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OF POTENTIAL

31 August 2023

**Results for Announcement to the Market**

e-Commerce and digital marketing company RooLife Group Ltd (**ASX: RLG**) ("**RooLife Group**" "**RLG**" or the "**Company**") provides this Preliminary Final Report to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A.

**Issued by:** RooLife Group Ltd

**Authorised by:** The Board of RooLife Group Ltd

For further information, please visit the RooLife website at [www.roolifegroup.com.au](http://www.roolifegroup.com.au) or contact:

Bryan Carr  
Managing Director  
Ph: +61 8 6444 1702  
Email: [ir@roolifegroup.com.au](mailto:ir@roolifegroup.com.au)

## Reporting periods

Current Reporting Period:	30 June 2023
Previous Corresponding Period:	30 June 2022

## Results for announcement to the market

	Year ended 30 June 2023 \$'000	Year ended 30 June 2022 \$'000	Increase / (Decrease) \$'000	% Change
Revenue from continuing operations	12,321	16,930	(4,609)	(27%)
Loss before income tax benefit	(2,327)	(2,648)	321	12%
Income tax benefit	-	-	-	0%
Net loss for the year	(2,327)	(2,648)	321	12%

## Commentary on Results

The Group has earned revenue from continuing operations of \$12,320,889 (30 June 2022: \$16,930,186) with cash receipts of \$12,093,533, (30 June 2022: \$14,064,730) with the consolidated loss attributable to members of the Group being \$2,326,748, (30 June 2022: \$2,648,387) which includes non-cash based items totalling \$114,266.

Despite being impacted by Covid lockdowns in its key market of China and global supply chain delays with increased costs for large parts of the year, RLG has maintained sales performance and improvement in other business metrics linked directly to delivery and importantly improved P/L financial performance by \$321,639.

The increased logistics and supply costs and associated delays in delivery of product in market during the year adversely impacted the Company's profit and loss performance, however the Company was able to record a 12% improvement in profit and loss performance for FY2023. The Company has also recorded an increase in the gross profit margin which is expected to continue to improve in FY2024.

Impacted by the challenges presented for the first half of the year, which adversely effected sales and brought additional expenses, cash receipts from customers was \$12,093,533, which was down 14% from the previous year.

Net cash outflow from operating activities improved by 60% to (\$1,576,600) compared to 30 June 2022: (\$3,986,512).

	2023 \$'000	2022 \$'000	Change
Cash receipts from Customers	\$ 12,093	\$ 14,064	-14%
Net cash outflow from operating activities	\$ (1,577)	\$ (3,987)	+60%

Other expenses are \$502,261 higher than last year. This includes a one-off bad debt expense of \$162,197 due to the write-off of a receivable inherited on the acquisition of QBID Pty Ltd in October 2019. Other income includes a one-off income on extinguishment of a financial liability which is related to a financial liability inherited on the acquisition of QBID Pty Ltd. Other expenses for the year ended 30 June 2022 included a one-off reversal of an accrual of \$52,500 for anticipated legal costs connected to the QBID acquisition which never eventuated.

## Results for announcement to the market (continued)

### Commentary on Results (continued)

Other expenses also include \$41,488 in interest costs paid on the working capital facility with Saxby Investments Pty Ltd of which \$600,000 has been drawn down and applied by the Company during the year.

### Review of Operations

Following the re-opening of China and the removal of Covid restrictions in the second half of FY2023, the Company increased its focus on the provision of health, wellbeing and food and beverage products into the China market and has continued to grow out its online and physical store channels to service the identified consumer demand for healthy, high-quality international products with China's large, emerging middle class.

Operational highlights during the year included:

- The development, formulation and launch of the Company's own new Health & Wellness Brand – VORA. The VORA brand and product range has been developed based on demand identified by RLG's online sales platforms and digital marketing systems in the Australian and Chinese markets and services the strongly growing global demand for healthy, sustainable, food products.
- RLG launched products for sale into Alibaba's high-tech Freshippo Stores. With its partners, RLG launched Remedy Drinks online through the Freshippo official app and also offline through its over 300 brick-and-mortar stores located in 27 cities across China.
- RLG's appointment to market and sell Fiji Kava's range of medicinally based health and well-being products in China and Australia, including digital marketing, social media operations and e-commerce store operations in both markets.
- RLG agreed with cross border e-Commerce company AULife International to co-operate to market and sell products to its established Chinese customer base and to partner in marketing and sales initiatives for each party's respective portfolios of Australian and international products to be sold to Chinese consumers and through AULife's sales channels.

In the first two months of operations with AULife following the announcement of the co-operation on 28 June 2023, the new partnership has delivered \$1.63m in new revenue contribution to the Company and together with identified and implemented expense reductions within the business, the Company expects a meaningful improvement in financial performance through FY2024.

Completed development projects including investment in the product design, formulation and development of the Company's own health brand VORA was completed and fully expensed in FY2023 and together with concluding business partnerships these two elements are to reduce direct operating costs by approximately \$781k.

With the consideration of non-cash items of \$114k and expected impact of cost reductions within the Company the below Adjusted EBITDA reflects the position from which the Company has charted a path to deliver profitability via revenue growth without a corresponding increase in fixed expenses.

Adjusted EBITDA for Product Development & Non-Ongoing Business	\$'000s
Loss for Year after Income Tax	(2,327)
Product Development Completed & Non-Continuing Projects	781
Non Cash Items	114
<b>Adjusted EBITDA</b>	<b>(1,432)</b>

## Results for announcement to the market (continued)

### Review of Operations (continued)

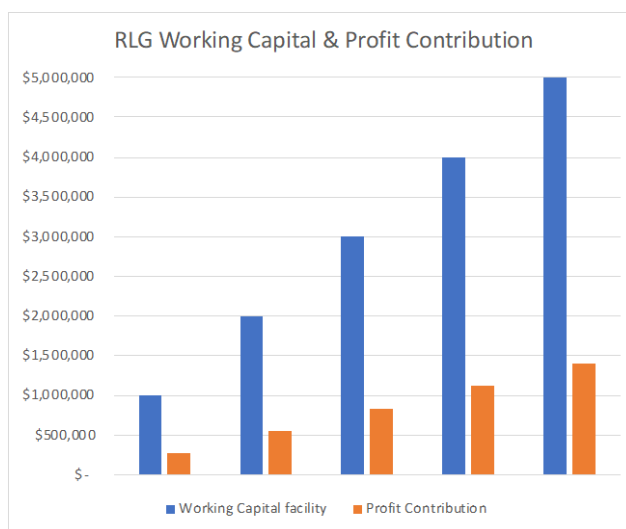
The partnership with AULife has forecast for AULife to deliver \$1,333,320 in net profit from sales in the first 12 months of business operations which RLG is to receive 80%, or \$1,066,656 in net profit contribution.

Within the first two months of co-operation the new partnership has delivered \$1.63m in new revenue contribution to the Company and consequently the Company is optimistic that with the new partnership and contracts signed that it will be able to continue to improve its profitability through FY2024.

The Company's operations have now reached a level of maturity and with identified demand for products it provides in China, the Company is able to clearly identify the application of working capital and the return on that applied capital to achieve higher margins based on increased volume of sales.

Subsequent to year end, the Company secured an additional \$600k of funding by way of combination of a Convertible Loan of \$200,000 with existing Shareholder Xiaodan Wu (A Hong Kong Based substantial shareholder in RLG) and \$400,000 in unsecured loans from directors to fast track growth.

The Company continues to investigate available working capital which the Company forecasts, based on actual results to date, would provide a meaningful contribution towards profitability.



Based on current product demand and sales channel analysis the Company expects the application of available capital to further drive sales revenue and profitable returns for the Company on the basis set out in the chart, RLG Working Capital & Profit Contribution.

### Dividends

No dividends were declared or paid during the year.

### Net tangible asset backing

	2023	2022
	\$	\$
Net assets (\$)	3,912,828	6,071,976
Less intangible assets and goodwill (\$)	(2,578,576)	(2,568,623)
Net tangible assets of the Company (\$)	<u>1,334,252</u>	<u>3,503,353</u>
Fully paid ordinary shares on issue at balance date (number)	<u>719,558,133</u>	<u>702,230,863</u>
Net tangible asset backing per issued ordinary share at balance date	<u>0.0019</u>	<u>0.0050</u>

### Control gained over entities

Vora Health Group Pty Ltd was acquired on 14 October 2022 to acquire the VORA trademarks. The Group has subsequently developed the VORA brand and product range. There is no material contribution to profit or loss from the acquisition of the Company in the current period. There was no profit or loss made by the acquired entity in the previous corresponding period.

### Loss of control over entities

Not applicable

### Details of associates and joint venture entities

Not applicable.

### Foreign entities accounting framework

Foreign entities comply with International Financial Reporting Standards (IFRS).

### Compliance statement

This report is based on financial statements that are in the process of being audited.

Preliminary consolidated statement of profit or loss and other comprehensive income  
For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
<b>Continuing operations</b>			
Revenue		12,320,889	16,930,186
Other income	2	364,246	61,709
		<u>12,685,135</u>	<u>16,991,895</u>
Direct product, logistics and marketing costs		(9,928,945)	(13,880,944)
Staff and contactor costs of providing goods and services		(1,203,729)	(1,573,451)
Other costs of providing goods and services		(226,199)	(393,265)
Depreciation expense		(12,163)	(13,813)
Amortisation expense		(42,254)	(20,229)
Impairment of assets		(13,789)	(68,702)
Share based payment expense		(127,974)	(236,150)
Business development costs		(332,785)	(533,279)
Consulting and investor relation fees		(552,745)	(624,812)
Employee costs		(1,480,366)	(1,706,964)
Other expenses	2	(1,090,934)	(588,673)
		<u>(2,326,748)</u>	<u>(2,648,387)</u>
<b>Loss before income tax</b>			
Income tax benefit		-	-
		<u>(2,326,748)</u>	<u>(2,648,387)</u>
<b>Net loss for the year</b>			
		<u>(2,326,748)</u>	<u>(2,648,387)</u>
<b>Other comprehensive loss, net of income tax</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		39,626	113,452
<b>Other comprehensive income/ (loss) for the year, net of income tax</b>		<u>39,626</u>	<u>113,452</u>
		<u>(2,287,122)</u>	<u>(2,534,935)</u>
<b>Total comprehensive loss for the year</b>			
		<u>(2,287,122)</u>	<u>(2,534,935)</u>
Basic loss per share (cents per share)	3	(0.33)	(0.39)
Diluted loss per share (cents per share)	3	(0.33)	(0.39)

*The above preliminary consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes, the 2022 Annual Report and any public announcements made by Roolife Group Ltd in accordance with the continuous disclosure requirements of the Corporations Act 2001.*

Preliminary consolidated statement of financial position  
As at 30 June 2023

	Notes	2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,419,586	2,414,299
Trade and other receivables		3,768,615	3,979,449
Financial asset	4	297,414	50,000
Other current assets		235,230	399,994
Inventories		331,255	271,872
<b>Total current assets</b>		<b>6,052,100</b>	<b>7,115,614</b>
<b>Non-current assets</b>			
Property, plant and equipment		16,383	14,781
Deferred tax assets		21,839	49,633
Financial asset non-current	4	80,000	80,000
Other intangible assets		189,491	179,538
Goodwill		2,389,085	2,389,085
<b>Total non-current assets</b>		<b>2,696,798</b>	<b>2,713,037</b>
<b>Total assets</b>		<b>8,748,898</b>	<b>9,828,651</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		3,690,788	3,134,540
Short-term borrowing	5	600,000	-
Deferred revenue		517,208	566,267
<b>Total current liabilities</b>		<b>4,807,996</b>	<b>3,700,807</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		21,839	49,633
Provisions		6,235	6,235
<b>Total non-current liabilities</b>		<b>28,074</b>	<b>55,868</b>
<b>Total liabilities</b>		<b>4,836,070</b>	<b>3,756,675</b>
<b>Net assets</b>		<b>3,912,828</b>	<b>6,071,976</b>
<b>Equity</b>			
Issued capital	6	30,724,007	30,411,425
Reserves		1,588,509	1,733,491
Accumulated losses		(28,399,688)	(26,072,940)
<b>Total equity</b>		<b>3,912,828</b>	<b>6,071,976</b>

The above preliminary consolidated statement of financial position should be read in conjunction with the accompanying notes, the 2022 Annual Report and any public announcements made by RooLife Group Ltd in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Preliminary consolidated statement of changes in equity  
For the year ended 30 June 2023

Year ended 30 June 2023

	Notes	Issued capital \$	Share-based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance as at 1 July 2022		30,411,425	1,777,251	(43,760)	(26,072,940)	6,071,976
Loss for the year		-	-	-	(2,326,748)	(2,326,748)
Other comprehensive income, net of income tax		-	-	39,626	-	39,626
<b>Total comprehensive loss for the year</b>		-	-	<b>39,626</b>	<b>(2,326,748)</b>	<b>(2,287,122)</b>
Conversion of performance shares	6	312,582	(312,582)	-	-	-
Share-based payments	7		127,974	-	-	127,974
<b>Balance as at 30 June 2023</b>		<b>30,724,007</b>	<b>1,592,643</b>	<b>(4,134)</b>	<b>(28,399,688)</b>	<b>3,912,828</b>

Year ended 30 June 2022

	Notes	Issued capital \$	Share-based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance as at 1 July 2021		27,574,463	1,705,106	(157,212)	(23,424,553)	5,697,804
Loss for the year		-	-	-	(2,648,387)	(2,648,387)
Other comprehensive income, net of income tax		-	-	113,452	-	113,452
<b>Total comprehensive loss for the year</b>		-	-	<b>113,452</b>	<b>(2,648,387)</b>	<b>(2,534,935)</b>
Shares issued during the year	6	2,702,000	-	-	-	2,702,000
Share issue costs	6	(29,043)	-	-	-	(29,043)
Conversion of performance shares	7	152,739	(152,739)	-	-	-
Share-based payments	7	11,266	224,884	-	-	236,150
<b>Balance as at 30 June 2022</b>		<b>30,411,425</b>	<b>1,777,251</b>	<b>(43,760)</b>	<b>(26,072,940)</b>	<b>6,071,976</b>

*The above preliminary consolidated statement of changes in equity should be read in conjunction with the accompanying notes, the 2022 Annual Report and any public announcements made by RooLife Group Ltd in accordance with the continuous disclosure requirements of the Corporations Act 2001.*



Preliminary consolidated statement of cash flows  
For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		12,093,533	14,064,730
Payments to suppliers and employees		(13,746,985)	(18,102,583)
Interest received		25,448	2,959
Interest paid		(27,575)	(1,046)
Government grants and tax incentives		78,979	49,428
<b>Net cash outflow from operating activities</b>		<b>(1,576,600)</b>	<b>(3,986,512)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(14,144)	(12,884)
Payments for security deposits		(18,523)	(7,670)
Payments for intellectual property		(58,272)	(145,253)
Proceed from sale of investment		50,000	-
<b>Net cash outflow from investing activities</b>		<b>(40,939)</b>	<b>(165,807)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	2,702,000
Payments for share issue costs		-	(26,063)
Proceeds from borrowings		600,000	-
<b>Net cash inflow from financing activities</b>		<b>600,000</b>	<b>2,675,937</b>
Net decrease in cash and cash equivalents		(1,017,539)	(1,476,382)
Cash and cash equivalents at the beginning of the year		2,414,299	3,815,089
Effect of exchange rate fluctuations on cash held		22,826	75,592
<b>Cash and cash equivalents at the end of the year</b>		<b>1,419,586</b>	<b>2,414,299</b>

*The above preliminary consolidated statement of cash flows should be read in conjunction with the accompanying notes, the 2022 Annual Report and any public announcements made by RooLife Group Ltd in accordance with the continuous disclosure requirements of the Corporations Act 2001.*

## Notes to the preliminary final report

### 1. Summary of significant accounting policies

This preliminary financial report has been prepared in accordance with International Financial Reporting Standards, other authoritative pronouncements and Interpretations of the Australian Accounting Standards Board and the Corporations Act 2001.

The preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2022 and any public announcements made by RooLife Group Ltd during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

### 2. Other income and other expenses

	2023	2022
	\$	\$
<b>Other income</b>		
Interest income	25,652	3,026
Gain on extinguishment of financial liability	260,642	-
Grants and subsidies	77,952	58,683
	<u>364,246</u>	<u>61,709</u>

	2023	2022
	\$	\$
<b>Other expenses</b>		
Accountancy fees	46,133	27,755
Auditors' remuneration	65,592	48,872
Bad and doubtful debts	180,324	18,128
Foreign exchange gain	8,977	(19,998)
Interest expense	42,534	1,046
Legal fees	58,920	28,703
Rent and associated costs	141,833	115,485
Subscriptions and fees	116,399	116,792
Travel and accommodation	90,761	44,257
Other expenses	339,461	207,633
	<u>1,090,934</u>	<u>588,673</u>

## Notes to the preliminary final report (continued)

### 3. Loss per share

#### Basic and diluted loss per share

	2023 Cents per share	2022 Cents per share
Total basic and diluted loss per share attributable to the ordinary equity holders of the Company	<u>(0.33)</u>	<u>(0.39)</u>

#### Reconciliation of loss used in calculating loss per share

	\$	\$
Loss attributable to the ordinary equity holders of the Company used in the calculation of basic and diluted loss per share	<u>(2,326,748)</u>	<u>(2,648,387)</u>

#### Weighted average number of shares used as the denominator

	Number	Number
Weighted average number of ordinary shares used in the denominator in calculating loss per share	<u>708,020,198</u>	<u>676,338,735</u>

#### Information concerning classification of securities

Options granted are considered to be potential ordinary shares and have been included in the determination of diluted loss per share to the extent to which they are dilutive (the options are not considered to be dilutive). The options have not been included in the determination of basic loss per share.

### 4. Financial Assets

	Note	2023 \$	2022 \$
Financial asset – current	(i)	297,414	50,000
Financial asset – non-current	(ii)	80,000	80,000

- (i) Convertible note granted in settlement of services provided. The note is repayable in 6 months and accrues interest at 10% per annum. The note is convertible to equity at the discretion of the holder. The fair value of the conversion feature is not material. The financial asset is measured at amortised cost.
- (ii) Shares held in a private company which were granted in settlement for services provided in a web development project. The shares are valued using the price at the most recent capital raise of the entity.
- (iii) The financial assets are Level 3 instruments in the fair value hierarchy.

## Notes to the preliminary final report (continued)

### 5. Borrowings

		2023	2022
		\$	\$
Short-term borrowing	(i)	<u>600,000</u>	-
(i)	Working Capital Loan Agreement entered into with Saxby Capital Investments Pty Ltd to provide the Group with a line of credit facility to the value of \$1,000,000 which is available to be drawn down and applied by the Group to fund supply of products for sale. The key terms of the facility are:		
	-	Repayment: Per transaction, typically 60-90 days terms for repayment to be agreed between the lender and borrower on a case-by case basis.	
	-	Interest rate: 10% p/a on loan amount drawn down, payable in arrears.	
	-	Security: Secured by a fixed and floating charge over receivables and inventory to the equivalent value of amount outstanding of the loan.	
	-	Other Terms: The net current assets of the Group need to be maintained at 300% or greater of the drawn down loan amount at all times, prior to the repayment of the loan amount, any accrued interest and any default interest if due.	

### 6. Issued capital

#### Share capital

	2023	2022
	\$	\$
702,230,863 / 702,230,863 Ordinary shares issued and fully paid	<u>30,724,007</u>	30,411,425

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

#### Movement in ordinary share capital

30 June 2023

Date	Details	Note	Number	\$
	Opening balance		702,230,863	30,411,425
10/02/2023	Conversion of employee performance rights	(i)	4,327,272	60,582
10/02/2023	Conversion of director performance rights	(i)	6,499,999	143,000
10/02/2023	Shares issued to consultant	(ii)	2,500,000	25,000
14/04/2023	Conversion of employee performance rights	(i)	499,999	7,000
03/05/2023	Conversion of director performance rights	(i)	3,500,000	77,000
	Closing balance		<u>719,558,133</u>	<u>30,724,007</u>

(i) Shares issued to directors and employee under share-based payment plans entered in FY2022. Please refer to Note 7 for detail.

(ii) Shares issued to consultant in consideration for services provided.

## Notes to the preliminary final report (continued)

### 6. Issued capital (continued)

#### Movement in ordinary share capital (continued)

30 June 2022

Date	Details	Note	Number	\$
	Opening balance		579,753,113	27,574,463
6 July 2021	Shares issued to sophisticated investors		74,000,000	1,702,000
9 September 2021	Shares issued to employees	(i)	2,816,212	70,405
30 December 2021	Shares issued to private investors		38,461,538	1,000,000
16 March 2022	Shares issued to employees and consultant	(i)	7,200,000	93,600
	Less: Transaction costs arising on share issue			(29,043)
	Closing balance		<u>702,230,863</u>	<u>30,411,425</u>

- (i) The Company was required to issue 9,149,545 shares as consideration for employment and consulting services provided in the financial year ended 30 June 2021. As at 30 June 2021, the shares had not been issued as the Company was awaiting formal acceptance of offers. As the service had been provided, the shares were valued at the closing share price of \$0.025 at balance date. 2,816,212 of these shares were issued on 9 September 2021 and 6,333,333 shares on 16 March 2022. A further 866,667 shares were issued on 16 March 2022 for employment services provided in the financial year ended 30 June 2022. These shares were valued at closing share price on date of issue of \$0.013.

#### Options over ordinary shares

Options to subscribe for ordinary shares in the Company have been granted as follows:

- (i) to employers and consultants under share based payment plans, details of which are disclosed in Note 8; and  
(ii) to shareholders as free attaching options under placements offered by the Company.

#### Movement in options over ordinary shares

30 June 2023

Grant date	Expiry date	Exercise Price	Note	Opening balance	Options issued	Options lapsed	Closing balance
<b>Unlisted options:</b>							
9 September 2016	30 June 2023	\$0.40		3,000,000	-	(3,000,000)	-
9 September 2021	31 March 2023	\$0.05		10,000,000	-	(10,000,000)	-
30 December 2021	30 November 2024	\$0.05		4,807,691	-	-	4,807,691
<b>Unlisted performance options:</b>							
30 December 2021	30 November 2024	\$0.05		30,000,000	-	-	30,000,000
				<u>47,807,691</u>	<u>-</u>	<u>(13,000,000)</u>	<u>34,807,691</u>

## Notes to the preliminary final report (continued)

### 6. Issued capital (continued)

#### Movement in options over ordinary shares (continued)

30 June 2022

Grant date	Expiry date	Exercise Price	Note	Opening balance	Options issued	Options lapsed	Closing balance
<b>Unlisted options:</b>							
9 September 2016	30 June 2023	\$0.40		3,000,000	-	-	3,000,000
18 January 2017	18 January 2022	\$0.40		600,000	-	(600,000)	-
5 March 2020	5 February 2024	\$0.055	(i)	20,000,000	-	(20,000,000)	-
9 September 2021	31 March 2023	\$0.05	(ii)	-	10,000,000	-	10,000,000
30 December 2021	30 November 2024	\$0.05	(iii)	-	4,807,691	-	4,807,691
<b>Unlisted performance options:</b>							
30 December 2021	30 November 2024	\$0.05	(iii)	-	30,000,000	-	30,000,000
16 March 2022	16 June 2022	\$0.05	(iv)	-	20,000,000	(20,000,000)	-
<b>Listed options:</b>							
28 September 2018	31 October 2021	\$0.05		7,214,307	-	(7,214,307)	-
23 November 2018	31 October 2021	\$0.05		53,500,000	-	(53,500,000)	-
1 February 2019	31 October 2021	\$0.05		10,000	-	(10,000)	-
13 May 2019	31 October 2021	\$0.05		16,666,667	-	(16,666,667)	-
28 June 2019	31 October 2021	\$0.05		11,333,333	-	(11,333,333)	-
6 March 2020	31 October 2021	\$0.05		31,455,821	-	(31,455,821)	-
8 October 2020	31 October 2021	\$0.05		54,127,489	-	(54,127,489)	-
14 October 2020	31 October 2021	\$0.05		128,931,546	-	(128,931,546)	-
24 November 2020	31 October 2021	\$0.05		25,546,595	-	(25,546,595)	-
24 November 2020	31 October 2021	\$0.05		7,766,398	-	(7,766,398)	-
				360,152,156	64,807,691	(377,152,156)	47,807,691

- (i) The Executive options were cancelled on the issue of performance rights and resulted in an acceleration of the vesting with the full option value expensed in the current financial year. Refer to Note 7 for further detail.
- (ii) The Group issued 10,000,000 options to consultants for service received in the year ended 30 June 2021. The options were awaiting formal acceptance of offers and were formally granted in the current financial year. The expense was recorded in the year that the service was provided.
- (iii) The Group issued 4,807,691 unlisted options with an exercise price of \$0.05 to private investors. A further 30,000,000 unlisted performance options were issued to the same investors with an exercise price of \$0.05. Refer to Note 7 for further details.
- (iv) The Group issued 20,000,000 incentive Performance Options to investor relations consultants. The options converted to unlisted options following the expiry of 3 months and satisfaction of service conditions. The unlisted options to be received upon conversion of the Performance options has an exercise price of \$0.05 with a 3-year expiry. The Performance Options lapsed on conclusion of the corporate mandate.

## Notes to the preliminary final report (continued)

### 7. Share-based payment plans

#### Performance rights

##### 30 June 2023

No performance rights have been issued during the year.

##### 30 June 2022

The Company had entered into the following performance rights based payment arrangements with directors in the prior year. Approval for the issue, as required under Listing Rule 10.14, was obtained at the Company's 2021 Annual General Meeting.

	Number	Grant date	Expiry date	Fair value at grant date	Vesting date
<b>Class A Tranche 1</b>					
Bryan Carr	1,650,000	29 November 2021	1 December 2024	\$36,300	31 August 2022
Warren Barry	990,000	29 November 2021	1 December 2024	\$21,780	31 August 2022
Grant Pestell	440,000	29 November 2021	1 December 2024	\$9,680	31 August 2022
Ye (Shenny) Ruan	220,000	29 November 2021	1 December 2024	\$4,840	31 August 2022
<b>Class A Tranche 2</b>					
Bryan Carr	1,650,000	29 November 2021	1 December 2024	\$36,300	31 August 2023
Warren Barry	990,000	29 November 2021	1 December 2024	\$21,780	31 August 2023
Grant Pestell	440,000	29 November 2021	1 December 2024	\$9,680	31 August 2023
Ye (Shenny) Ruan	220,000	29 November 2021	1 December 2024	\$4,840	31 August 2023
<b>Class A Tranche 3</b>					
Bryan Carr	1,650,000	29 November 2021	1 December 2024	\$36,300	31 August 2024
Warren Barry	990,000	29 November 2021	1 December 2024	\$21,780	31 August 2024
Grant Pestell	440,000	29 November 2021	1 December 2024	\$9,680	31 August 2024
Ye (Shenny) Ruan	220,000	29 November 2021	1 December 2024	\$4,840	31 August 2024
<b>Class B Tranche 1</b>					
Bryan Carr	3,350,000	29 November 2021	1 December 2024	\$73,700	31 August 2022
Warren Barry	2,010,000	29 November 2021	1 December 2024	\$44,220	31 August 2022
Grant Pestell	893,333	29 November 2021	1 December 2024	\$19,653	31 August 2022
Ye (Shenny) Ruan	446,677	29 November 2021	1 December 2024	\$9,827	31 August 2022
<b>Class B Tranche 2</b>					
Bryan Carr	3,350,000	29 November 2021	1 December 2024	\$73,700	31 August 2023
Warren Barry	2,010,000	29 November 2021	1 December 2024	\$44,220	31 August 2023
Grant Pestell	893,333	29 November 2021	1 December 2024	\$19,653	31 August 2023
Ye (Shenny) Ruan	446,677	29 November 2021	1 December 2024	\$9,827	31 August 2023
<b>Class B Tranche 3</b>					
Bryan Carr	3,350,000	29 November 2021	1 December 2024	\$73,700	31 August 2024
Warren Barry	2,010,000	29 November 2021	1 December 2024	\$44,220	31 August 2024
Grant Pestell	893,333	29 November 2021	1 December 2024	\$19,653	31 August 2024
Ye (Shenny) Ruan	446,677	29 November 2021	1 December 2024	\$9,827	31 August 2024
<b>Class C</b>					
Bryan Carr	3,750,000	29 November 2021	1 December 2024	\$41,250	(i)
Warren Barry	2,250,000	29 November 2021	1 December 2024	\$24,750	(i)
Grant Pestell	1,000,000	29 November 2021	1 December 2024	\$11,000	(i)
Ye (Shenny) Ruan	500,000	29 November 2021	1 December 2024	\$5,500	(i)

## Notes to the preliminary final report (continued)

### 7. Share-based payment plans (continued)

#### Performance rights (continued)

30 June 2022 (continued)

	Number	Grant date	Expiry date	Fair value at grant date	Vesting date
<b>Class D</b>					
Bryan Carr	3,750,000	29 November 2021	1 December 2024	\$82,500	29 November 2024
Warren Barry	2,250,000	29 November 2021	1 December 2024	\$49,500	29 November 2024
Grant Pestell	1,000,000	29 November 2021	1 December 2024	\$22,000	29 November 2024
Ye (Shenny) Ruan	500,000	29 November 2021	1 December 2024	\$11,000	29 November 2024

(i) Vesting dates are dependent on date of achievement of vesting condition. If the vesting condition is achieved in:

- FY2022, the vesting date is 30 June 2022;
- FY2023, the vesting date is 30 June 2023; or
- FY2024, the vesting date is 30 June 2024.

The performance rights granted were in three tranches with separate market and non-market conditions for each tranche as outlined below. The market conditions were incorporated into the measurement of fair value.

	Vesting conditions	Number
<b>Class A</b>		
Tranche 1	Performance Rights vest if: <ul style="list-style-type: none"> <li>• the Group achieves Revenue for FY2022 which exceeds the Revenue which was achieved by the Group for FY2021 by 50% or more; and</li> <li>• the Related Party has remained employed or engaged by the Group for the entirety of FY2022.</li> </ul>	3,300,000
Tranche 2	Performance Rights vest if: <ul style="list-style-type: none"> <li>• the Group achieves Revenue for FY2023 which exceeds the Revenue which was achieved by the Group for FY2022 by 50% or more; and</li> <li>• the Related Party has remained employed or engaged by the Group for the entirety of FY2023.</li> </ul>	3,300,000
Tranche 3	Performance Rights vest if: <ul style="list-style-type: none"> <li>• the Group achieves Revenue for FY2024 which exceeds the Revenue which was achieved by the Group for FY2023 by 35% or more; and</li> <li>• the Related Party has remained employed or engaged by the Group for the entirety of FY2024.</li> </ul>	3,300,000
<b>Class B</b>		
Tranche 1	Performance Rights vest if: <ul style="list-style-type: none"> <li>• the Group achieves EBITDA for FY2022 which exceeds the EBITDA which was achieved by the Group for FY2021 by 40% or more; and</li> <li>• the Related Party has remained employed or engaged by the Group for the entirety of FY2022.</li> </ul>	6,700,000



## Notes to the preliminary final report (continued)

### 7. Share-based payment plans (continued)

#### Performance rights (continued)

30 June 2022 (continued)

	Vesting conditions (continued)	Number
<b>Class B (continued)</b>		
Tranche 2	<p>Performance Rights vest if:</p> <ul style="list-style-type: none"> <li>either paragraph (i) or (ii) below is satisfied by the Group for FY2023: <ul style="list-style-type: none"> <li>(i) where the Group failed to achieve positive EBITDA for FY2022 – the Group achieves positive EBITDA for FY2023; or</li> <li>(ii) where the Group achieved positive EBITDA for FY2022 – the Group achieves EBITDA for FY2023 which exceeds the EBITDA which was achieved by the Group for FY2022 by 50% or more; and</li> </ul> </li> <li>the Related Party has remained employed or engaged by the Group for the entirety of FY2023.</li> </ul>	6,700,000
Tranche 3	<p>Performance Rights vest if:</p> <ul style="list-style-type: none"> <li>the Group achieves EBITDA for FY2024 which exceeds the EBITDA which was achieved by the Group for FY2023 by 50% or more; and</li> <li>the Related Party has remained employed or engaged by the Group for the entirety of FY2024.</li> </ul>	6,700,000
<b>Class C</b>	<p>All of the Class C Performance Rights will vest if, at the end of either FY2022, FY2023 or FY2024:</p> <ul style="list-style-type: none"> <li>the VWAP for the previous 90 Trading Days was at any time during the applicable FY equal to \$0.05 or more; and</li> <li>the Related Party has remained employed or engaged by the Group for the entirety of the applicable FY.</li> </ul> <p>For the avoidance of doubt, the Class C Performance Rights can only vest once (notwithstanding the above Vesting Conditions may be achieved in multiple FYs).</p>	7,500,000
<b>Class D</b>	<ul style="list-style-type: none"> <li>All of the Class D Performance Rights will vest if, on the date which is 3 years after the date of the Meeting (being 29 November 2024):</li> <li>in either FY2022, FY2023 or FY2024, the Group achieved:</li> <li>NPAT of at least \$1,000,000; and</li> <li>An NPAT margin (measured as NPAT/Revenue) of at least 10%; and</li> </ul> <p>the Related Party has remained employed or engaged by the Group for the entirety of the 3-year period.</p>	7,500,000

The Group had also entered into performance rights based payment arrangements with employees and consultants in the prior year. A total of 14,327,271 performance rights were issued with non-market performance conditions as agreed by the Board. The fair value of the rights on grant date was \$0.014 for a total fair value of \$200,582.

## Notes to the preliminary final report (continued)

### 7. Share-based payment plans (continued)

#### Performance rights (continued)

#### Movement in performance rights

##### 30 June 2023

Details	Number Class A	Number Class B	Number Class C	Number Class D	Number Employee	Number Total
Opening balance	9,900,000	20,100,000	7,500,000	7,500,000	14,327,271	59,327,271
Shares issued	-	-	-	-	-	-
Shares converted to ordinary shares	(3,300,000)	(6,699,999)	-	-	(4,827,271)	(14,827,270)
Shares lapsed on cessation of employment	-	-	-	-	-	-
Closing balance	6,600,000	13,400,001	7,500,000	7,500,000	9,500,000	44,500,001

##### 30 June 2022

Details	Number Class A	Number Class B	Number Class C	Number Class D	Number Employee	Number Total
Opening balance	-	-	-	-	-	-
Shares issued	9,900,000	20,100,000	7,500,000	7,500,000	14,327,271	59,327,271
Shares converted to ordinary shares	-	-	-	-	-	-
Shares lapsed on cessation of employment	-	-	-	-	-	-
Closing balance	9,900,000	20,100,000	7,500,000	7,500,000	14,327,271	59,327,271

#### Share-based payment expense

	Note	2023 \$	2022 \$
Vested component of options issued in previous financial period	(i)		26,992
Options issued to private investors		-	18,902
Remeasurement of shares granted/ to be granted to employees and consultants for services rendered	(ii)		(76,000)
Performance rights issued to directors, employees and consultants		102,974	254,990
Shares issued to employees for services rendered		25,000	11,266
		<u>127,974</u>	<u>236,150</u>

- (i) Options issued to directors in FY2020 were cancelled on issue of performance rights which results in an acceleration of the vesting with the full option value expensed in prior year.

## Notes to the preliminary final report (continued)

### 7. Share-based payment plans (continued)

#### Share based payments expense (continued)

- (ii) The Company was required to issue shares as consideration for employment and consulting services provided in the financial year ended 30 June 2021. As at 30 June 2021, the shares had not been issued as the Company was awaiting formal acceptance of offers. As the service had been provided, the shares were valued at the closing share price of \$0.025 at balance date. The subsequent issue of these shares occurred on 9 September 2021 and 16 March 2022. There was no difference between the actual and original valuation share price for the issue on 9 September 2021. The actual share price for the 16 March 2022 issue was \$0.013. The Company therefore performed a reassessment of the fair value with the subsequent difference of \$76,000 being recorded through the statement of profit or loss and other comprehensive income in the current financial year.

#### Share Options

The Company has an Incentive Share Option Plan ("ISOP") under which options to subscribe for the Company's shares have been granted to certain directors and executives. In addition, further options were issued to certain directors and executives outside of the ISOP, but substantially on the same terms and conditions. The Company refers to these as Special Purpose Options and whilst no formal plan has been adopted for these options, the Company refers to any issues outside of the shareholder approval ISOP as being issued under the Special Purpose Option Plan ("SPP").

The purpose of both the SPP and ISOP is to Special Purpose Share Option Plan ('SPP') is to:

- assist in the reward, retention and motivation of eligible participants;
- link the reward of eligible participants and the creation of shareholder value;
- align interests of eligible participants more closely with the interest of shareholders by providing an opportunity for eligible participants to receive shares;
- provide eligible participants with the opportunity to share in any future growth in value of the Company; and
- provide greater incentive for eligible participants to focus on the Company's longer-term goals.

The following share option based payment arrangements were in place during the current and prior periods:

#### 30 June 2023

	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$	Vesting date
<b>Unlisted Options:</b>						
Private investors	4,807,691	30 December 2021	30 November 2024	\$0.05	\$18,902	30 December 2021
<b>Unlisted Performance Options:</b>						
Private investors	30,000,000	30 December 2021	30 November 2024	\$0.05	\$117,948	(i)

- (i) 1,000,000 Incentive Options will vest for every \$1,000,000 revenue (minimum \$100,000 Gross Margin), commencing when an initial \$200,000 Gross Margin has been achieved. As the minimum gross margin has not been achieved at balance date, the incentive options are considered to have not vested and accordingly no expense has been recorded through the statement of profit or loss and other comprehensive income.

## Notes to the preliminary final report (continued)

### 7. Share-based payment plans (continued)

#### Share Options (continued)

##### 30 June 2023 (continued)

The fair value of the equity settled unlisted share options, with non-market conditions, granted to private investors are estimated at grant date using the Black & Scholes model, taking into account the terms and conditions upon which the options were granted, as follows:

	Note	
Expected volatility (%)	(i)	74.83%
Risk-free interest rate (%)		0.96%
Expected life of option (days)	(ii)	426
Exercise price (cents)		5.0
Grant date share price (cents)	(iii)	2.1
(i) The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.		
(ii) The expected life of the options is not based on historical data and is not necessarily indicative of exercise patterns that may occur. The number of days is calculated by the number of days between the grant date and expiry date of the option.		
(iii) The options have been valued at grant date which was 30 December 2021.		

##### 30 June 2022

	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$	Vesting date
<b>Unlisted Options:</b>						
Private investors	4,807,691	30 December 2021	30 November 2024	\$0.05	\$18,902	30 December 2021
<b>Unlisted Performance Options:</b>						
Private investors	30,000,000	30 December 2021	30 November 2024	\$0.05	\$117,948	(i)
Corporate, investor and public relations consultant (ii)	20,000,000	16 March 2022	16 June 2022	\$0.05	\$50,859	(ii)

- (i) 1,000,000 Incentive Options will vest for every \$1,000,000 revenue (minimum \$100,000 Gross Margin), commencing when an initial \$200,000 Gross Margin has been achieved. As the minimum gross margin has not been achieved at balance date, the incentive options are considered to have not vested and accordingly no expense has been recorded through the statement of profit or loss and other comprehensive income.
- (ii) The performance options converted to unlisted options following the expiry of 3 months and satisfaction of service conditions. The unlisted options to be received upon conversion of the Performance options were to have an exercise price of \$0.05 with a 3-year expiry. The Performance Options lapsed on conclusion of the corporate mandate. Accordingly, no expense has been recorded through the statement of profit or loss and other comprehensive income.

## Notes to the preliminary final report (continued)

### 7. Share-based payment plans (continued)

#### Share Options (continued)

30 June 2022 (continued)

The fair value of the equity settled unlisted share options, with non-market conditions, granted to private investors are estimated at grant date using the Black & Scholes model, taking into account the terms and conditions upon which the options were granted, as follows:

	Note	
Expected volatility (%)	(i)	74.83%
Risk-free interest rate (%)		0.96%
Expected life of option (days)	(ii)	426
Exercise price (cents)		5.0
Grant date share price (cents)	(iii)	2.1

- (i) The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.
- (ii) The expected life of the options is not based on historical data and is not necessarily indicative of exercise patterns that may occur. The number of days is calculated by the number of days between the grant date and expiry date of the option.
- (iii) The options have been valued at grant date which was 30 December 2021.

The following table illustrates the movement (number) in share options issued under share based payment arrangements:

	2023 Number	2022 Number
Outstanding at the beginning of year	47,807,691	60,229,394
Granted during the year	-	64,807,691
Lapsed during the year	(13,000,000)	(40,000,000)
Expired during the year	-	(37,229,394)
Outstanding at the end of year	<u>34,807,691</u>	<u>47,807,691</u>
Exercisable at the end of year	<u>34,807,691</u>	<u>47,807,691</u>

The weighted average exercise price for all options noted above was \$0.05 (2022: \$0.07).  
The weight average remaining life of options is 1.42 years.

## Notes to the preliminary final report (continued)

### 8. Segment reporting

#### Description of segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of directors in order to allocate resources to the segment and to assess its performance. Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group primarily reports on a geographical segment basis as its risks and rates of return are affected predominantly by differences in the various locations in which it operates and this is the format of the information provided for management purposes.

#### Segment information

The following tables present revenue and profit/loss information and certain asset and liability information regarding geographical segments for the year ended 30 June 2023. Revenue is attributed to geographical location based on the location of the target market.

30 June 2023	Australia \$	United Kingdom \$	Singapore \$	China \$	Consolidation adjustments \$	Total \$
<b>Revenue</b>						
Sales to external customers	2,224,297	-	-	10,208,052	(111,460)	12,320,889
Total	2,224,297	-	-	10,208,052	(111,460)	12,320,889
<b>Segment result</b>	<b>(2,249,764)</b>	<b>-</b>	<b>(87,745)</b>	<b>10,761</b>	<b>-</b>	<b>(2,326,748)</b>
Interest income	25,502	-	-	150	-	25,652
Grants and subsidies	-	-	-	77,952	-	77,952
Depreciation	(11,611)	-	-	(552)	-	(12,163)
Amortisation	(13,368)	-	-	(28,886)	-	(42,254)
Impairment expense	-	-	-	(13,789)	-	(13,789)
Income tax benefit	-	-	-	-	-	-
<b>Segment assets</b>	<b>18,155,726</b>	<b>-</b>	<b>-</b>	<b>6,451,120</b>	<b>(15,857,948)</b>	<b>8,748,898</b>
<b>Segment liabilities</b>	<b>(3,470,113)</b>	<b>-</b>	<b>(4,007,589)</b>	<b>(8,497,502)</b>	<b>11,139,134</b>	<b>(4,836,070)</b>

## Notes to the preliminary final report (continued)

### 8. Segment reporting (continued)

#### Segment information (continued)

30 June 2022	Australia \$	United Kingdom \$	Singapore \$	China \$	Consolidation adjustments \$	Total \$
<b>Segment revenue</b>						
Sales to external customers	2,489,383	-	-	14,563,653	(122,850)	16,930,186
Total	2,489,383	-	-	14,563,653	(122,850)	16,930,186
<b>Segment result</b>	(4,923,495)	2,784,571	198,429	(453,541)	(254,351)	(2,648,387)
Interest income	2,911	-	-	115	-	3,026
Grants and subsidies	15,000	-	-	43,683	-	58,683
Depreciation	(10,879)	-	-	(2,934)	-	(13,813)
Amortisation	(6,593)	-	-	(13,636)	-	(20,229)
Impairment expense	-	-	-	(68,702)	-	(68,702)
Income tax benefit	-	-	-	-	-	-
<b>Segment assets</b>	19,237,340	-	2,584	6,988,144	(16,399,417)	9,828,651
<b>Segment liabilities</b>	(2,468,093)	-	(4,009,576)	(9,022,766)	11,743,760	(3,756,675)

#### Major customers

During the year ended 30 June 2023, approximately \$6,351,248 (2022: \$7,912,000) of the Group's external revenue was derived from sales to a major China based customer through the China operating segment.

#### Other segment information

##### Segment revenue reconciliation to the statement of comprehensive income

	2023 \$	2022 \$
Total segment revenue	12,432,349	17,053,036
Inter-segment sales elimination	(111,460)	(122,850)
Total	12,320,889	16,930,186