

RLF AgTech Ltd

ASX Announcement | 21st April 2022

Innovative technology-driven plant nutrition company RLF AgTech commences trading on ASX following A\$8.5 million IPO

Investment Highlights

- Following a successful A\$8.5m IPO, RLF AgTech commences trading on the ASX under the ticker code 'RLF'
- RLF combines plant science with advanced chemistry and manufacturing processes to produce high-quality plant nutrition products for commercial agriculture
- Fertiliser prices boom due to growing global food demand, international supply chain disruption and strong commodity and energy prices
- RLF saw strong growth in FY2021 with EBITDA of A\$1.8m, an 89% increase on FY2020
- Record H1 FY21 sales of \$3.4m, an increase of 44% from H1 FY20
- RLF operates in a global crop nutrition market worth an estimated US\$341.4b in 2020
- RLF's wholly-owned subsidiary RLF Carbon has signed non-binding Letter of Intent with Commonwealth Bank of Australia to explore opportunities in the carbon credits space

Thursday 21 April 2022: Perth, Australia: Technology-driven plant nutrition company **RLF AgTech Ltd ('RLF' or 'the Company')**, is pleased to announce that it has today commenced trading on the Australian Securities Exchange (ASX) under the ticker code '**RLF**' following a A\$8.5 million Initial Public Offering (**IPO**)

The IPO raised A\$8.5 million via the issue of 42.5 million shares at A\$0.20 per share with Discovery Capital Partners as lead manager. Based on the IPO listing price, RLF has a market capitalisation of A\$37.0 million. RLF opened its offer on 18 February 2022 and closed it on 3 March 2022. The IPO was supported by a number of Australian and overseas institutions and family offices.

RLF combines plant science with advanced chemistry and manufacturing processes to produce high-quality plant nutrition products for commercial agriculture. The Company's Plant Proton Delivery Technology (PPD) enables farmers to grow higher-yielding, better quality, and more nutritious produce.

Independent trials have shown that RLF's PPD Tech can deliver a typical 10-30% yield increase, with demonstrated ROIs of 200%-1,000%+ to the farmer. RLF's Plant Nutrition Products have been demonstrated to improve the quality of produce and improve soil carbon and condition.

Fertiliser prices boom due to ongoing conflict between Russia and Ukraine

Due to the ongoing conflict between Russia and Ukraine, the price of fertiliser is reaching all-time highs and farmers are struggling to keep up with the cost of production. Ukraine has deposits of key fertiliser ingredients including potash and urea, and Russia is the world's biggest fertiliser exporter. In addition, trade sanctions with Russia and logistics constraints in Ukraine have severely impacted the supply of fertiliser ingredients.

As a result of the tumultuous conditions, many agricultural producers have seen a spike in input costs and general upward price pressures. This creates an enormous opportunity for RLF as growers look to cut back on soil applied nitrogen, phosphorus, and potassium (NPK) fertiliser. RLF's PPD Tech can be used to reduce NPK fertiliser inputs by around 20% whilst maintaining and increasing yield. Additionally, RLF experiences the commercial advantages of being a producer of specialty plant nutrition products, which have less direct competition, with strong pricing power and high gross margins.

Strong growth and industry tailwinds

The Company's results for the 2021 fiscal year (ended June 30 2021) ('FY21') were strong, with EBITDA of A\$1.8m, an 89% increase on the prior fiscal year. In FY21, RLF also achieved revenue of A\$8.5m and maintained a solid gross profit margin of 68%. The result was boosted by record sales in the most recent half-year to December 31 2021 of \$3.4m a 44% increase to the prior years corresponding period.

RLF operates in a global crop nutrition market which was worth an estimated US\$341.4bn in 2020¹ and is predicted to continue seeing unprecedented growth thanks to rising consumer demand for sustainable food, the increase in global population, and the associated need for larger yields and higher-quality crops.

The Company already has established sales in Australia, Canada, and China, and is in the early stages of the commercialisation process in India, Brazil and the USA. RLF estimates that the opportunity for the Company is worth over US\$30bn in Asia alone, comprised of a US\$22bn seed primer and foliar market and a US\$8bn fertigation market.

Experienced management team

RLF is led by Managing Director Ken Hancock, who has over 20 years of operational experience in mid-sized manufacturing and distribution businesses. Mr Hancock is supported by a highly credentialed leadership team which includes Chair Don McLay, who was previously Chair of Credit Corp (ASX:CCP) during which time he presided over a market capitalisation increase from A\$20m to in excess of A\$2bn.

Funds raised to support growth initiatives

The Company intends to use the funds raised from the Offer to execute a number of strategic growth initiatives including expanding the Company's global sales and marketing teams, increasing production capacity (plant and equipment), progressing the RLF Carbon Initiative, working capital, and IPO-related expenses.

Dynamic carbon credits regulatory changes a key driver for RLF Carbon

RLF Carbon is a wholly-owned subsidiary of the Company which has been created to explore commercial opportunities relating to the transition to an agricultural economy focused on increasing carbon in soil and decreasing greenhouse gas-related output across the entire agricultural supply chain.

In recent weeks, the Federal Government has outlined changes to the way Australian Carbon Credit Units (ACCU) can be sold on the open market. The changes allow farmers, who generate ACCUs, to sell these on the open markets, rather than being obligated to deliver ACCUs to the Federal

¹ Global Crop Nutrition Market (2021 to 2026) - by Types of Nutrients, Application Method, Product Type and Region - ResearchAndMarkets.com. Accessible [here](#).

Government. The net result for farmers is more flexibility in selling their ACCUs on the open spot market.

The changing regulatory environment will be a key driver, RLF Carbon has entered into a non-binding Letter of Intent with the Commonwealth Bank of Australia (ASX:CBA) to explore opportunities to conduct a carbon feasibility study and other development work with respect to a potential strategic carbon relationship.

RLF Managing Director Ken Hancock said: *"We are delighted to be listing on the ASX today and welcoming new investors to our company. The successful completion of this offer ensures that we will be able to progress our growth strategy as we expand our sales and marketing teams. We are working diligently to support farmers in this challenging time of rising production costs by providing alternatives to soil applied fertilisers and increasing crop yields to maximise profits for farmers. The carbon credits environment continues to be a dynamic place to operate and our RLF Carbon business is well situated to navigate the changing regulations and begin generating carbon credits. I'd like to thank all our investors for the support we have received during our IPO process and encourage everyone to follow us on our website and social media channels to stay updated."*

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This announcement has been approved for release by the Managing Director.

About RLF AgTech Limited

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 CO₂ by increasing the organic matter in the world's soils.

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