



Shareholder Update

6th May 2020

Paul Ryan

Dear Shareholder,

The past few months have been both challenging and rewarding for us all, and Aglive has been no exception. Whilst COVID-19 is presenting operational difficulties, there is a definite 'silver lining' for Aglive as demand for supply-chain transparency and food security has increased. The pandemic has helped us all understand supply chain fragility and the importance of healthy and reliable food supplies.

Since our merger with TBSx3 Pty Ltd four months ago there has been a good deal happening. This newsletter will set out our key priorities for the remainder of 2020, together with our current capital raising initiatives to support those plans.

Product Development

Our tech team has worked hard to combine the Aglive and TBSx3 services into a single product which is positioned to become a 'world leading' multi-sector paddock-to-plate traceability platform.

The great news is that the combined platform, in 'minimal viable product form', is now ready for commercial sale. It is ready to meet the increased demand created by the pandemic's impact on agri-food supply chains.

Market Traction

Domestic Opportunities

We continue to focus on providing tools that will help Australian exporters earn premium prices.



Beef Industry



Buyer in supermarket in China scanning Macks's product with Aglive Consumer App

On the back of our success with the Mackas and Meat & Livestock Australia (**MLA**) co-funded beef tracking trials into China, we've made two strategically important commercial sales.

A commercial contract has been agreed in principle with a premium-brand Australian beef exporter. They supply a major supermarket chain in the USA. The implementation

phase commenced this month. The supermarket chain is a major importer of Australian grass-fed beef.

Success could lead them to require traceability on all their premium beef products from Australia, USA, and globally.

Another agreement is now in place with a high-volume Australian grain-finished beef exporter. They supply both retail-ready beef for further processing in China. They have informed us that they currently supply 300 tonnes per month with plans to boost that volume to 800 tonnes per month.

We are also well advanced in negotiations with a key livestock exporter and marketer for the Aglive to replace their existing excel spreadsheets systems that results in key information being lost or being rendered awkward to use. Our ability to minimise paperwork and bring new technology to older systems will be valued. These negotiations will now resume post COVID.

Chinese demand for safe Australian beef products has also surged due to African Swine Fever and the impact on pork sourcing and prices in China. Demand is currently growing at 106% p.a. and Meat & Livestock Australia expects the trend to continue. The initial setup and implementation phase for this project is expected to commence in June. It will also involve a top-10 Australian meat processor, a feedlot operator, and a Chinese retail chain.

Seafood Industry

We've also signed a Memorandum of Understanding with an Australian company with a Chinese high-end restaurant client base. They currently provide Australian premium seafood in China with their particular focus being on the delivery chain from the Chinese port to the local hotels and restaurants. Their clients are now also demanding

premium Australian beef backed by traceability information as they want to know the 'story and provenance' behind their food. This fits well with Aglive's technology.

Horticulture Industry

The Australian Horticulture sector is also seeking the development of Blockchain-enabled national traceability systems. Aglive has a market ready solution proven and licensed in other sectors and we've lodged a specific sector proposal with Hort Innovation and a further broader proposal will be lodged in June in collaboration with other industry stakeholders.

International Opportunities

Latin America (**LATAM**) is already a major agricultural producer and it is expected that the continent will emerge as a critical hub for agricultural exports over the next decade. The region has considerable untapped potential in terms of arable land and water. At the same time, global food demand is expected to increase and this will be exacerbated if yields decline in some regions.

Australian export food safety and traceability systems are highly regarded highly by other countries. The fact that Aglive is MLA-licensed as a digital traceability platform, positions us well to play a role in this growth.

We've engaged an experienced sales and customer support team to represent us in the LATAM region. This is a significant development as the region is home to around 34% of the world's cattle.

Our market research has already identified opportunities in the beef, medical cannabis, and minerals sectors in this region. Our initial Regional Market Development Strategy will be extended to other regional markets.

Memorandums of Understanding are already in process with two key Argentinian brands focussed on beef and plant-based protein exports. These businesses have been carefully selected as market leaders to showcase our technology to the wider market.

Other News

Medicinal Cannabis

We are well ahead of our Cooperative Research Centres Project (**CRC-P**) milestones to develop a medical cannabis traceability and compliance platform.

We signed two Memorandums of Understanding last month for this sector. The new alliances with an international high-value cargo shipping and transport company is a



major step forward for our business. The medical cannabis configuration of our platform will be commercially available next month with initial revenues expected to commence next quarter.

Sale of our GPS Business

Austracker's use of GPS to track mobile assets is where Aglive started.

However, our grander vision is now to extend the tracking to connect farmers to consumers. With IoT and location capability now integrated into our platform, we have taken the opportunity to sell the GPS business. This will allow us to focus on being a supply-chain software business working with key suppliers of the latest IoT devices.

The major customer segment of the GPS businesses was the car rental industry, which has been significantly impacted by COVID. The sale of the GPS tracking business this month also protects us from further revenue decline in Austracker due to COVID impact on the customer base.

An alliance has been formed with the new owner of Austracker to continue to supply GPS tracking where it is required by our customers in agri-food supply chains.

Operational Resilience

There has been some disruption to completing existing projects in the beef and live export sectors due to the COVID-19 lockdowns. These setbacks were in addition to the slowdown in GPS sales and subscription renewals. As things resume, we expect to rebound to normal operational levels.

The Federal Government's financial assistance to subsidise the resumption of cargo flights was a welcome step.

We responded to the crisis by further trimming our operating costs. We have closed our offices in Sydney, Geelong, and Penang. Because our team was already very familiar with remote working, it was relatively easy to transition to working from home. In fact, some team members think saving commuting time has only increased our productivity.

The COVID-19 Government financial support was welcome assistance, as it helped us retain our workforce and take advantage of short-term market opportunities.

Capital Management

COVID-19 has adversely impacted equity markets and lessened the market's appetite to invest in new technology stocks. The Information Memorandum we released in February has been well received by potential investors. However, the feedback is: 'We

like what you are doing. Let's talk again when the international economic recovery pathway is clearer'.

All directors have made substantial investments in Aglive this month as part of the current capital raise.

Shareholder Offer

We are all living through an unprecedented period of market turmoil. Due to these events, the Directors have taken a view that we should raise a smaller amount of capital while we wait for the market to settle. This will help protect shareholder value. Given the company's needs for liquidity during this crisis, it is considered that it would be best to offer investors a reduced price. We are keen though to protect the position of our shareholders and to limit any dilution. Therefore, shareholders will be offered a price that is even lower than the price that will be offered to external investors. This will be made available to all shareholders next week.

The funds raised will enable the Company to continue to grow its customer base domestically and internationally and to have the resources required to achieve product development and revenue milestones and to assist in the repayment of the remaining Convertible Notes of \$250,000 which was recently extended to 30th June 2020.

We are pleased with our recent progress given the combination of commercial sales and cost reductions and hope this may make the Shareholder Offer attractive.

Please take care in these precarious times and stay safe.