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ANNUAL REPORT — 2023



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Fully integrated digital marketing and eCommerce platform to help you promote your brand and drive sales globally.

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CORPORATE INFORMATION

ABN 14 613 410 398**Directors**

Grant Pestell
Ye (Shenny) Ruan
Bryan Carr
Warren Barry

Non-Executive Chairman
Non-Executive Director
Managing Director and Chief Executive Officer
Executive Sales Director

Joint Company Secretaries

Peter Torre (resigned on 3 July 2023)
Jyotika Gondariya

Registered office

Suite 183, Level 6
580 Hay Street
Perth WA 6000
Tel: +61 (8) 6444 1702

Principal place of business

Level 3 1138 Hay Street
West Perth WA 6005
Tel: +61 (8) 6444 1702

Share register

Computershare Investor Services Pty Limited
Level 17
221 St Georges Terrace
Perth WA 6000
Tel: +61 (8) 9323 2000

Solicitors

Murcia Pestell Hillard
Suite 183, Level 6, 580 Hay Street
Perth WA 6000

Bankers

National Australia Bank
Level 14, 100 St Georges Terrace
Perth WA 6000

Auditors

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

Securities Exchange Listing

RooLife Group Ltd shares and options are listed on the Australian Securities Exchange (ASX: RLG)

Website address

www.roolifegroup.com.au

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DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Roolife Group Ltd ("RLG" or the "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2023. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.



Grant Pestell LL.B.
Non-Executive Chairman

Experience and expertise

Independent non-executive chairman since July 2016. Founding director of Murcia Pestell Hillard solicitors, who act for the Company. Over 20 years' experience in commercial litigation, corporate and commercial law with extensive experience advising both listed and private companies particularly in the Information & Technology, Energy Resources and Mining Resources Industries; and Managing Director of Murcia Pestell Hillard since 2000.

Other current listed directorships

Non-Executive Director of COSOL Limited from August 2019.

Former listed directorships in the last 3 years

None.

Interests in shares, options and performance shares

9,909,959 ordinary shares in RLG.
4,666,667 performance shares in RLG.



Ye (Shenny) Ruan BEcon, MBA, FINSIA

Non-Executive Director appointed 27 July 2021

Experience and expertise

Ms Ruan carries 26 years of experience in various financial management roles in global companies and has worked in various APAC counties including China, Singapore, Indonesia and Australia. Her previous roles include CFO of Noble Group China (currently COFCO), Managing Director/Coverage Head of Rabobank China and Finance Head for Cargill's Starch and Metals business units. In her most recent role as Group CFO and Director of FKS Food and Agri, and Indonesian Conglomerate, Ms Ruan covered all aspects of financial and treasury operations and led key strategic initiatives, including investor sourcing, debt financing, M&A's and Risk Management of commodity merchandising business in the Group.

Other current listed directorships

None.

Former listed directorships in the last 3 years

None.

Interests in shares, options and performance shares

Nil ordinary shares in RLG.
2,333,334 performance shares in RLG.



Bryan Carr BSC.

Managing Director and Chief Executive Officer

Experience and expertise

Mr Carr is an experienced ASX public company Managing Director and Chief Executive Officer with extensive operating experience in Australia and China. He has over 20 years' experience working in technology companies in the private and public company environment where he has developed proven business development skills and comprehensive corporate governance, finance, capital markets and risk management expertise. In addition to his experience in the Australian corporate environment, Mr Carr has a highly developed understanding of Asia-based business operations, including 10 years based in China during which time he developed an in-depth understanding of China and Hong Kong's commercial, corporate and regulatory operating requirements.

Other current listed directorships

None.

Former listed directorships in the last 3 years

None.

Interests in shares, options and performance shares

18,950,000 ordinary shares in RLG.
17,500,000 performance shares in RLG.

DIRECTORS' REPORT Directors (continued)

Joint Company Secretaries



Warren Barry BSC, MBA.
Executive Sales Director

Experience and expertise

Mr Barry has been involved in the digital space for over 22 years and has been actively involved in taking several companies to ASX listing. He has setup and sold several digital agencies over the years as well as being a former CEO of publicly listed Company Gruden. Mr Barry has a BSC from UNSW and a MBA from UWA. Mr Barry's key area of focus is developing online strategies for companies but also working with them on developing ways to commercialise and monetise their digital footprint. Over his journey to date, Mr Barry has worked with very high-profile clients including Telstra, AFL, CUB, Betta, Sydney Airports, Adelaide Airports, Curves Gym, Shop a Docket, Sealink and The Agency.

Other current listed directorships

None.

Former listed directorships in the last 3 years

Corella Resources Ltd from August 2020 to March 2021.

Interests in shares, options and performance shares

29,650,801 ordinary shares in RLG.
10,500,000 performance shares in RLG.



Peter Torre CA, AGIA, MAICD

Joint Company Secretary resigned 3 July 2023

Mr Torre was appointed to the position of company secretary in March 2017. Mr Torre is the principal of Torre Corporate, a specialist corporate advisory firm providing corporate secretarial services to a range of listed companies. He is a director of ASX listed VEEM Ltd and Volt Power Group Limited.



Jyotika Gondariya CA

Joint Company Secretary

Mrs Gondariya was appointed to the position of company secretary in March 2022. Mrs Gondariya is a well-credentialed finance professional with over 10-years' experience with publicly listed and private entities including in audit services.



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DIRECTORS' REPORT (continued)

e-Commerce and digital marketing company RooLife Group Ltd (ASX: RLG) ("RLG" or the "Company") is pleased to provide shareholders with the Company's Annual Report for the year ended 30 June 2023.

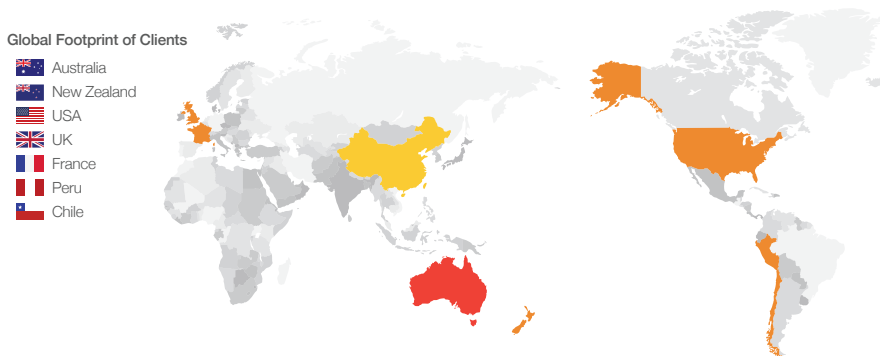
PRINCIPAL ACTIVITIES

RLG is an e-Commerce and digital marketing company selling globally sourced food, health and well-being products with a focus on the China market.

RLG is an established, leading e-commerce platform provider:

- Selling food, health and well being products
- With a global Client Base – 7 Countries
- Which owns its health and wellbeing Brand – VORA "Good for you"
- With a market reach across Australia, South East Asia & Emerging Markets
- Targeting growing margin on growing product sales

RLG CONNECTS GLOBAL BRANDS WITH CONSUMERS



The Company has strong sales and distribution partnerships, both online and offline, through which it sells its food, health and wellbeing portfolio of products.

Social/E-commerce



E-commerce Platforms



Online & Offline B2B



High End Retail Grocery



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DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS

Following the re-opening of China and the removal of Covid-19 restrictions in the second half of FY2023, the Company increased its focus on the provision of health, wellbeing and food and beverage products into the China market and has continued to grow out its online and physical store channels to service the identified consumer demand for healthy, high-quality international products with China's large, emerging middle class.

Operational highlights during the year included:

- The development, formulation and launch of the Company's own new Health & Wellness Brand – VORA. The VORA brand and product range has been developed based on demand identified by RLG's online sales platforms and digital marketing systems in the Australian and Chinese markets and services the strongly growing global demand for healthy, sustainable, food products.
- RLG launched products for sale into Alibaba's high-tech Freshippo Stores. With its partners, RLG launched Remedy Drinks online through the Freshippo official app and also offline through its over 300 brick-and-mortar stores located in 27 cities across China.
- RLG's appointment to market and sell Fiji Kava's range of medicinally based health and well-being products in China and Australia, including digital marketing, social media operations and e-commerce store operations in both markets.
- RLG agreed with cross border e-Commerce company AULife International to co-operate to market and sell a portfolio of Australian and International products to its established Chinese customer base and to partner in marketing and sales initiatives for each party's respective portfolios of Australian and international products to be sold to Chinese consumers and through AULife's sales channels with first product sales of approximately \$190,000 achieved in June 2023.

In the period immediately following the end of the financial year the Company rapidly expanded its distribution channels and order book.

In partnership with AULife International the Company established RLG Marketplace, a China-focussed e-Commerce and B2B sales platform to connect International businesses and brands directly with Chinese shoppers. The key focus of RLG Marketplace is to sell RLG's and its partner's product ranges across combined sales channels online and offline in China.

Under the terms of the partnership RLG is to receive 80% of the net profits from the operations of RLG Marketplace and AULife is incentivised to maximise sales and overall performance through the vesting of Performance Rights based on achievement of profits directly attributable to AULife (with the effect being if, within the first 12 months of the Performance Rights being issued, the operating entity achieves \$1,333,320 or more of net profit from sales revenue directly attributable to AULife, then 40,000,000 Performance Rights will vest). Additionally, AULife may earn the right for an additional 18,000,000 Performance Rights to vest upon the achievement of RLG market capitalisation valuation targets and revenue generating contracts.

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DIRECTORS' REPORT (continued) Review of operations (continued)

RLG Marketplace is already generating additional revenue streams through new product sales, which is expected to continue to expand through the provision of digital marketing, social media and e-commerce store operations to a new and targeted client base.



During Q1 FY2024, RLG Marketplace entered into an agreement to source and supply products to be sold in China both online and through physical pharmacies and stores of Shanghai No.1 Pharmaceuticals Co., Ltd which advises it has been appointed as one of the first three pilot "dual-channel" (online and offline) pharmacies in Shanghai.

The agreement to source and supply a range of goods including food, health and well-being, nutritional and beauty care products to be sold in China online and in the extensive physical store network of Shanghai No.1 Pharmaceuticals Co., Ltd, which is a diversified pharmaceutical distribution enterprise, operating wholesale and retail businesses, delivered \$2.9m in product orders within the first month of the partnership which was announced 30 August 2023.

During the year, RLG completed the product design, formulation and development of the Company's own Food and Health and Wellbeing Brand, launched with a range of products to be sold under the VORA brand name.

The VORA brand and product range has been developed based on demand identified by RLG's online sales platforms and digital marketing systems in the Australian and Chinese markets and services the strongly growing global demand for healthy, sustainable, food products and the existing and forecast demand for plant proteins.

With this and other completed development projects which were fully expensed in FY2023 and together with concluding business partnerships, direct operating costs are expected to reduce by approximately \$781k.

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

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

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

DIRECTORS' REPORT (continued) Review of operations (continued)

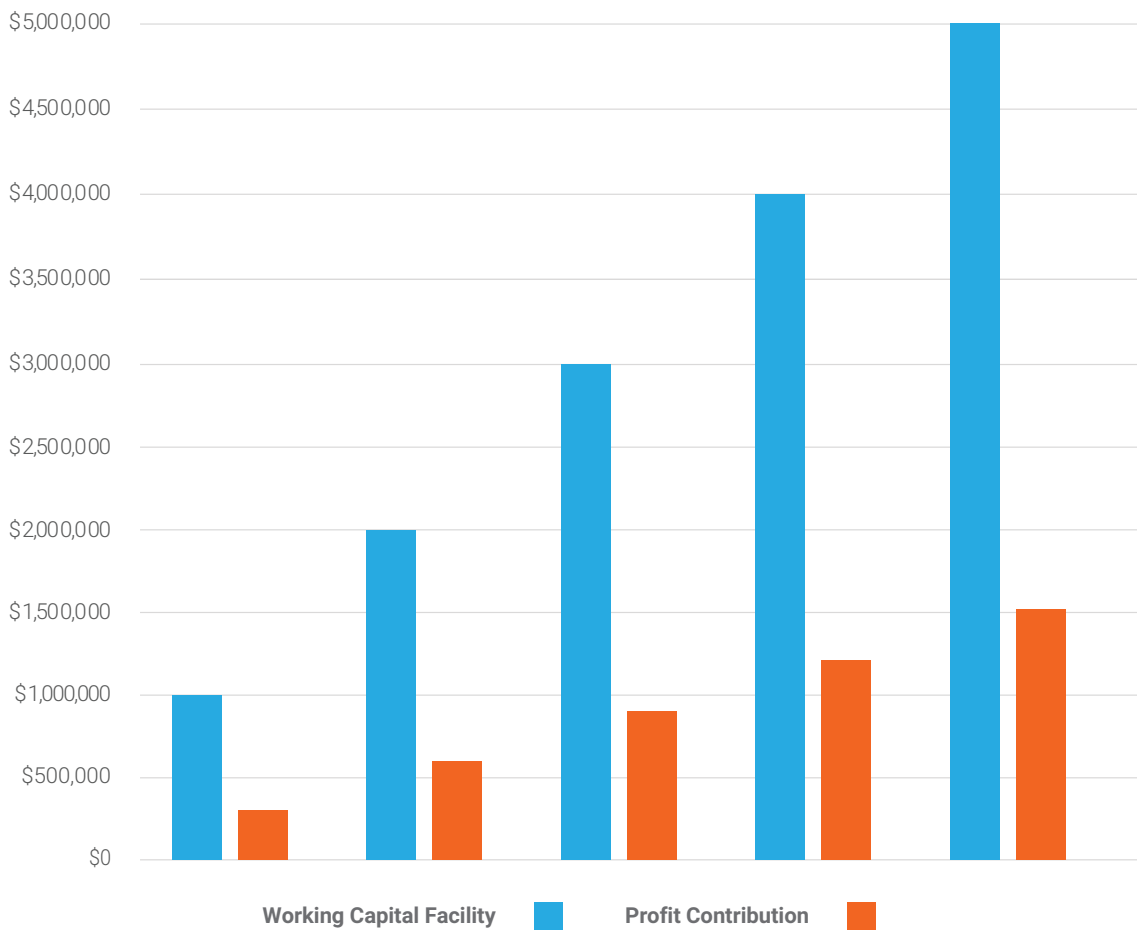
The Company's operations have now reached a level of maturity and with identified demand for products it provides in China, the Company is able to clearly identify the application of working capital and the return on that applied capital to achieve higher margins based on increased volume of sales.

Subsequent to year end, the Company secured an additional \$1.6M of funding by way of combination of Convertible Loans of \$1,200,000 and \$400,000 in unsecured loans from directors to fast track growth.

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

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RLG Working Capital & Profit Contribution



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

DIRECTORS' REPORT (continued)

OPERATING RESULTS FOR THE YEAR

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

Despite being impacted by Covid-19 lockdowns in its key market of China and global supply chain delays with increased costs for large parts of the year, RLG has maintained sales performance and improvement in other business metrics linked directly to delivery and importantly improved P/L financial performance by \$321,639.

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

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

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

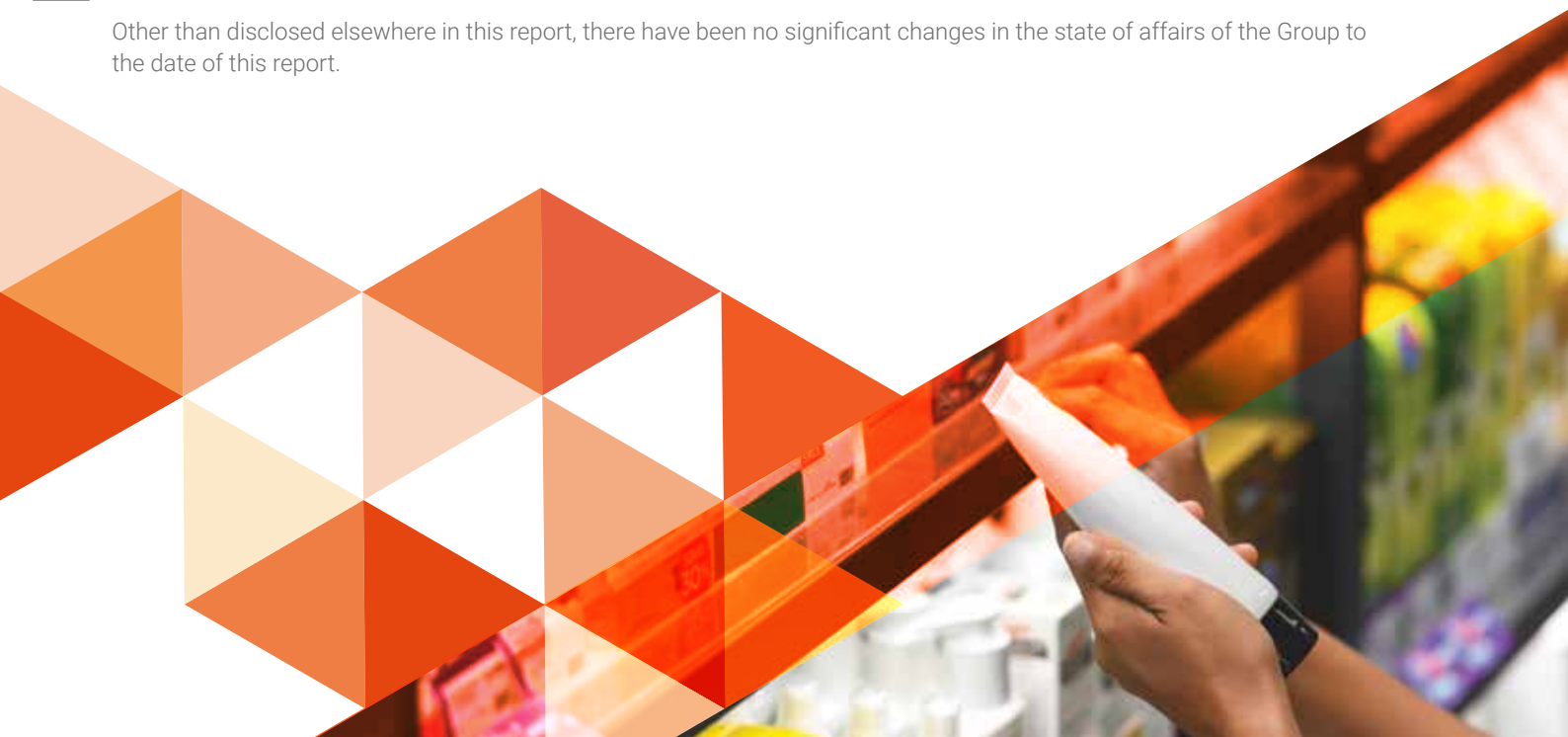
	2023	2022	Change
	\$'000	\$'000	
Cash receipts from Customers	\$ 12,093	\$ 14,064	-14%
Net cash outflow from operating activities	\$ (1,577)	\$ (3,987)	+60%

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than disclosed elsewhere in this report, there have been no significant changes in the state of affairs of the Group to the date of this report.



DIRECTORS' REPORT (continued)

DIVIDENDS

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 14 July 2023, the Company entered into a convertible note agreement with existing shareholder Xiaodan Wu (A Hong Kong Based substantial shareholder in RLG), the key terms are as follows:

- Amount \$200,000
- 8% per annum interest rate accrues on the Loan and it repayable at the end of each calendar quarter.
- 5 Full Paid Ordinary shares in RLG will be issued to the lender for every A\$1.00 loaned.
- Term is 12 months.
- Lender may elect to convert part or all of the Loan into RLG Shares at any time prior to the end of the Term.
- RIG may elect to repay the Loan in part or in full at any time prior to the end of the Term.
- Any conversion of the Loan into RLG Shares will be at a conversion price of \$0.025 per RLG Share.
- If at any time RLG repays the whole or any part of the Loan by way of an issue of RLG Shares then RLG may, for the purpose of calculating the number of RLG Shares to be issued, reduce directly from the value of the relevant loan amount any amounts paid by RLG to that point as interest in respect of the relevant loan amount.
- The Loan will be secured by a charge over RLG's inventory, receivable amounts, prepayments, and deposits, capped at the value Of the Loan amount.

On 14 July 2023, the Company entered into a unsecured loan agreement with Directors, The key terms are as follow:

- A line of credit of \$400,000, being \$200,000 from Bryan Carr and \$200,000 from Warren Barry, to be drawn for sale of productions into China.
- Repayment per transaction, typically 90 days terms for repayment to be agreed between lender and Borrower on a case-by-case basis.
- 10% per annum interest rate accrues on the loan amount drawn down, payable in arrears.

On 27 September 2023, the Company entered into a convertible note agreement with Westcap Pty Ltd, the key terms are as follows:

- Amount \$1,000,000
- 8% per annum interest rate accrues on the Loan and it repayable at the end of each calendar quarter.
- Provision of 2,000,000 Fully Paid Ordinary Shares in RLG (RLG Shares) to be issued to the lender upon execution.
- Term is 13 months.
- Lender may elect to convert part or all of the Loan into RLG Shares at any time prior to the end of the Term, or to repaid at the end of the Term.
- RLG may elect to repay the Loan in part or in full at any time prior to the end of the Term.
- Any conversion of the Loan into RLG Shares will be at a conversion price of \$0.025 per RLG Share.
- The Loan will be secured by a charge over RLG's inventory directly purchased with and capped at the value of the Loan amount.

There has been no other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

DIRECTORS' REPORT (continued)

SIGNIFICANT EVENTS AFTER BALANCE DATE (CONTINUED) LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

DIRECTORS' MEETINGS

The number of board meetings of the Company's board of directors held during the year ended 30 June 2023, and the number of meetings attended by each director are set out below. As set out in the Company's Corporate Governance Statement, the Company does not currently have any fully constituted committees, however, matters typically dealt with by an Audit and Risk Committee, and a Remuneration and Nomination Committee are dealt with in full board meetings as and when required.

Number of meetings held:	Board Meetings	
		6
	Number of meetings attended:	Number of meetings eligible to attend:
Grant Pestell	6	6
Shenny Ruan	5	6
Warren Barry	6	6
Bryan Carr	6	6

Other matters of Board business have been resolved by circular resolution of directors, which are a record of decisions made at a number of informal meetings of the directors held to control, implement and monitor the Company's activities throughout the year.

INTERESTS IN THE ORDINARY SHARES, OPTIONS AND PERFORMANCE SHARES OF THE COMPANY AND RELATED BODIES CORPORATE

At the date of this report, ordinary shares, options and performance shares granted to Directors of the Company and the entities it controlled are:

Directors	Fully paid ordinary shares Number	Share options Number	Performance shares Number
Grant Pestell	9,909,959	-	4,666,667
Bryan Carr	18,950,000	-	17,500,000
Warren Barry	29,650,801	-	10,500,000
Shenny Ruan	-	-	2,333,334
	58,510,760	-	35,000,001

DIRECTORS' REPORT (continued)

UNISSUED SHARES UNDER OPTION

At the date of this report unissued ordinary shares of the Company under option are:

Date options granted	Number of shares under option	Exercise price of option	Expiry date of option
30 December 2021	34,807,691	\$0.05	30 November 2024

SHARES ISSUED DURING OR SINCE THE END OF THE YEAR AS A RESULT OF EXERCISE OF OPTIONS

No ordinary shares were issued during the year as a result of the exercise of an option.

No ordinary shares have been issued by the Company since the end of the financial year as a result of the exercise of an option.

REMUNERATION REPORT

The Remuneration Report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the Key Management Personnel of the Group for the financial year ended 30 June 2023 and is included on page 14.

ENVIRONMENTAL LEGISLATION

The Group is not subject to any significant environmental legislation.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 26 to the financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110: Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

DIRECTORS' REPORT (continued)

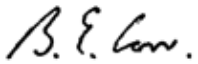
AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 26 and forms part of this directors' report for the year ended 30 June 2022.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

Signed in accordance with a resolution of the directors.



Bryan Carr
Managing Director and Chief Executive Officer
Perth, 29 September 2023

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REMUNERATION REPORT

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of RooLife Group Ltd for the financial year ended 30 June 2023. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

Key Management Personnel

The directors and other key management personnel of the Group during or since the end of the financial year were:

Directors

Grant Pestell	Non-Executive Chairman
Ye (Shenny) Ruan	Non-Executive Director (appointed 27 July 2021)
Bryan Carr	Managing Director and Chief Executive Officer
Warren Barry	Executive Sales Director

Executives

Jyotika Gondariya	Chief Financial Officer and Joint Company Secretary
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Except as noted, the named persons held their current positions for the whole of the financial year and since the financial year.

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Other than the performance bonus scheme applicable to certain employees, remuneration is not linked to Group performance.

Remuneration Committee

The Company does not have a separate remuneration committee until such time as the board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company.

The full board carries out the duties that would ordinarily be assigned to that committee, ensuring that the level and composition of remuneration provided to attract and retain high quality directors and employees is commercially appropriate and targeted to align with the interests of the Company whilst not resulting in a conflict with the objectivity of its independent directors.

The board of directors of the Company is responsible for determining and reviewing compensation arrangements for the directors, the CEO and the executive team.

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

REMUNERATION REPORT (Continued)

Remuneration structure

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

Use of remuneration consultants

Independent external advice is sought from remuneration consultants as required. No advice was sought for remuneration during the financial year.

Non-executive director remuneration

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

The Constitution of the Company provides that the directors may determine the remuneration of directors prior to the first annual general meeting of the Company. The fees determined by the directors are set out below. The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The Company will seek the approval of shareholders in the event the directors' fees are increased beyond the levels stated.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors will be reviewed annually. The Board may consider advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each Director receives a fee for being a director of the Company. An additional fee will also be paid for each board committee on which a director sits when such board committees are established. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees.

The Company has entered into non-executive director contracts for services with each of Messrs Pestell and Allison and Ms Ruan. Each such contract is on broadly similar terms, which include the following:

- Term: Continuation of appointment is subject to and contingent upon the fulfilment of the obligations of a non-executive director under the ASX Listing Rules, the Constitution of the Company and the Corporations Act, and the successful re-election by the Company shareholders.
- Fixed fee:
 - Mr Pestell: A\$71,175 per annum; and
 - Ms Ruan: A\$45,000 per annum plus superannuation

Mr Pestell and Ms Ruan have received Performance Shares (as disclosed in Note 20) as incentivisation. The conversion of the Performance Shares is conditional upon the achievement of certain milestones. Each Performance Share converts to one fully paid ordinary share upon conversion.

The non-executive directors may be entitled to such additional fees or other amounts as the board determines (in its absolute discretion) where performing special duties or otherwise performing services outside the scope of the ordinary duties of a director.

The non-executive directors may also be reimbursed for out-of-pocket expenses incurred as a result of their respective directorships or any special duties upon production of the relevant receipts.

The non-executive directors are expected to attend regular board meetings involving a minimum commitment of 10 hours per month, as well as attending the annual general meeting of the Company and informal meetings and consider general correspondence from time to time.

REMUNERATION REPORT (Continued)

Executive director and senior manager remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed Remuneration

Fixed remuneration is reviewed annually by the board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The board has access to external, independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component is detailed in the Key Management Personnel remuneration table for the year ended 30 June 2023.

Variable Remuneration

The objective of the short-term incentive program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short-term incentive available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

The aggregate of annual payments available for executives across the Group is subject to the approval of the board. The Company also makes long term incentive payments to reward senior executives in a manner that aligns this element of remuneration with the creation of shareholder wealth.

Executive Director Consultancy Agreements

(a) Managing Director and Chief Executive Officer

The terms and conditions of the employment contract entered into between the Company and Mr Carr are as follows:

Commencement date:	20 December 2018;
Term:	The consultancy agreement continues until either party terminates by giving the other not less than six months' prior notice in writing;
Fixed fee:	\$273,750 per annum, reviewable annually;
Equity incentivisation:	Mr Carr has received Performance Shares (as set out in the below table) as incentivisation. The conversion of the Performance Shares is conditional upon the achievement of certain milestones, (each Performance Share converts to one fully paid ordinary share upon conversion);
Performance bonus scheme:	Subject to meeting key performance measures, which will be set by the board, the CEO will be eligible every 12 months for a lump sum bonus payment of up to 50% of base fee, payable as either cash or fully paid shares in the capital of the Company;
Intellectual property:	Mr Carr acknowledges that the Company is the exclusive owner of all rights, title and interest in all intellectual property created by him within the course of his consultancy services; and
Non-solicitation:	Mr Carr will not, for a period of 24 months after termination of consultancy agreement, solicit any customer or employee of the Group (other than in connection with businesses which are not competitive with those operated by the Group).

REMUNERATION REPORT (Continued)

Executive Director Consultancy Agreements (continued)

(b) Executive Sales Director

The terms and conditions of the employment contract entered into between the Company and Mr Barry are as follows:

Commencement date:	1 October 2020;
Term:	The employment contract continues until either party terminates by giving the other not less than three months' prior notice in writing;
Fixed fee:	\$273,750 per annum (including superannuation), reviewable annually;
Equity incentivisation:	Mr Barry has received Performance Shares (as set out in the below table) as incentivisation. The conversion of the Performance Shares is conditional upon the achievement of certain milestones, (each Performance Share converts to one fully paid ordinary share upon conversion);
Performance bonus scheme:	Subject to meeting key performance measures, which will be set by the board, Mr Barry will be eligible every 12 months for a lump sum bonus payment of up to 50% of base fee, payable as either cash or fully paid shares in the capital of the Company;
Intellectual property:	Mr Barry acknowledges that the Company is the exclusive owner of all rights, title and interest in all intellectual property created by him within the course of his employment services; and
Non-solicitation:	Mr Barry will not, for a period of 24 months after termination of employment, solicit any customer or employee of the Group (other than in connection with businesses which are not competitive with those operated by the Group).

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REMUNERATION REPORT (Continued)

Other Key Management Personnel Employment Contracts

(a) Chief Financial Officer and Joint Company Secretary's contract

The terms and conditions of the employment contract entered into between the Company and Mrs Gondariya are as follows:

Commencement date:	7 May 2021;
Term:	The employment contract continues until either party terminates by giving the other not less than three months' prior notice in writing;
Remuneration:	\$240,000 per annum plus superannuation, reviewable by the Company from time to time;
Equity incentivisation:	Mrs Gondariya will receive Performance Shares as incentivisation. The conversion of the Performance Shares is conditional upon the achievement of certain milestones, (each Performance Share converts to one fully paid ordinary share upon conversion);
Performance bonus scheme:	Subject to meeting key performance measures, which will be set by the board, Mrs Gondariya will be eligible every 12 months for a lump sum bonus payment of \$10,000 payable in cash and to participate in Company's performance bonus scheme.
Intellectual property:	Mrs Gondariya acknowledges that the Company is the exclusive owner of all rights, title and interest in all intellectual property created by Mrs Gondariya in the course of her employment; and
Non-solicitation:	Mrs Gondariya will not, for a period of 24 months after termination of employment, solicit any customer or employee of the Company (other than in connection with businesses which are not competitive with those operated by the Company).

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REMUNERATION REPORT (Continued)

Remuneration of Key Management Personnel

30 June 2023	Short-term employee benefits		Post-employment benefits	Share-based payments ¹	Total	Relative proportions of remuneration of KMP that are linked to performance	
	Salary & fees	Other	Super	Shares / Share options		Fixed remuneration	Remuneration linked to performance
	\$	\$	\$	\$	\$	%	%
Directors							
Grant Pestell	71,175	-	-	10,867	82,042	87%	13%
Ye Ruan	45,000	-	4,725	5,433	55,158	90%	10%
Bryan Carr	273,750	-	-	40,749	314,499	87%	13%
Warren Barry	250,000	568	12,855	24,449	287,872	91%	9%
Executives							
Jyotika Gondariya ²	240,000	10,000	24,742	21,476	296,218	89%	11%
	879,925	10,568	42,322	102,974	1,035,789		

¹ Share-based payments to Directors and Executives comprise of the vested component of performance shares granted in the previous financial year. The performance shares were valued at the closing market price on grant date as disclosed in Note 20.

² Other benefits for Mrs Gondariya comprise a cash bonus of \$10,000. The amount remains unpaid and is included in amounts payable as at 30 June 2023.

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REMUNERATION REPORT (Continued)

Remuneration of Key Management Personnel (continued)

30 June 2022	Short-term employee benefits		Post-employment benefits	Share-based payments	Total	Relative proportions of remuneration of KMP that are linked to performance	
	Salary & fees \$	Other \$	Super \$	Shares / Share options \$		Fixed remuneration %	Remuneration linked to performance %
Directors							
Grant Pestell	71,175	-	-	25,201	96,376	74%	26%
Tim Allison	3,115	-	312	-	3,427	100%	0%
Ye Ruan	41,942	-	4,194	12,602	58,738	79%	21%
Bryan Carr ¹	273,750	136,875	-	110,702	521,327	53%	47%
Warren Barry ²	248,864	124,432	37,330	67,501	478,127	60%	40%
Executives							
Jyotika Gondariya ³	200,272	16,000	21,627	12,394	250,293	89%	11%
Russell Francis ⁴	90,580	-	6,667	2,600	99,847	97%	3%
	929,698	277,307	70,130	231,000	1,508,135		

¹ Other benefits for Mr Carr comprise of a cash bonus of \$136,875. The amount remains unpaid and is included in amounts payable as at 30 June 2022.

Share-based payments for Mr Carr comprise of:

- \$16,195 accelerated vested component of Executive options granted in the previous financial year and **cancelled** during the financial year;
- \$94,507 vested component of performance shares granted in the current financial year.

The Executive options were valued using the Monte Carlo model taking into account the inputs as disclosed in Note 19. The performance shares were valued at the closing market price on grant date as disclosed in Note 19.

² Other benefits for Mr Barry comprise of a cash bonus of \$124,432. The amount remains unpaid and is included in amounts payable as at 30 June 2022.

Superannuation benefits for Mr Barry comprise of the statutory superannuation on salary of \$24,887 and superannuation payable of \$12,443 on the unpaid bonus. Superannuation payable is included in amounts payable as at 30 June 2022.

Share-based payments for Mr Barry comprise of:

- \$10,797 accelerated vested component of Executive options granted in the previous financial year and **cancelled** during the financial year;
- \$56,704 vested component of performance shares granted in the current financial year.

The Executive options were valued using the Monte Carlo model taking into account the inputs as disclosed in Note 19. The performance shares were valued at the closing market price on grant date as disclosed in Note 19.

³ Other benefits for Mrs Gondariya comprise a cash bonus of \$16,000. The amount remains unpaid and is included in amounts payable as at 30 June 2022.

Share-based payments to Mrs Gondariya comprise of the performance shares granted in the current financial year. The performance shares were valued at the closing market price on grant date as disclosed in Note 19.

⁴ Share-based payments to Mr Francis consisted of 800,000 shares granted in satisfaction of past services. These shares were recognised as a shared based payment expense in the financial year ended 30 June 2021. A further 200,000 shares were granted in satisfaction of services provided during the period. The shares were valued at closing market price on grant date.

REMUNERATION REPORT (Continued)

Employee share, right and option plans

Options granted as compensation

No options were granted as compensation during the current year and previous year.

Performance rights granted as compensation

30 June 2023

No performance rights were granted as compensation during the current year.

30 June 2022

As approved at the Company's 2021 Annual General Meeting, required under Listing Rule 10.14, the following performance rights were issued to Directors.

Directors	Number of rights granted	Grant date	Expiry date	Vesting date	Fair value per right at grant date
Grant Pestell	6,000,000	29 November 2021	1 December 2024	(i)	\$0.022
Shenny Ruan	3,000,000	29 November 2021	1 December 2024	(i)	\$0.022
Bryan Carr	22,500,000	29 November 2021	1 December 2024	(i)	\$0.022
Warren Barry	13,500,000	29 November 2021	1 December 2024	(i)	\$0.022

- (i) Performance rights issued to Directors were issued in various tranches with different vesting dates attached to each tranche. Refer to Note 19 for further details.

The following performance rights were issued to the Executives during FY2022:

Executives	Number of rights granted	Grant date	Expiry date	Vesting date	Fair value per right at grant date
Jyotika Gondariya	3,000,000	28 February 2022	28 February 2029	(i)	\$0.022

- (i) The performance rights issued to Executives were issued in three tranches and vest as follows:
- 1,000,000 performance rights vest on 31 August 2022;
 - 1,000,000 performance rights vest on 31 August 2023; and
 - 1,000,000 performance rights vest on 31 August 2024.



REMUNERATION REPORT (Continued)

Key management personnel equity holdings

Fully paid ordinary shares

30 June 2023	Balance at beginning of year Number	Conversion of vested performance right Number	Acquired on market Number	Disposal on market Number	Balance at end of year Number	Balance held nominally Number
Directors						
Grant Pestell ¹	8,576,626	1,333,333	-	-	9,909,959	-
Ye Ruan	-	666,666	-	(666,666)	-	-
Bryan Carr	12,750,000	5,000,000	1,200,000	-	18,950,000	-
Warren Barry	25,325,267	3,000,000	1,325,534	-	29,650,801	-
Executives						
Jyotika Gondariya	229,090	1,000,000	-	-	1,229,090	-
	46,880,983	10,999,999	2,525,534	(666,666)	59,739,850	-

¹ Mr Pestell's shareholding includes shares held directly and indirectly. G Pestell owns 25% of Digrevni Investments Pty Ltd ("Digrevni"), which is the holder of 2,500,000 ordinary shares in RLG. G Pestell also has a 25% interest in Artemis Corporate Limited which holds 2,264,107 ordinary shares in the Company and a 24% interest in Storm Enterprises Pty Ltd which holds 2,045,847 ordinary shares in the Company.

30 June 2022	Balance at beginning of year Number	Vendor Shares Number	Net change other Number	Balance at end of year Number	Balance held nominally Number
Directors					
Grant Pestell ¹	7,076,626	-	1,500,000	8,576,626	-
Tim Allison	-	-	-	-	-
Ye Ruan	-	-	-	-	-
Bryan Carr	12,250,000	-	500,000	12,750,000	-
Warren Barry	24,107,142	-	1,218,125	25,325,267	-
Executives					
Jyotika Gondariya	-	229,090	-	229,090	-
Russell Francis ²	-	1,000,000	-	1,000,000	-
	43,433,768	1,229,090	3,218,125	47,880,983	-

¹ Mr Pestell's shareholding includes shares held directly and indirectly. G Pestell owns 25% of Digrevni Investments Pty Ltd ("Digrevni"), which is the holder of 2,500,000 ordinary shares in RLG. G Pestell also has a 25% interest in Artemis Corporate Limited which holds 2,264,107 ordinary shares in the Company and a 24% interest in Storm Enterprises Pty Ltd which holds 712,514 ordinary shares and 3,500,000 options over ordinary shares in the Company.

² Mr Francis was issued 1,000,000 ordinary shares during the period. Of these, 800,000 shares were granted in satisfaction of past services and 200,000 shares related to services provided during the period.

REMUNERATION REPORT (Continued)

Key management personnel equity holdings (continued)

Fully paid ordinary shares (continued)

Share options

30 June 2023	Balance at beginning of year Number	Lapsed Number	Balance at end of year Number	Balance vested at end of year Number	Vested but not exercisable Number	Vested and exercisable Number	Options vested during the year Number
Directors							
Grant Pestell	1,500,000	(1,500,000)	-	-	-	-	-
Ye Ruan	-	-	-	-	-	-	-
Bryan Carr	-	-	-	-	-	-	-
Warren Barry	-	-	-	-	-	-	-
Executives							
Jyotika Gondariya	-	-	-	-	-	-	-
	1,500,000	(1,500,000)	-	-	-	-	-

30 June 2022	Balance at beginning of year Number	Received as free-attaching Number	Lapsed Number	Balance at end of year Number	Balance vested at end of year Number	Vested but not exercisable Number	Vested and exercisable Number	Options vested during the year Number
Directors								
Grant Pestell	5,850,000	-	(4,350,000)	1,500,000	1,500,000	-	1,500,000	-
Tim Allison	-	-	-	-	-	-	-	-
Ye Ruan	-	-	-	-	-	-	-	-
Bryan Carr	13,642,857	(12,000,000)	(1,642,857)	-	-	-	-	-
Warren Barry	9,000,000	(8,000,000)	(1,000,000)	-	-	-	-	-
Executives								
Jyotika Gondariya	-	-	-	-	-	-	-	-
Russell Francis	-	-	-	-	-	-	-	-
	28,492,857	(20,000,000)	(6,992,857)	1,500,000	1,500,000	-	1,500,000	-

¹ For the options cancelled during prior year, the Group has accelerated the vesting with the remaining expense recognised in the previous financial year.

Where applicable, all share options issued to key management personnel were made in accordance with the provisions of the employee share option plan.

No options were exercised by key management personnel during the current or previous financial year.

REMUNERATION REPORT (Continued)

Key management personnel equity holdings (continued)

Performance rights and Performance Shares

30 June 2023	Balance at beginning of year Number	Granted during the year Number	Converted during the year Number ¹	Net change other Number	Balance at end of year Number
Directors					
Grant Pestell	6,000,000	-	(1,333,333)	-	4,666,667
Ye Ruan	3,000,000	-	(666,666)	-	2,333,334
Bryan Carr	22,500,000	-	(5,000,000)	-	17,500,000
Warren Barry	13,500,000	-	(3,000,000)	-	10,500,000
Executives					
Jyotika Gondariya	3,000,000	-	(1,000,000)	-	2,000,000
	48,000,000	-	(10,999,999)	-	37,000,001

¹ The company has entered into performance rights based payment arrangement with Directors and Executives in previous year. The performance rights exercised are disclosed in Note 20.

30 June 2022	Balance at beginning of year Number	Vendor Shares	Converted during the year Number ¹	Net change other Number	Balance at end of year Number
Directors					
Grant Pestell	-	6,000,000 ¹	-	-	6,000,000
Tim Allison	-	-	-	-	-
Ye Ruan	-	3,000,000 ¹	-	-	3,000,000
Bryan Carr	-	22,500,000 ¹	-	-	22,500,000
Warren Barry	-	13,500,000 ¹	-	-	13,500,000
Executives					
Jyotika Gondariya	-	3,000,000 ²	-	-	3,000,000
Russell Francis	-	-	-	-	-
	-	48,000,000	-	-	48,000,000

¹ The company has entered into performance rights based payment arrangement with Directors in prior year. The performance rights granted were in three tranches with separate market and non- market conditions for each tranche as disclosed in Note 20.

² The company has entered into performance rights based payment arrangement with Executives in prior year. Further details are disclosed in Note 20.

The conditions for those performance shares were achieved during the year and therefore the ordinary shares have been issued.

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REMUNERATION REPORT (Continued)

Loans to key management personnel

No loans have been provided to any member of the Group's key management personnel in the year.

Key management personnel transactions

In addition to the above remuneration, related party transactions with key management personnel are described below.

	2023	2022
	\$	\$
<i>The following amounts were paid to Murcia Pestell Hillard Pty Ltd, a company related to Mr Pestell:</i>		
- provision of general legal services	36,690	23,134
	36,690	23,134

END OF REMUNERATION REPORT

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of RooLife Group Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
29 September 2023



D I Buckley
Partner

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CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Continuing operations			
Revenue	2, 4	12,320,889	16,930,186
Other income	2	364,246	61,709
		<u>12,685,135</u>	<u>16,991,895</u>
Direct product, logistics and marketing costs		(9,928,945)	(13,880,944)
Staff and contactor costs of providing goods and services		(1,203,729)	(1,573,451)
Other costs of providing goods and services		(226,199)	(393,265)
Depreciation expense	12	(12,163)	(13,813)
Amortisation expense	13	(42,254)	(20,229)
Impairment of assets	11	(13,789)	(68,702)
Share based payment expense	20	(127,974)	(236,150)
Business development costs		(332,785)	(533,279)
Consulting and investor relation fees		(552,745)	(624,812)
Employee costs		(1,480,366)	(1,706,964)
Other expenses	2	(1,090,934)	(588,673)
		<u>(2,326,748)</u>	<u>(2,648,387)</u>
Loss before income tax			
Income tax benefit	3	-	-
		<u>(2,326,748)</u>	<u>(2,648,387)</u>
Net loss for the year			
		<u>(2,326,748)</u>	<u>(2,648,387)</u>
Other comprehensive loss, net of income tax			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		39,626	113,452
		<u>39,626</u>	<u>113,452</u>
Other comprehensive income/ (loss) for the year, net of income tax			
		<u>39,626</u>	<u>113,452</u>
Total comprehensive loss for the year		<u>(2,287,122)</u>	<u>(2,534,935)</u>
Basic loss per share (cents per share)	5	(0.33)	(0.39)
Diluted loss per share (cents per share)	5	(0.33)	(0.39)

The accompanying notes form part of these financial statements

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	7	1,419,586	2,414,299
Trade and other receivables	8	3,768,615	3,979,449
Financial asset	9	297,414	50,000
Other current assets	10	235,230	399,994
Inventories	11	331,255	271,872
Total current assets		6,052,100	7,115,614
Non-current assets			
Property, plant and equipment	12	16,383	14,781
Deferred tax assets	3	21,839	49,633
Financial asset non-current	9	80,000	80,000
Other intangible assets	13	189,491	179,538
Goodwill	14	2,389,085	2,389,085
Total non-current assets		2,696,798	2,713,037
Total assets		8,748,898	9,828,651
Liabilities			
Current liabilities			
Trade and other payables	15	3,690,788	3,134,540
Short-term borrowing	16	600,000	-
Deferred revenue	2	517,208	566,267
Total current liabilities		4,807,996	3,700,807
Non-current liabilities			
Deferred tax liabilities	3	21,839	49,633
Provisions	17	6,235	6,235
Total non-current liabilities		28,074	55,868
Total liabilities		4,836,070	3,756,675
Net assets		3,912,828	6,071,976
Equity			
Issued capital	18	30,724,007	30,411,425
Reserves	19	1,588,509	1,733,491
Accumulated losses		(28,399,688)	(26,072,940)
Total equity		3,912,828	6,071,976

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

Year ended 30 June 2023

	Notes	Issued capital \$	Share-based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance as at 1 July 2022		30,411,425	1,777,251	(43,760)	(26,072,940)	6,071,976
Loss for the year		-	-	-	(2,326,748)	(2,326,748)
Other comprehensive income, net of income tax		-	-	39,626	-	39,626
Total comprehensive loss for the year		-	-	39,626	(2,326,748)	(2,287,122)
Conversion of performance shares	19	312,582	(312,582)	-	-	-
Share-based payments	19	-	127,974	-	-	127,974
Balance as at 30 June 2023		30,724,007	1,592,643	(4,134)	(28,399,688)	3,912,828

Year ended 30 June 2022

	Notes	Issued capital \$	Share-based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance as at 1 July 2021		27,574,463	1,705,106	(157,212)	(23,424,553)	5,697,804
Loss for the year		-	-	-	(2,648,387)	(2,648,387)
Other comprehensive income, net of income tax		-	-	113,452	-	113,452
Total comprehensive loss for the year		-	-	113,452	(2,648,387)	(2,534,935)
Shares issued during the year	18	2,702,000	-	-	-	2,702,000
Share issue costs	18	(29,043)	-	-	-	(29,043)
Conversion of performance shares	19	152,739	(152,739)	-	-	-
Share-based payments	19	11,266	224,884	-	-	236,150
Balance as at 30 June 2022		30,411,425	1,777,251	(43,760)	(26,072,940)	6,071,976

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 June 2023

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

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 1: Statement of significant accounting policies

(a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The consolidated financial statements are for the Group consisting of Roolife Group Ltd and its subsidiaries. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial statements have been prepared on a historical cost basis. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The financial statements are presented in Australian dollars.

The Company is a listed public company, incorporated in Australia and operating in Australia, China and Hong Kong. The entity's principal activities are the provision of fully integrated digital marketing and customer acquisition services driving online sales of products and services for clients in Australia and China.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2023

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. No change to group accounting policies was required.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted, however are not expected to have a material impact on Group accounting policies.

(c) Statement of compliance

The financial report was authorised for issue on 29 September 2023.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Significant accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of goodwill:

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 1: Statement of significant accounting policies (continued)

(d) Significant accounting estimates and judgements (continued)

Impairment of other intangibles:

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use. The value in use requires an estimation of the recoverable amount of the cash generating units to which the intangibles are allocated.

During the year, the Group did not identify any impairment indicator and therefore no impairment of other intangibles is required.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees and third parties by reference to the fair value of the equity instruments at the date at which they are granted. For share-based payments that do not contain market conditions, the fair value is determined using a Black and Scholes model, using the assumptions detailed in Note 20. For share-based payments that contain market conditions, the fair value is determined using a Monte Carlo model, using the assumptions detailed in Note 20.

(e) Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

(f) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights if an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including,

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 1: Statement of significant accounting policies (continued)

(f) Basis of consolidation (continued)

Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(g) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of RooLife Group Ltd.

(h) Foreign currency translation

Both the functional and presentation currency of RooLife Group Ltd is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currencies of the foreign operations are:

- OpenDNA (UK) Limited: Wholly owned UK subsidiary. Currency: GBP
- OpenDNA (Singapore) Pte Ltd: Wholly owned Singaporean subsidiary. Currency: SGD
- RooLife (HK) Limited: Wholly owned Hong Kong subsidiary. Currency: HKD
- Roolife China: Wholly owned Chinese subsidiary. Currency: CNY
- Qualis Holdings Pty Ltd: Wholly owned Australia subsidiary. Currency: USD

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 1: Statement of significant accounting policies (continued)

(h) Foreign currency translation (continued)

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of RooLife Group Ltd at the rate of exchange ruling at the balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to the partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange rate differences are re-attributed 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 arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences are recognised in other comprehensive income.

(i) Revenue recognition

Revenue arises mainly from the provision of services in the areas of digital marketing, website services, application development and subscription, and marketing consulting. The Group generates revenue largely from its China operations.

To determine whether to recognise revenue, the Group follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

In determining the amount of revenue and profits to record, and related items in the statement of financial position (such as contract fulfilment assets, capitalisation of costs to obtain a contract, trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions. This includes an assessment of the costs the Group incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised.

Revenue is recognised either when the performance obligation in the contract has been performed, so 'point in time' recognition or 'over time' as control of the performance obligation is transferred to the customer.

For contracts with multiple components to be delivered such as Web Development management applies judgement to consider whether those promised goods and services are (i) distinct - to be accounted for as separate performance obligations; (ii) not distinct - to be combined with other promised goods or services until a bundle is identified that is distinct or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 1: Statement of significant accounting policies (continued)

(i) Revenue recognition (continued)

Transaction price

At contract inception the total transaction price is estimated, being the amount to which the Group expects to be entitled and has rights to under the present contract.

The transaction price does not include estimates of consideration resulting from change orders for additional goods and services unless these are agreed.

Once the total transaction price is determined, the Group allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when (or as) those performance obligations are satisfied.

For each performance obligation, the Group determines if revenue will be recognised over time or at a point in time. Where the Group recognises revenue over time for long term contracts, this is in general due to the Group performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract.

For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Group has promised to transfer to the customer. The Group applies the relevant output or input method consistently to similar performance obligations in other contracts.

When using the output method, the Group recognises revenue on the basis of direct measurements of the value to the customer of the goods and services transferred to date relative to the remaining goods and services under the contract. Where the output method is used, in particular for long term service contracts where the series guidance is applied, the Group often uses a method of time elapsed which requires minimal estimation. Certain long term contracts use output methods based upon estimation of number of users, level of service activity or fees collected.

If performance obligations in a contract do not meet the over time criteria, the Group recognises revenue at a point in time. This may be at the point of physical delivery of goods and acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria.

Performance obligations

The nature of contracts or performance obligations categorised within these revenue types include the following:

a) Digital marketing services

This category includes:

- SEO services and media management with performance conditions linked to the completion of the contracts;
- Marketing consulting which is invoiced as the service is being performed with the performance obligations satisfied during the delivery of the service;
- Application development and subscription services which include content fees, page view fees and user subscription fees linked to the activity of subscribers; and
- Website services which include bespoke website builds, hosting fees and creative and design services. Performance obligations are linked to milestone events and for hosting, on an ongoing delivery basis.

Revenue in relation to digital marketing services is recognised over time.

b) Product and Platform sales

This category includes the sale of products and sale of products via platforms. Performance obligations are satisfied on delivery of the goods to the customer. Revenue is recognised at a point in time.

Disaggregation of revenue

The Group disaggregates revenue from contracts with customers by contract type, which includes Digital Marketing and Product and Platform sales as management believe this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 1: Statement of significant accounting policies (continued)

(i) Revenue recognition (continued)

Contract assets and contract liabilities

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

(j) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(k) Leases

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 Group 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.

(l) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 1: Statement of significant accounting policies (continued)

(l) Income tax (continued)

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured 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 (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 1: Statement of significant accounting policies (continued)

(n) Impairment of tangible and intangible assets other than goodwill

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(o) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(p) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 30 – 90 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is an expectation that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 1: Statement of significant accounting policies (continued)

(q) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 1: Statement of significant accounting policies (continued)

(g) Financial instruments (continued)

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI.

Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139. Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is to "hold to collect" the associated cash flows and sell financial assets; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

AASB 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 1: Statement of significant accounting policies (continued)

(q) Financial instruments (continued)

Impairment of financial assets (continued)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(r) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Office equipment	4 years
Computer equipment	3 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 1: Statement of significant accounting policies (continued)

(r) Property, plant and equipment (continued)

Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(s) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 8 Operating Segments.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or groups of cash-generating units, to which the goodwill relates. When the recoverable amount of the cash-generating unit or groups of cash-generating units is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit or groups of cash-generating units and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 1: Statement of significant accounting policies (continued)

(t) Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Amortisation is calculated on a straight-line basis over the estimated useful life of 2-5 years. The assets' residual value, useful lives and amortisation are reviewed and adjusted if appropriate, at each financial year end.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(u) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(v) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 1: Statement of significant accounting policies (continued)

(v) Borrowings (continued)

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(w) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave not expected to be settled within 12 months of the balance date are recognised in non-current other payables in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Group.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(x) Share-based payments

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured 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 a Black-Scholes model or a Monte Carlo model, further details of which are given in Note 20.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of RooLife Group Ltd (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 1: Statement of significant accounting policies (continued)

(x) Share based payments (continued)

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss on comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(y) Earnings/loss per share

Basic earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share, refer to Note 5.

(z) Parent entity financial information

The financial information for the parent entity, RooLife Group Ltd, disclosed in Note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 2: Revenue and expenses

Revenue

The Group derives its revenue from the sale of goods and the provision of services at a point in time and over time.

	2023	2022
	\$	\$
Revenue from contracts with customers	<u>12,320,889</u>	<u>16,930,186</u>
<i>Reconciliation of revenue from contracts with customers</i>		
<i>At a point in time</i>		
Product and Platform sales	<u>9,044,994</u>	<u>12,919,297</u>
	<u>9,044,994</u>	<u>12,919,297</u>
<i>Over time</i>		
Digital marketing services	<u>3,275,895</u>	<u>4,010,889</u>
	<u>3,275,895</u>	<u>4,010,889</u>
Total Revenue	<u>12,320,889</u>	<u>16,930,186</u>

Unearned revenue at year end in relation to incomplete performance obligations amounted to \$517,208 (2022: \$566,267).

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 3: Income tax

Income tax recognised in profit or loss

The major components of tax benefit are:

	2023 \$	2022 \$
Current tax benefit	-	-
Deferred tax benefit relating to the origination and reversal of temporary differences	-	-
Total tax benefit	<u>-</u>	<u>-</u>

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:

Accounting loss before tax from continuing operations	<u>(2,326,748)</u>	<u>(2,648,387)</u>
Income tax benefit calculated at 25% (2022: 25%)	(581,687)	(662,097)
Tax adjustment for foreign companies	(19,990)	-
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
• Effect of expenses that are not deductible in determining taxable profit	37,561	108,747
• Effect of unused tax losses and timing differences not recognised as deferred tax assets	409,474	415,735
• Effect of changes in tax rates on timing difference	-	119,031
• Effect of adjustment in tax from prior period	<u>154,642</u>	<u>18,584</u>
Income tax benefit reported in the consolidated statement of comprehensive income	<u>-</u>	<u>-</u>

The tax rate used in the above reconciliation is the corporate tax rate of 25% payable by Australian corporate entities on taxable profits under Australian tax law.

Deferred tax assets comprise:

Tax losses - revenue	<u>21,839</u>	<u>49,633</u>
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Deferred tax liabilities comprise:

Timing differences	<u>21,839</u>	<u>49,633</u>
	<u>21,839</u>	<u>49,633</u>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Tax losses – revenue	4,721,175	4,191,425
Timing differences	57,028	110,164
Blackhole expenditure	75,884	143,025
	<u>4,854,087</u>	<u>4,444,614</u>

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits thereof.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 4: Segment reporting

Description of segments

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

Segment information

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 4: Segment reporting (continued)

Segment information (continued)

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

Major customers

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

Other segment information

Segment revenue reconciliation to the statement of comprehensive income

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 5: Loss per share

Basic and diluted loss per share

	2023 Cents per share	2022 Cents per share
Total basic and diluted loss per share attributable to the ordinary equity holders of the Company	<u>(0.33)</u>	<u>(0.39)</u>
Reconciliation of loss used in calculating loss per share		
	\$	\$
Loss attributable to the ordinary equity holders of the Company used in the calculation of basic and diluted loss per share	<u>(2,326,748)</u>	<u>(2,648,387)</u>
Weighted average number of shares used as the denominator		
	Number	Number
Weighted average number of ordinary shares used in the denominator in calculating loss per share	<u>708,020,198</u>	<u>676,338,735</u>

Information concerning classification of securities

Options granted are considered to be potential ordinary shares and have been included in the determination of diluted loss per share to the extent to which they are dilutive (the options are not considered to be dilutive). The options have not been included in the determination of basic loss per share. Details relating to the options are set out in Note 20.

Note 6: Dividends

There were no dividends paid or declared to equity holders during the year ended 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 7: Cash and cash equivalents

	2023 \$	2022 \$
Cash at bank and on hand	<u>1,419,586</u>	<u>2,414,299</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At 30 June 2023, the Group had an undrawn amount of \$449,999 (2022: \$49,999) from its committed borrowing facilities in respect of which all conditions precedent had been met.

Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2023 \$	2022 \$
Cash at bank and on hand, as above	<u>1,419,586</u>	<u>2,414,299</u>
Balance per statement of cash flows	<u><u>1,419,586</u></u>	<u><u>2,414,299</u></u>

Reconciliation of loss for the year to net cash flows from operating activities

	2023 \$	2022 \$
Net loss for the year	(2,326,748)	(2,648,387)
Unrealised foreign exchange gain	(1,596)	(44,667)
Equity settled share-based payment	127,974	236,150
Bad and doubtful debts	180,324	18,128
Depreciation	12,163	13,813
Amortisation	42,254	20,229
Impairment of assets	13,789	68,702
Gain on extinguishment of financial liability	(260,642)	-
Change in net assets and liabilities:		
(Increase)/Decrease in assets:		
Trade and other receivables	(243,045)	(3,014,048)
Inventories	(59,383)	185,142
Increase/(Decrease) in liabilities:		
Trade and other payables	938,310	1,178,418
Provisions	-	8
Net cash from operating activities	<u><u>(1,576,600)</u></u>	<u><u>(3,986,512)</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 7: Cash and cash equivalents (continued)

Changes in liabilities arising from financing activities:

	Note	Short-term borrowing \$
Balance at 30 June 2022	16	-
Net cash from financing activities		600,000
Balance at 30 June 2023	16	<u>600,000</u>

Note 8: Trade and other receivables

	Note	2023 \$	2022 \$
Trade debtors	(i)	3,751,014	3,934,053
Allowance for impairment		-	(58,978)
Total		<u>3,751,014</u>	<u>3,875,075</u>

(i) the average credit period on sales of goods is 60 days and rendering of services is 30 days.

In determining the recoverability of a trade receivable, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the balance date. The concentration of credit risk is limited due to the customer base being large and unrelated. The above allowance for impairment relates to one specific debtor which management has deemed to be non-recoverable. Accordingly, the Directors believe that there are no further credit provisions required in excess of the allowance for impairment.

Reconciliation of trade and other receivables

	2023 \$	2022 \$
Trade debtors, noted above	3,751,014	3,875,075
Accrued revenue	17,601	104,004
Other receivables	-	370
Total	<u>3,768,615</u>	<u>3,979,449</u>

Note 9: Financial assets

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

(i) Convertible note granted in settlement of services provided. The note is repayable in 6 months and accrues interest at 10% per annum. The note is convertible to equity at the discretion of the holder. The fair value of the conversion feature is not material. The financial asset is measured at amortised cost.

(ii) Shares held in a private company which were granted in settlement for services provided in a web development project. The shares are valued using the price at the most recent capital raise of the entity.

(iii) The financial assets are Level 3 instruments in the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 10: Other current assets

	2023	2022
	\$	\$
Prepayments	75,672	126,639
Security deposits	156,547	270,344
Other	3,011	3,011
Total	235,230	399,994

Note 11: Inventories

	2023	2022
	\$	\$
Inventories at cost	372,785	340,574
Impairment allowance	(41,530)	(68,702)
Total	331,255	271,872

Impairment of inventories:

The Group has identified inventories that are slow moving and inventories held for brands that the Company no longer procures products from. Whilst the Group intends to continue to invest in marketing activities to realise proceeds on the sale of these inventories, it is considered prudent to record an allowance for these inventories to ensure that carrying value is not stated in excess of expected net realisable value. During the year, the Company has sold \$39,335 of inventory of that was previously impaired, with the reversal of the allowance relating to this inventory recorded in direct product costs. An impairment loss of \$13,789 has been recorded during the year (2022: \$60,872) for inventories still retained by the Company that have been written down to net realisable value.

Note 12: Property, plant and equipment

Carrying value

30 June 2023	Office equipment \$	Computer equipment \$	Total \$
Cost	16,163	41,967	58,130
Accumulated Depreciation	(5,459)	(36,288)	(41,747)
Carrying value	10,704	5,679	16,383

30 June 2022	Office equipment \$	Computer equipment \$	Total \$
Cost	9,350	39,363	48,713
Accumulated Depreciation	(5,152)	(28,780)	(33,932)
Carrying value	4,198	10,583	14,781

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 12: Property, plant and equipment (continued)

Reconciliation

30 June 2023	Office equipment \$	Computer equipment \$	Total \$
Opening balance	4,198	10,583	14,781
Additions	8,231	5,534	13,765
Depreciation expense	(1,725)	(10,438)	(12,163)
Closing balance	10,704	5,679	16,383

30 June 2022	Office equipment \$	Computer equipment \$	Total \$
Opening balance	7,128	8,343	15,471
Additions	-	13,123	13,123
Depreciation expense	(2,930)	(10,883)	(13,813)
Closing balance	4,198	10,583	14,781

Impairment of fixed assets:

The recoverable amount of fixed assets is estimated to be in line with the carrying values, therefore, no impairment loss has been recognised during the year (2022: \$nil).

Note 13: Other intangible assets

Carrying value

30 June 2023	Technology \$	Customer contracts \$	Trademark \$	Total \$
Cost	163,195	50,000	40,036	253,231
Accumulated amortisation	(63,740)	-	-	(63,740)
Carrying value	99,455	50,000	40,036	189,491

30 June 2022	Technology \$	Customer contracts \$	Trademark \$	Total \$
Cost	150,046	50,000	-	200,046
Accumulated amortisation	(20,508)	-	-	(20,508)
Carrying value	129,538	50,000	-	179,538

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 13: Other intangible assets (continued)

Reconciliation

30 June 2023	Technology \$	Customer contracts \$	Trademark \$	Total \$
Opening balance	129,538	50,000	-	179,538
Addition	8,000	-	40,036	48,036
Amortisation	(42,254)	-	-	(42,254)
Impairment	-	-	-	-
Foreign currency difference	4,171	-	-	4,171
Carrying value	99,455	50,000	40,036	189,491

30 June 2022	Technology \$	Customer contracts \$	Trademark \$	Total \$
Opening balance	-	50,000	-	50,000
Addition	150,046	-	-	150,046
Amortisation	(20,229)	-	-	(20,229)
Impairment	-	-	-	-
Foreign currency difference	(279)	-	-	(279)
Carrying value	129,538	50,000	-	179,538

Impairment of intangible assets:

The recoverable amount of intangible assets is estimated to be in line with the carrying values, therefore, no impairment loss has been recognised during the year (2022: nil).

Note 14: Goodwill

Carrying value

	2023 \$	2022 \$
Cost	4,405,266	4,405,266
Accumulated impairment	(2,016,181)	(2,016,181)
Carrying value	2,389,085	2,389,085

Reconciliation

	2023 \$	2022 \$
Opening balance	2,389,085	2,389,085
Impairment	-	-
Carrying value	2,389,085	2,389,085

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 14: Goodwill (continued)

Impairment

Goodwill acquired through business combinations has been allocated to the following cash generating units:

- Australia focused digital marketing
- China focused digital marketing and e-commerce

Carrying amount of goodwill allocated to each of the cash generating units:

	2023	2022
	\$	\$
Australia focused digital marketing	958,333	958,333
China focused digital marketing and e-commerce	1,430,752	1,430,752
Carrying value	<u>2,389,085</u>	<u>2,389,085</u>

The recoverable amount of the Group's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a one year projection period approved by management and extrapolated for a further five years using a steady rate, together with a terminal value.

Key assumptions used in value-in-use calculations

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

	Note	30 June 2023		30 June 2022	
		Australia focused digital marketing	China focused digital marketing and e-commerce	Australia focused digital marketing	China focused digital marketing and e-commerce
Pre-tax discount rate	(i)	17.6%	17.6%	21.7%	21.7%
Revenue growth rate	(ii)	(1.6%) - 15%	10% - 32.5%	11.4% - 23%	15% - 35%
Cost of sales growth rate	(iii)	(17%) - 10%	7% - 27%	11% - 13%	9% - 33%
Overheads growth rate	(iv)	1.3% - 5%	(3.3%) - 5%	(11%) - 5%	(47.2%) - 5%

(i) The discount rate reflects management's estimate of the time value of money and the Group's weighted average cost of capital adjusted for the relevant cash generating unit, the risk free rate and the volatility of the share price relative to market movements.

(ii) The revenue growth rate for the Australia focused digital marketing unit has been estimated by management based on past performance and contracted sales wins. Compared to prior year, the revenue growth rate estimation has reduced as the Group completed Phase 1 of a one-off web development project. Whilst it is expected that further Phases of the web development will follow, the Group chooses to adopt a prudent approach and consider revenue growth with the one-off project excluded.

The revenue growth rate for the China focused digital marketing and e-commerce unit has been estimated by management based on the increase in contracted sales wins. Compared to prior year, the revenue growth rate estimation has reduced as the Group has adopted a prudent approach in estimating growth given the post COVID-19 performance of the China economy.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 14: Goodwill (continued)

Impairment (continued)

Key assumptions used in value-in-use calculations (continued)

- (iii) The cost of sales growth rate for the Australia focused digital marketing unit has been based by management on past performance adjusted for incremental costs for sales wins.

The cost of sales growth rate for the China focused digital marketing and e-commerce unit has been estimated by management in accordance with past performance, adjusted for cost reductions expected to be achieved from contractual renegotiations. Compared to prior year, the costs of sales growth rate estimation has reduced as the Group has made significant headway in the identification of the optimal structure for delivery of services.

- (iv) The overheads growth rate for the Australia focused digital marketing unit and China focused digital marketing and e-commerce unit has been based by management on past performance adjusted for cost savings initiatives implemented by the Group. Compared to prior year, the overheads growth rate has remained stable as following cost savings implementation, overheads are expected to increase at a conservative rate.

Impact of possible changes in key assumptions

As disclosed in Note 1, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

Revenue would need to decrease by more than 12% (2022: 17%) for the Australia focused digital marketing unit and 5% (2022: 24%) for the China focused digital marketing and e-commerce unit before goodwill would need to be impaired, with all other assumptions remaining constant.

The discount rate would be required to increase by 22% (2022: 34%) for the Australia focused digital marketing unit and 3% (2022: 21%) for the China focused digital marketing and e-commerce unit before goodwill would need to be impaired, with all other assumptions remaining constant.

The directors believe that other reasonable changes in the key assumptions on which the recoverable amount of, both the Australia focused digital marketing unit and China focused digital marketing and e-commerce unit, goodwill is based on would not cause the cash-generating units' carrying amounts to exceed their recoverable amounts.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in an impairment charge for the goodwill of both the Australia focused digital marketing unit and the China focused digital marketing and e-commerce unit.

Note 15: Trade and other payables (current)

	Note	2023 \$	2022 \$
Trade payables	(i)	3,273,879	2,220,777
Accruals		122,883	177,950
Deferred remuneration and bonuses payable		36,525	309,160
Payroll liabilities		199,397	239,385
Security deposits payable		35,349	182,361
GST/VAT payable		833	766
Other payables		21,922	4,141
		3,690,788	3,134,540

- (i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 16: Borrowing

		2023 \$	2022 \$
Short-term borrowing	(i)	<u>600,000</u>	-

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

Note 17: Provisions

	2023 \$	2022 \$
Long service leave	<u>6,235</u>	<u>6,235</u>

Note 18: Issued capital

Share capital

	2023 \$	2022 \$
719,558,133 / 702,230,863 Ordinary shares issued and fully paid	<u>30,724,007</u>	<u>30,411,425</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 18: Issued capital (continued)

Movement in ordinary share capital

30 June 2023

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

- (i) Shares issued to directors and employee under share-based payment plans entered in FY2022. Please refer to Note 20 for detail.
- (ii) Shares issued to consultant in consideration for services provided.

30 June 2022

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 18: Issued capital (continued)

Options over ordinary shares

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

- (i) to employers and consultants under share based payment plans, details of which are disclosed in Note 18; and
- (ii) to shareholders as free attaching options under placements offered by the Company.

Movement in options over ordinary shares

30 June 2023

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 18: Issued capital (continued)

Movement in options over ordinary shares (continued)

30 June 2022

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

- (i) The Executive options were cancelled on the issue of performance rights and resulted in an acceleration of the vesting with the full option value expensed in the current financial year. Refer to Note 19 for further detail.
- (ii) The Group issued 10,000,000 options to consultants for service received in the year ended 30 June 2021. The options were awaiting formal acceptance of offers and were formally granted in the current financial year. The expense was recorded in the year that the service was provided.
- (iii) The Group issued 4,807,691 unlisted options with an exercise price of \$0.05 to private investors. A further 30,000,000 unlisted performance options were issued to the same investors with an exercise price of \$0.05. Refer to Note 19 for further details.
- (iv) The Group issued 20,000,000 incentive Performance Options to investor relations consultants. The options converted to unlisted options following the expiry of 3 months and satisfaction of service conditions. The unlisted options to be received upon conversion of the Performance options has an exercise price of \$0.05 with a 3 year expiry. The Performance Options lapsed on conclusion of the corporate mandate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 19: Reserves

	2023	2022
	\$	\$
Share based payments reserve	1,592,643	1,777,251
Foreign currency translation reserve	(4,134)	(43,760)
	<u>1,588,509</u>	<u>1,733,491</u>

Nature and purpose of reserves

Share based payments reserve

This reserve is used to record the value of equity benefits provided to directors and executives as part of their remuneration, as well as to consultants and advisors for provision of services.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Movement in reserves

Share-based payments reserve

	Note	2023	2022
		\$	\$
Opening balance		1,777,251	1,705,106
Performance rights granted to Directors	20	81,498	189,014
Performance rights granted to employees and consultants	20	21,476	-
Performance rights granted under Plan 2: Incentive Share Option Plan	20	-	65,976
Shares issued to consultant	20	25,000	-
Conversion of performance right to ordinary shares for employees and consultants	18	(92,582)	-
Conversion of performance right to ordinary shares for directors	18	(220,000)	-
Options granted to private investors	18,20	-	18,902
Options granted under Plan 2: Incentive Share Option Plan	18,20	-	26,992
Conversion on issue of shares to be granted for past services to employees and consultants	18	-	(228,739)
Closing balance		<u>1,592,643</u>	<u>1,777,251</u>

Foreign currency translation reserve

Opening balance	(43,760)	(157,212)
Currency translation differences arising during the year	39,626	113,452
Closing balance	<u>(4,134)</u>	<u>(43,760)</u>

Note 20: Share-based payment plans

Performance rights

30 June 2023

No performance rights have been issued during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 20: Share-based payment plans (continued)

Performance rights (continued)

30 June 2022

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

	Number	Grant date	Expiry date	Fair value at grant date	Vesting date
Class A Tranche 1					
Bryan Carr	1,650,000	29 November 2021	1 December 2024	\$36,300	31 August 2022
Warren Barry	990,000	29 November 2021	1 December 2024	\$21,780	31 August 2022
Grant Pestell	440,000	29 November 2021	1 December 2024	\$9,680	31 August 2022
Ye (Shenny) Ruan	220,000	29 November 2021	1 December 2024	\$4,840	31 August 2022
Class A Tranche 2					
Bryan Carr	1,650,000	29 November 2021	1 December 2024	\$36,300	31 August 2023
Warren Barry	990,000	29 November 2021	1 December 2024	\$21,780	31 August 2023
Grant Pestell	440,000	29 November 2021	1 December 2024	\$9,680	31 August 2023
Ye (Shenny) Ruan	220,000	29 November 2021	1 December 2024	\$4,840	31 August 2023
Class A Tranche 3					
Bryan Carr	1,650,000	29 November 2021	1 December 2024	\$36,300	31 August 2024
Warren Barry	990,000	29 November 2021	1 December 2024	\$21,780	31 August 2024
Grant Pestell	440,000	29 November 2021	1 December 2024	\$9,680	31 August 2024
Ye (Shenny) Ruan	220,000	29 November 2021	1 December 2024	\$4,840	31 August 2024
Class B Tranche 1					
Bryan Carr	3,350,000	29 November 2021	1 December 2024	\$73,700	31 August 2022
Warren Barry	2,010,000	29 November 2021	1 December 2024	\$44,220	31 August 2022
Grant Pestell	893,333	29 November 2021	1 December 2024	\$19,653	31 August 2022
Ye (Shenny) Ruan	446,677	29 November 2021	1 December 2024	\$9,827	31 August 2022
Class B Tranche 2					
Bryan Carr	3,350,000	29 November 2021	1 December 2024	\$73,700	31 August 2023
Warren Barry	2,010,000	29 November 2021	1 December 2024	\$44,220	31 August 2023
Grant Pestell	893,333	29 November 2021	1 December 2024	\$19,653	31 August 2023
Ye (Shenny) Ruan	446,677	29 November 2021	1 December 2024	\$9,827	31 August 2023
Class B Tranche 3					
Bryan Carr	3,350,000	29 November 2021	1 December 2024	\$73,700	31 August 2024
Warren Barry	2,010,000	29 November 2021	1 December 2024	\$44,220	31 August 2024
Grant Pestell	893,333	29 November 2021	1 December 2024	\$19,653	31 August 2024
Ye (Shenny) Ruan	446,677	29 November 2021	1 December 2024	\$9,827	31 August 2024
Class C					
Bryan Carr	3,750,000	29 November 2021	1 December 2024	\$41,250	(i)
Warren Barry	2,250,000	29 November 2021	1 December 2024	\$24,750	(i)
Grant Pestell	1,000,000	29 November 2021	1 December 2024	\$11,000	(i)
Ye (Shenny) Ruan	500,000	29 November 2021	1 December 2024	\$5,500	(i)
Class D					
Bryan Carr	3,750,000	29 November 2021	1 December 2024	\$82,500	29 November 2024
Warren Barry	2,250,000	29 November 2021	1 December 2024	\$49,500	29 November 2024
Grant Pestell	1,000,000	29 November 2021	1 December 2024	\$22,000	29 November 2024
Ye (Shenny) Ruan	500,000	29 November 2021	1 December 2024	\$11,000	29 November 2024

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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 20: Share-based payment plans (continued)

Performance rights (continued)

30 June 2022 (continued)

- (i) Vesting dates are dependent on date of achievement of vesting condition. If the vesting condition is achieved in:
- FY2022, the vesting date is 30 June 2022;
 - FY2023, the vesting date is 30 June 2023; or
 - FY2024, the vesting date is 30 June 2024.

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

	Vesting conditions	Number
Class A		
Tranche 1	Performance Rights vest if: <ul style="list-style-type: none"> • the Group achieves Revenue for FY2022 which exceeds the Revenue which was achieved by the Group for FY2021 by 50% or more; and • the Related Party has remained employed or engaged by the Group for the entirety of FY2022. 	3,300,000
Tranche 2	Performance Rights vest if: <ul style="list-style-type: none"> • the Group achieves Revenue for FY2023 which exceeds the Revenue which was achieved by the Group for FY2022 by 50% or more; and • the Related Party has remained employed or engaged by the Group for the entirety of FY2023. 	3,300,000
Tranche 3	Performance Rights vest if: <ul style="list-style-type: none"> • the Group achieves Revenue for FY2024 which exceeds the Revenue which was achieved by the Group for FY2023 by 35% or more; and • the Related Party has remained employed or engaged by the Group for the entirety of FY2024. 	3,300,000
Class B		
Tranche 1	Performance Rights vest if: <ul style="list-style-type: none"> • the Group achieves EBITDA for FY2022 which exceeds the EBITDA which was achieved by the Group for FY2021 by 40% or more; and • the Related Party has remained employed or engaged by the Group for the entirety of FY2022. 	6,700,000
Tranche 2	Performance Rights vest if: <ul style="list-style-type: none"> • either paragraph (i) or (ii) below is satisfied by the Group for FY2023: <ul style="list-style-type: none"> (i) where the Group failed to achieve positive EBITDA for FY2022 – the Group achieves positive EBITDA for FY2023; or (ii) where the Group achieved positive EBITDA for FY2022 – the Group achieves EBITDA for FY2023 which exceeds the EBITDA which was achieved by the Group for FY2022 by 50% or more; and • the Related Party has remained employed or engaged by the Group for the entirety of FY2023. 	6,700,000
Tranche 3	Performance Rights vest if: <ul style="list-style-type: none"> • the Group achieves EBITDA for FY2024 which exceeds the EBITDA which was achieved by the Group for FY2023 by 50% or more; and • the Related Party has remained employed or engaged by the Group for the entirety of FY2024. 	6,700,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 20: Share-based payment plans (continued)

Performance rights (continued)

30 June 2022 (continued)

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

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

Movement in performance rights

30 June 2023

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

30 June 2022

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 20: Share-based payment plans (continued)

Share-based payment expense

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

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

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

Share Options

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 20: Share-based payment plans (continued)

Share Options (continued)

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

30 June 2023

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

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

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

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

- (i) The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

- (ii) The expected life of the options is not based on historical data and is not necessarily indicative of exercise patterns that may occur. The number of days is calculated by the number of days between the grant date and expiry date of the option.

- (iii) The options have been valued at grant date which was 30 December 2021.

30 June 2022

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 20: Share-based payment plans (continued)

Share Options (continued)

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 21: Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

Categories of financial instruments

	2023	2022
	\$	\$
Financial assets		
Cash and cash equivalents	1,419,586	2,414,299
Trade and other receivables	3,768,615	3,979,449
Other current assets	235,230	399,994
Other financial assets	297,414	130,000
Financial liabilities		
Trade and other payables	3,690,788	3,134,540
Short-term borrowing	600,000	-

Financial risk management objectives

The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

	Liabilities		Assets	
	2023	2022	2023	2022
	\$	\$	\$	\$
United State Dollars (USD or US\$)	(2,779,330)	(1,529,396)	3,731,698	3,726,830
Singapore Dollars (SGD or S\$)	(82)	-	-	2,585
Hong Kong Dollars (HKD or H\$)	(6,564)	-	24,995	23,923
Chinese Yuan (CNY)	(2,070)	(2,168)	5,639	7,798

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 21: Financial instruments (continued)

Foreign currency sensitivity analysis

The Group is exposed to USD, SGD, HKD and CNY currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

	Profit or loss (i)		Equity (ii)	
	2023	2022	2023	2022
	\$	\$	\$	\$
USD Impact	85,579	199,767	(92,262)	(219,789)
SGD Impact	(8)	235	(364,333)	(385,621)
HKD Impact	1,675	2,175	(3,836)	(3,365)
CNY Impact	324	512	(2,025)	(2,025)

- (i) This is mainly attributable to the exposure outstanding on foreign currency denominated net assets at year-end in the Group.
- (ii) This is mainly as a result of the restating of the intercompany loans between the Company and its foreign subsidiaries, where on consolidation the exchange rate difference on restating loans into their AUD equivalent is transferred to the foreign exchange translation reserve in equity.

Interest rate risk management

The Group is limited in its exposure to interest rate risk as entities in the Group do not borrow any funds. The only exposure to interest rate risk is on the Group's exposures on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 21: Financial instruments (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group has no non-derivative financial liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

30 June 2023

	Interest rate	1 year or less	Remaining contractual maturities
Non-derivatives			
Non-interest bearing			
Trade and other payables		3,690,788	3,690,788
Interest bearing			
Short-term borrowing	10%	645,205	645,205
Total non-derivatives		4,335,993	4,335,993

30 June 2022

	Interest rate	1 year or less	Remaining contractual maturities
Non-derivatives			
Non-interest bearing			
Trade and other payables		3,134,540	3,134,540

Fair value of financial instruments

The Group has a number of financial instruments which are not measured at fair value in the statement of financial position. The directors consider that the carrying value of the financial assets and financial liabilities are considered to be a reasonable approximation of their fair values.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 22: Commitments and contingencies

Lease commitments – Group as lessee

The Group has entered into commercial leases on certain premises. These leases have an average life of less than 1 year with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases. These leases have not been accounted for under AASB 16 as they are exempt due to the short term nature of the leases.

Future minimum rentals payable under the leases are as follows:

	2023	2022
	\$	\$
Within one year	48,893	-
After one year but not more than five years	-	-
More than five years	-	-
	<u>48,893</u>	<u>-</u>

Capital commitments

As at 30 June 2023 and 30 June 2022 the Group has no capital commitments.

Note 23: Related party disclosure

Parent entity

RooLife Group Ltd is the ultimate Australian parent entity and ultimate parent of the Group.

Subsidiaries

Interests in subsidiaries are set out in Note 24 below.

Key management personnel compensation

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

	2023	2022
	\$	\$
Short-term employee benefits	890,493	1,207,005
Post-employment benefits	42,322	70,130
Share-based payments	102,974	231,000
	<u>1,035,789</u>	<u>1,508,135</u>

During the year ended 30 June 2023 and 30 June 2022, no share options were exercised by, and no loans were made to key management personnel.

Key management personnel transactions

Related party transactions with key management personnel are described below. These payments were made based on normal commercial terms and conditions.

The following amounts were paid to Murcia Pestell Hillard Pty Ltd, a company related to Mr. G Pestell:

	2023	2022
	\$	\$
Provision of general legal services	36,690	23,134
	<u>36,690</u>	<u>23,134</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 24: Interests in subsidiaries

The consolidated financial statements include the financial statements of RooLife Group Ltd and the subsidiaries listed in the following table.

Name of entity	Country of incorporation	% Equity interest		Investment	
		2023 %	2022 %	2023 \$	2022 \$
OpenDNA (UK) Limited	United Kingdom	100	100	4,865,516	4,865,516
OpenDNA (Singapore) Pte Ltd	Singapore	100	100	98	98
CHOOSE Digital Pty Ltd	Australia	100	100	658,333	658,333
RooLife Pty Limited	Australia	100	100	558,334	558,334
RooLife (HK) Limited	Hong Kong	100	100	-	-
Blackglass Pty Ltd	Australia	100	100	300,000	300,000
QBID Pty Ltd	Australia	100	100	652,851	652,851
QBID Holdings Pty Ltd	Australia	100	100	-	-
Qualis Pty Ltd	Australia	100	100	-	-
Qualis Brands Pty Ltd	Australia	100	100	-	-
RooLife China	China	100	100	-	-
Remedy Drinks China Pty Ltd	Australia	100	100	-	-
Vora Health Group Pty Ltd	Australia	100	-	38,157	-

RooLife Group Ltd is the ultimate Australia parent entity and the ultimate parent of the Group. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

Note 25: Parent entity disclosures

	2023 \$	2022 \$
<u>Financial position</u>		
Current assets	564,770	528,925
Non-current assets – equipment	9,827	4,360
Non-current assets – investments in, and loans to, subsidiaries	4,265,391	6,172,299
Current liabilities	(927,160)	(633,608)
Net assets	<u>3,912,828</u>	<u>6,071,976</u>

Equity

Issued capital, net of capital raising costs	30,724,008	30,411,426
Share-based payments reserve	1,592,643	1,777,251
Accumulated losses	(28,403,823)	(26,116,701)
Total equity	<u>3,912,828</u>	<u>6,071,976</u>

Financial performance

Loss for the year	(2,287,122)	(2,534,936)
Other comprehensive loss	-	-
Total comprehensive loss	<u>(2,287,122)</u>	<u>(2,534,936)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 25: Parent entity disclosures (continued)

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 1, 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.

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

As at 30 June 2023, the Company has not entered into any cross guarantees with any of its subsidiaries (30 June 2022: Nil).

Contingent liabilities of the parent entity

As at 30 June 2023 the Company has no contingent liabilities (30 June 2022: Nil).

Capital commitments

As at 30 June 2023 the Company has no capital commitments (30 June 2022: Nil).

Note 26: Auditor's remuneration

The auditor of RooLife Group Ltd is HLB Mann Judd.

	2023	2022
	\$	\$
Auditor of the parent entity		
Audit or review of the financial statements	60,760	48,872
	<u>60,760</u>	<u>48,872</u>
Network firm of the parent Company auditor		
Audit of financial statements for Roolife (HK) Limited	4,832	-
Other services for RooLife (HK) Limited	3,363	1,557
	<u>8,195</u>	<u>1,557</u>
	<u>68,955</u>	<u>50,429</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2023

Note 27: Events subsequent to the reporting date

On 14 July 2023, the Company entered into a convertible note agreement with existing shareholder Xiaodan Wu (A Hong Kong Based substantial shareholder in RLG), the key terms are as follow:

- Amount \$200,000
- 8% per annum interest rate accrues on the Loan and it repayable at the end of each calendar quarter.
- 5 Full Paid Ordinary shares in RLG will be issued to the lender for every A\$1.00 loaned.
- Term is 12 months.
- Lender may elect to convert part or all of the Loan into RLG Shares at any time prior to the end of the Term.
- RIG may elect to repay the Loan in part or in full at any time prior to the end of the Term.
- Any conversion of the Loan into RLG Shares will be at a conversion price of \$0.025 per RLG Share
- If at any time RLG repays the whole or any part of the Loan by way of an issue of RLG Shares then RLG may, for the purpose of calculating the number of RLG Shares to be issued, reduce directly from the value of the relevant loan amount any amounts paid by RLG to that point as interest in respect of the relevant loan amount.
- The Loan will be secured by a charge over RLG's inventory, receivable amounts, prepayments, and deposits, capped at the value Of the Loan amount.

On 14 July 2023, the Company entered into an unsecured loan agreement with Directors, The key terms are as follow:

- A line of credit of \$400,000, being \$200,000 from Bryan Carr and \$200,000 from Warren Barry, to be draw, for sale of productions into China.
- Repayment per transaction, typically 90 days terms for repayment to be agreed between lender and Borrower on a case-by-case basis.
- 10% per annum interest rate on loan amount drawn down, payable in arrears.

On 27 September 2023, the Company entered into a convertible note agreement with Westcap Pty Ltd, the key terms are as follow:

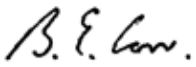
- Amount \$1,000,000
- 8% per annum interest rate accrues on the Loan and it repayable at the end of each calendar quarter.
- Provision of 2,000,000 Fully Paid Ordinary Shares in RLG (RLG Shares) to be issued to the lender upon execution.
- Term is 13 months.
- Lender may elect to convert part or all of the Loan into RLG Shares at any time prior to the end of the Term, or to repaid at the end of the Term.
- RLG may elect to repay the Loan in part or in full at any time prior to the end of the Term.
- Any conversion of the Loan into RLG Shares will be at a conversion price of \$0.025 per RLG Share.
- The Loan will be secured by a charge over RLG's inventory directly purchased with and capped at the value of the Loan amount.

There has been no other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Roolife Group Ltd ('the Company'):
 - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023.

This declaration is signed in accordance with a resolution of the board of directors.



Bryan Carr
Managing Director and Chief Executive Officer
Dated: 29 September 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of RooLife Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of RooLife Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How our audit addressed the key audit matter
<p>Carrying Value of Intangible Assets including Goodwill</p>	
<p>Notes 13 and 14 of the financial report</p>	
<p>In accordance with AASB 136 <i>Impairment of Assets</i>, the Group was required to assess at balance date whether there was any indication that the Group's intangible assets may have been impaired. If any such indication existed, the Group was required to estimate the recoverable amount of the asset.</p>	<p>Our procedures included, but were not limited to the following:</p>
<p>The Group was also required to test goodwill for impairment.</p>	<ul style="list-style-type: none"> - We reviewed management's assessment of whether any impairment indicators existed that would require the definite life intangibles to be tested for impairment; - We critically evaluated the assumptions used in management's value-in-use model to support the carrying value of the goodwill and the basis for key assumptions; - We reviewed the mathematical accuracy of the value-in-use model; - We performed sensitivity analyses around the key inputs used in the model; and - We examined the disclosures made in the financial report.
<p>We focused on this area as the intangible assets including goodwill represent significant assets of the Group. We planned our work to address the audit risk that the intangible assets including goodwill may have been impaired.</p>	<p>Going concern</p>
<p>Note 1(e) of the financial report</p>	
<p>The financial report is prepared on the going concern basis, which contemplates continuity of normal business and the realisation of assets and settlement of liabilities in the ordinary course of business.</p>	<p>Our procedures included but were not limited to the following:</p>
<p>If the going concern basis of preparation of the financial statements was inappropriate, the carrying amount of certain assets and liabilities may have significantly differed.</p>	<ul style="list-style-type: none"> - We considered the appropriateness of the going concern basis of accounting by evaluating the underlying assumptions in cash flow projections prepared by the Group including sensitivity analysis and subsequent events.
<p>The going concern basis of accounting was a key audit matter due to the significance to users of the financial report and the significant judgement involved with forecasting cash flows.</p>	<p>Our responsibilities in respect of the going concern basis of accounting are included below under Auditor's responsibilities for the audit of the financial report.</p>

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Group 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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Roolife Group Limited for the year ended 30 June 2023 complies with Section 300A of the *Corporations Act 2001*.

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.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
29 September 2023



D I Buckley
Partner

ADDITIONAL SECURITIES EXCHANGE INFORMATION

The shareholders information set out below was applicable as at 27 September 2023.

(a) Distribution of equity securities

The following is a distribution schedule for fully paid ordinary shares:

Range	Total holders	Units	% of Issued Capital
1 - 1,000	40	6,662	0.00
1,001 - 5,000	32	131,761	0.02
5001-10,000	54	461,123	0.06
10,001-100,000	635	28,103,458	3.90
100,001 Over	465	691,885,129	96.02
	1,226	720,558,133	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$0.0140 per unit	35,715	451	7,668,263

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ADDITIONAL SECURITIES EXCHANGE INFORMATION (continued)

(b) Equity security holders

The following is a listing of the top 20 holders of fully paid ordinary shares.

Rank	Name	Units	% Units
1	MEGA HOLDINGS PTY LTD	83,247,972	11.55
2	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	40,001,338	5.55
3	MS XIAODAN WU	36,329,100	5.04
4	MR JAY SHAH	32,338,332	4.49
5	BNP PARIBAS NOMS PTY LTD <DRP>	22,538,207	3.13
6	MR WARREN LESLIE BARRY + MRS SONIA ANNE BARRY <BARRY FAMILY SUPERFUND A/C>	13,498,710	1.87
7	BARRY CONSULTING PTY LTD <BARRY FAMILY A/C>	13,152,091	1.83
8	MR GARY ROGER KNIGHTS <KNIGHTS FAMILY A/C>	13,000,001	1.80
9	MR GUOXIAN ZHENG	12,568,790	1.74
10	MR BRYAN EDWARD CARR <SHABAZ FAMILY A/C>	12,250,000	1.70
11	MR MARK AUGUST NICKEL	11,000,000	1.53
12	MR FRANCO ANTONELLO	10,100,000	1.40
13	MR BRADLEY SAXBY	9,087,323	1.26
14	PELLICCIONE SF PTY LTD <PELLICCIONE S/F A/C>	8,963,782	1.24
15	MR PETER GRAEME FAULL	8,425,308	1.17
16	NEXT GENERATION FISHERIES PTY LTD	8,245,614	1.14
17	MR SIMON (SUI HEE) LEE	7,000,000	0.97
17	SPINDRIFT 272 PTY LTD	7,000,000	0.97
19	MR ERWAN NGUYEN	6,983,636	0.97
20	SHABAZ HOLDINGS PTY LTD <SHABAZ S/F A/C>	6,700,000	0.93
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		362,430,204	50.30
Total Remaining Holders Balance		358,127,929	49.70

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ADDITIONAL SECURITIES EXCHANGE INFORMATION (continued)

(c) Options, Performance Options and Performance Rights on Issue

The following unlisted options are on issue:

Number of Options	Number of holders	Option Terms
4,807,691	6	Options exercisable at \$0.05 expiring 30 November 2024.
4,807,691		

The following performance unlisted options are on issue:

Number of Options	Number of holders	Option Terms
30,000,000	6	Performance Options exercisable on vesting at \$0.05 expiring 30 November 2024.
30,000,000		

The following performance rights are on issue:

Number of Performance Rights	Number of holders	Option Terms
9,900,000	4	Performance Rights convert to ordinary shares on vesting, expiring 1 December 2024.
13,400,001	4	Performance Rights convert to ordinary shares on vesting, expiring 1 December 2024.
7,500,000	4	Performance Rights convert to ordinary shares on vesting, expiring 1 December 2024.
7,500,000	4	Performance Rights convert to ordinary shares on vesting, expiring 1 December 2024.
9,500,000	5	Performance Rights convert to ordinary shares on vesting, expiring 15 March 2029.
44,500,001		

(d) Restricted Securities

There are no Restricted Securities on Issue

ADDITIONAL SECURITIES EXCHANGE INFORMATION (continued)

(e) Voting rights

Every ordinary shareholder present in person or by proxy at meetings of shareholders shall have one vote for every share held.

Option holders and Performance Share Holders have the right to attend meetings but have no voting rights until the options are exercised.

(f) Substantial holders

The following shareholders are considered substantial shareholders of the Company:

- Mega Holdings Pty Ltd: 83,247,972 Shares (Representing 11.55% of total issued shares)
- Ms Xiaodan Wu: 36,329,100 (Representing 5.04% of total issued shares)

(g) Corporate governance statement

In accordance with ASX Listing Rule 4.10.3, the Company's Corporate Governance Statement can be found on its website at www.roolifegroup.com.au.

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