

# MD Annual Report AGM 2020 - 18th December 2020

**Slide 1: Landing page**

**Slide 2: 'Aglive One' Leading the Transition to Digital Value Chains**

**I would just like to confirm the information in this presentation is shared with you, our shareholders is strictly confidential and is subject to a Disclaimer.**

**Slide 3: 2020 Year in Review**

Thank you, Chairman.

Good morning everybody and thank you for taking the time to join us today.

As our shareholders, we value this opportunity to meet with you.

There are three things I would like to cover in my presentation to you this morning:

Firstly, I will give an overview of the Company financial and operating performance for last financial year.

Secondly, I will provide commentary on the outcomes of our merger in terms of technology investment and the commercialisation of Aglive One,

Lastly, I will reflect on our future outlook for 2021 and the opportunities in play

**Slide 4: FY20 Performance**

Significant achievements since our merger with TBSx3 have had a positive impact on our FY20 performance, our positioning for revenue growth and market leadership.

## ***Financial Performance***

Aglive revenue was \$957k compared to \$599k last year an increase of 60%.

Employee benefit expense was \$810k down 32% on last year (1.2m)

Statutory net loss of \$1.9m compared favourably to \$6.5m loss last year. The result included the financial benefits of achieving synergies arising from our merger.

**Slide 5:**

***Capital Management***

A successful \$2.75m capital raise was completed in June 2020 amid the COVID crisis. With significant support from Top 10 shareholders, directors and management, the raise was oversubscribed.

The \$2.48m Marknet 'directors loan' from Greg Bryant has been extended to Sept-23.

A short term R&D grant factoring loan of \$350k has since been repaid from grant proceeds

Our current available cash is \$1.9m (\$2.5m June 2020) and our current operational cash burn is \$70k per month

#### **Slide 6:**

##### ***Top 10 Shareholders***

Following the TBSx3 merger we now have 150 shareholders

The Top 10 shareholders hold 70% of the shares including Directors who collectively hold 45%.

#### **Slide 7:**

##### ***Operational Highlights FY20***

Our key investment was the development of the new Aglive One traceability platform combining the respective IP from the merged businesses.

Our first year of the 3-year medical cannabis CRC traceability project was successfully completed

The two separate businesses were merged and we delivered on budgeted revenue, cost savings and merger synergies

Sale of the Austracker GPS business unit mitigated COVID impact and enabled sole focus on Aglive One

An Employee Share Options Scheme (ESOP) has been implemented to reward and retain our staff based on success in achieving our financial targets.

We now have 7 trade marks registered and 4 patent applications in process with the earliest protection period from December 2012

#### **Slide 8: Commercialising 'Aglive One'**

Since our capital raise in June 2020 we have invested and delivered on our targeted outcomes despite some timing impacts from COVID disrupting the red meat sector.

## ***Product 'Market Readiness'***

Specific IT and business development resources continue to be added to fulfil product delivery, customer engagement and onboarding requirements.

At our AGM last year we promised 'One Complete Solution' following the merger. This has been achieved.

Aglive and TBSx3 are now merged into 'Aglive One'. A complete end-to-end platform providing 'first mover' advantage. A true genetics-to-plate traceability platform for the global red meat sector and configurable for other sectors.

We now have our supplier app and a free consumer app now at app stores from this month.

A total of \$920k has been invested in Aglive One development over the past year.

## **Slide 9: Commercial Uptake**

### ***Commercial Uptake - red meat sector***

#### **Strategic**

There are four strategic commercial developments now in process which will position Aglive One as market leader and fulfill our vision to become the 'industry standard':

1. Agreement has been signed with **Angus Australia** to integrate and configure our mobile and web apps to provide their members with an 'Angus Verified' digital service. Angus is by far the largest commercial breed and the industry leader.

Aglive 'Angus Verified' app will be a 'world's first' in tracking and validating genetic origin opening the door for a commercial alliance to scale globally. Development of the Angus Verified solution is underway and will be completed next month with a view to national rollout shortly thereafter including joint national media promotion.

We expect first revenues from this deal in the next quarter (Q1 2021)

2. The Angus deal has initiated negotiations with major players in the livestock marketing sector seeking digitisation and integration with eNVD and Angus verified data.
3. Agreement has been signed with a premium branded beef export group. This closed-loop supply chain comprises 4 export brands, multiple producers, feedlots

and processors and includes integration with the latest IoT 'pack and track' third party technology. Our registry and financial services modules will be developed for this first-user customer. Implementation will commence in the June quarter.

Q2-2021

4. MLA have supported our merger with 2 new smart label export projects totalling \$80k into North America and into a China value-added market where products are tracked and distributed through our alliance with Two Hands World. These projects are now expected to complete in the next quarter (Q1 2021) and pave the way for processing sector integration including Angus Verified branding on retail ready beef products.

### **Two Hands World**

Our focus has been on consumer-centric premium supply chains where there is increasing demand for protection and validation of brand integrity.

Our commercial arrangements and integration with Two Hands has enabled the first shipment of fully traceable beef to Shanghai for 5 star hotels and restaurants this month (in December) with traceability now extended to value added products in China. Digitising and streamlining this value added supply chain increases margins for our farmers, exporters and Aglive

### **Slide 10: *Commercial Uptake - other sectors*** ***game meat sector***

A Memorandum of Understanding has been signed with a key Australian game meat harvester and processor to track and trace from farm to export market in this growing sector. It's another 'industry first' with national and global scale and revenue opportunities for sharing biosecurity data with Government environmental and feral animal control agencies. Anticipated completion in the March Quarter (Q1 2021)

### ***Pet health and wellbeing sector***

In a natural extension from our red meat solution, we have our first commercial client in this rapidly growing sector. The Paw Grocer have this month distributed their first order of products to IGA supermarkets nationally containing Aglive smart codes scannable by end-consumers. This is \$77billion global sector and growing rapidly

## ***Medical Cannabis***

We now are in our second year of the CRC medical cannabis project. We have exceeded our target milestones and will have the platform commercially available in the March quarter. Q1 2021

## ***International***

In Latin America we have 3 customer opportunities in beef and plant based exports and 2 key alliances. As the economic impact of COVID subsides we expect paid implementations to commence.

Australia's declining China trade relations have re-focused Two Hands China to source NZ beef. Our platform is already NZ NAIT compliant and we already have a signed MoU for processing plant integration.

In Canada we have Alberta Beef stage 1 implementation comprising 5 cattle ranchers and downstream supply chain participants commencing next quarter. Funded by Canadian Gov this will be our first export revenues from this region.

Our Californian cannabis client Apothio has relocated to Canada and will be exporting Aglive tracked products to Europe commencing in Q2 2021.

## **Slide 11: Business Model Evolution**

The new Aglive One platform reaches all the way through the supply chains allowing brand owners to bypass downstream middlemen where value is lost and substitution can occur. In addition to our 'fee per track' in smart labels, our financial model now also includes:

- transparent revenue sharing with premium brand owners and their channel partners at the end customer transaction point.
- And a 'Fee per head' for livestock

Our first integration agreement has been signed with a processing plant systems provider integrating eNVD and QR codes. Commercial revenue sharing agreement will facilitate promotion to their processor clients as a value added service enabling rapid scale up.

These new high margin income streams and alliances are consistent with our approach to build high quality recurring revenues which are scalable.

### **Slide 12: Marketing**

We have increased our investment and activities in marketing and have prepared a comprehensive Go to Market Plan for Aglive One and an update of our Brand Positioning is in process.

### **Public Relations**

Aglive PR activity in 2020 generated a total of **45 pieces of coverage**, reaching an online audience of more than **9.64 million** people with an estimated **321k coverage views** and **570 social shares**. Our brand is now being recognised globally and in technical publications.

### **Digital Marketing**

Our online followers increased by 380% and we had 136,000 social media impressions since the merger.

Aglive One Market launch will be in Q1- 2021 coinciding with a joint Aglive and Angus Australia marketing campaign promoting the new Angus Verified program and app.

### **International Awards**

Aglive One is being recognised internationally and have won 3 global awards in 2020: Global Food Logistics

- Top Green Providers Award
- Top 100 Software and Technology Providers list
- Kaleido Solutions Showcase Winner

### **Brand Ambassador**

Our first 'Aglive One' red meat sector customer, Robert Mackenzie of Mackas Australian Black Angus Beef has been appointed brand ambassador and has been instrumental in opening industry doors domestically and internationally.

Beef Australia has appointed Macka as Beef Producer ambassador for NSW to present Aglive at Beef Week 2021 which is a tri-annual event attracting 100,000 attendees.

This week we have received confirmation that Macka will also be appearing on the Today Show and an interview has been requested by the BBC.

**Slide 13: About Aglive - Macka Video**

I would like to show you a short marketing video which was part of Mackas presentation to the National Party Room in Canberra earlier this month.

**Slide 14: Key Alliances**

Collaboration alliances and interoperability along the supply chain is critical for our growth and sustainability. We have a growing network of alliances and our platform is fast becoming the infrastructure for supply chain ecosystem starting in the red meat sector. Integration is now a key tech investment priority.

**Slide 15: Our Human Resources**

Currently we have 22 employees which includes a 15 person technical design and development team. We are now adding a further 5 technical resources including systems integration, senior developer, product manager customer technical support, and onboarding roles. These extra resources will ensure we meet our commercial clients current and future needs including integrations and the development of registry and financial services modules.

We have moved our IT focus from R&D to full commercial service.

All our office leases were terminated during the pandemic and next month our Sydney team will move into to co-shared offices following Macquarie University offer for Aglive to join their new technology hub.

**Slide 16: Revenue Guidance and Opportunities**

We expect a ramp up of recurring revenues arising from the commercial agreements currently in process to commence in the next quarter.

Revenue target for FY21 is \$1.8 - \$2.1m

Revenue from grants and industry co-funding will decline over the next year and be progressively replaced by high margin recurring revenues.

Based on current commercial sales pipeline we have projected Annual Recurring Revenues to reach \$2.2 - \$2.6m by December 2021

Our first export revenue is targeted for next quarter (March 2021)

Whilst COVID may provide a tailwind for traceability it is also impossible to predict its impact on economic growth and world trade and we must remain cautious with our guidance and aware of the challenges ahead.

### **Slide 17: Opportunities**

Our sales pipeline is primed with a growing quantity of leads in the red meat and medical cannabis which are our two key focus sectors. We also have leads and opportunities emerging in many other sectors which driven by consumer-led demand to prove provenance and sustainability in supply chains

- Dairy Connect - alliance and support for implementation in NSW Dairy sector
- An emerging domestic market for traceable single source beef for premium pies and burgers
- Marine Bio CRC application has been approved for final stage application process.
- Our Multi-sector capability has broadened our scope. We will pursue only those opportunities which present best returns.

### **Slide 18: Key Challenges**

- COVID impact on red meat sector exports and compliance
- MLA export trials have been delayed due to COVID
- Meat processors deferring new projects till 2021
- Speed to market amid competitive interest in traceability
- Keeping focus amid many growing multi sector opportunities.
- There is much hype in the market about traceability and blockchain which have become 'butchered words' due to the many part-solutions which are being presented by software companies. This causes customer confusion.

### **Slide 19: The Future**

Our GS1 strategic alliance keeps us engaged with the global standards moving rapidly towards QR codes. With Woolworths already trialling QR codes on red meat products we are ready and well positioned to integrate with GS1 labelling systems as the transition continues.

COVID is proving to be a two-edged sword, having impacted our progress in 2020 it is now forcing supply chains to reset and make transparency and digitisation key priorities for 2021. We are well positioned to exploit these opportunities however speed and scale to market will be paramount.

Blockchain is fast becoming the expected next-gen supply chain technology however the market is getting crowded. With commercial agreements already in place together



with strategic industry alliances and support we are ideally positioned for rapid scale to become the 'industry standard'. To ensure we are well resourced and ready for global scale we will look to raise further capital mid next year on the back of our growing book of recurring revenues streams.

### **Slide 20: Summary**

The successful merger of the two businesses has provided us with a unique combination of knowledge in agriculture, supply chain and blockchain.

The merger was a significant strategic move and has already propelled us to become the 'software provider of choice' for the red meat sector's leading stakeholders and we have been applauded with global awards.

We have strategically invested capital to develop software tools at the very start of the value chain. Our traceability starts at the farm and 'joins the dots' on blockchain from genetics to the end-consumer and that is currently our point of difference. We are trusted and respected by industry and remain committed for success.

Our vision is unwavering. We are building a world-leading organisation with a clear goal to connect farmers to end-consumers and restore trust in world trade.

There has never been a greater need for the open platform we have developed and the need to integrate with complimentary systems to empower digital traceability across global supply chains.

### **Slide 21: Corporate and Compliance**

Anthony Bertini and Mark Toohey joined our board upon merger and I thank John Wilson for his interim role.

We will continue to transition to a skills based board.

Our Finance Committee continues to effectively oversee risk, remuneration, finance and audit.

### **Slide 22: Thank you and questions**

Thank you to all our staff for their wonderful contribution throughout the year. In particular, thank you to our Chairman for his guidance and ongoing financial support and thank you to our non-executive directors for their valuable contribution.

Special thanks also to Mark Toohey who's commercial, legal and strategic design expertise have helped raise our business and product profiles.

On behalf of the Aglive team. I thank each of our shareholders for your investment and support. We have an exciting future with many growth opportunities ahead, and the entire Aglive team and I are committed to our long-term vision.

Q&A

Paul Ryan  
Managing Director and co-founder