

ASX Announcement

11 June 2024

Company and Market Guidance Update

- **FY24 Revenue now expected to be ~\$9M¹ compared with previous Market Guidance² of \$15M-\$16M and FY23 reported revenues of \$11.3M.**
- **Management changes implemented; corporate cost reduction strategies initiated**
- **RLF Carbon business strategy under review**
- **Share Purchase Plan (SPP) to raise up to \$1.1M to be released imminently**
- **Integration of LiquaForce acquisition underway, including introduction of RLF products to Queensland in Q1 FY25**

RLF AgTech Ltd (RLF or the **Company**) (ASX: RLF) wishes to provide an update to its Market Guidance and corporate activities.

Market Guidance

The Company announced its inaugural Market Guidance on 11 October 2023, estimating an annual revenue range of between \$15M to \$16M for FY24 (12 months ending 30 June 2024) based on an expected increase in revenues of ~30 to 40%.

¹ \$ refers to Australian dollars unless otherwise stated.

² Refer ASX Announcement 11 October 2023.



The assumptions included an expected expansion in the number of sales staff in China thereby increasing its sales and distribution capacity, together with increased distribution into South-East Asia and the expectation that the Company would recognise the initial funding from the Commonwealth Bank of Australia for its Soil Carbon Pilot Program.³

On 6 February 2024, the Company updated the market that it was on track to meet Market Guidance based on RLF's unaudited HY24 revenue of \$3.9M, which was ~40% higher than the corresponding period of the previous year, and noted that the Company forecasts around 25% of its annual revenue would be generated during the first half of FY24.

On 30 April 2024, the Company updated the market to confirm that the China business had received payments of CNY8.92M (AUD: ~\$1.86m) for the quarter, being 5% higher than the corresponding period in FY2023.

China Revenues:

Whilst the Company has attempted to progress the Company's activities in line with its expected forecasts and growth plans, its ability to meet forecasts has been impacted.

- China revenues are now forecast at \$8.5M, -33.6% of original forecast.
- The important sales months of May and June, which in FY23 accounted for 42.3% of yearly revenues, have not met expectations of target and are re-forecast.
- Market conditions have waned significantly. Other sector operators have also reported lower Quarter (1 January to 31 March 2024) revenue changes. The Company has also tightened its incentive credit sales practices to reflect current economic conditions.
- The Company has continued to experience challenges in the recruitment of sales staff despite these market conditions.

South-East Asia Market:

South-East Asia revenue is reforecast at \$0.46M, -64.6% of original forecast. Timing differences now see a further \$0.38M of orders not recognised until next financial year.

- The Company has continued to make solid progress in establishing distribution in this geographical region, however the orders made in April, May and for June have experienced

³ Refer ASX Announcement 27 July 2023.



delays in the manufacture and shipment meaning that these orders cannot be recognised in this year's revenues.

- Growth in orders from this market are progressing, with a current run rate of \$0.84M compared with last year's sales of \$0.48M.

Carbon Market:

Forecast revenues of ~\$1M from RLF Carbon are unlikely to be realised in FY24.

The Company anticipated that it would recognise ~\$1M in initial funding from the Commonwealth Bank of Australia for its Soil Carbon Pilot Program. Unfortunately, the Company has experienced a slower than expected take up by Australian farmers to participate in this carbon initiative and therefore the associated revenue has not been realised at this time.

LiquaForce Revenues:

No forecast revenues were made for LiquaForce in relation to the Market Guidance. The Company notes that the acquisition of the assets and operations of LiquaForce did not occur to the anticipated timeline, with the delay resulting in a settlement date of 17 May 2024. The Company is not expecting material revenue contribution for this period, currently standing at ~\$340,000. Based on its historical FY23 results, LiquaForce is likely to be the largest contributor to the Company's revenue in FY25.

LiquaForce Integration:

The Company is pleased to advise that the integration of LiquaForce is well advanced following settlement on 17 May 2024.

Management is focused on finalising the remaining administrative and financial processes and controls associated with this important acquisition and looks forward to providing a further update on the LiquaForce business in due course.

Management Changes and Corporate Review

Since the management changes announced to the ASX on 4 June 2024, the Acting Managing Director, Mr Gavin Ball, has initiated a full review of business plans and corporate overhead costs and has implemented an immediate cost reduction strategy. In addition, he has commenced discussions with staff about increasing leadership and accountability at the business unit level to deliver transparency and improved performance.



The Company has now relocated to an independent office location, reducing reliance on the Company's Australian distributor and related party, Rural Liquid Fertilisers Pty Ltd, whilst at the same time improving corporate governance and conflict management controls.

The Company is in the process of finalising a Notice of Meeting of Shareholders to approve a number of resolutions in relation to the recent capital raising announced to the ASX on 2 May 2024.⁴

The Company is also nearing completion of the Share Purchase Plan documentation which was also announced to the ASX on 2 May 2024 to raise up to an additional \$1.1M to fund working capital requirements post the recent acquisition of LiquaForce.

Carbon Strategic Review

The Company is undertaking a complete review of its carbon business activities, given the disappointing results to date.

The Hillston Carbon Project is registered and progressing (refer ASX Announcement 24 July 2023), and the Company is optimistic about the ability of its products to promote carbon generation in soil, even over such a short term as 1 year. However, systemic issues arising from the legislation in its present form have become apparent within our target market farming sector and become a deterrent to wide-spread project registration.

Capitalised expenditure relating to carbon is ~\$1M and may require impairment for accounting purposes. The Company will keep the market informed of the results of its strategic review and any impact on capitalised expenditure.

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

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⁴ Refer ASX Announcement "RLF Undertakes Transformational Acquisition and Equity Raising" 2 May 2024.



About RLF

RLF AgTech Ltd (ASX: RLF) is an Australian based global plant nutrition and carbon technology company that develops products to empower farmers, nourish people and restore 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, using its Accumulating Carbon in Soil System (ACSS) to help capture and store CO₂ by increasing the organic matter in the world's soils.

RLF has been operating in Asia since 2006 with long established manufacturing, sales and distribution facilities in China, and has recently expanded its activities in Australia with the acquisition of the LiquaForce liquid fertiliser manufacturing, sales and application business in Queensland.

To learn more, please visit: www.rlfagtech.com

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