



Transformational Acquisition and Equity Raising

2 May 2024



Establishing a complete
plant nutrition solution
to thrive in the
Australian agriculture
industry

Authorised for release by the Board of RLF AgTech Ltd



Empowering
Growers



Nourishing
People



Restoring
Earth

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Acquisition of LiquaForce

Solid foundation with synergy potential

- **LiquaForce** is a family-owned Australian liquid fertiliser manufacturing, sales and application business.
- It has **two well established liquid fertiliser manufacturing facilities** in northern Queensland, allowing LiquaForce to provide services and products direct to growers, with a focus on the sugar cane market.
- Significant customer base and distribution network, allowing RLF to integrate high margin products.
- Liquid fertiliser aligns with the Great Barrier Reef Plan¹ by efficiently delivering nutrients, **reducing nitrogen and phosphorus runoff**, and **supporting sustainable farming practices**.

Target Financials

- LiquaForce achieved **\$20 million** in sales revenue for FY23 with an adjusted **EBITDA of \$1.04 million**.²
- Property, Plant and Equipment: **~\$3.51 million**.³
- Purchase price represents an **FY23 Revenue Multiple of 0.22x** and **FY23 EBITDA Adjusted Multiple of 4.30x**.
- Transaction to be **earnings accretive**, generate Australian source of revenue and margin.

Purchase Price

RLF has entered into a binding agreement to purchase **the business and assets** of LiquaForce for a total purchase price of \$4.5 million comprised of the following:

- \$3 million cash, payable on completion;
- \$0.75 million scrip, issued on completion; and
- \$0.75 million cash, payable on or before 30 September 2024.

1. The Reef 2050 Water Quality Improvement Plan by Queensland Government ([Targets | Reef 2050 Water Quality Improvement Plan \(reefplan.qld.gov.au\)](#))

2. Excluding grant expenditure and income, research and development, consultant costs and additional operating expenses that are one off and non-recurring.

3. Carrying value as at 31 December 2023. Source: LiquaForce unaudited HY24 Half-year Financial Statements.

Overview of LiquaForce

Business, Operations and Financials

LiquaForce is a well-recognised brand in north Queensland and has two established manufacturing facilities based in the region:

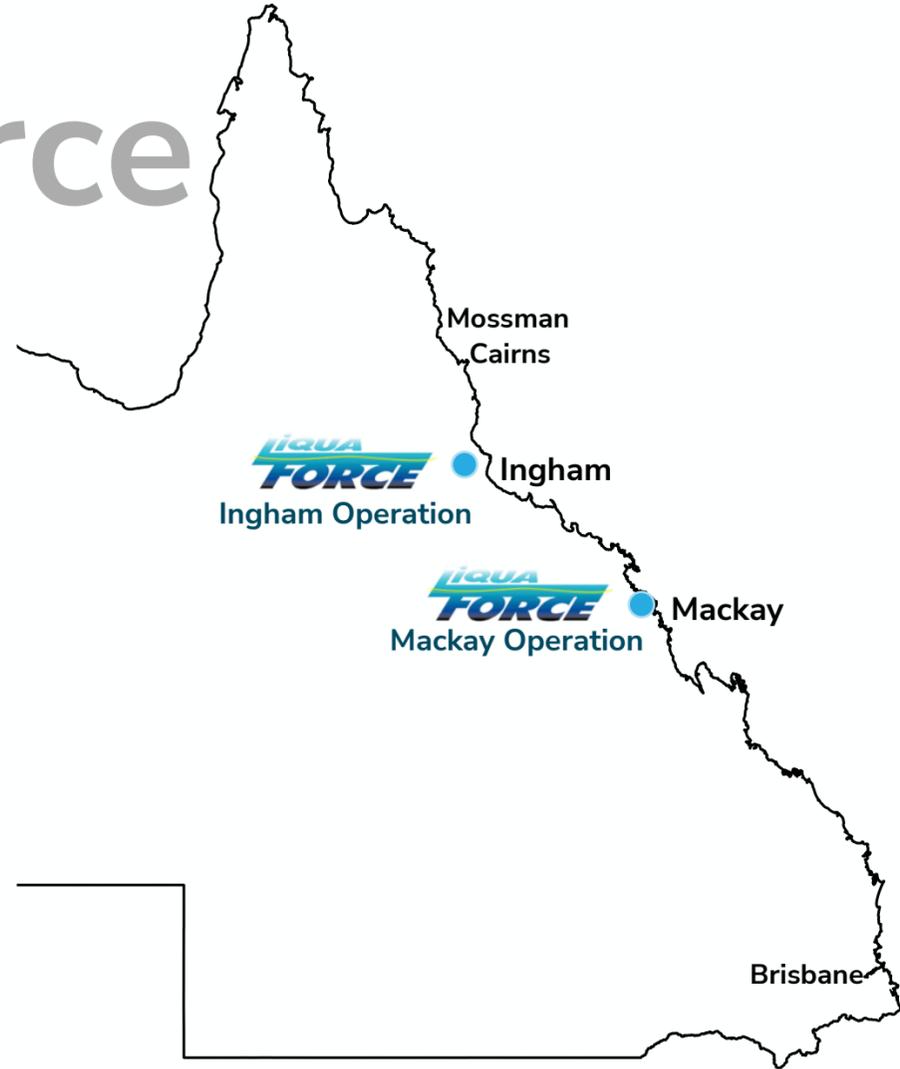
1. **Ingham Operation** – opened in 2007, currently producing 15 million litres per annum; and
2. **Mackay Operation** – opened in 2021, currently producing 6 million litres per annum, upgradable to 15 million litres per annum with low CAPEX requirement.

Experienced management, operations and sales teams will be retained post the Acquisition, ensuring business continuity.

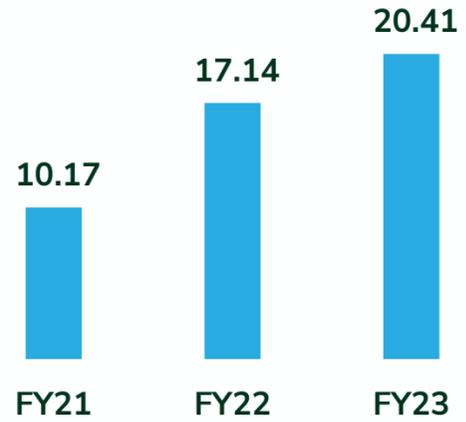
The two operations allow LiquaForce to provide services and products covering over 800km from Mossman to Mackay.

Main competitive advantages:

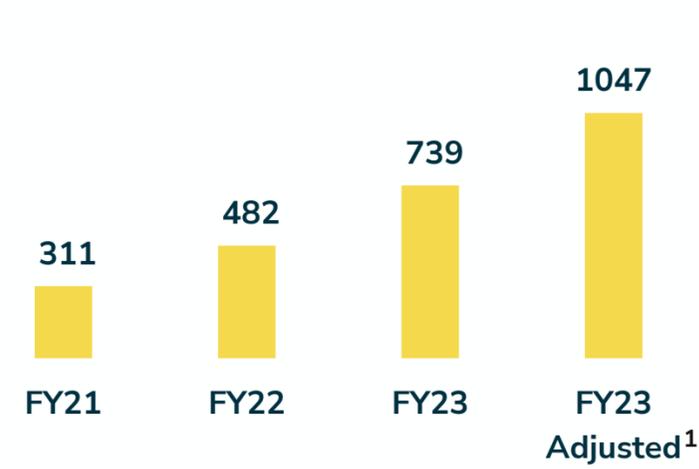
1. **Direct to grower** sales channel – reduce sales and marketing expenditure
2. **High rainfall and crop production zone** – high rates of fertiliser usage required
3. **Local manufacturing facilities** – shorten trucking distance to maximise margins



Sales Revenue (\$m)



EBITDA (\$'000)



1. Excluding grant expenditure and income, research and development, consultant costs and additional operating expenses that are one off and non-recurring

LiquaForce Acquisition Rationale

Operational

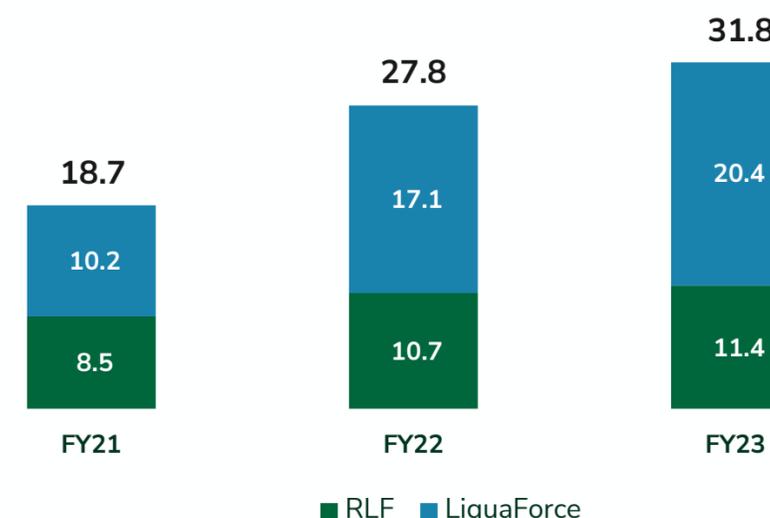
Achieving a full growth cycle plant nutrition solution with immediate synergies

- Highly complementary to RLF's existing product lineup
- Well established site in Ingham, Queensland with a newly commissioned manufacturing facility in Mackay; allowing for sales and services in new regions.
- Direct access to growers in Queensland with a potential to integrate higher margin RLF products into LiquaForce's existing sales channels.
- Mitigates the impact of seasonality in both businesses and extends the sales season for LiquaForce.
- RLF's products will have exposure to other key crops in the region, including bananas, mangoes, macadamias and various horticultural crops.
- RLF's R&D capabilities will enable LiquaForce to develop tailored solutions for the Queensland market.
- RLF's international procurement capability allows the sourcing of raw materials directly from overseas suppliers, resulting in cost benefits.

Financial

Strong accretive revenue with significant EBITDA and cash flow contribution

Pro forma sales revenue (\$M)



- LiquaForce's sales have grown at a CAGR of 36% for the last 3 financial years. RLF will gain Australian revenue and cash flow, diversifying its sources of revenue in addition to China.
- Reducing seasonality of revenue and cash flow due to agricultural seasons in northern (RLF/China) and southern (LiquaForce/Australia) hemispheres.
- Ability to distribute RLF's high margin products for additional revenue growth.

Pro forma Financials FY23

Unaudited Balance Sheet as at 31 December 2023 ¹

Assets	RLF	LiquaForce	Debt/Equity Funding	Pro forma	% Change	Note
Accounts Receivable	2.80	1.31	-	4.11	47% up	
Cash and cash equivalent	2.85	-	2.25	5.10	79% up	Assuming raise \$3m, after paying \$3.75m to the Vendor
Inventory	3.91	0.74	-	4.65	19% up	
PP&E	0.83	3.51	-	4.34	420% up	
Total	10.39	5.56	2.25	18.20	75% up	
Liabilities	RLF	LiquaForce	Debt/Equity Funding	Pro forma	% Change	Note
Accounts Payable	1.54	1.29	-	2.83	84% up	
Employee Benefits	0.23	0.23	-	0.46	104% up	
Loan	1.22	-	2.93	4.15	239% up	Equipment financing
Total	2.99	1.53	2.93	7.44	149% up	

1. Items that are relevant to the Acquisition. Sources: RLF's Half-year Financial Report ended 31 December 2023 (ASX announcement dated 28 February 2024) and LiquaForce's unaudited HY24 Financial Statements.

Future Initiatives

Growth Potential

Revenue

- Capitalising on existing strengths in key Asian markets for **continued growth of a valuable distribution network** that can **leverage** both proprietary and third-party **products and services**.
- Expediting the **integration of the high-margin RLF products** into LiquaForce's existing sales network for **additional revenue growth and EBITDA**.
- Increased **focus on potential large volume growers, corporate farms and high value distribution partners**.

Operation

- Investing in **our sales team expansion** across the business to accelerate market access
- Increasing product volume to **optimise** procurement opportunities, manufacturing costs and **overall margin improvement opportunities**.
- **Expansion** of manufacturing footprint into **new markets**.

Corporate

- Streamlining corporate functions, aiming to **increase efficiency and reduce costs**.
- Assessing other potential **acquisition targets** for **additional growth opportunities**.

Key Investment Highlights

Full Growth Cycle Plant Nutrition Solution



Highly complementary product lineups provide a complete full growth cycle plant nutrition solution for growers, presenting RLF/LiquaForce more sales opportunities to their existing customers.

Environmental Benefits



Liquid fertilisers are more efficient compared to granule fertilisers, greatly reducing nitrogen and phosphorus run-offs, helping coastal farm growers to protect the Great Barrier Reef, giving RLF a strong competitive advantage.

Exponential Growth



Acquisition of LiquaForce offers a substantial amount of accretive revenue from its existing operations in Queensland, which provide a solid platform for strong future earnings growth within Australia through the integration of RLF's high margin, complementary products into the broader Queensland market.

Revenue Diversification



Acquisition of LiquaForce sets the foundation for RLF's expansion into the Queensland market, generating revenue and cash flow from southern hemisphere, offsetting fluctuations due to agricultural seasonality.

Equity Raising Overview

Overview	RLF is seeking to raise funds via a placement and a share purchase plan (Equity Raising).
Structure	<p>The Equity Raising will consist of:</p> <ul style="list-style-type: none">(i) A placement to sophisticated and professional investors (Placement); and(ii) A share purchase plan to RLF's eligible shareholders (SPP). <p>Placement</p> <ul style="list-style-type: none">(a) RLF has raised ~\$1.89m via Placement and will issue ~31.4m new fully paid ordinary shares (New Share)(b) Participants in the Placement will be entitled to received one (1) New Option for every two (2) New Shares subscribed for (New Option). <p>The issues of New Options under the Placement and New Shares that are subscribed by participants who are Directors are subject to RLF's shareholder approval.</p> <p>SPP</p> <p>Eligible shareholders will be able to participate at the same Issue Price and receive the entitlement for the New Options via a Share Purchase Plan.</p> <p>The issue of New Options under the SPP is subject to RLF's shareholder approval. Details of the SPP will be distributed in due course.</p>
Issue Price	Both the Placement and the SPP will be issued at \$0.06 per New Share.
New Options	Exercise Price: \$0.12 and Expiry Date: three (3) years from issuing. All New Options will be unlisted.
Use of Proceeds	<ul style="list-style-type: none">(a) Payments of the deferred cash consideration to LiquaForce and of the Acquisition related costs; and(b) Provision of general working capital.
Ranking	All New Shares will rank equally with RLF's existing fully paid ordinary shares on issue.

Sources and Uses of Funds

Sources	\$M
Equity Raising ¹	3.00
Debt funding from NAB	2.90
Issuing shares for scrip payment to LiquaForce	0.75
Total	6.65

Note:

1. Assumes a raise total of \$3 million via Placement and SPP.

Uses	\$M
Cash Purchase Price of LiquaForce	3.75
Scrip Payment to LiquaForce	0.75
Capital Raise Costs	0.20
Acquisition Costs (including Stamp Duty)	0.80
LiquaForce Working Capital	0.60
RLF Working Capital	0.55
Total	6.65

Pro-forma Capital Structure

Description	Unit	Amount as at 25.04.2024	Amount Pro forma
Shares on Issue	million	186.1	248.6¹
Market Capitalisation	\$ million	12.8	14.9²
Options	million	26.2	51.2
Performance Rights	million	7.2	8.2³

Note:

1. Inclusive of the scrip payment of 12.5m shares to LiquaForce and assumes a total raise of \$3m.
2. Indicative market capitalisation.
3. The Board of RLF intends to invite one of the employees from LiquaForce to apply for 1m performance rights under RLF's Employee Incentive Securities Plan with certain performance related vesting conditions, subject to the commencement of employment with RLF of the individual.

Indicative Timetable

Key Event	Date
Announcement of Acquisition and Equity Raising	Thursday, 2 May 2024
Settlement of Placement	Tuesday 7 May 2024
Allotment of Placement Shares	Wednesday 8 May 2024
SPP Prospectus Lodged and SPP Offer Opens	on or around 10 May 2024
General Meeting to approve Placement Options, Director Options and Shares and SPP Options	on or around 12 June 2024
Closing Date of SPP Offer	on or around 14 June 2024
Settlement of Placement Options, Director Options and Shares and SPP Shares and Options	on or around 19 June 2024
Allotment of Placement Options, Director Options and Shares and SPP Shares and Options	on or around 20 June 2024

That above dates are indicative only and are subject to change. The Company reserves the right to amend this indicative timetable at any time.

RLF Overview



Operating in the higher margin, specialty crop nutrition category



Targeting broadacre, cotton and horticultural crop types



Backed by over 1,000 independent and on-farm evaluations spanning various climates and soil types



Proven results, driving a 10-30% yield increase, enhancing both crop quality and health, and improving financial returns for growers



Growing global distribution network with in-house R&D and manufacturing capabilities



Three provisional patents filed to safeguard the Company's intellectual property

RLF Milestones

2006-2009

RLF's products were entered into China market through imports.

A wholly-owned subsidiary was incorporated in China.

2015-2019

RLF relocated into a **12,000m² manufacturing facility** in China.

\$10m sales revenue for **FY19**.

No. of sales/technical staff: **~50**.

2023 - present

RLF expands into SE Asia markets with local representative offices in **Vietnam** and **Cambodia**.

HY24 Revenue: \$3.9 million (**~40% higher PoP**)

Total no. of staff: **~140**.

2024

Proposal to acquire the business and assets of LiguaForce, expanding into Queensland market.



2010-2014

RLF completed the construction of the **2,000m² manufacturing facility** in China.

\$1m sales revenue for **FY14**.

No. of sales/technical staff: **~14**.

2022

RLF's was admitted and **began trading on the ASX**, following **raising \$8.5 million** through the **IPO**.

2023

RLF entered into a **strategic carbon alliance** with **Commonwealth Bank of Australia**, supporting RLF's soil carbon initiatives



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Connect with us

