



ROTOGRO

ASX Release

4 May 2022

Quarterly Activities Report for the Period Ended 31 March 2022

Roto-Gro International Limited (ASX:RGI) (“**RotoGro**” or the “**Company**”) provides the following quarterly activities report for the period ended 31 March 2022 (“**Quarter**”).

Company Update

Throughout the Quarter and post-Quarter end, the Company continued to work diligently and assess all viable options alongside its professional advisors with the objective to generate shareholder value.

Production and Sales Pipeline

Throughout the Quarter, the Company continued to work with its current and prospective customers in the indoor vertical farming space with the ambition to drive the commercial rollout of its Model 420 Rotational Garden Systems (the “**RotoGro 420**”) and its Model 710 Rotational Garden Systems (the “**RotoGro 710**”) (together, the “**RotoGro Gardens**”), along with its Plant Nutrient Management System (the “**Fertigation System**”) and revamped Enterprise Edition iGrow Software System (the “**RotoGro Software**”) (collectively, the “**RotoGro Technology**”).

Fresh Leaf Limited

During the Quarter, the Company continued to work with Fresh Leaf Limited (“**Fresh Leaf**”) on the setup and installation of the previously shipped 3 RotoGro 710s. RotoGro and Fresh Leaf entered into a Memorandum of Understanding to explore synergistic opportunities for the development of full-scale commercial cultivation facilities in Oceania (including Australia and New Zealand).

The RotoGro 710s are anticipated to be up and running shortly, with Fresh Leaf beginning Phase Two of the RotoGro/Fresh Leaf collaboration for trials and testing at Fresh Leaf’s facility located in Victoria, Australia (the “**Australian Trials**”). Throughout the Australian Trials, the companies have

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agreed to collaborate to assess the viability of the RotoGro technology as a cultivation solution for Fresh Leaf, in anticipation of a further purchase order of 48 RotoGro 710s to support Fresh Leaf's pre-commercial pilot cultivation facility, with a view to establishing a long-term and sustainable joint venture leading to Fresh Leaf's first, full-scale commercial indoor vertical farming facility utilising the RotoGro Technology.

Wolf Island Cannabis Inc.

During the Quarter, the Company continued to work with Wolf Island Cannabis Inc. ("**Wolf Island**") in anticipation of its lawful cannabis cultivation facility buildout in 2022. The teams' collaborated pursuant to a previously executed and binding Purchase and Sale Agreement for CAD \$380,000, whereby Wolf Island committed to RotoGro as its technology supplier by paying RotoGro a non-refundable deposit of CAD \$213,000.00. As previously disclosed on 27 January 2022, due to minor regulatory delays, the previously anticipated buildout has been extended to such time that Wolf Island is ready for the delivery and installation of its RotoGro technology. Nevertheless, recent discussions indicate that Wolf Island has started the buildout of its cannabis cultivation facility located in Ontario, Canada.

Canniberia LDA

During the Quarter, the Company continued to work with Canniberia LDA ("**Canniberia**") in connection with its previously executed Purchase and Sale Agreement, which provides for the purchase of 144 RotoGro 420s and 1 Fertigation System for an agreed total purchase price of CAD\$1,904,000.00. The Company has not yet received the deposit under the agreement, however considers that Canniberia's project would be a significant opportunity given its size and revenue generating potential and location in Europe. RotoGro remains committed to the project.

CannaAcubed Pte Ltd.

Early in the Quarter, the Company was involved with an introductory discussion on the RotoGro Technology with CannaAcubed Pte Ltd. ("**CannaAcubed**") and its potential partners in Thailand. This discussion was pursuant to the previously executed Brokerage Agreement executed between

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CannAcubed and RotoGro which was disclosed on 27 January 2022. The Brokerage Agreement is not considered to be material.

Cultivatd Inc.

During the Quarter and pursuant to the executed Brokerage Agreement with Cultivatd Inc. (“**Cultivatd**”) disclosed on 27 January 2022, the Company was requested by Cultivatd to provide further information with respect to the RotoGro Technology and its potential application in a strategic jurisdiction. As such, RotoGro and Cultivatd continued to work together to introduce RotoGro’s Technology as a solution in the indoor vertical farming space. The Brokerage Agreement is not considered to be material.

Technology Inquiries

Throughout the Quarter, the Company continued to handle various technology enquiries in both the perishable foods and lawful cannabis spaces, and target prospective customers and joint venture partners in these industries to expand its presence as an agricultural technology provider.

Forward Looking

The Company currently has several sales leads with prospective customers. It is not guaranteed that these leads will convert into sales orders and growing management contracts.

Research and Development

Perishable Foods (Produce)

During the Quarter, RotoGro’s Plant Science team continued to trial various crop types in its RotoGro 710 Garden Systems for business development purposes. The Plant Science team has been testing varying crop cultivation parameters to library crop types and growing parameters for potential customers and joint venture partners. The team has executed positive crop cultivation trials for a variety of leafy greens and herbs and are commended for their diligent efforts. Trials and testing will continue as RotoGro looks to market the potential of its technology to different regions globally.

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Lawful Cannabis

During the Quarter, RotoGro’s Plant Science team finalised cannabis production trials in its Model 420 Garden Systems when compared to a traditional flat deck table system. It also finalised cannabis crop trials in the RotoGro 710 with success. Preliminary results indicate that the RotoGro 710s are a viable crop cultivation solution for the cultivation of lawful cannabis.

Engineering, Design and Innovation

Throughout the Quarter, RotoGro’s Engineering, Design and Innovation team focused heavily on automation aspects particular to the RotoGro 710s. The team focused particularly on the component redesign alongside an external design and engineering firm for the Company’s proprietary automated guided vehicle system to be incorporated with its RotoGro 710s.

The Company is also pleased to announce that the team has successfully designed and conducted preliminary tests for a “media-less” solution for its RotoGro 710 Garden Systems. This solution incorporates a special crop and grow tray capping system that is anticipated to allow RotoGro’s Plant Science team to begin trials in the RotoGro 710s without any soil or hydroponic media within the grow trays. The capping system it anticipated to allow plants to be positioned in each growing tray without any water/nutrient leaking as the plants feed and the Garden System rotates. Preliminary tests indicate that the crops within the media-less system still receive the required water/nutrient concentrations and result in healthy growth, all while reducing labour, mess, and most importantly, costs, associated with traditionally required crop cultivation media. RotoGro’s teams will work to stress test the design and assess potential commercial viability.

During the Quarter, the team also continued work on full-facility designs, including engineering, HVAC, and electrical redesigns to optimize workflow and power efficiencies in both potential cannabis and perishable foods cultivation facilities.



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Administration

ASX Suspension and Ongoing

On 28 February 2022, RotoGro requested that the ASX place its securities in a trading halt as a result of 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 significant 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 other factors 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 report 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.

In March 2022, the Company was advised by its Corporate Advisor, EverBlu Capital Pty ("**EverBlu**"), that it was in a position to complete a capital raising for the Company. The Company subsequently negotiated and agreed with EverBlu terms and conditions for a prospective capital raising. A condition of the capital raising was that the Company's securities be reinstated to official quotation on ASX.

In early April 2022, the Company approached ASX regarding reinstatement of Official Quotation in connection with the proposed capital raising. ASX advised the Company that it would need to provide detailed submissions pertaining to ASX Listing Rules 6.1, 12.1, 12.2, and 12.5, to satisfy ASX that the Company's financial condition and level of operations are sufficient to warrant the removal of the suspension and continued quotation and listing ("**Submission**").

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On 19 April 2022, the Company appointed Peter Hatful as its second Australian resident Director, to comply with the *Corporations Act 2001* (Cth) requirements.

On 21 April 2022, the Company lodged its Submission with ASX. The Submission was considered by the National Listings Committee of ASX on 27 April 2022.

On 27 April 2022, the Company provided further information to ASX in relation to its level of operations reiterating and highlighting the opportunities that may be generated by the Wolf Island Agreement, the Canniberia Agreement, its progress with Fresh Leaf, and the potential opportunities with both CannAcubed and Cultivated, and that the Company's continues to field technology purchase and sales opportunities, globally.

On 28 April 2022, ASX advised the Company that based on the Submission and information provided, ASX would not be reinstating the Company's securities to quotation on ASX. The Company has not yet received written notification of this decision.

Consequently, the Company and its professional advisors are currently assessing the ramifications of ASX's decision. The Company is assessing all available options in terms of next steps and will continue to update the market in accordance with its continuous disclosure obligations.

Dual Listing

Given the current ongoings of the Company the Board deems it appropriate to put on hold the Company's previous ambition to dual list on the Canadian Securities Exchange.

Activity Expenditure

A summary of the Company's expenditure incurred during the quarter in respect of the above business activities is set out in the below table:

Activity	Expenditure
Production and sales pipeline	AUD \$101,000

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Research and development	AUD \$102,000
Engineering, design, and innovation	AUD \$218,000
Administration, corporate, and grants	AUD \$630,000
Total	AUD \$1,051,000

Q3 Financial Update

Net cash outflows from operations were \$1.1 million for the quarter. The material items of administration and corporate costs, staff costs and design and innovation costs, being \$0.27 million, \$0.16 million and \$0.22 million respectively.

Related Party Transactions

As disclosed in Section 6.1 of the attached Appendix 4C, there were total payments of A\$76k to related parties for salaries and directors' fees to executive and non-executive directors of the Company. There were no other payments to related parties.

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



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For more information please contact:

Investment Enquiries

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About Roto-Gro International Limited

Roto-Gro International Limited (“**RotoGro**”) is an Australian agricultural technology company. RotoGro utilises its state-of-the-art, automated agricultural cultivation technology to provide sustainable and cost-effective solutions to the indoor vertical farming market. The Company’s operations are focused supplying its proprietary, patented, and patents-pending technology to the indoor vertical farming space for both perishable food (produce) and lawful cannabis.

The core of RotoGro’s technology is its patented Rotational Garden Systems, which provide optimized yields per square meter and significantly lower operating costs when compared to other indoor vertical farming technologies. RotoGro’s Rotational Garden Systems are supported by its proprietary software systems, management system, automation technologies, and in-house design and engineering services.

RotoGro’s in-house engineering teams provide consultative services for full facility designs to produce state-of-the-art facilities equipped with RotoGro’s technology. Further, RotoGro’s research and design team works with its existing customers to assist with their long-term success cultivating high-quality crops.



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Appendix 4C

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

Name of entity

ROTO-GRO INTERNATIONAL LTD

ABN

84 606 066 059

Quarter ended ("current quarter")

31 Mar 2022

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	0	242
1.2 Payments for		
(a) research and development	(102)	(254)
(b) product manufacturing and operating costs	(101)	(346)
(c) advertising and marketing	(13)	(133)
(d) leased assets	-	-
(e) staff costs	(164)	(541)
(f) administration and corporate costs	(267)	(877)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	187
1.8 Other (provide details if material)	-	-
- Business Development and consultants	(4)	(31)
- Legal Advisory fees	(119)	(284)
- Design & Innovation	(218)	(623)
- Property & facilities	(63)	(148)
1.9 Net cash from / (used in) operating activities	(1,051)	(2,808)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(c) property, plant and equipment	(131)	(346)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
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)	-	-
2.6 Net cash from / (used in) investing activities	(131)	(346)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,200
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	-	(149)
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 Lease repayments	(37)	(110)
3.10 Net cash from / (used in) financing activities	(37)	1,941

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,630	1,639
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,051)	(2,808)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(131)	(346)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(37)	1,941
4.5	Effect of movement in exchange rates on cash held	(1)	(16)
4.6	Cash and cash equivalents at end of period	410	410

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	410	1,630
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)	410	1,630

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	76
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: Directors being related parties of the Company were paid remuneration in the amount of \$76k during the March 2022 quarter. No other related party payments were made.

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		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,051)
8.2 Cash and cash equivalents at quarter end (item 4.6)	410
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	410
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.39
<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: ASX has advised the Company that its current level of operations, in ASX's opinion, is not sufficient to permit the reinstatement of the Company's shares to trading on ASX. Unless ASX changes this position, it is not likely that the Company will continue to have the current level of net operating cash flows.	
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: The Company has taken steps to raise further cash to fund its operations. However, the fund raise is not likely to complete until such time that ASX lifts the suspension of trading of the Company's shares.	

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: Given ASX's position with respect to the Company's current operations, it is unlikely that the Company will be able to continue its existing operations to meet its business objectives until such time that ASX lifts the suspension of trading of the Company's shares.

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: 4 May 2022

Authorised by: By the Board

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.