

30 April 2024 | ASX Announcement

RLF AgTech Ltd (ASX: RLF) | ACN 622 055 216

QUARTERLY ACTIVITIES REPORT

for March 2024 Quarter

HIGHLIGHTS

- Strong prepayments from customers in line with expectation for the Quarter
- More RLF products registered for local markets in SE Asia
- Significant progress has been made in M&A
- Cash outflow reduced by ~36% (FY24 3Qs vs. FY23 3Qs)
- Cash balance at 31 March 2023: AU\$1.69m

Australian based global plant nutrition and carbon technology company, RLF AgTech Ltd (**RLF** or the **Company**) (ASX: RLF), is pleased to provide its Quarterly Activities Report for the quarter ended 31 March 2024 (**Quarter**).

Commenting on the Quarter's performance, RLF's Managing Director and CEO Ken Hancock said:

"Throughout the Quarter, our Company remained dedicated to customer acquisition and laying the groundwork for our peak season sales in what is historically our largest revenue quarter, the June quarter.

Additionally, we devoted significant time to M&A activities and we are in the process of finalising this potential material acquisition and its related funding, and look forward to updating the market as soon as possible."

CROP NUTRITION

For the Quarter, the Company received a total of \$2.15 million from customers, with the majority being prepayments from the Company's customers in China. In terms of economic activity, the March quarter is typically the lowest revenue quarter predominantly due to seasonal lows of crop activities and flow-on impacts relating to the Lunar New Year holiday period in our China and SE Asia markets.

China Business

Cash Receipts

Most of RLF's customers' payments in China are 100% upfront on ordering, which demonstrates a trust and confidence in dealing with Company and a strong point of validation in quality of RLF's products. From RLF's point view, this also helps with reducing credit risk and improving cash flow.

The China Business received a total of CNY8.92m for the quarter, which is 5% higher than the corresponding period last year (CNY8.50m). This is a positive trend for RLF, against the backdrop of a strong deflationary pressure in China where customers would normally hold cash and defer payment as product prices are more likely to reduce in the future.

Trial Programs

During the Quarter, RLF China launched and hosted a number of new trial and technical demonstration programs, which took place in southern part of China during the winter season in the northern hemisphere.

The programs were well-received by the growers, paving the way for supporting future sales.

Marketing

In March 2024, RLF exhibited its products at the 24th China International Agrochemical & Crop Protection Exhibition (**CAC**) in Shanghai, one of the largest agricultural exhibitions in the world. CAC 2024 attracted in excess of 80,000 attendees from more than 100 countries, providing a great business development opportunity for RLF to strengthen its existing relationships with its customers and to secure product orders for both inside and outside of China.

Southeast Asia Business

Vietnam

During the Quarter, RLF signed another distribution agreement with a new distributor in Vietnam, bringing the total number of distribution partners in Vietnam to four. RLF's in-country team has begun working with the new distribution partner to support the introduction of products into their dealer network and provide training and technical support to the growers.

As announced in RLF's September 2023 Quarterly Activities Report, the Company has begun product trials on 80 durian fruit trees of different age groups (**Durian Trial**). During the Quarter, the Durian Trial has progressed from final flowering to fruit setting.

In addition to the Durian Trial, RLF's team in Vietnam has been directly managing large-scale trials on chilli and other high-value crops with major distributors and growers to develop RLF product application programs for the local market. During the Quarter, the chilli trial on one of the RLF's products was completed with a positive outcome. Further trials on chilli with a different combination of RLF products has been scheduled with seeding planned in May.

Cambodia and others

RLF has received positive feedback from growers in Cambodia and the use of RLF products has increased. More RLF products have now been registered and will be introduced into the Cambodian distribution next during the June 2024 quarter. RLF continued to work with its distributor in Cambodia to secure sales orders as the peak season approaches.

In the Philippines, RLF has progressed its product registration to on-site independent testing. Subject to local regulatory approvals, the registration process expects to complete by the end of 2024.

In Malaysia, RLF has been negotiating with a local distributor in relation to signing a local distribution agreement. In the meantime, this potential distributor is performing on-site trials of RLF products.

CARBON

Hillston Soil Carbon Project

As reported in the December 2023 Quarterly Activities Report, the Company's first registered Carbon project in Hillston, NSW, is now well underway with seeding and the first applications of RLF products having commenced. Soil spectrometry and soil testing are planned over the coming 12 months to review changes in soil organic matter levels while also assessing yield improvements and plant health enhancements. This initiative represents a significant step forward in the Company's commitment to carbon sequestration efforts to generate Australian Carbon Credit Units (**ACCUs**). Through rigorous monitoring and evaluation, the aim is to demonstrate the tangible benefits of the Company's products and soil carbon system in enhancing soil health and agricultural productivity.

evokeAG 2024

evokeAG. connects the agrifood innovation community across the Asia Pacific and around the world. RLF attended the evokeAG 2024 Conference as an exhibitor during the Quarter.

Attending the evokeAG Conference provided RLF Carbon with a valuable opportunity to showcase the Company's Accumulating Carbon in Soil System (ACSS) with a focus on the broad acre cropping and pasture sectors; and to engage with stakeholders from various sectors, including finance, growers, research, and policy.

CORPORATE

M&A

As part of RLF's growth strategy, the Company has been evaluating potential acquisition opportunities for exponential growth. During the Quarter, the Company has made significant progress in a potential acquisition opportunity and consequently, RLF requested a trading halt on its securities from the commencement of trading on 26 April 2024 to allow the Company to finalise the potential acquisition and related fundraising. Subsequently, the Company entered into a trading halt and a voluntary suspension to finalise the proposed transaction.

Cash Position and Cash Flow

During the Quarter, the Company received total payments of AU\$2.15m, which is 42% lower than the December 2023 quarter (FY23: 45% lower). The Quarter is empirically the lowest quarter of the year in terms of cash receipts from its customers due to seasonality and Lunar New Year.

As at 31 March 2023, RLF had a cash balance of AU\$1.69m.

Throughout FY24, the Company has been reviewing its costs and for the first nine months of FY24, the Company's net cash outflow was \$2.69m, representing a reduction of ~36% compared to the same corresponding period last year (\$4.17m).

Use of Funds

In accordance with ASX Listing Rules 4.7C.2, Table 1 shows the comparison between the Use of Funds disclosed to the ASX on 20 April 2022 and the actual expenditure incurred to the end of the Quarter.

	Prospectus ¹ \$'000	Actual \$'000	Variance \$'000
Sales and Marketing ²	4,110	1,362	2,748
Carbon	900	1,105	(205)
Manufacturing (Plant +Equip)	550	549	1
Corporate ³	1,140	5,427	(4,287)
Working Capital	812	215	597
IPO Expenditure	990	883	107
Total	8,502	9,541	(1,039)

Table 1: Use of Funds Comparison

Note:

1. RLF raised a total of \$8.502m as the result of the Initial Public Offer under the Company's Replacement Prospectus dated 24 February 2022. The Company issued the Use of Funds statement with the actual

raised amount as part of the Pre-Quotation Disclosure (see ASX Announcement dated 20 April 2022).

2. Only the costs incurred outside of China are shown in actual as RLF's subsidiaries in China can generate free cash flow to cover the costs incurred inside of China.
3. The Company recharges management overheads to its subsidiaries and any payment received from its subsidiaries will be reflected in the Use of Funds statement.

The Company has substantially met its business objective as set out in the Use of Funds since its listing on the ASX about two years ago.

Related Party Transactions

In accordance with ASX Listing Rules 4.7C.3, during the Quarter, RLF paid a total of \$176,208 to related parties and their associates. Table 2 outlines the descriptions and explanations in relation to the payments. During the Quarter, the Directors began to defer their salaries or fees to assist with the Company's cash flow requirements.

Related Party	Description	Amount
Executive Directors	Salaries	31,710
Non-Executive Directors	Directors' Fees	12,423
Other	Product manufacturing	120,000
	Labour hire	10,824
	Marketing support services	1,250
Total		176,208

Table 2: Related party transactions

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

About RLF AgTech Ltd

RLF AgTech Ltd (ASX: RLF) is an Australian based, global plant nutrition and carbon technology company with a vision 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 AgTech'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.

For further information, please contact:

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Empowering
growers



Nourishing
people



Restoring
the earth



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 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		2,147	8,523
1.2 Payments for			
(a) research and development		(255)	(487)
(b) product manufacturing and operating costs		(1,053)	(4,602)
(c) advertising and marketing		(1,244)	(3,211)
(d) leased assets		-	-
(e) staff costs		(144)	(741)
(f) administration and corporate costs		(171)	(1,427)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	14
1.5 Interest and other costs of finance paid		(31)	(182)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	384
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(751)	(1,729)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		-	(295)
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		(243)	(664)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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)	-	-
2.6	Net cash from / (used in) investing activities	(243)	(959)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	757
3.6	Repayment of borrowings	(14)	(315)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Leases per AASB16)	(62)	(184)
3.10	Net cash from / (used in) financing activities	(76)	258

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,845	4,259
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(751)	(1,729)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(243)	(959)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(76)	258
4.5	Effect of movement in exchange rates on cash held	(90)	(144)
4.6	Cash and cash equivalents at end of period	1,685	1,685

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	1,635	2,795
5.2	Call deposits	50	50
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,685	2,845

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	176
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1,524	1,524
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	50	50
7.4	Total financing facilities	1,574	1,574
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.		

Item 7.1

Lender: Private lender
Amount: CNY3,000,000
Interest Rate: 12% p.a.
Maturity Date: 12 July 2024
Secured: Yes

Lender: Private lender
Amount: CNY1,000,000
Interest Rate: 12% p.a.
Maturity Date: 30-day notice¹
Secured: Yes

Lender: De Lage Landen Pty Ltd
Amount: AUD116,559
Interest Rate: 8.78% p.a.
Maturity Date: 27 July 2028
Secured: Yes

Lender: De Lage Landen Pty Ltd
Amount: AUD45,599
Interest Rate: 8.69% p.a.
Maturity Date: 28 July 2026
Secured: Yes

Lender: FAW Auto Finance Co., Ltd
Amount: CNY321,249
Interest Rate: 7.88% p.a.
Maturity Date: 13 December 2028
Secured: No

Lender: Focus Shopfit Pty Ltd
Amount: AUD400,000
Interest Rate: 12% p.a.
Maturity Date: 16 March 2025
Secured: Yes, guaranteed by Gavin Ball and Ken Hancock

Lender: IQumulate
Amount: AUD46,141
Interest Rate: 6.776%
Maturity Date: 31 August 2024
Secured: Yes

Item 7.3

Lender: NAB (corporate credit card)
Amount: AUD40,000
Interest Rate: N/A
Maturity Date: N/A
Secured: Yes, AUD40,000 term deposit

Lender: Westpac (corporate credit card)
Amount: AUD10,000
Interest Rate: N/A
Maturity Date: N/A
Secured: Yes, AUD10,000 term deposit

During the Quarter, the Entity negotiated and proposed to enter an equipment financing facility to fund the potential acquisition. No additional financing facilities have been entered into or are proposed to be entered into between the quarter end and the date of the Cash Flow Report.

Note:

1. The Maturity Date was 23 April 2024. The Lender and the Entity have agreed to extend the loan indefinitely with a 30-day notice required for the loan amount (principal) payment.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(751)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,685
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,685
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	2.2
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions: <div style="margin-left: 20px;"> 8.6.1 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? <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">Answer: N/A</div> </div> <div style="margin-left: 20px;"> 8.6.2 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? <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">Answer: N/A</div> </div> <div style="margin-left: 20px;"> 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">Answer: N/A</div> </div>	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

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: 30 April 2024

Authorised by: the 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.