



30 April 2021

Quarterly Activities Report and Appendix 4C for the Period Ended 31 March 2021

Quarter Highlights

- **Cash receipts from customers for 3Q FY2021 were \$1.9m, with \$1.4m in cash receipts already received in April 2021, reflecting 3Q FY2021 revenue of \$3.4m**
- **3Q FY2021 unaudited revenue was a record \$3.4m, up 145% over 2Q FY2021 (\$1.35m) and up 340% from 3Q FY2020 (\$775k)**
- **Rapid and reliable payment terms with major Chinese e-Malls affords RLG the turnover required to continue growing revenue**
- **RLG expects another record sales quarter in 4Q FY2021 and to be operationally cash flow positive in combination with continuing revenue growth**
- **Receivables and inventory as at 31 March of \$4.6m of which 90% is expected to convert to and be received as cash in 4Q FY2021**
- **Contracts signed with Murray River Organics (ASX: MRG) and Mildura Fruit Company; expanding pipeline of prospects**
- **RLG featured in Forbes magazine with Alibaba and Nuria for its Tmall e-commerce store**

e-Commerce and digital marketing company RooLife Group Ltd (**ASX: RLG**) ("**RLG**" or the "**Company**") is pleased to provide shareholders with the Company's Quarterly Activities Report and Appendix 4C for the Quarter ended 31 March 2021 (the "**Quarter**").

RLG is experiencing continual strong demand for health and well-being and food products in China, which is expected to deliver positive net cash flow in the June Quarter and a stronger closing cash position for the Company as at 30 June 2021.

The Company has balance sheet strength for continued growth with accounts receivable and inventory of \$4.62m (of which 90% is expected to convert to cash in 4Q FY2021) in addition to \$2.43m cash at bank at 31 March 2021 (total \$7.05m).

Improved Sales Efficiency Drives Revenue Growth

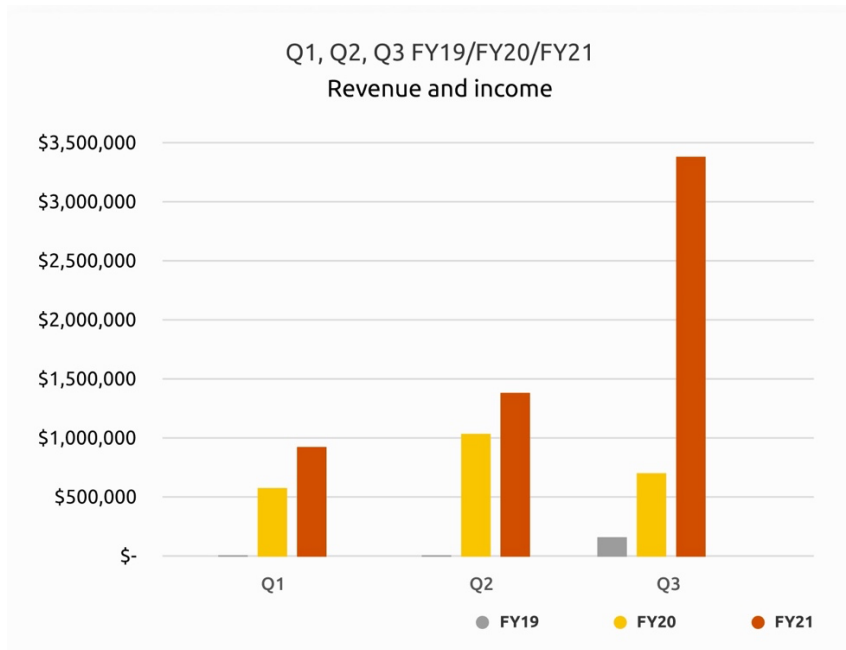
During the Quarter RLG launched new brands and continued to scale-up existing brands over which it has exclusive rights to sell into China.



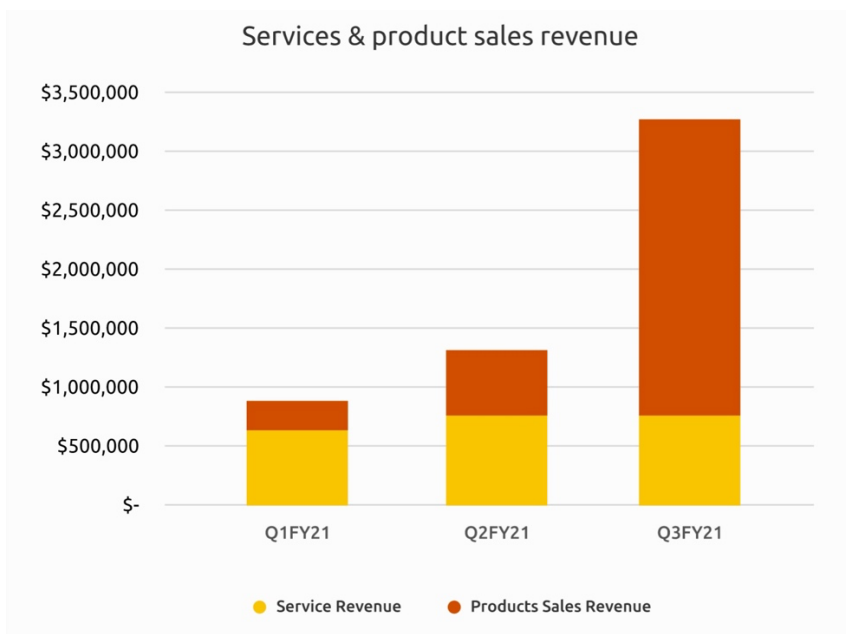
The successful launch and marketing of these brands resulted in record quarterly revenue of \$3.4m (unaudited) during 3Q FY2021 which is up 145% from the prior quarter and up 340% from 3Q FY2020 (\$775k).

Financial year-to-date unaudited revenue of \$5.7m, up 68% versus the entire 2020 financial year (\$3.4m), even with 3 months remaining in the current financial year.

RLG expects that this strong sales performance will continue into 4Q FY2021 and FY2022.



RLG's revenue mix is increasingly progressing from marketing services fees to scalable product sales, validating its vision of being a platform between global suppliers and Chinese consumers. Initial investment in sales channels is already seeing rapid revenue growth and increased sales efficiency.





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Contract Wins and Store Launches in Popular Categories

During the March Quarter RLG secured new contracts with ASX-listed Murray River Organics and Mildura Fruit Company. These continued contract wins, strengthen RLG’s product offering to Chinese consumers in the cross-border food and produce category. Western brands remain highly desirable to the Chinese consumer.

In addition to this, RLG continues to launch brands on schedule, with the BLIS Probiotics Tmall store established on 26 January at a ceremony with the Alibaba Group in Dunedin, New Zealand. This is the fifth in RLG’s core online store portfolio that has been launched since June 2020. It joins Nuria, Colab, AFT Pharmaceuticals and Inika Organic which are scaling online sales in China.



Also, during the Quarter, RLG was recognised in Forbes Magazine which showcased the Nuria Tmall Store established and operated by RLG in collaboration with Alibaba.



The Alibaba team worked closely with Nuria and its digital marketing partner – **RooLife Group** in China to help:

- Develop social media and channel strategy
- Analyse local market data for insights about category consumer behaviour
- Navigate supply chain, distribution, warehousing, and pricing
- Line up livestream e-commerce influencers, so popular for beauty products

Small World Brands President, Josh Ghaim

“RooLife’s track record in China and the strong partnership they have already established with our US based team, makes RooLife an ideal partner.”

(www.forbes.com/sites/michellegreenwald/2021/02/15/how-alibaba-makes-it-easier-for-global-start-ups-to-enter-china-and-for-multinationals-to-innovate/?sh=6bf969556e1)



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Buy Now Pay Later Feature Launched to Expand Addressable Market

During the March Quarter, RLG launched Alipay's Buy Now Pay Later capability on its e-Commerce stores. RLG's Chinese customers can now make purchases via their Alipay wallet using credit facilities provided by Ant Financial and paid back in instalments. With expanded purchasing power, RLG anticipates that this will increase store turnover and make purchasing decisions simpler.

Steady Inflows, Increasing Efficiency, and Cost Reductions Provide a Healthy Financial Position

Of the \$3.4m unaudited revenue for the Quarter, cash receipts totalled \$1.88m. \$1.84m in receipts from customers and \$38k in receipts from Government grants. RLG closed the Quarter with cash of \$2.43m with receivables and inventory of \$4.62m of which 90% is expected to convert to and be received as cash in the June quarter, with \$1.4m cash already received to date in April which is in accordance with expectations. Correspondingly, Accounts Payable totalled \$1.95m at the end of the March Quarter.

RLG continues to drive sales efficiency through not only revenue growth but also cost reduction which is expected to deliver positive net cash flow for the Company in 4Q FY2021. Payments for staff costs in the quarter totalled \$807k down 20% from the prior quarter. Admin and corporate costs were \$230k in the March quarter down 9% from the prior quarter. Advertising and marketing expenditure was \$358k for the Quarter, down 18% from the prior quarter, with Company reaping the benefits of investment in sales and marketing initiated in the December Quarter. Further reductions in administrative, corporate and staff costs and advertising and marketing expenditure are anticipated in the following quarters as RLG continues to increase its sales and financial efficiency leveraging its growing expertise and technology. RLG anticipates that this will continue to contribute to revenue and margin growth in subsequent quarters.

Attached is the Appendix 4C for 4Q FY2021 including reporting of payments to related parties as disclosed at Item 6 showing payments to Directors for agreed services/fee and salary arrangements split as follows:

Fees paid to Non-Executive Directors were \$30,112 and fees paid to Executive Directors during the Quarter totalled \$189,687.

Payments totalling \$6,878 were made to Murcia Pestell Hillard Pty Ltd, a company related to Mr. Grant Pestell, for the provision of legal services.

ENDS

Issued by: RooLife Group Ltd

Authorised by: The Board of RooLife Group Ltd

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RLG OVERVIEW

RLG is a cross-border platform that matches Chinese consumer demand with international brands and products.

RLG identifies trends in Chinese consumer demand, secures distribution rights for international products that fit consumers' needs and provides the technology and sales infrastructure necessary for brands to sell at scale in China.

RLG's fully integrated offering includes:

- Market research and data analysis;
- Online and offline b2c and b2b sales channel establishment and management;
- Product localisation, brand and marketing development;
- International and local logistics, warehousing, and shipping; and
- Payment acceptance and remittance.

Contracts with clients are typically structured on a term of 2-3 years. Revenue is earned from a combination of monthly marketing and service fees and increasingly product sales. RLG has the exclusive rights to sell each brand into China both online and through traditional channels.

RLG has secured 10 international clients from Australia, New Zealand, U.S.A., Europe, United Kingdom and South America. A selection of these clients include:

- Nuria (skincare)
- Colab (dry shampoo)
- AFT Pharmaceuticals (pharmacy)
- Blis Probiotics (probiotics)
- Murray River Organics (health food)



The online shopping market in China is \$2.2 trillion, comprising 925m online shoppers and is growing at 12% per annum. (Source: www.statista.com/outlook/dmo/ecommerce/china#revenue)

Appendix 4C

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

Name of entity

RooLife Group Limited

ABN

14 613 410 398

Quarter ended ("current quarter")

31 MARCH 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,837	3,504
1.2 Payments for		
(a) research and development	(26)	(49)
(b) product manufacturing and operating costs	(3,051)	(4,241)
(c) advertising and marketing	(358)	(947)
(d) leased assets	-	-
(e) staff costs	(807)	(2,509)
(f) administration and corporate costs	(230)	(597)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	38	351
1.8 Other (provide details if material)	(67)	(247)
1.9 Net cash from / (used in) operating activities	(2,661)	(4,727)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(8)	(19)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	(20)	47
2.6	Net cash from / (used in) investing activities	(28)	28

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	6,259
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(8)	(476)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(8)	5,783

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,125	1,343
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,661)	(2,066)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(28)	56

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(8)	5,791
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	Cash and cash equivalents at end of period	2,429	5,125

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,429	5,125
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,429	5,125

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	227 ¹
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

¹ Payments totalling \$220,000 were made to directors for fees and superannuation on fees.

Payments totalling \$7,000 were made to Murcia Pestell Hillard Pty Ltd, a company related to Mr. Grant Pestell, for the provision of legal services.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	50	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	50	-
7.5 Unused financing facilities available at quarter end		50
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	Business Overdraft Facility of \$49,999 with Australia and New Zealand Banking Group Limited (ANZ) at an interest rate of 10.45%. The facility is unsecured and has no fixed maturity date.	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,661)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,429
8.3 Unused finance facilities available at quarter end (item 7.5)	50
8.4 Total available funding (item 8.2 + item 8.3)	2,479
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.93
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	Answer: No, as a consequence of a particularly strong period of growth and sales in the March Quarter the company has receivables and inventory of \$4.6m of which 90%, or more than \$4m, is expected to be received as cash payments in the June Quarter with the company expected to be cashflow positive in the June Quarter.
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
	Answer: Not applicable as the Company is expected to be cashflow positive in the June Quarter.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. Please refer to 8.6 Item 1.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2021.

Authorised by: The Board of RooLife Group Ltd

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.