

## 1. Company details

Name of entity:	RLF AgTech Ltd
ABN:	43 622 055 216
Reporting period:	For the financial year ended 30 June 2023
Previous period:	For the financial year ended 30 June 2022

## 2. Results for announcement to the market

	Note	30 June 2023 \$'000	30 June 2022 \$'000	% Change up/(down) from previous year
Revenues from ordinary activities		11,345	10,663	6.4%
Loss from continuing operations after tax attributable to the owners of RLF AgTech Ltd		(3,435)	(3,000)	(14.5%)
Loss for the year attributable to the owners of RLF AgTech Ltd		(3,962)	(3,539)	(11.9%)
Earnings before interest, tax and depreciation and amortisation (EBITDA)		(2,994)	(2,459)	(21.7%)

### Note:

- During the financial year ended 30 June 2023, RLF AgTech Ltd's and its wholly owned subsidiaries ("the Group") Loss from continuing operations after tax attributable to the owners of RLF AgTech Ltd and the Group's loss for the year attributable to the owners of RLF AgTech Ltd contained additional expenditure relating to expansion, operational non-cash and one-off costs of \$2,021,000. The breakdown of the expenditure, operational non-cash and one-off costs incurred was:
  - Expansion costs related to development opportunities in other markets, research and development, and capital costs that are not able to be capitalised as an asset, and will contribute toward the development of potential future revenues (\$1,411,000);
  - Operational non-cash expenditure related to an impairment expense for historical costs associated with a minority shareholding in RLF Thailand, share based payments and a minor stock write off (\$389,000); and
  - One-off personal withholding tax for director Dr Mike (Lu) Sen and penalties (\$221,000).
- The loss for the year attributable to the owners of RLF AgTech Ltd includes the foreign currency translation reserve movement which was a loss of \$527,000 for 30 June 2023 (FY22: \$539,000).

**3 to 6. Please refer to the financial statements on pages 3 to 19 prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.**

#### 7. Dividend payment

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2023.

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#### 8. Dividend reinvestment plan

There are no dividend or distribution reinvestment plans in operation.

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#### 9. Net Tangible asset per share

The net tangible asset per share is 1.04 cents (30 June 2022: 3.33 cents)

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#### 10. Gain or loss of control over entities

There were no gain or loss of control over entities during the financial year ended 30 June 2023.

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#### 12. Foreign entities

The Group has applied the International Financial Reporting Standards to its wholly owned foreign entities.

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#### 13. Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.
- 2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed.
- 4 This report is based on +accounts to which one of the following applies.
  - ☒ The +accounts are in the process of being audited or subject to review.

Sign here:



Date: 30 August 2023

Print name: Kenneth Hancock

The Company has presented the Review of Operations for the financial year ended 30 June 2023 and section 3 to 6 of the Appendix 4E as follows.

## REVIEW OF OPERATIONS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

### Operating Result

The loss from continuing operations for the financial year ended 30 June 2023 after providing for income tax amounted to \$3,435,000 (FY22: Loss \$3,000,000).

### Operational Highlights

- Record cash receipts of \$12.5 million, being an increase of 22% on FY22 cash receipts.
- Record revenues of \$11.3 million for the financial year, being an increase of 6% on FY22 revenues.
- Strengthened gross profit margin to 53% (FY22: 51%).
- Continued increased investment in the China operations with a rise in customer-facing staff of 35% reflecting commitment towards training and marketing of products and distribution.
- Navigated the unparalleled COVID restrictions in China that significantly impacted the related agricultural markets. Restrictions ended in the January 2023, enabling a refocus back to operational expansion in this large and highly valuable market.
- Established the Vietnam Representative Office as part of the South-East Asian distribution expansion strategy.
- Expanded distribution in South-East Asian region securing a 5-year \$8.8 million sales and purchase target agreement with Jardine Distribution Inc. ("Jardine") in the Philippines and 5-year \$3.3 million target sales and purchase target agreement with Cong Ty TNHH Kona Crop Science ("Kona") in Vietnam.
- Successfully developed Veridium's product formulation with the patent and trademark filing of the next generation of Seed Priming Technology. Continued investment in research and development of key Plant Proton Delivery Technology (PPD Tech) foliar products with the aim of further patent and trademark filings.

### Carbon Highlights

- Launched the RLF Carbon business with the development of the Accumulating Carbon in Soil System (ACSS, pronounced ACCESS) methodology which is being used to commercialise farm based Australian Carbon Credit Unit (ACCU) generation at scale in the 23 million ha Australian grain market.
- Received approval from the Clean Energy Regulator (CER) for the first soil-based carbon project using the ACSS methodology (post balance date).
- Commenced a 5,000ha pilot program in the commercial farming grain market using ACSS methodology.
- Appointed industry specialists, Carbon West, to manage CER soil carbon registration and compliance processes.
- Negotiated a Strategic Carbon Alliance with the Commonwealth Bank of Australia where RLF AgTech receives prepayment for ACCUs for projects utilising the ACSS methodology. Refer to the ASX announcement dated 27 July 2023.

## REVIEW OF OPERATIONS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### OPERATIONAL HIGHLIGHTS

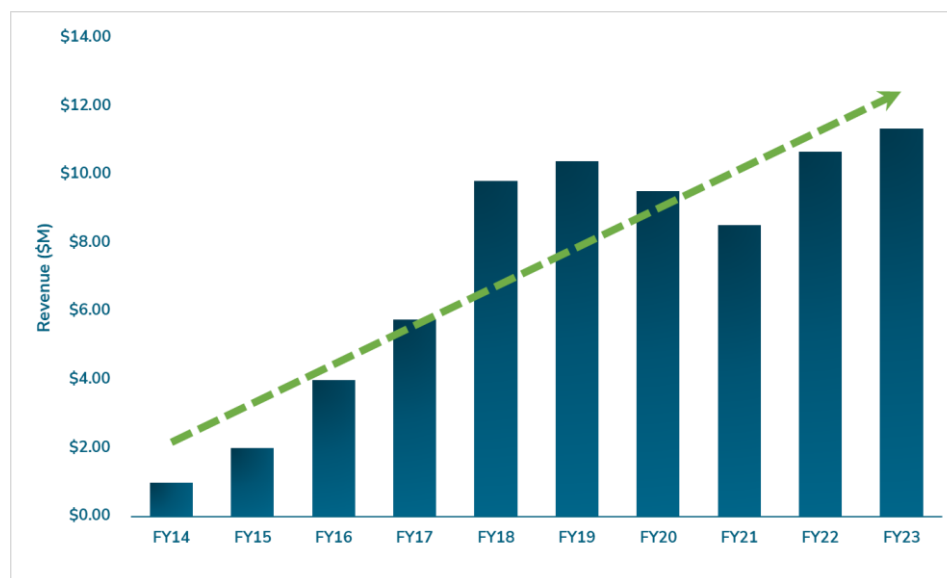
#### **Continued demand for RLF products with increased sales and cash receipts**

For the financial year ended 30 June 2023, the Group achieved record sales revenues (up 6%) and its highest increase in cash receipts (up 22%) respectively from the financial year ended 30 June 2022.

These positive results occurred despite the challenging and ever-changing international agricultural markets created by a convergence of unusual events, including conflict and ongoing pandemic impacts.

In the first half of the year, China our largest market by revenue was heavily impacted by COVID-19 where travel restrictions and lockdowns reduced overall economic activity and impacted the rate at which we were able to expand our sales and distribution base. This was followed by a rapid re-opening of the entire country that led to further market disruptions caused by high infection rates of the virus from October 2022 to January 2023. Difficult conditions were made worse for our distributor customers with rapidly falling commodity fertiliser and agri-chemical prices that compounded difficulties in already weak market conditions. Also our sales team hiring strategy for customer facing staff was negatively impacted by the COVID-19 travel restrictions and market conditions.

In evidence of the downturn in the agri-chemical market, several major players within the sector had seen revenues fall by \$0.7 billion to \$14.6 billion<sup>1</sup> in the last half of the financial year. Despite these unforeseen events, China is an essential global agricultural market, representing over 30% of the world's agricultural outputs and our commitment is steadfast on maintaining our focus on executing growth plans in China in more normalised market conditions.



**Figure 1 RLF's Revenues from FY14 to FY23**

<sup>1</sup> Based on the following agri-chemical companies:

BASF (ETR:BASF) – fall in revenues of A\$14 billion (EUR 8.7Bn Exchange rate EUR:AUD 0.60) from January 2023 to June 2023

- <https://cn.agropages.com/News/NewsDetail---28970.htm>

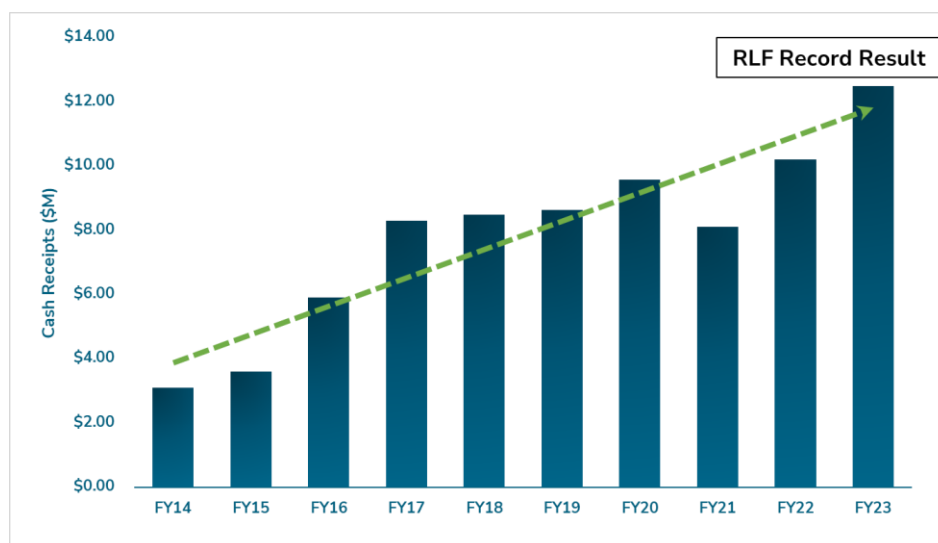
Dow Chemicals Corporation (NYSE:DOW) – fall in revenues of A\$11.8 billion (USD 7.6Bn Exchange rate USD:AUD 0.65) from January 2023 to June 2023

- <https://cn.agropages.com/News/NewsDetail---28961.htm>

FMC Corporation (NYSE:FMC) – fall in revenues of A\$0.7 billion (USD 0.4Bn Exchange rate USD:AUD 0.65) from January 2023 to June 2023:

- [https://www.fmc.com/en/articles/fmc-corporation-delivers-solid-first-quarter-results-and-raises-full-year-adjusted-ebitda#:~:text=FMC%20Corporation%20\(NYSE%3A%20FMC\),percent%20versus%20first%20quarter%202022](https://www.fmc.com/en/articles/fmc-corporation-delivers-solid-first-quarter-results-and-raises-full-year-adjusted-ebitda#:~:text=FMC%20Corporation%20(NYSE%3A%20FMC),percent%20versus%20first%20quarter%202022)
- <https://www.fmc.com/en/articles/fmc-corporation-announces-second-quarter-results-and-confirms-full-year-outlook>

## REVIEW OF OPERATIONS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)



**Figure 1 RLF's Cash receipts FY14 to FY23**

This financial year also saw the sales business development team in Vietnam progress and execute on several key core business initiatives as we expanded global footprint into the nutrition markets in South East Asia. As a result, two new distribution agreements were executed with well established companies, being Jardine Distribution Inc. in the Philippines and KONA in Vietnam.

### **Expansion of RLF AgTech's distribution footprint in South East Asia**

During the financial year, RLF AgTech received approval from the Vietnamese government for its Representative Office in Vietnam. The Company appointed Regional Manager Nhan (Frank) Lu as Authorised Representative responsible for in country operations and management of the Company's distribution network in Vietnam.

The Company signed a 5-year \$3.3M target sales and purchase distribution agreement with Cong Ty TNHH Kona Crop Science (KONA), a powerful extension of RLF's existing distribution in Vietnam. KONA joins current partner VINCO in distributing RLF products into the important Vietnam market and continues to provide support for the increasing demand for RLF products within the region.

The inauguration of the Vietnam office will enable the Company to provide the credentials to pursue emerging opportunities for growth in other South East Asian nations, including the Philippines, Cambodia, Thailand, and Malaysia.

The Company also entered into a sales and purchase target distribution agreement of \$8.8M with Taipan Brand Farms (TBFI), a wholly owned subsidiary of Jardine Distribution Inc., a significant conglomerate in the Philippines. Spanning a period of 5 years, this agreement enables TBFI to distribute RLF AgTech's crop nutrition products across the Philippines.

Cambodia sales growth has resulted in the Company expanding its support of distribution partner Total Agree where they increased in-field technical and RLF focussed sales support personnel to six people. The Company has also recently submitted seven RLF products for first-time product registration, now lodged with the Cambodia Department of Agriculture, which, once approved, will allow for new products to be sold in Country.

## REVIEW OF OPERATIONS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### ***Veridium™ – RLF's Global Seed Technology***

During this period, the Company achieved the global release of Veridium™ the latest generation in seed priming technology. This new product is supported by breakthrough data showing how it significantly increases the nutrient status of the seed with only a minimal low-cost application of Veridium™, and demonstrates significant increases in yields across trials in wheat, maize, and rice.

Veridium™ represents an extension of the Company's research and development (R&D) program, and its firm commitment to develop leading technologies that can be used to reduce global fertiliser usage and increase yields and quality in the production of global food crops.

RLF is continuing to develop its technologies found in its broader suite of products.

### **CARBON HIGHLIGHTS**

#### ***The Strategic Carbon Initiative***

RLF AgTech achieved a significant milestone during the financial year with the launch of RLF Carbon, a wholly owned subsidiary of RLF AgTech, and the Strategic Carbon business framework.

RLF Carbon's business model is based on a proprietary methodology called Accumulating Carbon in Soil System (ACSS) which integrates the use of RLF product technologies in a new on-farm operating methodology, now approved by the Clean Energy Regulator.

ACSS is aimed to deliver carbon sequestration capabilities to Australian commercial grain growers, with the integration of RLF AgTech's products and the ACSS methodology into existing farmer practices to increase CO<sub>2</sub> captured and stored in soils with the potential to earn Australian carbon credit units (ACCUs).

ACSS uses the Company's Plant Proton Delivery Technology (PPD Tech) which means the commercial and financial benefits for participating farmers are from the potential:

- increases in crop yields of typically between 10 - 30%;
- share of the revenue from generating ACCUs; and
- reduced costs from lower use of soil applied granular fertilisers.

Following RLF Carbon's preliminary discussions with various stakeholders including Australian farmers and global banks, the Company has formulated what it considers is a risk appropriate model where it acts as the facilitator for financiers, farmers and the project developer for organisations seeking to acquire a reliable and long-term source of ACCUs such as emitters.

In this way, RLF Carbon will act as an aggregator of land, with ACSS being one of the only approved methodologies that can be used to integrate into commercial farming (food production) operations with the potential for a large-scale integrated solution to generate ACCUs.

## REVIEW OF OPERATIONS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

ACSS methodology for developing organic matter and the sequestration of carbon is underpinned and protected by the filed provisional patent titled 'A Methodology for Accumulating Carbon in Soil' that was submitted in May 2022.

The Company continues to investigate various prospects and opportunities within the agriculture sector and the carbon credit market at both national and international levels, acknowledging the growing worldwide demands and forecasts for soil carbon initiatives, and the necessity for carbon abatement as the world transitions to a net-zero 2050.

### **Launch of 5,000ha Pilot Program**

The Company announced a 5,000ha pilot program with experienced existing commercial farming operators who have signed agreements for the use of RLF's ACSS methodology and the registration of these pilot projects with the Clean Energy Regulators Emission Reduction Fund.

Project registration under the Australian Clean Energy Regulator will grant RLF's ACSS methodology a strong foundation for expansion both within the substantial Australian grain growing market (~23 million hectares) and also for other global markets. The compliance and management procedures associated with Australian generated ACCUs are internationally recognised as the gold standard for earning carbon credits.

### **Strategic Carbon Alliance with the Commonwealth Bank of Australia (CBA)**

Post 30 June 2023, the Company formalised a Strategic Carbon Alliance with CBA and received a signed agreement for the prepayment of Australian Carbon Credits (ACCUs).

This transaction represents RLF's first externally funded soil carbon project which supports the generation of carbon credits in commercial farming operations from growers in the domestic grain market.

The formation of the Strategic Carbon Alliance with CBA is an important validation of the Company's ACSS methodology and its potential to generate large numbers of carbon credits.

Under this Strategic Carbon Alliance, RLF will deliver the first 50,000 ACCUs produced from the Pilot Program to CBA, based on a pre-payment of \$1 million. CBA will also be entitled to purchase the additional ACCUs generated from the Pilot Program at a discount to spot market rate at the time.

CBA, as a provider of banking and financial services to Australian farmers, has also agreed to refer to the Company farming clients interested in potential soil carbon projects. This is pursuant to stage 2 of the strategic alliance relationship that aims to look for deployment on a much larger scale.

## REVIEW OF OPERATIONS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### Revenue Cycles

The Company has a revenue cycle that is shaped by seasonal demand typical of agriculture in Asia. Approximately one-third of sales occur between the months July to December, with the remaining two-thirds of sales occurring between January and June. The following table details the actual percentages for the financial year ended 30 June 2023 and comparative financial year ended 30 June 2022.

First Half	FY23	FY22
Period 1 July to 31 December	25%	31%
Second half		
Period 1 January to 30 June	75%	69%

### Adjusted Net Profit and Loss and EBITDA - adjusted for Expansion, Operational Non-Cash and One-off costs

The following table outlines the costs incurred for the financial year ended 30 June 2023 that contributed to the expansion of the Group:

	\$'000s
Loss for the year after income tax	(3,435)
<u>Add:</u>	
Expansion, Operational Non-Cash and One-off costs*	2,021
Profit for the year after income tax adjusted for Expansion, Operational Non-Cash and One-off costs	(1,414)
<u>Add:</u>	
Tax, Depreciation and Interest expense	441
<b>Adjusted EBITDA for Non-Cash and One-off costs</b>	<b>(973)</b>

\*The breakdown of the Expansion, Operational Non-Cash and One-off costs incurred was:

- Expansion costs related to development opportunities in other international markets, research and development, and capital costs that are not able to be capitalised as an asset, and will contribute towards the development of potential future revenues (\$1,411,000).
- Operational non-cash expenditure was related to an impairment expense for historical costs associated with a minority shareholding in RLF Thailand, share based payments and a minor stock write off (\$389,000).
- One-off personal withholding tax for director Dr Mike (Lu) Sen and penalties (\$221,000).



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	30 June 2023 \$'000	30 June 2022 \$'000
<b>Revenue</b>			
Sales	1,2	11,345	10,663
Cost of sale of goods		(5,343)	(5,239)
<b>Gross profit</b>		<b>6,002</b>	<b>5,424</b>
<b>Other Revenue</b>			
Other income	2	165	55
<b>Expenses</b>			
Operating expenses	3	(3,712)	(3,315)
Administration expenses		(1,262)	(1,171)
Professional fees		(409)	(701)
Corporate and compliance costs		(301)	(107)
Wages and Directors fees	4	(1,979)	(1,648)
R&D expenditure		(491)	-
Business development		(642)	-
Depreciation and amortisation expense		(245)	(244)
Share based payments		(138)	(997)
Finance costs		(56)	(296)
Impairment expenses		(227)	-
<b>Total Expenses</b>		<b>(9,452)</b>	<b>(8,479)</b>
<b>Loss before income tax</b>		<b>(3,295)</b>	<b>(3,000)</b>
Income tax expense		(140)	-
<b>Loss for the year</b>		<b>(3,435)</b>	<b>(3,000)</b>
<b>Other comprehensive income for the year</b>			
<i>Items that may be classified to profit or loss</i>			
Exchange differences on translation of foreign operations		(527)	(539)
<b>Total Comprehensive loss for the year attributable to the members of RLF AgTech Ltd</b>		<b>(3,962)</b>	<b>(3,539)</b>
<b>Loss per share for the period attributable to the Members of RLF AgTech Ltd</b>			
Basic loss per share in cents	10	<b>(1.86)</b>	<b>(2.70)</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	30 June 2023 \$'000	30 June 2022 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		4,259	7,999
Trade and other receivables	5,9	2,513	870
Inventory	6	3,220	2,214
Other current assets		97	74
<b>TOTAL CURRENT ASSETS</b>		<b>10,089</b>	<b>11,157</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		80	216
Right-of-use assets		418	436
Intangible assets	7	6,548	6,110
Property, plant and equipment		505	480
<b>TOTAL NON-CURRENT ASSETS</b>		<b>7,551</b>	<b>7,242</b>
<b>TOTAL ASSETS</b>		<b>17,640</b>	<b>18,399</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8,9	2,192	1,427
Contract liabilities		1,820	-
Lease liabilities		252	121
Provisions		167	84
Income tax payable		9	9
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,440</b>	<b>1,641</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	8,9	3,452	3,735
Borrowings		1,024	400
Lease liabilities		232	312
Provisions		26	48
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,734</b>	<b>4,495</b>
<b>TOTAL LIABILITIES</b>		<b>9,174</b>	<b>6,136</b>
<b>NET ASSETS</b>		<b>8,466</b>	<b>12,263</b>
<b>EQUITY</b>			
Share capital		17,197	17,170
Reserves		4,980	5,369
Accumulated losses		(13,711)	(10,276)
<b>TOTAL EQUITY</b>		<b>8,466</b>	<b>12,263</b>

**CONSOLIDATED STATEMENT OF CASH FLOW**  
FOR THE YEAR ENDED 30 JUNE 2023

	30 June 2023 \$'000	30 June 2022 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	12,472	10,213
Cash paid to suppliers and employees	(15,345)	(12,051)
Interest and other finance costs paid	(35)	(37)
Income taxes paid	(141)	-
Government grants and tax incentives	62	-
Other – Related party payments	-	(342)
<b>Net cash used in operating activities</b>	<b>(2,987)</b>	<b>(2,217)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(353)	(35)
Payment for Carbon R&D costs capitalised	(441)	-
Payments for Acquisition of RLF IP Co Pty Ltd and RLF Distribution Co Pty Ltd	-	(2,066)
<b>Net cash used in investing activities</b>	<b>(794)</b>	<b>(2,101)</b>
<b>Cash flows from financing activities</b>		
Proceeds from Capital Raising	-	8,502
Capital raising costs	(3)	(1,085)
Proceeds from borrowings	651	-
Repayment of borrowings	(487)	-
Proceeds from Convertible Notes	-	3,000
Lease Payments	(244)	(269)
Net receipts / (payments) for cash backed guarantees	-	(15)
<b>Net cash used in financing activities</b>	<b>(83)</b>	<b>10,133</b>
Net increase/(decrease) in cash and cash equivalents	(3,864)	5,815
Effects of exchange rate changes on cash and cash equivalents	124	109
Cash and cash equivalents at 1 July	7,999	2,075
<b>Cash and cash equivalents at 30 June</b>	<b>4,259</b>	<b>7,999</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**

Attributable to equity holders of the Group in \$'000	Share Capital	Share Based Payment Reserves	Group Re- organisation Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
<b>Balance at 1 July 2022</b>	<b>17,170</b>	<b>1,967</b>	<b>4,969</b>	<b>(1,567)</b>	<b>(10,276)</b>	<b>12,263</b>
Loss after income tax for the year	-	-	-	-	(3,435)	(3,435)
Other comprehensive loss	-	-	-	(527)	-	(527)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(527)</b>	<b>(3,435)</b>	<b>(3,962)</b>
<b>Transactions with owners, recorded directly in equity</b>						
<i>Contributions by and distributions to owners</i>						
Reversal of prior year IPO related costs	27	-	-	-	-	27
Issue of share-based payments	-	138	-	-	-	138
<b>Total contributions by and distributions to owners</b>	<b>27</b>	<b>138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165</b>
<b>Balance at 30 June 2023</b>	<b>17,197</b>	<b>2,105</b>	<b>4,969</b>	<b>(2,094)</b>	<b>(13,711)</b>	<b>8,466</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 30 JUNE 2022

Attributable to equity holders of the Group in \$'000	Share capital	Share based payment Reserves	Group Re-organisation Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
<b>Balance at 1 July 2021</b>	<b>2,559</b>	<b>1,187</b>	<b>4,969</b>	<b>(1,024)</b>	<b>(7,276)</b>	<b>415</b>
Loss after income tax for the year	-	-	-	-	(3,000)	(3,000)
Other comprehensive loss	-	-	-	(543)	-	(543)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(543)</b>	<b>(3,000)</b>	<b>(3,543)</b>
<b>Transactions with owners, recorded directly in equity</b>						
<i>Contributions by and distributions to owners</i>						
Shares issued for conversion of performance rights to Director and consultant of the Company	545	-	-	-	-	<b>545</b>
Shares issued for payment of advisory services	188	-	-	-	-	<b>188</b>
Shares issued for consideration of RLF IP Co Pty Ltd and RLF Distribution Co Pty Ltd	3,770	-	-	-	-	<b>3,770</b>
Shares issued in relation to Initial Public Offering ("IPO") on 13 April 2022	8,502	-	-	-	-	<b>8,502</b>
Share capital raising costs in relation to IPO and ASX listing on 21 April 2022	(1,320)	-	-	-	-	<b>(1,320)</b>
Conversion of Convertible Notes to shares	3,132	-	-	-	-	<b>3,132</b>
Transaction cost from conversion of Convertible Notes	(206)	-	-	-	-	<b>(206)</b>
Issue of share-based payments	-	780	-	-	-	<b>780</b>
<b>Total contributions by and distributions to owners</b>	<b>14,611</b>	<b>780</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,391</b>
<b>Balance at 30 June 2022</b>	<b>17,170</b>	<b>1,967</b>	<b>4,969</b>	<b>(1,567)</b>	<b>(10,276)</b>	<b>12,263</b>

## 1 Operating segment

The disaggregation of revenue for the Group is based on the type of sales for one category namely sales of liquid fertiliser in Asia:

	Sales of liquid fertiliser	Total
	\$'000	\$'000
<b>2023</b>		
Timing of revenue recognition		
At a point in time	11,345	11,345
Over time	-	-
	<b>11,345</b>	<b>11,345</b>
<b>2022</b>		
Timing of revenue recognition		
At a point in time	10,663	10,663
Over time	-	-
	<b>10,663</b>	<b>10,663</b>
<i>Segment assets</i>	<b>\$'000</b>	
Closing balance 30 June 2023	17,640	
Closing balance 30 June 2022	18,399	

## 2 Revenue and other income

	30 June 2023	30 June 2022
	\$'000	\$'000
<b>Operating activities</b>		
Revenue from customers with contracts	11,345	10,663
<b>Total revenue</b>	<b>11,345</b>	<b>10,663</b>
<b>Other Income</b>	<b>165</b>	<b>55</b>

## 3 Operating expenses

	30 June 2023	30 June 2022
	\$'000	\$'000
Advertising and promotion expense	942	768
Wages, salaries and on costs	1,207	888
Transportation expense	609	509
Travelling expense	889	650
Obsolete inventory write-off	25	319
Other	40	181
<b>Total operating expenses</b>	<b>3,712</b>	<b>3,315</b>

**4 Wages and Directors fees**

	30 June 2023 \$'000	30 June 2022 \$'000
Wages, salaries and on-costs	1,162	882
Directors' fees	817	766
	<b>1,979</b>	<b>1,648</b>

**5 Trade and Other Receivables**

	30 June 2023 \$'000	30 June 2022 \$'000
<b>Current</b>		
Trade receivables	1,810	162
GST/VAT receivables, net	403	188
Note receivables	-	411
Other receivables	161	109
Related party trade receivables	99	-
Tax receivable from Director*	40	-
	<b>2,513</b>	<b>870</b>
<b>Non Current</b>		
Related party trade receivables*	-	216
Tax receivable from Director*	80	-
	<b>80</b>	<b>216</b>

\*Refer to note 9 for further information on this balance.

**6 Inventory**

	30 June 2023 \$'000	30 June 2022 \$'000
Raw material	2,057	1,603
Finished goods	70	241
Work in progress	1,093	370
<b>Total inventory</b>	<b>3,220</b>	<b>2,214</b>

**7 Intangible assets**

	30 June 2023 \$'000	30 June 2022 \$'000
<b>Software</b>	16	16
At cost	(16)	(13)
Accumulated Amortisation	-	3
<b>Intellectual Property and Distribution Rights</b>	6,107	6,107
At cost	-	-
Accumulated Amortisation	6,107	6,107
<b>Research and Development Costs</b>	441	-
At cost	-	-
Accumulated Amortisation	441	-
<b>Total Intangible Assets</b>	<b>6,548</b>	<b>6,110</b>

**8 Trade and other payables**

	30 June 2023 \$'000	30 June 2022 \$'000
<b>Current Liabilities</b>		
Trade and other payables	1,439	1,055
Related party payables*	753	372
	<b>2,192</b>	<b>1,427</b>
<b>Non-Current Liabilities</b>		
Related party payables*	3,452	3,735
	<b>3,452</b>	<b>3,735</b>

\*Refer to note 9 for further information on this balance.



## 9 Related party transactions

### *Key management personnel*

Ken Hancock	Managing Director and CEO (Global) of RLF AgTech Ltd
Gavin Ball	Executive Director of RLF AgTech Ltd

### *Other related parties*

RLF Global Pty Ltd ("RLF Global")	Kenneth Graeme Hancock and Gavin Neil Ball are directors of this entity
Rural Liquid Fertilisers Pty Ltd ("RLF Australia")	Kenneth Graeme Hancock is a director of this entity
Rural Liquid Fertilisers (Thailand) Co., Limited	This entity is 49% owned by the Group. Thai nationals own 51%.
Magicorp Pty Ltd	Gavin Neil Ball is the director of this company
Sourcefit Inc.	Entity associated with Gavin Neil Ball is a substantial shareholder of this company
Carol A Philips	Carol is the mother of Gavin Neil Ball.

The Company has entered into several agreements with RLF Australia and RLF Global, and a summary of these agreements are as follows:

- **Australian Distribution Agreement** – RLF Australia has retained the rights to distribute RLF Plant Nutrition Products in Australia only. The Company will receive a royalty fee from RLF Australia for RLF Plant Nutrition Products sold in Australia. RLF AgTech owns the rights to sell RLF Plant Nutrition Products in Australia where the customer is participating in a scheme to generate carbon credits involving a proprietary methodology promoted by the Company.
- **Toll Manufacturing Agreement** – RLF AgTech may engage RLF Australia on a non-exclusive basis as a toller to use its experience and know-how to formulate proprietary product activators for certain RLF Plant Nutrition Products and other agreed RLF Plant Nutrition Products or manufacturing inputs. RLF AgTech will pay RLF Australia a tolling fee for these manufacturing services.
- **Office Services Agreement** – RLF AgTech and RLF Australia share office space and administrative services. RLF AgTech pays RLF Australia a monthly fee for these shared services and reimbursement of any other costs in relation to travel and office administration costs.
- **Aggregated Payables Deferred Agreement** – RLF Australia and RLF Global have agreed to allow the RLF AgTech and its related bodies corporate to defer payment of certain historical fees owed to RLF Australia and RLF Global relating to royalties, toll manufacturing fees and services.

Mr Gavin Ball is also a director of Magicorp Pty Ltd and a substantial holder of Sourcefit Inc, that receives payment for contracting and administration expenses.

9 Related party transactions (continued)

(a) Transactions with related parties:

Other related parties

Purchase of goods:

Purchase of goods from RLF Australia

Fees Charged between Related Parties:

Manufacturing fee charged by RLF Australia

Research & Development Fees charged by RLF Australia

Rental charged by RLF Australia

Travel and other expenses reimbursed to RLF Australia

Asset purchased from Rural Liquid Fertilisers Pty Ltd

Distribution fee charged by RLF Global

Marketing service charged by Carol A Philips

Marketing service charged by Magicorp Pty Ltd

Contracting and administration service charged by Sourcefit Inc.

Royalty fee charged to RLF Australia by RLF AgTech

30 June

2023

\$'000

30 June

2022

\$'000

339

137

-

403

-

186

40

54

16

76

57

-

-

93

9

-

1

4

135

17

68

-

(b) Amounts receivable from related parties:

(i) Trade receivables:

Beginning of the year

Amounts incurred

Amounts off-set & write off

Amounts paid

Amounts owing

Foreign currency translation difference

End of the year

30 June

2023

\$'000

216

30 June

2022

\$'000

311

105

-

(216)

(332)

(6)

-

-

216

-

21

99

216

(ii) Other Receivable from related parties:

Beginning of the year

Tax receivable from Dr Lu (Mike Shen) - Executive Director and CEO (Asia)\_

End of the year

-

-

120

-

120

-

9 Related party transactions (continued)

(c) Amounts payable to related parties:

Other payables	30 June 2023 \$'000	30 June 2022 \$'000
<b>(ii) Trade payables:</b>		
<b>Beginning of the year</b>	<b>4,107</b>	<b>4,153</b>
Amounts incurred	606	1,138
Amounts off-set	-	(332)
Amounts paid	(656)	(641)
Foreign currency translation difference	148	(211)
<b>End of the year</b>	<b>4,205</b>	<b>4,107</b>
Current	753	372
Non-Current	3,452	3,735
<b>Total related party trade payables</b>	<b>4,205</b>	<b>4,107</b>

10 Earning per share

	30 June 2023 \$'000	30 June 2022 \$'000
<b>(a) Reconciliation of loss used in calculating Loss Per Share</b>		
Loss attributable to the ordinary equity holders used in calculating basic loss per share	(3,435)	(3,000)
<b>(b) Weighted average number of shares used as the Denominator</b>	<b>30 June 2023 Number</b>	<b>30 June 2022 Number</b>
Ordinary shares used as the denominator in calculating basic loss per share	184,933,278	111,055,081
Loss attributable to the ordinary equity holders used in calculating basic loss per share	(3,435)	(3,000)
<b>(c) Loss per share</b>	<b>30 June 2023 Cents</b>	<b>30 June 2022 Cents</b>
Basic loss per share	(1.86)	(2.70)