractor in lieu of services rendered. These were issued on 23 December 2022 . Black Scholes was the valuation model used to determine the fair value of these options on the grant date and the inputs are as follows:

Grant date	Expiry date	Quantity	Share price at grant date	Exercise Price	Expected volatility	Risk-free interest rate	Fair value at grant date
		No.	$	$	%	%	$
25/11/2022	23/12/2024	15,000,000	0.021	0.033	101	3.19	0.009

7. Share based payments (continued)

On 9 December 2022 10,101,000 options were granted to consultants in lieu of services rendered. Trinomial Lattice option model was the valuation model used to determine the fair value of these options on the grant date and the inputs are as follows:

Grant date	Expiry date	Quantity	Share price at grant date	Exercise Price	Expected volatility	Risk-free interest rate	Fair value at grant date
		No.	$	$	%	%	$
9/12/2022	23/12/2024	10,101,000	0.023	0.033	100	3.75	0.010

On 9 December 2022 9,090,910 options were granted to a related party in lieu of services rendered. Trinomial Lattice option model was the valuation model used to determine the fair value of these options on the grant date and the inputs are as follows:

Grant date	Expiry date	Quantity	Share price at grant date	Exercise Price	Expected volatility	Risk-free interest rate	Fair value at grant date
		No.	$	$	%	%	$
23/12/2022	23/12/2024	9,090,910	0.016	0.033	100	3.04	0.008

Shares

On 3 November 2022 Wellfully issued 5,000,000 shares in lieu of cash payment for investors relation services, including social media and business media services. The shares were issued at the same price at the capital raised on the same date.

Summary of share-based payments expenses recognised during this period:

Recognised	Details	Number	$
Profit or loss	Performance rights granted	15,000,000	157,000
Profit or loss	Options granted	29,300,000	289,089
Equity	Options granted	15,000,000	136,525
Profit or loss	Issue of shares	5,000,000	190,000

8. Contingent assets and liabilities

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

9. Commitments

On 30 April 2022 the Company entered into a capital funding facility agreement ("Capital Commitment Agreement") of up to $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 the 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 drawdown 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 $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. The remaining balance of this fee is classified as commitment until the first anniversary of the agreement.

In addition, the Company issued 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. These options were issued on 22 December 2022. Refer to the Share based payments note below for further details.

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

10. Events subsequent to reporting date

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

- USD50,000 from Via Pastura Pty Ltd, a company associated with Paul Peros, and
- $40,000 from Andy Wortlock.

10. Events subsequent to reporting date (continued)

The loans have the same terms as those noted for the director loans of 16 December 2022 (disclosed on Note 4) other than Mr Wortlock's loan having a 15 day repayment term.

On 23 January 2023 the Company announced that it has commenced trading on the Frankfurt Stock Exchange under the Ticker [FSE:L6Y].

On 25 January 2023 the Company announced that it has entered into a secured convertible loan facility agreement with Celtic Capital Pty Ltd. The loan facility will raise $260,000 which the Company will use for general working capital purposes. The key terms of this facility are:

- Interest rate of 40% with a minimum amount payable of $50,000. The Company will also be liable for interest at the rate of 50% if certain default events occur.
- Conversion price to be determined as the lesser of an issue price per conversion share equal to the closing price of the Company's share on the drawdown date and 90% of the issue price of any shares issued under a capital raise within the repayment period.
- Repayment period is determined as the date of issuing any conversion shares, if applicable or 3 months post the drawdown date.
- Security provided includes:
  i. A General Security Agreement giving effect to an encumbrance over all the present and after-acquired real and personal property interest of the Company, to secure payment or performance of the obligations of the Company under the Loan Facility Agreement; and
  ii. any other encumbrance now or in the future granted by the Company in favour of the lender to secure payment or performance of the obligations under the Loan Facility Agreement.

In February 2023 $20,000 of the loan received from Andy Wortlock was repaid.

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

On 1 March 2023, the Company has engaged Dyamond Trading and Consulting Pty Ltd (Dyamond Trading) to support the Company's Investor Relation activities with existing and potential investors over the next six months. There is a variation deed entered on 4 April 2023 where Dyamond Trading (or its nominees) is entitled to be issued 30,000,000 ordinary shares; and 30,000,000 options at $0.011 exercisable within 4 years. Furthermore, Dyamond Trading is entitled to appoint a director to the Board of the Company.

10. Events subsequent to reporting date (continued)

On 31 March 2023, the Company and Kryshatzi Pty Ltd Atf Kvh Trust (Subscriber) executed a subscription agreement (Subscription Agreement). There is a variation deed on 5 April 2023 and pursuant to the Subscription Agreement the Subscriber has agreed, subject to the requisite shareholder approvals having been obtained, to subscribe for shares in 5 tranches of 9,090,909 per tranche, for a subscription amount of $100,000 per tranche, on 1 April 2023, 31 May 2023, 30 June 2023, 31 July 2023 and 31 August 2023.

There is no other matter or circumstances that have arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operation, the result of those operations, or the Group's state of affairs in future financial years.

1. In the opinion of the Directors of Wellfully Limited (the "Company"):

   a. the accompanying interim financial statements and notes thereto are in accordance with *the Corporations Act 2001* including:

      i. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and

      ii. complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', *the Corporations Regulations 2001*, and other mandatory professional requirements.

   b. 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 is signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

Paul Peros
Director
5 April 2023
Perth, Western Australia

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Wellfully Limited, which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1, which indicates that the Group incurred a loss of $4,812,840, and had net cash outflows from operating activities of $2,400,434 for the half-year ended 31 December 2022. As at that date, the Group had net current liabilities of $689,797 and net liabilities of $273,871. 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 conclusion is not modified in respect of this matter.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual 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 Wellfully Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

RSM

RSM AUSTRALIA PARTNERS

JAMES KOMNINOS
Partner

Perth, WA
Dated: 5 April 2023