

**29 April 2022 | ASX Announcement  
RLF AgTech Ltd (ASX: RLF)**

## **MARCH 22 QUARTERLY REPORT**

RLF AgTech Ltd (RLF or the Company) (ASX: RLF), a technology-driven plant nutrition company, is pleased to provide its quarterly update to Shareholders for the March 2022 quarter.

### **Highlights**

- **Successful Completion of IPO, raising \$8.5 million (before costs) followed by ASX listing on 21 April 2022**
- **62% increase in advanced cash receipts for the March 2022 Quarter vs March 2021 Quarter in Asia Business**
- **Asia Sales Expansion Underway – 35% increase of sales personnel in quarter**
- **First order delivered to new distributor customer in Turkey**
- **Strategic discussions with large scale French conglomerate for commercial cotton trial on the Ivory Coast in West Africa commenced**
- **RLF Carbon – Signing of LOI with the Commonwealth Bank of Australia and preparations for commercialisation underway**

### **CLOSURE OF PUBLIC OFFER AND ASX LISTING**

During the quarter end, the Company completed its public offer raising \$8.5 million via the issue of 42.5 million shares at A\$0.20 per share with Discovery Capital Partners acting as lead manager. Based on the IPO listing price, RLF had a market capitalisation of \$37 million.

The successful completion of its IPO led to RLF's ASX admission after the quarter end and the Company listed on the ASX on Thursday, 21 April 2022. The Company's listing provides RLF with the opportunity to capitalise on the growing demand for agricultural commodities, record food and fertiliser prices and the need for plant nutrition efficiency in the food production sector globally.

RLF is now funded to commence its key strategic objectives to become a leading provider of high value crop nutrition products driving exceptional yield, excellent farmer ROI and a more sustainable approach to agriculture.

RLF's core operational and corporate objectives include:

- further expansion of the sales team in Asia to increase the distribution of RLF products in the region, which is the largest market globally;
- establishment and expansion of new strategic hubs in other jurisdictions to penetrate additional markets;
- commercialisation of the Company's Carbon project; and
- developing relationships with large scale distributors and corporate farms for increased product deployment and further revenue growth.

## **OPERATIONS**

### **Expansion of Asia Sales Team**

Consistent with RLF's revenue growth and customer acquisition strategy a new recruitment program commenced in January 2022 to increase the total number of in field sales personnel. During the March quarter our sales team has increased by 35%, with additional personnel now under active recruitment.

The growth of our sales team is designed to provide increased regional market sales opportunities and distributor product support for RLF branded technologies and RLF OEM distributors. Our new team members will focus on all RLF major market categories including seed primers and treatments, soil and fertigation and foliar technologies. It is expected new sales personnel will make positive and increasing revenue contributions in their first 4 to 6 months of employment with RLF.

### **Export Order Delivered to new distributor in Turkey**

Continuing our international market growth strategy RLF's premium Plant Proton Delivery (PPD) technology foliar formulation BROADACRE PLUS MAX was successfully exported from our Asia manufacturing facility to RLF distributor TIM Plant Care during the March quarter, which is based in Turkey.

The primary application for this product is for the nation's wheat crop. Turkey is the world's largest flour exporter and often ranks as the world's 10th largest producer of wheat. RLF sees a significant opportunity to leverage our extensive experience increasing wheat production in Asia via the Turkey market following successful product evaluations and government registration of RLF PPD technology by our local distribution partner.

### **Strategic discussions to commence Ivory Coast Cotton trials in West Africa**

Following the success of our recent trials in Tunisia in which RLF's products achieved an increase in yields of up to 38% with a farmer ROI of 275x, the Company has been seeking additional opportunities on the African continent.

RLF has recently had strategic discussions with a large French conglomerate which has an extensive distribution network in Ivory Coast in West Africa of some 40,000+ farms, growing cotton, maize, rice and ground nuts. The Ivory Coast produces significant quantities of these products and the Company's PPD technology products have been exported in readiness for this season's trial and evaluation program.

### **Execution of Letter of Intent with the Commonwealth Bank of Australia**

Having established our wholly owned subsidiary, RLF Carbon in 2021 to develop commercial opportunities for Australian and global farmers in the emerging soil carbon market, the Company has executed a non-binding Letter of Intent (LOI) with the Commonwealth Bank of Australia to establish a framework for a potential strategic relationship to deliver solutions to Australian growers to reduce farm emissions by significantly reducing traditional fertiliser inputs, whilst also increasing the accumulation of carbon stored in the soil to generate Australian Carbon Credit Units (ACCUs).

The ACCU spot price has risen from \$16.52 in January 2021 to c.\$30.00,<sup>i</sup> representing a very significant soil carbon monetisation opportunity for Australia's 23 million hectare grain industry.

Pursuant to establishing the viability of the Carbon business in the Australian market, which has some of the most stringent requirements for soil carbon, the Company intends to roll out the Carbon business globally, where the price of carbon credits in other international markets can be significantly higher.

### **MARKET COMMENTARY**

RLF has established a track record of assisting farmers to be significantly more efficient with the nutrient application on a wide range of crops in a variety of environments globally, in a way that delivers significant returns on investment to farmers from using RLF's products. The March quarter has seen continued strong growth in global soft commodity prices including grains, cotton and food commodities generally. Additionally, very large increases in energy and NPK fertiliser prices has occurred. Whilst prices increased throughout the 2021 calendar year, the increases have continued into 2022 and been exacerbated with the global market being impacted by the recent Russia and Ukraine conflict, posing real threats to food security globally.

Ammonia, nitrogen, nitrates, phosphates, potash and sulphates have seen price increases of ~30% this year and now exceed prices of those seen during the 2008 food and energy crisis. In 2021, Russia was the largest exporter of nitrogen fertilisers globally and the second largest exporter of phosphorus and potassium fertilisers.

As there have been a number of challenges in managing raw material prices affecting global industry, (including reduced supply and high bulk sea freight rates), current market conditions present significant opportunities for the Company as farmers look to use technology to enable the reduction of traditional NPK fertiliser inputs in conjunction with increasing yields. RLF PPD technologies have consistently shown yield increases in the range of 10%-30% in commercial crops whilst providing significant returns on investment for farmers.

The March quarter included the Chinese New Year holiday period from 1 February 2022. During the weeks leading up to the holiday period there is a slowing in the agricultural sector of deliveries with transport companies and distribution partners reducing services at this time. This cyclical period is before the high growing season in Asia where the Company traditionally sees a significant increase in demand for its products.

The continued demand for RLF products in Asia has seen an increase in advanced cash receipts for the March quarter of 62% versus the prior year.

## CORPORATE

### Cash Position

RLF had total cash reserves of ~\$1 million for the quarter ended 31 March 2022. The cash balance post ASX listing will be ~\$9.5 million.

As per section 6.1 of the Appendix 5B, the payments to Directors of the Company for the quarter ended 31 March 2022 were for gross wages, fees and superannuation.

### Use of Funds Statement

<i>\$'000s</i>	Use of Funds reported to ASX	Expenditure to quarter end 31 Mar 22
Sales and Marketing	4,110	-
Carbon	900	-
Manufacturing PPE	550	-
Corporate	1,140	-
Working Capital	810	-
IPO expenditure	990	-
<b>Total</b>	<b>8,500</b>	<b>-</b>

The use of funds reported in the replacement prospectus on 24 February 2022 was based on a minimum raise of A\$7 million and A\$10 million. The use of funds above reflects the actual funds raised for the public offer of \$8.5 million. As the Company listed on 21 April 2022, these funds have not been utilised during the quarter end. The Company used existing cash reserves and were spent on working capital of the business. The Company will report the use of funds for the next quarter.

Ken Hancock

**Managing Director**

29 April 2022

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This announcement had been authorised for release  
by the Board of Directors.

**About RLF AgTech Ltd**

RLF AgTech Ltd (ASX: RLF) is a technology-driven crop nutrition company that empowers farmers, nourishes people, and restores the earth.

RLF combines plant science with advanced chemistry and manufacturing practices to produce high-quality plant nutrition products for commercial agriculture. RLF's Plant Proton Delivery Technology enables farmers to grow higher-yielding, better-quality, and more nutritious produce while supporting the plants' natural ability to store and reduce atmospheric carbon.

In the years ahead, commercial agriculture is destined to play a significant role in sequestering carbon. RLF's technologies will support this trend, using its Integrated Crop Nutrition and Carbon Management Systems to help capture and store CO<sup>2</sup> by increasing the organic matter in the world's soils.

To learn more, please visit: [www.rlfagtech.com](http://www.rlfagtech.com)

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<sup>i</sup> <https://www.reputex.com/research-insights/accu-spot-price-rally-continues-up-103-year-to-date/>

## Appendix 4C

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

**Name of entity**

RLF AGTECH LTD

**ABN**

43 622 055 216

**Quarter ended ("current quarter")**

31 March 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,373	7,380
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,002)	(5,606)
(c) advertising and marketing	(963)	(2,510)
(d) leased assets	(65)	(157)
(e) staff costs (unallocated salaries)	(100)	(221)
(f) administration and corporate costs	(260)	(657)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(10)	(27)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – Related party payments to Rural Liquid Fertilisers Pty Ltd an RLF Global Pty Ltd	-	(233)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,027)</b>	<b>(2,031)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(16)
(d) investments	-	-
(e) intellectual property	(7)	(2,066)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(9)</b>	<b>(2,082)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	3,000
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(127)	(447)
3.5	Proceeds from borrowings	-	250
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – net payments from cash backed guarantees	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(127)</b>	<b>2,803</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,005	2,075
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,027)	(2,031)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(2,082)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(127)	2,803
4.5	Effect of movement in exchange rates on cash held	(24)	53
4.6	<b>Cash and cash equivalents at end of period</b>	<b>818</b>	<b>818</b>

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	818	2,005
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>818</b>	<b>2,005</b>

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	22
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		



**7. Financing facilities**

*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.*

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-

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.

N/A

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,027)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	818
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	818
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	0.80

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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: The company successfully listed on the ASX on 21 April 2022 and raised A\$8.5 million. This funding will allow the company to continue to have the level of net operating cash flows.

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: As above

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: As above

## 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: 29 April 2022.....

Authorised by: Board of Directors.....  
(Name of body or officer authorising release – see note 4)

## 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.