

## 1. Company details

Name of entity:	Roto-Gro International Limited
ABN:	84 606 066 059
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

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## 2. Results for announcement to the market

				<b>\$000</b>
Revenues from ordinary activities	up	100%	to	27
Loss from ordinary activities after tax attributable to the owners of Roto-Gro International Limited	up	178%	to	(12,672)
Loss for the year attributable to the owners of Roto-Gro International Limited	up	178%	to	(12,672)

### *Dividends*

There were no dividends paid, recommended or declared during the current financial period.

### *Comments*

The loss for the consolidated entity after providing for income tax amounted to \$ 12,672,267 (30 June 2021: \$4,608,865).

The loss includes non-cash charges of \$1,359,715 arising from the deconsolidation of subsidiaries and \$8,410,040 for amortisation and impairment of assets. Refer to the Directors Report for additional commentary over the results for the period.

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## 3. Net tangible assets

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>(0.004)</u>	<u>1.042</u>

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## 4. Control gained over entities

Not applicable.

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## 5. Loss of control over entities

During the financial year the Reporting Entity lost control over its 100% owned subsidiaries Roto-Gro World Wide (Mauritius) Inc, Roto-Gro World Wide (Canada) Inc., Roto-Gro Inc., Roto-Gro International Inc., Roto-Gro Intellectual Property Inc. and Roto-Gro Technology Inc.

On 31 May 2022, Roto-Gro World Wide (Canada) Inc. filed for bankruptcy and as a result the Company lost control over all Canadian subsidiaries. As Roto-Gro World Wide (Mauritius) Inc was managed by the Canadian business operations, it has been deconsolidated due to a loss of control and the absence of any financial records being available to the Directors.

Refer to the Financial Report for further details.

	\$
Contribution of such entities to the reporting entity's loss from ordinary activities before income tax during the period (where material)	1,878,706
Loss from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)	2,399,232

## 6. Dividends

### *Current period*

There were no dividends paid, recommended or declared during the current financial period.

### *Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

## 7. Dividend reinvestment plans

Not applicable.

## 8. Details of associates and joint venture entities

Not applicable.

## 9. Foreign entities

### *Details of origin of accounting standards used in compiling the report:*

All foreign entities of the group report under International Financial Reporting Standards.

## 10. Audit qualification or review

### *Details of audit/review dispute or qualification (if any):*

The financial statements have been audited and a disclaimer of opinion has been issued.

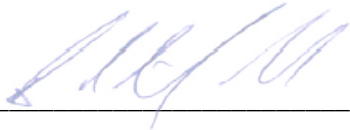
**11. Attachments**

*Details of attachments (if any):*

The Annual Report of Roto-Gro International Limited for the year ended 30 June 2022 is attached.

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**12. Signed**

Signed  \_\_\_\_\_

Date: 31 August 2023

Peter Hatfull  
Director

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Directors	Michael Carli - Non-Executive Chairman Terry Gardiner - Non-Executive Director Peter Hatfull -Executive Director
Company Secretary	Peter Hatfull
Registered office / principal place of business:	Suite 5, CPC 145 Stirling Highway, Nedlands WA 6009
Share register	Computershare Investor Services Pty Ltd 452 Johnston Street Abbotsford VIC 3067 Telephone 61 3 9415 5000 Facsimile 61 3 9473 2500 Website: <a href="https://www.computershare.com/au/Pages/contact-us.aspx">https://www.computershare.com/au/Pages/contact-us.aspx</a>
Auditors	RSM Australia Partners Level 32, Exchange Tower 2 The Esplanade Perth WA 6000
Stock exchange listing	Roto-Gro International Limited shares are listed on the Australian Securities Exchange (ASX code: RGI) and are currently suspended
Corporate Governance Statement	The 2022 Corporate Governance Statement can be found on the Company's website at <a href="https://rotogrow.com.au">https://rotogrow.com.au</a>

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The Board of Directors (the "Board") present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "consolidated entity" or "group") consisting of Roto-Gro International Limited (referred to hereafter as the "Company" or "parent entity") and the entities it controlled at the end of, or during, the year ended 30 June 2022.

## **Directors**

The following persons were directors of Roto-Gro International Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Michael Carli - Non-Executive Chairman  
Michael Di Tommaso - Executive Director and Chief Executive Officer (resigned 8 August 2022)  
Terry Gardiner - Non-Executive Director  
Matthew O'Kane - Non-Executive Director (resigned 19 October 2021)  
Mr Leighton Richards - Non-Executive Director (appointed 19 October 2021, resigned 1 March 2022)  
Mr Peter Hatfull - Non-Executive Director (appointed 19 April 2022)

## **Principal activities**

Until 31 May 2022 the principal activity of the group during the financial year was the production and sale of patented and proprietary Rotational Garden Systems (the "RotoGro Garden Systems") and the sale and production of advanced automated nutrient delivery and water management systems (the "Fertigation Systems").

During the financial year the Company lost effective control of its subsidiaries due to the appointment of a bankruptcy trustee to the company's Canadian operating subsidiaries, and the principal activity of the Company ceased on 31 May 2022.

## **Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

## **Significant changes in the state of affairs**

### *July 2021 Placement*

On 20 July 2021, the Company announced a placement of shares to sophisticated and professional investors to raise \$2.2 million (before costs) (Placement) through the issue of 62,857,143 new fully paid ordinary shares at an issue price of \$0.035 per share (Placement Shares) together with, subject to Shareholder approval one free attaching Option for every one Placement Share subscribed for and issued, exercisable at \$0.07 each and expiring 24 months from date of issue.

On or about 19 July 2021, the Company entered into a lead manager mandate with EverBlu Capital Pty Ltd ("EverBlu"), pursuant to which the Company engaged EverBlu to act as lead manager and corporate advisor to the Placement (Mandate). Under the Mandate, in relation to the Placement, the Company has agreed to pay EverBlu a fee of 6% on gross funds raised and, subject to shareholder approval, EverBlu will be entitled to 2,057,142 fully paid ordinary shares in the Company and 25,000,000 listed options on the following terms:

- 10,000,000 listed options with an exercise price of \$0.07 and expiring 24 months from date of issue;
- 15,000,000 listed options, each with an exercise price of \$0.105 and expiring 24 months from date of issue.

On 23 July 2021, the Company issued 62,857,143 fully paid ordinary shares at an issue price of \$0.035 per share as part of the Placement in July 2021 to raise \$2.2 million (before costs).

On 30 July 2021, the Company issued 32,666,667 options expiring 31 December 2023. 26,666,667 were issued as free attaching options to participants of the placement announced on 24 February 2021 and 6,000,000 options to the placement lead manager Peak Asset Management (or their nominees).

#### *NASA and CSA Deep Space Food Challenge*

On 9 August 2021, the Company announced that it commenced the first phase of the NASA and CSA Deep Space Food Challenge, an international collaboration between the United States of America National Aeronautics and the Space Administration and the Canadian Space Agency. Roto-Gro's application into the Deep Space Food Challenge was its initial foray into the space industry, highlighting the technological diversification and adaptability of its patented and proprietary indoor vertical farming technology.

#### *Performance rights*

On 16 August 2021, the Company announced the lapse of 1,000,000 Class B Hanson Performance Shares as the performance conditions had not been met

#### *Advisory Board*

On 30 August 2021, the Company announced that Keith Merker and Peter Kampian have joined Roto-Gro's inaugural Advisory Board. The Advisory Board was established to expand the Company's reach in the lawful cannabis and perishable foods industries, particularly the indoor vertical farming space.

The Company engaged the services of Mr Merker and Mr Kampian via a Consultancy Agreement for a term of 12 months (Consultancy Agreement). The aggregate securities payable by the Company under the Consultancy Agreement, to be apportioned equally, are as follows:

- (1) 4,000,000 options exercisable at \$0.04 each on or before the date which in 3 years from the date of issue, such options to vest in the below tranches:
  - a. 400,000 options to vest 5 business day from the date of the Consultancy Agreement (First Tranche); and
  - b. 300,000 options to vest each month commencing on the 1-month anniversary of the vesting of the First Tranche for a period of 12 months,
- (2) following shareholder approval, the issue of 2,000,000 options exercisable at \$0.04 each on or before the date which is 3 years from the date of issue, and vest in equal monthly tranches for a period of 12 month.

The Consultants were to be paid a monthly fee by the Company and will receive a remuneration structure in accordance with industry standards for introducing and procuring transactions on behalf of the Company which are successfully completed during the term of the Agreement and for 24 months following the termination of the Agreement.

#### *Loss of control of subsidiaries*

During the financial year the Company lost effective control of its subsidiaries due to the appointment of a bankruptcy trustee on 31 May 2022 to the company's Canadian operating subsidiaries. There is a significant component of financial information not made available to Directors to enable the preparation of consolidated financial report for the financial year ending 30 June 2022.

Re-domiciliation of Roto-Gro World Wide Inc from Mauritius to British Virgin Islands was completed on 15 October 2021. This subsidiary was managed by the Group's Canadian businesses, and as there are no financial records available to Directors it was also deconsolidated effective 1 January 2022.

As a result of this loss of control, the Company's subsidiaries listed in Note 32 were deconsolidated at 1 January 2022 (being the last date at which verifiable financial information is available) resulting in an deconsolidation expense of \$1,359,715.

### **Significant events after the end of the financial year**

#### *September 2022 placement*

On 26 September 2022 the Company issued 51,388,919 ordinary shares at an issue price of \$0.001 to raise \$51,389.

#### *Share consolidation*

On 14 November 2022 following shareholder approval at the General Meeting held on 3 November 2022, the Company's shares were consolidated on the basis of one (1) new security for every twenty (20) securities held.

*Expired options*

The following options have expired since the end of the financial year:

Expiry date	Number	Exercise price	Pre – 1:20 consolidation basis	
			Number	Exercise price
11/11/2022	456,400	\$4.00	9,128,000	\$0.200
07/12/2022	74,563	\$4.00	1,491,250	\$0.200
31/12/2022	250,000	\$0.60	5,000,000	\$0.03

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Environmental regulation**

The Board are mindful of the regulatory regime in relation to the impact of the organisation's activities on the environment. There have been no known breaches of any environmental regulation by the Company during the financial year.

**Information on directors**

Name:	Mr Michael Carli
Title:	Non-Executive Chairman
Experience and expertise:	Mr. Carli is a highly experienced lawyer specialising in corporate, commercial and intellectual property law for more than 30 years in the Greater Toronto Area, Canada. Mr. Carli holds a Bachelor of Arts degree from York University and a Juris Doctor degree from the University of Western Ontario Faculty of Law. Mr. Carli is currently a Director and the Vice-Chair of Easter Seals Ontario, a charity assisting children with physical disabilities, and was previously Chairman of Villanova College, a private secondary school in King City, Ontario. He is a member of various professional organizations including the Law Society of Ontario, the Canadian College of Patent Agents and Trademark Agents, the American Bar Association and the Intellectual Property Institute of Canada. Mr. Carli has played an integral role in RotoGro since its inception in 2015, including its successful Initial Public Offering in February 2017 and formerly leading the Company as Managing Director. He brings great leaderships qualities to the RotoGro Team and a balanced approach to the Company's ongoing commercialisation plans.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	164,994 ordinary shares
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	None

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Name: Mr Michael Di Tommaso  
 Title: Executive Director and Chief Executive Officer  
 Chief Executive Officer (Resigned 8 August 2022)  
 Experience and expertise: Mr. Di Tommaso is an executive specialising in Canada's evolving cannabis legislation. Mr. Di Tommaso holds a Bachelor of Arts degree in Criminal Justice and a Juris Doctor degree from the University of Ottawa Faculty of Law. He started his legal career in criminal and regulatory law before moving to the burgeoning lawful cannabis sector. Mr. Di Tommaso has hands-on experience in the contractual, legal and regulatory compliance for lawful cannabis licensing, providing him with an in-depth knowledge of the regulatory and operational requirements for the cultivation, processing, and sale of lawful cannabis. Mr. Di Tommaso started his role at RotoGro in 2018 as Operations Manager - Cultivation and then took on the expanded role of Executive Director and Chief Operations Officer. He was appointed to CEO on 25 January 2021. His attention to corporate governance and passion for legal process provide a sound base for leading the operational aspects of the business as the Company fulfils the aspirations of partnerships with cultivators of lawful cannabis and fresh produce.

Other current directorships: None  
 Former directorships (last 3 years): None  
 Interests in shares: 15,000 ordinary shares  
 Interests in options: 1,100,000 options  
 Interests in rights: None  
 Contractual rights to shares: None

Name: Mr Terry Gardiner  
 Title: Non-Executive Director  
 Experience and expertise: Mr. Terry Gardiner has more than 20 years' experience in capital markets, stockbroking and derivatives trading including numerous years trading in equities. Mr. Gardiner is currently a Director of the stockbroking firm Barclay Wells Limited and a Non-executive Director of Cazaly Resources Limited (ASX:CAZ), Galan Lithium Limited (ASX:GLN) and Chairman of Charger Metals NL (ASX: CHR). Mr. Gardiner was an integral contributor to RotoGro's successful IPO and has been a valuable adviser to the Company over the past three years.

Other current directorships: Cazaly Resources Limited (ASX:CAZ), Galan Lithium Limited (ASX:GLN) and Charger Metals NL (ASX: CHR).  
 Former directorships (last 3 years): Affinity Energy and Health Limited (ASX:AEB).  
 Interests in shares: 4,903 ordinary shares  
 Interests in options: None  
 Interests in rights: None  
 Contractual rights to shares: None

Name: Mr Matthew O'Kane  
 Title: Non-Executive Director (resigned 19 October 2021)  
 Experience and expertise: Mr Matthew O'Kane has a Bachelor of Economics and Finance, and a MBA, from the Royal Melbourne Institute of Technology. He has over 25 years of finance experience in the mining, commodities and automotive sectors. Mr O'Kane held senior executive roles across a range of private and public companies in Australia, USA and Asia. He also spent nine years in Asia, gaining a wealth of experience and contacts in the region over a wide range of commodities from producing companies to exploration and development plays, as well as commodities trading.

Other current directorships: Comet Resources Limited (ASX: CRL), Azarga Uranium Corporation (TSX:AZZ)  
 Former directorships (last 3 years): Pursuit Minerals Ltd (ASX:PUR), Orinoco Gold (ASX: OGX)  
 Interests in shares: None  
 Interests in options: None  
 Interests in rights: None  
 Contractual rights to shares: None

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Name: Mr Leighton Richards  
 Title: Non-Executive Director (appointed 19 October 2021, resigned 1 March 2022)  
 Experience and expertise: Mr Leighton Richards has over 20 years experience in business across consumer goods, agriculture and Health & Wellness sectors. He holds a Master of Business Administration and Masters of Marketing from Monash University.  
 Other current directorships: None  
 Former directorships (last 3 years): None  
 Interests in shares: None  
 Interests in options: 50,000  
 Interests in rights: None  
 Contractual rights to shares: None

Name: Mr Peter Hatfull  
 Title: Non-Executive Director (appointed 19 April 2022)  
 Experience and expertise: Mr Peter Hatfull has over 40 years of experience in a wide range of Board and senior executive positions with Australian and international companies. He has extensive skills in the areas of business optimisation, capital raising and business restructuring.  
 Other current directorships: Melodial Global Health Ltd (ME1)  
 Former directorships (last 3 years): Pivotal Metals Ltd (PVT) (resigned August 2023)  
 Roots Sustainable Agricultural Technologies Ltd (ROO) (resigned August 2022)  
 eSense Labs Ltd (ESE) (delisted September 2021)  
 Interests in shares: None  
 Interests in options: None  
 Interests in rights: None  
 Contractual rights to shares: None

Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated. 'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

### Company secretary

Mr Peter Hatfull (appointed 5 May 2022)  
 Mr Andrew Palfreyman (resigned 5 May 2022)

### Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board	
	No. Attended	No. Eligible to Attend
Michael Carli	6	6
Michael Di Tommaso	6	6
Terry Gardiner	6	6
Matthew O'Kane	2	2
Leighton Richards	4	4
Peter Hatfull	2	2

The number eligible to attend represents the number of meetings held during the time the director held office.

At the date of this report, the Remuneration, Nomination and Audit and Risk Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.

## **Remuneration report**

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

### ***Principles used to determine the nature and amount of remuneration***

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

Given the small size of the Board (three directors), it was not considered practical to establish a committee of the Board as a Remuneration Committee. Accordingly, the full Board is responsible for determining and reviewing compensation arrangements for the directors and executives. Any Director with a personal interest in a remuneration matter is excused from participating in those discussions and resulting decisions. It is the intention of the Board to establish a Remuneration Committee once the size of the group increases.

The Board assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality director and executive team.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

### *Non-executive director's remuneration*

#### Objective

The Board aims to set aggregate remuneration at a level that provides the group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

#### Structure

The Company's Constitution specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The maximum currently stands at \$500,000 per annum. The remuneration of non-executive directors for the financial year ended 30 June 2022 is detailed in the table below. As non-executive director(s) are not expected to be involved in the performance of the Company to the same degree as executive director(s) it is not considered appropriate for their remuneration to be dependent on the satisfaction of performance criteria.

### *Executive remuneration*

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Performance based short-term incentives ('STI') may be provided to executives to align the targets of the business with the targets of those executives responsible for meeting those targets.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares and options may be awarded to executives based on long-term incentive measures including increasing shareholder value. Share based LTIs issued to an Executive Director are subject to shareholder approval. The Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2022.

### *Use of remuneration consultants*

During the financial year ended 30 June 2022, the Company did not engage the services of independent remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs (2021: NIL).

### *Voting and comments made at the Company's 2021 Annual General Meeting ('AGM')*

At the 2021 AGM, 55.8% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

**Details of remuneration**

*Amounts of remuneration*

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Roto-Gro International Limited:

- Michael Carli - Non-Executive Chairman
- Michael Di Tommaso - Executive Director and Chief Executive Officer (resigned 8 August 2022)
- Terry Gardiner - Non-Executive Director
- Matthew O'Kane - Non-Executive Director (resigned 19 October 2021)
- Mr Leighton Richards - Non-Executive Director (appointed 19 October 2021, resigned 1 March 2022)
- Mr Peter Hatfull - Non-Executive Director (appointed 19 April 2022)

30 June 2022	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
<i>Non-Executive Directors:</i>							
Terry Gardiner <sup>^</sup>	24,000	-	-	2,400	-	-	26,400
Matthew O'Kane <sup>*</sup>	14,323	-	-	1,432	-	-	15,755
Michael Carli <sup>^^</sup>	-	-	-	-	-	-	-
Leighton Richards <sup>**</sup>	17,621	-	-	1,825	-	2,900	22,346
Peter Hatfull <sup>***</sup>	-	-	-	-	-	-	-
<i>Executive Directors:</i>							
Michael Di Tommaso <sup>****</sup>	-	-	-	-	-	135,500	135,500
	<u>55,944</u>	<u>-</u>	<u>-</u>	<u>5,657</u>	<u>-</u>	<u>138,400</u>	<u>200,001</u>

Mr O'Kane resigned as a director on 19 October 2021.

<sup>\*\*</sup> Mr Richards was appointed on 19 October 2021 and resigned on 1 March 2022.

<sup>\*\*\*</sup> Mr Hatfull was appointed 19 April 2022, Mr Hatfull has not taken any Directors fees since his appointment and all fees have been waived to date.

<sup>\*\*\*\*</sup> Mr Di Tommaso resigned 8 August 2022, RGI was unable to quantify if any further remuneration was received.

<sup>^</sup> Mr Gardiner has not taken Directors fees since 31 December 2021 and has waived his fees from 1 January 2022.

<sup>^^</sup> Mr Carli has not taken Directors fees since 1 July 2021 and has waived his fees from 1 January 2022.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
30 June 2021	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Terry Gardiner	48,000	-	-	4,560	-	-	52,560
Matthew O'Kane**	28,000	-	-	2,660	-	-	30,660
Jamie Myers***	-	-	-	-	-	20,000	20,000
Michael Carli****	43,876	-	-	-	-	29,555	73,431
<i>Executive Directors:</i>							
Michael Di Tommaso	199,653	-	-	-	-	-	199,653
<i>Other Key Management Personnel:</i>							
Adam Clode*****	-	-	-	-	-	542,866	542,866
	319,529	-	-	7,220	-	592,421	919,170

\* Mr O'Kane was appointed as a Non-Executive Director on 30 November 2020.

\*\* Mr Myers resigned as a Non-Executive Director on 30 November 2020. Mr Myers was paid shares as part of his Director remuneration for July to November 2020.

\*\*\* Mr Carli was paid shares as part of his Director remuneration for July to November 2020.

\*\*\*\* Mr Clode ceased employment as a Chief Executive Officer on 25 January 2021. Mr Clode was paid in shares for his remuneration (including entitlements) from July 2020 to January 2021. He was also paid six months of notice period amounting to \$133,955. Mr Clode was issued 3,000,000 options which were approved during the period.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
<i>Non-Executive Directors:</i>						
Michael Carli	-	60%	-	-	-	40%
Terry Gardiner	100%	100%	-	-	-	-
Matthew O'Kane	100%	100%	-	-	-	-
Jamie Myers	-	100%	-	-	-	-
Leighton Richards	87%	-	-	-	13%	-
Peter Hatfull	-	-	-	-	-	-
<i>Executive Directors:</i>						
Michael Di Tommaso	-	100%	-	-	100%	-
<i>Other Key Management Personnel:</i>						
Adam Clode	-	-	-	-	-	100%

**Service agreements**

*Michael Carli*

Mr Carli's remuneration package for his role as Non-Executive Chairman is CAD \$72,000 per annum. Mr Carli also acts as Director and President of the wholly owned subsidiaries of the Company, Roto-Gro World Wide (Canada) Inc., Roto-Gro World Wide Inc., Roto-Gro Inc., Roto-Gro Technology Inc., Roto-Gro International Inc., and Roto-Gro IP Inc. without additional remuneration. Mr Carli's engagement has no fixed term but may be terminated by the Company without cause by providing six months written notice. In the event of termination without cause by the Company, Mr Carli is entitled to receive three months base remuneration as a termination severance payment, payable within 7 days after the date of termination. The Company may otherwise terminate his engagement immediately for cause (e.g. serious misconduct). In the event of a change of control of the Company, Mr Carli may within 30 days of learning of the change of control give notice of his intention to terminate and is entitled to a severance payment equal to three months remuneration. Mr Carli has not taken any Directors fees during the financial year.

*Terry Gardiner*

Mr Terry Gardiner's role as a non-executive director is formalised in the form of a service agreement with the group. The engagement has no fixed term but ceases on his resignation or removal as a director in accordance with the Corporations Act 2001. Mr Gardiner is currently entitled to receive directors' fees of \$48,000 per annum plus statutory minimum Superannuation. Mr Gardiner has not taken Directors fees since 31 December 2021.

*Peter Hatfull*

Mr Peter Hatfull's role as a non-executive director appointed on 19 April 2022 is formalised in the form of a service agreement with the group. The engagement has no fixed term but ceases on his resignation or removal as a director in accordance with the Corporations Act 2001. Mr Hatfull is currently entitled to receive directors' fees of \$48,000 per annum plus statutory minimum Superannuation. Mr Hatfull has not taken any Directors fees since his appointment.

*Michael Di Tommaso (resigned 8 August 2022)*

Mr Di Tommaso base salary is CAD\$216,000 as Chief Executive Officer. In addition, the following options have been granted under the Company's Employee Incentive Plan:

<i>No. of options</i>	<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price</i>
14,000,000	15 December 2021	24 December 2024	0.060
2,500,000	15 December 2021	31 December 2022	0.030
2,500,000	15 December 2021	31 December 2022	0.030
2,500,000	15 December 2021	31 December 2023	0.030
2,500,000	15 December 2021	31 December 2023	0.030
3,000,000	15 December 2021	31 December 2024	0.030

*Matthew O'Kane (resigned 19 October 2021)*

Mr Matthew O'Kane's role as a non-executive director is formalised in the form of a service agreement with the group. The engagement has no fixed term but ceases on his resignation or removal as a director in accordance with the Corporations Act 2001. Mr O'Kane is currently entitled to receive directors' fees of \$48,000 per annum plus statutory minimum Superannuation.

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*Leighton Richards (appointed 19 October 2021 and resigned 1 March 2022)*

Mr Leighton Richard's role as a non-executive director is formalised in the form of a service agreement with the group. The engagement has no fixed term but ceases on his resignation or removal as a director in accordance with the Corporations Act 2001. Mr Richard's is currently entitled to receive directors' fees of \$48,000 per month plus statutory minimum Superannuation. In addition, the following options have been granted under the Company's Employee Incentive Plan:

<i>No. of options</i>	<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price</i>
500,000	15 December 2021	31 December 2023	0.070
500,000	15 December 2021	31 December 2023	0.100

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

### **Share-based compensation**

#### *Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022.

#### *Options*

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors during the year ended 30 June 2022 are as follows:

Name	Number of options granted	Grant date	Expiry date	Exercise price	Fair value per option at grant date
Michael Di Tommaso*	14,000,000	15 December 2021	24 December 2024	0.060	0.0060
Michael Di Tommaso*	2,500,000	15 December 2021	31 December 2022	0.030	0.0036
Michael Di Tommaso*	2,500,000	15 December 2021	31 December 2022	0.030	0.0021
Michael Di Tommaso*	2,500,000	15 December 2021	31 December 2023	0.030	0.0046
Michael Di Tommaso*	2,500,000	15 December 2021	31 December 2023	0.030	0.0037
Michael Di Tommaso*	3,000,000	15 December 2021	31 December 2024	0.030	0.0055
Leighton Richards**	500,000	15 December 2021	31 December 2023	0.070	0.0035
Leighton Richards**	500,000	15 December 2021	31 December 2023	0.100	0.0023

\* Mr Di Tommaso was issued with 27,000,000 options on 24 December 2021. Details of the terms of the options are as follows:

Assumptions	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6
Number	14,000,000	2,500,000	2,500,000	2,500,000	2,500,000	3,000,000
Valuation Date	15-Dec-21	15-Dec-21	15-Dec-21	15-Dec-21	15-Dec-21	15-Dec-21
Spot Price	\$0.021	\$0.021	\$0.021	\$0.021	\$0.021	\$0.021
Exercise Price	\$0.060	\$0.030	\$0.030	\$0.030	\$0.030	\$0.030
Barrier Price	Nil	\$0.060	\$0.090	\$0.120	\$0.150	\$0.200
Vesting Date	Immediately	31-Dec-22	31-Dec-22	31-Dec-23	31-Dec-23	31-Dec-24
Expiry Date	24-Dec-24	31-Dec-22	31-Dec-22	31-Dec-23	31-Dec-23	31-Dec-24
Expected Future Volatility	85%	85%	85%	85%	85%	85%
Risk Free Rate	0.94%	0.53%	0.53%	0.53%	0.53%	0.94%
Early Exercise Multiple	2.5x	N/A	N/A	N/A	N/A	N/A
Dividend Yield	Nil	Nil	Nil	Nil	Nil	Nil
<b>Valuation</b>	<b>\$0.0060</b>	<b>\$0.0036</b>	<b>\$0.0021</b>	<b>\$0.0046</b>	<b>\$0.0037</b>	<b>\$0.0055</b>
<b>Total Value</b>	<b>\$84,000</b>	<b>\$9,000</b>	<b>\$5,250</b>	<b>\$11,500</b>	<b>\$9,250</b>	<b>\$16,500</b>



\*\* Mr Richards resigned on 1 March 2022. Details of the terms of the options issued to him are as follows:

Assumptions	Tranche 1	Tranche 2
Number	500,000	500,000
Valuation Date	15-Dec-21	15-Dec-21
Spot Price	\$0.021	\$0.021
Exercise Price	\$0.070	\$0.100
Barrier Price	Nil	Nil
Vesting Date	Immediately	Immediately
Expiry Date	31-Dec-23	31-Dec-23
Expected Future Volatility	85%	85%
Risk Free Rate	0.53%	0.53%
Early Exercise Multiple	2.5x	2.5x
Dividend Yield	Nil	Nil
<b>Valuation</b>	<b>\$0.0035</b>	<b>\$0.0023</b>
<b>Total Value</b>	<b>\$1,750</b>	<b>\$1,150</b>

#### Performance rights

There were no performance rights over ordinary shares issued to directors and other key management personnel during the year ended 30 June 2022.

#### Additional information

The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Sales revenue	27,117	-	678,596	1,139,840	464,055
EBITDA	(12,292,318)	(3,356,696)	(14,277,614)	(5,425,860)	(2,728,708)
Loss after income tax	(12,672,267)	(4,608,865)	(15,876,155)	(6,171,841)	(3,191,738)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2022	2021	2020	2019	2018
Share price at financial year end (\$)	n/a*	0.04	0.05	0.16	0.36
Basic earnings per share (cents per share)	(3.74)	(2.20)	(11.20)	(4.80)	(3.82)

\* The Company's shares were suspended as at 30 June 2022.

#### Additional disclosures relating to key management personnel

##### Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Michael Carli	3,299,877	-	-	-	3,299,877
Michael Di Tommaso *	300,000	-	-	-	300,000
Terry Gardiner	98,054	-	-	-	98,054
Matthew O'Kane **	-	-	-	-	-
Leighton Richards ***	-	-	-	-	-
Peter Hatfull ****	-	-	-	-	-
	<u>3,697,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,697,931</u>

\* Mr Di Tommaso resigned on 8 August 2022

\*\* Mr O'Kane resigned on 19 October 2021

\*\*\* Mr Richards resigned on 1 March 2022

\*\*\*\* Mr Hatfull was appointed on 19 April 2022

#### Option holdings

There are number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Michael Di Tommaso *	-	27,000,000	-	-	27,000,000
Leighton Richards **	-	1,000,000	-	(1,000,000)	-
	<u>-</u>	<u>28,000,000</u>	<u>-</u>	<u>(1,000,000)</u>	<u>27,000,000</u>

\* Mr Di Tommaso held 27,000,000 options as at the date of his resignation on 8 August 2022

\*\* Mr Richards held 1,000,000 options as at the date of his resignation on 1 March 2022

#### Performance shares

The number of performance shares held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at start of year	Additions	Disposals / Lapsed	Balance at end of year
Michael Carli*	455,625	-	(455,625)	-
Terry Gardiner*	225,000	-	(225,000)	-
	<u>680,625</u>	<u>-</u>	<u>(680,625)</u>	<u>-</u>

\* Performance Rights lapsed during the financial year.

#### Loans to key management personnel and their related parties

There are no loans to directors or executives at reporting date (30 June 2021: Nil).

#### Other transactions with key management personnel and their related parties

During the year ended 30 June 2022 there were no related party transactions (30 June 2021: Nil).

**This concludes the remuneration report.**

### Shares on issue

There are 19,699,637 ordinary shares on issue at the date of this report. The pre-consolidation number of shares on issue was 393,981,716 (as at the date of the 1:20 consolidation on 14 November 2022).

### Shares under option

Unissued ordinary shares of Roto-Gro International Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
18 February 2021	31 December 2023	\$1.00	1,575,401
09 March 2021	31 December 2023	\$1.20	900,000
11 March 2022	11 March 2024	\$1.40	3,142,857
24 February 2021	31 December 2023	\$1.20	1,333,357
30 July 2021	31 December 2023	\$1.20	300,000
20 August 2021	6 September 2024	\$0.80	200,000
20 August 2021	24 December 2024	\$0.80	100,000
15 December 2021	24 December 2024	\$1.20	700,000
15 December 2021	31 December 2023	\$0.60	125,000
15 December 2021	31 December 2023	\$0.60	125,000
15 December 2021	31 December 2024	\$0.60	150,000
15 December 2021	31 December 2023	\$2.00	25,000
15 December 2021	31 December 2023	\$1.40	25,000
15 December 2021	31 December 2023	\$1.20	750,000
			9,451,615

There were 195,522,627 options on issue immediately prior to the 1:20 consolidation on 14 November 2022.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

### Shares under performance rights

As at the date of this report there are no unissued ordinary shares of Roto-Gro International Limited under performance rights.

### Shares issued on the exercise of options

There were no ordinary shares of Roto-Gro International Limited issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

### Shares issued on the exercise of performance rights

There were no ordinary shares of Roto-Gro International Limited issued on the exercise of performance rights during the year ended 30 June 2022 and up to the date of this report.

### Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

### Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

### **Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

### **Non-audit services**

The Board is satisfied that the provision of non-audit services during the financial period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the financial year, \$1000 was paid or payable to RSM Australia Partners for non-audit services (2021: \$1,000). Refer to note 28.

### **Officers of the Company who are former partners of RSM Australia Partners**

There are no officers of the Company who are former partners of RSM Australia Partners.

### **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.

### **Auditor**

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



---

Peter Hatfull  
Director

31 August 2023

RSM Australia Partners  
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2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100  
F +61 (0) 8 9261 9111

[www.rsm.com.au](http://www.rsm.com.au)

### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Roto-Gro International Limited for the year ended 30 June 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



MATHEW BEEVERS  
Partner

Perth, WA  
Dated: 31 August 2023

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

**Roto-Gro International Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2022**



		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Sales revenue	5	27,117	-
Other income	5	104,451	520,659
<b>Expenses</b>			
Cost of goods sold		(189,202)	(10,683)
Design and innovation expense		(432,305)	(1,000,196)
Business development expense		(121,619)	(161,510)
Depreciation expense		(163,898)	(321,171)
Deconsolidation expense	7	(1,359,715)	-
Impairment expense	9	(8,410,040)	-
Amortisation expense	16	(216,051)	(432,103)
Share based payments expense	36	(302,360)	(899,631)
Research and development expenses		(172,734)	(257,167)
Finance costs		-	(498,895)
Corporate and administration expenses	6a	<u>(1,435,911)</u>	<u>(1,548,168)</u>
<b>Loss before income tax expense from continuing operations</b>	6b	(12,672,267)	(4,608,865)
Income tax expense	8	<u>-</u>	<u>-</u>
Loss after income tax expense for the year attributable to the owners of Roto-Gro International Limited		<u>(12,672,267)</u>	<u>(4,608,865)</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(11,908)	(21,996)
Derecognition of foreign currency translation reserve		<u>(139,771)</u>	<u>-</u>
Other comprehensive income for the year, net of tax		<u>(151,679)</u>	<u>(21,996)</u>
<b>Total comprehensive income for the year attributable to the owners of Roto-Gro International Limited</b>		<u><u>(12,823,946)</u></u>	<u><u>(4,630,861)</u></u>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for loss attributable to the owners of Roto-Gro International Limited</b>			
Basic earnings per share	35	(3.74)	(2.20)
Diluted earnings per share	35	(3.74)	(2.20)

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

**Roto-Gro International Limited**  
**Statement of financial position**  
**As at 30 June 2022**



		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	116,150	1,638,368
Trade and other receivables	11	10,723	95,944
Inventories	12	-	895,184
Other current assets	13	28,573	115,610
<b>Total current assets</b>		<u>155,446</u>	<u>2,745,106</u>
<b>Non-current assets</b>			
Plant and equipment	14	-	1,067,404
Right-of-use assets	15	-	178,476
Intangibles	16	-	7,605,298
<b>Total non-current assets</b>		<u>-</u>	<u>8,851,178</u>
<b>Total assets</b>		<u>155,446</u>	<u>11,596,284</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	168,574	306,402
Lease liabilities	18	-	151,317
Employee benefits	19	-	67,082
Other current liabilities	20	-	524,571
<b>Total current liabilities</b>		<u>168,574</u>	<u>1,049,372</u>
<b>Non-current liabilities</b>			
Lease liabilities	21	-	49,602
<b>Total non-current liabilities</b>		<u>-</u>	<u>49,602</u>
<b>Total liabilities</b>		<u>168,574</u>	<u>1,098,974</u>
<b>Net (liabilities) / assets</b>		<u>(13,128)</u>	<u>10,497,310</u>
<b>Equity</b>			
Issued capital	22	36,240,869	34,400,721
Reserves	23	1,008,012	3,486,463
Accumulated losses		<u>(37,262,009)</u>	<u>(27,389,874)</u>
<b>Total equity</b>		<u>(13,128)</u>	<u>10,497,310</u>

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

**Roto-Gro International Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2022**



<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Share-based payment reserve \$</b>	<b>Foreign currency translation reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2021	34,400,721	3,334,784	151,679	(27,389,874)	10,497,310
Loss after income tax expense for the year	-	-	-	(12,672,267)	(12,672,267)
Other comprehensive income for the year, net of tax	-	-	(151,679)	-	(151,679)
Total comprehensive income for the year	-	-	(151,679)	(12,672,267)	(12,823,946)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 22)	1,840,148	-	-	-	1,840,148
Share-based payments (note 36)	-	302,360	-	-	302,360
Issue of options as part of capital raising costs	-	171,000	-	-	171,000
Transfer relating to options and rights expired and/or forfeited	-	(2,800,132)	-	2,800,132	-
Balance at 30 June 2022	<u>36,240,869</u>	<u>1,008,012</u>	<u>-</u>	<u>(37,262,009)</u>	<u>(13,128)</u>

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Share based payment reserve \$</b>	<b>Foreign currency translation reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2020	28,807,975	6,887,940	173,675	(26,868,816)	9,000,774
Loss after income tax expense for the year	-	-	-	(4,608,865)	(4,608,865)
Other comprehensive income for the year, net of tax	-	-	(21,996)	-	(21,996)
Total comprehensive income for the year	-	-	(21,996)	(4,608,865)	(4,630,861)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 22)	5,592,746	-	-	-	5,592,746
Share-based payments (note 36)	-	368,710	-	-	368,710
Issue of options as part of capital raising costs	-	165,941	-	-	165,941
Transfer relating to options and rights expired and/or forfeited	-	(4,087,807)	-	4,087,807	-
Balance at 30 June 2021	<u>34,400,721</u>	<u>3,334,784</u>	<u>151,679</u>	<u>(27,389,874)</u>	<u>10,497,310</u>

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



**Roto-Gro International Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2022**



	<b>Note</b>	<b>Consolidated</b>	
		<b>30 June 2022</b>	<b>30 June 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		242,169	-
Payments to suppliers and employees (inclusive of GST)		(2,345,914)	(2,943,539)
Payments for product manufacturing		(245,274)	(379,986)
Government grant received		187,092	461,387
Interest received		185	1,319
Lease liabilities interest paid		-	(13,916)
		<u>                    </u>	<u>                    </u>
Net cash used in operating activities	34	<u>(2,161,742)</u>	<u>(2,874,735)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	14	<u>(98,955)</u>	<u>(230,835)</u>
		<u>                    </u>	<u>                    </u>
Net cash used in investing activities		<u>(98,955)</u>	<u>(230,835)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (net of transaction costs)		2,022,319	3,309,845
Repayment of lease liabilities		(73,176)	(139,870)
Convertible note		-	1,250,000
		<u>                    </u>	<u>                    </u>
Net cash from financing activities		<u>1,949,143</u>	<u>4,419,975</u>
		<u>                    </u>	<u>                    </u>
Net (decrease)/increase in cash and cash equivalents		(311,554)	1,314,405
Cash and cash equivalents at the beginning of the financial year		1,638,368	345,524
Effects of exchange rate changes on cash and cash equivalents		(13,682)	(21,561)
Cash derecognised on deconsolidation of subsidiaries	7	<u>(1,196,982)</u>	<u>                    </u>
		<u>                    </u>	<u>                    </u>
Cash and cash equivalents at the end of the financial year	10	<u><u>116,150</u></u>	<u><u>1,638,368</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

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## **Note 1. General information**

The financial statements cover Roto-Gro International Limited as a consolidated entity consisting of Roto-Gro International Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Roto-Gro International Limited's functional and presentation currency.

Roto-Gro International Limited is a listed public Company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Suite 5, CPC 145 Stirling Highway  
Nedlands  
WA 6009

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2023. The directors have the power to amend and reissue the financial statements.

## **Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity 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.

### **Going concern**

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

As disclosed in the financial statements, the consolidated entity had net liabilities of \$13,128 and incurred a loss of \$12,672,267 and net cash outflows from operating activities of \$2,161,742 and investing activities of \$98,955 respectively and net cash inflows from financing activities of \$1,949,143 for the year ended 30 June 2022.

The consolidated entity anticipates incurring trading losses and net cash outflows from operating activities whilst it continues to pursue new opportunities.

The ability of the consolidated entity to continue as a going concern is principally dependent upon the ability of the consolidated entity to meet its working capital requirements by raising additional funds from equity markets until such time as it attains positive cash flows from operating activities. Based on discussions with its advisors, the Board believes the consolidated entity has the ability to raise additional capital as necessary from equity markets, although no formal arrangements exist at this time with respect to future capital raising.

The going concern basis of preparation is also dependent on:

- The ability to curtail corporate and administration expenses and overhead cash outflows as and when required; and
- The ability to acquire additional assets and attract capital to secure the future of the Company.

## **Note 2. Significant accounting policies (continued)**

The directors acknowledge that there are timing risks associated with the completion of successful capital raisings which have a direct impact on the consolidated entity's ability to meet liabilities when due. Nonetheless, the directors have received feedback that the consolidated entity is well placed to raise additional capital from equity markets, and the directors are exploring terms of a possible capital raising with its corporate adviser in order to meet its ongoing funding needs.

However, if the capital raising and other matters mentioned above do not eventuate, there is a material uncertainty that may cast doubt as to whether the consolidated entity will continue as a going concern and, therefore, whether the consolidated entity will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements.

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.

### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 31.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Roto-Gro International Limited ('Company' or 'parent entity') for the period from 1 July 2021 to 31 December 2021.

Roto-Gro International Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

## **Note 2. Significant accounting policies (continued)**

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

### **Deconsolidation of subsidiaries**

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

During the financial year the Company lost effective control of its subsidiaries due to the appointment of a bankruptcy trustee on 31 May 2022 to the company's Canadian operating subsidiaries. There is a significant component of financial information not made available to Directors to enable the preparation of consolidated financial report for the financial year ending 30 June 2022.

As a result of this loss of control, the Company's subsidiaries listed in Note 32 were deconsolidated at 1 January 2022 (being the last date at which verifiable financial information is available) resulting in an deconsolidation expense of \$1,359,715 (note 32).

Re-domiciliation of Roto-Gro World Wide Inc from Mauritius to British Virgin Islands was completed on 15 October 2021. This subsidiary was managed by the Group's Canadian businesses, and as there are no financial records available to Directors it was also deconsolidated effective 1 January 2022.

Refer to Note 7 for further details on the financial effects of the deconsolidation of the subsidiaries on the consolidated financial statements for the financial year ending 30 June 2022.

### **Foreign currency translation**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('\$'), which is the functional currency of the group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the year in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

### **Foreign operations**

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting year. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

## **Note 2. Significant accounting policies (continued)**

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Company losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

### **Income tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future years in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

## **Note 2. Significant accounting policies (continued)**

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of that expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## **Note 3. Critical 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, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 36 for further information.

**Note 3. Critical accounting judgements, estimates and assumptions (continued)**

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

**Note 4. Operating segments**

*Identification of reportable operating segments*

The group has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

The group operated across the agricultural industry providing technology and cultivation solutions for advanced indoor hydroponic growing applications.

The main geographic areas that the entity operated were in Australia, USA and Canada. The group had operations in USA and Canada. The parent entity is registered in Australia. The group's intangible assets were maintained in Mauritius. The British Virgin islands.

As at 30 June 2022, the Group did not have any reportable operating segments.

The following tables present revenue, expenditure and certain asset and liability information regarding geographical segments for the years ended 30 June 2022 and 2021:

*Operating segment information*

	Australia \$	Canada <sup>^</sup> \$	British Virgin Island* <sup>^</sup> \$	Total \$
<b>Consolidated - 30 June 2022</b>				
<b>Revenue</b>				
Sales revenue	-	27,117	-	27,117
Other revenue	185	104,266	-	104,451
<b>Total revenue</b>	<u>185</u>	<u>131,383</u>	<u>-</u>	<u>131,568</u>
<b>EBITDA</b>	(807,755)	(1,721,486)	6,678	(2,522,563)
Depreciation and amortisation	(216,051)	(163,898)	-	(379,949)
Impairment expense	(8,410,040)	-	-	(8,410,040)
Deconsolidation expense	(1,359,715)	-	-	(1,359,715)
Finance costs	-	-	-	-
<b>Loss before income tax expense</b>	<u>(10,793,561)</u>	<u>(1,885,384)</u>	<u>6,678</u>	<u>(12,672,267)</u>
Income tax expense				-
<b>Loss after income tax expense</b>				<u>(12,672,267)</u>
<b>Assets</b>				
Segment assets	<u>155,446</u>	<u>-</u>	<u>-</u>	<u>155,446</u>
<b>Liabilities</b>				
Segment liabilities	<u>168,574</u>	<u>-</u>	<u>-</u>	<u>168,574</u>

\* Re-domiciliation of Roto-Gro World Wide Inc from Mauritius to British Virgin Islands completed on 15 October 2021.

<sup>^</sup> Operations in Canada and British Virgin Island were derecognised from 1 January 2022.

**Note 4. Operating segments (continued)**

<b>Consolidated - 30 June 2021</b>	Australia \$	Canada \$	Mauritius \$	Total \$
<b>Revenue</b>				
Interest income	123	1,196	-	1,319
Other revenue	10,000	509,340	-	519,340
<b>Total revenue</b>	<u>10,123</u>	<u>510,536</u>	<u>-</u>	<u>520,659</u>
<b>EBITDA</b>	(1,118,084)	(2,152,679)	(85,933)	(3,356,696)
Depreciation and amortisation	(432,103)	(321,171)	-	(753,274)
Finance costs	(498,895)	-	-	(498,895)
<b>Loss before income tax expense</b>	<u>(2,049,082)</u>	<u>(2,473,850)</u>	<u>(85,933)</u>	<u>(4,608,865)</u>
Income tax expense				-
<b>Loss after income tax expense</b>				<u>(4,608,865)</u>
<b>Assets</b>				
Segment assets	113,142	3,874,797	7,608,345	11,596,284
<b>Total assets</b>				<u>11,596,284</u>
<b>Liabilities</b>				
Segment liabilities	119,620	865,854	113,500	1,098,974
<b>Total liabilities</b>				<u>1,098,974</u>

*Accounting policy for operating segments*

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**Note 5. Revenue**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Revenue from contracts with customers		
Sale of goods	<u>27,117</u>	<u>-</u>
Other Revenue		
Interest income (a)	185	1,319
Government Grants (b)	104,266	519,340
	<u>104,451</u>	<u>520,659</u>

For the periods ended 30 June 2022 and 2021, all revenue was recognised when the good or service transferred at a point in time.

**(a) Interest Income**

Interest income relates to interest on bank accounts balances.

**(b) Government Grants**

During the financial year the consolidated entity received \$104,266 (2021: 519,340) of COVID-19 related government grants.



**Note 5. Revenue (continued)**

**Accounting policy for revenue recognition**

The consolidated entity recognises revenue as follows:

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

*Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

*Rendering of services*

Revenue from a contract (based on terms of the contract) to provide services is recognised at the point upon delivery of the service to the customer or over time as the services are rendered based on either a fixed price or an hourly rate.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Note 6a. Corporate and administrative costs**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Employee benefits expense	330,559	492,901
Travel and entertainment costs	10,190	21,959
Professional fees	402,283	248,096
Legal expense	254,251	224,898
Consultants – corporate advisory and investor relations	120,322	130,655
Other administration expenses	318,306	429,659
	<u>1,435,911</u>	<u>1,548,168</u>
Total corporate and administrative expenses	<u>1,435,911</u>	<u>1,548,168</u>

**Note 6b. Expenses**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Profit before income tax from continuing operations includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	189,202	10,683
<i>Depreciation</i>		
Leasehold improvements	58,171	108,652
Motor vehicle	2,778	7,645
Computer equipment	5,089	12,570
Plant and equipment	30,060	70,502
Motor vehicle right-of-use assets	4,036	7,775
Land and buildings right-of-use assets	63,764	114,027
Total depreciation	163,898	321,171
<i>Amortisation</i>		
Intellectual property	180,972	361,945
Patents and trademarks	35,079	70,158
Total amortisation	216,051	432,103
Total depreciation and amortisation	379,949	753,274
<i>Impairment</i>		
Intangible assets	7,389,247	-
Plant and equipment	1,020,793	-
Total impairment	8,410,040	-
<i>Finance costs</i>		
Interest and finance charges on convertible note	-	498,895
<i>Net foreign exchange</i>		
Net foreign exchange loss/(gain)	650	(937)
<i>Superannuation expense</i>		
Defined contribution superannuation expense	5,917	152,313
<i>Share-based payments expense</i>		
Share-based payments expense	302,360	899,631

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**Note 7. Deconsolidation expense**

	<b>Consolidated</b>
	<b>30 June 2022</b>
	<b>\$</b>
Deconsolidation of subsidiaries	<u>1,359,715</u>
The deconsolidation expense comprises the following:	
Cash	1,196,982
Inventories	863,271
Other current assets	178,302
Plant and equipment	58,162
Right-of-use assets	110,810
Total assets	<u>2,407,527</u>
Trade and other payables	(34,176)
Contract liabilities	(751,123)
Lease liabilities	(122,742)
	<u>(908,041)</u>
Net assets	<u>1,499,486</u>
Derecognition of foreign currency reserve	<u>(139,771)</u>
Total deconsolidation expenses	<u>1,359,715</u>

The deconsolidated expense represents the derecognition of the Company's subsidiaries referred to in Note 32 as at 1 January 2022 for the reasons outlined in Note 1.

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**Note 8. Income tax expense**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense from continuing operations	(12,672,267)	(4,608,865)
Tax expense/(benefit) at the statutory tax rate of 30%	(3,801,680)	(1,382,660)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	3,104,339	84,442
Temporary differences not brought to account	(59,477)	(116,200)
Tax losses carried forward not recognised	756,818	1,414,418
Income tax expense	<u>-</u>	<u>-</u>

Potential tax benefits relating to unused tax losses have not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

*Availability of Tax Losses*

The availability of the tax losses for future years is uncertain and will be dependent on the Company satisfying strict requirements with respect to continuity of ownership and the same business test imposed by income tax legislation. The recoupment of available tax losses as at 30 June 2022 is contingent upon the following:

- (i) the Company deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised;
- (ii) the conditions for deductibility imposed by income tax legislation continuing to be complied with; and
- (iii) there being no changes in income tax legislation which would adversely affect the Company from realising the benefit from the losses.

Given the Company is currently in a loss-making position, a deferred tax asset has not been recognised with regard to unused tax losses, as it has not been determined that the Company will generate sufficient taxable profit against which the unused tax losses can be utilised.

**Note 9. Impairment expense**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Intellectual property (note 16)	6,524,937	-
Patents and trademarks (note 16)	864,310	-
Plant and equipment (note 14)	1,020,793	-
Total impairment expenses	<u>8,410,040</u>	<u>-</u>

\$8,011,720 impairment expenses was recognised as at 31 Dec 2021 as a result of impairment assessment conducted of Roto-Gro's CGU and the balance of \$398,320 was impaired at 30 June 2022 due to the loss of control of the Company's subsidiaries.

**Note 10. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Cash at bank	<u>116,150</u>	<u>1,638,368</u>

*Accounting policy for cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Note 11. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Other receivables	<u>10,723</u>	<u>95,944</u>

*Accounting policy for trade and other receivables*

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Note 12. Current assets - inventories**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Raw materials - at cost	-	689,291
Work in progress - at cost	<u>-</u>	<u>205,893</u>
	<u>-</u>	<u>895,184</u>

*Accounting policy for inventories*

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

All Inventory was derecognised on de-consolidation of the Company's subsidiaries – refer Note 1 and Note 7.

**Note 13. Current assets - other current assets**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Prepayments	<u>28,573</u>	<u>115,610</u>

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**Note 14. Non-current assets - Plant and equipment**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Leasehold improvements	-	568,680
Less: Accumulated depreciation	-	(233,026)
	<u>-</u>	<u>335,654</u>
Motor vehicles - at cost	-	43,661
Less: Accumulated depreciation	-	(25,334)
	<u>-</u>	<u>18,327</u>
Computer equipment - at cost	-	73,233
Less: Accumulated depreciation	-	(31,582)
	<u>-</u>	<u>41,651</u>
Plant and equipment - at cost	-	896,049
Less: Accumulated depreciation	-	(224,277)
	<u>-</u>	<u>671,772</u>
	<u>-</u>	<u>1,067,404</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Leasehold improvements \$	Motor vehicle \$	Computer equipment \$	Plant and equipment \$	Total \$
Balance at 30 June 2020	420,630	25,988	51,036	536,073	1,033,727
Additions	23,527	-	3,152	204,156	230,835
Exchange differences	149	(16)	33	2,045	2,211
Depreciation expense	(108,652)	(7,645)	(12,570)	(70,502)	(199,369)
Balance at 30 June 2021	<u>335,654</u>	<u>18,327</u>	<u>41,651</u>	<u>671,772</u>	<u>1,067,404</u>
Additions	4,512	-	1,999	92,444	98,955
Exchange differences	2,811	151	344	5,388	8,694
Impairment expense	(273,431)	-	(37,351)	(710,011)	(1,020,793)
Depreciation expense	(58,171)	(2,778)	(5,089)	(30,060)	(96,098)
Deconsolidation (note 7)	(11,375)	(15,700)	(1,554)	(29,533)	(58,162)
Balance as at 30 June 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Accounting policy for property, plant and equipment*

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The carrying amount of plant and equipment is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

**Note 14. Non-current assets - Plant and equipment (continued)**

Depreciation

The depreciable amount of leasehold improvements is depreciated on a straight-line basis and plant and equipment is depreciated on a reducing-balance basis over their useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Leasehold improvements	20%
Plant and equipment	20-30%
Motor vehicle	30%
Computer equipment	20%-55%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

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**Note 15. Non-current assets - right-of-use assets**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Motor Vehicles - right-of-use	-	32,286
Less: Accumulated depreciation	-	(12,401)
Less: Exchange differences	-	(582)
	<u>-</u>	<u>19,303</u>
Land and buildings - right-of-use	-	410,574
Less: Accumulated depreciation	-	(249,851)
Less: Exchange differences	-	(1,550)
	<u>-</u>	<u>159,173</u>
	<u>-</u>	<u>178,476</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Motor vehicles</b>	<b>Land and Buildings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2020	27,088	292,672	319,760
Revaluation decrements	-	(18,525)	(18,525)
Exchange differences	(10)	(947)	(957)
Depreciation expense	<u>(7,775)</u>	<u>(114,027)</u>	<u>(121,802)</u>
Balance at 30 June 2021	19,303	159,173	178,476
Revaluation decrements	-	-	-
Exchange differences	163	(29)	134
Depreciation expense	(4,036)	(63,764)	(67,800)
Deconsolidation expense (note 7)	<u>(15,430)</u>	<u>(95,380)</u>	<u>(110,810)</u>
Balance at 30 June 2022	<u>-</u>	<u>-</u>	<u>-</u>

All right-of-use assets and the associated lease liabilities were derecognised on de-consolidation of the Company's subsidiaries – refer Note 1 and Note 7.

*Accounting policy for right-of-use assets*

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.



**Note 16. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Intellectual property - at cost	-	8,878,339
Less: Accumulated amortisation	-	(2,172,430)
Less: Impairment	-	-
	<u>-</u>	<u>6,705,909</u>
Patents and trademarks - at cost	-	1,239,086
Less: Accumulated amortisation	-	(339,697)
Less: Impairment	-	-
	<u>-</u>	<u>899,389</u>
	<u>-</u>	<u>7,605,298</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Intellectual property \$	Patent \$	Total \$
Balance at 30 June 2020	7,067,854	969,547	8,037,401
Amortisation expense	(361,945)	(70,158)	(432,103)
Balance at 30 June 2021	<u>6,705,909</u>	<u>899,389</u>	<u>7,605,298</u>
Amortisation expense	(180,972)	(35,079)	(216,051)
Impairment expense (note 9)	(6,524,937)	(864,310)	(7,389,247)
Balance at 30 June 2022	<u>-</u>	<u>-</u>	<u>-</u>

*Accounting policy for intangible assets*

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

*Intellectual property*

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 20 to 25 years.

*Patents and trademarks*

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 20 years.

**Note 17. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Trade payables	97,179	124,305
Other payables	71,395	182,097
	<u>168,574</u>	<u>306,402</u>

Refer to note 25 for further information on financial instruments.

*Accounting policy for trade and other payables*

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

**Note 18. Current liabilities - lease liabilities**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Lease liability	-	151,317
	<u>-</u>	<u>151,317</u>

All right-of-use assets and the associated lease liabilities were derecognised on de-consolidation of the Company's subsidiaries – refer Note 1 and Note 7.

**Note 19. Current liabilities - employee benefits**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Employee benefits	-	67,082
	<u>-</u>	<u>67,082</u>

*Accounting policy for employee benefits*

Provision is made for the group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting year in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Note 20. Current liabilities - other current liabilities**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Contract liabilities	-	524,571
	<u>-</u>	<u>524,571</u>

**Note 20. Current liabilities - other current liabilities (continued)**

*Reconciliation of contract liabilities*

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below. All contract liabilities were derecognised on de-consolidation of the Company's subsidiaries – refer Note 1 and 7.

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Opening balance	524,571	520,715
Payments received in advance	222,410	-
Foreign exchange difference	4,142	3,856
Deconsolidation (note 7)	(751,123)	-
	<u>-</u>	<u>524,571</u>
Closing balance	<u>-</u>	<u>524,571</u>

*Unsatisfied performance obligations*

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$nil as at 30 June 2022 (2021: \$524,571) and is expected to be recognised as revenue in future periods as follows:

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
12 to 18 months	<u>-</u>	<u>524,571</u>

*Accounting policy for contract liabilities*

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

**Note 21. Non-current liabilities - lease liabilities**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Lease liability	<u>-</u>	<u>49,602</u>

All right-of-use assets and the associated lease liabilities were derecognised on de-consolidation of the Company's subsidiaries – refer Note 1 and Note 7.

*Accounting policy for lease liabilities*

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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**Note 22. Issued capital (continued)**

**Note 22. Equity - Issued capital**

	<b>Consolidated</b>			
	<b>30 June 2022</b>	<b>30 June 2021</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>342,592,797</u>	<u>279,535,654</u>	<u>36,240,869</u>	<u>34,400,721</u>
Movements in ordinary share capital				
<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	30 June 2020	148,965,486		28,807,975
Shares issued to Obsidian for commitment fee associated with convertible notes Tranche 1 (share issue cost)	7 August 2020	307,061	\$0.041	12,500
Shares issued to Obsidian for collateral (share issue cost)	7 August 2020	2,000,000	\$0.075	150,000
Shares issued to Obsidian for finance cost of convertible notes	6 October 2020	90,306	\$0.044	4,001
Shares issued to Obsidian for commitment fee associated with convertible notes Tranche 2 (share issue cost)	16 October 2020	1,123,451	\$0.045	50,000
Shares issued to Obsidian for collateral of convertible notes	16 October 2020	4,737,750	\$0.075	355,331
Shares issued to Obsidian for finance cost of convertible notes	6 November 2020	843,839	\$0.040	33,539
Shares issued to Obsidian for finance cost of convertible notes	19 November 2020	942,522	\$0.040	37,461
Shares issued to institutional sophisticated investors	30 November 2020	38,261,350	\$0.040	1,530,454
Shares issued to Obsidian for settlement of convertible notes	30 November 2020	1,256,699	\$0.039	49,227
Shares issued to Obsidian for settlement of convertible notes	30 November 2020	2,395,367	\$0.040	95,815
Shares issued to directors in settlement of deferred wages	2 December 2020	1,372,915	\$0.064	88,212
Shares issued to Obsidian for settlement of convertible notes	2 December 2020	4,057,893	\$0.040	162,315
Shares issued to broker in settlement of fees owed (share issue cost)	8 December 2020	1,147,840	\$0.040	45,914
Shares issued to Obsidian for settlement of convertible notes	8 December 2020	10,295,396	\$0.040	411,816
Shares issued to Obsidian for settlement of convertible notes	17 December 2020	6,130,141	\$0.040	245,206
Shares issued to Obsidian for settlement of convertible notes	20 January 2021	3,542,016	\$0.040	141,684
Placement of shares	2 March 2021	40,000,000	\$0.050	2,000,000
Shares issued to Mr Adam Clode for all outstanding entitlements owed to him on his employment with the Company	31 May 2021	12,265,622	\$0.050	613,281
Capital raising costs				(434,010)
<b>Balance</b>	<b>30 June 2021</b>	<b>279,735,654</b>		<b>34,400,721</b>

**Note 22. Issued capital (continued)**

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	30 June 2021	279,735,654		34,400,721
Placement of shares	23 July 2021	62,857,143	\$0.035	2,200,000
Capital raising costs				(359,852)
<b>Balance</b>	<b>30 June 2022</b>	<b><u>342,592,797</u></b>		<b><u>36,240,869</u></b>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or Company was seen as value adding relative to the current Company's share price at the time of the investment.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the June 2020 Annual Report.

*Accounting policy for issued capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Note 23. Equity - reserves**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Foreign currency reserve	-	151,679
Share-based payments reserve	1,008,012	3,334,784
	<u>1,008,012</u>	<u>3,486,463</u>

**Note 23. Equity - reserves (continued)**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
<b>Share based payment reserve</b>		
Opening balance	3,334,784	6,887,940
Share based payments expensed	302,360	368,710
Issue of options as part of capital raising costs	171,000	165,941
Transfer relation to rights expired and/or cancelled	(2,800,132)	(4,087,807)
	<hr/>	<hr/>
Closing balance	<u>1,008,012</u>	<u>3,334,784</u>

*Foreign currency translation reserve*

Exchange differences relating to the translation of the results and net assets of the group's foreign operations from their functional currencies to the group's presentation currency (i.e., Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Foreign currency translation reserve was derecognised on de-consolidation of the Company's subsidiaries – refer Note 1 and Note 7.

*Share-based payments reserve*

The share-based payment reserve is used to recognise the fair value of options granted to suppliers and employees, as well as for funds raised for the issue of options and the fair value of performance shares issued as consideration for acquisitions. Refer to note 36.

**Note 24. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Note 25. Financial instruments**

***Financial risk management objectives and policies***

The group's principal financial instruments comprise receivables, payables and cash which arise directly from its operations. The Board has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

The main risks arising from the group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

***Risk Exposures and Responses***

*Foreign currency risk*

The group is exposed to foreign exchange rate risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the group's functional currency.

The group had no exposure to foreign currency risk as at the reporting date of 30 June 2022 (amounts are in AUD):

**Note 25. Financial instruments (continued)**

	2022 AUD \$	2022 CAD \$	2022 USD \$	2021 AUD \$	2021 CAD \$	2021 USD \$
Cash and cash equivalents	-	-	-	104,952	1,533,416	-
Trade and other receivables	-	-	-	8,190	87,754	-
Inventories	-	-	-	-	895,184	-
Trade and other payables	-	-	-	(119,620)	(140,364)	(113,501)
	-	-	-	(6,478)	2,375,990	(113,501)

Consolidated - 30 June 2021	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Cash and cash equivalents	10%	153,342	153,342	10%	-	-
Trade and other receivables	10%	8,775	8,775	10%	-	-
Inventories	10%	89,518	89,518	10%	-	-
Trade and other payables	10%	(14,036)	(14,036)	10%	(11,350)	(11,350)
		237,599	237,599		(11,350)	(11,350)

**Price risk**

The consolidated entity is not exposed to any significant price risk.

**Interest rate risk**

The group generates income from interest on surplus funds. At reporting date, the Company had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

Consolidated	30 June 2022 Balance \$	30 June 2021 Balance \$
Cash and cash equivalents	116,150	1,638,368
Net exposure to cash flow interest rate risk	116,150	1,638,368

There were no financial liabilities exposed to interest rate risk.

**Interest rate sensitivity analysis**

Changes to interest rates are not material to the group.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the group. The group's potential concentration of credit risk consists mainly of cash deposits with banks. The group's short term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by the carrying value net of any provisions for impairment of those assets as at the reporting date. The group considers the credit standing of counterparties when making deposits to manage the credit risk.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

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**Note 25. Financial instruments (continued)**

**Liquidity risk**

The responsibility with liquidity risk management rests with the Board. The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained. The group's policy is to ensure that it has sufficient cash reserves to carry out its planned activities over the next 12 months.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 26. Fair value measurement**

*Accounting policy for fair value measurement*

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

**Note 27. Key management personnel disclosures**

*Directors*

The following persons were directors of Roto-Gro International Limited during the financial year:

- Michael Carli - Non-Executive Chairman
- Michael Di Tommaso - Executive Director and Chief Executive Officer (resigned 8 August 2022)
- Terry Gardiner - Non-Executive Director
- Matthew O'Kane - Non-Executive Director (resigned 19 October 2021)
- Mr Leighton Richards - Non-Executive Director (appointed 19 October 2021, resigned 1 March 2022)
- Mr Peter Hatfull - Non-Executive Director (appointed 19 April 2022)

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	55,944	319,529
Post-employment benefits	5,657	7,220
Share-based payments	138,400	592,421
	<u>200,001</u>	<u>919,170</u>



**Note 28. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by, the auditor of the Company:

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - RSM Australia</i>		
Audit or review of the financial statements	45,000	63,000
<i>Other services - RSM Australia</i>		
Taxation services	1,000	1,000
	<u>46,000</u>	<u>64,000</u>

**Note 29. Contingent assets and liabilities**

There were no contingent assets and liabilities as at 30 June 2022 (2021: Nil).

**Note 30. Related party transactions**

*Parent entity*

Roto-Gro International Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 32.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the directors' report.

*Transactions with related parties*

During the year ended 30 June 2022 there were no related party transactions.

During the year ended 30 June 2021 the following related party transactions occurred:

- Baker Young Stockbrokers Limited, a related entity of Jamie Myers, was paid \$13,200 (including GST) in advisory fees.
- Ranger Resources, a related entity of Adam Clode, was paid by shares \$124,112 (CAD \$118,800) in CEO fees.

All transactions were made on normal commercial terms and conditions and at market rates.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from directors or any related parties at the current and previous reporting date.

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**Note 31. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	<u>(10,023,813)</u>	<u>(2,048,883)</u>
Total comprehensive loss	<u>(10,023,813)</u>	<u>(2,048,883)</u>

*Statement of financial position*

	<b>Parent</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Total current assets	<u>155,446</u>	<u>113,142</u>
Total assets	<u>155,446</u>	<u>10,616,930</u>
Total current liabilities	<u>168,574</u>	<u>119,620</u>
Total liabilities	<u>168,574</u>	<u>119,620</u>
Equity		
Issued capital	36,240,869	34,400,722
Share-based payments reserve	1,008,012	3,334,784
Accumulated losses	<u>(37,262,009)</u>	<u>(27,238,196)</u>
Total equity	<u><u>(13,128)</u></u>	<u><u>10,497,310</u></u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries:*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

*Contingent liabilities:*

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

*Capital commitments - Plant and equipment:*

The parent entity had no capital commitments for plant and equipment as at 30 June 2022 and 30 June 2021.

*Significant accounting policies:*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

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**Note 32. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2022 %	30 June 2021 %
Roto-Gro World Wide Inc	British Virgin Islands*	100%*	100%
Roto-Gro World Wide (Canada) Inc	Canada	100%**	100%
Roto-Gro Inc	Canada	100%**	100%
Roto-Gro International Inc	Canada	100%**	100%
Roto-Gro IP Inc	Canada	100%**	100%
Roto-Gro Technology Inc	Canada	100%**	100%

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\* Re-domiciliation of Roto-Gro World Wide Inc from Mauritius to British Virgin Islands completed on 15 October 2021. This subsidiary was managed by the Group's Canadian businesses, and as there are no financial records available to Directors it was also deconsolidated effective 1 January 2022.

\*\* During the financial year the Company lost effective control of its subsidiaries due to the appointment of a bankruptcy trustee to the company's Canadian operating subsidiaries. There is a significant component of financial information not made available to Directors to enable the preparation of consolidated financial report for the financial year ending 30 June 2022.

As a result of this loss of control, the Company's subsidiaries listed above were deconsolidated at 1 January 2022 (being the last date at which verifiable financial information is available) resulting in an deconsolidation expense of \$1,359,715.

Refer to Note 7 for further details on the financial effects of the deconsolidation of the subsidiaries on the consolidated financial statements for the financial year ending 30 June 2022.

**Note 33. Events after the reporting period**

*September 2022 Placement*

On 26 September 2022 the Company issued 51,388,919 ordinary shares at an issue price of \$0.001 to raise \$51,389.

*Share consolidation*

On 14 November 2022 following shareholder approval at the General Meeting held on 3 November 2022, the Company's shares were consolidated on the basis of one (1) new security for every twenty (20) securities held.

*Expired options*

The following options have expired since the end of the financial year:

Expiry date	Number	Exercise price	Pre – 1:20 consolidation basis	
			Number	Exercise price
11/11/2022	456,400	\$4.00	9,128,000	\$0.200
07/12/2022	74,563	\$4.00	1,491,250	\$0.200
31/12/2022	250,000	\$0.60	5,000,000	\$0.03

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 34. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax expense for the year	(12,672,267)	(4,608,865)
Adjustments for non-cash expenses		
Depreciation and amortisation	379,949	753,274
Share-based payments	302,360	899,631
Deconsolidation expense	1,359,715	-
Impairment expense	8,410,040	-
Finance costs	-	498,895
Change in operating assets and liabilities:		
Decrease/(Increase) in trade and other receivables	85,090	(57,953)
Decrease/(Increase) in inventories	45,595	(270,541)
(Increase)/Decrease in other assets	(91,134)	60,475
Decrease in trade and other payables	(140,560)	(169,835)
(Decrease)/Increase in other provisions	(67,082)	16,328
Increase in other liabilities	226,552	3,856
Net cash used in operating activities	<u>(2,161,742)</u>	<u>(2,874,735)</u>

**Note 35. Earnings per share**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Roto-Gro International Limited	<u>(12,672,267)</u>	<u>(4,608,865)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>338,804,147</u>	<u>139,434,891</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>338,804,147</u>	<u>139,434,891</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(3.74)	(2.20)
Diluted earnings per share	(3.74)	(2.20)

*Accounting policy for earnings per share*

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Roto-Gro International Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Note 36. Share-based payments**

*Options*

During the financial year ended 30 June 2022, the following options were issued:

- On 30 July 2021 following shareholder approval the Company issued 26,666,667 options on a 2 for 3 basis pursuant to the placement of 40,000,000 shares on 2 March 2021, and a further 6,000,000 options to Peak Asset Management for facilitation of the placement.
- On 6 September 2021 the Company issued 4,000,000 options to Advisory Board members with a further 2,000,000 options issued on 24 December 2021.
- On 24 December 2021 the Company issued 43,000,000 options pursuant to the Employee Option plan.
- On 11 March 2022 following shareholder approval the Company issued 62,857,143 options on a 1 for 1 basis pursuant to the issue of 62,857,143 ordinary shares on 23 July 2021.

The options vested on issue and the details of option expiry date and exercise price are set out in the following table.

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
29/11/2019	24/12/2021	\$0.322	8,000,000	-	-	(8,000,000)	-
29/11/2019	24/12/2021	\$0.322	3,650,000	-	-	(3,650,000)	-
11/11/2020	11/11/2022	\$0.200	9,128,000	-	-	-	9,128,000
30/11/2020	07/12/2022	\$0.200	1,491,250	-	-	-	1,491,250
18/02/2021	31/12/2023	\$0.050	6,000,000	-	-	-	6,000,000
18/02/2021	31/12/2023	\$0.050	25,507,567	-	-	-	25,507,567
09/03/2021	31/12/2023	\$0.060	18,000,000	-	-	-	18,000,000
30/07/2021	31/12/2023	\$0.060	-	26,666,667	-	-	26,666,667
24/02/2021	31/12/2023	\$0.060	-	6,000,000	-	-	6,000,000
20/08/2021	06/09/2024	\$0.040	-	4,000,000	-	-	4,000,000
15/12/2021	24/12/2024	\$0.060	-	14,000,000	-	-	14,000,000
15/12/2021	31/12/2022	\$0.030	-	2,500,000	-	-	2,500,000
15/12/2021	31/12/2022	\$0.030	-	2,500,000	-	-	2,500,000
15/12/2021	31/12/2023	\$0.030	-	2,500,000	-	-	2,500,000
15/12/2021	31/12/2023	\$0.030	-	2,500,000	-	-	2,500,000
15/12/2021	31/12/2024	\$0.030	-	3,000,000	-	-	3,000,000
15/12/2021	31/12/2023	\$0.070	-	500,000	-	-	500,000
15/12/2021	31/12/2023	\$0.100	-	500,000	-	-	500,000
15/12/2021	31/12/2023	\$0.060	-	15,000,000	-	-	15,000,000
20/08/2021	24/12/2024	\$0.040	-	2,000,000	-	-	2,000,000
11/03/2022	11/03/2024	\$0.070	-	62,857,143	-	-	62,857,143
			<u>71,776,817</u>	<u>144,523,810</u>	<u>-</u>	<u>(11,650,000)</u>	<u>204,650,627</u>

\$302,360 (2021: \$368,710) was recognised as share-based payments expense in the statement of profit and loss for the year ended 30 June 2022 in relation to options noted above, and \$171,000 (2021: \$165,941) was recognised as costs of capital raising.

For the options granted during the current financial year and recognised as a share-based payment expense, the valuation model inputs used to determine the fair value at the grant date, are as follows. Options were valued using the Black Scholes Model.

**Note 36. Share-based payments (continued)**

Grant date	Expiry date	Number granted	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
24/02/2021	31/12/2023	6,000,000	\$0.057	\$0.006	100%	-	0.13%	\$0.0285
20/08/2021	06/09/2024	400,000	\$0.034	\$0.040	100%	-	0.10%	\$0.0168
20/08/2021	06/09/2024	300,000	\$0.034	\$0.040	100%	-	0.10%	\$0.0168
20/08/2021	06/09/2024	300,000	\$0.034	\$0.040	100%	-	0.10%	\$0.0168
20/08/2021	06/09/2024	300,000	\$0.034	\$0.040	100%	-	0.10%	\$0.0168
20/08/2021	06/09/2024	300,000	\$0.034	\$0.040	100%	-	0.10%	\$0.0169
20/08/2021	06/09/2024	300,000	\$0.034	\$0.040	100%	-	0.10%	\$0.0170
20/08/2021	06/09/2024	300,000	\$0.034	\$0.040	100%	-	0.10%	\$0.0171
20/08/2021	06/09/2024	300,000	\$0.034	\$0.040	100%	-	0.10%	\$0.0173
20/08/2021	06/09/2024	300,000	\$0.034	\$0.040	100%	-	0.10%	\$0.0174
20/08/2021	06/09/2024	300,000	\$0.034	\$0.040	100%	-	0.10%	\$0.0175
20/08/2021	06/09/2024	300,000	\$0.034	\$0.040	100%	-	0.10%	\$0.0177
20/08/2021	06/09/2024	300,000	\$0.034	\$0.040	100%	-	0.10%	\$0.0179
20/08/2021	06/09/2024	300,000	\$0.034	\$0.040	100%	-	0.10%	\$0.0180
20/08/2021	24/12/2024	166,667	\$0.034	\$0.040	100%	-	0.10%	\$0.0171
20/08/2021	24/12/2024	166,667	\$0.034	\$0.040	100%	-	0.10%	\$0.0171
20/08/2021	24/12/2024	166,667	\$0.034	\$0.040	100%	-	0.10%	\$0.0172
20/08/2021	24/12/2024	166,667	\$0.034	\$0.040	100%	-	0.10%	\$0.0173
20/08/2021	24/12/2024	166,667	\$0.034	\$0.040	100%	-	0.10%	\$0.0174
20/08/2021	24/12/2024	166,667	\$0.034	\$0.040	100%	-	0.10%	\$0.0175
20/08/2021	24/12/2024	166,667	\$0.034	\$0.040	100%	-	0.10%	\$0.0176
20/08/2021	24/12/2024	166,667	\$0.034	\$0.040	100%	-	0.10%	\$0.0178
20/08/2021	24/12/2024	166,666	\$0.034	\$0.040	100%	-	0.10%	\$0.0179
20/08/2021	24/12/2024	166,666	\$0.034	\$0.040	100%	-	0.10%	\$0.0181
20/08/2021	24/12/2024	166,666	\$0.034	\$0.040	100%	-	0.10%	\$0.0182
20/08/2021	24/12/2024	166,666	\$0.034	\$0.040	100%	-	0.10%	\$0.0184
15/12/2021	24/12/2024	14,000,000	\$0.021	\$0.060	85%	-	0.94%	\$0.0060
15/12/2021	31/12/2022	2,500,000	\$0.021	\$0.030	85%	-	0.53%	\$0.0036
15/12/2021	31/12/2022	2,500,000	\$0.021	\$0.030	85%	-	0.53%	\$0.0021
15/12/2021	31/12/2023	2,500,000	\$0.021	\$0.030	85%	-	0.53%	\$0.0046
15/12/2021	31/12/2023	2,500,000	\$0.021	\$0.030	85%	-	0.53%	\$0.0037
15/12/2021	31/12/2024	3,000,000	\$0.021	\$0.030	85%	-	0.94%	\$0.0055
15/12/2021	31/12/2023	500,000	\$0.021	\$0.070	85%	-	0.53%	\$0.0035
15/12/2021	31/12/2023	500,000	\$0.021	\$0.100	85%	-	0.53%	\$0.0023
15/12/2021	31/12/2023	15,000,000	\$0.021	\$0.060	85%	-	0.53%	\$0.0041

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**Note 36. Share-based payments (continued)**

Options on issue as at 30 June 2021:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
28/12/2019	15/08/2021	\$0.322	2,500,000	-	-	(2,500,000)	-
28/12/2019	15/08/2022	\$0.430	2,500,000	-	-	(2,500,000)	-
29/11/2019	24/12/2021	\$0.322	8,000,000	-	-	-	8,000,000
29/11/2019	24/12/2021	\$0.322	3,650,000	-	-	-	3,650,000
11/11/2020	11/11/2022	\$0.200	-	9,128,000	-	-	9,128,000
30/11/2020	07/12/2022	\$0.200	-	1,491,250	-	-	1,491,250
18/02/2021	31/12/2023	\$0.050	-	6,000,000	-	-	6,000,000
18/02/2021	31/12/2023	\$0.050	-	25,507,567	-	-	25,507,567
09/03/2021	31/12/2023	\$0.060	-	18,000,000	-	-	18,000,000
			<u>16,650,000</u>	<u>60,126,817</u>	<u>-</u>	<u>(5,000,000)</u>	<u>71,776,817</u>

*Performance Rights*

During the current financial year no performance rights were issued.

Set out below are summaries of performance rights on issue as at 30 June 2022:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
06/02/2017	06/02/2022	\$0.000	9,000,000	-	-	(9,000,000)	-
28/02/2019	02/07/2021	\$0.000	1,000,000	-	-	(1,000,000)	-
28/02/2019	02/07/2022	\$0.000	1,000,000	-	-	(1,000,000)	-
28/02/2019	02/07/2023	\$0.000	2,000,000	-	-	(2,000,000)	-
28/03/2019	28/09/2020	\$0.000	9,186,360	-	-	(9,186,360)	-
			<u>22,186,360</u>	<u>-</u>	<u>-</u>	<u>(22,186,360)</u>	<u>-</u>

\$2,321,309 (2021: \$2,183,130) corresponding to the valuation of the performance shares which lapsed during the year was reversed against retained earnings.

**Note 36. Share-based payments (continued)**

Performance rights on issue as at 30 June 2021:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
06/02/2017	06/02/2022	\$0.000	9,000,000	-	-	-	9,000,000
28/02/2019	02/07/2020	\$0.000	1,000,000	-	-	(1,000,000)	-
28/02/2019	02/07/2021	\$0.000	1,000,000	-	-	-	1,000,000
28/02/2019	02/07/2022	\$0.000	1,000,000	-	-	-	1,000,000
28/02/2019	02/07/2023	\$0.000	2,000,000	-	-	-	2,000,000
28/03/2019	28/09/2020	\$0.000	9,186,360	-	-	-	9,186,360
28/03/2019	28/09/2021	\$0.000	9,186,360	-	-	(9,186,360)	-
15/08/2019	31/12/2020	\$0.000	1,000,000	-	-	(1,000,000)	-
15/08/2019	31/12/2021	\$0.000	1,000,000	-	-	(1,000,000)	-
15/08/2019	31/12/2022	\$0.000	2,000,000	-	-	(2,000,000)	-
15/08/2019	31/12/2020	\$0.000	1,000,000	-	-	(1,000,000)	-
15/08/2019	31/12/2021	\$0.000	1,000,000	-	-	(1,000,000)	-
15/08/2019	31/12/2022	\$0.000	2,000,000	-	-	(2,000,000)	-
			<u>40,372,720</u>	<u>-</u>	<u>-</u>	<u>(18,186,360)</u>	<u>22,186,360</u>

*Shares issued to extinguish liability*

On 2 December 2020, 1,372,915 shares were issued to directors in settlement of outstanding wages to extinguish liability of \$91,413.

On 8 December 2020, 1,147,840 shares were issued to broker in settlement of fees owed (share issue cost) to extinguish liability of \$45,914.

On 31 May 2021, 12,265,622 shares were issued to Mr Adam Clode for all outstanding entitlements owed to him on his employment agreement to extinguish liability of \$613,281. The shares issued are subject to voluntary escrow for a period of 6 months from their date of issue.

\$530,931 was recognised as share-based payment expense in the statement of profit and loss for the year ended 30 June 2021 in relation to shares noted above.

*Accounting policy for share-based payments*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Significant judgement may be required in determining the valuation technique adopted. The fair value of the options issued in the current period are determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed above. The assumptions detailed in this note are also judgemental.

For equity transactions with consultants and other employees, the fair value reflects the value attributable to services where applicable. Where there is no quantifiable value of services the value of options is calculated using the Black and Scholes option pricing model.

For instruments issued with market-based conditions, alternative valuation methodologies would be adopted.



**Roto-Gro International Limited**  
**Directors' declaration**  
**30 June 2022**



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view (subject to the limitations set out in Note 1) of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Board of Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Board of Directors

A handwritten signature in blue ink, appearing to read "Peter Hatfull", written over a horizontal line.

Peter Hatfull  
Non-Executive Director

31 August 2023

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
ROTO-GRO INTERNATIONAL LIMITED**

**Disclaimer of Opinion**

We were engaged to audit the financial report of Roto-Gro International Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 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 year then ended, and notes to the financial report, including a summary of significant accounting policies, and the declaration by those charged with governance.

We do not express an opinion on the accompanying financial report of the Group. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial report.

**Basis for Disclaimer of Opinion**

As set out in Note 2, during the financial year the Company lost effective control of its Canadian operating subsidiaries (deconsolidated subsidiaries) due to the appointment of a bankruptcy trustee on or around 31 May 2022 to its Canadian operating subsidiaries, comprising Roto-Gro World Wide Inc, Roto-Gro World Wide (Canada) Inc, Roto-Gro Inc, Roto-Gro International Inc, Roto-Gro IP Inc, Roto-Gro Technology Inc.. These subsidiaries contained substantially all of the Group's assets and operations. Directors and management of the Company have been unable gain access to the books and records and other financial information of the deconsolidated subsidiaries for the year ended 30 June 2022 and accordingly we were unable to determine whether any adjustments were necessary in respect of the Group's consolidated statement of financial position as at 30 June 2022, its consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial report.

**Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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## Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Group in accordance with the ethical requirements of the Corporations Act 2001 and the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (the Code)* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Report on the Remuneration Report

### *Disclaimer of Opinion on the Remuneration Report*

We were engaged to audit the Remuneration Report included within the directors' report for the year ended 30 June 2022.

We do not express an opinion on the Remuneration Report. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Remuneration Report.

### *Basis for Disclaimer of Opinion on the Remuneration Report*

As set out in Note 2, during the financial year the Company lost effective control of its material foreign subsidiaries (deconsolidated subsidiaries), due to the appointment of a bankruptcy trustee on or around 31 May 2022 to its Canadian operating subsidiaries, comprising Roto-Gro World Wide Inc, Roto-Gro World Wide (Canada) Inc, Roto-Gro Inc, Roto-Gro International Inc, Roto-Gro IP Inc, Roto-Gro Technology Inc. Directors and management of the Company have been unable gain access to the books and records and other financial information of the deconsolidated subsidiaries for the year ended 30 June 2022 and accordingly we were unable to determine whether any adjustments were necessary in respect of the Remuneration Report for the year ended 30 June 2022.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Remuneration Report.

A handwritten signature in blue ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink that reads 'MATTHEW BEEVERS'.

MATTHEW BEEVERS  
Partner

Perth, WA  
Dated: 31 August 2023

The shareholder information set out below was applicable as at 29 August 2023.

## 1. Quotation

Listed securities in Roto-Gro International Limited are quoted on the Australian Securities Exchange under ASX code RGI (Fully Paid Ordinary Shares), RGIOP1 (Listed Options) and RGIOP3 (Listed Options) and are not quoted on any other exchange.

## 2. Voting Rights

The voting rights attached to the Fully Paid Ordinary Shares (“Shares”) of the Company are:

- (a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
- (b) every member present in person, or by proxy or attorney:
  - (i) on a show of hands, has one vote; and
  - (ii) on a poll, has one vote for each Share held.

There are no voting rights attached to any Options on issue.

## 3. Distribution of Shareholders

### i) Fully Paid Ordinary Shares

Shares Range	Holders	Units	%
1 – 1,000	1,200	510,663	2.59%
1,001 – 5,000	854	2,105,590	10.69%
5,001 – 10,000	179	1,360,978	6.91%
10,001 – 100,000	233	6,633,462	33.67%
100,001 and above	33	9,088,944	46.14%
<b>Total</b>	<b>2,499</b>	<b>19,699,637</b>	<b>100.00%</b>

On 29 August 2023, there were 2,423 holders of unmarketable parcels of less than 45,455 Shares (based on the closing Share price of \$0.011).

### ii) Listed Options exercisable at \$1.00 on or before 31 December 2023

Shares Range	Holders	Units	%
1 – 1,000	1	834	0.05%
1,001 – 5,000	17	66,172	4.20%
5,001 – 10,000	10	73,337	4.66%
10,001 – 100,000	36	948,954	60.24%
100,001 and above	2	486,104	30.86%
<b>Total</b>	<b>66</b>	<b>1,575,401</b>	<b>100.00%</b>

### iii) Listed Options exercisable at \$1.20 on or before 31 December 2023

Shares Range	Holders	Units	%
1 – 1,000	1	834	0.05%
1,001 – 5,000	23	90,008	5.51%

5,001 – 10,000	22	185,007	11.33%
10,001 – 100,000	24	733,840	44.93%
100,001 and above	3	623,668	38.18%
<b>Total</b>	<b>73</b>	<b>1,633,357</b>	<b>100.00%</b>

iv) **Unlisted Options exercisable at \$1.20 on or before 31 December 2023**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	12	600,000	36.36%
100,001 and above	3	1,050,000 <sup>1</sup>	63.64%
<b>Total</b>	<b>15</b>	<b>1,650,000</b>	<b>100%</b>

<sup>1</sup>Holders that hold more than 20% of these securities are:

- Mr James Gallant – 750,000 options

v) **Unlisted Options exercisable at \$1.20 on or before 24 December 2024**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	1	700,000 <sup>1</sup>	100%
<b>Total</b>	<b>1</b>	<b>700,000</b>	<b>100%</b>

<sup>1</sup>Held by Michael DiTommaso

vi) **Unlisted Options exercisable at \$0.80 on or before 6 September 2024**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	2	200,000 <sup>1</sup>	100%
100,001 and above	-	-	-
<b>Total</b>	<b>2</b>	<b>200,000</b>	<b>100%</b>

<sup>1</sup>Holders that hold more than 20% of these securities are:

- 2245790 Ontario Ltd – 100,000 options
- Edge Financial Consulting Services Corp – 100,000 options

vii) **Unlisted Options exercisable at \$0.60 on or before 31 December 2023**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	1	250,000 <sup>1</sup>	100%
<b>Total</b>	<b>1</b>	<b>250,000</b>	<b>100%</b>

<sup>1</sup>Held by Michael DiTommaso

viii) **Unlisted Options exercisable at \$0.60 on or before 31 December 2024**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	1	150,000 <sup>1</sup>	100%
<b>Total</b>	<b>1</b>	<b>150,000</b>	<b>100%</b>

<sup>1</sup>Held by Michael DiTommaso

ix) **Unlisted Options exercisable at \$0.80 on or before 24 December 2024**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	2	100,000 <sup>1</sup>	100%
100,001 and above	-	-	-
<b>Total</b>	<b>2</b>	<b>100,000</b>	<b>100%</b>

<sup>1</sup>Holders that hold more than 20% of these securities are:

- 2245790 Ontario Ltd – 50,000 options
- Edge Financial Consulting Services Corp – 50,000 options

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x) **Unlisted Options exercisable at \$1.40 on or before 31 December 2023**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	1	25,000 <sup>1</sup>	100%
100,001 and above	-	-	-
<b>Total</b>	<b>1</b>	<b>25,000</b>	<b>100%</b>

<sup>1</sup> Held by Egenerate Pty Ltd <Auraton Family A/C>

xi) **Unlisted Options exercisable at \$2.00 on or before 31 December 2023**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	1	25,000 <sup>1</sup>	100%
100,001 and above	-	-	-
<b>Total</b>	<b>1</b>	<b>25,000</b>	<b>100%</b>

<sup>1</sup> Held by Egenerate Pty Ltd <Auraton Family A/C>

i) **Unquoted Options exercisable on or before 11 March 2024**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	17	61,222	1.95%
5,001 – 10,000	25	190,195	6.05%
10,001 – 100,000	15	623,959	19.85%
100,001 and above	7	2,267,503 <sup>1</sup>	72.15%
<b>Total</b>	<b>64</b>	<b>3,142,879</b>	<b>100%</b>

<sup>1</sup> Holders that hold more than 20% of these securities are:

- Atlantic Capital Group Pty Ltd – 964,286 options

**4. Substantial Shareholders**

There are no substantial shareholders in the Company as at 29 August 2023.

**5. Restricted Securities**

There are no restricted securities listed on the Company's register as at 29 August 2023.

**6. On market buy-back**

There is currently no on market buy-back in place.

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## 7. Twenty Largest Shareholders

The twenty largest holders of the Company's quoted Shares as at 29 August 2023 are as follows:

	<b>Holder Name</b>	<b>Holding</b>	<b>%</b>
1	10 Bolivianos Pty Ltd	859,536	4.36%
2	Miss Bojana Zdralic	569,446	2.89%
3	Facooory Investments (QLD) Pty Ltd	484,750	2.46%
4	Mr Mark Anthony Broglio	481,250	2.44%
5	Citicorp Nominees Pty Limited	477,764	2.43%
6	Mr Gavin Jeremy Dunhill	435,000	2.21%
7	Mr Narinder Singh Sudagar Singh <Sidhu A/C>	384,455	1.95%
8	Sherry D Gallant	379,425	1.93%
9	Mr Mark Broglio	373,500	1.90%
10	Mr Trent Millar	371,500	1.89%
11	Fortress Asset Management LLC	367,969	1.87%
12	Vivo Trading Pty Ltd	279,500	1.42%
13	Anandi Investments Pty Ltd <Patel Family A/C>	273,855	1.39%
14	Kobala Investment Pty Ltd	250,000	1.27%
14	Mrs Lily Mah <MJ A/C>	250,000	1.27%
16	Megan Nadine Kostuik	245,313	1.25%
17	Vertical Ltd	225,000	1.14%
18	Suburban Holdings Pty Ltd <The Suburban Super Fund A/C>	221,428	1.12%
19	Mr Anthony Robert Ramage	217,500	1.10%
20	BNP Paribas Noms Pty Ltd <DRP>	208,364	1.06%
	<b>Total</b>	<b>7,355,555</b>	<b>37.34%</b>

## 8. Twenty Largest Listed Option Holders – RGIOP1 (\$1.00, 31/12/2023)

The twenty largest holders of the Company's quoted RGIOP1 Options as at 29 August 2023 are as follows:

	<b>Holder Name</b>	<b>Holding</b>	<b>%</b>
1	Freedom Trader Pty Ltd	300,000	19.04
2	123 Home Loans Pty Ltd	186,104	11.81
3	Mr Blake William Darby	100,000	6.35
4	Barclay Wells Ltd <Nominee 2 A/C>	95,000	6.03
5	123 Home Loans Pty Ltd	85,250	5.41
6	Kovi G Investments Pty Ltd <Kovi Gordon Family A/C>	50,000	3.17
7	Mr Ryan Travis Simpson	45,834	2.91
8	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	42,717	2.71
9	Mr Trent Millar	41,667	2.64
10	Goffacan Pty Ltd <KMM Family A/C>	35,501	2.25
11	Mr MD Akram Uddin	35,394	2.25



12	Mr Benjamin John Byrne	26,867	1.71
13	Cleanwest Property Services Pty Ltd	23,334	1.48
14	Mr Patrick John Donovan	21,563	1.37
15	Golden Triangle Capital Pty Ltd	20,834	1.32
15	Mr Dominic Virgara	20,834	1.32
17	Cicchino Pty Ltd <Cicchino Share A/C>	20,000	1.27
18	Corrigan Retirement Pty Ltd <Corrigan Retire Fund A/C>	16,667	1.06
18	Mr Timothy Facooory	16,667	1.06
18	Mr Kieran Meyer	16,667	1.06
18	PKT Springbrook Pty Ltd <Springbrook Family A/C>	16,667	1.06
18	Mr Robert Revis	16,667	1.06
18	Mrs Kartini Binte Tattis	16,667	1.06
18	Mrs Kathryn Valerie Van Der Zwan <Harleston Family A/C>	16,667	1.06
	<b>Total</b>	<b>1,267,568</b>	<b>80.46</b>

#### 20. Twenty Largest Listed Option Holders – RGIOP3 (\$1.20, 31/12/2023)

The twenty largest holders of the Company's quoted RGIOP3 Options as at 29 August 2023 are as follows:

	<b>Holder Name</b>	<b>Holding</b>	<b>%</b>
1	10 Bolivianos Pty Ltd	325,334	19.92
2	First Investment Partners Pty Ltd	150,000	9.18
3	Goffacan Pty Ltd <KMM Family A/C>	148,334	9.08
4	Mr Samuel Gershon Jacobs + Mrs Sarita Devi Jacobs + Miss Manekha Bridgette Jacobs <The Phoenix Superfund A/C>	100,000	6.12
4	Pegasus Trading Group Pty Ltd	100,000	6.12
6	First Investment Partners Pty Ltd	66,667	4.08
7	Mr Robert Revis	41,667	2.55
8	123 Home Loans Pty Ltd	33,334	2.04
8	Rimoyne Pty Ltd	33,334	2.04
10	Mr Raymond Clarence Gardener + Miss Hineaka Black <Tumeke Super Fund A/C>	26,667	1.63
10	SDJM Developments Pty Ltd <Allegiance SF A/C>	26,667	1.63
10	Mr Ryan Travis Simpson	26,667	1.63
13	Mr Trent Millar	25,000	1.53
13	Mr Brett James Rudd	25,000	1.53
13	Mrs Kathryn Valerie Van Der Zwan <Harleston Family A/C>	25,000	1.53
16	BVB Custodian Pty Ltd <BVB A/C >	20,000	1.22
16	Mr Noel Russell Cameron + Dr Belinda Caroline Goad <Noel Cameron Super A/C>	20,000	1.22
16	Furntree 2020 Super Pty Ltd <Furntree 2020 Super>	20,000	1.22

**Roto-Gro International Limited**  
**Shareholder information**  
**30 June 2022**



<b>16</b>	Mr Edward Chuan Ong + Mrs Angeline Looi-Chin Ong + Mr Timothy Jun-Wei Ong <Ong Family A/C>	20,000	1.22
<b>20</b>	Mr Colin Philip Raj	17,745	1.09
	<b>Total</b>	<b>1,251,416</b>	<b>76.62</b>

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