



ROTOGRO

ASX Release

21 April 2022

Company Update

Roto-Gro International Limited (“**ASX:RGI**”, “**RotoGro**” or the “**Company**”) provides the following update regarding the operations of the Company.

Financial Position

On 28 February 2022, RotoGro requested that the ASX place its securities in a trading halt. The reason for the request was a material uncertainty in relation to the Company’s financial position which arose in connection with the preparation of its half-yearly audit reviewed financial statements for the period ended 31 December 2021.

During the final stages of such preparation, while liaising with the Company’s auditors it became apparent that a write-down for the impairment loss for RGI’s intangible assets would be required to be booked in the half-yearly report.

The proposed write-down for the impairment loss together with the historically low share price and other factors (including the ongoing delayed deposit payment expected from Canniberia LDS) caused the Board to consider a revision to the going concern assumption in the draft half-yearly financial statements. In light of the Board’s concerns, the Company began to investigate its options with the assistance of its professional advisors.

On 1 March 2022, the Company’s securities were suspended from Official Quotation due to its failure to lodge its half-yearly audit reviewed financial statements for the period ended 31 December 2021 by 28 February 2022. The Company has since lodged its half-yearly report, as announced to ASX on 18 March 2022.

Verity Greens

The Company has subsequently been notified that Verity Greens Inc. (“**Verity Greens**”), with whom RotoGro executed an Exclusive Technology Agreement, as amended, has decided that it will not proceed with any agreements with the Company. Given the time and efforts invested by the

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Directors

Michael Carli (Non-Executive Chairman)
Michael Di Tommaso (Executive Director)
Terry Gardiner (Non-Executive Director)

Chief Financial Officer

Karla Mallon

Company Secretary

Andrew Palfreyman





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Company to make the relationship with Verity Greens a success, the Board is disappointed by this development. However, the Company remains committed to the indoor vertical farming space for perishable foods and will continue to identify new opportunities in North America and globally.

As such, the Company will continue to concentrate on the agreements that it currently has in place, as well as pursuing the strong pipeline of new business opportunities that it has identified.

Board Appointment

As announced to ASX on 19 April 2022, Mr Peter Hatfull has been appointed as a new director of the Company. The Company is delighted with Mr Hatfull's appointment given the depth of his experience and knowledge over 40 years', particularly in the areas of business optimisation, capital raising and restructuring.

Capital Raising

In early March 2022, RGI's corporate advisor EverBlu Capital Pty Ltd ("**EverBlu**") advised that RGI was well placed to raise capital to support it operationally through current market conditions.

EverBlu advised that any capital raising should be paired with some action taken by the Company, including reducing operational expenses. Since then, the Company has reduced its headcount and suspended its Advisory Board to save costs. Based on the advice received, the Board determined that it is in the best interests of the Company and shareholders to pursue raising capital.

The Company is liaising with ASX on the requirements for re-instatement to the Official List and is committed to working in the best interests of its shareholders.

The Company is committed to working constructively with ASX and will continue to update shareholders and the market regarding these developments.

- ENDS -

This announcement is authorised for release to the market by the Board of Directors of Roto-Gro International Limited.

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