

ASX Announcement

24 July 2024

# Director's Statement under s203D(5) Corporations Act

RLF AgTech Ltd (**RLF** or the **Company**) (ASX: RLF) announced to the market on 24 June 2024 that it had received a notice from Mr Donald McLay (Chairman), Mr Gavin Ball (Acting Managing Director), Ms Liza Carpena, Mr Paul McKenzie and Mr Shen Lu, directors of the Company, under section 203D of the *Corporations Act 2001 (Cth)* (**Corporations Act**), of their intention to call a meeting of members pursuant to clause 5.1 of the Company's Constitution and section 249CA of the Corporations Act to put the following ordinary resolution to Shareholders for the removal of a director:

*"That, pursuant to section 203D of the Corporations Act, Mr Kenneth Graeme Hancock be removed from office as a Director of the Company with immediate effect."*

The Company subsequently dispatched the notice of general meeting to all shareholders on 25 June 2024 which included the resolution for the removal of Mr Kenneth Hancock as a Director of the Company. The notice of general meeting is available to be viewed at <https://www.rlfagtech.com/investor-centre>.

As previously advised, the Company's general meeting will be held at 11.00am on Friday, 26 July 2024 at Moore Australia Audit (WA), Level 15 Exchange Tower 2, The Esplanade, Perth EA 6000.

In accordance with the requirements of section 203D(5) of the Corporations Act, attached is the statement that has been prepared by Mr Hancock. This statement is being distributed to shareholders by the Company in accordance with that section in the same way as the notice of meeting.

The announcement has been authorised for release by the Chairman of the Board and the Acting Managing Director.

## Statement from Mr Kenneth Hancock

As you are aware, a shareholder meeting in relation to RLF Agtech Ltd (“**Company**”) has been called, at the request of various directors, primarily to seek my removal from the Board. Approval of several other resolutions is also being sought at the meeting, including to issue further securities to Board members and advisers.

On 4 June, the Company announced that I had been terminated as CEO and Managing Director, but provided no detail to shareholders of the basis of that removal. On 24 June, the Company announced that it had received a notice from certain directors of their intention to call a shareholder meeting seeking to remove me as a director, but again failed to provide any information to shareholders as to why. The very next day, the Company released a 35-page long Notice of Meeting (“**NOM**”) convening that meeting. Clearly that NOM was not prepared overnight, but was instead part of an agenda to have me removed from the Company as soon as possible. The NOM gave opaque and insubstantial reasons for my removal, made no mention of the fact I disputed the legitimacy of my termination and was deliberately released so quickly that my side of the story could not be told at the same time.

I want to make it clear that I vigorously refute all allegations made in the NOM and consider that the Board acted without a proper basis in purporting to terminate my executive roles. I believe the Board has not properly investigated these unfounded allegations and, led by Chairman Mr. Donald McLay, has made poorly-considered decisions. Concerningly, in its haste to terminate my executive roles the Board not only failed to inform Dr. Mike Lu, Executive Director, and CEO of RLF Asia, but also to consider the implications of their actions regarding my role and legal status in the China operations, key relationships, and debt providers (creating the potential for significant destabilisation of the business). Dr. Lu was only informed following the public announcement to the ASX.

Shareholders ought rightly be concerned as to the origin and motivation of these events. I believe they are a consequence of a business disagreement between fellow director Mr Gavin Ball and myself regarding the business generally and the performance of the South-East Asia business, for which Mr Ball is responsible and for which, as announced, revenues are expected to be 65% down on guidance.

The claims of conflict are not material. The Company has an independent conflicts committee chaired by Mr McLay which is required to meet quarterly. Management of this issue should have occurred in that forum, rather than in the manner that has now transpired. No serious issues of conflict were ever raised by the Committee prior to the meeting held on 31 May at which I was told I had been terminated. Despite my lawyers having raised concerns about the legitimacy of that termination, the Company has to date provided no response to those concerns and seems disinclined to do so until after the shareholder meeting (if at all).

As many of you know, I am the founder and largest shareholder of the Company. Through my associated entities, which have loaned over \$4 million to the Company, I am also its largest creditor. Shortly before the Board decided to terminate me abruptly (and with me being unaware of what they were planning), I negotiated the extension of the terms of those loans so as to delay their repayment, with the Board. I have also provided a \$400,000 personal guarantee for a private lender in relation to a loan to the Company, which matures in March 2025.

As a result of my longstanding association, shareholding and creditor position with the Company, I have a strong interest, motivation and desire to see it succeed. In my position as founder and CEO/Managing Director of the Company I have delivered several significant achievements and growth initiatives, including:

- Raised over \$21 million since the establishment of RLF China through the Company's IPO.
- Achieved a 275% increase in revenue since the IPO, with FY'23 consolidated proforma results showing revenue of \$31.8 million.
- Founded RLF China and established it as a leading specialty fertilizer brand in the world's largest fertilizer market.
- Set up procurement and manufacturing operations in China, including a 13,000 sqm facility.
- Driven significant technical innovation and product development.
- Established customer relationships and exported products to new markets, including the USA, New Zealand, Canada, Turkey, India, and Southeast Asia.
- Developed three new provisional patents expected to provide future revenue streams, including being listed as an inventor for Veridium seed primer.
- Established RLF Carbon for the Australian market.
- Initiated and implemented Hillston, the Company's first carbon project in 2023.
- Executed the Commonwealth Bank Strategic Carbon Alliance and pilot for the pre-payment of \$1 million of Australian Carbon Credit Units.
- Negotiated and completed the acquisition of Liquaforce in Queensland on May 16, 2024.
- Grew internal expertise across sales, technical, operations, and administration from less than 10 personnel to over 130 today.
- Developed new proprietary manufacturing systems for IP protection.

I acknowledge the company's share price and financial performance have not met expectations over the past 12 months, which impacts me as the largest shareholder and I have empathy for other shareholders. However, as Managing Director/CEO, I have taken several steps to improve business performance:

- Group revenue was up 40% YoY as of December 31, and within 3% of guidance by March 2024.
- Implemented annualized cost savings of over \$500,000 in the March quarter of 2024.
- Acquired Liquaforce to reduce revenue seasonality and enhance Australian revenue.
- Commenced a plan for increased investor engagement.

I believe it is not in the best interests of shareholders or the Company that I am removed as Managing Director/CEO, or as a Board member, at this critical time and I will continue to vigorously oppose that removal. I seek your support in voting against Resolution 1 at the forthcoming meeting and in seeking instead to refocus on attaining the Company's vision for the benefit of all shareholders.