



30 April 2020

Quarterly Activities Report and Appendix 4C for the Period Ended 31 March 2020

Quarter Highlights

- **Cash receipts of \$783k, closing the March Quarter with \$1,791k in cash**
- **Appointment of Mr Tim Allison as Independent Non-Executive Director and resignation of Mr Evan Cross**
- **RooLife continued to see strong demand online for its products in China**
- **Supply chain limitations in March impacted revenue generation/recognition**
- **Cashflow impact of COVID-19 will be mitigated by the Company accessing the various federal and state government COVID-19 assistance packages**
- **RooLife appointed the digital marketing and e-Commerce distributor for the Nuria Beauty skincare range in China with expected revenue of \$1.3m**
- **Nuria Beauty is the first of a number of brands which Small World Brands is seeking to launch in the China market**
- **RooLife drives over 9.24 million unique social media engagements for AFT Pharmaceuticals across RooLife managed Chinese digital platforms**
- **RooLife launching a Little Red Book Store in China for AFT's Vitamin C Lipo-Sachets to access and sell to its 300 million users**
- **RooLife and AFT Pharmaceuticals well positioned to take advantage of China's surge in demand for healthcare products**
- **Post end of Quarter RooLife appointed Marketing Partner for Alipay's online platform and services**
- **Cost saving measures have been implemented across the Company**

e-Commerce and digital marketing company RooLife Group Ltd (ASX: RLG) ("RooLife Group" or the "Company") is pleased to provide shareholders with the Company's Quarterly Activities Report and Appendix 4C for the Quarter ended 31 March 2020 (the "Quarter", or "Reporting Period").

RooLife Group enables businesses to sell more effectively online, with a focus on the Australian and Chinese markets. The Company's systems optimise online engagement, customer acquisition and direct sales for its customers.

The Company provides fully integrated digital marketing and customer acquisition services, powered by the RooLife Group hyper-personalisation and profiling Artificial Intelligence (AI) System, providing personalised real-time, targeted marketing.

With a key focus on driving sales in Australia and China, the Company's RooLife online e-Commerce marketplaces assist businesses to sell directly to Chinese consumers and accept payment via the WeChat and Alipay mobile payments platforms.

RooLife's key positioning via its AI platform is about knowing and remaining connected with Chinese consumers, allowing brands to continually sell products to Chinese consumers based on their profiles and purchasing behaviours.

Business Activity

The Company operates the RooLife e-Commerce platforms delivering an expanding international gateway for products and services for companies wishing to enter the China market. It provides an efficient and effective way for brands to access the Chinese market during a period of growing demand from online shoppers seeking western brands and products.

During the Quarter RooLife Group was appointed to provide marketing, sales and distribution in China for Small World Brands (www.smallworldbrands.com), a U.S. and Singapore based beauty and wellness company, for its Nuria Beauty (www.nuriabeauty.com) brand.

RooLife will operate cross border e-commerce sales channels for Nuria Beauty including TMall, Taobao, Kaola, VIP, JD, Little Red Book and Pin Duo Duo flagship stores. The two-year contract, which will provide RooLife a mixture of monthly service fees and commissions to be derived from sales of products, is expected to deliver sales revenue for the Group of \$1.3m in the first two years if minimum performance milestones are met.

Nuria Beauty is a brand developed and managed by an experienced team of CPG (Consumer Packaged Goods) veterans from Johnson and Johnson, including Naomi Furgiuele (previously Vice President R&D, Global Beauty Face & Sun Care) Josh Ghaim (former Global CTO Consumer Products) and Dawn Kidd (former Vice President Marketing, Global Beauty Face & Sun).

RooLife Group is supporting and driving sales for Nuria Beauty by providing social media, key opinion leader (KOL) and content channel management on platforms including WeChat, Weibo, Douyin, YouKu and Baidu.

The appointment of RooLife as the exclusive digital marketing provider and sales distribution partner in China for Nuria Beauty extends Nuria's global footprint into China providing it with direct access to China's \$33 billion and growing skincare market¹.

This is the first of a number of brands that Small World Brands is seeking to launch in the China market and RooLife expects to assist Small World Brands with its future market entry requirements.



Nuria Beauty - clean, effective, vegan skincare products launch into China

During the Quarter, RooLife drove online brand awareness and sales for ASX and NZX listed **AFT Pharmaceuticals (ASX:AFP)** in China amassing over 9.24 million unique social media views and engagements for AFT’s products online across the RooLife-managed Chinese digital platforms, in preparation for sales launch in April.

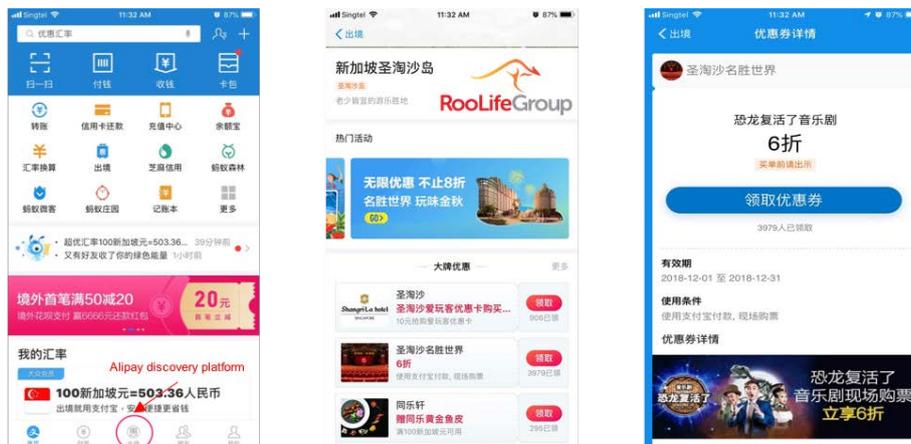
Having achieved 9.24 million individual social media engagements with 2 million through March, AFT Pharmaceuticals and RooLife expanded their commercial relationship with AFT Pharmaceuticals appointing RooLife to launch a Little Red Book ‘Pop Store’ specifically for its Vitamin C Lipo-Sachets product in China.

This store will provide access to a much broader Cross-Border e-Commerce audience of over 300 million users of largely middle to upper-class women, aged 20-35² which aligns well with the demographic profile of typical purchasers.

Following the conclusion of the Quarter, the Company was appointed by Hangzhou, P.R.C. based Alipay.com Co Ltd (alipay.com & global.alipay.com) as a Marketing Partner for Alipay’s online platform and services.

The Marketing Cooperation Agreement entered into between the Company and Alipay, appoints RooLife to provide services for businesses enabling them to list, promote and sell via Alipay’s platform.

Alipay delivers access to the world’s leading mobile and online payment platform serving more than 1.2 billion users across the world with its e-wallet partners and with 900 million users in China³.



RooLife Marketing Partner for Alipay Discovery Platform

RooLife's role is to facilitate businesses being able to market and sell to Chinese shoppers by working with merchants and retailers globally, with a focus in Australia, to deliver:

- Online Store Management;
- Creation and Management of Marketing content;
- Activation and Onboarding of Retailers and Merchants;
- Promotions and Online Coupon Management;
- Data Analysis.

Corporate and Financial Position

In February 2020, the Company was pleased to advise of the appointment of Mr Tim Allison as an Independent Non-Executive Director, Tim has a successful track record in commercialisation and scaling across a range of technology businesses, from traditional retail and distribution to cutting-edge consumer technology in the online and mobile sectors.

At the same time, Mr Evan Cross resigned as a director of the Company with the Board wishing Mr Cross success in his future endeavours.

The Company collected \$783k in cash receipts in the December Quarter and closed the Quarter with \$1,791k in cash.

While demand for the products being sold by the Company remains high with some products being sold out in China, the Company did experience a level of logistical and product supply challenges through March as a consequence of the COVID-19 pandemic, which impacted on the generation and recognition of revenue.

The lack of commercial flights available to deliver product into China and delays in supply from some of the Company's brands which it represents in China led to delays in delivery of products to customers, consequently effecting revenue recognition.

The cashflow impact of the above will be mitigated by the Company accessing the various federal and state government COVID-19 assistance packages.

During March the Company actively worked with the brands it represents to identify and implement alternative transportation of product to China via ship to address supply issues.

Whilst sales demand remains strong, having regard to supply chain and general business challenges globally associated with COVID-19, the Company has taken a prudent approach to cost management and has implemented a number of cost-saving measures with Company directors, employees and contractors having agreed to reductions in payment of their fees during this time.

The Company appreciates and recognises these efforts as assisting the business to come through this challenging period being experienced by all businesses and to position it for future growth.

Revenue for the Quarter was lower than forecast, however cash collections increased over the prior Quarter. Total expenditure for the Quarter was lower than the prior quarter due to the delays in supply of product and consequently lower cost of goods sold, reduced marketing expenditure and reduced staff and contractor costs as part of the cost-saving measures introduced.

Cash payments comprised in the main of \$346k in product manufacturing and operating costs, \$597k in staff costs, \$104k in advertising and marketing and \$272k in administration and corporate costs. One-off cash payments totalling \$245k were made in accordance with the terms of previously announced acquisitions. All cash payments associated with these matters are now complete.

Attached is the Appendix 4C for the FY20 March Quarter including reporting of payments to related parties as disclosed at Item 6 showing payments to Directors for agreed services/fee and salary arrangements split as follows:

Non-Executive Director \$25,000

Executive Directors \$100,000

Payments totaling \$26,000 were made to Murcia Pestell Hillard Pty Ltd, a company related to Mr. Grant Pestell, for the provision of legal services.

ENDS

1. Source: www.scmp.com/business/companies/article/2131815/chinas-skincare-market-continue-steady-growth-users-become-more
2. Source: <https://expandedramblings.com/index.php/xiaohongshu-statistics-and-facts>
3. Source: <https://au.finance.yahoo.com/news/alibaba-spinoff-alipay-surged-past-1-billion-accounts-in-2019-150728030.html>

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Authorised by: The Board of RooLife Group Ltd

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About RooLife Group Ltd (ASX:RLG)

The RooLife Group of companies provides fully integrated digital marketing and customer acquisition services focusing on driving online sales of products and services for its clients. Powered by the RooLife Group hyper personalisation and profiling Artificial Intelligence System, RooLife Group provides personalised real-time, targeted marketing. With a key focus on driving sales in Australia and China the Company's RooLife online e-Commerce marketplace assists businesses to sell directly to Chinese consumers and accept payment via the Wechat and Alipay mobile payments platforms. RooLife's key positioning is about knowing and remaining connected with Chinese consumers, allowing brands to continually sell products to Chinese Consumers based on their profiles and purchasing behaviours.

Appendix 4C

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

Name of entity

RooLife Group Ltd

ABN

14 613 410 398

Quarter ended ("current quarter")

31 MARCH 2020

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	783	2,194
1.2 Payments for		
(a) research and development	(48)	(281)
(b) product manufacturing and operating costs	(346)	(1,151)
(c) advertising and marketing	(104)	(277)
(d) leased assets	-	-
(e) staff costs	(597)	(1,785)
(f) administration and corporate costs	(272)	(693)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	45
1.8 Other (provide details if material)	(103)	(251)
1.9 Net cash from / (used in) operating activities	(685)	(2,194)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	(245)	(352)
(b) businesses	-	-
(c) property, plant and equipment	-	(7)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(3)	(21)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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	(248)	(380)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,431
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	(7)	(156)
3.5	Proceeds from borrowings	-	-
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	(7)	2,275
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,725	2,093
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(685)	(2,194)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(248)	(380)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7)	2,275
4.5	Effect of movement in exchange rates on cash held	6	(3)
4.6	Cash and cash equivalents at end of period	1,791	1,791

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	1,805	2,730
5.2	Call deposits	-	-
5.3	Bank overdrafts	(14)	(5)
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,791	2,725

6. Payments to related parties of the entity and their associates

- 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

Current quarter \$A'000
151 ¹
-

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

¹ Payments totalling \$125,000 were made to directors for fees and superannuation on fees.
Payments totalling \$26,000 were made to Murcia Pestell Hillard Pty Ltd, a company related to Mr. Grant Pestell, for the provision of legal services.

7. Financing facilities

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	-	-
	50	14
	-	-
	50	14

7.5 **Unused financing facilities available at quarter end**

36

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.

Business Overdraft Facility of \$49,999 with Australia and New Zealand Banking Group Limited (ANZ) at an interest rate of 10.45%. The facility is unsecured and has no fixed maturity date.

8. Estimated cash available for future operating activities

\$A'000

8.1 Net cash from / (used in) operating activities (Item 1.9)

(685)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

1,791

8.3 Unused finance facilities available at quarter end (Item 7.5)

36

8.4 Total available funding (Item 8.2 + Item 8.3)

1,827

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

3

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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:

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:

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:

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: 30 April 2020

Authorised by: Bryan Carr – CEO/Managing Director

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.