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H1 FY2023 HIGHLIGHTS & ACHIEVEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

ASX:RLG
28 February 2023

H1 2023 HIGHLIGHTS





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- RLG partnership with AFT Pharmaceuticals to sell high demand over the counter (OTC) medicines into China via Cross Border e-Commerce
- RLG selected by Santander Bank (one of the largest banks in the world with over 150 million customers) as partner for Santander customers to enter China
- RLG appointed Jebesen Group (annual revenue exceeding US\$2.4billion - 2021) as distribution partner in China for Remedy Drinks
- RLG secured \$1M finance facility to drive further sales
- Launch of RLG’s own high margin, high growth “VORA” health brand
- Multiple new partnerships established, and premium new marketing & sales channels appointed (Q3 HY2023), strategically positioning RLG for strong growth as China reopens
- Key partnership established with the Food Drinks Export Association (FDEA) UK.



RLG'S H1 FY2023 KEY NUMBERS AT A GLANCE

\$ 7.39m  **+31%**
CASH RECEIPTS FROM
OPERATING ACTIVITIES
H1 FY2023 vs. H1 FY2022

\$(7.95m)  **-4%**
CASH PAYMENTS FROM
OPERATING ACTIVITIES
H1 FY2023 vs. H1 FY2022

\$(556k)  **+79%**
NET CASH USED IN
OPERATING ACTIVITIES
H1 FY2023 vs. H1 FY2022

\$ 6.76m
REVENUE & OTHER INCOME
H1 FY2023

\$2.30m
CASH & EQUIVALENTS
AT THE END OF H1 FY2023

\$0.60m
UNDRAWN FINANCE FACILITY
AT THE END OF H1 FY2023



PERFORMANCE METRICS H1 FY2023 TO H1 FY2022 COMPARISON



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Item	H1Y23 to H1FY22		Comment
Revenue & Other Income	\$6.76m	↓	Impact of COVID lockdowns and supply chain / delivery restrictions in China. <i>Lifted in December 2022.</i>
P/L Performance	(\$1.15m)	↓	Includes <i>(\$127k)</i> of <i>Non-Cash Items</i> & <i>(\$130k)</i> investment in <i>VORA</i> , expected to deliver first meaningful sales in Q3 FY2023.
Gross Margin Product Sales	+ 4%	↑	Focus on growing margins and replacing sales of low margin products with in-demand health & food products.
Cash Receipts	\$7.39m	↑	+31% increase
Cash Payments	(\$7.95m)	↓	-4% decrease
Net Cash Used	(\$556k)	↓	+79% improvement

H1 FY2023 – THE HALF YEAR IN REVIEW



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STRATEGIC REFINEMENT OF RLG'S BUSINESS FOCUS TO TARGET IMPROVED FUTURE PROFITABILITY

- Responded to COVID conditions, restrictions & supply chain disruptions with tactical product & brand selection
- Increased focus on lucrative high-growth health, wellbeing and food products
- Pursuit of higher margin sales (Gross Profit on product sales increasing + 4% in comparison to H1 FY2022)
- Expanded customer reach through key partnerships
- Investment and launch of company-owned Food Health Brand – VORA
- Strengthened RLG's capacity to benefit from China's re-opening and increasing health awareness



RLG MULTI-CHANNEL REVENUE MODEL YIELDING RESULTS



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STRONG SALES & ORDERS ONLINE & OFFLINE IN Q3 FY2023 FOLLOWING CHINA'S RE-OPENING



Ecommerce:

Prominent ecommerce and cross border channels



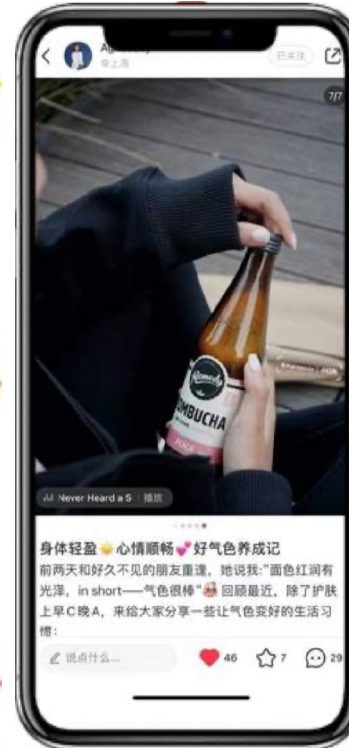
Social Commerce:

Influencers livestreaming and selling direct to consumers



B2B Distributors:

Network connecting with retailers across China



SIGNIFICANT UPLIFT IN PHARMACY STORE VISITS & PRODUCT SALES IN CHINA

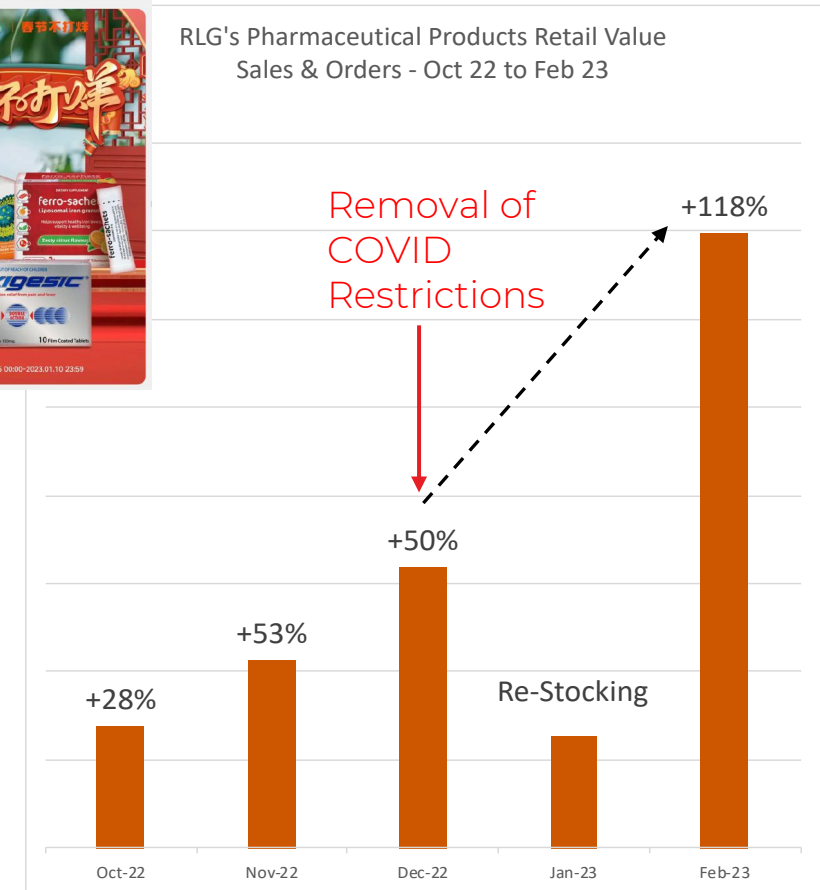


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- Visits to and sales on RLG & AFT Pharmaceuticals (ASX:AFP) operated Kiwi Health online pharmacy **surged strongly** in December 2022.
- **770,000 unique visitors** to Kiwi Health Cross Border ecommerce online pharmacy in December 2022.
- Maxigesic pain relief, unique patent paracetamol & ibuprofen, and Vitamin C Lipo Sachet **sold out** in mid-December 2022 with new products delivered in January 2023.
- **Record** sales and orders in February 2023 - **up over 100%** on the previously strongest sales month of December 2022
- Appointment of **new sales channel** to market and distribute pharmaceutical range on additional online channels including **Tmall Direct** and other specialist **health-focussed platforms** (launched in February 2023).



RLG's Pharmaceutical Products Retail Value Sales & Orders - Oct 22 to Feb 23



JEBSEN – A DISTRIBUTION PARTNERSHIP FOR GROWTH



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- RLG appointed Jebesen Group (www.jebesen.com) as general trade distribution partner in China, focused on Remedy Drinks
- Jebesen Group (USD \$2.4bn revenue in FY2021) was established in 1895, is headquartered in Hong Kong and represents over 200 leading brands from Porsche to Bollinger
- Already reflecting in strong uplift in supermarket sales and orders in China in Q3 FY2023 – with unit sales +77% in January 2023
- High profile supermarkets in China to be added to distribution channels in 2H FY2023

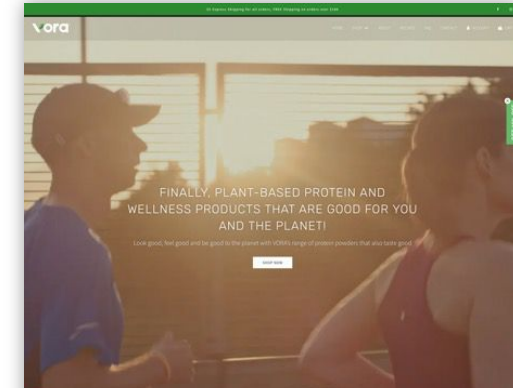


ADDITION OF RLG VORA HEALTHY FOOD PRODUCTS



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- Launch of RLG’s own health brand “Vora” to provide RLG with **increased margins** and ability to rapidly service identified demand
- Key driver of VORA products is to deliver improved sales margins
- RLG will leverage the company’s **established China customer databases** to sell VORA products to a qualified customer base
- VORA vegetable protein products to service **high-demand and high growth** markets in China and South East Asia
- South East Asia sales and distribution partnerships being sought
- The strong investment made in VORA in H1 FY2023 has led to first meaningful sales with **sales revenue** expected to be reported in Q3 FY2023



ESTABLISHMENT OF RLG & SANTANDER BANK(UK) BUSINESS PARTNERSHIP

- RLG and Santander UK (www.santanderco.uk) are focused on progressing China and Australia market entry for Santander's significant client base
- Santander Bank has an established global banking footprint and over 150 million customers
- 34 Key Brands from United Kingdom have been shortlisted and met with in Q2 FY2023.
- RLG hosted online webinar sessions for Santander customers in the health, wellbeing, and food & beverage sectors that are seeking to sell into China and Australia.
- Highly regarded UK products, coupled with RLG's China experience and Santander's strong network of business relationships forms a **powerful go-to-market strategy** to grow transaction value



PARTNERSHIP WITH FOOD DRINKS EXPORT ASSOCIATION (FDEA) UK

- Key Partnership established with the Food Drinks Export Association (FDEA) UK.
- FDEA UK's food and drink members include some of the UK's most successful exporters.
- RLG is working closely with FDEA UK to help these UK brands enter **Chinese and Australian markets**. The partnership will leverage RLG's expertise and results gained through driving key drink brands such as Remedy Drink's Kombucha.
- Key activities in Q3 FY2023 include **RLG FDEA UK joint engagement** with FDEA UK's members seeking both offline and online channels for their products.
- RLG is ideally positioned to leverage the soon to be announced Australia and UK Free Trade agreement to be a **partner of choice** for key brands who are looking to enter the Australian Market.



RLG MACRO DRIVERS FOR H2 FY2023



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- Improving trade relations between Australia and China anticipated to be beneficial for e-commerce into China
- Removal of China's COVID restrictions expected to drive online and in-market spending with strong pent up consumer demand and "revenge" consumption (*Deloitte China)
- Strong global demand for agricultural and food related products aligns with RLG's product offering
- Demand for plant based and environmentally conscious foods is forecast to experience particularly high growth
- 73% of RLG's FY2022 revenue was derived from the food, health and wellbeing sectors, ideally positioning the company to benefit from the shift towards expenditure in the health and wellness sector





2023 OUTLOOK: CHINA OPENING & CONSUMER DEMAND UPLIFT

- During H1 FY2023, COVID restrictions and lockdowns in China adversely impacted RLG's business operations with restricted deliveries in Chinese cities and retail outlets and ports closed for extended periods
- At the end of of H1 FY2023, with the removal of China's COVID restrictions, RLG saw an immediate uplift in demand for RLG's health and wellbeing products
- Substantial growth in consumer spending is forecast in China through 2023 - Jonathan Garner, Morgan Stanley Chief Equity Strategist, Asia sees "...China's recovery as being led by a boom in consumption, not unlike the revenge spending boom seen in Western nations after COVID-19 lockdowns ended"
- Morgan Stanley estimates that consumers have amassed savings of between \$640 billion and \$850 billion during the pandemic years, equivalent to 7 per cent to 9 per cent of consumption. As part of this is deployed, and real incomes bounce back, the bank expects real consumption growth could hit 9 per cent in 2023, up from zero in 2022.
- **RLG is strongly positioned and well equipped to service this booming consumer demand in China.**



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