

30 August 2024

ASX Announcement

Appendix 4E – Preliminary Final Report for the financial year ended 30 June 2024

In accordance with ASX Listing Rule 4.3A, RLF AgTech Ltd. (ASX: RLF) (**RLF** or the **Company**) reports its Preliminary Final Report for the financial year ended 30 June 2024 (**FY24**) for the Company and its controlled entities (**Group**).

The Company reports a loss from ordinary activities after tax attributable to members of \$8.05 million for FY24. The result includes a number of abnormal or one-off costs amounting to \$2.52 million, being:

Expected Credit Loss (ECL) for credit sales in prior years:	\$0.24m
Write-off of obsolete stock and packaging:	\$0.76m
RLF Carbon Impairment:	\$0.96m
LiquaForce Stamp Duty & acquisition costs:	\$0.56m

As updated to the market and shareholders post the departure of the previous Managing Director and CEO, the Company has implemented substantial change to reshape the business and its operations. This included integration of the newly acquired LiquaForce and upgrading its Ingham Plant to manufacture RLF products in Queensland; the restructure of the RLF's Carbon operations; and the implementation of a new strategic plan for the China and Asia businesses.

As recently as 6 August, the Company announced the termination of the Australian Distribution Agreement, which effectively returned control of the sales and manufacture of RLF products in Australia back to the Company. Management is rapidly developing plans for the implementation of a wholly owned domestic Australian sales and distribution business. The Company will keep the market informed on its progress.

The announcement has been authorised for release by the Board of Directors.

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Appendix 4E

for the financial year ended 30 June 2024

Presented in accordance with ASX Listing Rule 4.3A

Reporting Period: Financial year ended 30 June 2024 (FY24)
Prior Corresponding Period: Financial year ended 30 June 2023 (FY23)

Results for announcement to the market

		% Change		12 months to 30/06/2024 \$'000
Total revenue from ordinary activities	Down	14%	to	9,753
Profit/(Loss) from ordinary activities after tax attributable to members	Down	130%	to	(8,050)
Net profit/(loss) for the period attributable to members	Down	130%	to	(8,050)

Dividends

No dividends were paid during the current or previous financial years and no dividends have been declared subsequent to the financial year end and up to the date of this report. There are no dividend or distribution reinvestment plans in operation.

Net tangible assets per security

	30/06/2024 Cents	30/06/2023 Cents
Net tangible (liability)/asset per ordinary security	(1.67)	1.04

Entities gained or lost control over the period

Name of the Entity	Nature of Change	Date of Change	Note
RLF Strategic Carbon Alliance Pty Ltd	Newly registered	22 August 2023	
RLF Qld Pty Ltd	Newly registered	19 October 2023	The entity was registered for acquiring the business of LiquaForce Pty Ltd (LiquaForce), which was completed on 17 May 2024. Note 3 on page 10 outlines the identifiable assets acquired and liabilities assumed.

Details of associates and joint ventures

RLF owns 49% of Rural Liquid Fertilisers (Thailand) Co., Ltd.

Independent Audit

The accounts outlined in the Appendix 4E are in the process of being audited by the Group's auditors Moore Australia Audit (WA).

Commentary on results for the period

Operating Result

The loss from continuing operations for the financial year ended 30 June 2024 after providing for income tax amounted to \$8.1 million (FY23: Loss \$3.5 million).

Financial performance for FY24 was substantially below expectations, with revenues of \$9.8 million for FY24 (FY23: \$11.3 million), marking a significant decrease from the previous year and the forecast of \$15-16 million announced on 11 October 2023.

The Group has incurred a non-cash impairment expense of \$0.96 million for its previously capitalised costs related to its Carbon Business Unit, written off \$0.76 million in obsolete stock and packaging materials and recognising an ECL of \$0.24 million on credit sales in China in FY22 and FY23.

Strategic Acquisitions

The acquisition of LiquaForce, a quality Queensland liquid fertiliser business, was settled in May 2024, substantially expanding the Company's operations in Australia. The acquisition provides significant growth potential, enhanced manufacturing capabilities, and entry into the Queensland broadacre and horticulture markets. LiquaForce's infrastructure, which includes two manufacturing factories and substantial physical plant and equipment in Mackay and Ingham, Queensland, has been integrated into RLF's operations.

The acquisition allows for the direct manufacture and sale of RLF products, with the first export shipment to Vietnam completed in July 2024. This strategic move aligns with the Company's long-term growth plans to regain control of sales into the extensive Australian market to hedge exposure to overseas sales and accelerate domestic business expansion. LiquaForce stamp duty and acquisition costs amounted to an additional \$0.56 million for FY24.

Board and Management Changes

The past financial year has seen a significant change in the Company's leadership with the appointment of Gavin Ball as Acting Managing Director on 31 May 2024 replacing Kenneth Hancock

Subsequent to the end of the financial year, Ben Barlow joined the Board as a Non-Executive Director in August 2024, bringing valuable experience in plant nutrition, soil technology, and executive leadership. Mr Barlow's appointment strengthens the independence of the Board.

Regaining Control Over Manufacturing and Sale of Products in Australia

Subsequent to the end of the financial year, on 6 August 2024, RLF AgTech terminated its Australian Distribution Agreement with Rural Liquid Fertilisers Pty Ltd, taking control over the manufacturing and sale of its products within Australia. This now allows RLF AgTech to oversee all production related activities and sales. In the short term, manufacturing and distribution is completed at the LiquaForce facilities located in Ingham, Queensland, enabling the Company to plan expansion in the extensive Australian agricultural market, targeting broadacre and horticulture.

Carbon Business Realignment

The agreement with the Commonwealth Bank signed on 27 July 2023, focused on financing farmers into a pilot program that aimed to generate soil carbon credits using RLF's plant nutrition products and technology (Accumulating Carbon in Soil System (**ACSS**)), ended on 30 June 2024 with no farmer uptake.

The Company has undertaken a strategic realignment of its carbon business that now focusses on the establishment of commercial agreements with reputable carbon project managers to provide technical support, including the development and implementation of ACSS. The Company is developing relationships with both existing and new project managers.

Consolidated statement of profit or loss and other comprehensive income

for the financial year ended 30 June 2024

	Note	Consolidated Financial year ended	
		30/06/2024 \$'000	30/06/2023 \$'000
Sales		9,753	11,345
Cost of sale of goods		(5,571)	(5,343)
Gross profit		4,182	6,002
Other income		214	165
Sales and marketing expenses		(4,323)	(3,804)
Corporate expenses		(5,528)	(4,495)
R&D expenses		(635)	(501)
Depreciation and amortisation expenses		(384)	(245)
Share based payment expenses		(110)	(205)
Finance costs		(213)	(51)
Impairment expenses	1	(1,259)	(227)
Profit/(Loss) before income tax		(8,056)	(3,361)
Income Tax expense		6	(140)
Profit/(Loss) for the year from continuing operations		(8,050)	(3,502)
Other comprehensive income for the year			
<i>Items that may be classified to profit or loss</i>			
Foreign exchange differences on translation of foreign operations		567	(527)
Total comprehensive income/(loss) for the year		(7,483)	(4,029)
Profit/(Loss) for the year attributable to:			
- Owners of the parent company		(8,050)	(3,502)
- Non-controlling interests		-	-
		(8,050)	(3,502)
Total comprehensive income/(loss) attributable to:			
- Owners of the parent company		(7,483)	(4,029)
- Non-controlling interests		-	-
		(7,483)	(4,029)
Earnings/(Loss) per share			
Basic loss per share in cents		(4.20)	(1.89)
Diluted loss per share in cents		(4.20)	(1.89)

Consolidated statement of financial position

as at 30 June 2024

	Consolidated	
	30/06/2024	30/06/2023
	\$'000	\$'000
Current Assets		
Cash and cash equivalents	4,525	4,259
Trade and other receivables	1,482	2,502
Inventories	3,437	3,220
Other current assets	367	97
Total Current Assets	9,811	10,078
Non-Current Assets		
Trade and other receivables	62	91
Right-of-use assets	1,535	418
Intangible assets	7,315	6,548
Property, plant and equipment	3,981	505
Total Non-Current Assets	12,893	7,562
Total Assets	22,704	17,640
Current Liabilities		
Trade and other payables	3,721	2,192
Contract liabilities	4,893	1,820
Borrowings	2,208	624
Lease liabilities	647	252
Provisions	386	167
Income tax payable	-	9
Total Current Liabilities	11,855	5,064
Non-Current Liabilities		
Trade and other payables	4,048	3,452
Borrowings	2,354	400
Lease liabilities	942	232
Provisions	8	26
Total Non-Current Liabilities	7,352	4,110
Total Liabilities	19,207	9,174
Net Assets	3,497	8,466
Equity		
Share capital	19,803	17,197
Reserves	5,254	4,779
Accumulated losses	(21,560)	(13,510)
Total Equity	3,497	8,466

Note

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Consolidated statement of cash flows

for the financial year ended 30 June 2024

	Consolidated	
	Financial year ended	
	30/06/2024	30/06/2023
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	14,820	12,472
Payments to suppliers and employees	(14,986)	(15,345)
Income tax paid	-	(141)
Government grants and tax incentives received	386	62
Net cash (used in)/from operating activities	220	(2,952)
Cash flows from investing activities		
Payments for property, plant and equipment	(294)	(353)
Payments for Carbon related costs	(957)	(441)
Payments for intangible assets	(3,424)	-
Net cash (used in)/from investing activities	(4,675)	(794)
Cash flows from financing activities		
Proceeds from Capital Raising	1,837	-
Capital raising costs	(133)	(3)
Proceeds from loans and borrowings	4,068	651
Repayments of loans and borrowings	(416)	(487)
Interest and other finance costs paid	(238)	(35)
Lease Payments	(317)	(244)
Net cash (used in)/from financing activities	4,801	(118)
Net increase/(decrease) in cash and cash equivalents	346	(3,864)
Cash and cash equivalents at the beginning of the period	4,259	7,999
Effects of exchange rate changes	(80)	124
Cash and cash equivalents at the end of the period	4,525	4,259

Consolidated statement of changes in equity

for the financial year ended 30 June 2024

Consolidated	Share capital \$'000	Share Based Payments Reserve \$'000	Group Reorganisation Reserve \$'000	Foreign Currency Translation Reserve \$'000	Accumulated losses \$'000	Total \$'000
Balance as at 1 July 2022	17,170	1,699	4,969	(1,567)	(10,008)	12,263
Profit/(Loss) after income tax for the year	-	-	-	-	(3,502)	(3,502)
Other comprehensive income/(loss)	-	-	-	(527)	-	(527)
Total comprehensive income/(loss) for the year	-	-	-	(527)	(3,502)	(4,029)
Issue of ordinary shares	27	-	-	-	-	27
Issue of performance rights	-	205	-	-	-	205
Total transactions with owners and other transfers	27	205	-	-	-	232
Balance as at 30 June 2023	17,197	1,904	4,969	(2,094)	(13,510)	8,466
Balance as at 1 July 2023	17,197	1,904	4,969	(2,094)	(13,510)	8,466
Profit/(Loss) after income tax for the year	-	-	-	-	(8,050)	(8,050)
Other comprehensive income/(loss)	-	-	-	567	-	567
Total comprehensive income/(loss) for the year	-	-	-	567	(8,050)	(7,483)
Issue of ordinary shares	2,587	-	-	-	-	2,587
Cost of issue of ordinary shares	(133)	-	-	-	-	(133)
Issue of performance rights	-	22	-	-	-	22
Equity settled share-based payments	152	(114)	-	-	-	38
Total transactions with owners and other transfers	2,606	(92)	-	-	-	2,514
Balance as at 30 June 2024	19,803	1,812	4,969	(1,527)	(21,560)	3,497

Selected Notes to the consolidated financial statements

Note 1: Impairment Expenses

	Financial year ended	
	30/06/2024	30/06/2023
	\$'000	\$'000
Capitalised Carbon related costs	964	-
Expected Credit Loss for Accounts Receivable	295	-
Investment in Associate	-	227
Total	1,259	227

The Group's previous strategy and business model in relation to its Carbon Business Unit had not progressed as intended and is not likely to generate significant cash flow in the near term. The Group has agreed to impair the capitalised costs of the Carbon Business Unit to reflect the change from principal to advisor.

The Expected Credit Loss for Accounts Receivable is mostly related to credit sales in China that took place in FY22 and FY23 (Total: \$242,240).

The Investment in Associate balance was fully impaired during the year ended 30 June 2023 as Rural Liquid Fertilisers (Thailand) Co. Limited is dormant and is not expected to generate future economic benefits for the Group. The impairment loss of \$227,000 was recognised in the consolidated statement of profit or loss and other comprehensive income.

Note 2: Property, Plant and Equipment

	Motor vehicles	Office equipment	Plant & equipment	Electronic equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2023	27	8	467	3	505
Additions	217	14	3,425	-	3,656
Disposals	-	-	-	-	-
Depreciation expense	(13)	(4)	(156)	(1)	(174)
Foreign currency translation difference	(5)	-	1	-	(4)
Balance as at 30 June 2024	226	18	3,737	2	3,983

	Motor vehicles	Office equipment	Plant & equipment	Electronic equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2022	5	1	468	6	480
Additions	24	9	114	-	147
Depreciation expense	(2)	(2)	(97)	(2)	(103)
Foreign currency translation difference	-	-	(18)	(1)	(19)
Balance as at 30 June 2023	27	8	467	3	505

Note 3: Business Combinations

On 17 May 2024, the Group (through its wholly owned subsidiary, RLF Qld Pty Ltd) acquired the business of LiquaForce Pty Ltd. The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	\$'000
Consideration Transferred	
Cash Paid	3,424
Deferred Cash Payable	750
Fair Value of Shares Issued (12.5m shares at \$0.06 per share)	750
Total Consideration Transferred	<u><u>4,924</u></u>
Fair Value of Net Identifiable Assets Acquired	
Accounts Receivable	146
Inventory	989
Property, Plant & Equipment	3,254
Prepaid expenses	72
Total Assets Acquired	<u><u>4,461</u></u>
Accounts Payable	(544)
Provision for Employee Benefits	(173)
Other Liabilities	(27)
Total Liabilities Assumed	<u><u>(744)</u></u>
Net Identifiable Assets Acquired	<u><u>3,717</u></u>
Goodwill Recognition	
Total Consideration Transferred	4,924
Less: Fair Value of Net Identifiable Assets Acquired	(3,717)
Goodwill	<u><u>1,207</u></u>