

31 October 2017

## Quarterly Report for the Period Ended 30 September 2017

### 1. Financial

The Company's cash management remains strictly controlled with a balance of approximately \$4.959 million at the end of the period. The Company has also submitted the R&D tax incentive from the Government for \$842,824 that is expected to be received over the next month.

\$338,963 of revenues were received by OBJ Ltd for the September quarter with these starting to build in response to more products licensed by Procter & Gamble (P&G) being launched into Asian markets.

The first revenues principally came from the sale of the Magnetic power booster with SK-II. OBJ has been informed by P&G that we can expect royalties to build up over future quarters for both SK-II and Olay branded products containing OBJ's magnetic micro-array technology.

### 2. Licensing

#### 2.1 Procter & Gamble (P&G)

Over the September quarter, P&G started selling the magnetic power booster applicator through its SK-II brand as well as commencing preparation for the launch of the Magnamask product through its Olay brand, both initially into Asian markets. OBJ has not yet received the final royalty numbers for the September quarter, these being due 45 days following the end of the quarter (mid-November). Key points of the P&G relationship and activities include:



#### Directors

Mr Glyn Denison

Mr Jeffrey Edwards

Dr Chris Quirk

Mr Steven Schapera

#### Company Secretary

Mr John Palermo

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- The Company has also received the second \$US125,000 for the licensing and standstill payments due for the second technology under license to P&G. A great deal of work has been undertaken defining the scope of services and terms for the long term licensing of the second technology. The first working prototype applicators and consumer software have now been delivered to P&G and as previously reported, feedback from the first generation products developed for consumer trials to be undertaken by P&G will then define the parameters needed for final product definition and software application. A very exciting opportunity for the Company moving forward which will also see direct sales to consumers on line for products containing OBJ's technologies.
- Negotiations on the detailed licensing agreement of the second technology has progressed significantly over the period and the final execution of the agreement is expected shortly. This will be the vanguard for online sales for P&G, and OBJ will be playing a vital front end part of this exciting sales channel with P&G. The Company will be advising the market of the details once the agreement is executed and approval gained from P&G.
- Discussions have also taken place with the Singapore-based Product Accelerator regarding the distribution of this second technology and the role and interests that are expected to accrue to OBJ. As also previously reported, this may facilitate OBJ being directly involved in the distribution of products containing OBJ's technologies.
- P&G has provided OBJ greater visibility on their planning for expansion of markets and products they intend distributing through 2018 to 2021. It is expected that sales of products into P&G brands will continue to increase with multiple new products being launched in Asia and North America containing OBJ's technology.
- To the end of September, P&G has manufactured over 800,000 products across two brands and the first three products, and this is expected to increase further in coming quarters. Although OBJ has received early indications of P&G's intentions, the quantities remain fluid and will require time to firm up. When this occurs, the market will be immediately so informed.

### **3. OBJ Product Innovations**

#### **3.1 BodyGuard**

BodyGuard has taken several significant steps forward over this period with:

- As previously announced, the Company is partnering with an international manufacturer to produce high quality prototype KneeGuards to use with attracting potential partnering companies for the distribution of the BodyGuard product range. The tooling and knives have been completed and with the key components of the first Bodyguard product (KneeGuard) now being proven for different formulations.
- Discussions with one key potential partnering company with whom OBJ has been in liaison for several years has focused attention on the use of the "Popper" version

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of the BodyGuard and there is an intention to undertake clinical trials with this version in the next six months.

- The trial using ibuprofen with the BodyGuard product is underway at Curtin University and is expected to take a further four months to complete.
- The intention is to launch the first BodyGuard products during calendar 2018. There are several forms of BodyGuard and most of the past two years of development has been focused on the hydrogel formulation technology and the different active ingredients and getting the first KneeGuard version to a manufacturable standard. This has now been achieved which is most pleasing.

### **3.2 Surface Hygiene**

OBJ has taken several significant steps forward in the surface hygiene development over the quarter. Testing of a suitable formulation with OBJ's standard micro-array achieved desired results in the clearance rate of bacteria colonies being in excess of twice the amount without the micro-array. This test was independently performed by a laboratory in Perth and provides valuable data in the quest to identify different bacteria kill with surface characteristics. This testing program continues.

At the same time, OBJ has been testing the ability for micro-arrays to enhance the removal of mould in bathrooms and kitchens with very positive results. The testing has been conducted in cooperation with one of the leading manufacturers and distributors of household cleaners in the world today. These results will be presented to the participating partner late October.

OBJ continues to invest development time into what is an exciting opportunity for the Company outside biological markets and the Company remains optimistic in securing a suitable distribution partner in the short term.

### **4. The Board of Directors**

The Company has announced the engagement of Omera Partners to undertake an executive search for the new Chairman of the Board.

As was outlined at the last AGM, the Company intended securing two new Directors to the Board over the course of 2017/2018 and Steven Schapera joined on 1 August 2017.

## **About OBJ**

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OBJ develops proprietary magnetic micro-array drug delivery and product enhancement technologies for the pharmaceutical, healthcare and consumer goods sectors. OBJ partners companies in the design and development of next generation products using physical science rather than chemistry to provide new levels of product performance without the cost of reformulation or new ingredient approvals.

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OBJ 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.

## About OBJ's Technologies

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OBJ has developed a number of physical enhancement technologies based on the interactions between ingredient molecules and weak atomic forces. These influence the movement and penetration through the skin of drugs, active ingredients and formulations at the molecular level.

Complex 3-D magnetic fields produced by low cost micro-arrays or powdered electromagnetic inductors have the ability to repulse certain molecules to enhance diffusion and to alter the permeability of biological and non-biological targets.

OBJ's low cost micro-array film technology that utilise diamagnetic repulsion, induced permeation and energy redirection has already reached international markets to provide OBJ's Partners with a new way of managing the speed, depth of penetration and delivery of active ingredients in a wide range of pharmaceutical, healthcare and consumer products.

## Forward-looking Statements

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This announcement contains certain "forward-looking statements" concerning OBJ. Where OBJ 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 OBJ and the industry which may affect the accuracy of the forward-looking statements. OBJ does not undertake any obligation to release publicly any revisions to any forward looking statement 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.

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